Financial Developments

II. Financial Developments

1. Overview

In 2025, the annual growth rate of M2 decreased, driven by slower growth in loans and investments. Although there was a temporary rebound to 5.11% in November as the annual growth rate of demand deposits increased and the decline in foreign currency deposits narrowed, M2 growth slowed again to 5.00% in December owing to net capital outflows. The average annual growth rate of M2 for 2025 was 4.54%, lower than 5.83% in 2024 and still within the reference range for monetary growth (2.5% – 6.5%).

Regarding interest rates, the Bank's policy rates remained unchanged. As a result, banks' posted interest rates and the weighted average interest rates on deposits and on loans stayed steady. Meanwhile, the weighted average overnight interbank call loan rate, money market rates, and government bond yields fluctuated within a tight range. In 2025, the weighted average overnight interbank call loan rate was 0.820%, increasing by 0.026 percentage points over the previous year. The average 1-30 day commercial paper rate in the secondary market was 1.39%, decreasing by 0.01 percentage points over the previous year. The average yield on 10-year government bonds was 1.45%, increasing by 0.02 percentage points from the previous year.

Regarding the exchange rate, the NT dollar first appreciated and then depreciated against the US dollar in 2025. At the end of the year, the NT dollar appreciated by 4.3% against the US dollar compared with a year earlier; on a daily average basis, the NT dollar also appreciated by 3.0% against the US dollar compared with the previous year.

Moreover, amid uncertainty surrounding U.S. tariff policies and robust demand for AI, the TAIEX trended upward in tandem with U.S. tech stocks. At the end of 2025, the TAIEX reached a record high of 28,964 points, up 25.7% year on year. The daily average trading value on the TWSE increased slightly from the previous year.

Bank Loans and Investments as well as M2 Saw Slower Growth

The annual growth rate of bank loans and investments decreased from 8.24% at the end of 2024 to 6.21% at the end of 2025, owing to a high base and the impact of U.S. tariff policies. With slower growth in bank loans and investments, the annual growth rate of M2 (measured on a daily average basis) declined to 4.54% in 2025 from 5.83% in 2024, but remained within the Bank's 2.5% to 6.5% reference range for the year.

Both Deposit and Loan Rates Remained Steady

In 2025, the Bank's policy rates remained unchanged. Accordingly, the posted interest rates on bank deposits stayed steady. At the end of 2025, the average posted interest rate on one-year time deposits of the five major domestic banks was 1.70%, unchanged from the end of the previous year. Meanwhile, the weighted average rate on their newly-extended loans (including treasury loans) fluctuated slightly within the range of 2.111% to 2.235% and the annual average was 2.161%, increasing 0.058 percentage points over the previous year.

Regarding the weighted average interest rates on deposits at domestic banks, some banks launched preferential deposit rate programs to attract funds. Additionally, firms temporarily parked funds in time deposits ahead of tax payments and dividend distributions during the second quarter, which increased the proportion of higher-interest time deposits, thereby driving up overall deposit rates. Consequently, the annual weighted average deposit rate stood at 1.15%, increasing 0.07 percentage points over the previous year. On the lending front, some banks raised mortgage rates and expanded their mortgage lending volumes. This led to an increased proportion of higher-interest long-term loans, bringing the annual weighted average loan rate to 2.50%, up 0.05 percentage points from the previous year.

Because the increase in loan rates was smaller than the increase in deposit rates, the average interest rate spread between deposits and loans narrowed from 1.37 percentage points in the previous year to 1.35 percentage points in 2025.

Money Market Rates Generally Remained Stable

Driven by the sustained growth in AI demand and the flourishing development of related supply chains, Taiwan's exports surged, and private investment continued to expand in 2025. Against this backdrop, financial institutions' demand for interbank call loans strengthened, leading the total annual turnover of interbank call loans to increase by 11.35% over the previous year.

Reflecting supply and demand for funds and seasonal factors, the weighted average interbank overnight call loan rate in 2025 fluctuated within a narrow range. The annual average rate stood at 0.820%, an increase of 0.026 percentage points from the previous year.

Likewise, bills market rates moved within a tight range in 2025, and the annual average 1-30 day commercial paper rate in the secondary market was 1.39%, down 0.01 percentage points from the prior year.

Government Bond Yields Fluctuated Slightly

Amid volatility in U.S. Treasury yields and the continuous revision of market expectations regarding the timing of interest rate cuts by major central banks, the turnover-weighted average of the yield on Taiwan's 10-year government bond rose to 1.45% in 2025, an increase of 0.02 percentage points from 1.43% in the previous year.

In terms of issuance, although the Central Government Debt Service Fund renewed maturing government bonds and increased issuance to meet budget needs, the total issuance amount of government bonds decreased by NT$104.5 billion compared to the previous year.

Corporate bonds saw an expansion in issuance as firms increased funding to meet operational needs and support the green energy transition, with total issuance rising by NT$179.6 billion compared to the previous year. Bank debentures also increased, as banks sought to strengthen capital to improve capital adequacy ratios and meet growing demand for green financing and sustainable development bonds, with total issuance rising by NT$111.6 billion compared to the previous year.

NT Dollar Generally Appreciated Against US Dollar

In 2025, the NT dollar exchange rate against the US dollar first appreciated and then depreciated. In the first half of the year, following the U.S. announcement of reciprocal tariff measures in early April, frequent adjustments to tariff policies and the passage of the *"One Big Beautiful Bill" Act* raised investor concerns about U.S. economic growth momentum and its fiscal outlook, pushing the US dollar toward depreciation. In May and June, foreign investors net bought Taiwan stocks and exporters sold US dollars on the expectation of NT dollar appreciation, causing the NT dollar to appreciate against the USD.

In the second half of the year, as the U.S. reached trade agreements with multiple countries, policy uncertainty declined. In addition, Fed Chair Powell repeatedly expressed a cautious stance on rate cuts, contributing to a strengthening of the US dollar. At the same time, foreign investors sold Taiwan stocks to lock in profits, leading to capital outflows and NT dollar depreciation. By the end of 2025, the NT dollar had appreciated by 4.3% against the US dollar compared to the end of the previous year. On an average basis, the NT dollar also appreciated by 3.0% year-on-year.

Stock Index Hit a Record High

At the beginning of 2025, driven by strong demand for emerging AI technology applications, Taiwan stocks trended upward in tandem with U.S. tech stocks. After that, however, U.S. tariff policies triggered declines in major global stock markets, and foreign investors' net selling pushed the TAIEX down to its yearly lowest of 17,392 points on April 9.

Subsequently, supported by measures implemented by the Financial Supervisory Commission (FSC) to stabilize the stock market, intervention by the National Financial Stabilization Fund, the temporary suspension of U.S. reciprocal tariffs, the front-loading of export orders, continued strong AI demand, and solid corporate earnings performance, the market rebounded with volatility. By year-end, the TAIEX reached a record high of 28,964 points, up 25.7% year on year. The daily average trading value on the TWSE was NT$383.8 billion, a slight increase of 0.6% from the previous year.

2. Banking Sector

Number of Monetary Financial Institutions

At the end of 2025, the number of monetary financial institutions (defined hereafter in this chapter as excluding the central bank) was 405, the same as 2024. The numbers of all types of monetary financial institutions all stood unchanged. As for money market mutual funds, the number stayed zero after the last remaining fund was liquidated in May 2017.

In addition to monetary financial institutions, the number of financial holding companies decreased by one. This came about as a result of Shin Kong Financial Holding Co., Ltd. being merged into Taishin Financial Holding Co., Ltd. (subsequently renamed as TS Financial Holding Co., Ltd.) on July 24, 2025, leading to a decrease in the number of financial holding companies from 15 at the end of last year to 14.

Number of Monetary Financial Institutions by Type

Types of Institutions	End of 2025	End of 2024	Annual Change
Total Number of Main Offices	405	405	0
Domestic Banks	39	39	0
Foreign and Mainland Chinese Banks	31	31	0
Credit Cooperatives	23	23	0
Credit Departments of Farmers' and Fishermen's Associations	311	311	0
Chunghwa Post	1	1	0
Total Number of Branches	6,030	6,065	-35
Local Branches	5,814	5,852	-38
Overseas Branches	157	154	3
Offshore Banking Units	59	59	0

Sources: 1. *Financial Statistics Monthly* (February 2026), CBC.
2. Department of Financial Inspection, CBC.

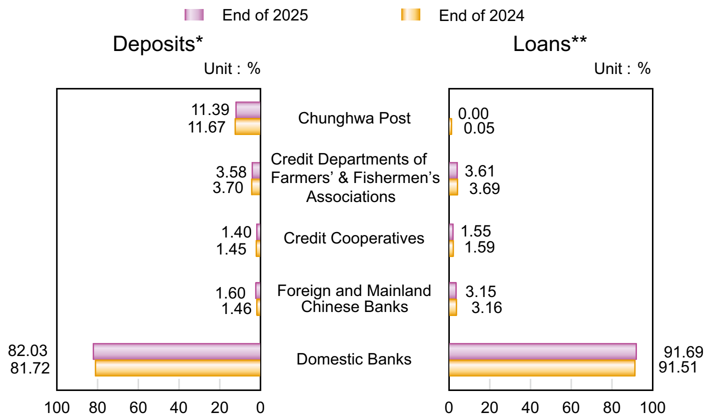
Market Shares of Deposits and Loans

In terms of deposits, the market share of domestic banks grew to 82.03% at the end of 2025. This was primarily due to an increase in inward remittances of overseas sales revenues amid strong export growth in 2025. Likewise, the market share of foreign and Mainland Chinese banks rose to 1.60%

at the end of 2025. By contrast, the deposit market shares shrank for the other types of monetary financial institutions, with the departments of savings and remittances of Chunghwa Post taking up a share of 11.39%, the credit departments of farmers' and fishermen's associations 3.58%, and credit cooperatives 1.40%.

In terms of loans, the market share of domestic banks increased to 91.69%, primarily driven by growth in loans to private enterprises. In contrast, foreign and Mainland Chinese banks' market share slightly decreased to 3.15%, mainly because of a decline in loans extended to government enterprises and agencies. Chunghwa Post's market share fell to nearly 0.00%, reflecting a significant decrease in call loans to bills finance companies. As for other institution types, the market share of credit departments of farmers' and fishermen's associations and that of credit cooperatives declined to 3.61% and 1.55%, respectively.

Market Shares of Deposits and Loans by Type of Monetary Financial Institutions



Notes: * Excluding the values of the host contracts of structured products issued by banks.
** Including data for securities acquired under reverse repurchase agreements.

Source: *Financial Statistics Monthly* (February 2026), CBC.

Main Uses of Funds in Monetary Financial Institutions

At the end of 2025, the total amount of funds in monetary financial institutions was NT$74,005 billion, increasing by NT$5,127 billion compared to the end of 2024. The combined share of transaction and nontransaction deposits was around 87%. The balances of transaction deposits and nontransaction deposits posted annual growth rates of 4.93% and 7.98%, respectively.

In the case of fund uses, bank loans accounted for around 60% of total uses of funds at the end of 2025. As the growth of real estate-related loans slowed down, the annual growth rate of NT dollar loans dropped from 9.10% at the end of 2024 to 5.14%. In addition, because robust export growth in 2025 boosted corporate demand for foreign currency borrowing, the annual growth rate of foreign currency loans rose significantly from 10.73% at the end of 2024 to 61.63%. Net foreign assets accounted for a share of 10.37%, higher than the 9.10% recorded a year ago thanks to the increase in investment in foreign securities.

Portfolio investments by monetary financial institutions measured on a cost basis increased from 3.69% at the end of the previous year to 7.89%. This was primarily because softening bill rates

Main Uses of Funds in Monetary Financial Institutions[1]

Unit: NT$billion ; %

	End of 2025			End of 2024			Annual Change	
	Balance	Share (%)	Annual Growth Rate (%)	Balance	Share (%)	Annual Growth Rate (%)	Balance	Share (%)
Funds Balance:								
Transaction Deposits [2]	25,755	34.80	4.93	24,546	35.64	3.52	1,209	-0.84
Nontransaction Deposits [3]	38,472	51.98	7.98	35,631	51.73	5.04	2,841	0.25
NT Dollar Deposits	29,028	39.22	6.92	27,150	39.42	8.79	1,878	-0.20
Foreign Currency Deposits [4]	9,444	12.76	11.37	8,480	12.31	-5.40	964	0.45
Government Deposits	1,694	2.29	8.41	1,563	2.27	4.59	131	0.02
Other Items	8,084	10.93	13.23	7,139	10.36	-0.13	944	0.57
Total	74,005	100.00	7.44	68,878	100.00	3.93	5,127	0.00
Uses:								
Net Foreign Assets [4]	7,672	10.37	22.43	6,267	9.10	-9.51	1,405	1.27
Loans	44,070	59.55	6.09	41,539	60.31	9.13	2,531	-0.76
NT Dollar Loans	42,939	58.02	5.14	40,840	59.29	9.10	2,099	-1.27
Foreign Currency Loans [4]	1,131	1.53	61.63	700	1.02	10.73	431	0.51
Portfolio Investments [5]	9,419	12.73	7.89	8,731	12.68	3.69	688	0.05
Purchases of CDs Issued by CBC	7,314	9.88	0.95	7,245	10.52	-10.32	69	-0.64
Deposits with CBC	5,530	7.47	8.50	5,096	7.39	6.49	434	0.08

Notes: 1. Monetary Financial Institutions include domestic banks, local branches of foreign and Mainland Chinese banks, credit cooperatives, credit departments of farmers' and fishermen's associations, Chunghwa Post and money market mutual funds.
2. Including checking accounts, passbook deposits and passbook savings deposits.
3. Including time deposits, time savings deposits, foreign currency deposits, postal savings deposits, non-residents' NT dollar deposits, repurchase agreements and money market mutual funds.
4. Excluding valuation changes in the exchange rate of the NT dollar against foreign currencies.
5. Measured at original costs.
6. Figures may not add up to the total due to rounding.

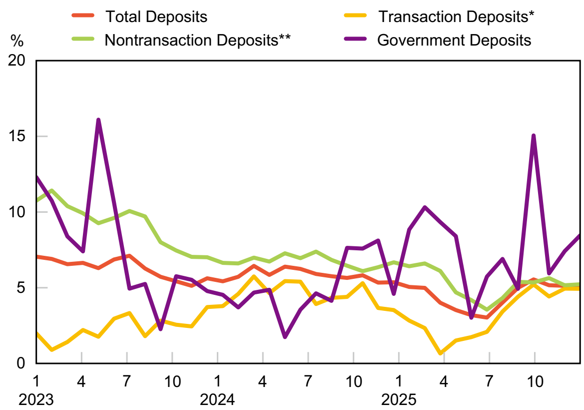
Source: *Financial Statistics Monthly* (February 2026), CBC.

prompted an increase in commercial paper issuance by government enterprises and private enterprises, thereby pushing up the outstanding balance in the bills market and driving banks to expand their investments in commercial paper.

Deposits

Because of sustained domestic credit expansion and the inward remittances of overseas sales revenue by firms, the deposits balance of monetary financial institutions increased by NT$3.2 trillion year on year to NT$65.5 trillion at the end of 2025. However,

Annual Growth Rates of Deposits



Notes: * Including checking accounts, passbook deposits and passbook savings deposits.
** Including time deposits, time savings deposits, foreign currency deposits, postal savings deposits, nonresidents' NT dollar deposits, repurchase agreements, and money market mutual funds.

Source: *Financial Statistics Monthly* (February 2026), CBC.

affected by a net capital outflow and slower growth in loans and investments, the annual growth rate of deposits held by monetary financial institutions decreased to 5.19% at the end of 2025 from 5.36% a year earlier. Analyzed by deposit type, the drop in the annual growth rate was mainly due to slower growth in nontransaction deposits.

In terms of nontransaction deposits, its annual growth rate decreased to 5.22% at the end of 2025 from 6.68% a year earlier, mainly due to slower growth in time deposits and time savings deposits. However, its annual growth rate remained higher than that of total deposits and its share in total deposits thus slightly increased to 58.11% at the end of 2025 from 58.09% a year earlier.

The annual growth rate of time deposits (including negotiable certificates of deposit) remained stable in the first half of 2025 but declined in the second half, standing at 12.69% at the end of 2025 from 19.21% a year earlier. This was primarily because of a higher base effect as several banks offered preferential interest rates on time deposits in the second half of 2024 to solicit large-amount time deposits. However, the share of time deposits in total deposits went up to 14.26% from 13.31%.

The annual growth rate of time savings deposits dropped to 5.64% at the end of 2025 from 7.43% a year earlier. This was mainly because retail investors, who showed stronger buying interest in the domestic stock market in 2025, tended to park their funds in passbook savings deposits rather than time savings deposits to allow for investment-related funding. Nonetheless, the share of time savings deposits in total deposits still increased to 18.53% from 18.45%.

The annual growth rate of foreign currency deposits first fell then rose in 2025. In the first half of the year, owing to the appreciation of the NT dollar, the amount of foreign currency deposits in NT dollar terms declined. Additionally, some enterprises converted foreign currency deposits into NT dollars to meet funding needs. Consequently, the annual growth rate of foreign currency deposits fell to -11.17% by the end of June from 0.81% at the end of the previous year. In the second half of 2025, owing to strong growth in exports, inward remittances of overseas sales revenue were higher than the same period of the previous year. As a result, the annual growth rate of foreign currency deposits climbed back to 0.14% at the end of 2025, while its share in total deposits decreased to 13.82% from 14.52% a year earlier.

Regarding postal savings deposits, the annual growth rate increased to 2.76% at the end of 2025 from 1.77% a year earlier, while its share in total deposits decreased to 11.15% from 11.41%.

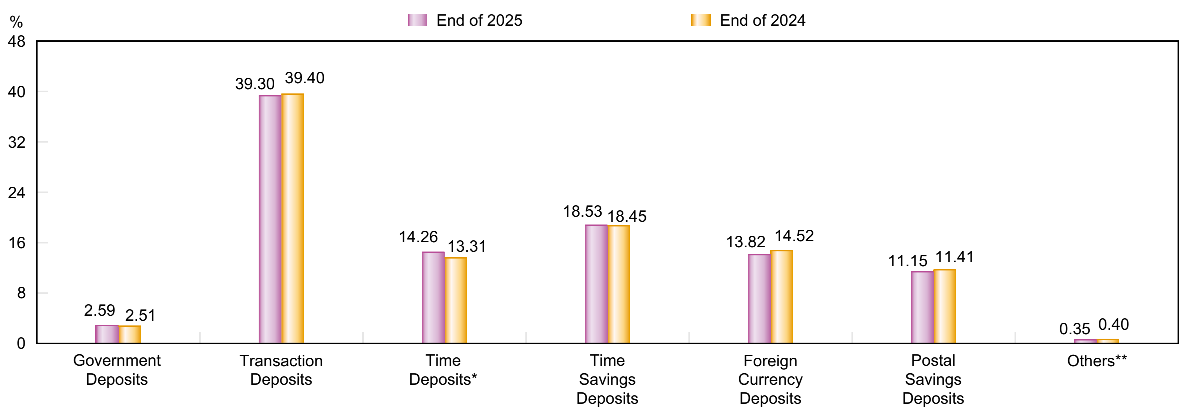
In terms of transaction deposits, its annual growth rate rose to 4.93% at the end of 2025 from 3.52% a year earlier, primarily owing to an increase in the annual growth rate of passbook savings deposits. However, the share of transaction deposits in total deposits shrank to 39.30% from 39.40%.

In the first half of 2025, the annual growth rate of passbook savings deposits was relatively high by the end of January, reflecting a lower base effect with the Lunar New Year holiday falling in a different month compared to the previous year. However, for the remainder of the first half of 2025, its growth rate slowed as the housing market cooled and mortgage growth moderated. Furthermore, following U.S. President Trump's inauguration, heightened trade uncertainty and investor concerns kept balances in securities giro accounts at relatively low levels. Consequently, the annual growth rate of passbook savings deposits dropped to 0.77% by the end of June from 1.73% at the end of the previous year. In the second half of the year, as uncertainties surrounding reciprocal tariffs gradually subsided, the domestic stock market repeatedly reached new highs. Both the trading value and balances in securities giro accounts remained at relatively high levels. Additionally, the cash dividends distributed by firms in the second half of 2025 were higher than the same period of the previous year. As a result, the annual growth rate of passbook savings deposits went up to 5.18% at the end of 2025.

The annual growth rate of passbook deposits fell to 4.61% at the end of 2025 from 8.32% a year earlier. This was mainly owing to slower growth in bank loans and investments and a year-on-year increase in corporate cash payouts.

With regard to government deposits, its year-on-year growth fluctuated by month in 2025. Its annual growth rate increased to 8.45% at the end of 2025 from 4.59% a year earlier, and its share in total deposits also increased to 2.59% from 2.51%. This was mainly because the revenue of government taxes reached a record high in 2025.

Shares of Deposits by Type

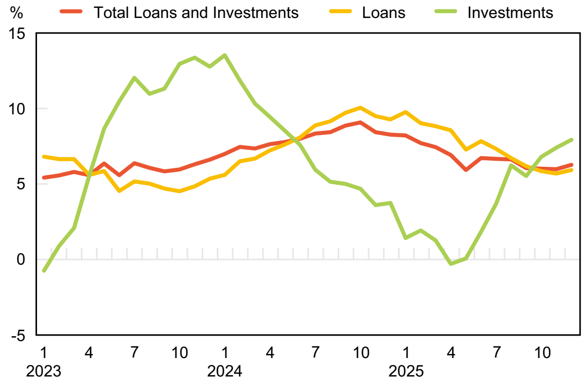


Notes: * Including NCDs.
** Including repurchase agreements, nonresidents' NTD deposits, and money market mutual funds.
Source: *Financial Statistics Monthly* (February 2026), CBC.

Bank Loans and Investments

At the end of 2025, the total balance of loans and investments of monetary financial institutions reached NT$53.44 trillion, representing an increase of NT$3.13 trillion from the previous year. The annual growth rate of loans and investments of monetary financial institutions was 6.21% at the end of 2025, down from 8.24% at the end of 2024. Growth in loans slowed to an annual pace of 5.86% at the end of 2025 from 9.25% at the end of the previous year, whereas growth in portfolio investment rose to 7.89% at the end of 2025 from 3.69% a year earlier.

Annual Growth Rates of Loans and Investments



Source: *Financial Statistics Monthly* (February 2026), CBC.

Loans by Sector

The annual growth rate of private sector loans extended by banks (defined in the following paragraphs as including domestic banks and local branches of foreign and Mainland Chinese banks) slipped to 6.48% at the end of 2025 from 9.80% a year earlier. The decrease was primarily driven by slower year-on-year growth in loans for real estate purchases, working capital, and movable property. The annual growth rate of loans to government enterprises declined to -6.77% at the end of 2025 from -2.25% a year earlier, as the debt repayment by state-owned enterprises led to a decrease in the outstanding loan balance. Meanwhile, the annual growth rate of loans to government agencies rose to 3.33% as of the end of 2025 from 2.50% a year earlier, owing to an increase in demand for funds by the National Treasury Administration and the National Science and Technology Council's Science Park Bureaus, as well as the drawdown of funds for certain local government projects.

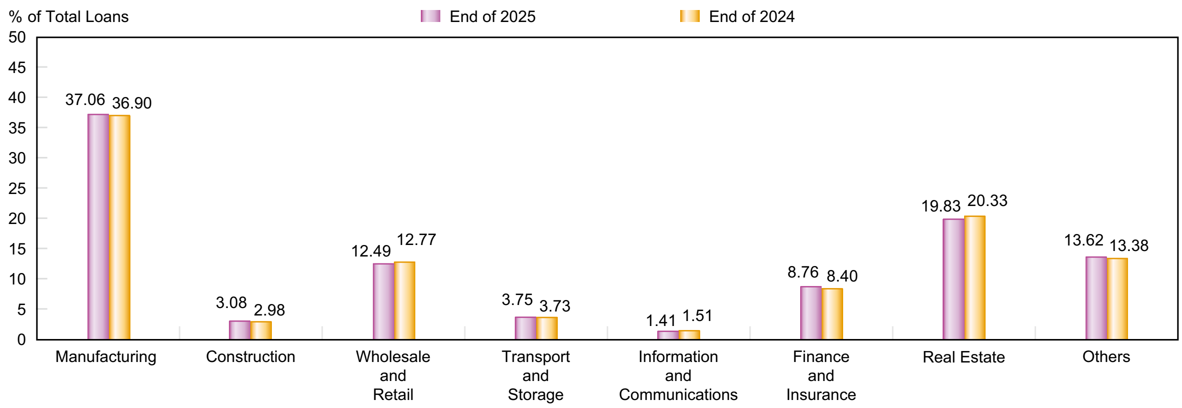
In terms of loan composition, loans extended to the private sector accounted for 94.44% of total loans at the end of 2025, higher than the 94.05% recorded at the end of 2024. Loans extended to government agencies and government enterprises accounted for 3.30% and 2.26%, respectively, at the end of 2025, lower than 3.38% and 2.57% at the end of 2024.

Loans by Industry

Broken down by industry sector, bank loans to the manufacturing sector continued to account for the largest portion, at 37.06% at the end of 2025 compared to 36.90% at the end of 2024, with its annual growth rate up from 4.79% to 5.69%. This was mainly driven by robust export momentum fueled by surging demand for AI, high-performance computing, and cloud services, pushing total export value to a record high in 2025. Meanwhile, the share of loans extended to the construction industry continued to rise, with its annual growth rate slowing to 8.79% from 12.05% at the end of 2024, reflecting a cooling in the transaction momentum of the real estate market and a more conservative pace of new project development by property developers.

The share and the annual growth rate of the real estate industry contracted because of slower growth in construction loans. Meanwhile, the share and the annual growth rate of loans extended to the wholesale and retail industry both decreased due to the reduced contribution from working capital loans, coupled with a higher base effect. As for the finance and insurance industry, its share edged up despite moderating annual growth. This deceleration was primarily due to escalating U.S. tariff tensions, as global financial markets experienced heightened volatility during the first half of the year. These headwinds dampened margin trading, consequently softening brokers' demand for working capital, while some private holding companies aggressively repaid bank loans.

Loans by Industry



Note: Figures include the data of domestic banks and local branches of foreign and Mainland Chinese banks but exclude their data on securities acquired under reverse repurchase agreements.

Source: *Financial Statistics Monthly* (February 2026), CBC.

Consumer loans

The annual growth rate of consumer loans extended by banks decreased from 9.81% at the end of 2024 to 4.72% at the end of 2025. Among them, house-purchasing loans increased NT$494.8 billion, or 4.46%, in 2025, a slower year-on-year increase than 10.42% in 2024. This was mainly because many banks implemented internal quantitative management of total real estate lending and reined in their risky assets, coupled with the impact of U.S. tariff policies on the global economy and financial markets. In addition, the 2025 housing market shifted toward a cautious outlook, leading to a 25.45% decline in the number of building transfers in Taiwan to 261,308 units in 2025 from the previous year's 350,525 units. As for the shares of various types of consumer loans, house-purchasing loans remained the largest component, with its share decreasing from 85.77% at the end of 2024 to 85.56% at the end of 2025. Car loans accounted for 1.85%, decreasing from 1.86%, owing to the ongoing adjustments within the global automotive supply chain. Meanwhile, house-repairing loans, revolving credit for credit cards, employee welfare loans, and other consumer loans accounted for 0.24%, 0.87%, 0.26%, and 11.21%, respectively.

Portfolio Investment

Owing to valuation changes, portfolio investment by monetary financial institutions, measured at fair value, recorded a year-on-year increase of NT$825.2 billion, while the increase was smaller, at NT$688.5 billion, when measured on a cost basis.

Portfolio investment by monetary financial institutions (measured on a cost basis) rose to 7.89% at the end of 2025, up from 3.69% a year earlier. This was primarily driven by declining bills market rates, which prompted both public and private enterprises to increase their commercial paper issuance. Consequently, the outstanding balance in the bills market climbed, resulting in an expansion of bank investments in commercial paper.

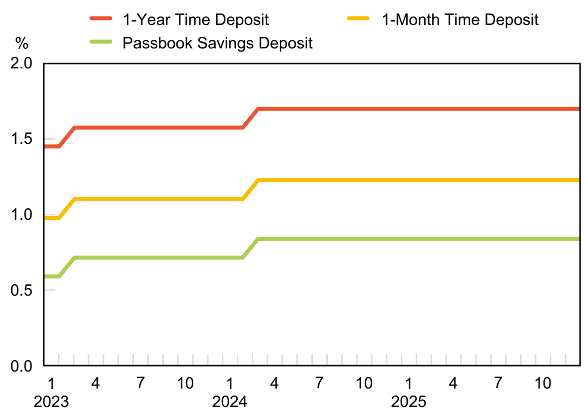
In terms of tool types, government bonds accounted for a share of 47.65%, slightly smaller than the 51.31% recorded a year ago, reflecting slower growth in banks' investment in government bonds. At the end of 2025, commercial paper accounted for a share of 24.92%, higher than a year ago, as enterprises increasingly issued commercial paper to meet their funding needs. In addition, corporate bonds accounted for a share of 19.07%, decreasing from the end of 2024.

Bank Interest Rates

In view of the gradual decline in domestic inflation, with the inflation rate remaining below 2% and domestic economic growth being robust, and to prudently address uncertainties in the global economic and financial outlook and the potential impact of U.S. trade policies on the domestic economy, the Bank decided to leave policy rates unchanged at its quarterly Board meetings in March, June, September, and December 2025.

As the Bank kept policy rates unchanged in 2025, domestic bank interest rates remained

Average Posted Deposit Rates of Five Major Domestic Banks*



Note: * The five major domestic banks are Bank of Taiwan, Taiwan Cooperative Bank, First Commercial Bank, Hua Nan Commercial Bank and Land Bank of Taiwan.

Source: *Financial Statistics Monthly* (February 2026), CBC.

steady. Regarding the interest rates of the five major domestic banks, their average fixed rates on one-month and one-year time deposits remained at 1.23% and 1.7%, respectively, at the end of 2025.

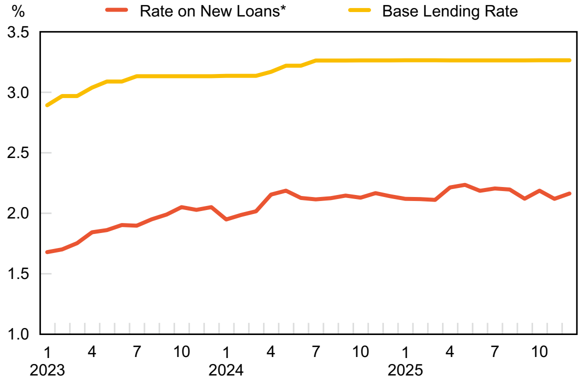
The weighted average rates on deposits and loans of domestic banks generally showed an upward trend in 2025. In terms of deposit interest rates, in the first quarter, some banks offered higher rates to attract depositors. Additionally, in the second quarter, some companies temporarily deposited their existing working capital intended for corporate income tax payments and anticipated cash dividends into time deposits, leading to an increase in the proportion of higher-interest time deposits. This caused the weighted average deposit interest rate to rise continuously from 1.13% in the fourth quarter of 2024 to 1.16% in the second quarter of 2025. In the fourth quarter, however, a slight decrease in both transaction and nontransaction deposit interest rates caused the weighted average deposit interest rate to fall back to 1.15%. On the whole, the weighted average interest rate on total deposits of domestic banks was 1.15% in 2025, which was 0.07 percentage points more than that recorded in the previous year.

In terms of loan interest rates, the weighted average interest rate on new loans of the five major domestic banks broadly trended upward to between 2.111% and 2.235%. For the year as a whole, the rate increased from 2.103% in the previous year to 2.161%, up by 0.058 percentage points, owing to year-on-year increases in interest rates for all types of loans. Excluding central government loans, the weighted average interest rate on new loans increased from 2.121% in the previous year to 2.18% in 2025, up by 0.059 percentage points. Moreover, the average base lending rate increased to 3.265% at the end of 2025 from 3.264% at the previous year-end.

In the first quarter of 2025, the weighted average interest rate on total loans of domestic banks slightly declined from 2.49% in the fourth quarter of 2024 to 2.48% because some banks launched preferential interest rate programs for large and prime enterprises, which increased the amount of large corporate loans with lower interest rates. From the second quarter on, as some banks increased the amount of mortgage loans, the proportion of long-term loans with higher interest rates increased. In addition, mortgage interest rates also rose, causing the weighted average interest rate for loans to rise continuously to 2.52% in the fourth quarter. For the year as a whole, the weighted average interest rate on loans of domestic banks was 2.5%, which was 0.05 percentage points more than that recorded in the previous year.

Because the increase in the average lending rate was smaller than that in the average deposit rate, the average interest rate spread between deposits and loans decreased to 1.35 percentage points in 2025, which was 0.02 percentage points lower than that recorded in the previous year.

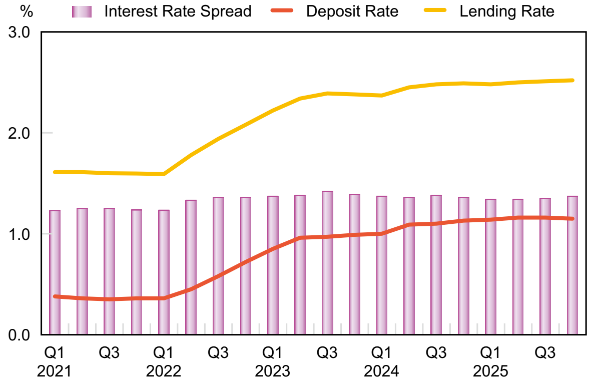
Average Lending Rates of Five Major Domestic Banks



Note: * Including housing loans, capital expenditure loans, current operations loans and consumer loans.

Source: *Financial Statistics Monthly* (February 2026), CBC.

Weighted Average Interest Rates of Domestic Banks



Source: *Financial Statistics Monthly* (February 2026), CBC.

3. Money Market

In 2025, supported by marked growth in exports and private investment, financial institutions' demand for interbank call loans increased. As a result, the total turnover in the interbank call loan market increased by 11.35% over the previous year, while the outstanding amount of interbank call loans rose by 32.28% as of the end of 2025.

With regard to the short-term bills market, the total turnover registered an increase of 11.82% from a year before, and the total issuance of short-term bills grew by 6.25% in 2025 in response to strong corporate funding needs. At the end of the year, the outstanding amount of short-term bills went up by 11.90% compared to the previous year end.

In terms of money market rates, as market funding conditions remained broadly stable in 2025, short-term money market rates fluctuated within a narrow range. The weighted average interbank overnight call loan rate rose to 0.820%, up by 2.6 basis points from the previous year. The primary and secondary market rates on 1-30 day commercial paper decreased by 2 basis points and 1 basis point over the previous year to 1.65% and 1.39%, respectively.

Rise in Interbank Call Loans

Driven by sustained growth in AI demand and the robust expansion of related supply chains, Taiwan's exports surged and private investment continued to expand in 2025. Against this backdrop, financial institutions' demand for interbank call loans strengthened, leading total annual turnover of interbank call loans to reach NT$26,238.6 billion, an increase of NT$2,675.1 billion or 11.35% over the previous year.

With respect to borrowers, domestic banks still made the largest contribution to total borrowing value with a share of 76.70%, followed by bills finance companies, foreign and Mainland Chinese banks, and Chunghwa Post, with shares of 13.22%, 8.84%, and 1.25%, respectively.

The amount borrowed by domestic banks grew by NT$2,509.9 billion or 14.25% from a year earlier, primarily reflecting imbalances in interbank fund allocation. On the other hand, the amount borrowed by foreign and Mainland Chinese banks shrank by NT$62.3 billion or 2.62% over the previous year.

The amount borrowed by bills finance companies rose slightly by NT$122.7 billion or 3.67% compared with a year ago. The growth was mostly driven by the expansion of the bills finance business, resulting in greater funding needs. Meanwhile, the amount borrowed by Chunghwa Post increased significantly by NT$104.8 billion or 47.13% over the previous year.

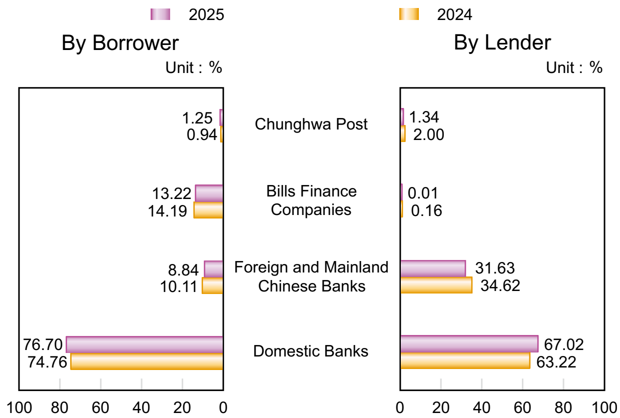
In terms of lenders, domestic banks remained the largest supplier of funds, making up 67.02% of total lending value in 2025. Foreign and Mainland Chinese banks came in second with a share of 31.63%, followed by Chunghwa Post and bills finance companies contributing 1.34% and 0.01% to total lending value, respectively.

The amount of call loans made by domestic banks went up by NT$2,688.3 billion or 18.04% compared with the previous year, mainly owing to liquidity imbalances among domestic banks and an increase in lending to bills finance companies as a result of their higher funding needs.

Foreign and Mainland Chinese banks increased their interbank lending by NT$143.0 billion or 1.75% over the previous year, largely owing to ample liquidity from their custodial business for foreign institutional investors, who enjoyed strong investment returns amid Taiwan's stock market rallies in 2025.

On the other hand, the amount of call loans made by Chunghwa Post fell by NT$119.9 billion or 25.45% from a year before, reflecting an increase in Chunghwa Post's subscriptions to the Bank's certificates of deposit, thereby reducing funds available for interbank lending. As for bills finance companies, the amount lent by this group registered a decrease of NT$36.3 billion or 96.02% year on year.

Composition of Interbank Call Loan Market by Participant



Source: *Financial Statistics Monthly* (February 2026), CBC.

In respect of maturity, interbank overnight call loans remained the most actively traded instrument in the market with a predominant share of 44.70%, rising by 0.70 percentage points from that of the previous year. The second were those with a maturity of one week, whose share increased by 1.93 percentage points to 41.00% over the previous year. The proportions of loans with longer maturities remained largely unchanged, collectively accounting for 14.30%.

Growth in Short-Term Bill Transactions

For the year 2025, newly issued short-term bills stood at NT$24,668.8 billion. Commercial paper made up a dominant 94.58% of the new issues, followed by negotiable certificates of deposit (NCDs) with a share of 4.45%.

Newly issued short-term bills posted a year-on-year increase of NT$1,450.1 billion or 6.25% in

2025. The rise was mainly attributable to an increased issuance of commercial paper, which grew by NT$1,510.8 billion. This reflected lower issuance costs and expectations of declining interest rates following the Fed's rate cuts, leading enterprises to prefer issuing short-term bills to meet their funding needs.

In contrast, the issuance of NCDs and Treasury bills slid by NT$40.4 billion and NT$20.0 billion, respectively, from a year before. The decrease was primarily because some domestic banks, prudently assessing their funding conditions, chose not to roll over maturing NCDs, while the Ministry of Finance reduced issuance of Treasury bills in view of ample tax revenues during the year.

Overall, the total amount of short-term bill issuance exceeded that of repayments. As a result, the outstanding of short-term bills stood at NT$4,155.2 billion as of the end of 2025, representing an increase of NT$441.9 billion or 11.90% from that of the previous year end.

Short-Term Bills Market

Unit: NT$billion

Year	Total		Treasury Bills		City Treasury Bills		Commercial Paper		Banker's Acceptances		Negotiable Certificates of Deposit	
	Issues	Year-End Outstanding	Issues	Year-End Outstanding	Issues	Year-End Outstanding	Issues	Year-End Outstanding	Issues	Year-End Outstanding	Issues	Year-End Outstanding
2015	11,512.8	1,677.7	233.7	90.0	-	-	10,426.0	1,346.6	20.8	3.5	832.3	237.6
2016	12,778.5	1,873.5	217.3	90.0	-	-	11,371.3	1,480.1	18.3	4.1	1,171.6	299.4
2017	14,878.5	2,154.5	220.0	25.0	-	-	13,077.8	1,709.0	19.4	4.2	1,561.3	416.4
2018	14,971.9	2,223.1	160.0	30.0	-	-	12,965.0	1,760.6	18.5	4.0	1,828.5	428.5
2019	14,927.3	2,353.2	314.0	65.0	-	-	13,613.6	2,034.1	14.0	2.6	985.7	251.5
2020	16,005.2	2,747.2	336.6	125.0	-	-	14,824.7	2,344.3	13.0	2.8	830.9	275.1
2021	17,254.0	2,911.2	320.0	115.0	-	-	16,107.5	2,560.1	17.8	4.5	808.7	231.6
2022	18,674.8	2,891.0	230.0	30.0	-	-	17,296.9	2,584.8	15.9	2.7	1,131.9	273.5
2023	20,478.6	3,348.0	260.0	30.0	-	-	19,390.6	3,000.9	11.1	2.3	816.9	314.8
2024	23,218.8	3,713.3	250.0	30.0	-	-	21,822.2	3,272.5	9.5	1.9	1,137.0	408.9
2025	24,668.8	4,155.2	230.0	70.0	-	-	23,333.0	3,724.1	9.1	1.5	1,096.7	359.5

Source: *Financial Statistics Monthly* (February 2026), CBC.

The total turnover of short-term bills in 2025 went up by NT$7,722.9 billion or 11.82% to NT$73,078.5 billion. Of the total transactions, commercial paper still made up the lion's share of 94.02%, while NCDs came in with the second largest share of 5.49%.

In terms of market participants, private enterprises were still the largest player in the market with a dominant share of 45.80%, followed by banks and bills finance companies with shares of 27.79% and 17.52%, respectively.

Mild Fluctuations in Money Market Rates

The weighted average interbank overnight call loan rate fluctuated within a narrow range in 2025. In January and February, the weighted average interbank overnight call loan rate remained unchanged from December of the previous year at 0.820%, reflecting stable market funding conditions. Later in March, net selling of TWSE stocks by foreign institutional investors and the resulting outward remittances drove the interbank overnight call loan rate up to 0.821%.

In April, frequent adjustments to U.S. tariff policies caused turbulence in global financial markets, leading safe-haven funds to temporarily park in the money market, thereby pushing the interbank overnight call loan rate down to 0.818%.

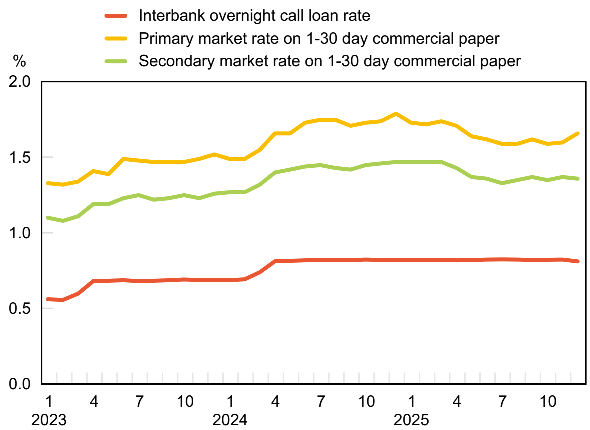
Between May and July, cash dividend payouts by enterprises triggered shifts in funding among banks, while individual income tax collections tightened market liquidity, causing the interbank overnight call loan rate to rise gradually to 0.824%.

Later in August, some enterprises continued to distribute cash dividends, resulting in slightly uneven funding conditions among banks. Short-term interest rates therefore remained relatively high, with the interbank overnight call loan rate standing at 0.823%.

In September, as market participants digested the outcomes of the monetary policy meetings of the Fed and the Bank, short-term interest rates fluctuated slightly, while the interbank overnight call loan rate edged down to 0.821%. Thereafter, factors such as two long holiday periods in October and typhoon-related disruptions in November led banks to adopt a generally conservative stance toward funding management, causing short-term interest rates to trend upward and the interbank overnight call loan rate to rise to 0.823% in November.

In December, as the end of the year approached, banks became more cautious in fund allocation amid seasonal liquidity pressures. However, through the Bank's open market operations, the interbank overnight call loan rate dropped modestly to 0.811%.

Money Market Interest Rates



Source: *Financial Statistics Monthly* (February 2026), CBC.

In respect of bills market rates, interest rate movements across all maturities were broadly consistent. Among them, the primary market rate on commercial paper with a maturity of 1-30 days slid from 1.73% in January to 1.59% in July. Thereafter, from August to November, the rate fluctuated within a narrow range of 1.59% to 1.62%. In December, the rate rose to 1.66% amid increased year-end funding needs.

Substantial Increase in Money Market Funds

Following several rounds of policy rate hikes by the Bank that began in March 2022, fund yields gradually increased, attracting investor subscriptions. Moreover, as most banks reduced their acceptance of long-term deposits, funds shifted into money market mutual funds.

Meanwhile, supported by continued growth in AI demand, Taiwanese firms in the AI-related supply chain posted substantial revenue gains in 2025. In addition, uncertainty surrounding U.S. tariff policies affected technology firms' factory expansion plans, increasing their demand for highly liquid assets such as money market funds. This uncertainty also heightened volatility in financial markets, leading investors to show a stronger willingness to temporarily park capital in domestic money market funds.

At the end of 2025, there were a total of 35 money market funds in Taiwan, and the total assets stood at NT$1,235.7 billion with a marked increase of NT$356.3 billion or 40.52% from the previous year end.

With regard to portfolio composition, the largest use of funds was bank deposits with a share of 55.43% at the end of the year. Following bank deposits were short-term bills and repurchase agreements, accounting for 36.58% and 7.63% of the total money market funds, respectively.

Portfolio Composition of Money Market Funds

Unit: NT$billion

Year/Month End	Total	Bank Deposits		Short-Term Bills		Repurchase Agreements		Bonds	
		Amount	Share (%)	Amount	Share (%)	Amount	Share (%)	Amount	Share (%)
2023	863.5	344.5	39.89	427.1	49.47	86.5	10.02	5.4	0.62
2024	879.4	350.3	39.83	463.7	52.73	62.6	7.12	2.8	0.32
2025	1,235.7	684.9	55.43	452.0	36.58	94.3	7.63	4.5	0.36
2025/ 1	932.9	380.3	40.77	479.8	51.43	69.8	7.48	3.0	0.32
2	942.6	392.1	41.60	479.2	50.84	67.9	7.20	3.4	0.36
3	943.4	409.7	43.43	460.4	48.80	69.7	7.39	3.6	0.38
4	1,017.8	447.3	43.95	470.9	46.27	96.2	9.45	3.4	0.33
5	1,100.8	495.3	44.99	487.1	44.25	114.7	10.42	3.7	0.34
6	1,082.5	524.2	48.43	448.5	41.43	105.4	9.74	4.4	0.40
7	1,130.1	576.4	51.01	444.5	39.33	105.1	9.30	4.1	0.36
8	1,168.1	603.3	51.65	453.4	38.82	107.3	9.19	4.1	0.34
9	1,157.9	615.2	53.13	440.2	38.02	99.0	8.55	3.5	0.30
10	1,215.0	680.2	55.98	436.1	35.89	94.9	7.81	3.8	0.32
11	1,218.0	693.1	56.91	429.3	35.25	91.2	7.49	4.4	0.35
12	1,235.7	684.9	55.43	452.0	36.58	94.3	7.63	4.5	0.36

Source: Securities Investment Trust & Consulting Association of the R.O.C.

4. Foreign Exchange Market

The NT Dollar Exchange Rate

In 2025, on a daily average basis, the NT dollar depreciated against the euro, but appreciated against the Korean won, the US dollar, the renminbi (RMB) and the Japanese yen; the trade-weighted nominal effective exchange rate index of the NT dollar increased by 2.6%. The exchange rate movements of the NT dollar vis-à-vis each of the above foreign currencies are as follows.

During the course of 2025, the NT dollar first appreciated against the US dollar and then depreciated. In addition to frequent adjustments to the U.S. reciprocal tariff policies after their announcement in early April, the U.S. House's passage of the *"One Big Beautiful Bill" Act* made investors concerned about the economic growth momentum, fiscal condition, inflation outlook and monetary policy direction of the U.S., leading to US dollar depreciation. Meanwhile, as foreign investors net bought Taiwanese stocks and Taiwanese exporters increased their US dollar sales in anticipation of NT dollar appreciation, the NT dollar appreciated against the US dollar. In the second half of 2025, Fed Chair Powell's repeatedly cautious stance toward rate cuts led to a US dollar rebound. Furthermore, foreign investors net sold Taiwanese stocks to lock in profits after the U.S. reciprocal tariff measures took effect on August 7, and global investors also showed growing concerns about an AI bubble. Combined, these factors caused the NT dollar to depreciate against the US dollar. At the end of 2025, the NT dollar appreciated by 4.3% against the US dollar compared to the end of the previous year. On an annual average basis, the NT dollar appreciated by 3.0% year on year against the US dollar.

In 2025, the NT dollar broadly depreciated against the euro during the course of the year except for a temporary appreciation in early May. In March, Germany's plans to relax its debt brake to expand national defense expenditures and its establishment of a €500 billion infrastructure fund to boost economic growth supported the euro. In April, frequent adjustments to U.S. tariff policies triggered international capital flows into safe-haven euro-denominated assets, leading to a sharp appreciation of the euro and depreciation of the NT dollar against the euro. Later, as growing market expectation of a rate cut by the European Central Bank (ECB) weakened the euro, along with the significant NT dollar strengthening in early May, the NT dollar appreciated against the euro. From late May onwards, several factors – including ECB President Lagarde's comments about adopting a "global euro moment" strategy to strengthen the euro's international status, the European Union's trade agreement with the U.S., and the ECB's pause in its rate-cutting cycle in the second half of 2025 that also lowered market expectations of further rate cuts – combined to strengthen the euro. The NT dollar consequently continued to depreciate against the euro. At the end of 2025, the NT dollar depreciated by 7.5% against the euro compared to the end of the previous year. On an annual average basis, the NT dollar depreciated by 1.3% against the euro compared to the previous year.

Regarding the NTD-yen exchange rate, the NT dollar first depreciated and then appreciated against the Japanese yen in the first half of 2025, while remaining range-bound in the second half. At the beginning of 2025, because lingering inflation pressures in Japan raised market expectation of a rate hike by the Bank of Japan (BoJ) and the U.S. tariff policies also heightened market uncertainties, the resultant safe-haven capital flows into yen assets strengthened the yen and led to NT dollar depreciation against the yen. Later, as BoJ Governor Ueda's remarks signaling a cautious stance toward monetary policy adjustments amid high uncertainty over U.S. tariff policies dampened market expectation of a BoJ rate hike, the yen weakened and thus the NT dollar appreciated against the yen. Then, during the second half of 2025, the NT dollar exchange rate against the yen remained range-bound, mainly because Japan reached trade and investment agreements with the U.S., market expectations of a BoJ rate hike shifted, and the Japanese government's ¥21.3 trillion economic stimulus package caused market concern about potential fiscal deterioration. At the end of 2025, the NT dollar appreciated by 4.5% against the yen compared to the end of the previous year. On an annual average basis, the NT dollar appreciated by 1.9% against the yen compared to the previous year.

Throughout 2025, the NT dollar first appreciated against the RMB and then depreciated. Notably, the tariff barriers between China and the U.S. rose in early April, causing the RMB to weaken and the NT dollar to appreciate against the RMB. In the second half of 2025, the People's Bank of China (PBoC) guided the RMB central parity rate higher, and the signing of various economic and trade agreements during the U.S.-China leader summit in late October helped ease bilateral trade tensions. Additionally, with many economists contending that the RMB should moderately appreciate in the mid-to-long term, market expectations for RMB appreciation gained traction, increasing the willingness to sell foreign exchange and thereby bolstering the RMB and causing the NT dollar to depreciate against the RMB. Overall, the NT dollar depreciated by 0.2% year on year against the RMB at the end of 2025. On an annual average basis, the NT dollar appreciated by 2.9% against the RMB compared to the previous year.

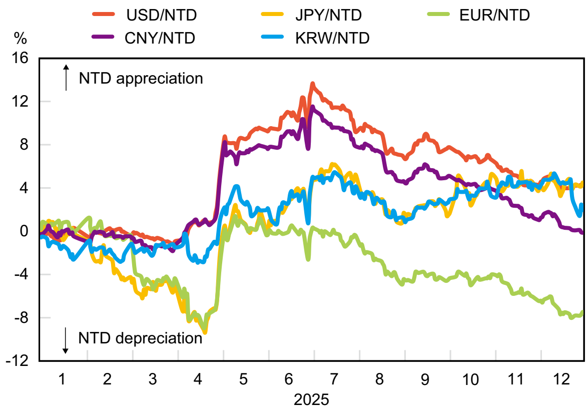
Throughout 2025, the NT dollar broadly appreciated against the Korean won. At the beginning of 2025, rising political uncertainty in South Korea led to range-bound movements in the NT dollar exchange rate against the won. In April, the won weakened amid the impact of U.S. tariff policies and the commencement of U.S.-Korea trade negotiations. This, coupled with a notable strengthening in the NT dollar in early May, led the NT dollar to appreciate against the won. From mid-July onwards, as the Bank of Korea (BoK) paused its rate-cutting cycle and the South Korean government actively pushed for corporate governance reforms, foreign investors turned into net buyers of Korean stocks, and the NT dollar therefore depreciated against the won. Nonetheless,

Annual Changes of NTD Exchange Rate Against Major Currencies

	NTD/USD	NTD/EUR	NTD/JPY	NTD/CNY	NTD/KRW
Exchange Rate (2025/12/31)	31.438	36.899	0.2008	4.4982	0.0218
Exchange Rate (2024/12/31)	32.781	34.132	0.2098	4.4913	0.0223
Annual Change	4.3%	-7.5%	4.5%	-0.2%	1.9%
Average Exchange Rate (2025)	31.166	35.217	0.2082	4.3347	0.0219
Average Exchange Rate (2024)	32.108	34.753	0.2121	4.4610	0.0236
Annual Change	3.0%	-1.3%	1.9%	2.9%	7.5%

Source: Department of Economic Research, CBC.

Percentage Changes of NT Dollar Against Major Currencies
(Compared with End-2024)



Source: Department of Economic Research, CBC.

after September, U.S.-Korea trade negotiations stalled, and Korean retail investors increased overseas securities investment, together exerting downward pressure on the won; consequently, the NT dollar appreciated against the won. In late December, to prevent the excessive weakness of the won from exacerbating imported inflationary pressures, the South Korean government implemented robust measures to support the won. As a result, the won rebounded substantially, causing the NT dollar to depreciate against the won. Overall, at the end of 2025, the NT dollar appreciated by 1.9% against the won compared to the end of the previous year. On an annual average basis, the NT dollar appreciated by 7.5% against the won compared to the previous year.

Foreign Exchange Trading

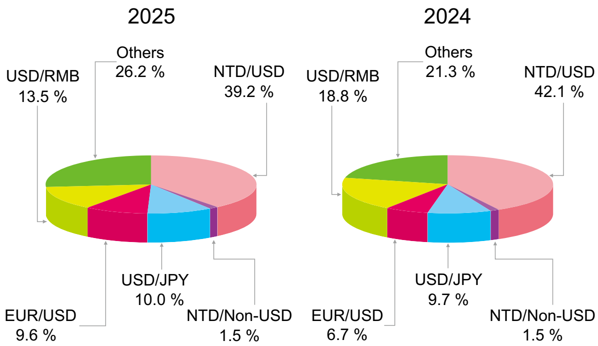
Trading in the Taipei foreign exchange market increased in 2025. Total net trading volume for the year was US$11,577.2 billion, representing a 6.0% year-on-year increase; the daily average turnover was US$47.1 billion.

In terms of trading partners, transactions between banks and nonbank customers accounted for 27.7% of the total turnover, while interbank transactions made up 72.3%, including 18.5% for transactions among local banks and 53.8% for those between local banks and overseas banks.

As far as traded currencies were concerned, NT dollar trading against foreign currencies accounted for 40.7% of the total trading volume, of which trading against the US dollar made up a dominant 39.2%. Transactions in third currencies contributed to 59.3% of the total trading volume, with trading in currency pairs of USD-RMB, USD-JPY, and EUR-USD accounting for respective shares of 13.5%, 10.0%, and 9.6%. Compared with the previous year, the volume of NT dollar trading against foreign currencies decreased by 0.9% while that of transactions in third currencies increased by 11.3%.

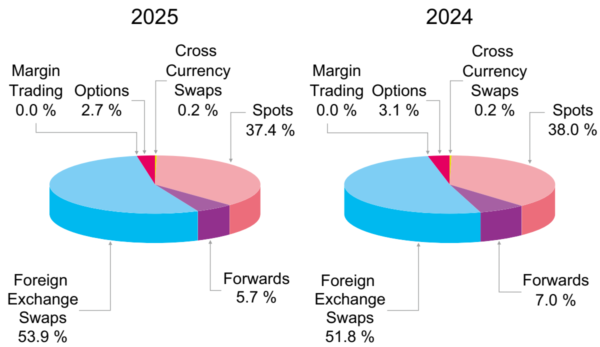
With respect to types of transactions, the major types were foreign exchange swaps and spots, accounting for 53.9% and 37.4% of total turnover, respectively. Compared with the previous year, the trading volume in foreign exchange swaps, spots, cross currency swaps, and margin trading increased, while the trading volume in forward transactions and options decreased.

Composition of Foreign Exchange Transactions by Currency Pair



Source: Department of Foreign Exchange, CBC.

Composition of Foreign Exchange Transactions by Type of Product



Source: Department of Foreign Exchange, CBC.

For other foreign currency derivatives products, including futures, options and swaps linked to interest rates, commodity prices, stock price indices and credit risks, the total turnover was US$256.1 billion in 2025. Of this amount, interest rate-related derivatives accounted for the lion's share at 97.4% with US$249.4 billion, declining by 13.3% from the previous year owing mainly to the decrease in interest rate futures turnover.

Turnover of Other Products in the Taipei Foreign Exchange Market

Unit: US$billion

Year	Interest Rate-Related Products				Commodity-Related Products	Stock Index Options	Credit Derivatives	Total
	Interest Rate Swaps	Interest Rate Options	Foreign Currency Interest Rate Futures	Subtotal	Commodity Options			
2021	79.0	10.7	104.3	194.0	4.1	0.4	0.6	199.2
2022	90.4	14.7	202.6	307.6	2.9	0.3	0.8	311.7
2023	79.8	8.6	168.3	256.6	1.8	1.9	0.5	260.8
2024	92.7	6.4	188.6	287.7	2.6	2.4	0.8	293.5
2025	122.0	11.3	116.1	249.4	3.4	3.0	0.4	256.1
2024-2025 Annual Growth Rate (%)	31.6	76.2	-38.4	-13.3	31.5	21.9	-45.9	-12.7

Note: "Forward Rate Agreement" is excluded from the table because the turnover has been 0 since 2017.
Source: Department of Foreign Exchange, CBC.

Renminbi Business

By the end of 2025, there were 65 domestic banking units (DBUs) and 56 offshore banking units (OBUs) engaging in renminbi business. The balance of renminbi deposits amounted to RMB115.4 billion; renminbi remittances totaled RMB2,130.4 billion in 2025; renminbi settlement through the Taipei Branch of the Bank of China totaled RMB5,384.2 billion in 2025.

Renminbi Business Conducted by Financial Institutions

Unit: RMB billions

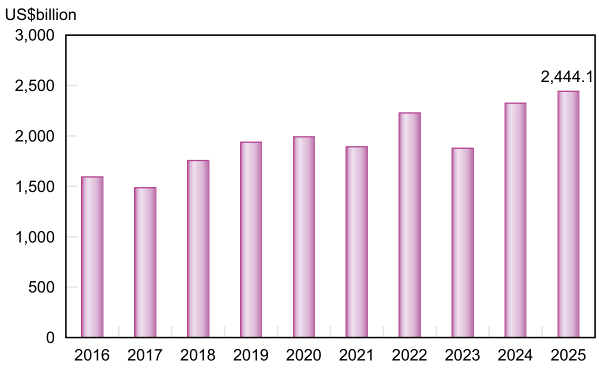
Business Items	Amount
Deposit balance (including NCDs, end of 2025)	115.4
Total remittances (February 2013 to December 2025)	24,467.3
Total settlement through the Taipei Branch of the Bank of China (February 2013 to December 2025)	60,586.7
Total value of 206 RMB-denominated bonds issued (as of the end of 2025)	135.9
Accumulated premium receipts from RMB-denominated investment-linked insurance business (February 2013 to December 2025)	22.1
Accumulated premium receipts from RMB-denominated traditional insurance business (April 2014 to December 2025)	10.3

Source: Department of Foreign Exchange, CBC.

Foreign Currency Call Loan & Swap Markets

The transaction volume in the foreign currency call loan market in 2025 was US$2,444.1 billion, an increase of 5.0% over the previous year. Of the total, US dollar transactions accounted for a dominant share of 79.0% with US$1,930.2 billion, increasing by 1.6% from the previous year. Renminbi transactions increased by 14.2% year on year to RMB716.0 billion, making up a share of 4.2% of the total. Japanese yen transactions reached ¥48,678.9 billion, representing a share of 12.7% of the total with a year-on-year increase of 6.4% in volume. The amount of euro transactions was €41.5 billion, with a share of 2.0%. Other currencies accounted for a combined 2.1% of the total transaction volume. Meanwhile, the balance of foreign currency call loan transactions stood at US$57.6 billion at the end of 2025.

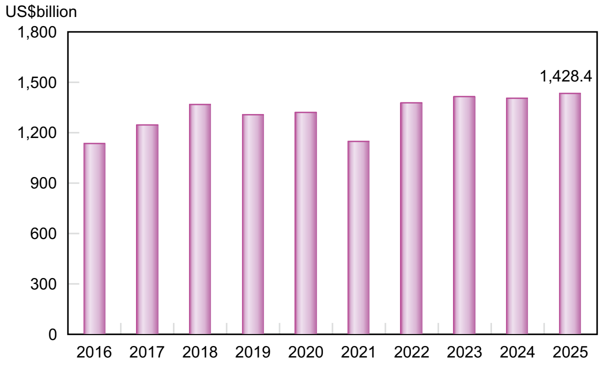
Transactions in the Foreign Currency Call Loan Market



Source: Department of Foreign Exchange, CBC.

The volume of foreign currency-NTD swap transactions reached US$1,428.4 billion in 2025, 2.1% more than the previous year, while the balance was US$256.8 billion at the end of 2025.

Transactions in the Foreign Currency Swap Market



Source: Department of Foreign Exchange, CBC.

OBU Assets

There were 59 OBUs at the end of 2025, with 35 of them operated by domestic banks and the other 24 by foreign banks. The total assets of all OBUs increased to US$327.5 billion at the end of 2025, up by US$51.0 billion or 18.4% from the previous year end owing to an increase in claims on financial institutions.

Balance Sheet of OBUs in the Banking System

Unit: US$billion

Year / Month (End of month)	Loans to Nonfinancial Institutions	Portfolio Investment	Claims on Financial Institutions	Other Assets	Total Assets= Total Liabilities & Equity	Deposits of Nonfinancial Institutions	Due to Financial Institutions	Securities Issued	Other Liabilities & Equity
2021/12	78.5	93.7	68.2	9.5	249.9	104.5	125.1	0.0	20.3
2022/12	76.0	108.2	75.7	6.2	266.1	117.7	128.0	0.0	20.5
2023/12	70.2	122.0	78.3	6.7	277.3	113.3	138.8	0.0	25.2
2024/12	73.7	130.3	63.1	9.4	276.6	117.9	134.9	0.0	23.7
2025/12	82.7	146.6	84.5	13.7	327.5	133.4	169.3	0.0	24.8
2024/12-2025/12 Growth Rate (%)	12.2	12.5	33.9	45.6	18.4	13.1	25.5	0.0	4.8

Source: Department of Foreign Exchange, CBC.

Domestic banks' OBUs accounted for 86.3% of total assets with an amount of US$282.7 billion, and foreign banks' OBUs accounted for 13.7% with an amount of US$44.9 billion. In terms of uses of funds, portfolio investments represented the largest share of 44.8% of total assets with an amount of US$146.6 billion; claims on financial institutions and loans to nonfinancial institutions came in the second and third place with shares of 25.8% and 25.3%, respectively. In terms of destinations of funds, Asia accounted for the highest share at 43.0%, followed by the Americas at 33.3%.

The main source of funds for OBUs came from due to financial institutions, making up 51.7% of total liabilities and equity, followed by deposits of nonfinancial institutions with a share of 40.7%. The main funding origin of OBUs was Asia, accounting for 64.2%, followed by the Americas with a share of 26.6%.

In 2025, foreign exchange trading turnover of all OBUs decreased by 23.5% from the previous year to US$1,118.5 billion, of which US$521.3 billion was for spot transactions, US$85.6 billion for forward transactions, and US$511.6 billion for swap transactions. Compared with the previous year, the growth rates of the trading turnover of FX spot, forward, and swap transactions were -0.6%, -64.0%, and -26.9%, respectively.

In 2025, total turnover of other derivatives products conducted by the OBUs decreased by 0.6% to US$658.2 billion over the previous year, of which interest rate swaps registered the largest turnover of US$359.8 billion, making up 54.7% of the total.

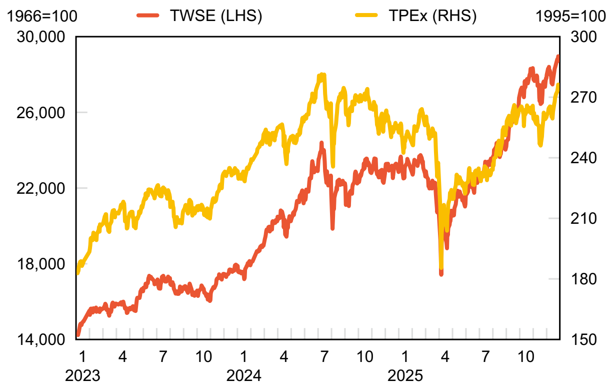
5. Stock Markets

In early 2025, driven by robust demand for emerging AI technology applications, the TAIEX trended upwards alongside U.S. tech stock rallies, reaching 23,730 points on February 21. However, the market subsequently retreated to 17,392 points on April 4 as U.S. tariff issues triggered slumps in major global stock markets, coupled with massive foreign investor selloffs. Thereafter, buoyed by a confluence of factors, including the FSC's market stabilization measures, the deployment of the National Financial Stabilization Fund, the suspension of U.S. reciprocal tariffs, the effect of front-loading, continued AI demand, and stellar corporate earnings, the TAIEX recovered and swung higher alongside U.S. tech rallies. The index reached a fresh historical high of 28,964 points at the end of the year, representing a 25.7% increase from 23,035 points at the end of the previous year.

In 2025, stock groups on the TWSE exhibited divergent performances. While most traditional industries saw share prices weaken, the Electronics sector, which collectively accounted for more than 70% of market capitalization, surged by 35.5% on the back of growing AI demand and expanding applications as well as U.S. tech stock rallies, repeatedly driving the TAIEX to new highs. Glass & Ceramics shares delivered the best performance with a stellar 82.8% gain, buoyed by market expectations of AI themes and rising demand for high-end materials. Plastics shares followed as the second best performer, rising by 37.6% owing to improved industry supply-demand dynamics and enhanced profitability as some major firms transitioned into high-value-added segments. Among the declining sectors, Rubber and Cement dropped by 31.1% and 18.2%, respectively, as both were weighed down by sluggish demand and overcapacity in China. Overall, the daily average turnover on the TWSE reached NT$383.8 billion in 2025, representing a slight year-on-year increase of 0.6%.

At the end of 2025, the Taipei Exchange (TPEx) Index finished 8.0% higher compared to the previous year-end. Leading the gains were Chemical shares, which soared 41.2% as their pivotal role as key chemical material suppliers to the AI and semiconductor industries fueled robust profit growth. Electronics shares took the second spot with a 17.6% increase, riding the wave of the AI boom and rallies in U.S. tech stocks. On the other hand, Building Material & Construction shares suffered the steepest decline of 24.3%, dampened by a cooling

TWSE and TPEx Indices



Sources: 1. TWSE.
2. Taipei Exchange (TPEx).

housing market and a sharp contraction in new project launches. Cultural/Creative Industries shares also gave up some ground, retreating 22.9% following a strong run-up in the previous year. Meanwhile, Iron & Steel shares slipped 15.9%, attributable to lackluster demand and overcapacity in China. In 2025, the daily average turnover on the Taipei Exchange amounted to NT$105.6 billion, up by 9.9% year-on-year.

The TWSE Market

Listings Increased and Capitalization Rose to Record High

At the end of 2025, the number of TWSE listings increased by 32 over the previous year to a total of 1,063. The par value of total shares rose by 1.0% year on year to NT$7.9 trillion, and total market capitalization grew significantly by 27.7% to a record high of NT$94.4 trillion amid the market upswing. Meanwhile, the total number of Taiwan depositary receipts (TDRs) remained 10 as of the end of the year.

Major Statistics of the TWSE Market

Year/Month	Stock Price Index (end of period)	Daily Average Trading Value (NT$billion)	Trading Value Turnover Rate (%)	Market Capitalization (NT$billion)	Net Buying Positions (NT$billion)		
					Foreign Investors Net Buy/Sell	Securities Investment Trust Companies Net Buy/Sell	Securities Dealers Net Buy/Sell
2023	17,930.8	264.3	121.2	56,842.1	275.4	237.3	-262.0
2024	23,035.1	381.4	135.4	73,898.7	-695.1	832.1	-823.8
2025	28,963.6	383.8	118.5	94,358.9	-599.5	105.8	-148.2
2025/ 1	23,525.4	323.5	6.4	75,531.3	-50.6	-1.0	-20.0
2	23,053.2	362.6	9.3	74,051.7	-166.0	-6.2	-34.6
3	20,695.9	304.0	9.6	66,562.0	-465.6	99.2	-157.4
4	20,235.0	271.1	8.3	65,090.8	-61.4	38.5	-106.2
5	21,347.3	310.8	9.1	68,706.3	220.0	38.8	-54.0
6	22,256.0	343.0	10.1	71,696.3	93.4	60.5	-66.1
7	23,542.5	319.9	9.7	75,873.7	228.0	-13.8	96.6
8	24,233.1	419.7	11.3	78,099.4	-62.9	-4.8	23.5
9	25,820.5	452.3	11.4	83,477.2	199.9	-76.7	66.3
10	28,233.4	503.0	11.0	91,225.2	-99.1	-49.9	89.7
11	27,626.5	531.6	11.8	89,945.4	-374.9	12.1	-68.4
12	28,963.6	451.3	10.5	94,358.9	-60.3	9.2	82.4

Source: Securities and Futures Bureau, FSC.

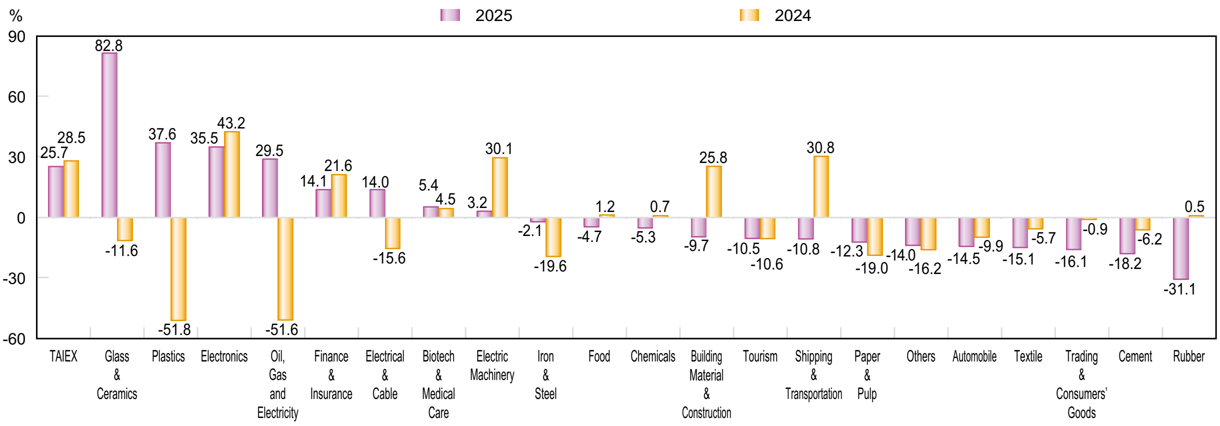
TAIEX Recovered from Earlier Slumps to Hit Successive Highs

In early 2025, propelled by robust demand for emerging AI applications, the TAIEX climbed alongside U.S. tech bull runs to reach 23,730 points on February 21. However, the momentum stalled as U.S. tariff concerns sparked a global market selloff, which, combined with foreign investor selloffs, dragged the index down to a low of 17,392 points by April 9. Thereafter, the TAIEX advanced with intermittent swings, tracking the recovery in U.S. tech stocks. This rally was underpinned by the FSC's stabilization measures, the National Financial Stabilization Fund's intervention, the suspension of U.S. reciprocal tariffs, and front-loaded orders by manufacturers. Coupled with sustained AI demand and strong corporate earnings, the TAIEX oscillated higher to finish the year at a record-breaking 28,964 points, marking a 25.7% gain from the 23,035 points recorded at the end of 2024.

Looking at individual sectors, Glass & Ceramics led the gains with a remarkable 82.8% surge, driven by robust demand for high-end glass fibers and advanced technological materials. Plastics followed as the second-best performer, jumping by 37.6% as industry supply-demand dynamics improved and major players saw profitability strengthen from their transition into high-value-added segments. Electronics shares climbed by 35.5%, buoyed by the AI boom and successive record highs in U.S. tech stocks. Meanwhile, Oil, Gas & Electricity shares rose by 29.5%, as the industrial environment improved and major firms regained solid footing.

Among the laggards, Rubber and Cement shares fell by 31.1% and 18.2%, respectively, reflecting weak demand and overcapacity in China. Trade & Consumers' Goods dropped 16.1%, hit by shifting tariff and trade policies that dampened domestic retail consumption momentum. Meanwhile, Textile shares declined by 15.1% as a global slowdown in demand resulted in fewer orders and lower earnings.

TWSE Stock Price Changes by Industrial Group



Source: TWSE.

Market Turnover Increased

As the stock price index trended upwards and reached successive record highs, trading value in the TWSE market expanded accordingly. In 2025, the daily average turnover reached NT$383.8 billion, edging up by 0.6% from NT$381.4 billion the previous year. Furthermore, as the growth in total market capitalization outpaced that in trading value, the stock turnover rate declined from 135.4% in the previous year to 118.5% in 2025.

FINIs and Local Securities Net Sold; Investment Trust Firms Net Bought

In 2025, foreign institutional investors (FINIs) and local securities dealers posted net sales of NT$599.5 billion and NT$148.2 billion, respectively. Meanwhile, investment trust companies recorded a net-buying amount of NT$105.8 billion.

From January to April 2025, the TAIEX faced successive headwinds, including U.S. President Trump's proposed tariffs on semiconductor products, the emergence of China's DeepSeek, the U.S. Federal Reserve's postponed rate cuts, and global market turmoil triggered by Trump's reciprocal tariff proposals. These factors led to a string of net selling by FINIs.

Between May and July, FINIs shifted to net buying as the easing of U.S.-China trade tensions and robust AI demand drove U.S. tech stocks higher. In August, however, foreign investors capitalized on the TAIEX's high valuation to realize gains, adjusting their positions through net sales.

In September, the Fed's rate cut injected fresh liquidity into the market, prompting another wave of net purchases by FINIs. From October to December, amid concerns over an AI bubble and a subsequent pullback in U.S. stock markets, some investors opted for profit-taking trades to lock in their TAIEX gains, leading to further position reductions and net selling by FINIs.

Regarding local securities investment trust companies, they recorded net sales in January, February, and from July to October. These moves were driven by the need to perform year-end or quarter-end accounting adjustments, meet investor redemption demand, or lock in gains from the rallying stocks. Conversely, from March to June and during November and December, investment trust companies shifted to net buying. This was primarily aimed at boosting fund performance or executing passive positioning through the purchase of constituent stocks for ETFs.

With respect to local securities dealers, who are inclined to conduct short swing trades to buy the rallies and sell the dips, they recorded successive net sales in the first half of 2025, reflecting tactical position adjustments or hedging operations as the TAIEX rebounded after declining sharply. In the second half of the year, net selling occurred only in November during a market pullback and net buying was recorded in all the other months as the TAIEX continued to scale new heights.

The TPEx Market

TPEx Listings and Capitalization Both Increased

At the end of 2025, the number of TPEx listings totaled 874, an increase of 36 from the previous year. The total par value increased by 3.9% year on year to NT$826.2 billion. The TPEx market capitalization, buoyed by rising stock valuations, increased by 13.3% year on year to NT$7.41 trillion.

TPEx Index First Fell Then Rose; Trading Value Increased

In 2025, the TPEx Index moved in tandem with the TAIEX. After retreating from its early-year high to a low of 185.1 on April 9, the Index trended upwards amid the AI boom and foreign net purchases, closing the year at 276.2. This represented an 8.0% increase from the 255.8 recorded at the end of the previous year.

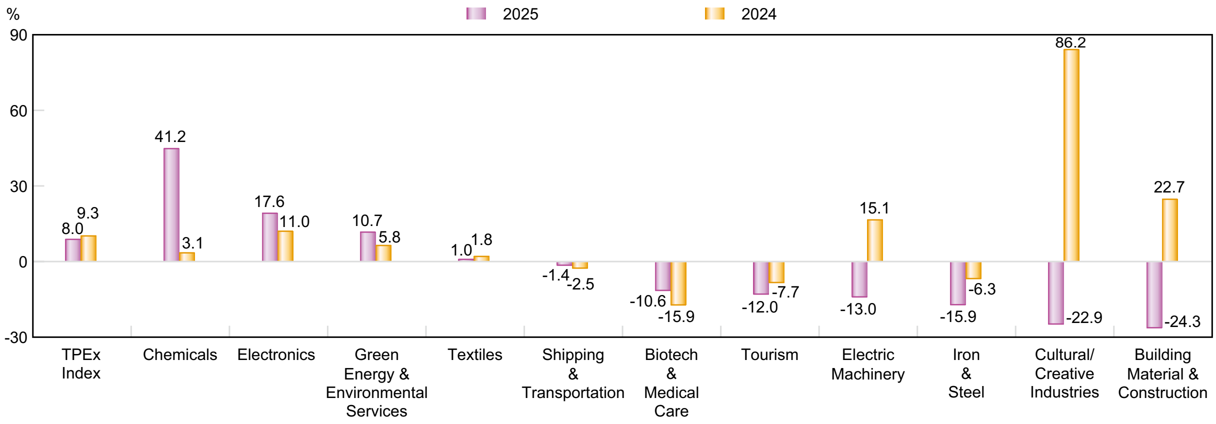
The TPEx market saw a mixed performance across different sectors in 2025. Among the advancing sectors, Chemical shares led the gains with a 41.2% surge, driven by substantial profit growth as a key supplier of essential materials to the AI and semiconductor industries. The Electronics sector followed with a 17.6% increase amid the AI boom and the U.S. tech stock rallies. Meanwhile, Green Energy & Environmental Services shares rose 10.7%, benefiting from policy support and favorable industry tailwinds.

Among the declining sectors, the Building Material & Construction sector suffered the sharpest drop of 24.3%, as a slowing real estate market led to a significant reduction in new housing projects. Cultural/Creative Industries recorded a 22.9% fall owing to a high base effect following the strong gains of the previous year. The Iron & Steel sector also declined by 15.9%, weighed down by weak demand and overcapacity in China.

By type of institutional investor, local securities dealers net sold TPEx equities worth NT$6.9 billion, whereas local securities investment trust companies and FINIs both posted net buying, with the respective amounts of NT$8.9 billion and NT$292.8 billion.

Overall, the daily average turnover of the TPEx market rose alongside stock rallies, rising by 9.9% to NT$105.6 billion from NT$96.1 billion the previous year.

TPEx Stock Price Changes by Industrial Group



Source: TPEx.

Key Measures for the Stock Markets

Key measures for Taiwan's stock markets in 2025 included the following:

(1) April 6: To mitigate the impact of U.S. reciprocal tariff policies on global financial markets and to safeguard capital market stability and investor interests, the FSC announced three stabilization measures: (A) Investors may, with the consent of securities finance enterprises or firms, provide alternative collateral to meet margin calls for margin purchases or short sales; (B) The daily quota for short sales via securities borrowing was reduced from 30% to 3% of the average daily trading volume over the previous 30 business days; (C) The minimum margin requirement for short selling was raised from 90% to 130%.

(2) April 7: The FSC reaffirmed that, pursuant to existing regulations, short selling below the previous closing price is prohibited for stocks that have hit their lower price limits. This measure aimed to moderate the impact of speculative trading on the stock market and to mitigate volatility risks triggered by market panic.

(3) April 9: To counter the global stock market plunge triggered by the U.S. reciprocal tariff policy, the National Financial Stabilization Fund was deployed to buttress the domestic stock market and to bolster investor confidence.

(4) July 1: The FSC introduced the Taiwan Individual Savings Account (TISA) to encourage the public to cultivate retirement savings and personal wealth through mid- to long-term investment.

6. Bond Market

For the year 2025, the total volume of bond issuance stood at NT$1,885.0 billion, increasing by NT$205.2 billion compared to the previous year. At the end of 2025, the total outstanding bonds reached NT$17,960.3 billion, representing an increase of NT$605.7 billion or 3.49% from the end of 2024.

Central government bond issuance amounted to NT$433.5 billion in 2025, mainly to support debt refinancing operations of the Central Government Debt Service Fund and to meet funding needs for the general and special budgets of the central government. However, the total issuance decreased by NT$104.5 billion from a year earlier.

Issuance of corporate bonds totaled NT$873.7 billion in the year, up by NT$179.6 billion from 2024, primarily reflecting increased issuance by corporations to meet working capital needs and finance the green energy transition.

Bank debenture issuance amounted to NT$209.7 billion, increasing by NT$111.6 billion from a year ago. The rise was mainly driven by banks strengthening their capital structures and improving capital adequacy ratios to meet regulatory requirements, as well as higher demand for bond issuance to support green financing and sustainability-related activities.

NT dollar-denominated foreign bonds issued in Taiwan by foreign institutions totaled NT$13.6 billion in 2025, an increase of NT$6.4 billion from 2024. Meanwhile, foreign currency-denominated international bonds issued in Taiwan by foreign institutions rose by NT$12.3 billion from the previous year to NT$327.4 billion.

In the secondary market, influenced by volatility in U.S. bond yields and shifting market expectations regarding the timing of policy rate cuts by major central banks, the average yield on Taiwan's 10-year government bond stood at 1.45% for the year, up by 2 basis points from 2024.

Overall, the annual turnover of the domestic bond market totaled NT$38,013.7 billion in 2025, decreasing by NT$122.8 billion from a year before. The slight decline was mainly attributable to relatively ample domestic liquidity, which reduced financial institutions' demand for funding through repurchase agreement (repo) transactions.

Reduction in Government Bond Issuance

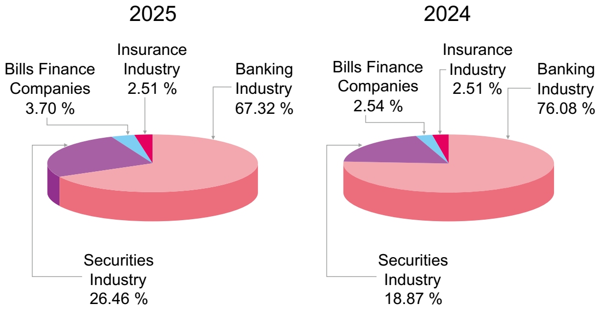
In order to support debt refinancing operations of the Central Government Debt Service Fund and to meet funding needs for the general and special budgets of the central government, central government bond issuance amounted to NT$433.5 billion in 2025, down by NT$104.5 billion from a year ago. Government bonds were available with various maturity periods from 2 years, 5 years, 10 years, 20 years, to 30 years.

Broken down by institutional investor, bonds held by the banking industry made up the lion's share at 67.32%. The securities industry came in second with a share of 26.46%, followed by bills finance companies with a share of 3.70%.

As of the end of 2025, the total outstanding amount of central government bond issuance reached NT$6,032.6 billion, showing a slight decrease of NT$1.5 billion or 0.03% compared to the end of 2024.

Furthermore, new bonds issued by the governments of all special municipalities in 2025 stood at NT$27.2 billion. At the end of the year, the outstanding amount of bonds issued by the governments of all special municipalities totaled NT$157.1 billion, an increase of NT$16.9 billion or 12.02% from the previous year end.

Shares of Government Bond Holdings (by Institutional Investor)



Source: Department of the Treasury, CBC.

Issues and Outstanding Values in Bond Market by Category

Unit: NT$billion

Year/ Month	Total		Central Government Bonds		Local Government Bonds*		Corporate Bonds		Bank Debentures		Beneficiary Securities**		Foreign Bonds		Int'l Bonds	
	Issues	Outstanding	Issues	Outstanding	Issues	Outstanding	Issues	Outstanding	Issues	Outstanding	Issues	Outstanding	Issues	Outstanding	Issues	Outstanding
2023	1,580.0	16,952.2	478.0	5,912.5	19.7	147.6	773.3	3,564.4	62.7	1,221.5	-	5.9	3.9	50.0	242.4	6,050.2
2024	1,679.8	17,354.6	538.0	6,034.1	27.2	140.2	694.1	3,837.2	98.1	1,160.9	-	5.9	7.3	45.9	315.1	6,130.4
2025	1,885.0	17,960.3	433.5	6,032.6	27.2	157.1	873.7	4,199.0	209.7	1,246.1	-	1.7	13.6	57.3	327.4	6,266.6
2025/ 1	180.8	17,445.6	67.0	6,041.1	2.5	142.7	32.0	3,845.9	5.1	1,165.9	-	5.9	0.5	46.3	73.8	6,197.7
2	120.7	17,415.7	60.0	6,006.1	-	142.7	20.8	3,860.2	9.2	1,164.9	-	5.9	3.3	49.1	27.4	6,186.7
3	216.0	17,464.9	51.5	5,957.6	1.2	143.9	33.9	3,876.7	50.6	1,188.3	-	5.9	0.5	49.4	78.4	6,243.1
4	115.0	17,484.9	30.0	5,987.6	-	135.2	68.9	3,882.1	7.7	1,190.8	-	4.7	-	49.4	8.3	6,235.2
5	186.8	17,611.2	50.0	6,037.6	-	135.2	61.2	3,891.0	5.8	1,190.5	-	4.2	-	49.4	69.8	6,303.4
6	143.9	17,660.9	30.0	6,067.6	-	135.2	73.4	3,911.4	22.5	1,202.9	-	3.8	-	49.1	18.0	6,291.0
7	108.5	17,615.5	20.0	6,037.6	-	135.2	54.7	3,898.7	10.0	1,199.9	-	3.4	0.2	48.9	23.7	6,291.8
8	158.8	17,683.2	25.0	6,062.6	-	135.2	124.7	3,974.6	3.7	1,195.1	-	3.0	2.0	50.8	3.4	6,261.9
9	232.3	17,731.3	20.0	5,987.6	-	135.2	152.1	4,062.0	59.6	1,242.4	-	2.6	-	50.6	0.6	6,250.9
10	99.9	17,777.1	30.0	6,017.6	-	135.2	46.9	4,061.9	8.5	1,250.6	-	2.3	2.2	52.4	12.4	6,257.1
11	140.6	17,865.6	20.0	6,037.6	-	135.2	92.7	4,122.7	12.3	1,245.0	-	2.0	4.5	56.9	11.1	6,266.3
12	181.8	17,960.3	30.0	6,032.6	23.5	157.1	112.4	4,199.0	14.8	1,246.1	-	1.7	0.5	57.3	0.6	6,266.6

Notes: * Referring to bonds issued by governments of special municipalities.
** Including those purchased back by originators for credit enhancement.
Sources: 1. *Financial Statistics Monthly* (February 2026), CBC.
2. Banking Bureau, Financial Supervisory Commission.
3. Department of Foreign Exchange, CBC.

Growth in Corporate Bond Issuance

Corporate bonds refer to NT dollar- or foreign currency-denominated bonds issued in Taiwan by domestic corporations. In 2025, corporate bond issuance amounted to NT$873.7 billion, rising by NT$179.6 billion from a year before, reflecting expanded issuance by corporations to meet working capital needs and finance the green energy transition.

In terms of bond maturities, 5-year corporate bonds accounted for a dominant share of the issuance at 44.84%, followed by 10-year bonds with a share of 23.49%. At the end of 2025, the outstanding amount of corporate bonds grew by NT$361.8 billion or 9.43% to NT$4,199.0 billion over the previous year.

Significant Increase in Bank Debenture Issuance

In 2025, domestic banks issued bank debentures with an amount of NT$209.7 billion, a substantial increase of NT$111.6 billion or 113.7% from 2024. The rise was mainly attributable to banks strengthening their capital structures and improving capital adequacy ratios to meet regulatory requirements, as well as stronger demand for bond issuance to support green financing and sustainability-related activities.

In respect of the maturity of new issues, 10-year debentures made up the largest share of total issuance at 32.98%, while 5-year bonds came in second with a share of 29.21%. At the end of the year, the outstanding amount of bank debentures stood at NT$1,246.1 billion, growing by NT$85.2 billion or 7.34% from a year before.

Contraction in Asset Securitization Products

New issues of asset securitization products were nil in 2025. The outstanding amount of asset securitization was NT$1.7 billion at the end of the year, shrinking by NT$4.2 billion or 71.15% from the previous year end.

Rise in Foreign Bond Issuance

Foreign bonds are defined as NT dollar-denominated corporate bonds issued in Taiwan by foreign institutions. The foreign bonds currently in circulation are mostly corporate bonds issued by offshore companies listed on the TWSE or the TPEx (the over-the-counter market).

For the year 2025, foreign bond issuance went up by NT$6.4 billion from a year before to NT$13.6 billion. At the end of the year, the outstanding amount of foreign bonds stood at NT$57.3 billion, increasing by NT$11.4 billion or 24.74% over the previous year end.

Uptick in International Bond Issuance

International bonds herein refer to foreign currency-denominated corporate bonds issued in Taiwan by foreign institutions. During 2025, issuance of international bonds increased by NT$12.3 billion from the previous year to NT$327.4 billion. The growth was mainly driven by continuously strong demand from life insurance companies for long-term US dollar-denominated bonds to align with the new-generation solvency regime (i.e., TW-ICS), which in turn attracted foreign institutions to issue US dollar-denominated bonds in Taiwan.

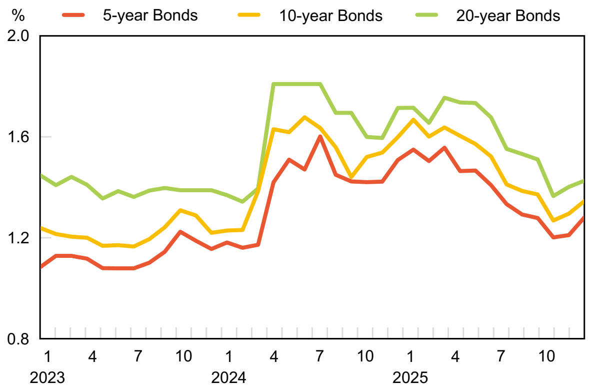
With regard to currency composition, the majority of total international bond issuance went for US dollar-denominated bonds with a share of 99.11%, followed by Australian dollar-denominated bonds at 0.89%. At the end of the year, the outstanding amount of international bonds totaled NT$6,266.6 billion, representing a year-on-year increase of NT$136.3 billion or 2.22%.

Uptrend in Average Government Bond Yields and Slight Decline in Transactions

Influenced by volatility in U.S. bond yields and shifting market expectations regarding the timing of policy rate cuts by major central banks, the average yield on Taiwan's 10-year government bond rose to 1.45% in 2025, up by about 2 basis points from 1.43% in 2024.

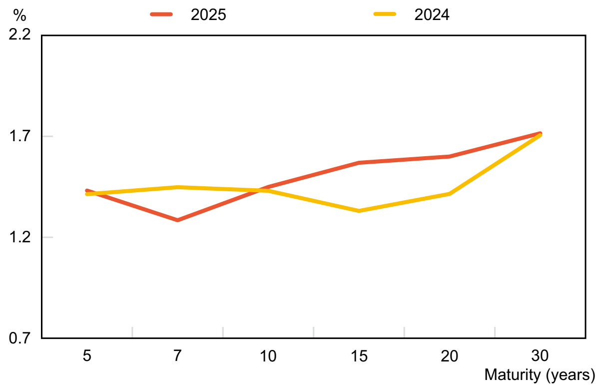
Among government bonds of the other maturity ranges, average yields on 5-year, 20-year, and 30-year bonds went up by 2, 19, and 1 basis points, respectively, over the previous year. This reflected that life insurance companies adjusted their asset allocation in response to the new solvency regime, leading to mixed demand for longer-term government bonds, which resulted in a relatively larger increase in the 20-year bond yield.

Yields on Central Government Bonds



Source: TPEx.

Yield Curves of Central Government Bonds



Source: TPEx.

In terms of trading value, annual turnover fell by NT$122.8 billion or 0.32% to NT$38,013.7 billion in 2025. The slight decline in overall trading value was primarily attributable to relatively ample domestic liquidity, which reduced financial institutions' demand for funding through repo transactions.

Of the components, outright transactions of government bonds went up by NT$918.4 billion or 22.60%, whereas repo transactions of government bonds dropped by NT$1,041.3 billion or 3.06% from a year before.

By type of bonds, the majority of total bond turnover went for corporate bonds with a share of 64.48% and an annual trading value of NT$24,509.9 billion. The second most actively traded were government bonds, contributing to 28.41% of total transactions with an annual trading value of NT$10,801.1 billion. Bank debentures ranked third, accounting for a share of 3.83% with an annual trading value of NT$1,454.7 billion.

Meanwhile, international bonds, foreign bonds, and asset securitization products made up marginal shares of 1.96%, 1.31%, and 0.01% in total transactions, with their respective annual trading registering NT$747.0 billion, NT$498.7 billion, and NT$2.4 billion.

Turnover in Bond Market by Category

Unit: NT$billion

Year/ Month	Total	Government Bonds	Corporate Bonds		Bank Debentures	Beneficiary Securities	Foreign Bonds	Int'l Bonds
			Nonconvertible	Convertible				
2023	35,406.4	12,916.4	18,011.0	2,014.3	1,312.3	5.5	578.5	568.3
2024	38,136.5	12,115.3	21,057.8	2,587.2	1,197.1	4.7	486.8	687.6
2025	38,013.7	10,801.1	21,516.4	2,993.5	1,454.7	2.4	498.7	747.0
2025/ 1	2,601.8	805.5	1,436.7	185.4	88.7	1.0	14.2	70.3
2	2,956.7	979.1	1,537.5	237.2	108.8	0.1	24.2	69.7
3	3,138.3	952.6	1,642.4	278.2	146.8	0.7	38.3	79.2
4	3,116.5	854.0	1,821.9	252.1	111.0	0.1	26.3	51.1
5	3,012.3	814.0	1,753.2	235.3	113.6	-	27.7	68.4
6	3,335.0	1,007.2	1,861.5	270.2	123.0	-	26.2	46.9
7	3,604.7	1,149.4	1,959.5	261.4	125.6	0.3	44.8	63.8
8	3,086.3	816.8	1,818.0	253.7	97.3	0.3	50.0	50.2
9	3,299.3	812.5	1,927.8	261.7	177.2	-	55.1	64.9
10	3,161.7	842.4	1,839.6	233.3	115.0	-	58.1	73.3
11	3,200.7	832.2	1,866.0	260.4	124.0	-	58.9	59.2
12	3,500.6	935.4	2,052.3	264.6	123.7	-	74.8	49.8

Source: TPEx.