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.

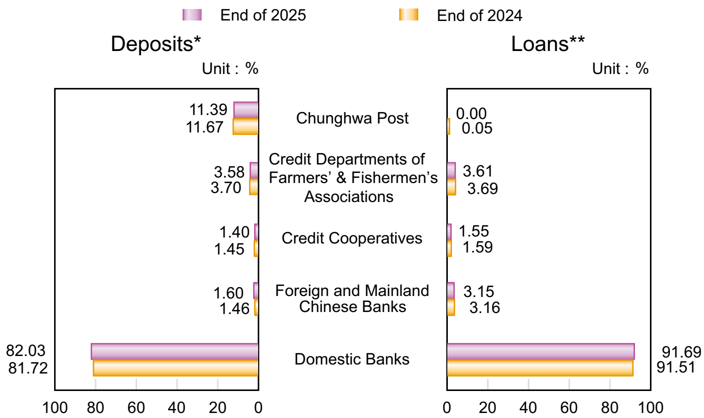
Market Shares of Deposits and Loans

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.

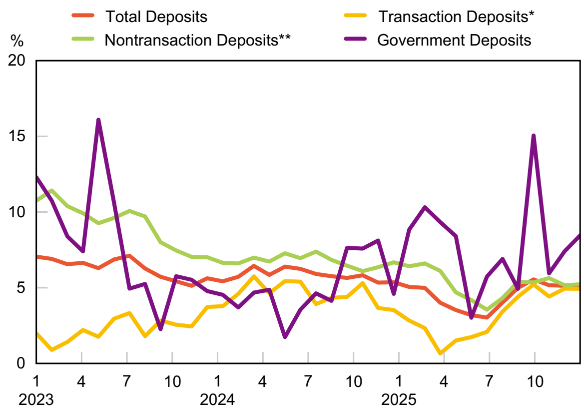
Source: *Financial Statistics Monthly* (February 2026), CBC.

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%.

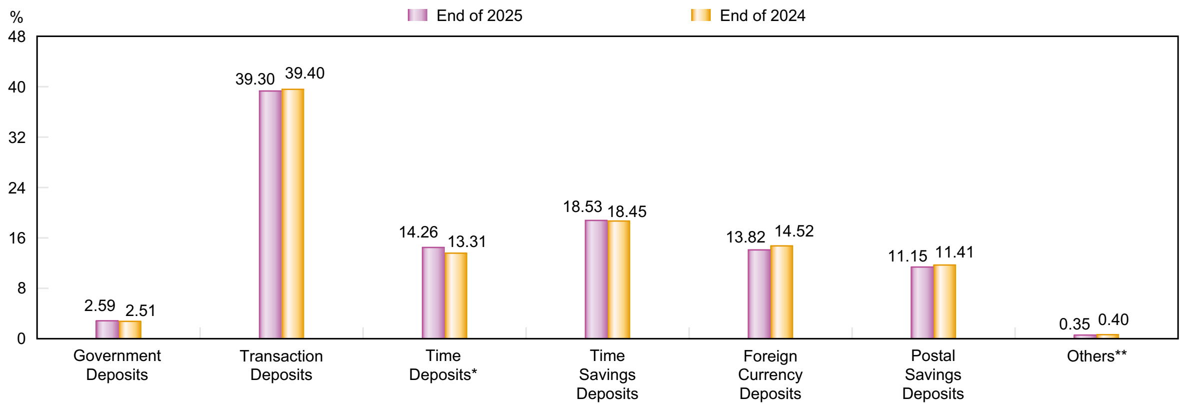
In terms of transaction deposits, its annual growth rate rose to 4.93% at the end of 2025 from 3.52% a year earlier, primarily owing to an increase in the annual growth rate of passbook savings deposits. However, the share of transaction deposits in total deposits shrank to 39.30% from 39.40%.

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.

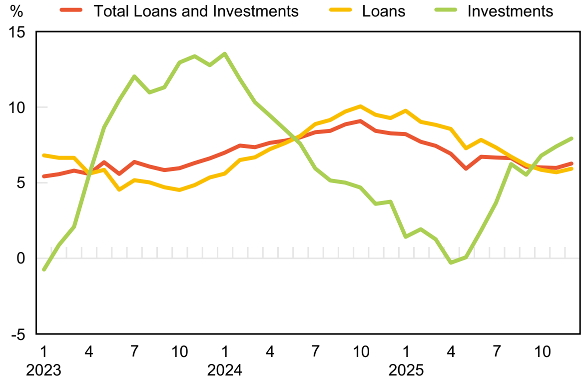
Shares of Deposits by Type



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

Annual Growth Rates of Loans and Investments



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

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.

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.

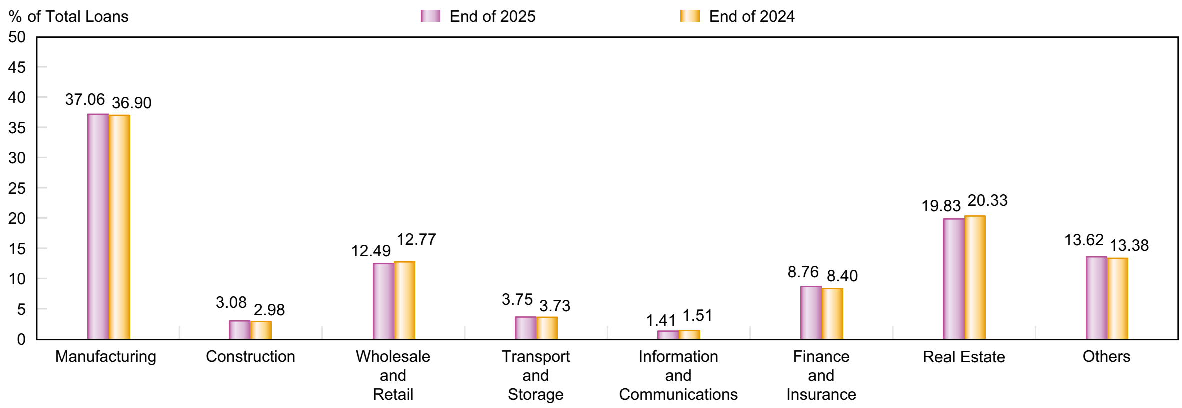
In terms of loan composition, loans extended to the private sector accounted for 94.44% of total loans at the end of 2025, higher than the 94.05% recorded at the end of 2024. Loans extended to government agencies and government enterprises accounted for 3.30% and 2.26%, respectively, at the end of 2025,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

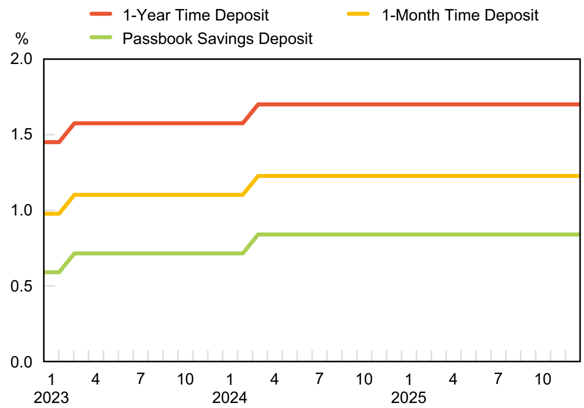
In terms of tool types, government bonds accounted for a share of 47.65%, slightly smaller than the 51.31% recorded a year ago, reflecting slower growth in banks' investment in government bonds. At the end of 2025, commercial paper accounted for a share of 24.92%, higher than a year ago, as enterprises 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.

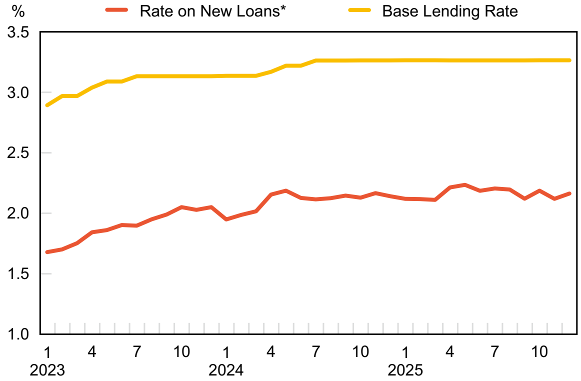
The weighted average rates on deposits and loans of domestic banks generally showed an upward trend in 2025. In terms of deposit interest rates, in the first quarter, some banks offered higher rates to attract depositors. Additionally, in the second quarter, some companies temporarily deposited their 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.

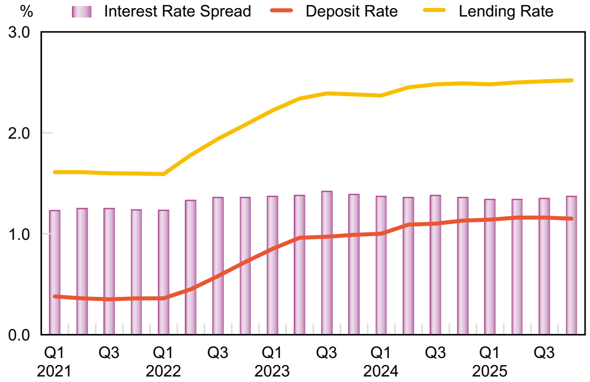
Average Lending Rates of Five Major Domestic Banks



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.