Central Bank Operations

III. Central Bank Operations

1. Overview

In 2025, the domestic inflation rate continued its gradual downtrend, and the inflation outlook for 2026 was projected to be mild. Meanwhile, the domestic economy delivered strong performance in 2025 and was expected to post solid growth in 2026. In light of these developments, and taking a prudent approach to the uncertainty surrounding the global economic and financial outlook and the potential influence of U.S. economic and trade policies on the domestic economy, the Bank decided at all four quarterly Board meetings in 2025 to keep the policy rates unchanged. Therefore, the discount rate, the rate on refinancing of secured loans, and the rate on temporary accommodations remained at 2%, 2.375%, and 4.25%, respectively.

To implement the directive of "efficient allocation and proper use of credit resources" under the government's Healthy Real Estate Market Plan and to prevent excessive bank credit resources from flowing into the real estate market, the Bank has made seven adjustments to its selective credit control measures since December 2020, which have helped strengthen financial institutions' risk management associated with real estate lending. In addition, in August 2024, through moral suasion, the Bank requested banks to enhance internal quantitative goal management of aggregate real estate lending volumes from the fourth quarter of 2024 to the fourth quarter of 2025.

Since these policies took effect, the concentration of real estate lending by all banks has gradually come down. Banks' credit resources have been channeled towards accommodating the funding needs of non-homeowner mortgage borrowers and those for urban renewal and reconstruction of unsafe and dilapidated buildings. Public expectations for housing price rises have also eased. These developments indicate that the effectiveness of the Bank's selective credit control measures has gradually begun to yield results. Furthermore, most banks have implemented and achieved their self-set quantitative control goals of aggregate real estate lending volumes. Against this backdroup, starting 2026, banks are allowed to carry out quantitative controls at their own discretion. Nevertheless, the Bank will continue to require banks to submit data reports on real estate lending on a monthly basis and will also strengthen its efforts in targeted financial examinations, so as to keep updated on the status of banks' real estate lending and to ensure bank compliance with the selective credit control measures.

Going forward, the Bank will continue to conduct rolling reviews of the effectiveness of the selective credit control measures and adjust relevant measures as needed in order to promote financial stability and sound banking operations.

In response to economic and financial conditions, the Bank continued with open market operations by issuing CDs to manage market liquidity and reserve money so as to maintain liquidity in the banking system and keep market rates at appropriate levels. In 2025, reserve money registered an annual growth rate (on an adjusted basis) of 6.02%, while the monetary aggregate M2 rose by 4.54% year on year, remaining within the Bank’s M2 growth reference range of 2.5% to 6.5%.

As for the foreign exchange (FX) market, throughout the year, the NT dollar exchange rate experienced significant fluctuations, reflecting substantial foreign investor net sales and purchases of Taiwanese stocks as well as international economic impacts such as those from U.S. tariff policy shifts. Consequently, the Bank, in line with its statutory mandates, continued to conduct two-way smoothing operations in the forex market as warranted to maintain the dynamic stability of the NTD exchange rate, with net forex purchases amounting to US$7.7 billion for the entire year. Compared with other major currencies such as the JPY, KRW, and EUR, the NT dollar experienced lower volatility in its exchange rate vis-à-vis the US dollar in 2025.

Meanwhile, the Bank reviewed the laws and regulations governing FX business as seen fit to reinforce authorized FX banks' competitiveness and service quality.

In order to ensure the security and efficiency of the functioning of Taiwan's payment and settlement systems, the Bank continued to supervise clearing institutions in enhancing measures for sustaining core business operations under disaster scenarios, and in conducting drills for system backup and manual backup procedures under extreme conditions.

In the meantime, to gradually mitigate the fragmentation of Taiwan's retail payment market, the Bank instructed the Financial Information Service Co., Ltd. (FISC) to reinforce the retail payment infrastructure and expand the application scenarios of TWQR, a common QR code payment specification, so as to facilitate the public's use of a unified QR code to complete various types of payments. These efforts included encouraging retail merchants to adopt TWQR for shopping payments, developing and promoting a TWQR-based transit QR code for use in the transportation sector, and advancing the TWQR-based cross-border shopping e-payment service in Japan and South Korea, thereby fostering the sound development of Taiwan's payment ecosystem.

On the CBDC front, around 90% of central banks worldwide have engaged in research or experimentation work related to CBDCs. The Bank has also been carrying out CBDC-related initiatives in a prudent and steady manner. In 2025, the Bank, building on the framework of the "retail CBDC prototype platform," established a "digital public infrastructure payment platform" and connected it with the Ministry of Digital Affairs' "common platform for government disbursements" to support various government disbursement operations. In addition, the Bank, together with the FISC and the Taiwan Depository and Clearing Corporation (TDCC), conducted experiments in 2025 on the use of wholesale CBDC to support the settlement of tokenized bond transactions. These experiments aim to explore the feasibility of jointly building a tokenized financial market infrastructure in the future.

With regard to currency issuance, considering that the current NT dollar banknotes have been in circulation for 24 years, and to ensure that their anti-counterfeiting features keep pace with the latest international technologies while aligning with sustainable development trends in environmental protection, social responsibility, and corporate governance (ESG), the Bank officially launched the NT dollar banknote redesign program on October 23, 2025.

Moreover, at the end of 2025, the Bank published its first *Sustainability Report*, structured around five key pillars, namely financial stability, accountable governance, green operations, a friendly workplace, and social engagement. The report documented the Bank's performance and progress in 2024 across the three ESG dimensions. Through its annual publication, the report serves to demonstrate the Bank's efforts to listen to and respond to stakeholders' expectations, and to undertake ongoing reviews to refine policy measures that support the sustainable development of Taiwan's financial system.

2. Monetary Management

Maintaining Policy Rates Unchanged

In 2025, the domestic inflation rate continued its gradual downtrend, and the inflation outlook for 2026 was projected to be mild, with the inflation rate staying below 2%. Meanwhile, the domestic economy delivered strong performance in 2025 and was expected to post solid growth in 2026.

In light of these developments, and taking a prudent approach to the uncertainty surrounding the global economic and financial outlook and the potential influence of U.S. economic and trade policies on the domestic economy, the Bank decided at its four quarterly Board meetings in 2025 to keep the policy rates unchanged. Therefore, the discount rate, the rate on refinancing of secured loans, and the rate on temporary accommodations remained at 2%, 2.375%, and 4.25%, respectively.

Continuing Open Market Operations to Adjust Market Liquidity

In 2025, the Bank continued to adjust the money supply through open market operations by issuing CDs in response to domestic economic and financial conditions, which helped to maintain banking system liquidity and market interest rates at appropriate levels.

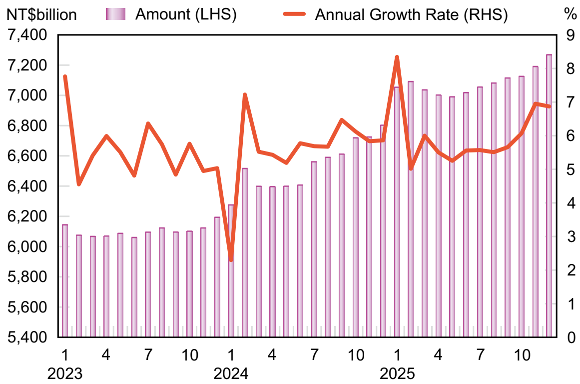
(1) Appropriately Managing Reserve Money

The Bank continued to conduct open market operations by issuing CDs. At the end of 2025, the total outstanding amount of CDs issued by the Bank was NT$7,423.7 billion.

In 2025, reserve money grew by 6.02% year on year, 0.44 percentage points higher than the previous year's figure. The annual average excess reserves of financial institutions were NT$47.2 billion, lower than the previous year's NT$48.2 billion.

In terms of the monthly movements of reserve money, the annual growth rates of reserve money for January and February were more volatile because of the shift in the exact timing of the Lunar New Year holidays (which occurred in mid-February in 2024, yet in late January in 2025). For the first two months of 2025, reserve money posted an annual growth rate of 6.65%. In subsequent months, the annual growth rates of reserve money remained relatively stable, except in November, when

Reserve Money
(Averages of Daily Figures)



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

the growth rate rose to 6.95% owing to the impact of the government's NT$10,000 universal cash handout program.

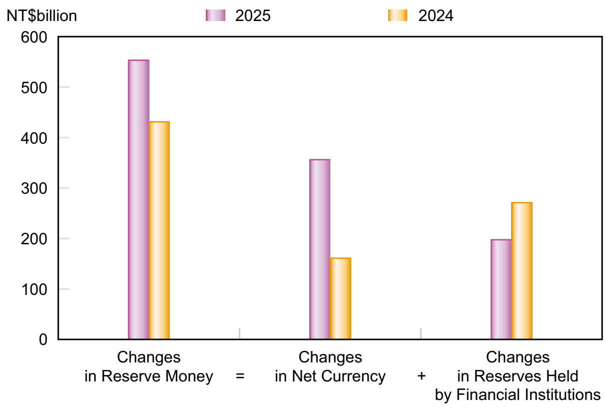
On the demand side, reserve money, measured on a daily average basis, increased by NT$553.5 billion over the previous year. Of the components, net currency rose by NT$197.3 billion and the annual growth rate increased to 6.09% from 5.21% the previous year; reserves held by financial institutions expanded by NT$356.2 billion, with the annual growth rate rising to 10.82% from 8.97% the previous year.

With buoyant exports and strong economic growth boosting personal incomes, together with more consecutive holidays, demand for currency strengthened, leading to a larger increase in net currency compared to the previous year.

As for reserves held by financial institutions, stronger growth in demand deposits drove up banks' required reserves, resulting in a larger increase in reserves held by financial institutions relative to the previous year.

From the supply side perspective, reserve money rose by NT$509.7 billion at the end of 2025. According to the balance sheet of the Bank revealing the sources of changes in reserve money, increases were mostly attributable to the growth in foreign assets held by the Bank, whereas decreases largely reflected a rise in the outstanding balance of CDs issued by the Bank.

Changes in Reserve Money (Averages of Daily Figures)

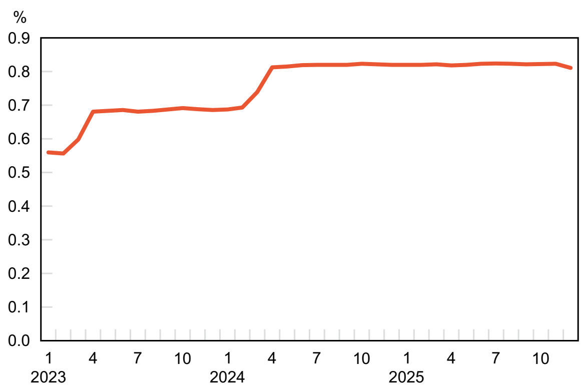


Source: *Financial Statistics Monthly* (February 2026), CBC.

(2) Overnight Call Loan Rate Remaining Stable at an Appropriate Level

The annual average overnight call loan rate remained broadly stable at around 0.820% throughout 2025.

Overnight Call Loan Rate



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

(3) Conducting Regular Small-Scale Repo Operations

The Bank conducted small-scale test repo operations on CDs and government bonds in April and October 2025 to improve operational readiness and ensure resilience of open market operations. In addition, in December 2025, the Bank conducted a small-scale test repo operation on sustainable bonds issued by banks to help promote the development of sustainable finance.

(4) M2 Growth Falling Before Trending Up, All Within Reference Range

Measured on a daily average basis, the annual growth rate of M2 fell by 1.29 percentage points from the previous year to 4.54% in 2025. The slowdown mainly reflected a higher base effect and decelerated growth in bank loans and investments.

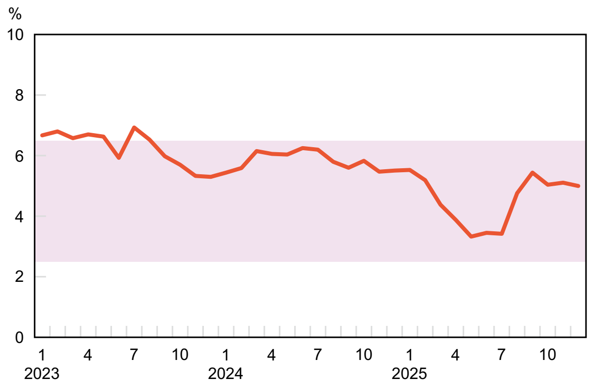
With regard to the monthly movements in 2025, the M2 annual growth rate reached its yearly high of 5.53% in January, buoyed by increased currency issuance during the Lunar New Year holidays and robust growth in bank loans and investments. Thereafter, the rate declined to its yearly low of 3.33% in May, mainly because of slower growth in housing loans and in bank loans and investments, as well as a larger contraction in foreign currency deposits.

The rate subsequently recovered to 5.44% in September, supported by a pickup in demand deposits, a narrower contraction in foreign currency deposits, and foreign capital shifting from net outflows to net inflows. In the following months, the M2 annual growth rate fluctuated and edged down to 5.00% in December on account of net capital outflows.

The annual growth rate of the monetary aggregate M1B, measured on a daily average basis, fell by 1.05 percentage points to 3.56% in 2025.

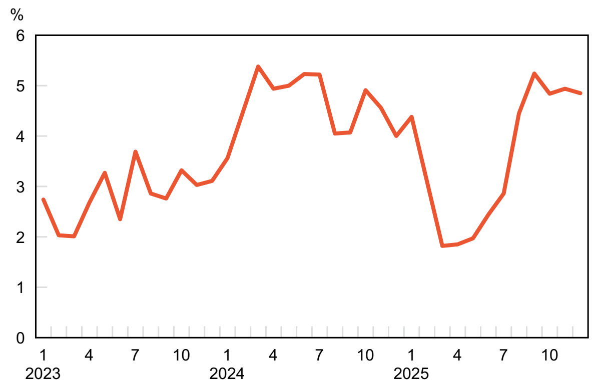
As for the monthly movements in 2025, the M1B annual growth rate declined from 4.38% in January to its yearly low of 1.82% in March, reflecting decelerated growth in bank loans and investments and net capital outflows. From April onwards, the M1B annual growth rate trended up and reached its yearly high of 5.24% in September, driven by a sustained increase in demand deposits, before ending the year slightly lower.

Annual Growth Rate of M2



Note: Shaded area is the reference range (2.5% to 6.5%) for M2 growth.
Source: *Financial Statistics Monthly* (February 2026), CBC.

Annual Growth Rate of M1B



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

Continuing with the Selective Credit Control Measures and Adopting Supporting Measures to Strengthen Their Effectiveness

To promote financial stability and ensure sound banking operations, to carry on with the Bank's policy efforts under the government's Healthy Real Estate Market Plan, and to prevent excessive bank credit from flowing into the real estate market, the Bank continued to implement the selective credit control measures in 2025, following the seventh amendment effective September 2024, as follows.

(1) Requesting banks to enhance internal quantitative control goals of aggregate real estate lending volumes from the fourth quarter of 2024 to the fourth quarter of 2025

A. Over this period, most banks met their self-set targets for internal management of real estate lending, indicating that the concentration of banks' credit resources in real estate lending has gradually improved and that credit resources have been channeled towards accommodating the funding needs of productive enterprises for real investment.

B. A small number of banks failed to meet their targets, primarily because they prioritized housing loans to non-homeowner borrowers and loans for urban renewal and reconstruction of unsafe and dilapidated buildings, which is in line with government policy objectives.

C. Currently, most banks adopt a prudent approach to real estate lending and conduct credit assessments in accordance with the 5Ps of credit appraisal (People, Purpose, Payment, Protection, and Perspective/Prospects), including careful evaluation of the borrower's character and creditworthiness, the intended use of funds, the source of repayment, the adequacy of collateral and other protections, and the overall outlook for the credit.

D. Most banks have implemented and achieved their self-set quantitative control goals of aggregate real estate lending volumes. In this view, starting 2026, banks may carry out quantitative controls at their own discretion. Nevertheless, the Bank will continue to require banks to submit data reports on real estate lending on a monthly basis and will also strengthen its efforts in targeted financial examinations, so as to keep watch on the evolving situations of banks' real estate lending and to urge banks to ensure compliance with the selective credit control measures.

(2) Announcing in September 2025 that the deadline for owner-occupiers with a genuine need for home replacement to sell their original property would be extended from one year to 18 months

A. To accommodate the financing needs of an owner-occupier, who has a genuine need for home replacement and commits to selling the original property within one year after the disbursement of a newly approved housing loan, the application for a first or second housing loan (for purchasing a non-high-value house) may be exempted from the restrictions under the Bank's selective credit controls.

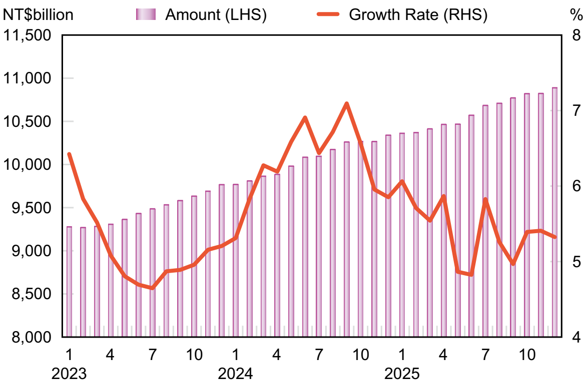
B. Since the implementation of the above measure, most households have been able to complete home replacement smoothly. However, a small number of borrowers have reported that the backlog in mortgage disbursements or a cooling housing market have lengthened the time required to sell their original residences. In view of the needs of owner-occupiers undertaking genuine home replacement, on September 8, 2025, the Bank announced an adjustment to the deadline for selling the original property under the home replacement assistance measures, extending it from one year to 18 months, applicable to loan cases filed on or after September 20, 2024.

Facilitating SME Funding

To assist small and medium enterprises (SMEs) in obtaining necessary funds for their operations, the Bank has regularly tracked banks' lending to SMEs and participated in the "Forward-Looking SME Financial Services Coordination Platform Meeting," jointly hosted by the Financial Supervisory Commission (FSC) and the Ministry of Economic Affairs to urge banks to enhance their lending to SMEs.

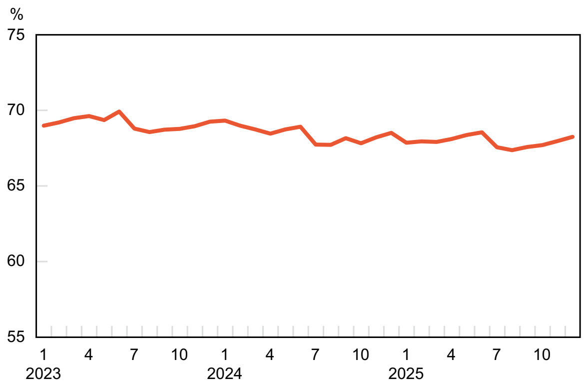
At the end of 2025, the outstanding loans extended to SMEs by domestic banks amounted to NT$10,888.4 billion, an increase of NT$550.4 billion from the end of the previous year to a level that exceeded the annual lending growth target of NT$460 billion set by the FSC for 2025 under the "Program to Encourage Lending by Domestic Banks to SMEs." At the end of 2025, the ratio of SME loans to loans extended to all private enterprises reached 68.26%, slightly lower than the 68.52% recorded at the previous year end.

Outstanding Loans Extended to SMEs



Source: FSC.

Ratio of Outstanding Loans Extended to SMEs to Those Extended to Private Enterprises



Source: FSC.

Accepting Redeposits from Financial Institutions

Accepting redeposits from Chunghwa Post, the Agricultural Bank of Taiwan, and commercial banks is another instrument for the Bank to influence banks' reserve positions in order to promote financial stability. At the end of 2025, the outstanding redeposits of Chunghwa Post stayed broadly unchanged at NT$1,623.7 billion, while the outstanding redeposits of the Agricultural Bank of Taiwan and of commercial banks were NT$71 billion and NT$245.6 billion, respectively.

Box

Implementation Results of the Bank's Selective Credit Control Measures

To promote financial stability and ensure sound banking operations, and to implement the government's Healthy Real Estate Market Plan with respect to the "efficient allocation and proper use of credit resources," the Bank has adopted a series of gradual and targeted selective credit control measures to prevent excessive bank credit from flowing into the real estate market. Accordingly, since December 2020, the Bank has made seven adjustments to the *Regulations Governing the Extension of Mortgage Loans by Financial Institutions* (see Appendix).

From December 2020 to the first half of 2023, the Bank made five adjustments to its selective credit control measures. As a result, housing market transactions gradually cooled, and the growth of real estate lending by all banks moderated. Since the second half of 2023, following the launch of the government's enhanced program of the Preferential Housing Loans for the Youth, housing market transactions rebounded, and the growth of real estate lending by all banks accelerated. Meanwhile, the ratio of real estate lending to total lending of all banks (a measure of concentration of real estate lending) remained elevated, and consumer expectations for housing price increases intensified. Consequently, subsequent to the sixth adjustment to the selective credit control measures, the Bank met with 34 banks in August 2024 to request for self-disciplinary management of the aggregate amount of real estate lending from the fourth quarter of 2024 to the fourth quarter of 2025. Moreover, the Bank made the seventh adjustment to the selective credit control measures in September 2024.

The Bank's selective control measures are primarily aimed at three objectives: (1) to mitigate the over-concentration of credit resources in real estate lending and to avoid crowding out funding needed for real investment by productive enterprises; (2) to channel credit resources continuously towards priority uses aligned with government initiatives such as those in support of non-homeowner mortgage borrowers, urban renewal and reconstruction of unsafe and dilapidated homes; (3) to curb expectations of rising housing prices among the public.

I. Results and effectiveness of the Bank's selective credit control measures

The effectiveness of the Bank's selective credit control measures in attaining the aforesaid three objectives has gradually become evident.

1. The concentration and growth of real estate lending have both eased.

(1) The concentration of real estate lending by all banks gradually came down by 1.16 percentage points, from a recent peak of 37.61% recorded at the end of June 2024 to 36.45% as of the end of December 2025.

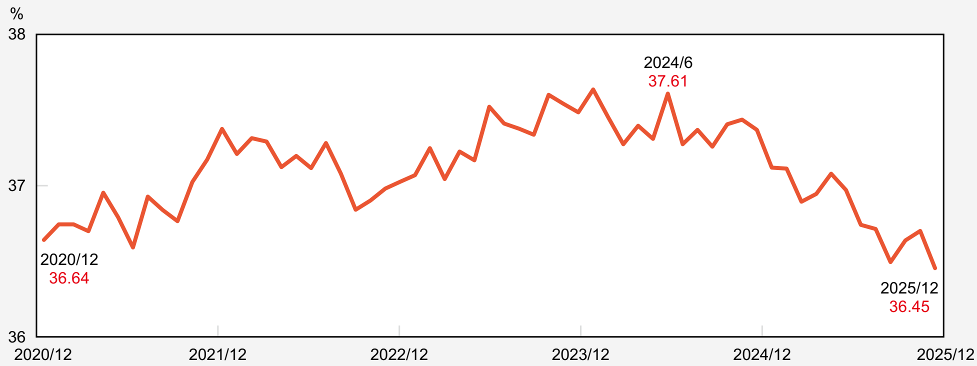
(2) The annual growth rates of outstanding real estate loans, house-purchasing loans, and construction loans of all banks declined from recent highs of 9.41% and 11.26% at the end of September 2024 and 4.72% at the end of October 2024 to 3.44%, 4.46%, and 0.27%, respectively, at the end of December 2025.

2. Banks' credit resources have been channeled towards accommodating the funding needs of non-homeowner mortgage borrowers and those for urban renewal and reconstruction of unsafe and dilapidated buildings.

(1) The share of housing loans extended by domestic banks to non-homeowner borrowers in total home loans rose from 50.3% at the end of January 2020 to 63.8% at the end of December 2025.

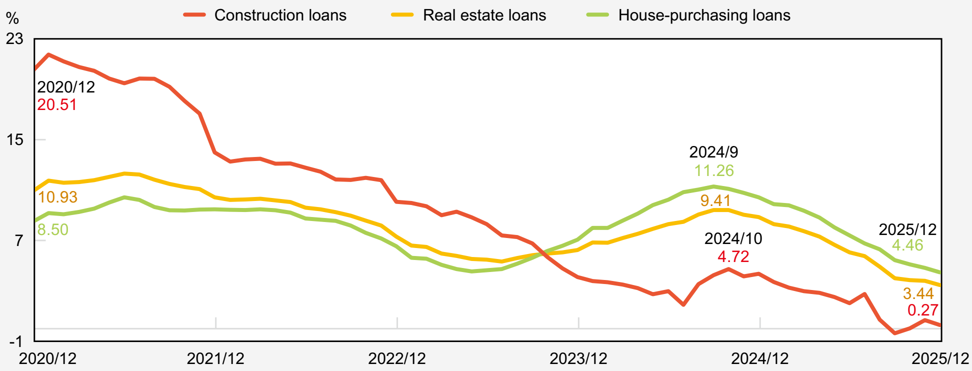
(2) The share of loans for urban renewal and reconstruction of unsafe and dilapidated buildings extended by domestic banks in total construction loans increased from 5.9% at the end of January 2020 to 24.4% at the end of December 2025.

Concentration of Real Estate Lending by All Banks



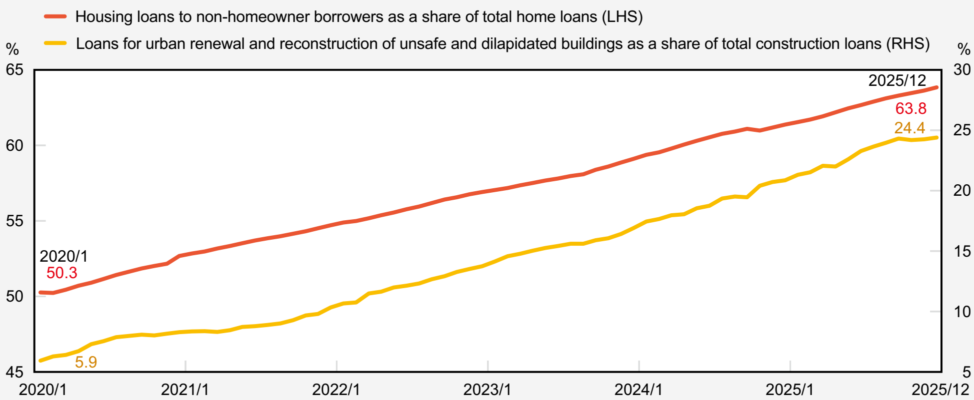
Note: The concentration of real estate lending refers to the ratio of real estate lending (= house-purchasing loans + house-repairing loans + construction loans) to total lending of all banks.
Source: Department of Economic Research, CBC.

Annual Real Estate Loan Growth Rates of All Banks



Source: Department of Economic Research, CBC.

Shares of Housing Loans to Non-Homeowner Borrowers and Loans for Urban Renewal and Reconstruction of Unsafe and Dilapidated Buildings by Domestic Banks



Source: FSC.

3. Housing market transactions have continued to cool down, the housing price uptrend has slowed, and consumer expectations for housing price rises have eased.

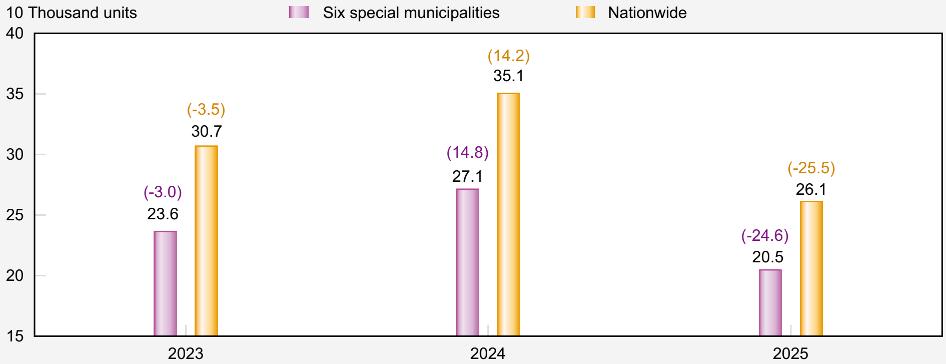
(1) In 2025, the number of building ownership transfers decreased by 25.5% year on year nationwide, while that in the six special municipalities declined by 24.6%.

(2) In the fourth quarter of 2025, the annual growth rate of the Cathay housing price index continued to moderate, that of the Sinyi housing price index turned negative, and that

of the NCCU-Yungching housing price index remained in negative territory. Meanwhile, in the third quarter of 2025, the annual growth rate of the national housing price index released by the Ministry of the Interior (MOI) also turned negative.

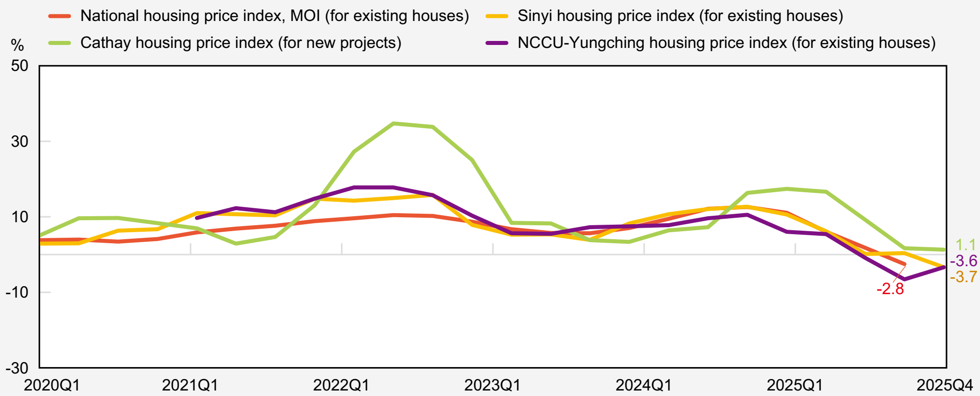
(3) According to a survey conducted by Yungching Realty Group for the first quarter of 2026, the share of respondents expecting housing price declines fell from 50% in the previous quarter to 39%, but remained higher than the share expecting housing price rises, which stood at 26%.

Numbers and Annual Growth Rates of Building Ownership Transfers (Nationwide and the Six Special Municipalities)



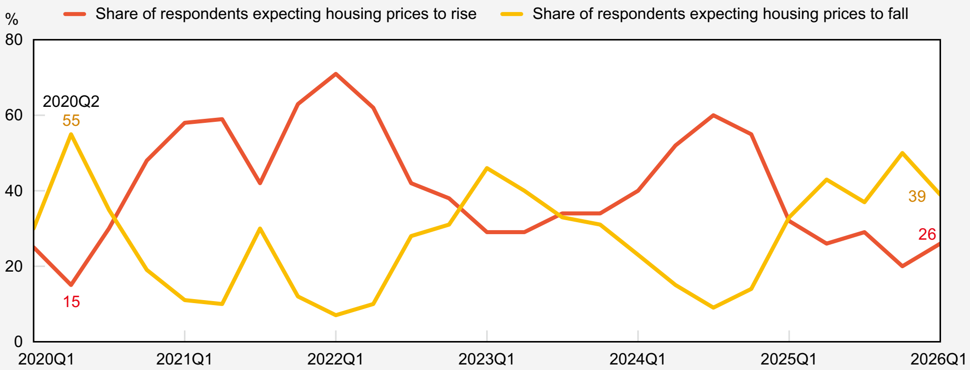
Note: Figures in parentheses indicate annual growth rates(%).
Source: Ministry of the Interior, R.O.C. (Taiwan).

Annual Growth Rates of Nationwide Housing Price Indices



Sources: Real Estate Information Platform of the Ministry of the Interior; Sinyi Real Estate Review; Cathay Real Estate Index Quarterly Report; Yungching Realty Group website.

Survey on Consumer Expectations of Housing Prices by Yungching Realty Group



Source: Housing Market Outlook Report by Yungching Realty Group.

II. The Bank adopted relevant supporting measures to reinforce the effectiveness of the selective credit controls

1. The implementation of banks' internal quantitative control goals of aggregate real estate lending volumes from the fourth quarter of 2024 to the fourth quarter of 2025 is as follows.

(1) Over this period, most banks met their self-set targets for internal management of real estate lending, suggesting that the concentration of banks' credit resources in real estate lending has gradually improved and that credit resources have been channeled towards accommodating the funding needs of productive enterprises for real investment.

(2) A small number of banks failed to meet their targets, mainly because they prioritized housing loans to non-homeowner borrowers and loans for urban renewal and reconstruction of unsafe and dilapidated buildings, which is in line with government policy objectives.

(3) At present, most banks adopt a prudent approach to real estate lending and conduct credit assessments in accordance with the 5Ps of credit appraisal (People, Purpose, Payment, Protection, and Perspective/Prospects), including careful evaluation of the borrower's character and creditworthiness, the intended use of funds, the source of repayment, the adequacy of collateral and other protections, and the overall outlook for the credit.

(4) Most banks have implemented and achieved their self-set quantitative control goals of aggregate real estate lending volumes. In this view, starting 2026, banks may carry out quantitative controls at their own discretion. Nevertheless, the Bank will continue to require banks to submit data reports on real estate lending on a monthly basis and will also strengthen its efforts in targeted financial examinations, so as to keep watch on the evolving situations of banks' real estate lending and to urge banks to ensure compliance with the selective credit control measures.

2. In September 2025, the Bank announced that the deadline for owner-occupiers with a genuine need for home replacement to sell their original property would be extended from one year to 18 months.

(1) To accommodate the financing needs of an owner-occupier who has a genuine need for home replacement and commits to selling the original property within one year after the disbursement of a newly approved home loan, the application for a first or second home loan (for purchasing a non-high-value house) may be exempted from the restrictions under the Bank's selective credit controls.

(2) Since the implementation of the above measures, most households have been able to complete home replacement smoothly. However, a small number of borrowers have reported that the backlog in mortgage disbursements or a cooling housing market have lengthened the time required to sell their original residences. In view of the needs of owner-occupiers undertaking genuine home replacement, on September 8, 2025, the Bank announced that, for loan cases filed on or after September 20, 2024, the deadline for selling the original property would be extended from one year to 18 months.

III. The Bank will continue to implement the selective credit control measures following the seventh amendment and conduct rolling reviews of their effectiveness

The Bank will continue to review the effectiveness of the selective credit control measures, closely monitor potential impacts of real estate sector-related policies on the housing market, and adjust relevant measures in a timely manner as needed in order to promote financial stability and sound banking operations.

Appendix: Key Points of the Seven Amendments to the *Regulations Governing the Extension of Mortgage Loans by Financial Institutions*

Loans		1. 2020.12.8~2021.3.18	2. 2021.3.19~2021.9.23	3. 2021.9.24~2021.12.16
Housing loans taken out by corporate entities		● First housing loans: **LTV ratio cap: 60%;** **No grace period** ● Second (or more) housing loans: **LTV ratio cap: 50%;** **No grace period**	**LTV ratio cap: 40%**; No grace period	(Unchanged)
Natural persons	High-value housing loans	LTV ratio cap: 60%; No grace period	● Borrower with two or less (including zero) outstanding housing loans: **LTV ratio cap: 55%**; No grace period ● Borrower with three or more outstanding housing loans: **LTV ratio cap: 40%**; No grace period	(Unchanged)
	First housing loans for current homeowners[1]	(Nil)		
	Second housing loans	(Nil)	(Nil)	**Housing in the "specific areas"**[2] **No grace period**
	Third (or more) housing loans	**LTV ratio cap: 60%;** **No grace period**	● Third housing loans: **LTV ratio cap: 55%**; No grace period ● Fourth (or more) housing loans: **LTV ratio cap: 50%**; No grace period	(Unchanged)
Land loans		● **LTV ratio cap: 65% (10% to be withheld until construction commences)** ● **Requiring the borrower to submit a substantive development plan for the land purchased**	(unchanged)	● **LTV ratio cap: 60%** (10% to be withheld until construction commences) ● Requiring the borrower to submit a substantive development plan for the land purchased
Unsold housing unit loans		**LTV ratio cap: 50%**	(unchanged)	(unchanged)
Mortgage loans for idle land in industrial districts		Internal rules of banks	**LTV ratio cap: 55%;** **Exemptions applicable when:** ● **Construction on the collateralized land has commenced; or** ● **Borrower has submitted a substantive project development plan and a written affidavit specifying the timeframe to commence construction**	**LTV ratio cap: 50%**; Exemptions applicable when: ● Construction on the collateralized land has commenced; or ● Borrower has submitted a substantive project development plan and a written affidavit stating construction to begin within **1 year**

Notes: 1. "Current homeowners" refer to borrowers who, as verified by financial institutions through the property inquiry list from the Ministry of Finance's nationwide consolidated property holdings database (compiled from property-related tax records), own building(s) registered in their name. However, properties acquired through inheritance shall not be counted toward the number of properties owned by the borrower.
2. The "specific areas" prescribed herein include Taipei City, New Taipei City, Taoyuan City, Taichung City, Tainan City, Kaohsiung City, Hsinchu County, and Hsinchu City.

Source: Department of Banking, CBC.

Appendix: Key Points of the Seven Amendments to the *Regulations Governing the Extension of Mortgage Loans by Financial Institutions* (cont.)

4. 2021.12.17~2023.6.15	5. 2023.6.16~2024.6.13	6. 2024.6.14~2024.9.19	7. 2024.9.20~2026.3.19
(Unchanged)	(Unchanged)	(Unchanged)	**LTV ratio cap: 30%**; No grace period
LTV ratio cap: 40%; No grace period	(unchanged)	(unchanged)	**LTV ratio cap: 30%**; No grace period
			No grace period
(unchanged)	Housing in the "specific areas"[2] **LTV ratio cap: 70%**; No grace period	Housing in the "specific areas"[2] **LTV ratio cap: 60%**; No grace period	**Housing nationwide** **LTV ratio cap: 50%**; No grace period
LTV ratio cap: 40%; No grace period	(unchanged)	(unchanged)	**LTV ratio cap: 30%**; No grace period
● **LTV ratio cap: 50%** (10% to be withheld until construction commences) ● Additional requirements: • A substantive project development plan • **A written affidavit specifying the timeframe (with a maximum of 18 months) to commence construction**	(unchanged)	(unchanged)	(unchanged)
LTV ratio cap: 40%	(unchanged)	(unchanged)	**LTV ratio cap: 30%**
LTV ratio cap: 40%; Exemptions: Unchanged	(unchanged)	(unchanged)	(unchanged)

3. Foreign Exchange Management

Promoting the Sound Development of the Foreign Exchange Market

(1) Flexible foreign exchange rate management to maintain dynamic stability of the NT dollar exchange rate

As Taiwan is a small open economy with high dependence on foreign trade, the Bank suitably adopts a managed float exchange rate regime to contain sharp exchange rate fluctuations. Under this regime, the NT dollar exchange rate is in principle determined by market forces. However, in the event of disorderly movements, including large short-term capital inflows and outflows, and seasonal factors, the Bank would conduct appropriate smoothing operations to moderate adverse effects on economic and financial stability and to maintain an orderly foreign exchange market.

In recent years, massive and frequent international short-term capital flows have become the main driving force of exchange rate changes. To mitigate excessive exchange rate volatility and to improve market efficiency, the Bank has adopted "leaning against the wind" operations to prevent erratic flows from disrupting the foreign exchange market. The dynamic stability of the NT dollar exchange rate is viewed as conducive to long-term economic stability and sound development.

Throughout 2025, the NT dollar exchange rate exhibited significant volatility against the US dollar, primarily driven by shifting U.S. trade policies and global AI industry trends. In the first half of the year, the NTD initially depreciated due to capital outflows triggered by U.S. political uncertainties and a tech stock sell-off amid U.S. tariff policy shifts. However, the NTD experienced a sharp rebound in the second quarter owing to subsiding tariff fears and growing expectations of a Fed rate cut, with positive progress in Taiwan-U.S. trade negotiations providing further support. Entering the second half of the year, despite early gains from robust AI-driven equity inflows, the NTD was weighed down by a stabilizing US dollar on the back of yen weakness following Japan's leadership change and subsequent capital repatriations by foreign investors amid emerging concerns over AI industry overheating and Fed policy divisions.

Overall, in 2025, the NTD exchange rate fluctuated significantly, reflecting not only foreign portfolio investment flows but also international economic impacts. To maintain the dynamic stability of the NT dollar exchange rate, the Bank continued to conduct two-way smoothing operations in the forex market. For the year as a whole, net FX purchases by the Bank amounted to US$7.7 billion. Despite heightened fluctuations during the year, the volatility of the NTD exchange rate against the US dollar remained lower than those of other major currencies such as the Japanese yen, the Korean won and the euro.

(2) Maintaining an orderly forex market and promoting sound market development

In 2025, the Bank continued with the following efforts:

A. Implementing the Real-Time Reporting System for Large-Amount Foreign Exchange Transactions.

B. Strengthening off-site monitoring management to ensure that forward transactions were based on real transactions to curb foreign exchange speculation.

C. Urging authorized banks to enhance their exchange rate risk management, with the aim of reducing market exposure of individual banks and containing systemic risk.

D. Strengthening targeted examinations on foreign exchange business to help ensure a sound foreign exchange market.

Foreign Currency Call Loan and Swap Market Management

(1) To provide the financial system with sufficient foreign currency liquidity to meet funding needs, including those for corporations to venture into overseas markets, the Bank has appropriated seed capital for the Taipei Foreign Currency Call Loan Market, including US$20 billion, €1 billion and ¥80 billion.

(2) Through foreign currency call loans and swaps conducted by authorized foreign exchange banks, the Bank continued in 2025 to support corporations and insurance companies by meeting the needs for foreign currency liquidity and exchange rate hedging.

Foreign Exchange Reserve Management and Foreign Currency Liquidity of the Bank

The Bank manages its foreign exchange reserves based on the considerations of liquidity, safety, and profitability. The Bank keeps a close watch on the global economic and financial situation and adjusts the portfolio of foreign exchange reserves accordingly. Currently, financial assets denominated in US dollars make up a larger share of Taiwan's foreign exchange reserves than the COFER (Currency Composition of Official Foreign Exchange Reserves) average published by the IMF. As of the end of 2025, Taiwan's total foreign exchange reserves stood at US$602.6 billion, an increase of US$25.9 billion or 4.49% compared to the end of 2024, mainly attributable to returns from forex reserve investments. Combining the reserves held in gold valued at US$4.9 billion, the Bank's reserve assets totaled US$607.5 billion at the end of the year.

Foreign exchange reserves are the Bank's foreign currency claims on nonresidents. On the other hand, foreign currency claims on residents consist of the US dollars held under swap agreements and foreign currency deposits with and loans to domestic banks, which amounted to US$78.8 billion, US$25.5 billion, and US$7.5 billion, respectively, at the end of 2025.

In terms of foreign currency liquidity, the total amount, including foreign currency claims and gold, reached US$724.4 billion at the end of 2025.

Capital Flow Management

In line with the efforts to promote financial liberalization and internationalization, the Bank's foreign exchange management has mainly been focusing on maintaining the market mechanism, and financial capital can, in principle, flow freely in and out of Taiwan. Financial capital flows not involving NT dollar conversion have been able to flow freely. Additionally, there are no restrictions on financial flows involving NT dollar conversion for trade in goods and services, nor for direct and securities investments approved by the competent authorities.

Regulation only exists for short-term remittances. The amount of accumulated annual remittances for an individual resident within US$10 million and for a resident juridical person within US$100 million can be settled by banks directly, while annual remittances above the aforementioned amounts require the approval of the Bank. For a nonresident, each transaction within US$0.1 million can be settled by banks directly, whereas any transaction amount above that threshold requires the approval of the Bank.

Measures with regard to the management of capital flows in 2025 included:

(1) The amendments to the *Directions for Banking Enterprises while Assisting Customers to Declare Foreign Exchange Receipts and Disbursements or Transactions* took effect on December 24, 2025.

(2) Promoting the Internationalization of Taiwan's Capital Market

Cases of fund-raising by domestic and foreign institutions through securities issuance, approved by or filed for record to the Bank in 2025, are shown in the following table.

Institution	Fund-Raising Method	Number	Amount
Foreign companies	IPO on TWSE & TPEx and registration on the Emerging Stock Board	17	NTD 9.15 billion
	NTD denominated bonds	14	NTD 12.15 billion
	Foreign currency-denominated bonds	40	USD 10.26 billion
		4	AUD 0.14 billion
	Overseas convertible bonds	2	USD 0.7 billion
Domestic companies (and domestic branches)	Foreign currency-denominated bonds	54	USD 0.16 billion
	Overseas depositary receipts	2	USD 1.23 billion
	Overseas convertible bonds	9	USD 7.6 billion

Note: TWSE stands for the Taiwan Stock Exchange; TPEx stands for the Taipei Exchange.
Source: Department of Foreign Exchange, CBC.

(3) Approving Residents' Investments in Foreign Securities

Institution	Method/Instrument	Amount
Securities investment trust companies (SITEs)	83 domestic SITE funds (including 34 NTD-foreign multiple currency SITE funds)	NTD 1,764.6 billion (including NTD 747 billion in multiple currency funds)
Life insurance companies	Non-discretionary money trusts managed by financial institutions	USD 0.33 billion
	Investment quota in their own accounts	USD 14.52 billion
Five major government pension funds and employment insurance funds	Investment quota in their own accounts	USD 16.49 billion

Source: Department of Foreign Exchange, CBC.

Management of Foreign Exchange Business of Financial Institutions

(1) Authorized Foreign Exchange Banks

Under *The Central Bank of the Republic of China (Taiwan) Act* and the *Foreign Exchange Regulation Act*, the Bank reviews, authorizes, and supervises banks to conduct foreign exchange business accordingly. In 2025, the Bank continued to approve bank branches as authorized foreign exchange banks and loosened restrictions on foreign exchange derivative product business in order to facilitate authorized foreign exchange banks' competitiveness and service quality.

A. At the end of 2025, there were 3,448 authorized foreign exchange banks in total, which included 38 head offices and 3,370 branches of domestic banks, 37 branches of foreign banks, three branches of Mainland Chinese banks, as well as 4,572 authorized money exchangers, post offices, and financial institutions authorized to engage in basic foreign exchange business.

B. On January 15, the Bank amended Point 10 of the *Directions Governing Banking Enterprises for Operating Foreign Exchange Business* to expand the scope of currency options for loans granted by authorized banks against the pledge of beneficial rights in foreign-currency non-discretionary trust funds as collateral, thereby lifting the restriction that such loans shall only be handled in foreign currencies.

   On July 15, the Bank amended the *Regulations Governing Foreign Exchange Business of Banking Enterprises*, including (1) simplifying procedures for authorized banks to set up foreign currency automatic teller machines, outsource back-office operations related to foreign exchange business to a third party, and issue foreign exchange bank debentures, and (2) adjusting reporting thresholds and submission deadlines for authorized banks' foreign exchange remittance data.

(2) Insurance Companies

As of the end of 2025, the number of insurance companies permitted to engage in traditional and investment-linked foreign currency insurance business was 21 in each category. The foreign currency premium revenue increased by US$6.12 billion, or 23.96%, from the previous year to US$31.68 billion in 2025.

(3) Securities Firms

The approved cases for securities firms to conduct foreign exchange business in 2025 are listed in the following table.

Institutions	Foreign Exchange Business	Number
Securities firms	Underwriting of international bonds denominated in foreign currency	1
	Proprietary foreign securities trading neither belonging to investment with their funds nor for hedging needs	2
	NTD/foreign currency spot transactions	1
	Participating dealer of domestically-issued foreign currency denominated ETFs	2

Source: Department of Foreign Exchange, CBC.

(4) Investment Trust/Consulting Firms

The approved cases granted by the Bank for investment trust and investment consulting firms to conduct foreign exchange business as of 2025 are shown in the following table.

Institutions	Foreign Exchange Business	Number
Investment trust and investment consulting firms	Serving as mandated institutions of private offshore funds	2
	Foreign currency discretionary investment business	1

Source: Department of Foreign Exchange, CBC.

Foreign Currency Clearing Platform

(1) Taiwan's foreign currency clearing platform was consigned by the Bank and established by the Financial Information Service Co. The platform offers services for domestic and cross-border (including cross-strait) remittances of the Chinese renminbi and the Japanese yen, and domestic remittances of the US dollar, the euro, and the Australian dollar. The platform adopts a payment-versus-payment (PVP) mechanism among banks, a liquidity-saving mechanism for foreign currency remittances, and a delivery-versus-payment (DVP) mechanism for foreign currency bonds and bills.

(2) Domestic Development of Foreign Currency Settlement Business in 2025

Currency	Domestic Participating Units	Settlements in 2025	
		Number of Transactions	Amount
US dollar	72	1,515,434	USD 2,213.6 billion
Renminbi	59	368,340	RMB 581.8 billion
Yen	37	74,985	JPY 2,404 billion
Euro	38	21,442	EUR 10 billion
Australian dollar	30	34,869	AUD 2.7 billion

Source: Department of Foreign Exchange, CBC.

Offshore Banking

(1) Regulatory amendments: In order to enhance the competitiveness of offshore insurance units (OIUs), the Bank collaborated with the FSC to amend Article 22-16 of the *Offshore Banking Act*, extending the applicable period of the tax incentives for OIUs to the end of 2035.

A. The Bank collaborated with the FSC to amend Articles 9 and 15 of the *Regulations Governing Offshore Insurance Branches*, with the aim of promoting the development of OIUs by encouraging them to pursue innovation in insurance products.

B. In order to enhance the competitiveness of offshore securities business and facilitate offshore customers' remittance-related operations, the Bank collaborated with the FSC to amend Articles 9-1 and 13 of the *Regulations Governing Offshore Securities Branches* to allow OSUs to deposit offshore customer funds with foreign custodian banks.

(2) Financial Status

A. Offshore Banking Units (OBUs)

At the end of 2025, the number of OBUs came to 59, and total OBU assets increased by US$50.98 billion, or 18.4%, over the previous year to US$327.54 billion. The net income after tax of all OBUs amounted to US$3.17 billion, increasing by US$1.37 million, or 76.1%, from a year before.

B. Offshore Securities Units (OSUs)

At the end of 2025, the number of OSUs stood at 18, and total OSU assets increased by US$0.82 billion, or 11.6%, over the previous year to US$7.91 billion. The net income after tax of all OSUs amounted to US$98.1 million, increasing by US$112.7 million from a year before.

C. Offshore Insurance Units (OIUs)

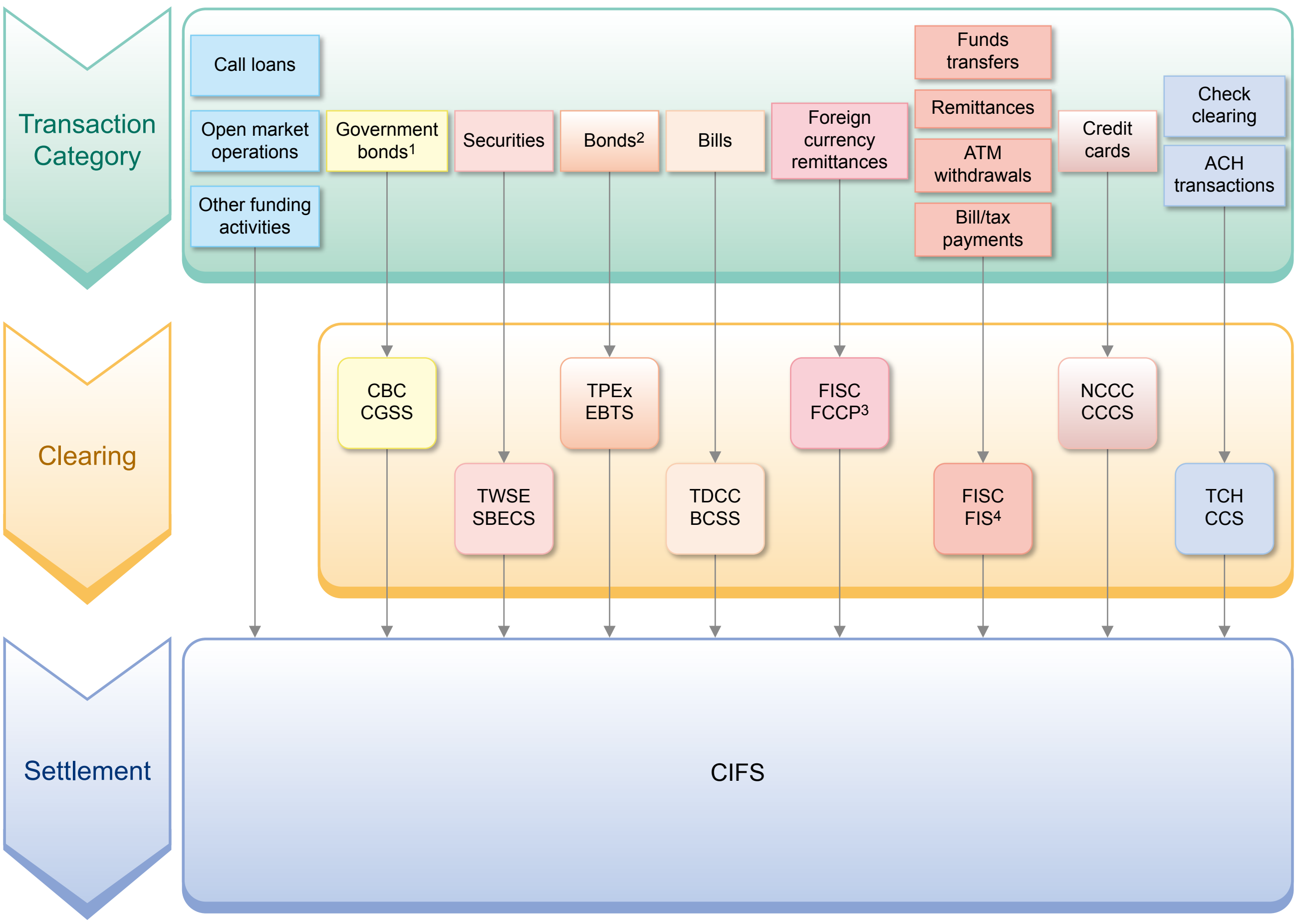
As of the end of 2025, the number of OIUs was 21, with a total amount of assets of US$0.8 billion, which was US$0.05 billion or 5.9% less than the previous year end. The net income after tax of all OIUs amounted to negative US$2.8 million, decreasing by US$24.1 million or 113.1% from the previous year.

4. Payment and Settlement Systems

The Bank plays a crucial role in the functioning of Taiwan's payment and settlement systems, and operates the CBC Interbank Funds Transfer System (CIFS) and the Central Government Securities Settlement System (CGSS).

The CIFS serves as the hub of Taiwan's payment and settlement systems, linking the interbank clearing systems operated by the FISC, the Taiwan Clearing House (TCH), the National Credit Card Center of R.O.C. (NCCC), the Taiwan Depository and Clearing Corporation (TDCC), the TPEx, and the TWSE, as well as the CGSS, together to construct a comprehensive system.

Payment System Infrastructure



Notes: 1. Including DVP settlements for interbank transactions of central government bonds and treasury bills.
2. Including netting settlements for outright trades of government bonds, corporate bonds, and bank debentures.
3. The CIFS is responsible for settlements involving NT dollars, while settlements involving foreign currencies are performed by designated commercial banks.
4. The FISC's Financial Information System (FIS) has successively provided fast payment services on a 24/7/365 basis since 1991.

Source: Department of Banking, CBC.

Among Taiwan's payment and settlement systems, the Financial Information System (FIS), operated by the FISC, serves as Taiwan's retail fast payment system. Through the CIFS, financial institutions may pre-allocate funds from their A reserve accounts held with the Bank to the Interbank Funds Transfer Guarantee Special Account,[7] providing a guarantee for the real-time, transaction-by-transaction clearing and settlement of interbank payment transactions processed via the FIS.

In addition, the Bank monitors major payment systems based on the *Principles for Financial Market Infrastructures* released by the Bank for International Settlements (BIS) to ensure sound operation of these systems and to promote stability of the financial system.

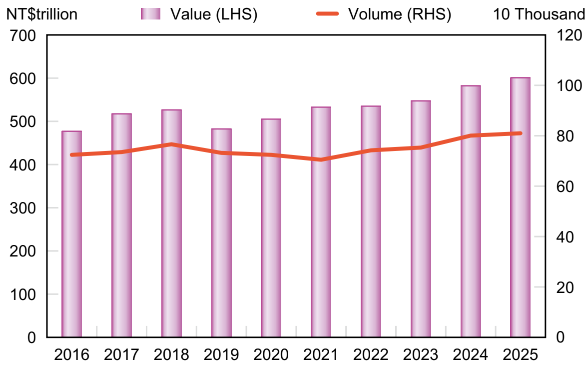
Operation of Payment and Settlement Systems

(1) Funds Transfers via the CIFS

As a large-value electronic funds transfer system, the CIFS not only deals with interbank funding, open market operations, and funds settlements in financial markets, but also provides interbank final settlement services for each clearing institution.

At the end of 2025, there were 85 participants of the CIFS, which included 70 banks, eight bills finance companies, Chunghwa Post, and six clearing institutions, namely the FISC, the TCH, the TDCC, the TWSE, the TPEx, and the NCCC. In 2025, the number of transactions via the CIFS was 814,809, and the amount of funds transferred totaled NT$600.6 trillion. Meanwhile, the daily average number of transactions via the CIFS was 3,312, increasing by 1.06% over the previous year, and the daily average amount of funds transferred was NT$2.4 trillion, rising by 2.78% from a year before.

Transaction Value and Volume of the CIFS



Source: Department of Banking, CBC.

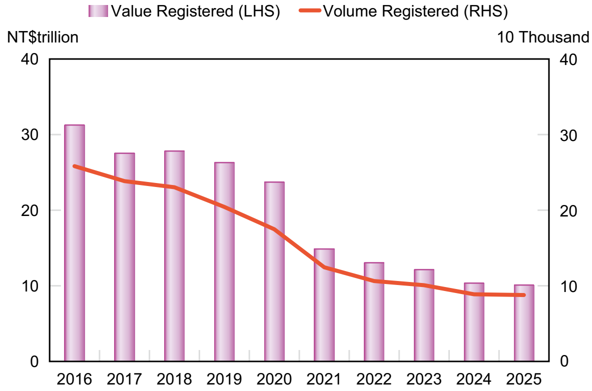
(2) Transactions via the CGSS

Established in September 1997, the CGSS is a system for issuance, transfer, redemption, and interest payment of book-entry central government securities. Since its inception, central government bonds have been issued in book-entry form. Treasury bills were included in this system in October 2001 and have been issued in book-entry form ever since.

[7] To deal with the clearing and settlement of retail interbank payment transactions, the Bank agrees that all banks shall jointly open an Interbank Funds Transfer Guarantee Special Account at the Bank. It is a collective account consisting of individual sub-accounts designated for each participating bank.

Since April 2008, when the CGSS linked up with the CIFS, fund settlements, principal redemptions, and interest payments have been handled through the CIFS using a DVP mode. The DVP mode, promoted by the BIS, is an arrangement in a securities settlement system to ensure that securities delivery occurs at the same time as the funds transfer, effectively eliminating potential principal risk during the transaction process.

Transaction Value and Volume of the CGSS



Source: Department of the Treasury, CBC.

As of the end of 2025, there were 20 clearing banks with 1,648 branches that handled the registration of central government securities transfers. Transaction value and volume of the CGSS in 2025 were NT$10.1 trillion and 88 thousand transfers, respectively.

Oversight of Payment and Settlement Systems

To ensure sound operation of domestic payment and settlement systems, the Bank conducted the following oversight activities in 2025:

(1) Monitoring the Operation of the Large-Value Payment Systems

The Bank continued to monitor the operation of the large-value payment systems in 2025, and required improvement by those participating institutions which applied for the CIFS operation time extensions because of system malfunctions or other contingencies.

(2) Requiring Payment Institutions to Submit Information on Payment Business

Payment system operators and electronic payment institutions were required by the Bank to submit information about their operations and activities on a regular basis. The Bank also kept close watch on the progress of innovative services in the payment industry, and assisted in providing sound retail payment infrastructure.

(3) Supervising Contingency Drills Performed by Clearing Institutions

To ensure business continuity of payment and settlement systems, the Bank supervised clearing institutions enhancing measures for sustaining core business operations under disaster or extreme scenarios, including implementing manual backup mechanisms when system malfunctions occur. Furthermore, the Bank, together with participants of the CIFS, conducted drills for maintaining clearing and settlement operations in the event of network disruptions, ensuring that the backup systems would be activated promptly and that relevant personnel are familiar with contingency procedures.

(4) Performing Backup Drills with Clearing Banks

Since 2019, the Bank has supervised all clearing banks performing backup drills in the event of malfunction or line interruption of a CGSS participant's mainframe system. In October 2025, this drill was conducted successfully with all clearing banks.

(5) Urging Bills Finance Market Participants to Improve Contingency Mechanisms

The Bank continued to urge participating institutions in the bills finance market to strengthen contingency mechanisms for unscheduled holidays, such as typhoon days off. To this end, the Bank instructed the TDCC and the R.O.C. Bills Finance Association to examine and implement improvements from an institutional perspective, including revising operational guidelines for bills business on unscheduled holidays and optimizing related procedures.

(6) Organizing Conferences to Enhance Payment System Operation

The Bank invites the FSC and clearing institutions to jointly hold two conferences on "Promoting Sound Operation of the Payment Systems" every year. The conferences are convened separately by type of clearing institution. In 2025, the conference in May was held for securities clearing institutions such as the TDCC, the TPEx, and the TWSE, while the other one, held in November, was for payment clearing institutions including the FISC, the TCH, and the NCCC. During the conferences, the Bank urged clearing institutions to reinforce the resilience of payment systems and enhance manual clearing and settlement operations, so as to maintain business continuity of financial infrastructures and ensure that critical financial transactions can still be completed under extreme scenarios.

Urging FISC to Strengthen Retail Payment Infrastructure and Collaborate with Payment Service Providers in Promoting New Service Adoption

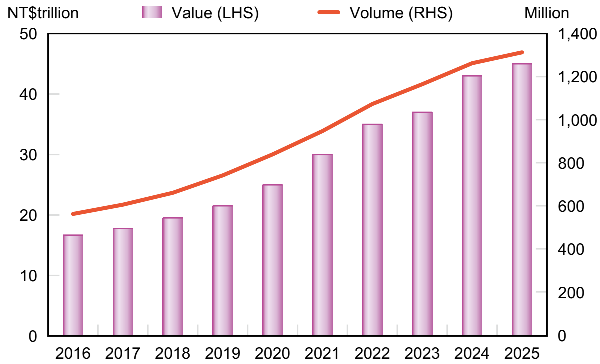
(1) Taiwan's retail payment system provides services such as interbank remittances, ATM withdrawals, funds transfers (including internet and mobile banking), shopping payments, and tax and bill payments. Except for the interbank remittance service, most of these services are available 24/7 through fast payment channels. In recent years, with the widespread use of mobile phones and the internet, demand for instant payments continued to rise, resulting in steady growth year by year in both the value and volume of retail fast payment transactions.

(2) The Bank urged the FISC to continue promoting the participation of electronic payment institutions in the "Common Platform for Electronic Payment Institutions," which provides services in four areas including funds transfer, tax e-payment, bill e-payment, and shopping e-payment,

so as to enhance information transmission and to facilitate transfer of funds between electronic payment institutions, as well as between electronic payment institutions and financial institutions.

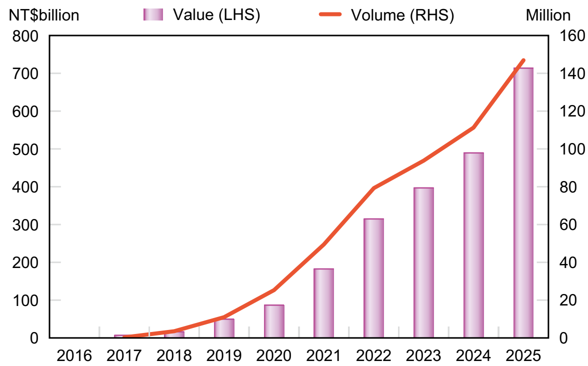
(3) To address the fragmentation of domestic retail payment systems and facilitate the use of a common QR code for payments, the Bank continued to instruct the FISC to collaborate with financial institutions and electronic payment institutions[8] to promote TWQR (a common QR code payment specification) and expand its application scenarios, so as to further foster the sound development of Taiwan's payment ecosystem. These efforts included encouraging retail merchants to adopt TWQR for shopping payments, developing and promoting a TWQR-based transit QR code, and advancing the TWQR-based cross- border shopping e-payment service in Japan and South Korea.

Transaction Value and Volume of Retail Fast Payments



Note: Retail fast payment transactions do not include interbank remittances which are not available on a 24/7 basis.
Source: FISC.

Transaction Value and Volume of TWQR



Note: TWQR was launched in October 2017.
Source: FISC.

Proceeding Steadily with the CBDC Research Project

CBDC includes both retail CBDC and wholesale CBDC. Globally, approximately 91% of central banks have engaged in CBDC-related work.[9] Major advanced economies, such as Japan and those in Europe, are currently at the research or experimentation stages. The Bank has also been advancing related initiatives in a prudent and steady manner, as outlined below:

(1) Retail CBDC: Given the wide range of convenient payment instruments currently available in Taiwan, there is no urgent need to issue a retail CBDC at this stage. Against this backdrop, in 2025, the Bank, building on the framework of the "retail CBDC prototype platform,"[10] established

[8] As of December 2025, a total of 44 financial institutions and 10 electronic payment institutions have adopted the TWQR standard.
[9] Illes, Anamaria, Anneke Kosse, and Peter Wierts (2025), "Advancing in Tandem – Results of the 2024 BIS Survey on Central Bank Digital Currencies and Crypto," BIS Papers No.159, August 22.
[10] The Bank completed the "retail CBDC technology experimentation" in 2022 and established the "retail CBDC prototype platform."

a "digital public infrastructure payment platform" and connected it with the Ministry of Digital Affairs' "common platform for government disbursements" to support various government disbursement operations. For example, in 2025, the Bank assisted the Hakka Affairs Council in issuing "Hakka Coin vouchers" and the Executive Yuan in implementing a one-off universal cash handout of NT$10,000, thereby effectively integrating resources across the financial system and relevant government agencies. Going forward, the "digital public infrastructure payment platform" can continue to facilitate government disbursements as needed.

(2) Wholesale CBDC: In response to the development of asset tokenization and to validate the BIS' "unified ledger" concept,[11] the Bank, together with the FISC and the TDCC, conducted experiments in 2025 on the use of wholesale CBDC to support the settlement of tokenized bond transactions. These experiments aim to explore the feasibility of jointly building a tokenized financial market infrastructure in the future.

(3) External communication activities: To better understand stakeholders' views on CBDC, the Bank held a total of nine face-to-face public hearings, forums, and briefing sessions in 2025.[12] These activities, which facilitated direct communication with stakeholders, provided valuable input for future CBDC-related policy formulation.

[11] A "unified ledger" integrates CBDC and tokenized assets (including tokenized bank deposits) into a single programmable platform, where CBDC serves as the core ledger of the platform and as the final settlement asset across systems, ledgers, and platforms.

[12] To facilitate stakeholders' understanding of the CBDC initiatives, animated videos were produced and presented at various events. For further details, please refer to the Bank's official YouTube channel: https://www.youtube.com/watch?v=pZwPwN_VtT8.

5. Currency Issuance

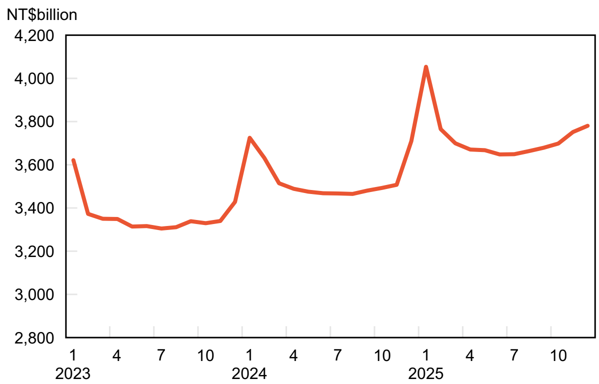
For the year 2025, the Bank, as the sole agency with the authority to issue banknotes and coins, continued to conduct currency issuance with a focus on maintaining an adequate supply of currency to meet public demand, which is dependent on domestic economic conditions, seasonal factors, and the development of noncash payment instruments. The Bank also issued commemorative coin sets to mark national events.

Furthermore, the Bank continued to promote public awareness of counterfeit deterrence and encourage the use of circulating currency through various channels.

Currency Issuance Increased to Meet Currency Demand

In 2025, the Bank ensured an adequate supply of currency to meet public demand. The amount of currency issued peaked at NT$4,053.7 billion on January 24, the last business day before the Lunar New Year holidays, reflecting a temporary seasonal surge in cash demand. At the end of the year, the outstanding amount of currency issued was NT$3,781.2 billion, an increase of NT$71.2 billion or 1.92% over the previous year end.

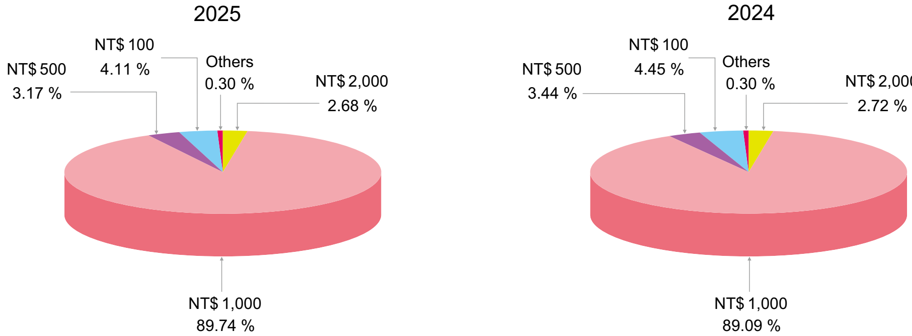
Currency Issued



Source: CBC.

By denomination, the composition of NT dollar banknotes in circulation at the end of 2025 was similar to the end of 2024. The majority of circulating banknotes went for the NT$1,000 note with a share of 89.74%, followed by the NT$100 and NT$500 notes with shares of 4.11% and 3.17%, respectively.

Composition of NT Dollar Banknotes Issued
(Year-End Figures)

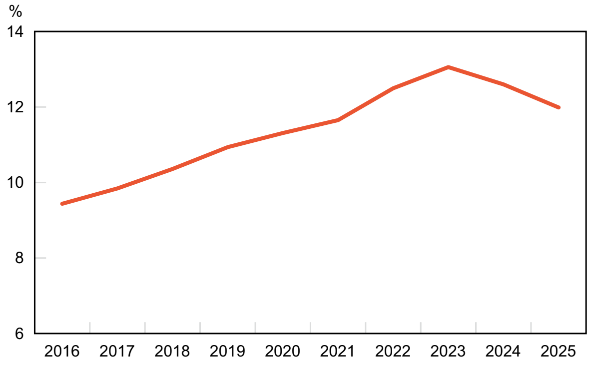


Source: CBC.

Ratio of Currency in Circulation to GDP Declined Slightly

As cash was still frequently used for small-value transactions, the public's demand for currency remained high. The ratio of currency in circulation to nominal GDP showed an uptrend from 2016 onwards. However, amid buoyant domestic economic activity since 2024, nominal GDP recorded larger increases, leading the ratio to drop further to 11.98% in 2025, down from 12.59% in the previous year.

The Ratio of Public-Held Currency to GDP



Sources: 1. CBC.
2. DGBAS, Executive Yuan.

A Commemorative Coin Set and a Commemorative Silver Coin Were Issued

In addition to currency issuance, the Bank may issue gold and silver coins and commemorative coins from time to time, such as for important ceremonies, national holidays, major international

Commemorative Coin Set for the Chinese Zodiac Year of the Snake

Source: CBC.

events, or other significant national events. During 2025, the Bank issued a casting set of coins for the Chinese Zodiac Year of the Snake and a commemorative silver coin for the championship victory of the World Baseball Softball Confederation (WBSC) Premier12 2024.

Commemorative Silver Coin for the Championship Victory of the WBSC Premier12 2024

Source: CBC.

Efforts to Encourage the Use of Circulating Currency and Raise Public Awareness of Counterfeit Money Continued in 2025

With the aim of deterring and preventing counterfeiting, reducing currency issuing costs, and protecting the environment by maximizing existing resources, the Bank launched several advertising campaigns during 2025 to enhance public understanding of the security features of NT dollar notes and coins and to promote the use of circulating currency.

While striving to improve the cleanliness of currency by inspecting returned banknotes and destroying damaged ones, the Bank also continued to urge the public to help maintain the cleanliness of circulating notes and coins.

Educational materials for these campaigns were provided through multiple channels. For example, relevant videos were released on media such as the Bank's website and social media platforms, the Virtual Money Museum, YouTube, the digital multimedia signage of the Executive Yuan, and terrestrial TV channels. Information was also posted on the Bank's Facebook page, and leaflets were distributed to the public and relevant institutions..

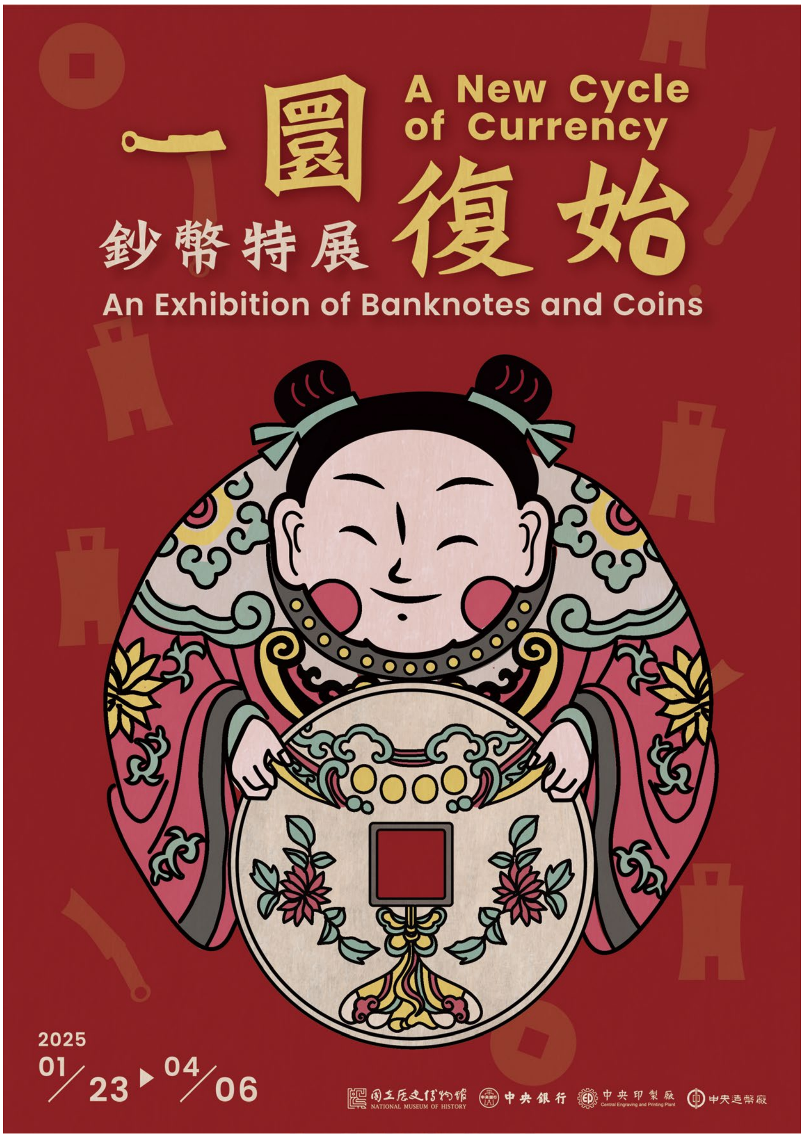
An Exhibition was Held on the Theme of Banknotes and Coins

In 2025, the Bank collaborated with the National Museum of History to organize a physical currency exhibition titled "A New Cycle of Currency," inviting the public to explore the profound history and culture of money.

This exhibition brought together selected items from the collections of the National Museum of History, the Bank, as well as the Bank's affiliated printing and minting plants, showcasing a wide range of currencies from the pre-Qin dynasty to modern times, including copper coins, silver sycees, and banknotes, along with historical materials on their production processes.

Through the exhibition, visitors witnessed the evolution of currency across different dynasties and periods and gained insight into how money reflected the economic conditions and artistic craftsmanship of each period.

An Exhibition of Banknotes and Coins – A New Cycle of Currency



Source: CBC.

The Bank Continued to Promote the Visually Impaired-Friendly NT Dollar Banknote Identification Service

To help visually impaired people to better identify banknotes, the Bank has made multifaceted efforts from 2020 onwards, such as producing video material to introduce how to identify banknotes and distinguish the different denominations. The video is available on the Bank's website and local visually impaired support groups are encouraged to download it for educational purposes. Meanwhile, the Bank has developed the NT dollar banknote gauge card and instructed the Central Engraving and Printing Plant to conduct mass production. The Bank has also sent relevant personnel to local support groups to promote the use of the card and to distribute it for free to the visually impaired.

Raised-Dot Tactile Feature of NTD Banknotes (Left) and NTD Banknote Gauge Card (Right) for the Visually Impaired

Source: CBC.

The Bank Launched the NT Dollar Banknote Redesign Program

To uphold confidence in the national currency and safeguard the security of cash transactions for the public, the timely redesign of banknotes is a core mandate for central banks worldwide. To address the 24-year circulation of the current banknotes and to ensure that security features align with the latest international technologies and ESG sustainability trends, the Bank officially launched the NT dollar banknote redesign program on October 23, 2025.

6. Fiscal Agency Functions

As banker to the central government, the Bank fulfills its responsibilities by managing the National Treasury deposit account, handling central government agency deposit accounts, and undertaking the issuance, transfer and registration, redemption, and interest payment of central government bonds and treasury bills.

Managing the Treasury Deposit Account

The Bank manages the National Treasury deposit account on behalf of the Ministry of Finance, processing receipts and disbursements of the central government. In order to provide convenient services for government agencies and the general public, the Bank delegates the handling of treasury-related business to 14 financial institutions and their 368 branches, including three overseas branches located in New York, Los Angeles, and Paris. In addition, there are another 4,672 national tax collection agencies set in financial institutions. In 2025, the Bank received a total of NT$4,866.5 billion in Treasury deposits, a decrease of NT$132.2 billion or 2.64% over the previous year. Payments made on behalf of the National Treasury were NT$4,967.3 billion, increasing by NT$115.1 billion or 2.37% from 2024. At the end of 2025, the balance on the National Treasury deposit account was NT$106.3 billion, decreasing by NT$100.8 billion or 48.67% from the end of 2024.

Handling Central Government Agency Deposits

Central government agencies are required to make their deposits with the Bank or other delegated banks. At the end of 2025, the balance of central government agencies' deposits with the Bank amounted to NT$317.2 billion, an increase of NT$53.2 billion or 20.15% over 2024. Deposits with other delegated banks were NT$812.5 billion at the end of 2025, increasing by NT$28.5 billion or 3.64%.

Amending the "Directions for the Delegation of National Treasury Operations to Financial Institutions by the Central Bank of the Republic of China (Taiwan)"

To strengthen the management of National Treasury-delegated operations, and in response to changes in the financial environment in recent years as well as the practical needs of Treasury operations, the Bank has comprehensively reviewed and amended the *"Directions for the Delegation of National Treasury Operations to Financial Institutions by the Central Bank of the Republic of China (Taiwan)."* The revisions, effective May 1, 2025, cover the financial requirements for financial institutions applying to serve as delegated Treasury agent institutions, the establishment of additional handling branches, application procedures for off-site Treasury receipt and payment services, operational inspections, and training programs.

Managing Central Government Bonds

As a fiscal agent, the Bank provides services related to the issuance, transfer and registration, redemption, and interest payment of central government bonds. The Bank also conducts the auctions of central government bonds. There are 55 domestic dealers qualified to directly participate in the auctions, including 23 banks, 18 securities companies, eight bills finance companies, five insurance companies, and Chunghwa Post.

In 2025, the Bank conducted 17 issues of central government bonds in book-entry form worth NT$433.5 billion in total. Of this amount, 10-year bonds accounted for the lion's share of 41.98%, worth NT$182.0 billion, followed by 5-year bonds, representing a share of 32.30% with an amount of NT$140.0 billion.

In addition, the Bank paid NT$435.0 billion in principal and NT$82.1 billion in interest for central government bonds. At the end of 2025, the outstanding amount of central government bonds was NT$6,032.6 billion, a slight decrease of NT$1.5 billion or 0.02% from the end of 2024.

Handling Treasury Bills

The Bank also handles the auctions of Treasury bills. Currently, direct bidders include banks, insurance companies, securities companies, bills finance companies, and Chunghwa Post.

In 2025, the Bank conducted seven issues of book-entry Treasury bills with a total amount of NT$230.0 billion. The majority of the issuance went for 91-day and 182-day bills, each with a value of NT$65.0 billion, or a share of 28.26%. At the end of 2025, the outstanding amount of Treasury bills was NT$70.0 billion, an increase of NT$40.0 billion or 133.3% from the previous year end.

7. Financial Inspection

Pursuant to the objectives and duties stipulated in *The Central Bank of the Republic of China (Taiwan) Act*, the Bank conducts targeted examinations to ensure the effective implementation of monetary, credit, and foreign exchange policies. The Bank has also established a report auditing system and a financial stability assessment framework to systematically monitor and assess possible sources of potential risks. The Bank adopts appropriate policies accordingly in a timely manner to achieve the operational goal of financial stability. The following are the main tasks conducted in 2025.

Targeted Examination

Targeted examinations in 2025 covered real estate-related lending activities (including banks' mortgage loan operations, loan concentration, the implementation of quantitative improvement plans, and the flow of loan funds), foreign exchange derivatives business involving the NTD exchange rate, foreign exchange remittance messages, custodian banking, transactions of private employment agencies entrusted to handle NTD conversion and outward foreign exchange remittances of foreign migrant workers' wages, operations of foreign currency exchange counters, etc.

Follow-up on Examination Findings

To ensure the effectiveness of the Bank's policy implementation, the Bank continued to track whether the financial institutions under inspection had improved their operations, based on the findings from the Bank's targeted examinations as well as the results of the FSC's financial examinations related to the Bank's operations or regulations. The financial institutions violating the *Regulations Governing the Extension of Mortgage Loans by Financial Institutions* were subjected to administrative actions by the Bank.

Strengthening Off-Site Monitoring

In 2025, the report auditing system was utilized to evaluate financial performance, business status and regulatory compliance of individual financial institutions as a reference for the supervision and inspection by the Bank and relevant authorities. Moreover, to reflect changes in the evolving financial environment and regulatory amendments, the Bank reviewed and modified the content of the report auditing analysis and evaluation. The Bank also leveraged visualization tools to improve the efficacy of data processing and analysis.

Improving Transparency of Information on Financial Institution Operations

The Bank regularly compiles and publishes statistics on financial institutions, such as *Condition and Performance of Domestic Banks (Quarterly)* and *Business Overview of Financial Institutions (Yearly)*. All related information is available for public inquiry and download via the Bank's official website and also disclosed on its official social media. Furthermore, the financial and operational performance datasets of financial institutions are regularly uploaded to the designated open government data platform, with the aim of strengthening the transparency of information on financial institutions' operations and reinforcing market discipline.

Financial Stability Assessment

The Bank regularly conducts an analysis of financial institutions' business operations and their risk exposures so as to identify potential risks to the stability of the overall financial system. It also compiles financial soundness indicators and publishes the *Financial Stability Report* to keep the public updated on the state of the domestic financial system and sources of potential risks and to aid cross-border communication and information sharing.

In 2025, to enhance analytical effectiveness regarding financial stability, the Bank continued to compile the Financial Vulnerability Index regularly to identify vulnerabilities in the domestic financial system. The Bank also developed market risk stress-testing models and related graphical user interface for life insurance companies. Moreover, as a reference for the advancement of related applications, the Bank collected and studied the practices of major central banks in utilizing AI to monitor macroeconomic and financial conditions.

International Cooperation in Financial Supervision

In 2025, the Bank continued to actively engage in international cooperation related to financial supervision, such as participating in the 16th SEACEN Meeting of Deputy Governors in Charge of Financial Stability and Banking Supervision, and the 27th SEACEN-FSI Conference of the Directors of Supervision of Asia-Pacific Economies concurrently held with the 38th Meeting of Directors of Supervision of SEACEN Members.

8. Participation in International Activities

The Bank is committed to engaging in international activities and continues to enhance collaboration with international financial organizations and other central banks. The Bank is a member of the Asian Development Bank (ADB), the Central American Bank for Economic Integration (CABEI), and the South East Asian Central Banks (SEACEN) group. Moreover, the Bank continually strengthens its ties with international forums and institutions such as the Bank for International Settlements (BIS) and the Inter-American Development Bank (IDB). Through participation in international conferences, training courses, and forums, the Bank endeavors to maintain close relationships with other central banks by exchanging views and sharing policy experience on current financial and economic issues.

The Bank continued its active participation in international activities during 2025. The Bank attended the 61st SEACEN Governors' Conference in Bali, Indonesia, during October 28 to 29, under the theme "Asian Financial Integration to Navigate Geoeconomic Shifts: Unlocking Growth and Innovation." At this conference, the Bank and other member banks agreed to strengthen regional economic resilience through closer regional collaboration against a backdrop of global uncertainty, digital transformation, and the transition towards economic sustainability.

Meanwhile, the Bank also participated in the meetings held by other international organizations throughout the year, such as the IDB's 65th Annual Meeting of the Board of Governors in Santiago, Chile, during March 26 to 30, the ADB's 58th Annual Meeting of the Board of Governors in Milan, Italy, from May 3 to 6, the CABEI's 65th Ordinary Meeting of the Board of Governors in Tegucigalpa, Honduras, on May 30, and the BIS' 95th Annual General Meeting in Basel, Switzerland, during June 28 to 29. In addition, the Bank attended the 24th SEACEN Executive Committee Meeting virtually on September 26.