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.