# Foreword

Chin-Long Yang, Governor

Looking back on 2025, Taiwan's economy delivered an exceptional performance, with growth accelerating markedly from 5.27% in 2024 to 8.68%, the strongest pace recorded in nearly 15 years. This robust expansion was driven primarily by stronger-than-anticipated demand for applications of artificial intelligence (AI) and other emerging technologies. Consequently, exports posted strong growth, and firms across related supply chains also responded by expanding capacity and increasing investment. Meanwhile, inflationary pressures continued to recede over the course of the year. As international prices of crude oil and other raw materials declined, and increases in services prices moderated, the annual growth rate of the consumer price index (CPI) eased further from 2.18% in 2024 to 1.66%, the lowest level since 2021. Excluding fruit, vegetables, and energy, core CPI inflation also slowed from 1.88% to 1.66%.

Against the backdrop of a sustained gradual descent in domestic inflation and a moderate inflation outlook, alongside the prospect of steady economic growth, the Bank opted for a prudent approach throughout the year. To carefully navigate the uncertainties clouding the global economic and financial landscape, as well as the potential implications of U.S. economic and trade policies on the domestic economy, the Bank resolved to maintain the policy rates at all four of its quarterly Board meetings in March, June, September, and December 2025.

The Bank continued to implement the seventh round of selective credit control measures initiated in September 2024, while also requesting banks to independently manage their real estate lending volume targets set for the period from the fourth quarter of 2024 through the end of 2025. Considering that most banks have successfully met their self-defined targets and that the concentration of credit resources in the real estate sector has gradually eased, the Bank decided to return the management of real estate lending volumes to banks' internal controls effective from 2026. Nevertheless, banks are required to submit relevant data to the Bank on a monthly basis. The Bank will also continue to conduct targeted on-site examinations to closely monitor real estate lending-related developments and ensure rigorous compliance with its selective credit control measures.

Furthermore, the Bank conducted open market operations through the issuance of certificates of deposit (CDs) and utilized instruments such as re-deposits from banks to flexibly manage the reserve positions within the banking system. Consequently, both banking system liquidity and market interest rates remained at appropriate levels. For the year as a whole, the average annual growth rate of bank loans and investments was 6.66%. Meanwhile, the average annual growth of M2 was 4.54%, staying well within the Bank's reference range of 2.5% to 6.5%.

In terms of foreign exchange management, the NT dollar experienced heightened volatility against the US dollar in 2025 owing to significant capital flows into and out of the domestic equity market as well as international economic factors. In fulfilling its mandate, the Bank conducted two-way operations in the foreign exchange market to maintain the dynamic stability of the NT dollar; such interventions resulted in a cumulative net purchase of US$7.7 billion for the year. By the end of 2025, the Bank's foreign exchange reserves stood at US$602.6 billion, representing an increase of US$25.9 billion, or 4.5%, from the previous year-end, primarily attributable to returns on investment.

To ensure the safety and efficiency of domestic payment systems, the Bank continued to urge the Financial Information Service Co., Ltd. (FISC) to enhance retail payment infrastructure. Collaborating with financial and payment service providers, the Bank continued promoting the adoption of TWQR in various scenarios, including encouraging merchants in commercial districts to adopt TWQR payments, implementing TWQR transit codes for public transportation, and expanding cross-border payment services into Japan and South Korea. Meanwhile, the Bank pressed forward with its central bank digital currency (CBDC) research project. With the rise of asset tokenization, the Bank collaborated with FISC and the Taiwan Depository and Clearing Corporation (TDCC) to conduct wholesale CBDC trials for the settlement of tokenized bond transactions, exploring the feasibility of jointly developing tokenized financial infrastructure in the future.

Furthermore, taking into account that the current series of NT dollar banknotes has been in circulation for 24 years, the Bank officially initiated the banknote redesign process on October 23, 2025. This initiative aims to ensure that our anti-counterfeiting features remain aligned with the latest international technologies while adhering to sustainable development trends in environmental, social, and governance (ESG) criteria.

In parallel, the Bank collaborated with the National Museum of History to co-curate the "A New Cycle of Currency: Banknotes and Coins Exhibition." This exhibition brings together a curated selection of artifacts from the Museum, the Bank, and its two subsidiary manufacturing plants. By showcasing a diverse array of coins, silver ingots, and banknotes, alongside historical materials on the minting and printing processes from the pre-Qin period to the present day, the exhibition invites the public to explore the profound history and cultural heritage of currency.

Notably, the Bank published its inaugural *Sustainability Report* at the end of 2025. Structured around five core pillars – "robust finance, accountable governance, green operations, friendly workplace, and social engagement" – the report documents the Bank's management performance and achievements across the three dimensions of ESG in 2024. Through the annual publication of this report, the Bank aims to listen and respond to the expectations of its stakeholders while continuously reviewing and refining policy measures that contribute to the sustainable development of Taiwan's financial sector.

Looking ahead, as the global economy remains shrouded in a myriad of uncertainties, the Bank will stay attentive to the impacts of geopolitical risks, shocks from U.S. economic and trade policies, the monetary policy trajectories of major economies, and the development of AI supply chains, as well as extreme weather, on domestic economic, financial, and price conditions. As warranted, the Bank will make timely adjustments to its monetary policy to fulfill its statutory mandates of maintaining price and financial stability, and fostering economic development within the scope of these objectives.

Finally, I would like to thank my colleagues for their dedication and professionalism in preparing this *Annual Report* through a year of complex transitions. We hope this publication provides a clear perspective on our policy considerations as the Bank steadfastly fulfills its mandate to ensure the continued stability and prosperity of Taiwan's economy.

Chin-Long Yang
Governor
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