Minutes of the Monetary Policy Meeting

September 18, 2025

Central Bank of the R.O.C. (Taiwan)

Meeting Minutes[1] on Monetary Policy at the Joint Meeting of the Board of Directors and the Board of Supervisors, Held on September 18, 2025

Date and Time: 2:00 p.m., September 18, 2025

Location: Room A606, Central Bank of the R.O.C. (Taiwan)

Members Present:

Chairman, Board of Directors: Chin-Long Yang

Executive Directors: Tsui-Yun Chuang, Ming-Hsin Kung, Tzung-Ta Yen, Mei-Lie Chu, Ray-Beam Dawn

Directors: Shiu-Sheng Chen, Fu-Sheng Hung, Yi-Ting Li, Shi-Kuan Chen, Chien-Yi Chang, Chang-Ching Lin, Ming-Fu Shaw

Junne-Jih Chen (Excused, Appointing Tzung-Ta Yen as Proxy)

Ming-Chang Wu (Excused, Appointing Mei-Lie Chu as Proxy)

Chairman, Board of Supervisors: Shu-Tzu Chen

Supervisors: Ching-Fan Chung, Sheng-Yao Lin, Kuei-Hui Cheng, Sheng-Syan Chen

Staff Present:

Feng-Ying Hsieh, Director General, Department of Banking

Yen-Dar Den, Director General, Department of Issuing

Chiung-Min Tsai, Director General, Department of Foreign Exchange

Yih-Jiuan Wu, Director General, Department of the Treasury

Ya-Hui Pan, Director General, Department of Financial Inspection

Ti-Jen Tsao, Director General, Department of Economic Research

Chien-Ching Liang, Director General, Secretariat

Shu-Huei Kuo, Director General, Department of Accounting

Shu-Hui Chang, Director, Personnel Office

Chia-Wen Hsieh, Director, Legal Affairs Office

Chih-Cheng Hu, Secretary, Board of Directors

Chih-Jung Lee, Secretary, Board of Supervisors

Presiding: Chin-Long Yang

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[1] This English translation is provided for information purposes only; the Chinese version shall prevail in case of discrepancies.

AGENDA: ECONOMIC AND FINANCIAL CONDITIONS AND MONETARY POLICY DECISION

I. Staff Review of Economic and Financial Conditions

1. International Economic and Financial Conditions

Since the Board of the Directors met in June this year (2025), uncertainty surrounding the U.S. trade policy has decreased and the impact on global economic activity has somewhat eased. The global manufacturing Purchasing Managers' Index (PMI) has rebounded. The international institution's forecast for this year's global economic growth rate was revised upward but still lower than that of last year (2024), though the rate is expected to edge up slightly next year (2026). Nevertheless, as details of the U.S. sectoral tariff policy have yet to be fully unveiled, its future policy shifts remain one of the major risks to the global economy.

As for international commodity prices, oil prices rebounded at the end of July this year but later fell following weaker-than-expected U.S. nonfarm payroll data. Oil prices rose again more recently amid heightened geopolitical tensions in the Middle East and between Russia and Ukraine. International institutions forecasted that oil prices will remain lower than last year before declining further next year. Meanwhile, with grain prices stabilizing, industrial metal prices turning upward, and gold prices surging, the R/J CRB Futures Price Index, which reflects overall global commodity prices, recorded a modest increase compared with the end of June.

On the inflation front, the global goods inflation rate edged up slightly in recent months, while the services inflation rate moderated gradually. According to international institution's forecast, the global inflation rate would decrease this year, followed by continued decline next year.

Regarding monetary policy, major central banks have moved at different paces. The U.S. Federal Reserve (Fed) has cut interest rates, the European Central Bank (ECB) has paused its rate-cutting cycle, the Bank of Japan (BoJ) has continued to hold off on rate hikes, while the People's Bank of China (PBoC) has maintained an accommodative policy stance.

In international financial markets, concerns over fiscal sustainability in major economies led to reduced demand for long-term government bonds, pushing up long-term yields. However, government bond yields in major economies declined subsequently as market expectations for Fed rate cuts intensified. In equity markets, easing uncertainty over the U.S. tariff policy, rising expectations of Fed rate cuts, and the ongoing artificial intelligence (AI) boom combined to drive global stock indices to fresh record highs, while the U.S. dollar index fluctuated lower.

Looking ahead, the global economic outlook remains shrouded by multiple uncertainties, including the evolution and impact of the U.S. trade policy, divergent monetary policy paths and rising fiscal risks among major economies, geopolitical tensions and climate change, as well as the persistent problem of overcapacity in mainland China, all of which may affect global economic, trade, and financial conditions.

2. Domestic Economic and Financial Conditions

(1) Economic situation

Recently, Taiwan’s manufacturing and services sectors have continued to record output growth. The coincident indicators have remained on an upward trend, whereas the leading indicators have declined further, suggesting that the domestic business outlook was still stable but warranted close monitoring. In August, both the Manufacturing PMI and the Non-Manufacturing Index (NMI) continued to show contractionary readings in the outlook for future business conditions.

Regarding economic growth, on the external demand side, exports increased by 29.2% year on year in the first eight months of this year. In particular, exports of electronics and information and communication products surged in August on the back of robust demand driven by AI innovation. However, exports of traditional industrial goods decreased owing to weaker international oil prices, price undercutting by overseas competitors, and sluggish market conditions. Looking ahead, in view of robust demand for AI and other emerging technology applications, the Bank projected that real exports would post solid growth for the second half of the year and for the year as a whole before experiencing weaker momentum next year.

Regarding private investment, with semiconductor-related supply chains expanding capacity and increasing research and development (R&D) expenditures, the Bank projected moderate growth in real private investment for the second half of the year, solid full-year growth, and slower growth next year.

In terms of private consumption, affected by cooling car and housing markets, the Bank forecasted subdued momentum in real private consumption for the second half of the year and for the year as a whole. However, growth was expected to pick up next year on the back of government tax-reduction measures and other stimulus efforts.

In the labor market, the number of employed persons continued to increase in July, and the unemployment rate came to a historically low level for the same period. As of mid-September, the number of furloughed workers rose compared with the end of June. For the January-July period, nominal regular earnings posted moderate growth, with stronger increases in the manufacturing sector than in the services sector owing to robust export growth. During the same period, real earnings also registered positive growth.

Overall, as the economy outperformed expectations to expand by 6.75% in the first half of this year, the Bank revised up its forecast for the 2025 annual GDP growth rate to 4.55%. However, with private consumption growth expected to be somewhat constrained in the second half of the year and firms remaining cautious about the outlook, investment momentum may be dampened. Accordingly, the Bank projected domestic economic growth to moderate to 2.51% in the second half of the year.

Looking ahead to next year, Taiwan’s exports and investment growth may be dampened not only by soft global trade volume expansion owing to U.S. tariff measures but also by a higher base effect. Nevertheless, private consumption is expected to recover. The Bank forecasts Taiwan's economy to grow moderately by 2.68% in 2026. Meanwhile, the output gap is projected to approach zero. Major domestic and international institutions forecast Taiwan's economic growth rate to range between 3.50% and 5.80% for this year and between 0.70% and 3.70% for next year.

(2) Financial conditions

In July and August this year, corporate cash dividend payments led to a temporary uneven distribution of funds among banks. Nevertheless, with the Bank's open market operations, overall domestic market liquidity remained broadly stable, and most money market rates trended downwards. From June to August, banks' average net excess reserves amounted to around NT$40 billion.

Regarding domestic monetary and credit conditions, growth in bank loans and investments has moderated since the beginning of the year, mainly reflecting slower annual growth in housing loans and working capital loans. Although a mild rebound was seen in June, expansion decelerated again in July. The pace of annual growth softened further in August, reflecting a decline in lending to households and firms. For the first eight months of the year, the average annual growth rate of bank loans and investments stood at 6.99%.

As for money supply, the pace of annual growth in the monetary aggregate M2 softened in tandem with the broad downtrend in annual loan and investment growth. Nonetheless, M2 growth picked up in August mainly owing to a stock market rebound. For the first eight months of the year, the average annual growth rate of M2 was 4.24%, staying within the Bank's reference range of 2.5% to 6.5%.

In the housing market, the Bank has continued to implement selective credit control measures. Recently, the number of building ownership transfers nationwide has declined further, housing price indices have showed slower annual growth, and a higher share of respondents expect housing prices to fall rather than rise. Since the beginning of the year, the backlog in mortgage disbursements has yet to ease, mainly reflecting the still sizable volume of new cases under the government's Enhanced Program of the Preferential Housing Loans for the Youth (hereinafter "Preferential Youth Housing Loans 2.0"). Consequently, the ratio of real estate lending to total lending across all banks (a measure of concentration of real estate lending) has declined gradually to 36.71% as of the end of August. Meanwhile, domestic banks also reported that housing loans to non-homeowner borrowers and loans for urban renewal and reconstruction of unsafe and dilapidated buildings have both taken up greater shares in their respective loan brackets. In this regard, where banks might fall short of their self-set quantitative targets under the internal real estate lending management plans because of prioritizing the above two types of loans, the Bank, starting from the second quarter of this year, has allowed greater flexibility in such cases.

(3) Price trends

Since July this year, consecutive typhoons and heavy rains have driven up food price rises. As a result, the annual growth rate of the CPI rebounded to 1.60% in August, while the annual growth rate of the core CPI (excluding vegetables, fruit, and energy) also rose to 1.74%.

For the January-August period, the average annual growth rate of the CPI was 1.83%, mainly reflecting price increases in food items such as food away from home, fruit, and meat, as well as rent hikes and higher prices of personal effects. Together, these factors contributed 1.51 percentage points or around 83% to the overall CPI increase.

In August, the price growth of frequently purchased items moderated slightly; however, the prices of major staple goods increased at a faster pace. By item category, prices of services such as food away from home and housing rent remained sticky. The annual growth rate of services prices in August was higher than that of goods prices and of the overall CPI.

Looking ahead, food prices such as vegetables and fruit are expected to remain elevated owing to unfavorable weather conditions. However, import prices have dropped markedly, and some goods are exempted from or subject to reduced commodity taxes following recent law amendments. The Bank has therefore slightly revised down its forecasts for Taiwan's CPI and core CPI annual growth rates for this year to 1.75% and 1.67%, respectively. For next year, with international institutions projecting lower-than-this-year oil prices and domestic services inflation expected to maintain a mild downtrend, the Bank forecasted the CPI and core CPI annual growth rates to further decline to 1.66% and 1.64%, respectively. Meanwhile, major domestic and foreign institutions projected Taiwan's CPI inflation rate to range between 1.54% and 1.90% for this year and between 1.00% and 1.90% for next year.

3. Considerations for Monetary Policy

(1) The inflation rate is projected to fall below 2% for the year as a whole, with a further decline expected next year.

A. For this year: The annual growth rates of the CPI and the core CPI are forecasted at 1.75% and 1.67%, respectively.

B. For next year: The CPI and core CPI annual growth rates are expected to edge down further to 1.66% and 1.64%, respectively.

(2) The domestic economy is forecasted to post solid growth this year and moderate expansion next year.

A. For this year: The economy grew by 6.75% in the first half of the year, outperforming expectations. The growth rate for the second half of the year is projected at 2.51%, which would bring full-year growth to 4.55%.

B. For next year: With U.S. tariff measures expected to continue weighing on global trade volume growth, coupled with a higher base effect, Taiwan's exports and private investment are likely to experience dampened growth. Nevertheless, private consumption is expected to recover. The economy is projected to expand moderately by 2.68% next year.

(3) At this juncture, it is important to prudently respond to uncertainties surrounding

the global economic outlook and the potential impact of U.S. economic and trade policies on Taiwan's economy.

II. Proposition and Decision about Monetary Policy

1. **Policy Propositions: To keep the discount rate, the rate on refinancing of secured loans, and the rate on temporary accommodations unchanged at 2%, 2.375%, and 4.25%, respectively.**
2. Board members reached a unanimous decision on the policy rate hold. Related discussions are summarized as follows.

(1) Discussions about the policy rates

All board directors, taking into account various factors at home and abroad, agreed to keep the policy rates unchanged. Several of them supported a rate hold decision, citing signs of industrial polarization despite easing domestic inflation and solid economic growth. While the electronics, information, and communication sectors posted robust growth in exports and investment thanks to the AI boom, traditional industries faced headwinds including from the U.S. tariff policy, leading to tepid exports and increased furloughs.

Some board directors expressed support for the Bank's approach that kept the policy rates unchanged but still ensured ample liquidity conditions conducive to traditional industries and SMEs (small- and medium-sized enterprises) through open market operations, namely by reducing issuance of certificates of deposit (CDs). **One of them** remarked that leveraging open market operations to inject liquidity would offer greater flexibility than an RRR (reserve requirement ratio) cut in facilitating the government's industry support programs.

One board director commented on recent price trends, pointing out that in the CPI basket the items purchased at least once a month still posted high annual growth. Moreover, some external surveys showed that, as of recently, consumers continued to have somewhat elevated expectations for inflation for the coming year, along with a large share of respondents expecting domestic prices to rise considerably in the coming six months. In this light, it would be important to closely monitor how public inflation expectations would evolve and what implications that could have for actual inflation trends. Meanwhile, given that Taiwan's real interest rate, though turning positive, remained low, which indicated financial conditions remained accommodative, the director favored a rate hold.

One board director pointed out that Taiwan's economy would continue to face many uncertainties in the second half of this year, including potential adjustments under the U.S. Section 232 trade measures. Meanwhile, although inflation has eased to below 2%, continuous monitoring remained crucial given potential upside pressures including geopolitical tensions pushing up energy prices and sticky services inflation of items such as housing rent and food away from home. **Another board director** noted that inflation might stay on a downward trend if the NT dollar strengthens or international oil prices weakens; however, sticky prices in services items such as food away from home and rent, as well as typhoon and other weather conditions, could exert upside pressures on prices. Therefore, future developments in price trends still needs monitoring.

Two board directors observed that there was limited scope for a rate cut as the projected GDP growth rate of Taiwan for this year was revised upward by the Bank. On the other hand, the gradual decline in the CPI annual growth rate this year followed by a further decrease next year suggested there was little need for a rate hike. On balance, a rate hold would be an appropriate policy action.

(2) Discussions regarding the selective credit control measures

Multiple board directors expressed the view that since the effectiveness of the selective credit control measures remained to be seen, it would be more suitable to maintain the current approach. **One of them** noted that the seventh amendment (the latest one) to the credit control measures had begun to show some results with housing transactions decreasing more significantly, but housing prices had not softened meaningfully and concentration of real estate loans remained relatively high. In this context, it would be appropriate to maintain the current control measures to allow more time for results to materialize. **Another board director** pointed out that it had taken seven amendments to bring down housing transaction volume and stabilize housing prices, and more time would therefore be required to see the effects of the credit controls. **Another board director** noted that Taiwan had a higher housing price to income ratio compared to some other countries, and it would be the right approach to keep the controls in place for now.

Several board directors discussed the subject of banks' internal management of real estate lending. Recently it came to attention that some banks had fallen short of the self-set quantitative targets because of prioritizing non-homeowner housing loans and loans for urban renewal and reconstruction of unsafe/dilapidated buildings. Regarding this situation, they expressed support for the Bank's accommodating response by allowing greater flexibility for those banks starting the second quarter of the year, citing that this approach would help ease the clog of housing loan disbursement facing some borrowers. **Two of them** added that the housing loan backlog was mainly because public banks took in a still large number of loan cases under the government's Preferential Youth Housing Loans 2.0, causing their Article 72-2 (Banking Act) real estate lending ratio to stay elevated, hence the delay in loan disbursement. However, the Financial Supervisory Commission already announced on September 4 this year that such preferential loan cases to be disbursed from September 1 onwards would be exempted from the Article 72-2 limit, which is judged to help ease the backlog. **Another board director** also stated that the Bank's accommodating approach would help address the funding needs of the Preferential Youth Housing Loans 2.0 borrowers and of first-time homebuyers while containing the risk associated with banks' real estate lending.

A few board directors noted the issue of real estate lending momentum among banks going forward. Although the Bank judged there was still sufficient funding momentum among financial institutions to meet the lending needs of homebuyers amid a wave of presold housing completion in the second half of the year, these directors stated that it would be appropriate to not only assess whether this momentum would sustain into the extended future in supporting the funding needs for housing loans secured by presold homes or newly-built unsold housing units and for construction loans for urban renewal and reconstruction of unsafe/dilapidated housing, but also evaluate potential risks therefrom.

One board director pointed out that banks, in processing real estate lending applications, are required to check against the 5P principle of sound credit underwriting (such as location of collateral, debt repayment capacity, etc.) to determine the actual terms of loans (including LTV ratios and interest rates). The satisfaction of all funding needs in the real estate market is not an automatic outcome, particularly those arising from investment- or speculation-oriented transactions of non-owner-occupied housing. Meanwhile, the Bank has continued to guide credit resources to prioritize the funding needs of first-time homebuyers and those for urban renewal and reconstruction of unsafe/dilapidated buildings. Recognizing that financial institutions could see their real estate lending exceed the self-disciplinary targets when prioritizing such loans, the Bank has granted them greater flexibility for adjustment.

Several board directors remarked on the topic of real estate lending concentration. **One of them** raised the issue concerning the determination of appropriate concentration levels. **Another board director** pointed out that although real estate concentration dropped to around 30% before, the higher level at present mainly reflected housing price surges; furthermore, it is difficult to predict how the concentration level would change going forward given that many banks would still continue to take in policy loans such as those under the Preferential Youth Housing Loans 2.0, those for social housing and for urban renewal and reconstruction of unsafe/dilapidated buildings. **One board director** noted that the Bank has set its real estate lending regulations after considering a diversity of real estate sector-related indicators, including (1) housing market trends, such as transaction volume, prices, public expectations of housing prices, etc., (2) real estate lending as extended by financial institutions, such as the annual growth rates of housing loans and construction loans, and underwriting standards of the regulated loans (e.g., loan-to-value ratios, interest rates, etc.), and (3) readings on risks associated with real estate lending, such as the non-performing loan (NPL) ratios of housing loans and construction loans, with real estate lending concentration being one of these indicators.

One board director gave the view that the way to effectively prevent systemic risk is through appropriate control of real estate lending concentration, which would also help channel bank liquidity towards sound allocation. Nonetheless, it is important to take into account the asset sizes and operational characteristics of banks because these differences would affect the effectiveness of banks in managing their loan concentration in times of sharper shifts in macroeconomic and financial conditions such as those in recent months. **Another board director** stated that variation in real estate lending concentration is about the pace of growth in real estate lending versus total lending; when the former grows slower than the latter, loan concentration turns lower. In general, real estate lending concentration has begun to trend down, suggesting that the selective credit control measures were showing results in helping channel bank credit resources into other industries instead of the real estate sector.

Two board directors noted that the housing market conditions and the macroeconomic environment at present had changed significantly compared to the end of last year (2024); therefore, banks could perhaps modify and report their self-set quantitative goals for real estate lending management and the Bank could also respond as early as needed. **Another board director** stated that the Bank had given greater flexibility to banks in their self-disciplinary management practices, thereby partially relaxing the restrictions on banks' real estate lending and allowing more discretion for banks.

One board director pointed out that currently the NPL ratio for real estate lending was considerably low, but there is a risk of the ratio rising in the coming six months or one to two years if the overall housing market and macroeconomic conditions become more challenging for some borrowers to make mortgage payment. Meanwhile, the mortgage affordability ratios (mortgage payment to income) in most regions in Taiwan had exceeded the affordable threshold of 30%, warranting further examination by the Bank in order to contain risk to financial stability.

One board director stated that recent shifts in housing prices varied across regions and even among different categories (for example, presale homes versus existing ones); therefore, continuous monitoring and assessment of future housing price trends would be necessary. **Another board director** remarked that a reversal in the housing market appeared to have taken shape, with mostly first-time homebuyers and self-occupant owners in the market instead of the previous crowd of speculators and property investors; the reversal thus warranted support for maintaining the current selective credit control measures.

3. Monetary Policy Decision:

The board directors decided unanimously to keep the discount rate, the rate on refinancing of secured loans, and the rate on temporary accommodations unchanged at 2%, 2.375%, and 4.25%, respectively.

Voting for the proposition:

Chin-Long Yang	Tsui-Yun Chuang	Ming-Hsin Kung
Tzung-Ta Yen	Mei-Lie Chu	Ray-Beam Dawn
Shiu-Sheng Chen	Fu-Sheng Hung	Yi-Ting Li
Shi-Kuan Chen	Chien-Yi Chang	Chang-Ching Lin
Ming-Fu Shaw	Junne-Jih Chen (Excused, Appointing Tzung-Ta Yen as Proxy)	
Ming-Chang Wu (Excused, Appointing Mei-Lie Chu as Proxy)		

III. The Press Release

The board directors approved unanimously to issue the following press release in the post-meeting press conference, together with the Supplementary Materials for the Post-Monetary Policy Meeting Press Conference prepared by the Bank.

Monetary Policy Decision of the Board Meeting (2025Q3)

I. Global economic and financial conditions

Since the Board met in June this year, with increased clarity on U.S. tariff policy, the impact of its related uncertainty on the world economy has somewhat eased, and global manufacturing activity has slightly recovered. International institutions revised upward the global economic growth forecast for this year, albeit still below the level of the previous year. Meanwhile, despite a recent modest rebound in international crude oil, grain, and other raw material prices, international institutions projected global inflation to continue to soften this year.

From June onwards, the monetary policy paths of major central banks diverged. The U.S. Federal Reserve resumed cutting rates, whereas the Bank of Japan maintained its pause on rate increases. In the meantime, the European Central Bank put rate reductions on hold, and the People's Bank of China continued with monetary easing measures. Market expectations regarding the pace of monetary policy adjustments by major central banks added to volatility in international financial markets.

Looking ahead, multiple factors such as the future course of U.S. tariff policy, monetary policy actions of major central banks, China's economic slowdown, as well as geopolitical conflicts and climate change, could increase uncertainties over the global economic and financial outlook. International institutions forecasted global economic growth to be slightly higher in 2026 than in 2025, with global inflation expected to ease further.

II. Domestic economic and financial conditions

1. The domestic economy performed better than expected in the first half of the year, with an annual growth rate of 6.75%. From July onwards, bolstered by continuous strong demand for artificial intelligence (AI) and other emerging technology applications, exports grew significantly and private investment also increased further, whereas private consumption showed slower growth. The Bank forecasted that while a high base effect would lead the economic growth rate to register 2.51% for the second half of this year, the economy would expand by 4.55% for the year as a whole (see Appendix Table 1 for the forecasts by major institutions). Regarding labor market conditions in recent months, the number of employed persons continued to rise, the unemployment rate declined year on year, and wage grew mildly. Nonetheless, the number of furloughed workers turned higher, mainly reflecting the U.S. tariff policy impact on some manufacturers.

    Looking ahead to next year, despite the ongoing demand boom for emerging tech applications, Taiwan's exports and private investment were expected to grow at a slower pace as the U.S. tariffs may continue to weigh on global trade growth, coupled with a higher base effect. Meanwhile, private consumption would likely pick up. The Bank therefore projected the economy to expand moderately by 2.68% next year.

2. The annual growth rate of the consumer price index (CPI) rose back up in recent months as weather disruptions caused food prices such as fruit and vegetables to stay elevated. For the first eight months of the year, the annual growth rate of the CPI averaged 1.83% and that of the core CPI (excluding vegetables, fruit, and energy items) averaged 1.64%. Regarding the inflation outlook, the Bank expected inflationary pressures to be mild in the second half of the year and forecasted the CPI and the core CPI annual growth rates to register 1.75% and 1.67% in 2025, respectively (see Appendix Table 2 for the forecasts by major institutions), lower than the 2.18% and 1.88% recorded in 2024.

    Looking ahead to next year, international institutions expected oil prices to run below the level of this year, and domestic services inflation would likely maintain a shallow downtrend. In this view, the Bank forecasted the CPI and the core CPI annual growth rates to further decline to 1.66% and 1.64% in 2026, respectively. Key drivers for future domestic inflation trends include international commodity prices, domestic services prices, and weather factors.

3. Domestic market liquidity remained ample, and both long- and short-term market interest rates fluctuated within a narrow range in recent months. Excess reserves in the banking system averaged close to NT$40 billion in the period of June to August this year. For the first eight months of the year, the average annual growth rate of the monetary aggregate M2 (measured on a daily average basis) was 4.24% and that of bank loans and investments was 6.99%.

III. The Board decided unanimously to keep the policy rates unchanged

At the meeting today, the Board considered the totality of information on the economic and financial conditions at home and abroad. The domestic inflation rate was projected to drop to below 2% this year and to continue to slow down next year. The domestic economy was expected to post solid growth this year and to expand at a moderate pace next year. Taking a prudent approach to the uncertainty surrounding the global economic outlook and the potential influence of U.S. economic and trade policies on Taiwan's economy, the Board judged that a rate hold would help sustain sound economic and financial development on the whole.

The Board decided to keep the discount rate, the rate on refinancing of secured loans, and the rate on temporary accommodations unchanged at 2%, 2.375%, and 4.25%, respectively.

Going forward, the Bank will closely monitor the implications of uncertainty factors – including the U.S. tariff policy impact, the pace of monetary policy adjustments by major central banks, China's economic downturn risk, geopolitical conflicts, and extreme weather – for Taiwan's economic activity, financial conditions, and price trends. The Bank will adjust its monetary policy accordingly in a timely manner as warranted to fulfill the statutory duties of maintaining financial and price stability and fostering economic development within the scope of the aforementioned objectives.

IV. The Bank adopted moral suasion in mid-August 2024 by asking banks to enhance internal quantitative controls of aggregate real estate lending volumes over the coming year (2024Q4 - 2025Q4). The Bank then made the seventh amendment to its selective credit control measures in September 2024.

Since the imposition of these policies, the loan brackets under the credit controls have witnessed lower loan-to-value (LTV) ratios; consumer expectations for housing price rises have eased, housing market transactions have continued to cool down, and the housing price uptrend has slowed. Meanwhile, housing loans granted by domestic banks to non-homeowners have continued to increase as a share of total housing loans. Loans for urban renewal and reconstruction of unsafe and dilapidated housing have also been rising as a share of construction loans. Overall, the ratio of real estate lending to total lending of all banks (a measure of concentration of real estate lending) has gradually come down from the peak of 37.61% recorded at the end of June 2024 to 36.71% as of the end of August this year.

Going forward, the Bank will keep watch on concentration on real estate lending so as to channel credit resources towards accommodating the funding needs of productive enterprises for real investment, and towards uses aligned with government initiatives such as those in support of non-homeowner mortgage borrowers, urban renewal and reconstruction of unsafe and dilapidated homes, and social housing projects. Meanwhile, the Bank will 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 as needed in order to promote financial stability and sound banking operations.

V. The NT dollar exchange rate is in principle determined by market forces. Nonetheless, when irregular factors (such as massive inflows/outflows of short-term capital) and seasonal factors lead to excess volatility or disorderly movements in the NT dollar exchange rate with adverse implications for economic and financial stability, the Bank, in compliance with its statutory duties, will step in to maintain an orderly market.

Appendix Table 1

Taiwan's Economic Growth Forecasts by Major Institutions

Unit: %

Forecast Institutions		**2025 (f)**	**2026 (f)**
Domestic Institutions	**CBC (2025/9/18)**	**4.55**	**2.68**
	NTU/Cathay (2025/9/15)	4.50	2.00
	DGBAS (2025/8/15)	4.45	2.81
Foreign Institutions	Citi (2025/9/15)	3.50	2.50
	Goldman Sachs (2025/9/15)	5.00	2.02
	S&P Global Market Intelligence (2025/9/15)	4.25	1.78
	Barclays Capital (2025/9/12)	5.00	0.70
	BofA Merrill Lynch (2025/9/12)	5.20	2.00
	J.P. Morgan (2025/9/12)	5.80	1.90
	Morgan Stanley (2025/9/12)	4.90	3.70
	Nomura (2025/9/12)	4.60	2.70
Forecast Average		**4.70**	**2.25**

Appendix Table 2

Taiwan's Inflation Forecasts by Major Institutions

Unit: %

Forecast Institutions		2025 (f)	2026 (f)
Domestic Institutions	**CBC (2025/9/18)**	**1.75 (CPI)** **1.67 (Core CPI*)**	**1.66 (CPI)** **1.64 (Core CPI*)**
	NTU/Cathay (2025/9/15)	1.80	1.60
	DGBAS (2025/8/15)	1.76	1.64
Foreign Institutions	Citi (2025/9/15)	1.70	1.80
	Goldman Sachs (2025/9/15)	1.54	1.00
	S&P Global Market Intelligence (2025/9/15)	1.73	1.60
	Barclays Capital (2025/9/12)	1.80	1.50
	BofA Merrill Lynch (2025/9/12)	1.60	1.30
	J.P. Morgan (2025/9/12)	1.70	1.30
	Morgan Stanley (2025/9/12)	1.90	1.70
	Nomura (2025/9/12)	1.80	1.90
Forecast Average		**1.73**	**1.55**

* Excluding vegetables, fruit, and energy.