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# **Minutes of the Monetary Policy Meeting**

March 19, 2026

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

**Meeting Minutes<sup>1</sup> on Monetary Policy  
at the Joint Meeting of the Board of Directors and  
the Board of Supervisors, Held on March 19, 2026**

**Date and Time:** 2:00 p.m., March 19, 2026

**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, Tzung-Ta Yen, Mei-Lie Chu, Ray-Beam Dawn

**Directors:** Shiu-Sheng Chen, Fu-Sheng Hung, Yi-Ting Li, Shi-Kuan Chen, Ming-Chang Wu, Chang-Ching Lin, Ming-Fu Shaw, Ming-Hsin Kung (Excused, Appointing Tzung-Ta Yen as Proxy) Junne-Jih Chen (Excused, Appointing Mei-Lie Chu as Proxy) Chien-Yi Chang (Excused, Appointing Shi-Kuan Chen 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  
Jui-Hsiang Lu, 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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<sup>1</sup> 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 beginning of this year (2026), with investments in artificial intelligence (AI) related projects increasing, the global manufacturing Purchasing Managers’ Index (PMI) has continued to show expansion. However, following the outbreak of the Middle East conflict, the global geopolitical risk index has surged to its highest level since the 2022 Russia-Ukraine war. The conflict in the Middle East has also impacted energy supply; if this persists for too long, it could deal a severe blow to the global economy and inflation. International institutions have revised downward their global economic growth forecasts for this year.

In terms of international commodity prices, crude oil prices have soared recently to the conflict in the Middle East. Furthermore, disruptions to shipping in the Strait of Hormuz have hindered nitrogen fertilizer exports, leading to a rise in grain prices. Coupled with rising industrial metal prices and continued gains in gold prices, the R/J CRB Futures Price Index – which reflects overall international commodity prices – has moved upward.

Regarding the inflation outlook, as geopolitical conflicts have pushed up energy prices such as crude oil and indirectly driven up food prices, global inflationary pressures have increased. International institutions have revised upward the 2026 CPI annual growth rate forecasts for the world and most major economies.

Regarding monetary policy, the U.S. Federal Reserve (Fed), the European Central Bank (ECB), and the Bank of Japan (BoJ) have kept their policy rates unchanged so far this year, while the People’s Bank of China (PBoC) has continued its loose monetary policy stance.

In international financial markets, the Middle East conflict has pushed up inflation expectations, causing government bond yields in major economies to

rise. This has also heightened market uncertainty, leading to a sharp increase in equity market volatility, with global equity indices retreating from their peaks. Recently, as safe-haven capital flowed into the greenback, the US dollar index has gradually recovered.

Looking ahead, the global economic outlook faces multiple uncertainties, including: escalating geopolitical risks, the development and impact of U.S. trade policies, the adjustment paths of major central banks' monetary policies, the economic benefits and impacts of AI development, as well as weak domestic demand and overcapacity in China. These factors will all affect global economic, trade, and financial developments.

## **2. Domestic Economic and Financial Conditions**

### **(1) Economic situation**

Recently, Taiwan's manufacturing and services output has continued to expand. Both the leading and coincident indicators have continued to rise, suggesting that the domestic economy is growing steadily. In February this year, both the Manufacturing PMI and the Non-Manufacturing Index (NMI) remained in expansion territory. The outlook for future business conditions also stayed expansionary.

Regarding the components of economic growth, on the external demand side, Taiwan's exports grew by 44.5% year on year during the January-February period. In particular, benefiting from factors such as demand for innovative AI applications and rising memory chip prices, exports of electronics and information and communication products remained robust. Furthermore, the export performance of traditional industrial goods related to AI was also favorable. Looking ahead to this year, with the introduction of new AI-related products and the gradual rollout of high-end chip and advanced packaging capacity, export momentum for Taiwan's related supply chains is expected to strengthen. The Bank projected that real exports will continue to grow steadily this year.

Regarding private investment, the semiconductor supply chain has continued

to expand capacity and R&D spending. Meanwhile, the server supply chain has continued to increase and optimize its production capacity here in Taiwan. Additionally, the government's increased budget for technology infrastructure and net-zero transition will bolster investment intensions. The Bank forecasted mild growth in real private investment this year.

As for private consumption, active stock market trading so far this year and stronger willingness for listed companies to raise wages and distribute bonuses and dividends on the back of corporate profit growth from the previous year (2025) would likely benefit consumer spending. Moreover, the current labor market remains stable, and car market demand is expected to pick up. Given these favorable conditions, the Bank forecasted a pickup in real private consumption growth this year.

With respect to the labor market, total employment continued to rise in January, and the unemployment rate declined further, reaching the lowest level for the same period in nearly 26 years. In mid-March, the number of workers on furloughs decreased. Nominal regular earnings grew moderately in January, and with domestic inflation slowing down, real regular earnings registered positive growth.

Overall, taking into account the baseline scenario including the continuing trend of emerging technology applications such as AI driving steady growth in Taiwan's exports, private investment growing in tandem with exports, private consumption growth expected to pick up, the impact of new U.S. tariff policies on Taiwan's economy judged to be limited, and the Middle East conflict pushing up oil prices, the Bank revised up its forecast for this year's economic growth rate to 7.28%.

Compared with the previous forecast in December 2025, the Bank revised up the economic growth rate for this year by 3.61 percentage points. This was mainly due to better-than-expected capital expenditures by the four major global cloud service providers (CSPs) and the capacity expansion of Taiwanese key component manufacturers, which led to significant upward revisions in the growth

forecasts for exports and private investment. Currently, major domestic and international institutions forecast Taiwan's economic growth rate for this year to range between 4.05% and 8.60%, with an average of 6.44%.

## (2) Financial conditions

In January this year, as the Lunar New Year approached, short-term interest rates trended upward. In February, coinciding with the Lunar New Year holiday and the February 28 Peace Memorial Day long weekend, market demand for funds was high, and short-term interest rates also rose slightly. For the January-February period, average bank excess reserves was approximately NT\$56 billion.

Regarding domestic monetary and credit conditions, in terms of bank credit, bank loans and investments grew at a higher annual rate in January, driven by growth in personal working capital loans for financial planning and bank securities investments. In February, the annual growth rate of loans and investments rose further to 7.37%, reflecting increased demand for funds around the Lunar New Year.

Regarding money supply, the M2 annual growth rate rose in January as a result of the increase in the annual growth rate of bank loans and investments. In February, the M2 annual growth rate rose further to 5.38% owing to an increase in currency issuance during the Lunar New Year and faster growth in bank loans and investments.

In respect of the housing market, the Bank continued to implement selective credit control measures. Together with banks' ongoing efforts to strengthen risk management for real estate lending, the number of building ownership transfers nationwide has continued to decline recently, the rise in housing prices has slowed, and the public's outlook for housing prices has mostly turned bearish. At the end of February this year, the annual growth rate of total real estate loans extended by all banks fell to 3.7% from a peak of 9.4% at the end of September 2024. Furthermore, the concentration of real estate loans also edged down to 36.0% from its peak of 37.6% at the end of June 2024, indicating an improvement in the concentration of bank credit resources in real estate lending. In addition, the

share of loans for purchasing houses by individuals without owner-occupied housing in total housing loans continued to rise to 64.2%, and the share of loans for urban renewal and reconstruction of unsafe and dilapidated housing in total construction loans also rose further to 24.6%. These figures indicate that credit resources have been prioritized to support home purchases by non-homeowners and loans for urban renewal and reconstruction of unsafe and dilapidated housing. The effectiveness of the Bank's selective credit control measures is gradually becoming apparent.

### (3) Price trends

For the January-February period, the average annual growth rate of the consumer price index (CPI) was 1.23%. This was mainly due to price increases in personal effects such as gold and jewelry and in food away from home, as well as rent increases and higher prices of entertainment services. Together, these factors contributed 1.13 percentage points, or around 92%, to the overall CPI increase. For the same period, the average annual growth rate of the core CPI was 1.93%. These figures suggested that inflation remained moderate.

During the January-February period, price increases of frequently purchased items declined, while those of key staple goods rose. Furthermore, by category, the CPI annual growth rate of services during this period was higher than that of goods and than the overall CPI.

Regarding import prices, as the NT dollar appreciated against the US dollar in the first two months of this year compared with the same period last year, import prices in NT dollar terms declined.

Looking ahead to this year, the conflict in the Middle East has pushed up international oil prices. Assuming the forecast for the annual average oil price this year is revised upward from US\$58.3 to US\$85 per barrel, the Bank estimated that this would raise the CPI annual growth rate by approximately 0.52 percentage points. However, taking into account that the government's strengthened energy price stabilization mechanism could reduce the CPI annual growth rate by 0.35 percentage points, the Bank revised its CPI inflation forecast for this year upward

by 0.17 percentage points to 1.80% from the previous projection of 1.63%. Inflation for this year is expected to remain under control. Meanwhile, major domestic and foreign institutions projected Taiwan's CPI annual growth rate for this year to range between 1.50% and 1.91%, with an average of 1.67%.

### **3. Considerations for Monetary Policy Decisions**

#### **(1) Regarding the policy rate decision**

A. The domestic inflation outlook is projected to be mild this year

— In light of rises in international crude oil and other energy prices driven by the recent Middle East conflict, and after taking into account the mitigating effects of the government's energy price stabilization mechanism, the Bank has adjusted its annual forecasts for the 2026 CPI and core CPI annual growth rates upward to 1.80% and 1.75%.

B. The domestic economy is expected to post solid growth this year

— The continued expansion of business opportunities for AI and other emerging technologies is expected to drive steady export growth and bolster private investment momentum, while private consumption is also likely to strengthen. Therefore, after taking into account the impact of U.S. tariff policies and the Middle East conflict, the Bank forecasts the economic growth rate for this year to be 7.28%.

C. It is important to prudently respond to uncertainties surrounding the global economic and financial outlook and the potential impact of the Middle East conflict and U.S. economic and trade policies on domestic prices and the economy.

#### **(2) Regarding the adjustment to selective credit control measures**

A. The Bank's selective credit control measures have begun to yield results gradually.

- B. The significant release of newly completed housing in recent years could continue to push up the pressure from unsold new homes; thus, a moderate adjustment to the Bank's selective credit control measures will help facilitate the reduction of unsold housing inventories.
- According to statistics from the Ministry of the Interior, the number of unsold new homes reached 112,000 units in the second quarter of last year, representing an increase of 8,956 units or 8.68% compared to the same quarter in 2024.
- C. The Bank has moderately adjusted the maximum loan-to-value (LTV) ratio for second housing loans for natural persons, raising it from the current 50% to 60%, primarily for the following reasons:
- a. In the fourth quarter of 2025, the number of accounts and the total amount of second housing loans decreased by 37.3% and 40.0% year-on-year, respectively.
  - b. Addressing feedback from borrowers that the second housing loans are intended for family members or personal self-use needs, such purposes would be consistent with the Bank's principle of guiding credit resources to prioritize owner-occupied housing demand.
- D. Although housing transactions have somewhat cooled, real estate lending growth has eased, and concentration of real estate loans has gradually declined, it is not yet appropriate to significantly relax housing credit control:
- a. Despite a slight reversal in domestic housing price trends, the mortgage burden remains heavy: National house prices have seen a cumulative increase significantly higher than major economies since 2020, and price-to-income ratios in Taiwan and Taipei City also exceed those of major economies and international cities. A significant relaxation of credit controls could reignite public expectations for rising house prices, rendering the Bank's seven rounds of credit control measures futile.
  - b. The wealth effect from the surging Taiwan stock market in the recent year

and the potential rise in inflation expectations triggered by oil price increases from the recent Middle East conflict are both factors that could drive capital into the housing market.

## **II. Proposition and Decision about Monetary Policy**

- 1. Policy Propositions: (1) 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) to adjust the selective credit control measures**
2. Board members reached a unanimous decision on the policy rate hold. The Board also agreed on the adjustment to the selective credit control measures. 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** pointed to the fact that domestic prices remained stable, largely owing to the government's energy price stabilization mechanism in response to international oil price surges triggered by recent geopolitical conflicts in the Middle East. Coupled with solid growth of the domestic economy, they considered it appropriate to keep the policy rates unchanged. **One of them** remarked that while economic growth momentum remained robust, it was primarily driven by the AI sector, indicating that the expansion was unevenly distributed across different industries. Furthermore, with the CPI annual growth rate moderating, these developments suggested that there was no need to employ monetary policy tools in response at this stage.

**Several board directors** emphasized the importance of closely monitoring the future path of inflation expectations. **One of them** noted that with the high uncertainty surrounding the duration of the Middle East conflict, rising international oil prices has exerted a direct pass-through effect on domestic energy

prices. Should this further fuel inflation expectations, it could strengthen downward price rigidity in those sectors with higher stickiness, making it difficult for prices to come down after firms' opportunistic price hikes. **Another board director** pointed out that in addition to further pushing up prices, sustained and heightened inflation expectation could also dampen demand and weigh on economic growth. Therefore, it is vital to anchor public inflation expectation of price rises.

**One board director** stated that based on research on the inflationary pass-through of international oil prices, the impact occurs in two stages. In the first stage, which is characterized by rising domestic energy prices, monetary policy responses are deemed unnecessary as it offers limited efficacy in addressing such cost-push inflation. The second stage necessitates the monitoring of inflation expectation and preemptive action should be taken by central banks in the event of a de-anchoring. In this view, and taking into account the current government-led energy price stabilization mechanism, Taiwan's situation has not yet progressed into the second stage. Therefore, the director supported the rate hold proposition.

**One board director** suggested that the Bank may, given its upward revision of this year's inflation rate forecast and considering the lingering uncertainties stemming from future geopolitical risk, communicate to the public its readiness to take prompt action as warranted in response to rising inflationary pressures; by signaling that it is keeping close watch on inflation, the Bank would effectively trigger a "policy announcement effect." Furthermore, inflation rates vary across households owing to differences in their consumption patterns. Lowest-income households face a higher inflation rate than the overall headline CPI growth rate. Therefore, close attention should be paid to the disproportionate impact of inflation on low-income households and to the deterioration of income inequality because these issues not only affect the macro-economy but also carry implications for financial stability.

**Two board directors** expressed concerns about recent US dollar strength and the resultant NTD depreciation, which could fuel imported inflation and

exacerbate inflationary pressure driven by oil price rises. This warrants close monitoring of future prices trends.

**One board director** pointed out that the leading indicators for the domestic economy were robust, indicating negligible probability of a recession. In addition, the domestic real interest rate has turned positive amid slowing inflation, albeit still lower than the levels seen in OECD economies. The Bank has revised up its forecast for the CPI annual growth rate for the year in view of oil price hikes triggered by the Middle East conflict. Moreover, the core CPI leading indicator has trended up since February this year, warranting attention as this suggests a further rise in the core CPI inflation rate.

**Another board director** cited the difficulty of predicting the future trajectory of international oil prices and noted that if oil price surges persist through the end of April, it could prompt an upward revision to the Bank's CPI inflation forecast. Historically, military conflicts in the Middle East have been short-lived; however, should they become protracted, the Bank will stand ready to respond as needed.

## **(2) Discussions regarding the adjustment to selective credit control measures**

**Multiple board directors** expressed the view that as the Bank's selective credit control measures have begun to gradually show results and homebuyers have voiced demand for a second loan for owner-occupied housing, it would be a sound and appropriate move to raise the loan-to-value (LTV) ratio cap on a natural person's second home-purchasing loan from 50% to 60%. **One of them** pointed out that this 10% relaxation will likely have a limited impact on the broader housing market, in view of the current slump in transactions. **Another board director** stated that this LTV cap increase, without compromising the overall real estate credit risk management, would actually provide meaningful support to individuals with genuine need for a second home loan, whether for self-use (including for family members) or for interim housing during urban renewal or reconstruction of unsafe and dilapidated buildings. **One board director** noted that

although today’s proposition would raise the LTV cap on a natural person’s second housing loan to 60%, the other existing credit control measures remain more stringent than those implemented between 2010 and 2016, when 60% was the lowest cap applicable. Moreover, housing market conditions have changed tremendously since the seventh, tighter round of the selective credit controls in September 2024, which would justify the proposed cap relaxation.

**One board director** pointed out that public expectation of rising housing prices often spur demand for homebuying, which in turn fuel housing price rises. This warrants action to contain such expectation. In this view, the director could not concur with the cap relaxation, expressing reservations about raising the cap when heightened housing price expectation have only just begun to show signs of moderating. The director further emphasized the importance of accounting for the potential impact of this adjustment on housing price expectation. **Another board director** noted that recent domestic research indicates that the Bank’s credit control on natural persons’ second housing loan have yielded insignificant results, whereas those on first housing loans to natural persons with existing housing property have shown the most pronounced impact. In this view, the director, despite consenting to the proposed cap relaxation, suggested that the Bank consider adopting complementary measures; for instance, tightening the constraint on first housing loans to natural persons already holding property would prevent the market from interpreting today’s move as a general softening of the Bank’s credit control policy and would also help dampen housing market expectations. **Another board director** expressed similar views, suggesting that complementary measures be taken alongside the cap relaxation for second housing loans. In addition, it is important for the Bank to continue monitor the development in demand for second housing loans for owner-occupation, while adopting a balanced approach to housing credit control.

**One board director** supported the proposed relaxation of the LTV ratio cap but suggested that to avoid misinterpretation or reignition of bullish expectation for housing prices, the Bank should communicate to the public that this policy adjustment was mainly aimed at addressing borrower demand. In addition, as the

number of borrower accounts and the amount of second housing loans for natural persons accounted for only a small share of the respective totals under the selective credit controls, a 10% relaxation of the LTV cap represents a small change with limited impact. **Another board director** stated that today's cap relaxation was in part to accommodate borrower need for financing owner-occupied housing; however, to prevent the market from misreading this move as a general easing of the credit control policy, banks will still be required to submit monthly data on real estate lending. The Bank will also strengthen its efforts of targeted financial examinations to review banks' compliance of relevant regulations and the status of their internal management regarding aggregate real estate lending.

**One board director** noted that the recent oil price surge driven by the Middle East conflict could push up inflation expectation, fueling capital flow into the housing market; therefore, the Bank should put in place preparatory measures.

**Multiple board directors** brought attention to the time limit for disposing of the original property under the Bank's home replacement coordination measures. **One of these directors** pointed out that mortgage borrowers switching homes remain under pressure to sell their previous property within 18 months and therefore it is advisable to also consider adjusting this time constraint in addition to the LTV ratio cap relaxation introduced today. **Another board director** noted that the Bank's extension of the time limit from 12 to 18 months, announced last year, serves to help reduce market friction associated with home replacement; however, a further extension of the deadline could weaken the effectiveness of credit control, a concern that warrant careful consideration. **Another of them** observed that the Bank's survey of major banks showed most of these borrowers were able to sell their original property within one to twelve months, suggesting that the current 18-month timeframe is sufficient to meet their needs. In addition, with the LTV ratio cap of second housing loans to be lifted to 60%, it should be able to alleviate the funding pressure of borrowers seeking home replacement.

**One board director** stated that the Bank's credit control policy is aimed at containing the risk that bank credit could be excessively concentrated in the real

estate sector. Regarding unsold newly-completed housing units, the issue of housing market oversupply should be addressed through the price mechanism, rather than through credit control adjustments to ease supply pressure in this segment. **Another board director** noted that with newly-completed housing units coming onto the market, it was indeed necessary to guide the real estate market towards a healthier direction through the careful relaxation of the second housing loans. Moreover, against the background of elevated housing prices, the relaxation introduced today applies only to the LTV ratio cap on second housing loans while other credit controls remain unchanged. This should help curb speculative transactions that could overheat the housing market.

**3. Monetary Policy Decision:**

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

**Voting against the proposition:** None.

**(2) The board directors decided to adjust the selective credit control measures.**

**Voting for the proposition:**

Chin-Long Yang      Tsui-Yun Chuang

Tzung-Ta Yen      Mei-Lie Chu

Ray-Beam Dawn      Shiu-Sheng Chen  
(suggesting additional supporting measures)

Fu-Sheng Hung      Shi-Kuan Chen      Ming-Chang Wu

Chang-Ching Lin      Ming-Fu Shaw

Ming-Hsin Kung (Excused, Appointing Tzung-Ta Yen as Proxy)

Junne-Jih Chen (Excused, Appointing Mei-Lie Chu as Proxy)

Chien-Yi Chang (Excused, Appointing Shi-Kuan Chen as Proxy)

**Voting against the proposition:**

Yi-Ting Li

### **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.

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## **Monetary Policy Decision of the Board Meeting (2026Q1)**

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### **I. Global economic and financial conditions**

Since the Board met in December last year, rising investment in artificial intelligence (AI) and related technologies has contributed to continued expansion in global manufacturing activity and sustained moderate growth in the global economy. With the recent outbreak of the conflict in the Middle East, international oil prices have surged, which could pose an upside risk to global inflation and dampen global demand. International institutions have therefore revised their forecasts downward for the global economic growth rate this year, while raising their projections of the global inflation rate.

In the year so far, the U.S. Federal Reserve, the European Central Bank, and the Bank of Japan have kept their policy rates on hold, while the People's Bank of China maintains a loose policy stance. The recent changes in U.S. tariff policies and developments in the Middle East conflict have induced greater volatility in global financial markets.

Looking ahead, geopolitical tensions in the Middle East and the evolution of U.S. economic and trade policies could disrupt global trade and investment activity. Meanwhile, the future paths of monetary policy adjustments by major central banks could shift international capital flows. These factors, along with the development in AI-related industries, could add to uncertainties surrounding the global economic and financial outlook.

### **II. Domestic economic and financial conditions**

1. Developments since the beginning of this year pointed to robust export expansion and sustained private investment growth, bolstered by a continued boom in AI and other emerging technology applications. Meanwhile, a rebound in consumer confidence boosted private consumption. Regarding labor market conditions in recent months, the number of employed persons increased further, the unemployment rate continued trending down, and wage

increased mildly.

For the economic outlook this year, it is likely that the proliferation of commercial applications of emerging technologies would continue to buttress Taiwan's export strength and drive up private investment, while private consumption growth is also expected to pick up. The Bank revised up its forecast for Taiwan's GDP growth rate to 7.28% (see Appendix Table 1 for the forecasts by major institutions).

2. For the first two months of the year, the annual growth rate of the consumer price index (CPI) averaged 1.23% and that of the core CPI (excluding vegetables, fruit, and energy items) averaged 1.93%, both indicating still moderate inflation.

For this year as a whole, the effect from price cuts in some commodities after the implementation of commodity tax reduction/exemption would likely continue and services prices are expected to maintain a gradual downtrend. However, the recent Middle East conflict has pushed up international crude oil and other commodity prices. The Bank, taking into account the government's efforts through the energy price stabilization mechanism, revised up its forecasts for this year's CPI and core CPI annual growth rates to 1.80% and 1.75%, respectively (see Appendix Table 2 for the forecasts by major institutions). Key drivers for future domestic inflation trends include international geopolitical risks 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 around NT\$56 billion for the first two months this year. For this period, the annual growth rate of the monetary aggregate M2 (measured on a daily average basis) averaged 5.27% and that of bank loans and investments averaged 7.04%.

### 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 outlook was projected to remain moderate this year and the domestic economy was expected to post solid growth. Taking a prudent approach to the uncertainty surrounding the global economic and financial outlook and the potential impact of the Middle East conflict and U.S. economic and trade

policies on domestic prices and the 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 geopolitical risks, the impact of U.S. economic and trade policies, the pace of monetary policy adjustments by major central banks, the development of AI-related industries, 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 Board decided to adjust the selective credit control measures

In September 2024, the Bank made the seventh amendment to its selective credit control measures. Meanwhile, financial institutions continued with their respective internal quantitative management of aggregate real estate lending. With these efforts, 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 annual growth rate of housing prices has come down. Data also show that 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.

The ratio of real estate lending to total lending of all banks (a measure of concentration of real estate lending) has declined from the peak of 37.6% recorded at the end of June 2024 to 36.0% as of the end of February this year. The annual growth rate of real estate loans of all banks has dropped from its end-September 2024 peak of 9.4% to 3.7% at the end of February this year. In particular, the annual growth rate of housing loans has decreased from a high of 11.3% at the end of September 2024 to 4.5% at the end of February 2026, and that of construction loans has also trended down to 1.5% at the end of this February. These data trends

indicate an improvement in the previously-observed overflow of bank credit resources towards the real estate sector.

In sum, the gradual manifestation of policy effectiveness has been observed and financial institutions have continued with enhanced management of credit risk associated with real estate lending. Consequently, speculative activity in the housing market has declined. In addition, the Bank took into account public petitions that natural persons' second housing loans might be taken out simply to meet the need for owner-occupant housing for their family or themselves. Therefore, the Bank decided to introduce moderate adjustments to the LTV ratio cap on a natural person's second housing loan, raising it from 50% to 60%. Accordingly, the *Regulations Governing the Extension of Mortgage Loans by Financial Institutions* will be amended, taking effect from March 20, 2026 (See Appendix).

Going forward, the Bank will continue to require financial institutions 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 ensure banks' compliance with the selective credit control measures and to monitor the status of their internal quantitative management of aggregate real estate lending. At the same time, the Bank will keep close watch on potential impacts of real estate sector-related policies on the housing market, 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.

- V. The NT dollar exchange rate is in principle determined by market forces. Nonetheless, uncertainty from the recent Middle East conflict has heightened volatility in international financial markets, with potentially adverse implications for the domestic foreign exchange market and financial market stability. The Bank will closely monitor capital movements and, consistent with its statutory duties, step in to maintain an orderly market.

**Appendix: Comparison Table of the Amendments to the *Regulations Governing the Extension of Mortgage Loans by Financial Institutions***

Effective Date: March 20, 2026

Loans		Loan Underwriting Criteria	
		Current provisions	Amendments
Housing loans taken out by corporate entities		LTV ratio cap: 30%; No grace period	(Unchanged)
Natural persons	High-value housing loans	LTV ratio cap: 30%; No grace period	(Unchanged)
	First housing loans for current homeowners	No grace period	(Unchanged)
	Second housing loans	LTV ratio cap: 50%; No grace period	LTV ratio cap: <u>60%</u> ; No grace period
	Third (or more) housing loans	LTV ratio cap: 30%; No grace period	(Unchanged)
Unsold housing unit loans		LTV ratio cap: 30%	(Unchanged)
Land loans		<ul style="list-style-type: none"> <li>● LTV ratio cap: 50% (10% to be withheld until construction commences)</li> <li>● Additional requirements: <ul style="list-style-type: none"> <li>◆ A substantive project development plan</li> <li>◆ A written affidavit specifying the timeframe to commence construction</li> </ul> </li> </ul>	(Unchanged)
Mortgage loans for idle land in industrial districts		LTV ratio cap: 40%; Exemptions applicable when: <ul style="list-style-type: none"> <li>● Construction on the collateralized land has commenced; or</li> <li>● Borrower has submitted a substantive project development plan and a written affidavit stating construction to begin within 1 year</li> </ul>	(Unchanged)

## Appendix Table 1

### Taiwan's Economic Growth Forecasts by Major Institutions

Unit: %

Forecast Institutions		2026 (f)
Domestic Institutions	<b>CBC (2026/3/19)</b>	<b>7.28</b>
	NTU/Cathay (2026/3/16)	5.80
	DGBAS (2026/2/13)	7.71
	TIER (2026/1/26)	4.05
	CIER (2026/1/19)	4.14
Foreign Institutions	Citi (2026/3/18)	5.50
	Goldman Sachs (2026/3/18)	6.22
	S&P Global Market Intelligence (2026/3/17)	5.15
	UBS (2026/3/16)	6.92
	J.P. Morgan (2026/3/13)	8.60
	BofA (2026/3/13)	8.00
	Morgan Stanley (2026/3/13)	4.80
	Nomura (2026/3/13)	8.00
	Standard Chartered (2026/3/13)	8.00
<b>Forecast Average</b>		<b>6.44</b>

## Appendix Table 2

### Taiwan's Inflation Forecasts by Major Institutions

Unit: %

Forecast Institutions		2026 (f)
Domestic Institutions	<b>CBC (2026/3/19)</b>	<b>1.80*</b>
	NTU/Cathay (2026/3/16)	1.80
	DGBAS (2026/2/13)	1.68
	TIER (2026/1/26)	1.66
	CIER (2026/1/19)	1.64
Foreign Institutions	Citi (2026/3/18)	1.50
	Goldman Sachs (2026/3/18)	1.91
	S&P Global Market Intelligence (2026/3/17)	1.51
	UBS (2026/3/16)	1.61
	J.P. Morgan (2026/3/13)	1.60
	BofA (2026/3/13)	1.60
	Morgan Stanley (2026/3/13)	1.80
	Nomura (2026/3/13)	1.80
	Standard Chartered (2026/3/13)	1.50
<b>Forecast Average</b>		<b>1.67</b>

\* The Bank forecasted the annual growth rate of the core CPI (excluding vegetables, fruit, and energy items) to register 1.75% in 2026.