



Post-Meeting Press Conference



Quarterly Board Meeting, June 18, 2026

Part I
Key Policy Considerations

A . Monetary Policy: Policy Rate Hold

Key Considerations for the Hold

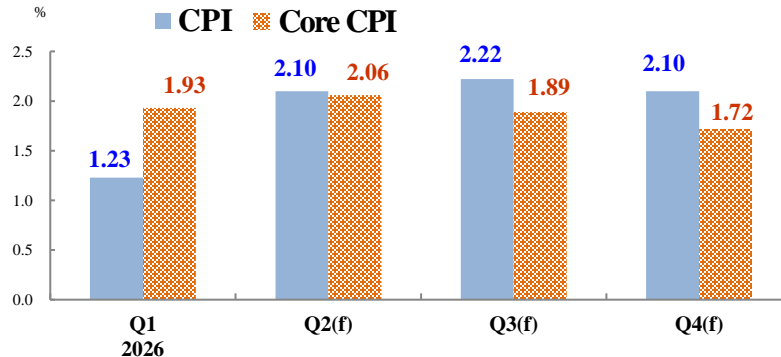
I. The inflation outlook remains mild

The Bank **slightly revised upward its CPI and core CPI forecasts to 1.91% and 1.90%** for 2026, reflecting

- a small forecast upgrade of international oil prices for this year (2026) as a whole,
- continued increases in Taiwan’s import prices alongside a pickup in services inflation, and
- a mitigating effect of the government’s energy price stabilization mechanism

1. The Bank revised upward its forecast for the average international oil price in 2026 from US\$85 per barrel in March to US\$90 per barrel.*

Taiwan’s CPI and Core CPI Growth



Unit: %

	2025	2026f
CPI	1.66	1.91 (1.80)
Core CPI	1.66	1.90 (1.75)

Note: f denotes forecast; brackets indicate 2026/3/19 forecast.

Sources: DGBAS (actual); CBC (forecast).

Note: * Brent crude oil prices averaged US\$93.7 per barrel from January 1 to June 15 this year. Following the recent US–Iran ceasefire agreement, international oil prices are expected to ease. Accordingly, the Bank assumes an average Brent crude oil price of US\$90 per barrel for the full year.

2. Taiwan's import prices have climbed steadily this year, with YoY growth hitting 22.33% in May in NTD terms. However, **imported inflation pressures remain manageable.**

- **Import prices have moved up**, driven mainly by rising prices of electronic components (e.g., integrated circuits) and energy minerals (e.g., crude oil). However, because **price increases for electronic components are largely reflected in export prices**, and the government has proactively implemented measures* to stabilize energy prices, **the inflationary pressures stemming from the current rise in import prices remain contained.**

3. **Higher fuel surcharges** driven by rising oil prices **pushed up international airfares and outbound group travel fees**, leading to a resurgence in **services inflation.**

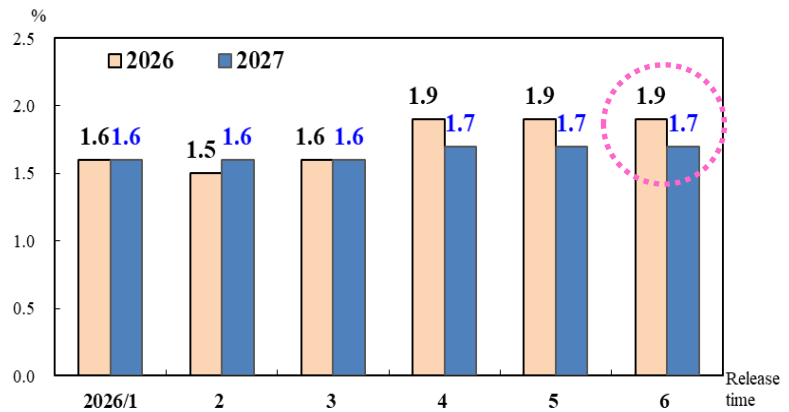
Note: *Government supply-side measures: (1) Maintaining the dual-smoothing mechanism (Asian-neighbor price benchmarking & fuel price stabilization); (2) Absorbing 60%+ of price hikes via the special price stabilization mechanism; (3) Extending key raw material tax cuts to end-September & expanding commodity tax cut for gasoline/diesel to 50%; (4) Reducing bottled LPG commodity tax by 50% from April (e.g., NT\$6.9 cut per 20 kg cylinder); (5) Freezing utility rates (natural gas & LPG: Apr-Jun; electricity: Apr.-Sep.); (6) Extending the public transit fare freeze to six months and increasing fuel subsidies for taxi operators; (7) Strengthening price monitoring of daily necessities (e.g., plastic bags) to prevent unreasonable stockpiling and price gouging.

4. For 2027, major institutions projected a decline in global oil prices and expected Taiwan's CPI inflation to ease from this year's level and stand below those of major economies.

- (1) Major institutions* forecasted Brent oil prices to average US\$80 per barrel in 2027, 14% lower than the projected 2026 average of US\$93 per barrel.
- (2) Major institutions expected Taiwan's CPI inflation rate to average 1.7% in 2027, lower than 1.9% in 2026. Inflation expectations remain stable.
- (3) S&P Global projected Taiwan's CPI inflation rate at 2.07% in 2026 and expected it to ease to below 2% in 2027, remaining relatively mild compared with the global average and those of major economies such as the U.S., the euro area, the U.K., Japan, and Korea.

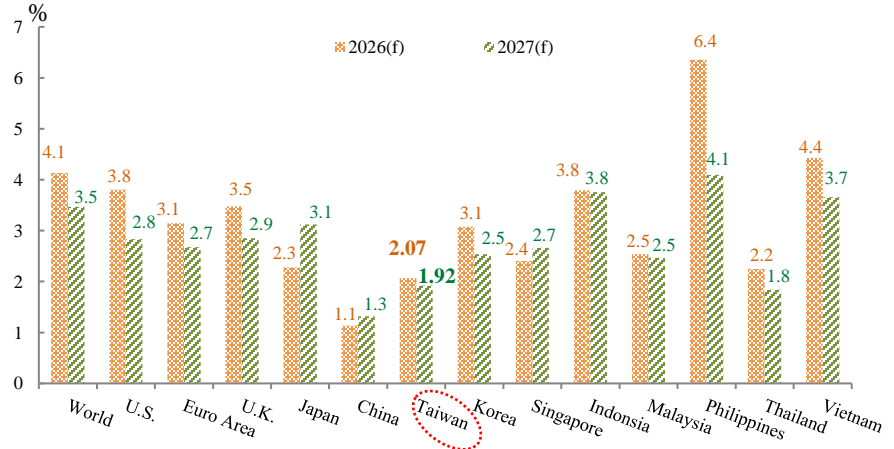
Note: * 13 institutions in total, including three major oil price forecasters – EIA, S&P Global, and EIU – as well as 10 investment banks.

Average Forecasts** for Taiwan's CPI Inflation



Source: Asia Pacific Consensus Forecasts, Consensus Economics Inc. (**of nearly 20 major institutions).

S&P Global Forecast of CPI Inflation Rates



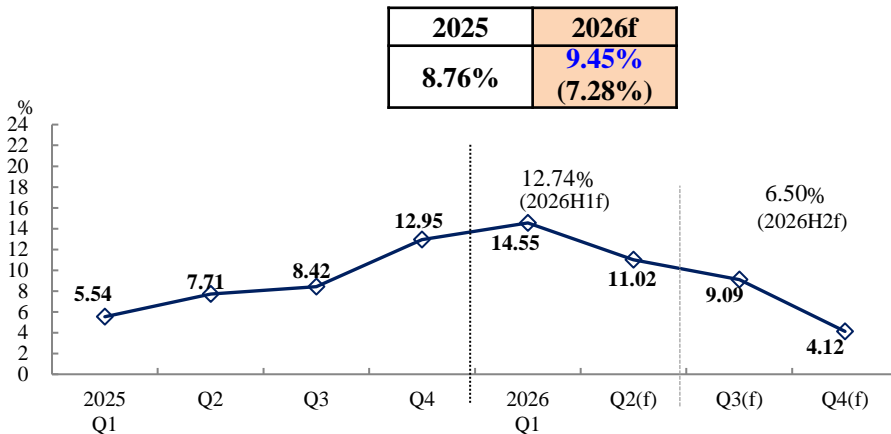
Source: S&P Global Market Intelligence (2026/6/15).

II. The Bank forecasted robust economic growth momentum for Taiwan in 2026

Expanding applications of AI and other emerging technologies are expected to continue to underpin Taiwan's solid export growth and drive private investment momentum this year, while private consumption is projected to further strengthen. Consequently, the Bank has revised upward its forecast for Taiwan's 2026 economic growth rate to 9.45%.

- As increased cap-ex by global cloud service providers (CSPs) is expected to drive further growth in Taiwan's exports and boost firms' capacity expansion, the Bank revised up its growth forecasts for exports and private investment, alongside stronger-than-expected private consumption growth.
- In 2026, domestic economic growth is expected to be primarily driven by net foreign demand and capital formation, with a combined contribution of 7.33 percentage points, accounting for 77.6% of the total growth.

Taiwan's GDP Growth Rate



Note: f denotes forecast; brackets indicate 2026/3/19 forecast.

Sources: DGBAS (actual); CBC (forecast).

Net Foreign Demand and Capital Formation As Growth Drivers

	2026(f)
GDP Growth Rate (A)	9.45%
Contribution from Net Foreign Demand (1)	5.05 pp
Contribution from Capital Formation (2)	2.28 pp
Combined Contribution = (1) + (2)	7.33 pp
Contribution Rate = [(1)+(2)]/A*100%	77.6%

Source: CBC.

In policy rate decision-making, the Bank will closely monitor

1. The evolving situation in the **Middle East**
2. The monetary policy trajectories of **major central banks**
3. **AI ecosystem** development
4. Changes in **U.S. economic and trade policies**, extreme weather, etc.

By **closely monitoring these uncertainties and their implications** for Taiwan's economic activity and financial conditions,

the Bank will **adjust** its monetary policy in a **timely** manner as warranted, so as to fulfill the statutory duties of **maintaining financial and price stability and fostering economic development** within the scope of the aforementioned objectives.

B. Selective Credit Control: Existing Measures Maintained

Key Considerations

- Since the Bank's moderate adjustment in March 2026 to the LTV cap on natural persons' second housing loans, banks' non-homeowner housing loans as a share of total housing loans **have continued rising**, and loans for urban renewal & unsafe/old building redevelopment as a share of construction loans **have also increased**.
Meanwhile, expectations for further housing price rises remain subdued, transactions have slowed and price growth has eased.
— However, given the limited correction in housing prices, **housing affordability** remains **strained**. Since the pandemic, **Taiwan has recorded the largest cumulative housing price rises** among selected economies, while its **house price-to-income ratio** has remained **elevated**.

Changes in Nominal and Real Housing Price Indices (Latest Data vs. 2019 Q4)

Cumulative Change (%)	Nominal housing prices	Real housing prices ¹	Latest data point ²
Taiwan (Cathay index)	86.0	65.8	2026Q1
Taiwan (Sinyi index)	54.9	38.1	2026Q1
Taiwan (MOI index)	39.7	25.3	2025Q4
Australia	51.9	22.2	2025Q4
U.S.	50.7	19.6	2025Q4
Singapore	40.9	19.4	2025Q4
Korea	17.6	-0.1	2025Q4
New Zealand	25.9	-0.9	2025Q4
U.K.	26.7	-1.7	2025Q4
Hong Kong	-21.8	-28.2	2025Q4

Notes: 1. Real housing prices are CPI-deflated; ranked in descending order by cumulative increases.

2. Latest data: Sinyi and Cathay indices are for 2026 Q1; others are for 2025 Q4.

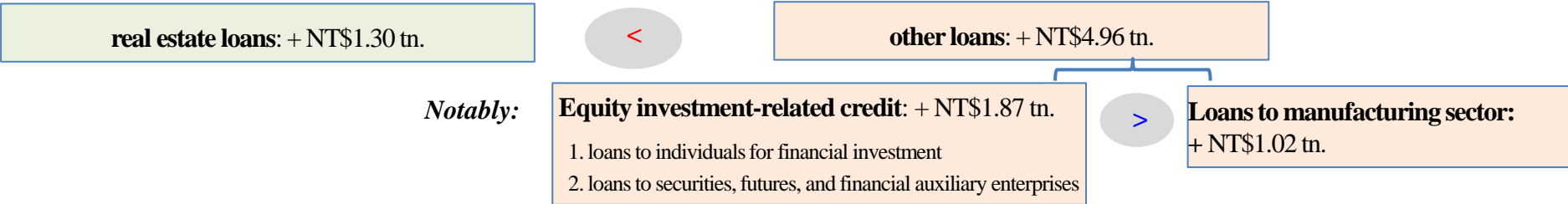
Sources: BIS; Real Estate Information Platform of the MOI; Sinyi Real Estate Review; Cathay Real Estate Index Quarterly Report.

Housing Price to Income Ratios

		P/I ratio (times)	Latest data point
Country	Australia	9.7	2024Q3
	Taiwan	9.3	2025Q4
	New Zealand	7.7	2025Q1
	Korea	6.9	2025Q2
	U.K.	5.6	2024Q3
	U.S.	4.8	2024Q3
City	Taipei	14.6	2025Q4
	Hong Kong	14.4	2024Q3
	Sydney	13.8	2024Q3
	London	9.1	2024Q3
	Seoul	8.8	2025Q2
	Auckland	7.7	2024Q3
	New York	7.4	2024Q3

Source: Taiwan and South Korea: MOI housing affordability statistics (latest: 2025 Q4); others: *Demographia International Housing Affordability* (2025 edition; latest: 2024 Q3).

2. The concentration ratio of real estate lending declined from a peak of 37.61% at end-June 2024 to 35.17% at end-May 2026, despite continued growth in outstanding real estate loans. Growth in other loans (i.e., total loans excluding real estate loans) outpaced that of real estate lending, with notable expansion in equity investment-related credit.

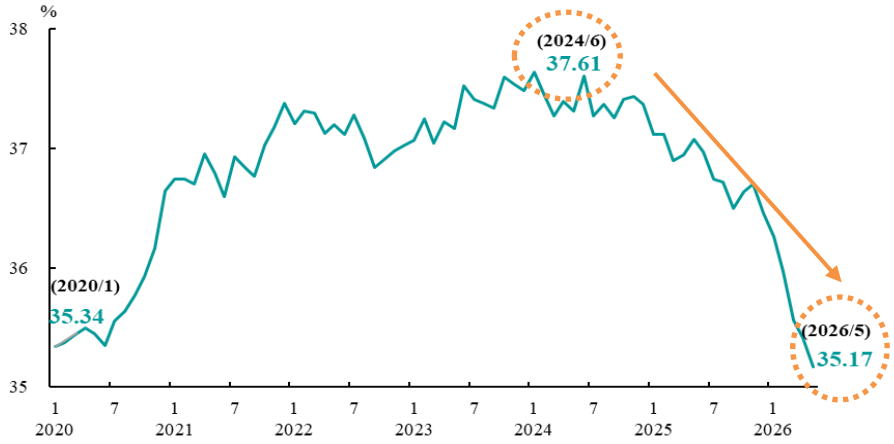


concentration ratio of real estate loans ↓

$$= \frac{\text{real estate loans (+NT\$1.30 tn.)}}{\text{total loans (+NT\$6.26 tn.)}}$$

$$= \frac{\text{real estate loans (+NT\$1.30 tn.)}}{\text{real estate loans (+NT\$1.30 tril.) + other loans (+NT\$4.96 tn.)}}$$

Real Estate Loan Concentration Ratio of All Banks



Source: CBC.

Real Estate Loan Concentration of All Banks and Breakdown by Category

Unit: NT\$tn; %; percentage point (pp)

	2024/6 (1)	2026/5 (2)	Change =(2)-(1)	Breakdown
Numerator: Real estate loans (A)	13.95	15.25	+1.30	Outstanding real estate loans: + NT\$1.30 tn., including 1. Non-homeowner housing loans & urban renewal and unsafe building reconstruction loans: +NT\$1.48 tn. 2.Other: - NT\$0.18 tn.
Non-homeowner housing loans	6.35	7.61	+1.26	
Urban renewal & unsafe building loans	0.63	0.85	+0.22	
Denominator: Total loans (B)	37.09	43.35	+6.26	Other outstanding loans: + NT\$4.96 tn.,* , mainly including 1. Loans to individuals for financial investment (+NT\$1.74 tn.) & Loans to securities/futures/financial auxiliary industries (+NT\$0.13 tn.) → totaling +NT\$1.87 tn. 2. Loans to the manufacturing sector: +NT\$1.02 tn., including AI-related firms: +NT\$0.79 tn. Non-AI-related firms: +NT\$0.23 tn.
Other loans	23.14	28.10	+4.96	
Concentration ratio (=A/B)	37.61%	35.17%	-2.44 (pp)	Increase in denominator > Increase in numerator Concentration ratio ↓

Note: * In addition to the notable increases in “loans to individuals for financial investment,” “financing to private securities, futures, and financial auxiliary industries,” and “loans to the manufacturing sector,” credit extended by all banks to the wholesale/retail industries and to the government increased by NT\$0.24 tn. and NT\$0.30 tn., respectively. AI-related manufacturing refers to “manufacture of electronic parts and components” and “manufacture of computers, electronic and optical products.”

Source: CBC

Amid brisk trading in local equity markets, retail investors have increased borrowing for financial investment. Since the start of the year, banks’ loans to individuals for financial investment, as well as financing to private securities, futures, and financial auxiliary industries,** have grown markedly.

Banks should remain attentive to related credit expansion and risk management.

Note: **Banks’ lending to securities firms and holdings of unsecured commercial paper issued by securities firms have both continued to increase.

3. The Bank's selective credit control measures aimed to

- curb excessive concentration of bank credit on the real estate market and
- help channel credit resources toward supporting productive economic activities.

4. Going forward, the Bank will

- **continue to review banks' internal quantitative management** of aggregate real estate lending
- **monitor the allocation** of credit resources **to productive economic activities**;
- **keep 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;
- adjust relevant measures as needed to promote financial stability and sound banking operations.

Part II

Divergence in Trajectory Between Electronics/ICT and Traditional Manufacturing Sectors

While Taiwan's electronics and ICT manufacturing industries have performed strongly in recent years, growth in the traditional manufacturing sector has been relatively moderate.

However, such divergence is not unique to Taiwan, with Korea and Japan exhibiting similar trends.

Meanwhile, Taiwan's traditional manufacturing sector has continued to post moderate GDP growth while pursuing ongoing transformation and upgrading, with its value-added ratio trending up.

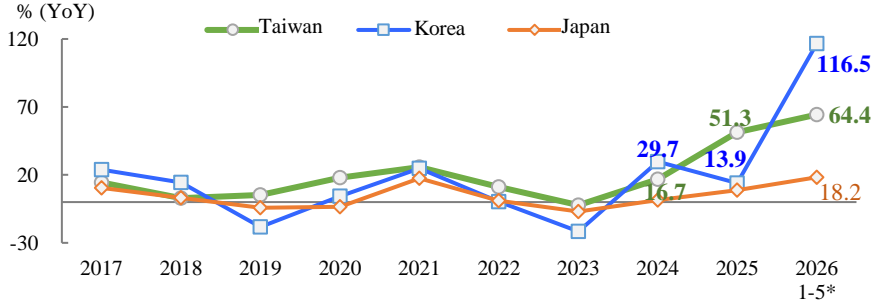
I. The strong performance of the electronics and ICT manufacturing industries in both exports and output is mainly attributable to the following factors:

1. These industries, underpinned by **leadership in semiconductor process technology and comprehensive supply chain integration**, have successfully seized on the technological paradigm shift, establishing themselves as a key hardware manufacturing hub in the global AI supply chain, **the fruit of long-term effort**:
 - Since the 1970s, Taiwan has benefited from **government policy support, industrial clustering** effects, an engineering-oriented culture, the **innovative** wafer foundry business model, sustained R&D investment, and adaptive global supply chain deployment.
 - Transformation into **the high-value-added end of the smile curve**: The ratio of value-added to output of the electronics and ICT manufacturing industries has risen from the 2000-2010 average of 27.6% to 31.8% over 2011-2017 and stood at 48.1% in 2024.
2. Since 2018, **trade diversion** amid the U.S.-China trade dispute and **digital transformation** arising during the COVID-19 pandemic, and **economic dividends from** the expanding application of emerging technologies such as **AI** have boosted global demand for Taiwan's ICT products. As a result, Taiwan's economic growth has significantly outperformed the global average.

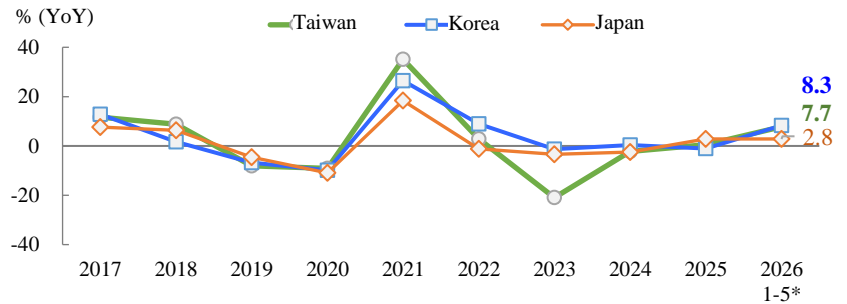
II. Traditional manufacturing has remained relatively subdued amid external headwinds, a pattern not unique to Taiwan, but also observed in Korea and Japan

- 1. Export performance: In Taiwan and Korea both, electronics/ICT product exports markedly outperformed traditional goods exports.
 - (1) Electronics/ICT: Supported by strong AI-related demand from countries including the U.S., both Taiwan and Korea have recorded sustained double-digit export growth over 2024-2026 (latest data available).
 - (2) Traditional manufacturing: China’s dumping, U.S. tariff hikes, and weak global final demand have collectively **dampened growth of traditional goods** exports of Taiwan, Korea, and Japan **relative to their high-tech** exports. However, a **gradual recovery** has been observed in both **Taiwan and Korea**, with year-to-date YoY growth reaching 7.7% and 8.3%, respectively.

Electronics & ICT Export Growth: Taiwan, Korea & Japan



Traditional Goods Export Growth: Taiwan, Korea & Japan



Notes: 1. Electronics & ICT products: information, communications and audio-video products, electronics parts and components, and optical products.
 2. Japan’s high-tech product figures include re-exports (HS99) that cannot be disaggregated by product category.
 3.* Latest data: Jan.-May 2026 for Taiwan; Jan.-Apr. 2026 for Japan and Korea.
 Sources: Taiwan’s Ministry of Finance; International Trade Centre.

Notes: 1. Traditional manufactures exclude electronics & ICT and agricultural products.
 2. Taiwan’s traditional goods exports contracted more than those of Japan and Korea in 2023 mainly because of more extensive inventory corrections, while growth in transport equipment exports (including automobiles) in Korea and Japan partially offset the drag from weakness in other product categories.
 3.* Latest data: Jan.-May 2026 for Taiwan; Jan.-Apr. 2026 for Japan and Korea.
 Sources: Taiwan’s Ministry of Finance; International Trade Centre.

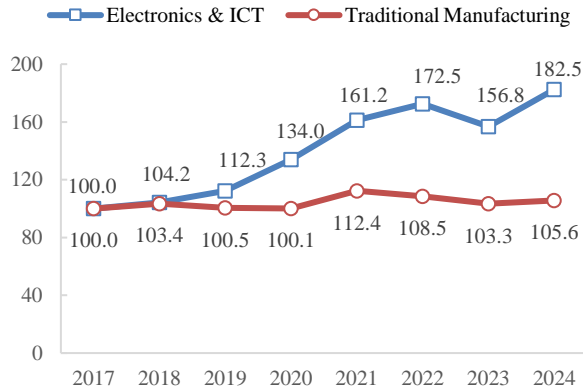
2. Real GDP growth: Traditional manufacturing has still posted moderate real GDP growth in recent years, albeit at a slower pace than electronics & ICT manufacturing

— Traditional manufacturing sectors in Taiwan, Korea, and Japan have all faced headwinds from China’s dumping, U.S. tariff hikes, and weak global final demand, as reflected in 2024 data relative to 2017:

- (1) Taiwan: Real GDP in the electronics & ICT sector grew by 82.5%, far exceeding the 5.6% growth recorded in traditional manufacturing.
- (2) Korea: Indexed real GDP trends in electronics & ICT vs. traditional manufacturing also diverged markedly, with growth of 65.1% and 0.1%, respectively.
- (3) Japan: Despite less pronounced divergence than in Taiwan and Korea, indexed real GDP in electronics & ICT manufacturing still outperformed traditional manufacturing, posting growth rates of 24.6% and -4.8%, respectively.

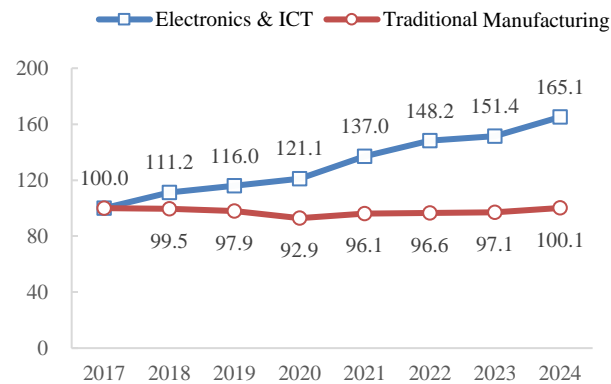
Real GDP Indices: Electronics & ICT vs. Traditional Manufacturing (2017=100)

Taiwan



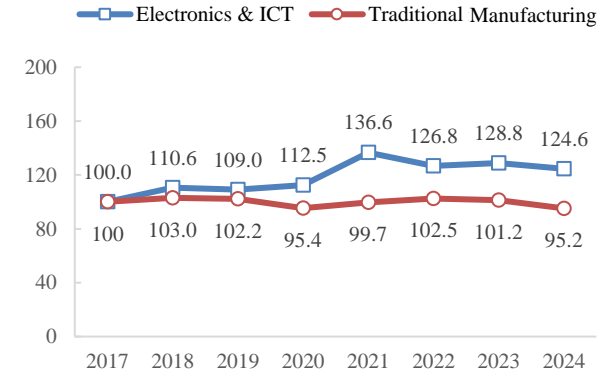
Sources: DGBAS; CBC estimates.

Korea



Sources: Bank of Korea; CBC estimates.

Japan



Sources: Japan’s Cabinet Office; CBC estimates

III. Most traditional manufacturing sectors in Taiwan, such as plastics, textiles, electrical equipment, and machinery, have long pursued higher value-added production, continuously transforming and upgrading, with their value-added ratios on an upward trend.

Value-Added Ratio of Taiwan's Manufacturing Industries

		2017 (%)	2024 (%)	2024 Compared to 2017 (percentage point)
Traditional Manufacturing Sector: Major Industries	Textiles	26.8	31.3	+4.6
	Leather, Fur and Related Products	32.6	42.2	+9.7
	Petroleum and Coal Products	21.9	9.7	-12.3
	Chemical Materials and Fertilizers	20.9	17.1	-3.8
	Other Chemical Products	28.2	29.1	+0.9
	Pharmaceuticals and Medicinal Chemical Products	39.6	48.3	+8.6
	Rubber Products	37.9	42.6	+4.8
	Plastics Products	28.8	36.1	+7.3
	Other Non-metallic Mineral Products	30.0	29.8	-0.2
	Basic Metals	17.6	17.4	-0.2
	Fabricated Metal Products	33.3	32.1	-1.2
	Electrical Equipment	24.8	28.7	+3.9
	Machinery and Equipment	26.7	29.7	+3.1
	Motor Vehicles and Parts	29.1	31.8	+2.7
	Other Transport Equipment and	24.1	26.8	+2.7
Electronics and ICT Manufacturing	Electronic Parts and Components	44.6	51.4	+6.8
	Computers, Electronic and Optical Products	25.7	39.3	+13.6

Note: Value-added ratio = ((Gross Output – Intermediate Inputs) ÷ Gross Output) × 100. It measures the capacity to generate new value per unit of goods or services produced.

Source: DGBAS.