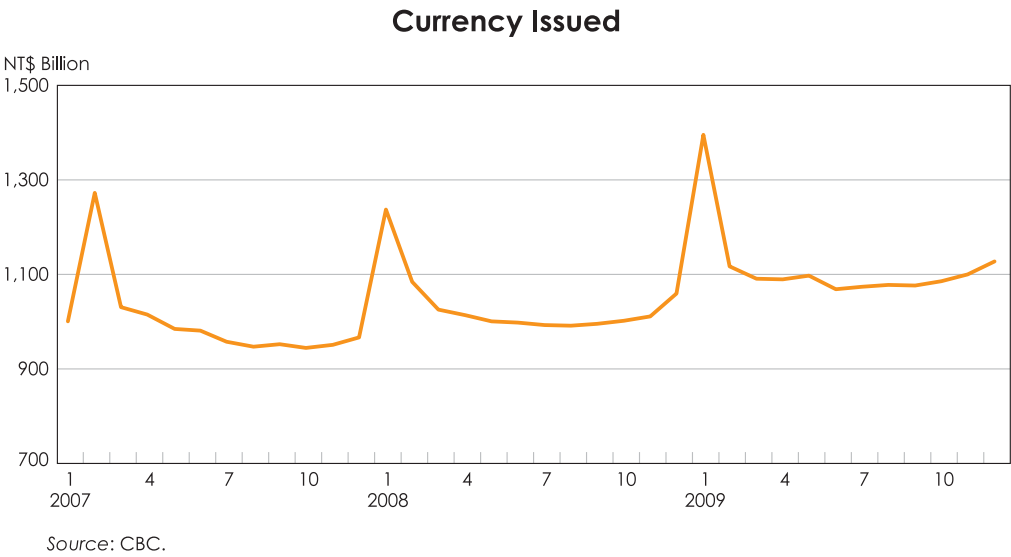


6. Currency Issuance

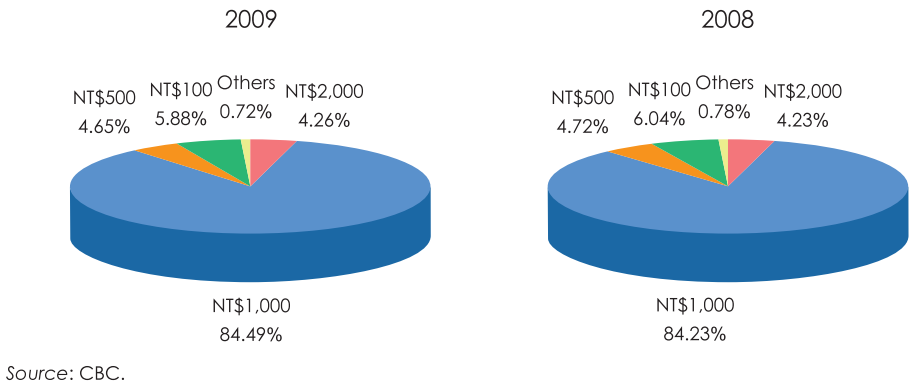
Currency Issued Slightly Increased

An important function of the Bank is to ensure a smooth and efficient supply of banknotes and coins to meet public demand, which is dependent on the level of economic activity, seasonal factors, and the development of noncash payments instruments.

In 2009, the Bank implemented a proper currency distribution plan for delivering banknotes and coins. The currency issued peaked at NT\$1,389.7 billion on January 23, the day before the Chinese Lunar New Year holidays, reflecting a temporary seasonal surge in cash demand. At the end of 2009, the outstanding amount of the currency issued was NT\$1,122.7 billion, representing an increase of NT\$68.4 billion or 6.49 percent over the previous year-end.



Composition of NT Dollar Banknotes Issued (year-end figure)



The composition of NT dollar banknotes issued in 2009 was similar to last year. The largest portion was the NT\$1,000 denomination note (84.49 percent), followed by the NT\$100 (5.88 percent) and the NT\$500 (4.65 percent) notes.

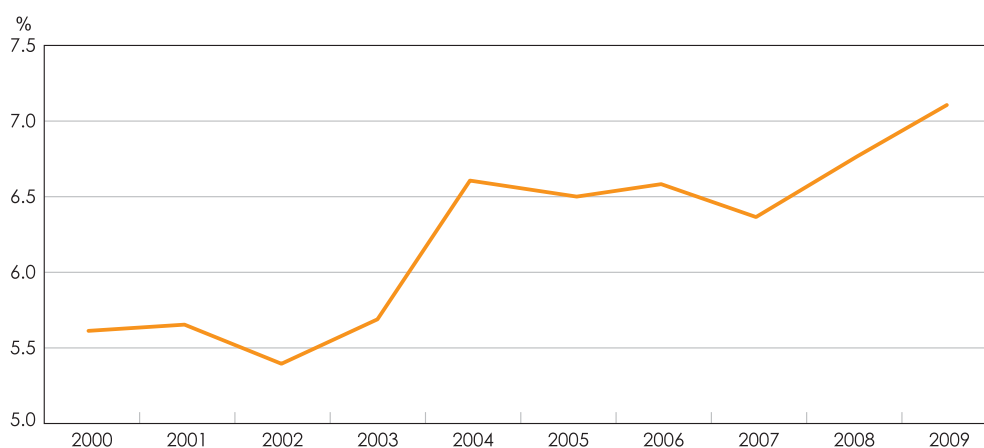
Currency in Circulation to GDP Ratio Increased

Between 2005 and 2007, as credit card defaults weakened private consumption, currency demand for transaction purposes decreased, causing the ratio of currency in circulation to nominal GDP to trend downwards. However, due to the economic slowdown and the prevailing low interest rate environment since September 2008, which led the public to hold more currency, the ratio rose further to 7.08 percent in 2009, an increase of 0.36 of a percentage point than a year before.

Commemorative Coin Sets Issued Successively

With the authority of currency issuance, the Bank may also issue gold and silver coins, and commemorative notes and coins on a non-periodic basis, such as for important ceremonies, national holidays, major international events or other significant national events. During the year 2009, the Bank issued the coin set for the Chinese Zodiac Year of the Ox, and the 12th coin set of the Taiwan Indigenous Peoples Cultural Series-the Truku tribe.

The Ratio of Currency Held by the Public to GDP



Source: CBC.