

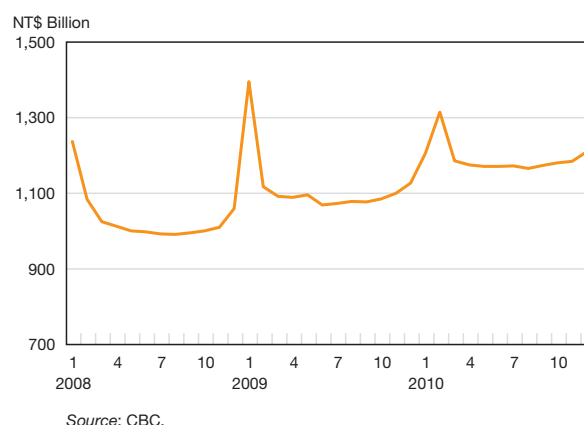
6. Currency Issuance

Currency Issued Slightly Increased

During the year of 2010, the Bank conducted currency issuance with a focus on maintaining the supply of currency at an appropriate level to meet public demand, which is dependent on the level of economic activity, seasonal factors, and the development of noncash payments instruments, etc.

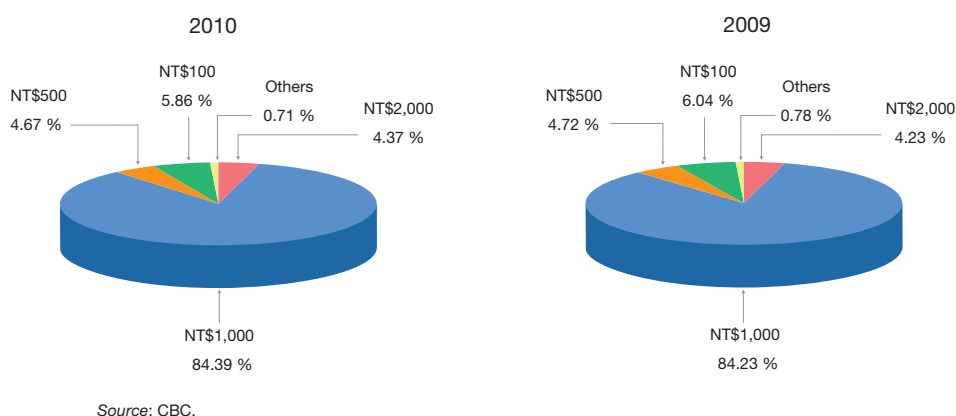
In 2010, the Bank implemented an appropriate currency issuance plan for delivering banknotes and coins. The currency issued peaked at NT\$1,505.2 billion on February 12, the day before the Chinese Lunar New Year holidays, reflecting a temporary seasonal surge in cash demand. At the year end, the outstanding amount of the currency issued was NT\$1,204.8 billion, representing an increase of NT\$82.1 billion or 7.31 percent over the previous year-end.

Currency Issued



As of the end of 2010, the denomination structure of NT dollar banknotes in circulation was similar to 2009. The NT\$1,000 note accounted for a lion's share of 84.39 percent, followed by the NT\$100 (5.86 percent) and the NT\$500 (4.67 percent) notes.

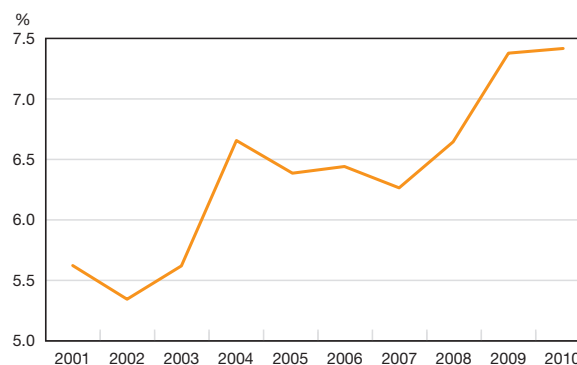
Composition of NT Dollar Banknotes Issued
(Year-end figure)



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 low interest rate environment that existed after September 2008, the public began to increase their currency holdings, and the ratio of currency in circulation to GDP rose significantly before leveling off in 2009. It stood at 7.31 percent in 2010, a mere 0.03 of a percentage point more than a year before.

The Ratio of Currency Held by the Public to GDP



Source: CBC.

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 2010, the Bank issued the coin set for the Chinese Zodiac Year of the Tiger, the commemorative coin for the late President Chiang Ching-kuo and Mr. Chiang Wei-shui, and the 13th coin set of the Taiwan Indigenous Peoples Cultural Series-the Sakizaya tribe.