

## 6. Currency Issuance

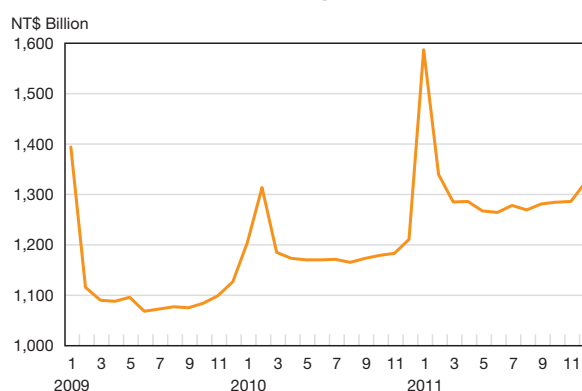
### Currency Issuance Increased

As the issuing authority for the nation's currency, the Bank has the responsibility for maintaining the supply of currency at an optimum 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 2011, the Bank implemented an appropriate currency issuance plan for delivering banknotes and coins. The currency issued peaked at NT\$1,614.2 billion on February 1, 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\$1,320.6 billion, representing an increase of NT\$115.8 billion or 9.61 percent over the previous year-end.

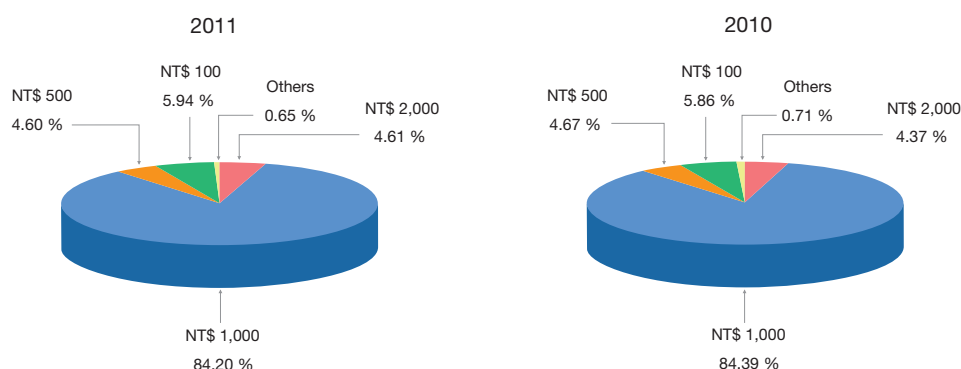
At the end of 2011, the denomination structure of NT dollar banknotes in circulation was similar to the end of 2010. The NT\$1,000 note accounted for a lion's share at 84.20 percent, followed by the NT\$100 (5.94 percent) and the NT\$500 (4.60 percent) notes.

**Currency Issued**



Source: CBC.

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

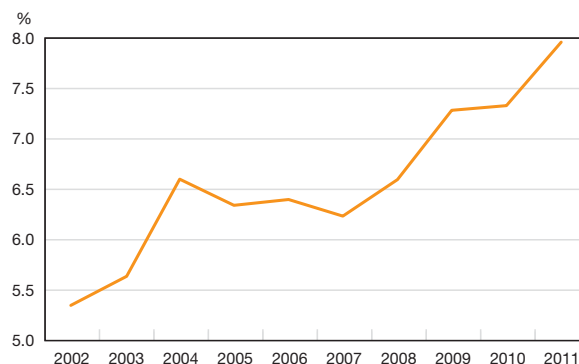


Source: CBC.

### 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 low interest rate environment that existed since September 2008, the public began to increase their currency holdings, and the ratio of currency in circulation to GDP rose significantly. It stood at 7.95 percent in 2011, a 0.64 of a percentage point gain over the previous year.

### The Ratio of Currency Held by the Public to GDP



Source: CBC.

### Commemorative Coin Sets Issued Successively

In addition to normal currency issuance, the Bank may also issue gold and silver coins, and commemorative notes and coins from time to time, such as for important ceremonies, national holidays, major international events or other significant national events. During the year 2011, the Bank issued a commemorative NT\$100 banknote for circulation, uncut commemorative NT\$100 banknote sheets, and the Republic of China centenary commemorative silver coin in celebration of the 100th anniversary of the founding of the Republic of China. In addition, the Bank issued a casting set of coins for the Chinese Zodiac Year of the rabbit, and the 14<sup>th</sup> casting set of coins for the Taiwan Indigenous Peoples Cultural Series- the Sediq tribe.