

6. Currency Issuance

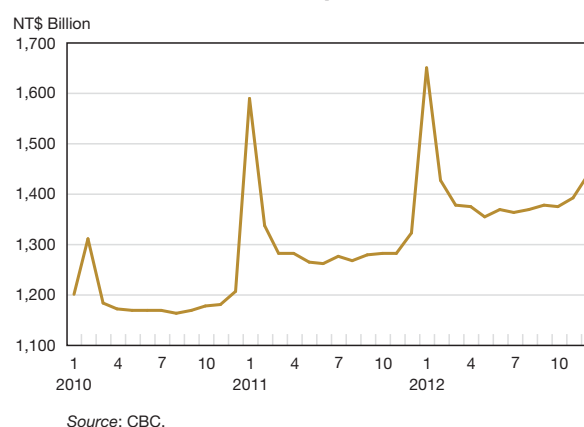
Currency Issuance Increased

During the year of 2012, 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.

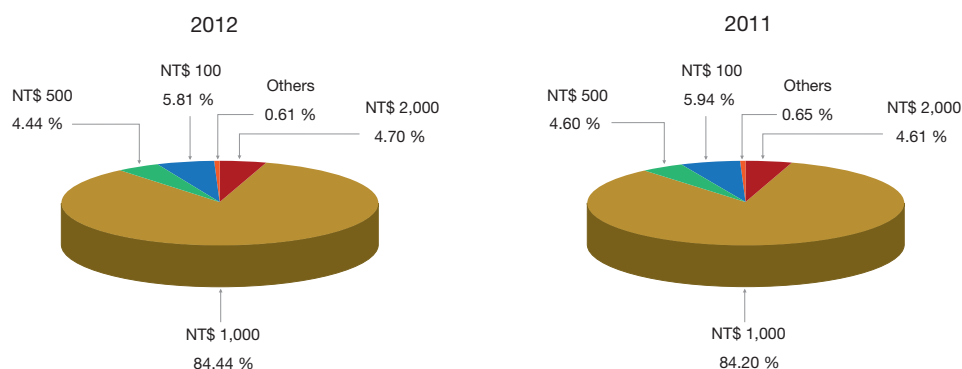
In 2012, the Bank implemented an appropriate currency issuance plan for delivering banknotes and coins. The currency issued peaked at NT\$1,743.8 billion on January 20, the day before the Chinese Lunar New Year holidays, reflecting a temporary seasonal surge in cash demand. At the year end, the outstanding amount of the currency issued was NT\$1,437.5 billion, representing an increase of NT\$116.9 billion or 8.85 percent over the previous year end.

At the end of 2012, the denomination structure of NT dollar banknotes in circulation was similar to the end of 2011. The NT\$1,000 note accounted for a lion's share at 84.44 percent, followed by the NT\$100 (5.81 percent) and the NT\$2,000 (4.70 percent) notes.

Currency Issued



Composition of NT Dollar Banknotes Issued
(Year-End Figures)

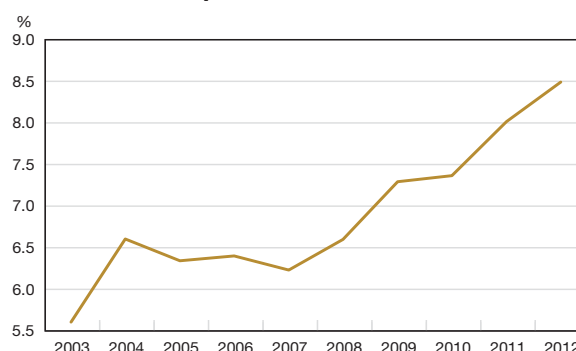


Source: CBC.

Currency in Circulation to GDP Ratio Increased

Between 2005 and 2007, currency demand for transaction purposes contracted on account of weak private consumption caused by credit card defaults. Therefore, the ratio of currency in circulation to nominal GDP trended downwards. However, owing to the low interest rate environment 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 8.47 percent in 2012, a 0.47 of a percentage point gain over the previous year.

The Ratio of Currency Held by the Public to GDP



Sources: 1. CBC.
2. DGBAS, Executive Yuan.

Several Commemorative Coin Sets Were Issued

With the authority of 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 2012, the Bank issued a casting set of coins for the Chinese Zodiac Year of the Dragon, the commemorative gold and silver coins for the inauguration of the 13th president and vice president of the Republic of China (Taiwan), and the first coin set of the National Parks of Taiwan series - Kenting National Park.

Additionally, the Bank commissioned the Bank of Taiwan to conduct a public auction online for special number uncut commemorative NT\$100 notes in celebration of the 100th anniversary of the founding of the Republic of China.