

## 6. Currency Issuance

### Currency Issued Slightly Increased

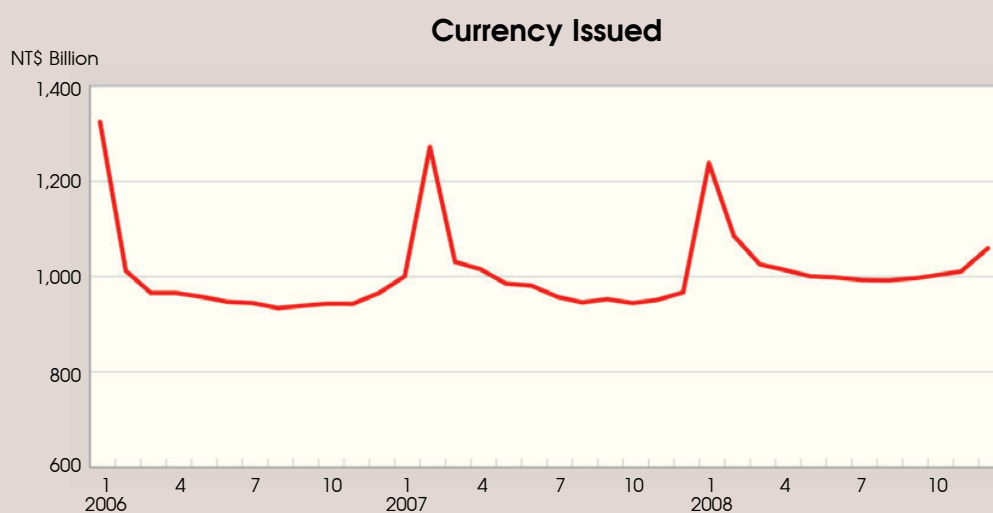
An important function of the Bank is to ensure a smooth and efficient supply of banknotes and coins to meet public demand, which is dependent on the level of economic activity, seasonal factors, and the development of noncash payments.

In 2008, the Bank successfully implemented a currency distribution plan for delivering banknotes and coins. The currency issued reached a peak at NT\$1,356.8 billion on February 5, the day before the Chinese Lunar New Year holidays, reflecting a temporary seasonal surge in cash demand. The outstanding amount of the currency issued at the end of 2008 was NT\$1,054.2 billion, representing an increase of NT\$92.5 billion or 9.63 percent over the previous yearend.

The composition of NT dollar banknotes issued did not change much in 2008. The largest part was the NT\$1,000 denomination (84.23 percent), followed by the NT\$100 (6.04 percent) and the NT\$2,000 (4.23 percent) notes.

### Currency in Circulation to GDP Ratio Increased

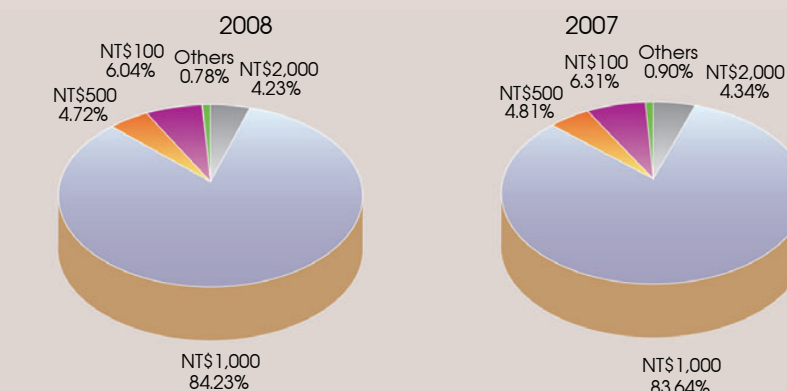
From the fourth quarter of 2005 onwards, currency demand for transaction purposes decreased as credit card defaults weakened private consumption. The ratio of currency in circulation to nominal GDP trended downwards. However, due to the economic slowdown and the prevailing low interest rate environment since September 2008, the willingness of



Source: CBC.

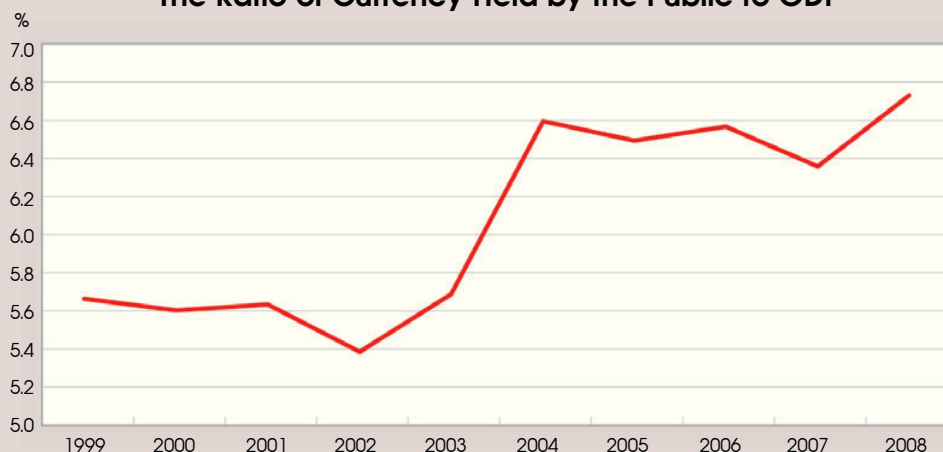
### Composition of NT Dollar Banknotes Issued

(year-end figure)



Source: CBC.

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



Source: CBC.

holding currency increased. The above ratio rose significantly to 6.72 percent in 2008, an increase of 0.35 of a percentage point than a year before.

### Commemorative Coin Sets Successively Issued

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 2008, the Bank issued the coin set for the Chinese Zodiac Year of the Rat, the commemorative silver coin for the 21st Asian International Stamp Exhibition, the commemorative gold and silver coins for the inauguration of the 12th president and vice president of the Republic of China, and the 11th coin set of the Taiwan Indigenous Peoples Cultural Series-the Kavalan tribe.