

**Exchange Fund Abridged Balance Sheet
as at 31 October 2010
(Expressed in millions of Hong Kong dollars)**

	Notes	31 October 2010	30 September 2010
ASSETS			
Foreign currency assets	1	2,104,673	2,099,833
Hong Kong dollar assets	2	<u>174,993</u>	<u>166,015</u>
Total Assets		<u><u>2,279,666</u></u>	<u><u>2,265,848</u></u>
LIABILITIES AND FUND EQUITY			
Certificates of Indebtedness	3, 7	217,676	218,439
Government-issued currency notes and coins in circulation	3, 5, 7	8,788	8,781
Balance of the banking system	3	148,669	148,670
Exchange Fund Bills and Notes	3, 6	654,621	654,603
Placements by Fiscal Reserves		518,314	517,237
Placements by HKSAR government funds and statutory bodies		70,464	68,317
Other liabilities	4	<u>57,093</u>	<u>54,267</u>
Total Liabilities		1,675,625	1,670,314
Accumulated Surplus		<u>604,041</u>	<u>595,534</u>
Total Liabilities and Fund Equity		<u><u>2,279,666</u></u>	<u><u>2,265,848</u></u>

Notes:

- These include US dollar assets for backing the Monetary Base, which amounted to HK\$1,114,875 million as at the end of October 2010 and HK\$1,116,665 million as at the end of September 2010.
- These include lending collateralised by Exchange Fund paper under the Discount Window, which amounted to HK\$22 million as at the end of October 2010 (nil as at the end of September 2010).
- A component of the Monetary Base.
- These include interest payable on Exchange Fund paper and accounts payable under Currency Board operations.
- Commencing September 2002, ten dollar currency notes issued by the Government are included in this item.
- In accordance with accounting principles generally accepted in Hong Kong, for the purpose of balance sheet presentation Exchange Fund Bills and Notes held as assets of the Exchange Fund are applied to offset the corresponding liabilities. Exchange Fund Bills and Notes thus extinguished amounted to HK\$1,000 million as at the end of October 2010 (HK\$1,000 million as at the end of September 2010). As a result, the Exchange Fund Bills and Notes on the Abridged Balance Sheet are smaller by this amount compared with those on the Currency Board Account.
- In accordance with accounting principles generally accepted in Hong Kong, for the purpose of balance sheet presentation Certificates of Indebtedness and Government-issued currency notes and coins in circulation are stated at cost, which are the Hong Kong dollars equivalent of the US dollars required for their redemption at the exchange rate ruling at the balance sheet date. As a result, the figures for the Certificates of Indebtedness and Government-issued currency notes and coins in circulation are different from those shown in the Currency Board Account, which represent the Hong Kong dollar face value.