

**Exchange Fund Abridged Balance Sheet
as at 28 February 2011
(Expressed in millions of Hong Kong dollars)**

	Notes	28 February 2011	31 January 2011
ASSETS			
Foreign currency assets	1	2,228,240	2,277,449
Hong Kong dollar assets	2	<u>205,677</u>	<u>227,542</u>
Total Assets		<u><u>2,433,917</u></u>	<u><u>2,504,991</u></u>
LIABILITIES AND FUND EQUITY			
Certificates of Indebtedness	3, 7	237,065	249,809
Government-issued currency notes and coins in circulation	3, 5, 7	9,557	9,977
Balance of the banking system	3	153,638	148,650
Exchange Fund Bills and Notes	3, 6	654,437	654,537
Placements by banks and other financial institutions		23,187	23,187
Placements by Fiscal Reserves		619,795	627,529
Placements by HKSAR government funds and statutory bodies		76,966	76,651
Other liabilities	4	<u>54,195</u>	<u>113,666</u>
Total Liabilities		<u>1,828,840</u>	<u>1,904,006</u>
Accumulated Surplus		<u>605,077</u>	<u>600,985</u>
Total Liabilities and Fund Equity		<u><u>2,433,917</u></u>	<u><u>2,504,991</u></u>

Notes:

1. These include US dollar assets for backing the Monetary Base, which amounted to HK\$1,134,871 million at the end of February 2011 and HK\$1,148,794 million at the end of January 2011.
2. These include lending collateralised by Exchange Fund paper under the Discount Window, which amounted to HK\$4,920 million at the end of February 2011 (nil at the end of January 2011).
3. A component of the Monetary Base.
4. These include interest payable on Exchange Fund paper and accounts payable under Currency Board operations.
5. Commencing September 2002, ten dollar currency notes issued by the Government are included in this item.
6. 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 at the end of February 2011 (HK\$1,000 million at the end of January 2011). 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.
7. 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.