Annex 1

Summary Comparison Table

	Item	Leverage ratio framework HK$ equivalent
1	Total consolidated assets as per published financial statements	0
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	0
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	0
4	Adjustments for derivative financial instruments	0
5	Adjustment for securities financing transactions (ie repos and similar secured lending)	0
6	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	0
7	Other adjustments	0
8	**Leverage ratio exposure**	0

Summary Comparison Table – Explanatory Note

1. The Leverage Ratio ("LR") framework follows the same scope of regulatory consolidation as the risk-based capital framework (i.e. on a solo basis, solo-consolidated basis, and/or a consolidated basis as specified by the Monetary Authority ("MA") under section 3C of the Banking (Capital) Rules ("BCR")). This may be different from the scope of consolidation adopted by authorized institutions ("AIs") for the purposes of their published financial statements. There may also be differences between the measurement criteria for assets on the accounting balance sheet in the published financial statements relative to the measurement criteria for the LR exposure. In addition, the LR framework incorporates both on- and off-balance sheet ("OBS") exposures in order to adequately capture embedded leverage.

2. The table below provides a detailed explanation of each disclosure item presented in the Summary Comparison Table, which presents a reconciliation of an AI's balance sheet assets shown in its published financial statements against its LR exposure measure.

Row number	Explanatory note
1	Total consolidated assets as per published financial statements.
2	Adjustments in relation to the AI's investments in financial sector entities or commercial entities as defined in section 35 of the BCR that are consolidated for accounting purposes, but outside the scope of regulatory consolidation.
3	Adjustments related to any fiduciary assets recognised on the balance sheet pursuant to the AI's operative accounting framework but excluded from the LR exposure measure, provided that the assets meet the IAS 39 / HKAS 39 criteria for derecognition and, where applicable, IFRS 10 / HKAS 10 for deconsolidation.
4	Adjustments related to derivative financial instruments. Please refer to paragraph 10.2 "*Derivative Exposures"* of the LR framework[1] for details.
5	Adjustments related to securities financing transactions (i.e. repos and other similar secured lending). Please refer to paragraph 10.3 "*SFT Exposures*" of the LR framework for details.

[1] "LR framework" refers to the "Leverage Ratio Framework" set out at Annex 1 to the completion instructions for the Quarterly Template on Leverage Ratio.

Row number	Explanatory note
6	Aggregates of the credit equivalent amount of OBS exposures, as converted under the standardised (credit risk) approach under the BCR, subject to a floor of 10%, through the use of credit conversion factors (CCFs). For details of the OBS exposures and their applicable CCFs, please refer to paragraph 10.4 "*Off-balance Sheet Exposure*" of the LR framework.
7	Any other adjustments that are necessary for the reconciliation but not included in rows 1 to 6. These may include adjustments in relation to any items that are deducted from Tier 1 capital under the risk-based capital framework in accordance with sections 38(2), 43 and 47 of the BCR, but are not already excluded from the calculation of the LR exposure measure in rows 1 to 6 above. For a note-issuing bank, the adjustments may also include any certificates of indebtedness issued under the Exchange Fund Ordinance and held by it as cover for legal tender notes issued by it.
8	The LR exposure, which should be the sum of rows 1 to 7 above, should be consistent with the LR exposure reported in line 22 of the LR Common Disclosure Template (Annex 2).