The Hongkong and Shanghai Banking Corporation Limited, Bangkok Branch
Pillar 3 Disclosures
As at 30 June 2009

Capital Fund

Item 1 : Capital Structure

Amounts in Million Baht

Items	As at 30 June 2009
Assets maintained under Section 32	11,012
Sum of net capital for maintenance of assets under Section 32 and net balance of inter-office accounts	
1 Capital for maintenance of assets under Section 32	10,349
2 Net balance of inter-office accounts which the branch is the debtor (the creditor) to the head office and other branches located in other countries, the parent company and subsidiaries of the head office	4,379
Total Capital Fund	**10,349**

Item 2 : Capital Adequacy

Table 1 : Minimum capital requirement for credit risk classified by type of assets under the Standardised Approach (SA)

Amounts in Million Baht

Minimum capital requirement for credit risk classified by type of assets under the SA	As at 30 June 2009
Performing claims	
1 Claims on sovereigns and central banks, and multilateral development banks (MDBs)	4
2 Claims on financial institutions , non-central governement public sector entities (PSEs) treated as claims on financial institutions, and securities firms	622
3 Claims on corporates , non-central governement public sector entities (PSEs) treated as claims on corporate	2,927
4 Claims on retail portfolios	897
5 Claims on housing loans	58
6 Other assets	97
Non-performing claims	138
Total minimum capital requirement for credit risk under the SA	**4,743**

Table 2 : Minimum capital requirement for market risk for positions in the trading book (Standardized measurement approach/ Internal model approach)

Amounts in Million Baht

Minimum capital requirement for market risk (positions in the trading book)	As at 30 June 2009
1 Standardised approach	-
2 Internal model approach	376
Total minimum capital requirement for market risk	**376**

Table 3 : Minimum capital requirement for operational risk

Amounts in Million Baht

Minimum capital requirement for operational risk	As at 30 June 2009
Standardised approach	987
Total minimum capital requirement for operational risk	**987**

Table 4 : Total risk-weighted capital ratio

Unit : %

Ratio	As at 30 June 2009
Total capital to risk-weighted assets	**12.71%**

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Market risk exposures
Item 1 : Market risk under the Internal Model Approach
Table 1 : Disclosure on each type of market risk under the Internal Model Approach

Amounts in Million Baht

Type of market risk	As at 30 June 2009
Interest rate risk	
Maximum VaR during the reporting period	160
Average VaR during the reporting period	123
Minimum VaR during the reporting period	78
VaR at the end of the period	153
Equity position risk	
Maximum VaR during the reporting period	-
Average VaR during the reporting period	-
Minimum VaR during the reporting period	-
VaR at the end of the period	-
Foreign exchange rate risk	
Maximum VaR during the reporting period	77
Average VaR during the reporting period	41
Minimum VaR during the reporting period	-
VaR at the end of the period	61
Commodity risk	
Maximum VaR during the reporting period	-
Average VaR during the reporting period	-
Minimum VaR during the reporting period	-
VaR at the end of the period	-
Total market risk	
Maximum VaR during the reporting period	160
Average VaR during the reporting period	125
Minimum VaR during the reporting period	88
VaR at the end of the period	158

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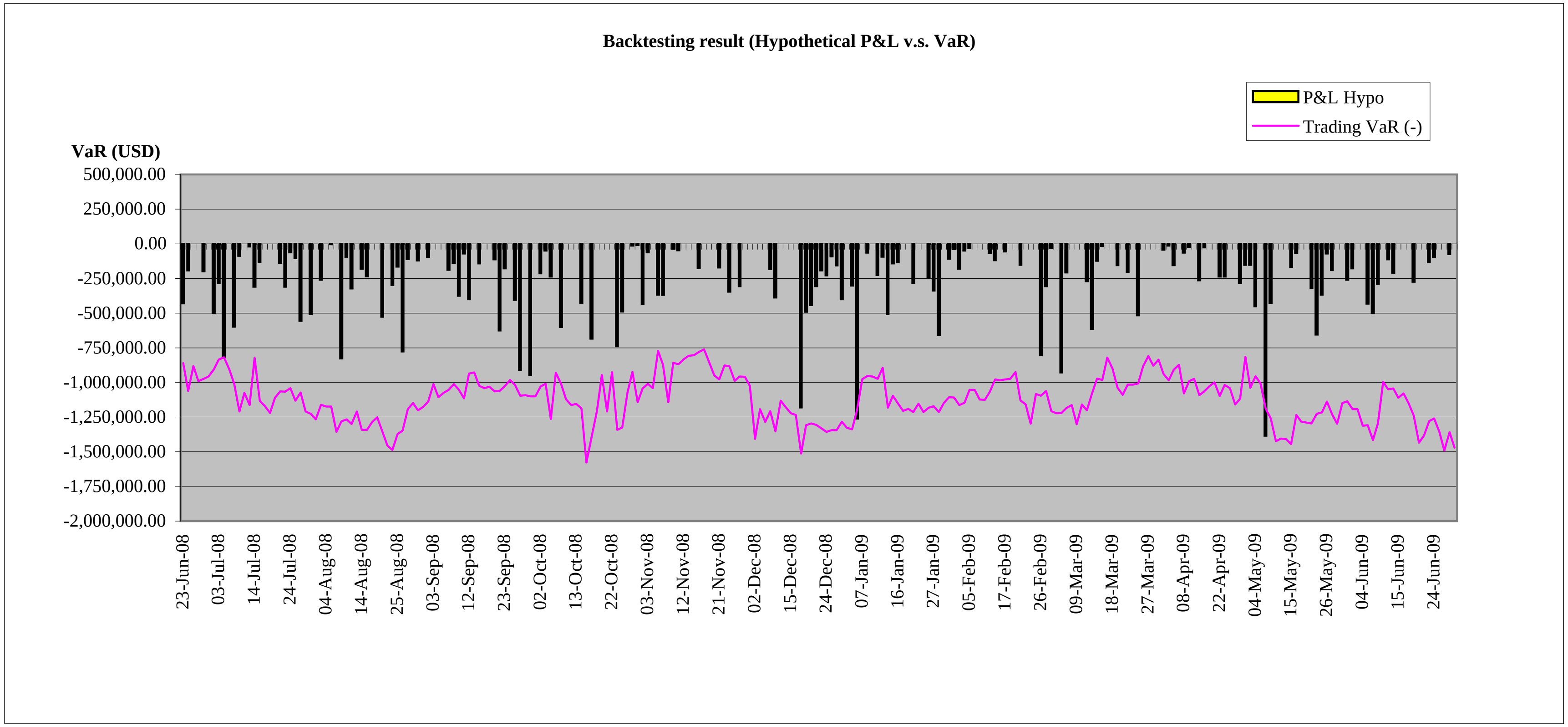
Table 2 : Backtesting result (Hypothetical P&L v.s. VaR)



Analysis

There were two exceptions from Backtesting result as of 30 June 2009, the reason of those exceptions could be summarized as follow;

1 On 7 Jan 2009, the significant unfovorable upward shift of long term THB interest rate and also THB bond yield curve, by about 15-27 bps and 20-32 bps, respcetively, contributed to a larger loss than the IR Trading VaR and Total Trading VaR estimation.

2 On 11 May 2009, increasing in cross currency swap rate, expecially for two years tenor, contributed to the large amount of loss to our position. In addition, the unfavorable upward shift of THB interest rate and also bond yield curve also generated the significant loss. Consequently, our total trading loss was greater than the estimated loss from VaR.

The number of exception presented above is in the acceptable range set by the Bank of Thailand. There is no further action or any additional charge imposed.

Authorised Signatory
(Mr. Willie Tham)
Chief Executive Officer
Announced on 25 September 2009