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HSBC TEAMS UP WITH CREDIT SUISSE AND TECHCOMBANK TO FINANCE VIETNAM AIRLINES' FLEET MODERNISATION

A consortium of banks including HSBC, Credit Suisse and Vietnam Technological and Commercial Joint-Stock Bank (Techcombank) have today signed aircraft financing loans with Vietnam Airlines Corporation (VNA) to finance the purchase of 6 ATR 72-500 aircraft from ATR, the Toulouse, France-based manufacturer.

The financing package worth of US\$120m for six new ATR aircraft was mandated to HSBC, Credit Suisse and Techcombank following a competitive bid. HSBC and Credit Suisse will provide an offshore US dollar loan for 85 per cent of the aircraft price with the support of COFACE and SACE, the French and Italian export credit agencies, while the remaining 15 per cent will be financed by a domestic US dollar facility granted by Techcombank.

“We are delighted to participate in this deal with a high profile customer like Vietnam Airlines.” said Tom Tobin, CEO of HSBC Vietnam. “Together with Credit Suisse and our strategic partner Techcombank, we have developed the most attractive finance package for Vietnam Airlines. This finance package highlights the local and global strengths that HSBC brings to the Vietnam market and further reflects our commitment to the long-term development in this country despite the world financial turmoil.”

Mr. Nguyen Duc Vinh – Techcombank CEO added “Vietnam Airlines is always one of our key clients, we value the trust placed in Techcombank by the Government in allowing us to cooperate with HSBC and Credit Suisse to supplement Vietnam Airlines’ air craft modernisation project. This is a great milestone for the relationship between Techcombank and Vietnam Airlines, we will commit additional resources to support Vietnam Airlines in its operation activities and contribute to the development of Viet Nam’s local tourisms, investment, and commercial sector”.

Contracts to purchase six additional aircraft were signed in December 2008, in addition to five ATR 72-500s already on order, and VNA will expand and standardise its ATR 500 series fleet to 14 aircraft by 2010.

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The aircraft, due for delivery between June this year and February 2010, will be used by VNA to replace its first generation ATR 72-200 planes used for domestic short haul routes, and will help the airline to modernise its fleet, improve operating efficiency and upgrade passenger services, while meeting increasing short haul domestic and regional demand.

The order is part of a wider fleet renewal and expansion plan, which also includes several orders of Airbus and Boeing aircraft which will operate on medium and long haul routes, moving Vietnam Airlines closer to its goal of being Southeast Asia's regional carrier of choice.

“With this financing package, Vietnam Airlines has assured the completion of its ATR fleet renewal and expansion plan, which aims to enhance our operating efficiency on short-haul routes,” said Dr Pham Ngoc Minh, President & CEO of Vietnam Airlines. “We are confident that the very first successful deal between us and prestigious banks such as HSBC, Credit Suisse and Techcombank will pave the way for further fruitful cooperation. This blooming partnership will undoubtedly generate substantial benefits for us all, and help Vietnam Airlines realise our ambitious development strategy in particular.”

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NOTES FOR EDITORS

1. HSBC in Vietnam

HSBC has been in Vietnam for 138 years - the Bank first opened an office in Saigon (now Ho Chi Minh City) in 1870. HSBC currently holds 20 per cent of the share capital of Vietnam Technological and Commercial Joint Stock Bank (Techcombank), one of the largest joint stock commercial banks in Vietnam, and 10 per cent of the share capital of BaoViet Holdings, the leading financial insurance group in Vietnam. These investments strengthen HSBC's position as the largest foreign bank in the country in terms of investment capital, network, product range, staff and customer base. The Bank officially started to operate as HSBC Bank (Vietnam) Ltd. on 1 January 2009 and is headquartered in HCMC.

2. Vietnam Airlines

Vietnam Airlines is now flying to 20 domestic and 23 international destinations, and aims to serve more than 10 million passengers by 2010 throughout a strategically developed network of long haul flights and local and regional connections. The airline currently operates a fleet of over 50 modern aircraft and plans to expand its fleet to 104 by 2015, and 150 aircraft by 2020.

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3. Vietnam Technological and Commercial Joint-Stock Bank (Techcombank)

Established in 1993, Techcombank has now become one of the largest Vietnam's commercial joint-stock banks in Vietnam. The bank is always an outstanding bank in term of business development with total asset of VND60,000 trillions and a register capital of VND3,642 trillions. After 15 years, with a customer centric commitment, Techcombank has now presented in 30 cities and provinces nationwide with 170 branches and sales outlets. Techcombank has so far engaged with more than 30,733 corporate customers and approximately 650,000 retail customers. Being known as the leading retail bank, Techcombank has set a strategic vision to be the leader among urban banks in terms of reliability, quality and efficiency, which reflects the Bank's loyalty to its distinguished customers.

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