

HSBC Insurance

21 January 2010

HSBC INCREASES STAKE IN VIETNAM'S LARGEST INSURANCE AND FINANCIAL SERVICES GROUP

**** Extends HSBC's position in key Asian market ****

**** Strengthens strategic relationship with Bao Viet ****

**** Furthers HSBC ambition to be a leading insurance player globally ****

Following regulatory and shareholder approvals, HSBC Insurance (Asia Pacific) Holdings Limited (HSBC) has increased its shareholding in Bao Viet Holdings to 18 per cent from 10 per cent through the purchase of 53,682,474 new shares for a total consideration of VND1.88 trillion (approximately US\$101.8 million).

HSBC acquired a 10 per cent interest in Bao Viet, Vietnam's leading insurance and financial services group, in September 2007. Under the terms of the original agreement, HSBC had an option to purchase a further 8 per cent of Bao Viet shares from the Ministry of Finance (MoF). In October 2009 the MoF gave formal consent for this option to be exercised through the issue of new Bao Viet shares to HSBC.

Sandy Flockhart, Chief Executive Officer of The Hongkong and Shanghai Banking Corporation Limited, said: "The decision to increase our stake in Vietnam's leading insurance and financial services group is reflective of our confidence in the long-term growth of both Bao Viet as well as Vietnam. In line with our strategy, we continue to focus on emerging market opportunities and provide insurance, wealth protection and wealth management services to those within the developing markets across Asia Pacific."

David Fried, Chairman and Chief Executive Officer of HSBC Insurance for Asia-Pacific, said: "With an insurance penetration of only 1.4 per cent of GDP, the potential for growth in Vietnam is significant. We remain committed to investing in Vietnam's development and see the country as a key market within the Asia Pacific region."

This news release is issued by

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As part of the original agreement, HSBC continues to hold certain pre-emptive rights to acquire shares currently owned by the MoF with a maximum HSBC shareholding of 25 per cent within the first five years of the agreement and prevailing foreign ownership limits thereafter.

With a population of 87 million, a quarter of which is under the age of 15, Vietnam is one of the few economies that has continued to see resilient GDP growth throughout the financial crisis. Over the past few years, the government has introduced supportive measures to liberalise Vietnam's financial markets and HSBC has correspondingly strengthened its presence and investments in the country.

In addition to its strategic investment in Bao Viet, HSBC also holds a 20 per cent stake in Vietnam Technological and Commercial Joint Stock Bank (Techcombank). HSBC also locally incorporated its Vietnam operations in January this year, and subsequently expanded its distribution network from two branches and one representative office to 10 outlets currently. It has also partnered with Vietnam Posts Corporation to provide access to some of HSBC's banking services for customers at over 1,600 post offices across the country.

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Notes to editors

Bao Viet Holdings

Established in 1965, BaoViet is now the leading financial and insurance services group in Vietnam. In addition to a network of over 400 outlets spread across 63 provinces nationwide, Bao Viet is a well-regarded trademark in the finance and insurance industries. Bao Viet Holdings currently controls some of Vietnam's leading companies in life and non-life insurance, securities and fund management. In 2009, it became a listed company on the Ho Chi Minh City Stock Exchange and established Bao Viet Bank. Its largest strategic investor, HSBC, currently holds a stake of 10.3 per cent[#] in the group.

HSBC in Vietnam

HSBC has been in Vietnam for 139 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 10.3 per cent[#] of the share capital of Bao Viet 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 Ho Chi Minh City.

HSBC Insurance (Asia Pacific) Holdings Limited

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HSBC Insurance (Asia Pacific) Holdings Limited is the parent company of four underwriting companies: HSBC Insurance (Asia), HSBC Life (International), HSBC Insurance (Singapore) and HSBC Amanah Takaful (Malaysia) (49 per cent held). Its shareholdings also include 50 per cent less one share of Hana HSBC Life Insurance in Korea, 26 per cent of Canara HSBC Oriental Bank of Commerce Life Insurance in India, 10 per cent of Bao Viet Holdings in Vietnam and 50 per cent of HSBC Life Insurance Company Limited, a jointly-held insurance company in mainland China with The National Trust Ltd. In Asia, the HSBC Group also holds a 16.78 per cent stake in Ping An Insurance of mainland China and has representative offices in Beijing, Shanghai and Guangzhou.

HSBC Holdings plc

HSBC Holdings plc, the parent company of the HSBC Group, is headquartered in London. The Group serves customers worldwide from around 8,500 offices in 86 countries and territories in Europe, the Asia-Pacific region, the Americas, the Middle East and Africa. With assets of US\$2,422 billion at 30 June 2009, HSBC is one of the world's largest banking and financial services organisations. HSBC is marketed worldwide as 'the world's local bank'.

HSBC acquired a further 0.3 per cent in the over-the-counter market since the original acquisition of 10 per cent.

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