HSBC

News Release

30 September 2009

MAINLAND CHINA AND INDONESIA LEADING THE WORLD IN TRADE CONFIDENCE

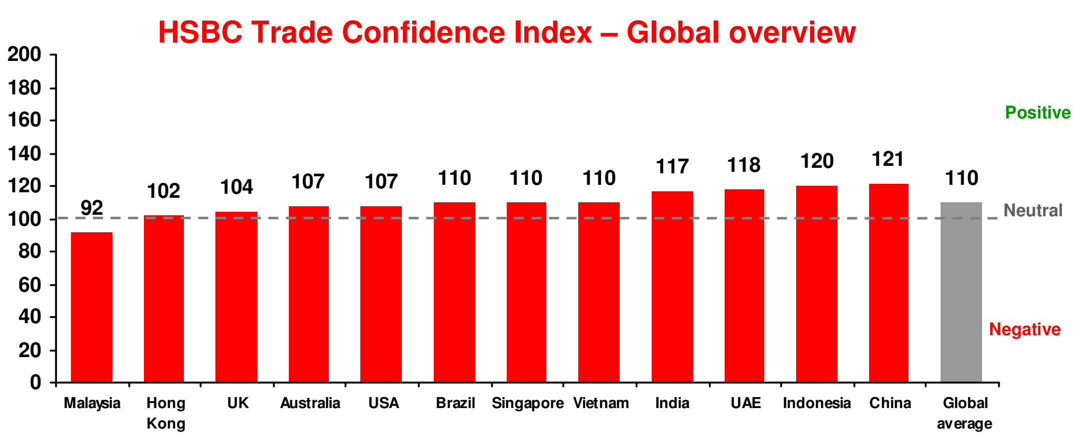
****Firms expect to borrow more to fuel business expansion, with main source of credit from banks****

****Foreign exchange volatility and tight profit margins expected to hinder growth****

****Vietnam toplist with majority of respondents expect trade volume to grow****

Small and mid-market businesses (SMEs and MMEs) in mainland China and Indonesia that engage in export and import activities are the most optimistic about their trade outlook in the next three months, according to the latest HSBC Trade Confidence Index.

The HSBC Trade Confidence Index covers a total of 12 markets – including key economies in the Asia-Pacific region, the United Arab Emirates (UAE), Brazil, the UK and the US. In the biggest opinion survey of its kind, over 3,500 trade-oriented SMEs and MMEs were asked about their three-month outlook on: trade volume; buyer and supplier risks; the need for trade finance; access to trade finance; and the impact of foreign exchange on their businesses. The results were used to calculate an index ranging from 0 to 200, where 200 represents the highest confidence level, 0 represents the lowest and 100, neutral. (Detailed results are contained in the slide deck attached.)



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This news release is issued by

HSBC Bank (Vietnam) Ltd

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The index shows an overall positive outlook across emerging and developed economies, with respondents from mainland China (121 points), Indonesia (120) and the UAE (118) the most confident about trade activity and growth. Vietnam remains very optimistic in trade outlook with a score of 110 (compared to 108 in the second quarter survey) and ranks top among countries regarding expected trade volume growth with the majority of respondents (65%) expecting trade volume to increase. Improved sentiment was most evident in Hong Kong, Singapore and Australia, where confidence scores rose by about 10 per cent since the last survey, conducted in the second quarter of 2009. The most cautious markets, which were badly impacted during the financial crisis also posted bright expectations with at least forty per cent of respondents saying they expect the trade volume will increase: USA forty one per cent; UK forty per cent; and Hong Kong forty per cent.

Lawrence Webb, HSBC Global Head for Trade and Supply Chain, said: "We are seeing signs of what could be the start of a global trade recovery: trade volumes have stabilised and are posting notable growth in certain markets. Our survey shows that globally, traders expect more orders and better access to credit and hold a stable outlook on buyer and seller risks. In Asia, huge government stimulus packages such as in Mainland China are buoying sentiment leading to an increase in the cross-border trading of commodities, construction materials and equipment. Growing intra-Asia trade and stronger domestic consumption are also signs of economic recovery. However, while overall outlook is positive, it is too early to tell if the rebound is sustainable, until such time as we begin to see a marked recovery in the West as well."

In summary, the HSBC Trade Confidence Index found a range of signs in support of a positive global trade outlook:

- the number of respondents expecting trade volumes to grow (44%) significantly outnumber those who expect a contraction (15%), on average 3:1;
- about one-third (32%) of respondents expect their need for trade finance to increase, especially in India (44%), South-East Asia (41%) and the UAE (37%);
- most respondents expect good access to credit with over half (59%) saying it will stay the same and around a third (31%) saying access will increase;

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- at least 4 in 10 respondents expect banks to meet future trade finance needs, except in the UK, where 45 per cent will rely on their own capital compared to 29 per cent who will seek bank support; and
- the majority of respondents expect buyer default risk (69%) and supplier non-delivery risk (75%) to remain stable, although a slightly greater number of respondents expect an increase in buyer risk (17%) than supplier risk (12%).

Mr Webb said: "In a downturn, concerns relating to seller risk tend to be less pronounced than those related to buyers' default risk. We continue to see exporters planning to use their banks' trade finance solutions to manage the buyer risk, especially in India and the UAE. Advance payment terms stand out as a risk management strategy in South-East Asia and the US. In Australia, the UK, Brazil and Greater China, traders are looking to use export credit insurance. There is a role to be played by government-backed insurance schemes to address this need for risk management as appetite and capacity from private insurers to underwrite such risk remains significantly constrained".

Globally, traders continue to cite volatile foreign exchange conditions and weak product demand as key challenges to business growth in the next three months. Foreign exchange volatility is the top concern for respondents in Brazil (58%), the UK (56%), South-East Asia (53%) and Greater China (42%), while lack of demand is the major barrier for the US (36%) and Australia (40%). Forty-five per cent of Indian traders and thirty five per cent of UAE traders are worried about insufficient profit margins and availability of credit, respectively.

On Vietnam

Trade volume:

Vietnam posted a two-point improvement in outlook on trade prospects, for a score of 110 in the third quarter of 2009, up from 108 in the second quarter.The majority of repondents in Vietnam (65%) – the highest proportion from the countries surveyed- expect their trade volumes to increase in the next three months.

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Companies in Vietnam continue to be optimistic with sixty three per cent of the respondents (vs 42% in the second quarter) saying they are confident that the global economy will grow for the next three months.

Buyer & supplier related risks

More than half of respondents in all 12 markets surveyed expect no change in the level of risk they face from buyers defaulting on their payments or from suppliers not honouring their trade agreements for the next three month. The biggest proportions of respondents that believe the level of risk will remain the same were from Vietnam and Singapore (81% for buyer default risk and 88% and 84% repsectively for the supplier non-delivery risk).

When asked what they would do to cover themselves against non-payment risks, 41% of businesses in Vietnam said they would offer more flexible payment terms while 29% said they would ask for advance payment

Need for trade finance

In line with their bullish outlook on trade, Vietnam had the largest portion (65%) of respondents within markets surveyed which said that they would need more trade finance in the next three months, followed by Indonesia (49%). Australia remains the market with least number of respondents (16%) expecting their trade finance needs to increase.

Compared to the survey in May 2009, more businesses in Vietnam expect their banks to meet their trade finance needs (63% vs 57% in the second quarter). The majority in other markets surveyed (except Indonesia and UK) also look for banks' services to meet their needs for trade finance.

Impact of foreign exchange on business

The survey reflects the raising concern of Vietnamese businesses about exchange rate risk as an increase of respondents cited fluctuating exchange rates as a major barrier to business growth (81% vs 62% in 2Q09). Costs of essential services such as shipping, logistics ad storage were considered as the second highest barrier to growing import and export business (48%) followed by Government trade regulation (34%).

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Most promising regions for trade growth

Vietnam traders consider Greater China as their most important region to trade with, as the majority of Vietnam exporters and importers (64% vs 61% in 2Q09) continue to actively trade with Greater China, followed by the rest of Asia (49%) and South-East Asia(39%). Greater China continues to offer the biggest growth opportunities for more than one third of respondents (36%) while 23 per cent consider the rest of Asia and 14 per cent consider South-East Asia and USA/Canada as potential growth drivers.

Do Thuy Nhu Thuy– Head of Trade and Supply Chain, HSBC Bank (Vietnam) Ltd, said: "Vietnam is clearly benefiting from the government's stimulus measures, especially the 4 percent interest rate subsidy scheme, and the signs of economic recovery in Asia and the world in general. That's why the majority of Vietnamese businesses remain optimistic and believe that trade volume will grow. Thus, the need for trade finance will also increase and we are pleased to see that Vietnam businesses trust banks as their main channel to meet future trade financing needs (63%). This means strongly capitalised banks, like HSBC, will continue to play an important role in supporting customers'space needs as their confidence and activity return."

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Notes to editors:

More details of the survey
Greater China includes Hong Kong SAR, mainland China, Taiwan and Macau SAR
Please see the attached report *HSBC Trade Confidence Index – September 2009* for more information.
The survey was conducted by research company TNS in August and September 2009.

HSBC Trade and Supply Chain
HSBC Trade and Supply Chain is one of the largest trade services organisations in the world. Our award-winning international trade expertise combines over 140 years of extensive experience in international trade with a unique blend of local knowledge, supported by advanced technology and our extensive network of dedicated trade services offices in over 60 countries and territories worldwide.

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. The Bank officially started to operate as HSBC Bank (Vietnam) Ltd. on 1 January 2009 and is headquartered in Ho Chi Minh City. Currently the Bank's network includes one branch and four

transaction offices in Ho Chi Minh City, one branch and three transaction offices in Hanoi and one branch in Binh Duong. HSBC is the largest foreign bank in Vietnam in term of investment capital, network, product range, staff and customer base.

The HSBC Group

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.

The HSBC Group 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.

Euromoney magazine recently named HSBC as its 'Global Bank of the Year' and HSBC is widely regarded as the world's most valuable banking brand.

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