

**HSBC PREDICTS VIETNAM TO BE AMONG TOP FIVE
INTERNATIONAL POWERHOUSES**

****Vietnam's trade to grow by 144% by 2025****

****Vietnam Trade Confidence Index remains positive, ranking 3rd in Asia-Pacific Trade Confidence Index ****

The new quarterly *HSBC Trade Connections* world trade forecaster predicts Vietnam trade volume will grow by 144% to the end of 2025, from the current value of US\$108.1 billion to US\$282.5 billion. Egypt, India, Vietnam, Indonesia and mainland China are amongst the top five international powerhouses which will drive world trade growth until 2025. Asia trade volumes is envisaged to grow 96% to nearly US\$14 trillion by 2025 and will be the key driver of world trade growth which is predicted to increase by 73% in the same period.

The *HSBC Trade Connections* report also revealed Vietnam confidence index remains positive, ranking 7th in the global confidence index and 3rd in Asia confidence Index: 115 vs 116 first half of 2011(1H11). Asian traders reported a dip of 3 index points, in line with the views reported by global traders (-2 index points) from the 1H11, indicating that despite indications of long term growth, traders are expecting global economic headwinds to impact global trade over the next six months.

Noel Quinn, Regional Head of Commercial Banking Asia-Pacific, said: "International trade is set to increase despite current economic uncertainty; for businesses that are looking to grow, international trade is the real opportunity. Whilst traders recorded a dip in confidence levels for the next six months, companies must prepare themselves now for the expanding trade markets across the world and especially within the Asia-Pacific region. There are undoubtedly short term risks for businesses given the challenging economic conditions but some mitigation is possible if companies start preparing now to capitalise on the growth in global trade."

The *HSBC Trade Confidence Index*, released today alongside the forecast, revealed that 41% of respondents in Asia expect the global economy to decline within six months, but the vast majority (83%) anticipate either an increase in international trade volumes, or consistent levels of international business activity. Indonesia became the most confident market globally while businesses in Singapore (-16), mainland China (-14) and India (-11) showed the largest drops in confidence, revealing a pessimistic six-month outlook amongst importers and exporters in these markets.

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Businesses in Australia, Singapore, Vietnam and mainland China are concerned about buyers defaulting on payments and intend to request advanced payments or tighten payments terms from their suppliers. Across Asia, half of all traders expect to maintain the same level of trade finance whilst 40% expect to increase their financing requirements levels. Greater China continues to be the most promising region of growth for importers and exporters in Asia including Vietnam. Vietnam traders continue to take intra-regional trade as the main driver of trade.

Trends

China, the US, Japan, Singapore and Korea are Vietnam's top five trading partners and it is anticipated trade with all of them will grow in volume terms over the next 15 years. China will remain Vietnam's largest trade partner by value in 2025, increasing its total trade from US\$17.9 billion to US\$53.3 billion. Trade routes are emerging with Switzerland, Egypt, South Africa and Saudi Arabia that reflect the importance of commodities to Vietnam's trade base - particularly in iron and steel with Switzerland and petrol and oil with Saudi Arabia.

Asia-Pacific's largest trading corridors are with mainland China, Japan, Korea and the US. The forecaster suggests that additional countries from within the region will also become major players, such as India, Vietnam, Myanmar and Cambodia who are developing strong export bases in increasingly higher-end value goods in manufacturing. Vietnam has three substantial, quickly developing trade corridors with Switzerland, India and the Philippines which reflect both the strength in commodities of the country and its integration into the global supply chain, particularly in consumer electronics.

Mr. Huynh Buu Quang- Head of Commercial Banking, HSBC Bank (Vietnam) Ltd., said: "Vietnam will be among the top five international powerhouses that drive world trade growth until 2025. As an international bank that has great history in trade finance and unique strength of international connectivity, HSBC is best positioned to support Vietnam traders to explore the future of the world trade and opportunities for international businesses. We have been supporting the trade business in Vietnam since the very first date we set up our presence in this country. After more than 140 years of presence in Vietnam, we remain committed to working with Vietnam traders to steer through the difficult time and maximize the potentials of global trading trends."

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Trade growth forecasts breakdown:

Country	By 2025
India	156%
Mainland China	146%
Vietnam	144%
Indonesia	144%
Australia	129%
Thailand	117%
South Korea	115%
Singapore	110%
Sri Lanka	102%
Hong Kong	92%
Malaysia	88%
Philippines	87%
New Zealand	83%
Japan	61%

Trade Confidence Index breakdown:

Country	2H11 (Change from 1H11)
Hong Kong	95 (-6)
Australia	100 (-7)
Mainland China	100 (-14)
Singapore	105 (-16)
Malaysia	106 (+9)
Vietnam	115 (-1)
India	129 (-11)
Indonesia	144 (+21)
Asia Index	112 (-3)

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Notes to editors

Footnote

1: In terms of US dollar value of total trade.

About the Trade Forecast

HSBC Trade Connections is the first comprehensive exploration of the future opportunities for businesses operating internationally, combining trade data from around the world with lead indicators of world trade and macro-economic trend information.

The Trade Forecast has a unique approach to understanding the drivers of trade from a business perspective, informed by: trade trends, measuring merchandise trade, macroeconomic and market influences trade (for example GDP, oil prices, inflation, foreign direct investment), and business environment influences on trade (including regulation, demographics, access to capital and finance). The research has been commissioned by HSBC and undertaken by Delta Economics.

The economic and business narratives stem from a broader documentary search that includes material from National Statistical Offices, the World Bank and International Monetary Fund, economic blogs, the Economist Intelligence Unit, Bloomberg, the Financial Times and other professional and financial services news websites.

NB All values are quoted in US dollars.

About the Trade Confidence Index

The results were used to calculate an index range from 0 to 200, with 200 representing the highest confidence level, 0 representing the lowest and 100 being neutral. The HSBC Trade Confidence Index covers a total of 21 markets –

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including key economies in the Asia-Pacific region, MENA, Latin America, North America and Europe. It is the largest trade confidence survey globally. The current survey comprises six-month views of 6,390 exporters, importers and traders from small and mid-market enterprises 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. Please see the attached HSBC Trade Connections report for more information. The survey was conducted by research company TNS between July and September 2011.

About HSBC Commercial Banking

Headquartered in London, HSBC is one of the largest banking and financial services organisations in the world. HSBC is one of the world's most international commercial banks with over three million customers in more than 60 markets. With 7,500 dedicated relationship managers, Commercial Banking contributed over US\$4 billion in profit before tax to the Group in the half-year to 30 June 2011.

HSBC Vietnam

HSBC has been in Vietnam for 140 years – the Bank first opened an office in Saigon (now Ho Chi Minh City) in 1870. HSBC was the first foreign bank to launch its locally incorporated entity on 1 January 2009 as HSBC Bank (Vietnam) Ltd. The Bank's current network includes one transaction centre, one branch and five transaction offices in Ho Chi Minh City, one branch, three transaction offices and one deposit office in Hanoi, and four full-service branches in Binh Duong, Can Tho, Da Nang and Dong Nai provinces. HSBC is one of the largest foreign banks in the country in terms of investment capital, network, product range, staff and customer base.

The Hongkong and Shanghai Banking Corporation Limited

The Hongkong and Shanghai Banking Corporation Limited is the founding and a principal member of the HSBC Group which, with offices in 87 countries and territories and assets of US\$2,691 billion at 30 June 2011, is one of the world's largest banking and financial services organisations.

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