HSBC The world's local bank

Analyst Roadshow to Asia-Pacific

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Country overview

Vietnam has been growing very fast for the last 10 years. There's now about 86m people. And GDP has been growing at annual rates of more than an average of 7% over the last 10 years, and last year grew by 8.5%. So very strong growth. The government is very pro-growth. They got access or acceptance into WTO last year. And that's opened a number of doors for foreign direct investment and for growing of their domestic businesses.

The population is very young. More than 50% of the population is below 30 years of age. So demographics are very strong. These people are now moving into their prime working years and are becoming consumers. Less than 10% of the population have bank accounts still. So you can see there's still tremendous opportunity for the future for customers.

Financial performance

Our numbers are not disclosed in Vietnam, as a branch of Hong Kong and Shanghai Bank. But in terms of size it's modest in terms of the HSBC Group size, but in terms of growth, our income grew by almost 80% last year.

Growth strategy

It's an organic strategy of growing our organic HSBC businesses. But it's also growing with our strategic partners. We now have 14.4% of local joint stock bank called Techcombank. We've recently launched a tie-up of our ATM network with Techcombank. They have around 260 ATM machines. We have around 56 machines. So that gives us significant increase in our distribution capability. It also gives Techcombank access to our global networks in terms of ATMs. So we see this as a win-win.

On the insurance side, we have 10% of Bao Viet Insurance, which is a leading insurance company in Vietnam. And it allows us, also at an early stage of development of the insurance business, to capture part of that share through our strategic investment in Bao Viet.

We have drawn tremendously on the experience of HSBC around the group. Other emerging markets, such as Mexico or China, we can take lessons that they've learned or processes that they've employed or products that they've used, tailor them for our local circumstances and get it to make much quicker. Similarly, on a group system basis, because we take group systems, it allows us much quicker time to market and we can really leverage the expertise of HSBC Group.

International trade flows and banking reforms

The biggest trade partners for Vietnam are Korea and Taiwan, China, Singapore and so on. And we're seeing HSBC

are strong in those markets. And so we have tremendous cooperation and trade flows between group offices. So customers who are investing from those countries into Vietnam, but similarly for Vietnam exporters who want to export into those markets and to the US market, we can use the Group's connections and distribution capability to help those customers both sides and form a bridge really from international markets to the Vietnam market.

With their ascension into WTO, they've introduced reform in the banking sector which has allowed us to apply for local incorporation so we can have a wholly owned foreign subsidiary in Vietnam. This will allow us to have a level playing field with the local banks and allow us to have greater distribution capability in terms of branches and transaction outlets.

Right to win

HSBC in Vietnam is the largest foreign bank by far in terms of capital, in terms of customers, in terms of products and services that we offer. We've won a number of awards. The best foreign bank the last few years from Asian Investor which recognises that capability. But really it's because we've been in Vietnam since 1870. So we have long roots. And we have strong relationships with big companies in Vietnam and with multinationals who are investing into Vietnam. So I think our global strengths in Vietnam put us at a competitive advantage.

I think the important thing is to understand that growth dynamic within the market. People are ambitious. They want to grow. And we see our role is to support this growth and their financial services needs to help them to achieve their objectives and to see them become successful and continue to grow well.

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