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INDUSTRY NEWS UPDATE

HSBC to Expand In Vietnam; Eyes Moving Into Laos, Cambodia

U.K. banking group HSBC Holdings PLC (HBC) said Monday it plans to expand in Vietnam and have 10 branches there by year-end, up from two currently, and is looking at setting up operations in neighboring Laos and Cambodia within the next five years.

"We will be opening in Ho Chi Minh, Hanoi and Binh Duong. We plan to have a total of 10 outlets this year," said HSBC Vietnam President and Chief Executive Thomas Tobin.

The Vietnam expansion comes after HSBC was given approval by the government to become the first foreign bank to set up a locally incorporated entity. It also forms part of HSBC's aggressive expansion in developing markets.

The change in legal status also means that it's easier now for HSBC's local operations to set up branches across the country.

HSBC's current two branches are located in Ho Chi Minh city and Hanoi.

New laws which help open Vietnam's banking sector to foreign companies have been introduced as part of the communist country's inclusion into the World Trade Organization.

Last year, HSBC hired more than 400 additional staff in Vietnam in anticipation of its expansion. This has brought staff numbers there to more than 1,000. Tobin said the new staff are being trained to man the future branches.

In Vietnam, HSBC also owns 10% of Bao Viet Holdings, an insurance company, and 20% of Vietnam Technological and Commercial Joint Stock Bank, or Techcombank.

Tobin said HSBC is eyeing expansion into neighboring Laos and Cambodia.

"It's something that we keep an eye on. We visit there regularly, and we're in close contact with the customers and the regulators. We see tremendous potential in both those countries. So for sure, within the next five years, we'll keep an eye on it," he said.

In October, HSBC agreed to buy a majority stake in Indonesia's Bank Ekonomi Raharja for \$607.5 million.

That acquisition also follows the bank's expansion into China's Dazu county and its efforts to expand in other emerging markets like Georgia, Russia, Peru and Panama.

(Source: CNNMoney.com - USA, Dated 5th January 2009)