



P R E S S R E L E A S E

For immediate release

Canara HSBC Oriental Bank of Commerce Life Insurance Company to Focus on Retirement Planning for Customers of its Shareholders

- ***HSBC, a JV partner of Canara HSBC Oriental Bank of Commerce Life Insurance releases study, 'The Future of Retirement-It's time to prepare'***
- ***58% of the respondents in India do not know what their retirement income will look like***
- ***Taking insights from the key findings of the survey, Canara HSBC Oriental Bank of Commerce Life Insurance to educate customers of its shareholders on financial planning especially retirement planning through life insurance***

New Delhi, August 24, 2009: Canara HSBC Oriental Bank of Commerce Life Insurance Company Limited – a partnership between two of India's largest public sector banks, Canara Bank and Oriental Bank of Commerce, and HSBC Insurance (Asia Pacific) Holdings Limited will specifically focus on inculcating financial discipline and retirement planning for customers of its shareholders.

As per the findings of 'The Future of Retirement – It's time to prepare' survey, at 42%, Indian respondents topped the list on 'feeling' well prepared to handle their retirement amongst the 15 countries surveyed. However, 58% of the respondents in India do not know what their retirement income will look like. One of the factors contributing to the unpreparedness is the lack of understanding about their long-term finances over short-term - 59% of survey respondents in India understood their short-term finances very well and 50% are confident about their long-term finances.

According to **Mr Harpal Karlcut, Chief Executive Officer, Canara HSBC Oriental Bank of Commerce Life Insurance Company**, "India has a high saving ratio compared to other countries. However, the survey reveals that the motives of saving are more skewed towards saving for children accounting for 35% of savings than saving for retirement which accounted for only 12%."

According to the survey, another reason why Indians are not saving for their retirement could be the fact that the average age in India is just 26 years. This actually gives India an advantageous position. In 2050, the number of dependent adults in India will reach the number of dependent children for the first time. This crossover arrives much later when compared with countries with mature economies, and indeed other emerging economies, giving India more time to prepare, or what is often called a 'demographic dividend'.

Mr Karlcut added, "Today we are in a favourable situation with a youthful population profile. This gives us an opportunity to educate and ready the current younger population for their retirement through financial planning, with life insurance products particularly well placed to help bridge funding and income gaps."

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According to the survey, at present, formal pension arrangements cover only 13% of the country's paid employees in India, with a total of 284 million people without pension coverage. According to OECD¹ Private Pensions Outlook 2008, pension fund assets in India are very small and make up to only 5% of India's GDP.

The survey also throws light on the impact of the economic downturn. Over the last 18 months, the economic downturn has had a significant impact on people's finances and their attitude towards long-term investments. The IMF (International Monetary Fund) gives an optimistic forecast for India GDP growth at 5.1% in 2009 and 6.5% in 2010. The survey reflects the optimistic outlook of Indians towards the economic recovery. At least, 59% of Indians expect the downturn to last less than 12 months; whereas, globally the optimism falls to just 29%.

In spite of the optimism, the survey clearly brings to the forefront the changing priorities of Indians in crisis times like these towards retirement. The findings revealed that 1-in-8 people in India have either reduced or stopped saving into a pension. A further 18% say they would like to seek financial advice to help them make sense of the choices facing them.

The study has also showed that people globally trust their banks as a popular primary source of advice. In India at least 31% of the respondents have shown an openness to consult or take advice from financial institutions.

According to Mr Karicut, "The above finding calls for determined measures by the government and financial institutions to spread the relevance of financial planning and retirement for a better tomorrow. In addition, the danger may be that without an adequate understanding, people in India could become complacent and feel relatively well-prepared for retirement. The need to develop personal finance education programmes is therefore paramount.

At Canara HSBC Oriental Bank of Commerce Life Insurance, we have taken proactive steps to educate the customer on the need for disciplined saving through life insurance especially for retirement. Customers are apprised of emerging need of financial independence in view of the increasing breakdown of the joint family system, increasing longevity and spiralling medical costs. In fact, in the first year of operations, Canara HSBC Oriental Bank of Commerce Life Insurance has successfully imparted financial education to over 5,000 customers through around 200 events across India."

The Company launched a UL Pension Plan in November 2008, structured to provide optimum benefits to the customers. Available as pure pension and pension with life cover, the plan offers single and regular premium payment options. There are 5 funds to choose from and flexibility to bring forward or delay the vesting age. As a customer grows older and closer to the vesting age, the maturity switch option helps him manage the investment by automatically initiating a phased moving of the investments from the Equity to Liquid fund. Pensions are currently the Company's second highest selling product.

With demographic dividend, a high savings ratio and keenness to undertake financial planning, the future of retirement in India looks bright especially if current trends continue.

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Notes to Editors

The Future of Retirement

The Future of Retirement programme is a key initiative, establishing HSBC Insurance as a market leader in the increasingly important retirement market. Now in its fifth year, the programme has positioned HSBC Insurance at the forefront of retirement 'thought leadership'.

For more information, log on to <http://www.hsbc.com/1/2/retirement/future-of-retirement>

Survey Methodology for 'The Future of Retirement – It's time to prepare'

The findings for the HSBC Future of Retirement report 5 are based on the responses of over 15,000 individuals aged between 30 and 70 years covering 15 countries - Brazil, Canada, China, France, Hong Kong, India, Japan, Mexico, Saudi Arabia, Singapore, South Korea, Turkey, UAE, the UK, and the US. These are those people living in urban areas, likely to be more educated and with greater access to the Internet. They will generally be much more exposed to the service-based economy and will be converging more rapidly towards the attitudes and behaviour of their peers in the industrialised world, which includes patterns of behavior towards retirement planning.

India Sample Size: 1000

- 518 men surveyed and 482 women
- Three age bands:
 - 30-39: 392 = 39%
 - 40-49: 368 = 37%
 - 50-70*: 240 =24%

*we had 1 respondent aged between 60-70.

About Canara HSBC Oriental Bank of Commerce Life Insurance Company Limited (www.canarahsbclife.com)

Canara HSBC Oriental Bank of Commerce Life Insurance Company Limited was launched in June 2008 and is jointly owned by two of India's largest public sector banks – Canara Bank (holding 51%) and Oriental Bank of Commerce (23%) – and HSBC Insurance (Asia Pacific) Holdings Limited (26%), the Asian insurance arm of one of the world's largest banking and financial services groups – HSBC.

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About Canara Bank

Canara Bank, established in 1906, is today one of the largest nationalised banks in India in terms of aggregate business comprising of deposits and loans. It has an asset size valued at over Rs.2 lac crores and global business valued at over Rs.3.25 lac crores as on 31 March 2009. 73.17% of the Bank's ownership is with the Government of India. Known for its strong fundamentals and sound business policies, Canara Bank has the distinction of posting profits every year since inception. The bank has a network of over 2,734 branches nationwide and 44,090 employees serving nearly 35 million customers. It has a credit rating of BBpi and AAA/stable from Standard & Poor's and CRISIL (Credit Rating Information Services of India Limited) respectively. The bank offers today a host of e-enabled delivery channels, including 2,019 ATMs, 2,065 Anywhere Banking Branches and 1,359 branches offering Internet and mobile facilities.

About HSBC

HSBC Holdings plc, the parent company of the HSBC Group, is headquartered in London. The Group serves customers worldwide from around 9,500 offices in 86 countries and territories in Europe, the Asia-Pacific region, the Americas, the Middle East and Africa. With assets of US\$2,527 billion at 31 December 2008, HSBC is one of the world's largest banking and financial services organisations.

About Oriental Bank of Commerce

Oriental Bank of Commerce's business mix on 31st March 2009 stood at over Rs. 1.67 crores business. It has 1401 branches, 845 ATMs and over 14600 employees. It serves over 12 million customers. The India Government owns 51.1% of Oriental Bank of Commerce, which has a credit rating FAAA from CRISIL.

About CICERO Consulting

Cicero Consulting designed and analysed the Future of Retirement research and produced the final report.

1. OECD: Organisation for Economic Co-operation and Development