

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

For immediate release

Canara HSBC Oriental Bank of Commerce Life Insurance Enters Into Strategic Tie-ups with Two Regional Rural Banks

- **Strengthens presence in Uttar Pradesh and Karnataka to cater to rural and social sectors**
- **Announces additional capital infusion of INR 100 crore to support expansion**

New Delhi, December 23, 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, today announced strategic tie-ups with two Regional Rural Banks (RRBs) - Shreyas Gramin Bank in Uttar Pradesh and Pragathi Gramin Bank in Karnataka. The two RRBs are sponsored by Canara Bank. Along with the three shareholder banks, the RRBs too will function as corporate agents of the life insurer to sell its products.

Through a strong network of around 550 branches of the two RRBs, Canara HSBC Oriental Bank of Commerce Life Insurance Company will reach out to more than 4.6 million customers to provide customised life insurance solutions in addition to the existing customer base of 48 million.

Speaking on the occasion, **Mr Harpal Karicut, Chief Executive Officer, Canara HSBC Oriental Bank of Commerce Life Insurance Company Limited**, said, “Focusing on an organic growth strategy and our commitment to deliver affordable insurance solutions to address the needs of the rural population, the social sector and economically weaker sections of the society, especially those who have none or very little access to organised financial services, the Company has entered into strategic tie-ups with Canara Bank sponsored Shreyas Gramin Bank and Pragathi Gramin Bank.”

He further added, “Given that the market is inadequately insured, the rural areas offer great potential. We are aided by our strong distribution model that will enable us to take life insurance to large sections of the society and help meet every Indian’s need for insurance.”

Shreyas Gramin Bank and Pragathi Gramin Bank, have very strong customer relationships and will provide an excellent opportunity for Canara HSBC Oriental Bank of Commerce Life Insurance to further strengthen presence in the important markets of Uttar Pradesh and Karnataka.

Saral Bima, one of the Company’s flagship products will be sold through the RRBs. The low premium product is tailored to meet the investment cum insurance needs of customers in the semi-urban and rural cities. It has a one page application form and requires no medicals. This plan has loyalty additions and partial withdrawal facility valued by this customer segment. Going forward, more products catering to the customer profiles of the RRBs will be planned.

In order to meet its expansion plans, the life insurer's three shareholders have infused capital of INR100 crore on December 17, 2009 – increasing the total capital base to INR625 crore.

Mr Karicut added, "The JV has strongly committed and aligned shareholders. With a capital base of INR325 crore, we were one of the most highly capitalized life insurance company at launch. The Company received a further infusion of capital on INR 200 crore in December 2008 and the three shareholders will infuse capital to support the Company's growth as and when required."

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Notes to Editors

Regional Rural Banks were established under the provisions of an Ordinance promulgated on the 26th September 1975 and the RRB Act, 1976.

Objective

- To ensure sufficient institutional credit for agriculture and other rural sectors.
- To mobilize financial resources from rural/semi-urban areas and grant loans and advances mostly to small and marginal farmers, agricultural labourers and rural artisans.

The area of operation of RRBs is limited to area as notified by Government of India covering one or more districts in the State.

Ownership

RRBs are jointly owned by Government of India, the concerned State Government and Sponsor Banks; the issued capital of a RRB is shared by the owners in the proportion of 50%, 15% and 35% respectively.

Shreyas Gramin Bank

Head Office: Aligarh, Uttar Pradesh

Number of Districts Where Present: 7 (Aligarh, Agra, Etah, Firozabad, Hathras, Mathura, Kasganj)

Total Number of Branches: 192

Pragathi Gramin Bank

Head Office: Bellary, Karnataka

Number of Districts Where Present: 7 (Bellary, Kolar, Chitradurga, Shimoga, Raichur, Davanagere, Koppal)

Total Number of Branches: 360

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.

The Company operates a pure bancassurance model and has exclusive access to around 48 million customers and a pan-India network of over 4,400 branches of the three shareholder banks. The formidable distribution strength and in-depth local market knowledge of Canara Bank and Oriental Bank of Commerce coupled with the considerable insurance experience, product range and proven bancassurance capabilities of HSBC make this an unparalleled union of financial strength, expertise and most importantly, trust.

Canara HSBC Oriental Bank of Commerce Life Insurance Company understands that today innovation is a key differentiator. Keeping market and demand forces in mind, the Company has developed and launched new products on an average, every six weeks. Six unit linked investment and four traditional products have been introduced to customers. Individual products include UL Whole life, UL Endowment, UL Pension, UL Limited Pay Endowment, Pure Term, Immediate Pension, UL Child, Saral Bima and Group Products include Group Term and Group Loan Protection.

The Company currently has 29 offices across the country (in 27 cities) to provide necessary training and coaching support to the bank staff and ongoing service support to 900 bank branches (with dedicated SPs) selling Canara HSBC Oriental Bank of Commerce Life Insurance Company's products in 313 locations. Out of 313 locations, around 80 locations are in semi-urban and rural areas.

The backbone of the Company's operations is a highly IT-enabled business model and policy administration system, including 'E-Application' which has replaced physical application forms required during sales. This has resulted in higher quality and faster policy issuance.

Based on the latest data (October 2009) available on IRDA website, the Company is the fastest Indian life insurance company to cross Rs 500 crore in weighted premium income till date and it also has the Highest Average Premium (GWP) in the industry for individual business since launch.

Since launch on June 16, 2008 to November 30, 2009, the Company's business in terms of Gross Written Premium (GWP) stood at Rs 676.6 crore and the number of policies sold stood at around 91,600.

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