

PRESS RELEASE

Canara HSBC Oriental Bank of Commerce Life Insurance Company Releases HSBC Study 'Future of Retirement: The Power of Planning'

- The 2011 report, *The power of planning*, is the sixth in the series and the most action oriented report to date, based on interviews with more than 17,000 people in 17 countries
- Globally, one in five people do not know what their main source of income will be in retirement, 41% felt that they were under-prepared for retirement to some extent, while 64% admitted to being concerned that they would not be able to cope financially in retirement
- 51% respondents in India are worried about being able to cope financially in old age and one in ten people expect to continue working in later life to provide income for themselves
- Individuals must wake up to the fact that they need to take responsibility for their own retirement as the old providers, particularly the state and the employer will no longer suffice - those actively engaged in understanding the issues around retirement and preparing for it properly face retirement with greater wealth and confidence for the future

For immediate release

New Delhi, June 14, 2011: Canara HSBC Oriental Bank of Commerce Life Insurance Company Limited – a joint venture between two of India's largest public sector banks, Canara Bank and Oriental Bank of Commerce, and HSBC Insurance (Asia Pacific) Holdings Limited today released HSBC study 'Future of Retirement: The Power of Planning' in India.

As per the findings of 'The Future of Retirement: The Power of Planning', globally, one in five people do not know what their main source of income will be in retirement, 41% felt that they were under-prepared for retirement to some extent, while 64% admitted to being concerned that they would not be able to cope financially in retirement.

Amongst the 17 countries surveyed, Indian respondents demonstrate impressive optimism and fare as one of the world's best financial planners with lowest concerns about financial hardship in retirement. They are second best in Asia Pacific with 74% 'feeling' adequately financially prepared to handle their retirement and 69% of the respondents see themselves as being better off in their later life than their parents. However, 51% respondents in India are worried about being able to cope financially in old age, with one in ten people in India expecting to continue working in later life to provide income for themselves, reiterating that the general optimism towards retirement must not therefore lead to complacency.

According to Mr. John Holden, Chief Executive Officer, Canara HSBC Oriental Bank of Commerce Life Insurance Company, "India currently enjoys the fortunate position of relatively high savings rates. Further, it does not face the immediate demographic challenges of most of its peers. However, this will not last. With the looming demographic time bomb, in the long term, India is likely to face the same pressure as its peers. Over the next 30 years, a higher proportion of the population will be of working age and when they retire, India too will face the challenges of an ageing, non-working population. As life expectancy increases, the number of years spent in retirement is expected to get greater."

According to the study, there is a 'great risk shift' in which society's response to increasing life expectancy is to expect the individual to plan and save for their own retirement as the old providers, particularly the state and the employer will no longer suffice. Regarding the source of retirement income, globally, only 16% respondents thought it would come from the state pension system and only 10% from employer pension schemes. Further, while the role of the family (younger generation) in funding or supporting parents'

retirement is considered important in emerging markets, the study points out that the traditional joint family system in societies like India is likely to recede over time and the responsibility will shift to the individual.

The study further points out that those with a financial plan for the future enjoy several benefits over those who do not. It is called 'planning premium' and these benefits are both 'hard' and 'soft', including not only greater and more diverse retirement savings, but also a more positive outlook and fewer worries about later life. Individuals who undertake financial planning are not only likely to be better off in retirement, but also are more likely than non-planners to associate retirement with positive ideas such as freedom and less likely to associate it with negative ones such as financial hardship.

Globally, the planners are amassing two-and-a-half times as much in their retirement savings as non-planners. Those who combine financial planning with professional financial advice enjoy the best of both worlds with retirement assets over three times more than the non-planners demonstrating an 'advice advantage'. The planning premium and advice advantage also apply to non-retirement savings and investments. Planners have amassed over three times more than non-planners in their non-retirement assets and, on average, those who take professional advice and have financial plans, have amassed over five times the non-retirement assets of those who do neither.

Speaking on the study, Mr Holden said, "*The power of planning* is this year's central message. It recognizes the combined benefits of having a financial plan and seeking professional financial advice. Plans without actions are ineffective, so we also need to understand the challenges in getting individuals not just to plan, but also to implement these plans so that families can expect the best outcomes in later life. Individuals/families should follow a simple 5-step process based on the research, which is:

1. Establish some clear goals, both short and long term
2. Benchmark yourself
3. Establish a comprehensive financial plan
4. Implement the plan
5. Keep your plan under review"

A key challenge in encouraging households to start planning remains the need to raise basic levels of financial literacy. The level of awareness is low and some don't even know how to find a good advisor. According to the study, the Internet is emerging as a prominent source of financial information and advice for people in India, with 45% of respondents using official financial websites to guide their decision making. However, banks at 21% and insurance companies at 18% remain among most popular sources of advice.

Considering that banks, insurance companies and financial websites are a popular choice for customers seeking financial advice, Canara HSBC Oriental Bank of Commerce Life Insurance Company, which operates a bancassurance model, is at an advantageous position.

Mr. Holden added, "We have taken proactive steps to educate customers on the need for disciplined saving and retirement planning through over 900 customer meets since launch in 2008. Taking insights from the key findings of the study, we have recently launched our Life Insurance Simulator (LIS), an interactive online planning tool that takes the customers through a series of simple steps to assess whether their current savings and investments are adequate to fulfill their needs. LIS is available on www.canarahsbclife.com in English, Hindi, Punjabi and Kannada."

To ensure that general optimism towards financial planning and retirement should not lead to complacency, Canara HSBC Oriental Bank of Commerce Life Insurance will continue to focus on promoting financial discipline and retirement planning through life insurance, guiding customers to prepare and plan to enjoy an extended period of later life.

-Ends-

Notes to Editors

The Future of Retirement: *The power of planning*

The 2011 report, *The power of planning*, is the sixth in the series and is based on interviews with more than 17,000 people in 17 countries. The research was conducted online and survey data was collected on the basis of both household and individual incomes.

The report surveyed 17,849 'financial trendsetters' of working age (mostly between 30 and 60 years) in 17 countries - India, Argentina, Brazil, Canada, China, France, Hong Kong, Malaysia, Mexico, Poland, Saudi Arabia, Singapore, South Korea, Taiwan, UAE, UK, and the US. Financial trendsetters tend to be more educated than average, live in urban areas and have greater access to the internet. Those in developing economies tend to share the same attitudes and behaviour of those in the developed world, including attitudes towards retirement planning.

The report refers to three distinct income groups: high income with gross annual household income over US\$100,000; middle income with gross annual household income of US\$30,000 to US\$100,000; and low income with gross annual household earnings below US\$30,000.

***India Sample Size: 1028**

- 778 men surveyed and 250 women
 - Three age bands:
 - 30-39: 392 = 39%
 - 40-49: 368 = 37%
 - 50-70*: 240 = 24%
- (we had 1 respondent aged between 60-70)

The Future of Retirement Programme

HSBC's The Future of Retirement programme is a world-leading independent study into global retirement trends. It provides authoritative insights into the key issues associated with ageing populations and increasing life expectancy around the world.

Since the Future of Retirement programme began in 2005, more than 110,000 people worldwide have been surveyed. The research findings help HSBC and its partners around the world to understand and meet the needs of its 95 million customers worldwide. The programme has helped advance retirement thought leadership, and raised awareness of HSBC as a leader in the growing retirement services market.

The global report - **The Future of Retirement: *The power of planning*** and the **India Report** can be downloaded from www.canarahsbclife.com

For further information on the Future of Retirement Programme and previous reports, visit www.hsbc.com/retirement

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 has exclusive access to around 53 million customers and a pan-India network of over 4600 branches of Canara Bank, HSBC and Oriental Bank of Commerce. 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.

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 no or very little access to organised financial services, the Company tied up with three Rural Regional Banks (RRBs) – Pragathi Gramin Bank in Karnataka, Shreyas Gramin Bank in Uttar Pradesh and South Malabar Gramin Bank in Kerala that have a network of around 790 branches and reach out to more than 7 million customers.

Canara HSBC Oriental Bank of Commerce Life Insurance Company understands that today innovation is a key differentiator. Based on market demand and customer preferences, the Company currently offers 11 products – 4 unit-linked and 7 traditional; 7 out of these are individual and 4 are group products.

Canara HSBC Oriental Bank of Commerce Life Insurance Company is the fastest Indian life insurance company to cross Rs 500 crore, Rs 1000 crore and Rs 1500 crore in weighted premium income till date. Since launch on June 16, 2008 to May 31, 2011, the Company's business in terms of Gross Written Premium (GWP) stood at Rs 2,916 crore and the number of policies sold are 2,55,908. As on May 31, 2011, the Company's assets under management (AUM) stood at Rs 2,878 crore.

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