

# Press Release

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## **IDBI, Federal Bank and Fortis Sign MoU on life insurance joint venture in India**

**IDBI, Federal Bank and Fortis jointly announced that they have signed today a Memorandum of Understanding on the formation of a Life Insurance Company in India.**

IDBI and Fortis stated on 7 March 2006 that they were jointly seeking a third partner to pursue life insurance business in India. IDBI and Fortis have jointly identified Federal Bank as their third partner. It is the intention to establish a Life insurance company of which IDBI will initially own 48%, Federal Bank 26% and Fortis 26%.

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Sri. M. Venugopalan, Chairman of Federal Bank said: *"We are very glad to enter into a joint venture with IDBI and Fortis to start a Life insurance company. Federal Bank with a spread and reach to every nook and corner of Kerala state and to all major urban/metro centers of the country has a wide distribution network and a vast customer base. Our aim is to convert ourselves into a financial super market with an array of financial products on our shelves for our customers to choose from, in addition to our present banking products and services. The new joint venture will enable us to offer a wide range of insurance products to our customer base and to extend our customer base. The synergy between IDBI Bank and Federal Bank, the two Indian Banks and Fortis with its vast expertise in the insurance business is expected to enrich the Indian insurance market."*

Shri V.P. Shetty, Chairman and Managing Director of IDBI said: *"IDBI has decided to make a foray into the Life Insurance business to complement the range of financial products and services being offered to its clientele consonant with its vision statement of being a financial conglomerate. Federal Bank and Fortis have been carefully chosen as partners in the venture to create a successful insurance business. Federal Bank, one of the successful private sector banks having a good retail distribution reach and loyal customer base in India and abroad, will be ideally suited to complement IDBI's growing distribution network. The Indian partners have successfully pursued distribution of insurance products through the bancassurance model and would be able to impart significant value additions into development of market friendly products by the new company. Fortis, one of the largest players in the insurance business in Europe and also having successful joint ventures in different Asian countries, will bring to the joint venture its unique experience in developing and operating the bancassurance model, which will augment the activities of IDBI and Federal Bank. The signing of this MoU is a significant step towards commencement of life insurance business. The partners will jointly approach the regulators for obtaining the necessary statutory and regulatory approvals and will also develop an effective business model to provide a wide range of products in the Indian Insurance market."*

Peer van Harten, CEO of Fortis Insurance International, comments: *"This transaction is fully in line with our carefully planned expansion strategy announced last year. This is a unique opportunity for Fortis to start insurance operations in India, which is rapidly becoming one of the largest insurance markets in the world. We are very happy to team up with Federal Bank in the partnership we have created with IDBI."*

*Both the network and market expertise of Federal Bank will ideally complement IDBI and Fortis's respective distribution channels, skills and experience. We are looking forward to starting operations and to establish this multi-channel distribution life insurance company, whereby all parties involved contribute their specific skills."*

**Industrial Development Bank of India (IDBI)** is a scheduled bank incorporated and registered under the Companies Act, 1956, having its registered office at Mumbai, India. IDBI enjoys the status of a public financial institution. IDBI is also categorized under a new sub-group "Other Public Sector Banks". Government of India holds 52.68% of the issued capital of IDBI. IDBI was originally established in 1964 as a wholly owned subsidiary of RBI to provide credit and other facilities for the development of industry. In 1976, the ownership of IDBI was transferred from RBI to the Central Government and IDBI was entrusted with the additional responsibility of acting as the principal development financial institution responsible for coordinating the activities of institutions engaged in the financing, promotion or development of industry. IDBI has a long-standing business relationship with more than 3000 corporate clients and over five million retail investors. Currently, IDBI has a network of 181 branches, 4 extension counters and 396 ATMs in 103 centres. IDBI provides a wide range of products and services in the financial sector to both retail and corporate clientele. The range of diversified services includes, amongst others, project financing, term lending, working capital facilities, lease finance, venture capital, loan syndication, corporate advisory services, legal and technical advisory services, etc. to its corporate clients as well as mortgage loan and personal loan to its retail clients. As part of IDBI's development activities, IDBI has been instrumental in sponsoring and supporting the development of key institutions involved in India's financial sector. In this mode, IDBI has played a key role in the formation of Securities and Exchange Board of India (SEBI). IDBI has also sponsored the National Stock Exchange of India Limited (NSEIL), which first introduced electronic trading in securities in India. IDBI maintains an arms length business relationship with its subsidiaries and affiliates. More detailed information on IDBI is available on [www.idbi.com](http://www.idbi.com).

**Federal Bank** is incorporated and registered under the Travancore Companies Act, 1931 and licensed under the Banking Companies Act, 1959. In 1970, Federal Bank became a scheduled commercial bank under the RBI Act, 1934, with its registered office at Alwaye in the Indian state of Kerala. It has no dominant promoter group and its shares are traded extensively on the National Stock Exchange, the Mumbai Stock Exchange and the Cochin Stock Exchange. Federal Bank also has a GDR issue listed on the London Stock Exchange. The bank has 472 branches, 329 own ATMs, 4 million retail customers and over 6300 employees. It provides a wide variety of financial products and was one of the first traditional banks in India to have its entire branch network automated and interconnected, and to offer inter-branch banking facilities. It was also the first traditional bank in India to offer internet banking through Fednet and is the only one to have introduced an e-payment gateway and mobile banking and alert system. These technological innovations have won the bank many awards and recommendations. Federal Bank is considered one of the top Indian banks servicing the large non-resident Indian population and the bank's relationship with non-resident Indians goes back a long way. As of 31 March 2006, Federal bank had a total deposit base of INR 179 billion, net worth of INR 12.38 billion and net profit of INR 2.25 billion. More information is available on [www.federalbank.co.in](http://www.federalbank.co.in)

**Fortis** is an international financial services provider engaged in banking and insurance. We offer our personal, business and institutional customers a comprehensive package of products and services through our own channels, in collaboration with intermediaries and through other distribution partners. With a market capitalization of EUR 34.7 billion (30/06/2006), Fortis ranks among the twenty largest financial institutions in Europe. Our sound solvency position, our presence in 50 countries and our dedicated, professional workforce of 58,000 enable us to combine global strength with local flexibility and provide our clients with optimum support. More information is available on [www.fortis.com](http://www.fortis.com)

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