

Press release

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IDBI Bank, Federal Bank and Fortis sign Joint Venture Agreement to establish a new life insurance company in India

IDBI Bank, Federal Bank and Fortis announced today that they have signed a Joint Venture Agreement to establish a new life insurance company, which will offer a full range of life insurance and long-term savings products to the Indian market.

Under the Agreement, IDBI Bank will own 48% equity, while Fortis Insurance International and Federal Bank will each own 26%, which is the maximum allowable shareholding for a foreign insurer under India's Foreign Direct Investments regulations.

The Joint Venture Agreement follows the signing of a Memorandum of Understanding on 11 July 2006.

Subject to regulatory approval, the three partners expect the new company to be operational by mid-2007. It will promote a full range of life insurance and long-term savings products, including traditional and unit-linked savings plans, and health and disability cover. These will be available on an individual and group basis. The joint venture will build a multi-channel distribution platform including bancassurance, agency and direct sales. In view of Fortis's global experience in bancassurance and the strengths of the bank partners, the company will use bancassurance as a key distribution strategy.

Peer van Harten, CEO of Fortis Insurance, comments: "We are very excited about this partnership and about the fact that this creates the opportunity to work together with two highly successful banks in India. Fortis has had a long-standing record of successful bancassurance partnerships in Asia, as we have established leadership positions with our Asian joint ventures. Gaining entry to the Indian life market is fully in line with our strategy to build a significant presence in Asia, especially in a market that has such huge potential. I believe the three partners' expertise and distribution capabilities combined with the high level of joint ambition and professionalism represents a winning proposition for all parties involved. Fortis looks forward to working with its new partners in India."

Shri V.P. Shetty, Chairman and Managing Director of IDBI says: "We see life insurance as a high-growth business in India and we are excited about creating value for customers by leveraging our brand value, capital strength and the track record of innovation in retail banking. The IDBI name stands for trust and solidity and we are confident that the insurance products offered by the joint venture will gain customer acceptance and confidence. The global expertise of Fortis and the substantial regional franchise of Federal Bank add great strength to the partnership and we are very pleased to have been able to build a fruitful relationship with them."

Sri M. Venugopalan, Chairman of Federal Bank adds: "We are delighted to join hands with Industrial Development Bank of India and Fortis Insurance International to start a new life insurance company in India. We consider this as a landmark event in our efforts to diversify into complementary areas. The new vehicle will be able to leverage the product and distribution capability that the three partners bring to the table. We at Federal Bank look

Fortis

Rue Royale 20
1000 Brussels
Belgium

Archimedeslaan 6
3584 BA Utrecht
The Netherlands

www.fortis.com

forward to working with Fortis and Industrial Development Bank of India to enhance our presence in the financial space through this new vehicle and the new products that we will offer to our existing and prospective customers.”

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 categorised under a new sub-group ‘Other Public Sector Banks’. The 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 3,000 corporate clients and over five million retail investors. Currently, IDBI has a network of 181 branches, four 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 project financing, term lending, working capital facilities, lease finance, venture capital, loan syndication, corporate advisory services and legal and technical advisory services to its corporate clients as well as mortgages and personal loans to its retail clients. As part of IDBI’s development activities, the bank 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 the 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 arm’s-length business relationship with its subsidiaries and affiliates. More detailed information on IDBI is available on 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, four million retail customers and over 6,300 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

Fortis Insurance International is part of **Fortis** – an international financial services provider engaged in banking and insurance. Fortis has had a presence in Asia for over 102 years. Globally Fortis offers its personal, business and institutional customers a comprehensive package of products and services through its own channels, in collaboration with intermediaries and through other distribution partners. With a market capitalisation of EUR 42.8 billion (31/10/2006), Fortis ranks among the 20 largest financial institutions in Europe. Fortis’s sound solvency position, its presence in 50 countries and dedicated, professional workforce of 58,000 enables it to combine global strength with local flexibility and provide its clients with optimum support. More information is available on www.fortis.com

Press Contacts:

<i>Brussels:</i>	+32 (0)2 565 35 84	<i>Utrecht:</i>	+31 (0)30 226 32 19
<i>Hong Kong</i>	+852 2823 0816		
Investor Relations:			
<i>Brussels:</i>	+32 (0)2 565 53 78	<i>Utrecht:</i>	+31 (0)30 226 32 20