

National Stock Exchange of India Limited Listing Department, Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051	BSE Limited Department of Corporate Services- Listing, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai – 400 001.
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Ref.: Scrip Symbol: FEDERALBNK/Scrip Code: 500469

Sub: Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Assignment of First-Ever International Issuer Credit Rating by S&P Global Ratings

Dear Sir / Madam,

Pursuant to Regulation 30 read with Schedule III, Part A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations"), we wish to inform you that **S&P Global Ratings ("S&P")** has, for the first time, assigned the following international issuer credit ratings to The Federal Bank Limited ("the Bank"):

Rating Parameter	Rating Assigned
Long-Term Issuer Credit Rating	BBB-
Short-Term Issuer Credit Rating	A-3
Rating Outlook	Stable
Rating Type	First-Time Assignment (New Rating)

This rating action marks a historic milestone for the Bank. Federal Bank is now among a select group of Indian private sector banks to hold an investment-grade international issuer credit rating from S&P Global Ratings - one of the world's three most authoritative credit rating agencies. The 'BBB-' long-term rating is the threshold for investment-grade status, placing the Bank within the universe of issuers eligible for consideration by global institutional investors, sovereign wealth funds, pension funds, and insurance companies that are mandated to hold only investment-grade credits.

A detailed Investor Note providing context on the significance of this rating, the Bank's credit profile, and the strategic implications for our stakeholders is enclosed herewith as **Annexure A**. The rating action letter received from S&P Global Ratings is enclosed as **Annexure B**.

This disclosure is also being uploaded on the Bank's website at www.federal.bank.in.

Kindly take the same on record.

Thanking you,
Yours faithfully,
For The Federal Bank Limited

Samir P Rajdev
Company Secretary



ANNEXURE A

Federal Bank Achieves Investment-Grade International

Credit Rating from S&P Global Ratings

Assigned 'BBB-/A-3' with Stable Outlook - A First in the Bank's 95-Year History

◆ KEY HIGHLIGHTS ◆

- ▶ First-ever international issuer credit rating assigned to Federal Bank by S&P Global Ratings
- ▶ Long-term rating of 'BBB-' - the gateway to investment-grade status - places Federal Bank in an elite cohort amongst India's largest private sector banks
- ▶ Short-term rating of 'A-3' with Stable Outlook affirms the Bank's robust liquidity and short-term creditworthiness
- ▶ Unlocks access to international debt capital markets, cross-border syndications, and global institutional capital pools
- ▶ Validates the Bank's multi-year transformation journey from a regional franchise to a nationally competitive, digitally advanced institution

WHY THIS RATING IS A LANDMARK MOMENT

The assignment of a 'BBB-' long-term international issuer credit rating by S&P Global Ratings represents a watershed event in the Bank's 95-year history. In the global credit architecture, BBB- is the dividing line between investment-grade and speculative-grade.

For Federal Bank, this means three things:

1. Access to a New Universe of Capital. A vast majority of the world's institutional capital - pension funds, insurance companies, sovereign wealth funds, central bank reserves, and investment-grade bond funds - operates under mandates that restrict holdings to issuers rated BBB- or above. The Bank can now access international debt capital markets on its own credit, raise foreign currency resources through Reg S / 144A bond issuances, participate in cross-border syndicated facilities, and price its international liabilities at spreads commensurate with investment-grade status.



2. Independent Validation of Credit Strength. S&P Global Ratings is one of the world's three Nationally Recognised Statistical Rating Organisations (NRSROs). An S&P investment-grade rating is an independent, globally benchmarked assessment of an issuer's capacity to meet its financial obligations. It affirms that the Bank's multi-year transformation from a regional franchise into a digitally advanced, pan-India institution with diversified revenue streams.

3. Competitive Parity with India's Largest Private Sector Banks. With this rating, Federal Bank now stands amongst the large private sector banks that hold an investment-grade international rating from S&P. For Federal Bank, the rating action is qualitatively different: this is not an upgrade of an existing rating - it is a *first-time assignment*. This reflects the inherent strength of the Bank's fundamentals.

IMPLICATIONS FOR STAKEHOLDERS

For Equity Investors

An international investment-grade rating is a powerful signal of institutional quality. It signifies that a bank's fundamentals - asset quality, capital adequacy, profitability, governance, and risk management - have been stress-tested against global standards and found adequate. For equity investors, this carries direct implications for valuation: investment-grade banks globally command higher price-to-book multiples than their sub-investment-grade peers, reflecting lower perceived risk, greater earnings predictability, and wider strategic optionality. The rating also enhances the Bank's eligibility for inclusion in global ESG and credit-quality-screened indices, potentially broadening the foreign institutional investor base in the Bank's equity.

For Debt Investors and Counterparties

The rating directly enables the Bank to access the international bond market (including through the GIFT City IBU), negotiate bilateral and syndicated facilities with global banks at tighter pricing, and strengthen its position in the FCNR(B) and foreign currency wholesale deposit market. International counterparties - correspondents, trade finance partners, and syndicate arrangers - use S&P ratings as a primary screening tool; an investment-grade rating significantly expands the Bank's counterparty network and reduces credit-risk-driven pricing friction.

For NRI Depositors and the Indian Diaspora

Federal Bank is one of India's most prominent NRI banking franchises, with deep relationships across the Gulf, North America, Europe, and the broader Indian diaspora. An investment-grade rating from S&P



provides NRI depositors with a globally recognised, independent benchmark of credit safety - reinforcing the trust that has made Federal Bank a preferred destination for NRI remittances and deposits.

THE ROAD AHEAD

The Stable Outlook reflects S&P's expectation that the Bank's credit profile will remain resilient over the rating horizon. Federal Bank views this rating as both a validation and a foundation. The Bank's strategic priorities - deepening its digital capabilities, scaling its granular retail deposit franchise, diversifying its fee income streams, maintaining sector-leading asset quality, and strengthening its capital buffers - are fully aligned with the trajectory required to sustain and enhance this credit standing over time.

As India moves into the next phase of its growth story - Federal Bank is well-positioned to capture the structural opportunity in Indian banking while accessing global capital markets on competitive terms.

"This international investment-grade rating from S&P Global is a proud moment for every stakeholder who have been part of this journey. It validates our performance. Our strategy is clear, our fundamentals are strong, and we are building an institution that will create sustained value."

- KVS Manian, Managing Director & CEO

Disclaimer

This Investor Note has been prepared by The Federal Bank Limited for the purpose of disclosure to the stock exchanges and is being made available to investors as part of the Bank's regulatory filing under SEBI (LODR) Regulations, 2015. The credit rating referred to herein has been assigned by S&P Global Ratings, an independent, internationally recognised credit rating agency. The Bank does not represent or warrant that the rating will be maintained, upgraded, or not be withdrawn or suspended at any point in the future. Investors are advised to refer to the full rating action letter (Annexure B) and to exercise independent judgement



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Research Update:

Federal Bank Assigned 'BBB-/A-3' Ratings; Outlook Stable

July 9, 2026

Overview

- We expect Federal Bank's capitalization to stay strong over the next 18-24 months following a capital infusion from Blackstone Inc. and the India-based bank's improving profitability.
- Federal Bank's stable asset quality, prudent growth strategy, and retail deposit-led funding base underpin its credit profile. The bank's modest market share tempers these strengths.
- We assigned our 'BBB-' long-term and 'A-3' short-term issuer credit ratings to Federal Bank.
- The stable outlook on the long-term rating reflects our view that Federal Bank will maintain its financial strength over the next two years.

Rating Action

On July 9, 2026, S&P Global Ratings assigned its 'BBB-' long-term and 'A-3' short-term issuer credit ratings to Federal Bank Ltd. The outlook on the long-term rating is stable.

Rationale

Federal Bank will maintain strong capitalization, in our view. We forecast the bank's risk-adjusted capital (RAC) ratio will stay at more than 10% over the next two years.

Federal Bank's preferential issue of warrants to Blackstone will support the bank's above-average growth plans of 14%-16% over the next two years. Blackstone-managed funds have agreed to purchase 9.99% stake in Federal Bank through a preferential issue of warrants of about Indian rupee (INR) 62 billion. The bank received 25% of the committed capital in fiscal 2026 (ended March 31, 2026). The balance of INR42 billion will likely get converted to common equity in fiscal 2028. The bank has the right to call the warrants on an accelerated basis if its regulatory Tier-1 capital ratio falls below 13.5%.

In our view, Federal Bank has sufficient capital buffer to absorb the impact of its acquisition of Standard Chartered India's credit card portfolio (expected to complete by end 2026) and the transition to expected loss framework in fiscal 2028.

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Federal Bank Assigned 'BBB-/A-3' Ratings; Outlook Stable

We believe Federal Bank's portfolio shift toward higher-yielding segments and focus on growing low-cost deposits will improve its profitability over the next two years. We forecast the bank's return on average assets will increase to 1.3%-1.4% by fiscal 2028, from 1.1% for fiscal 2026.

Federal Bank's asset quality will likely stay stable. We expect the bank's nonperforming loans ratio to see a manageable increase to 1.7%-1.9% of total loans and credit costs to be 0.7%-0.8% of total loans over the next two years. This is despite the increasing focus on higher-yielding retail segments, small businesses and midsize corporates. Management's prudent growth strategy for a better risk-reward balance will support its asset quality.

The share of gold loans, small and midsize enterprises, vehicle financing (including pre-owned) and credit cards (following acquisition of Standard Chartered India's credit card portfolio) in Federal Bank's portfolio will increase over the next two years. However, the bank's exposure to unsecured and microfinance segments will remain small. Credit cards, personal loans and microfinance accounted for a small 4.7% of the portfolio as of March 31, 2026. Federal Bank's continued focus on secured products should limit loss severity if delinquencies inch upward.

We don't expect a material impact of the Middle East conflict on Federal Bank given easing of tensions. However, recovery of shipping and energy flows remains fragile. The bank, like the rest of the sector in India, has not seen material impact of the conflict on its portfolio.

A weaker-than-normal southwest monsoon in India is likely to moderate rural credit demand and modestly weaken banks' asset quality, particularly across agriculture-linked portfolios. However, diversified loan portfolios, prudent underwriting standards, and government support for the agriculture sector should contain the difficulty. Federal Bank's adequate provisioning, strong capital buffers, and secured nature of portfolio mitigate downside risks.

Federal Bank's modest market share could improve over the next two years. The bank has about 1.2% share of loans and deposits in India's banking sector. Its business is concentrated in the state of Kerala, while larger Indian banks have a pan-India presence.

We believe Federal Bank's market share will improve gradually with sustained above-average loans growth and an expanding branch network, particularly in metro cities across India, to complement its digital strategy.

Highly granular retail deposits underpin Federal Bank's funding stability. The bank benefits from a stable and granular retail deposit franchise, underpinned by its well-established deposit base among non-resident Indians. Federal Bank's core deposits form about 90% of its funding base and the bank has limited reliance on wholesale sources. The bank's share of low-cost current and savings deposits improved to 32.9% of total deposits as of March 31, 2026, from 29.4% a year earlier. However, it remains lower than that of larger Indian private sector banks. Retail deposits accounted for approximately 87% of total deposits as of March 31, 2026, while non-resident deposits represented about 33% of overall deposits.

Federal Bank is one of the largest beneficiaries of inward remittances into India, with an estimated market share of about 20%. This reflects its entrenched franchise, particularly in Kerala, and longstanding relationships with customers across the U.S. and the Gulf region. While such inflows expose the bank to economic and employment conditions in these countries, the granular nature of its deposits partly mitigate the risk. The bank's top 20 depositors accounted for only 4.8% of total deposits as of March 31, 2026.

Outlook

Federal Bank Assigned 'BBB-/A-3' Ratings; Outlook Stable

The stable rating outlook on Federal Bank reflects our view that the bank will maintain strong capitalization with a RAC ratio of more than 10% in the next two years. We believe Federal Bank's asset quality risks will stay manageable as the portfolio shifts toward higher-yielding segments. We expect the bank's funding profile to continue to benefit from a highly granular retail deposit base.

Downside scenario

We could lower our ratings on Federal Bank by a notch if its RAC ratio declines below 10% on a sustained basis. This could happen if:

- The bank's growth--organic or through acquisitions--is significantly higher than our forecasts; or
- Its profitability falls sharply due to larger credit losses than we forecast.

Upside scenario

We could raise the rating by a notch if Federal Bank's market position improves to be in line with larger Indian banks, while the bank maintains good profitability and prudent growth.

Rating Component Scores

Rating Component Scores

Issuer Credit Rating	BBB-/Stable/A-3
SACP	bbb-
Anchor	bbb-
Business position	Moderate (-1)
Capital and earnings	Strong (1)
Risk position	Adequate (0)
Funding and liquidity	Adequate and Adequate (0)
Comparable ratings analysis	0
Support	0
ALAC support	0
GRE support	0
Group support	0
Sovereign support	0
Additional factors	0

SACP--Stand-alone credit profile. ALAC--Additional loss-absorbing capacity. GRE--Government-related entity.

Related Criteria

- [Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology](#), May 5, 2026
- [General Criteria: Hybrid Capital: Methodology And Assumptions](#), Oct. 13, 2025

Federal Bank Assigned 'BBB-/A-3' Ratings; Outlook Stable

- [Criteria | Financial Institutions | General: Financial Institutions Rating Methodology](#), Dec. 9, 2021
- [Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions](#), Dec. 9, 2021
- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021
- [General Criteria: Group Rating Methodology](#), July 1, 2019
- [General Criteria: Methodology For Linking Long-Term And Short-Term Ratings](#), April 7, 2017
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011

Related Research

- [A Weak Monsoon Will Strain India's Rural Sector](#), July 5, 2026
- [Credit Conditions Asia-Pacific Q3 2026: Hormuz Reopens, Fragility Remains](#), June 25, 2026
- [Economic Outlook Asia-Pacific Q3 2026: AI-Exposed Markets To Outperform](#), June 23, 2026
- [India's Strong Fundamentals Would Cushion The Blow Of An Oil Shock](#), April 13, 2026

Ratings List

Ratings List

New Rating

Federal Bank Ltd. (The)

Issuer Credit Rating	BBB-/Stable/A-3
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Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at <https://disclosure.spglobal.com/ratings/en/regulatory/ratings-criteria> for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at <https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/504352>. Complete ratings information is available to RatingsDirect subscribers at www.capitaliq.com. All ratings referenced herein can be found on S&P Global Ratings' public website at www.spglobal.com/ratings.

Federal Bank Assigned 'BBB-/A-3' Ratings; Outlook Stable

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