

PRESS RELEASE

Federal Bank Announces Landmark Strategic Investment: Board Approves Preferential Issue of Warrants to Blackstone-Managed Funds**₹6196.5 Crore Capital Infusion to Fuel the Bank's Goal of becoming a Top-5 Private Sector Bank**

Aluva, October 25, 2025: The Board of Directors of Federal Bank, at its meeting held on October 24, 2025, approved a strategic capital-raising initiative through a preferential issue of warrants. This issuance represents a maximum of 9.99% of the post-issue paid-up share capital, directed toward funds managed by Blackstone, the world's largest alternative asset manager.

The warrant issue is priced at ₹227, near Federal Bank's all-time high share price. This will result in a committed capital infusion of ₹6196.5 Crore. The issue price is at a premium of 8% over the regulatory floor price. Blackstone is entitled to a board seat on conversion of all warrants and subject to their holding not falling below 5%.

This proposed transaction is a significant strategic move, subject to the approval by the Bank's shareholders and relevant regulatory authorities. The funds from this transaction will strengthen the Bank's capital adequacy, support its next phase of organic and inorganic growth, and accelerate its ambition to rank among India's top five private sector banks.

Federal Bank: Delivering on Profitable Growth & Prudent Banking

Over the past decade, Federal Bank has successfully transformed from a regionally dominant lender to a robust, technology-forward, pan-India private sector bank. The Bank's focus remains on delivering high-quality, sustainable earnings aligned with long-term value creation.

- **Liability Franchise:** The CASA ratio has consistently improved, reaching 31.01% in Q2 FY26, reflecting the strength of the retail franchise and supporting a low cost of funds. Total deposits grew by 7.3% YoY to over ₹2,88,919 Crore in Q2 FY26.
- **Core Income Momentum:** The Bank delivered record-high performance in core financial metrics for Q2 FY26, achieving its highest-ever Net Interest Income of ₹2,495 Crore and Fee Income of ₹886 Crore.
- **Financial Strength and Asset Quality:** The Bank has achieved a decadal best in asset quality, reporting a Gross NPA of 1.83% and Net NPA of 0.48% as of Q2 FY26. The PCR stands robust at 73.45%.
- **Capital Impact:** The transaction will enhance the Bank's regulatory capital base, ensuring the CET1 and CRAR remains well above regulatory requirements. Post-transaction, the Bank will remain well capitalized.

Leadership and Investor Commentary**Mr. K.V.S. Manian, Managing Director & CEO, Federal Bank, said:**

"This landmark partnership with Blackstone is a strong vote of confidence in our team, our 95-year legacy of trust, and our strategy to emerge among the top private sector banks in India. The phased infusion through the warrant

structure is deliberate and calibrated. It ensures capital availability aligned to our growth milestones, without immediate dilution.

What this means in practice is not just capital. Blackstone, as a strategic partner, brings deep operating experience and access to their significant India portfolio. That ecosystem, combined with their governance discipline and global insights, strengthens our ability to scale, fortify our digital backbone, and widen our national presence.

This capital raise also enhances our financial flexibility to evaluate strategic inorganic opportunities should the right fit arise. And also positions us to confidently pursue our aspirations of emerging as India's Most Admired Bank, with focused growth in CASA, mid-yield assets, fee income and long-term focus on our return metrics."

Mr. Mukesh Mehta, Senior Managing Director, Blackstone, said:

"This partnership underscores our strong conviction in Federal Bank's robust franchise and the growth potential of the Indian banking system. Building businesses has been in our DNA throughout two decades of investing in India, and we bring the same approach here – partnering with Mr. Manian and the entire management team to position the Bank for long-term success and to help it become one of India's leading private sector banks."

About Federal Bank

The Federal Bank Limited is a premier Indian private sector bank with a 95-year legacy. The Bank is a modern, full-suite commercial bank, offering a wide array of services across Retail, MSME, Corporate, Commercial Banking, and NRI segments.

- **Network and Reach:** The Bank is rapidly expanding its national footprint, planning to open approximately 450 new branches by FY28 to increase its total branch count to over 2,000 from 1,595 as on H1FY25 end.
- **Digital Leadership:** Federal Bank is recognized as a leader in technology adoption, having won multiple awards.
- **Human Capital:** Federal Bank has won multiple awards and is consistently listed among India's best workplaces with an industry leading gender diversity and one of the lowest attrition rates.
- **Vision:** The Bank is on an ambitious path, prioritizing return metrics and national expansion to become the Most Admired Bank.

Metric	Q2 FY26 Value	Commentary
Net Interest Income (NII)	2,495	Record high NII.
Fee Income	886	Highest-ever fee income.
Operating Profit	1,644	Up 5.65% sequentially.
Net Profit (PAT)	955.3	Up by 10.85% QoQ.
Total Income	7,824.30	Grew 3.75% YoY.

Net Interest Margin (NIM)	3.06%	Improved 12 basis points sequentially.
Provisions	363.1	Increased 129.3% YoY.

Metric	Q2 FY26 Value	Commentary
Total Deposits	₹2,88,919 Crore	Grew 7.4% YoY.
Net Advances	₹2,44,657 Crore	Grew 6.2% YoY.
Gross NPA (GNPA)	1.83%	Improved from 2.09% in Q2 FY25.
Net NPA (NNPA)	0.48%	Improved from 0.57% in Q2 FY25.
CASA Ratio	31.01%	Improved 94 bps YoY.
Capital Adequacy Ratio (CRAR)	15.71%	Computed as per Basel III guidelines.
Provision Coverage Ratio (PCR)	73.45%	Excluding technical write-offs.
Net Worth	₹34,820 Crore	Increased by 11.93% YoY.
Return on Assets (ROA)	1.09%	
Return on Equity (ROE)	11.01%	

About Blackstone

Blackstone is the world's largest alternative asset manager. Blackstone seeks to deliver compelling returns for institutional and individual investors by strengthening the companies in which the firm invests. Blackstone's over \$1.2 trillion in assets under management include global investment strategies focused on real estate, private equity, credit, infrastructure, life sciences, growth equity, secondaries and hedge funds.

Blackstone recently completed 20 years in India and has built industry leading businesses in Private Equity and Real Estate

M V S Murthy

Chief Marketing Officer

E-mail: mvsmurthy@federalbank.co.in

For further information, please contact:

Mr. Venkatraman Venkateswaran

Executive Director & CFO

E-mail: venkatraman@federalbank.co.in