

December 16, 2025

The Manager, Listing Department, BSE Limited ("BSE"), Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001. BSE Scrip Code: 532636	The Manager, Listing Department, The National Stock Exchange of India Ltd. ("NSE"), Exchange Plaza, 5th Floor, Plot C/1, G Block, Bandra - Kurla Complex, Bandra (E), Mumbai 400 051. NSE Symbol: IIFL
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Subject: Press Release - S&P Upgrades IIFL Finance's Outlook to 'Positive' On Recovering Market Share in Gold Loans; 'B+/B' Ratings Affirmed

Dear Sir/Madam,

Pursuant to Regulation 30 and other applicable regulations of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith the Press Release regarding the revision of IIFL Finance Limited's (the "Company") Outlook to 'Positive' from 'Stable' by S&P Global Ratings ("S&P"), while affirming the 'B+/B' ratings. S&P also reaffirmed its 'B+' long-term foreign currency issue rating on the Company's outstanding U.S. dollar-denominated senior secured notes, citing recovering market share in Gold Loans.

The same has also been made available on the website of the Company, i.e. www.iifl.com.

Kindly take above on record and oblige.

Thanking You,

For IIFL Finance Limited

Samrat Sanyal
Company Secretary & Compliance Officer
ACS-13863
Email Id: csteam@iifl.com
Place: Mumbai

Encl: as above

CC:
India International Exchange (IFSC) Limited
The Signature, Building No. 13B, GIFT SEZ,
GIFT City, Gandhinagar, Gujarat - 382355



IIFL Finance Limited

Press Release

For Immediate Publication

Mumbai, India

December 16, 2025

**S&P Upgrades IIFL Finance's Outlook to 'Positive' On Recovering
Market Share in Gold Loans; 'B+/B' Ratings Affirmed**

Credit Rating agency Standard and Poor's (S&P) Global Ratings has revised IIFL Finance's Outlook to 'Positive' from 'Stable' on recovering market share in gold loans, while affirming 'B+/B' ratings. S&P also affirmed its 'B+' long-term foreign currency issue rating on IIFL Finance's outstanding U.S. dollar-denominated senior secured notes.

S&P in its ratings rationale said, "The outlook revision reflects IIFL's strengthening market share in the gold financing business. This is a year after a central bank embargo on the company sanctioning or disbursing fresh gold loans was lifted. We expect IIFL to maintain very strong levels of capitalization over the next 12 months."

"We also anticipate the company's portfolio pruning and reduced exposure to microfinancing will lower its credit costs. We believe IIFL's credit costs will peak this fiscal year (ending March 31, 2026)."

S&P expects IIFL to sustain its growth in gold-backed financing: S&P said, "The Company is benefitting from elevated gold loan prices and robust consumer demand. These factors, together with IIFL's extensive branch network, have helped the company grow its gold loans assets under management (AUM) by 2.2x in the 12 months to Sept. 30, 2025. IIFL's market share in the gold loan segment is now second only to Muthoot Finance Ltd. among nonbank financial institutions in India."

IIFL's very strong capitalization will support growth. "We forecast the company's risk-adjusted capital (RAC) ratio will moderately decline to 18%-19% over the next two years, compared with 20.4% as of March 31, 2025. This reflects our expectation of increased issuance of gold-backed loans and mortgages over the period."



“We expect IIFL's return on assets to improve to 2.3%-2.6% in fiscal years 2027 and 2028, compared with 1.9% annualized for the six months ended Sept. 30, 2025. The improvement in profitability will be primarily driven by lower credit costs.”

S&P anticipates IIFL's credit costs will peak in fiscal 2026: S&P said, “The Company’s credit costs were elevated at 3.5% annualized for the first half of fiscal 2026. This reflects ongoing stress in the microfinance segment and IIFL's offering in the past of riskier products such as micro-ticket loans against property and unsecured digital loans to micro, small, and medium enterprises. The company has since discontinued these products and has reduced exposure to microfinance loans. We therefore expect a gradual improvement in credit costs over the next two years to 2.2%-2.3% of total loans.”

Outlook

S&P said, “Our positive outlook on the long-term issuer credit rating on IIFL reflects our view that the company will strengthen its market share and maintain robust capitalization over the next 12 months.

We believe IIFL's credit costs peaked in fiscal 2026 and will start to decrease. The company will likely maintain its access to funding despite that being sensitive to market confidence.”

The S&P note can be accessed here <https://www.spglobal.com/ratings/en/regulatory/article/-/view/type/HTML/id/3494252>

About IIFL Finance

IIFL Finance Ltd is one of the leading retail-focused diversified NBFC in India, engaged in the business of loans and mortgages along with its subsidiaries - IIFL Home Finance Limited and IIFL Samasta Finance Limited. IIFL Finance (*along with its subsidiaries*), offers a wide-spectrum of products such as Home loan, Gold loan, Business loan, Microfinance, Capital Market finance and Developer & Construction finance to a vast customer base of over 8 million+ customers, through its pan India network of 4900+ branches and digital channels.

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