

Islamic Bank of Thailand

Key Rating Drivers

Government Support Drives Ratings: The ratings on Islamic Bank of Thailand (ibank) reflect Fitch Ratings' assessment of a high probability that the Thai sovereign (BBB+/Negative) would provide extraordinary support if needed. Ibank is a state policy bank, with the mandate of providing Islamic financial services in Thailand.

National Scale Relativities: The ratings take into account ibank's credit profile relative to other entities in Thailand. Its 'AA(tha)' rating reflects a very low level of default risk compared with other issuers on the Thai national rating scale.

Unique Policy Role: Ibank was established under specific legislation to support financial inclusion in Thailand's Muslim community, particularly in the retail and small and medium-sized enterprise client segments, and in the country's southern provinces. Ibank is the only bank in Thailand offering shariah-compliant financial services, and its expertise would be difficult to replicate at other institutions.

Relatively Lower Support Propensity: The bank's rating is two notches lower than those of other Fitch-rated Thai policy banks, reflecting Fitch's assessment of government's lower propensity to support the bank. The Ministry of Finance's (MOF) stake is capped at 49% under the bank's establishment act. This cap has been temporarily waived, but Fitch expects the MOF stake to ultimately revert to prior levels. In addition, the bank's weak balance sheet and limited asset size compared with other policy banks inhibit its ability to implement state objectives.

Weak Performance and Capitalisation: The bank's equity position remains negative, with a Tier 1 ratio of -3.4% at end-June 2025 (end-2024: -3.7%); this is unlikely to be resolved over the next one to two years, and will continue to weigh on growth prospects. Earnings performance remains weak, with operating profit/risk-weighted assets of 0.7% in 1H25 (2024: 0.7%, 2023: 0.3%), resulting in low internal capital generation.

Substantial Support Record: The bank has received regulatory forbearance and continues to operate normally, despite not meeting regulatory capital requirements. Its status as a state-owned policy institution supports its deposit franchise and funding profile.

The Thai authorities also have a history of providing financial support to ibank. During the significant financial stresses the bank faced in 2017-2018, the MOF raised its stake to 99.6% from below 50%, and transferred a large portion of ibank's non-performing assets to a state-owned asset-management company.

Ratings

National Rating

National Long-Term Rating	AA(tha)
National Short-Term Rating	F1+(tha)

Outlook

National Long-Term Rating	Stable
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Applicable Criteria

[Bank Rating Criteria \(March 2025\)](#)

[National Scale Rating Criteria \(December 2020\)](#)

Related Research

[Fitch Revises Thailand's Outlook to Negative; Affirms at 'BBB+' \(September 2025\)](#)

[Major Thai Banks – Peer Credit Analysis \(August 2025\)](#)

[Emerging Markets Largest Banks Monitor \(July 2025\)](#)

[Thai Banks Performance Weakening as Economy Falter \(June 2025\)](#)

[Thai Consumer Lending: Growth Constrained by High Household Debt \(April 2025\)](#)

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Rating Sensitivities

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

Negative rating action on ibank could result from a decline in the government's propensity to support the bank. For example, this could stem from a change in ibank's legal status as a policy bank, reduced state linkages and control, or diminished expectations of further government financial support.

A decline in the government's ability to support the financial system, as reflected in a sovereign rating downgrade, could also lead Fitch to reassess the likelihood of ibank receiving extraordinary support compared with other banks. The assessment would also take into account ibank's support-driven credit profile relative to other issuers on the Thai national rating scale.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

The bank's ratings could be upgraded if the government's propensity to provide support increases. This may occur, for example, if Fitch assesses that the government's long-term strategic commitment to the bank has strengthened. A material and sustained increase in ibank's ability to implement state policy objectives could also be positive for the ratings. Any rating action would also take into account ibank's support-driven credit profile relative to other issuers on Thailand's national rating scale.

Financials

Summary Financials

	30 Jun 25		31 Dec 24	31 Dec 23	31 Dec 22
	6 months - interim (USDm)	6 months - interim (THBm)	Year end (THBm)	Year end (THBm)	Year end (THBm)
	Unaudited	Unaudited	Audited - unqualified (emphasis of matter)	Audited - unqualified (emphasis of matter)	Audited - unqualified (emphasis of matter)
Summary income statement					
Net interest and dividend income	31	1,002.9	1,883.0	1,935.5	1,999.6
Net fees and commissions	2	68.7	118.7	152.2	148.8
Other operating income	4	145.5	277.0	195.6	169.4
Total operating income	37	1,217.1	2,278.7	2,283.3	2,317.8
Operating costs	25	811.1	1,574.9	1,514.8	1,784.6
Pre-impairment operating profit	12	405.9	703.8	768.5	533.2
Loan and other impairment charges	4	127.5	222.8	533.3	509.9
Operating profit	9	278.4	481.0	235.2	23.3
Other non-operating items (net)	n.a.	n.a.	1.0	13.0	-8.7
Tax	n.a.	n.a.	n.a.	n.a.	n.a.
Net income	9	278.4	482.0	248.2	14.6
Other comprehensive income	0	-3.0	5.3	-0.4	68.7
Fitch comprehensive income	8	275.4	487.3	247.8	83.3
Summary balance sheet					
Assets					
Gross loans	2,369	77,129.7	72,271.0	70,724.1	62,521.8
- Of which impaired	331	10,787.0	10,337.0	12,828.0	13,448.1
Loan loss allowances	336	10,923.6	10,877.3	10,785.5	10,231.6
Net loans	2,034	66,206.1	61,393.7	59,938.6	52,290.2
Interbank	273	8,879.7	4,928.4	2,652.4	4,353.5
Derivatives	n.a.	n.a.	0.3	0.1	n.a.
Other securities and earning assets	253	8,230.5	6,119.1	4,850.5	4,351.0
Total earning assets	2,559	83,316.3	72,441.5	67,441.6	60,994.7
Cash and due from banks	31	994.2	1,300.4	1,309.8	1,242.8
Other assets	329	10,713.0	10,564.1	11,377.5	13,895.5
Total assets	2,919	95,023.5	84,306.0	80,128.9	76,133.0
Liabilities					
Customer deposits	2,629	85,584.5	80,356.2	77,856.1	74,710.9
Interbank and other short-term funding	141	4,587.6	4,521.0	3,697.9	3,287.8
Other long-term funding	n.a.	n.a.	n.a.	n.a.	n.a.
Trading liabilities and derivatives	n.a.	n.a.	0.0	0.1	0.0
Total funding and derivatives	2,770	90,172.1	84,877.2	81,554.1	77,998.7
Other liabilities	220	7,167.5	2,020.3	1,653.6	1,460.9
Preference shares and hybrid capital	n.a.	n.a.	n.a.	n.a.	n.a.
Total equity	-71	-2,316.1	-2,591.5	-3,078.8	-3,326.6
Total liabilities and equity	2,919	95,023.5	84,306.0	80,128.9	76,133.0
Exchange rate		USD1 = THB32.5564	USD1 = THB34.26	USD1 = THB34.683	USD1 = THB34.801

Source: Fitch Ratings, Fitch Solutions, ibank

Key Ratios

	30 Jun 25	31 Dec 24	31 Dec 23	31 Dec 22
Ratios (annualised as appropriate)				
Profitability				
Operating profit/risk-weighted assets	0.7	0.7	0.3	0.0
Net interest income/average earning assets	2.6	2.7	3.0	3.5
Non-interest expense/gross revenue	66.6	69.1	66.3	77.0
Net income/average equity	n.a.	n.a.	n.a.	n.a.
Asset quality				
Impaired loans ratio	14.0	14.3	18.1	21.5
Growth in gross loans	6.7	2.2	13.1	9.4
Loan loss allowances/impaired loans	101.3	105.2	84.1	76.1
Loan impairment charges/average gross loans	0.3	0.3	0.8	0.8
Capitalisation				
Common equity Tier 1 ratio	n.a.	n.a.	n.a.	n.a.
Fitch Core Capital ratio	-3.2	-3.8	-4.7	-5.7
Tangible common equity/tangible assets	-2.6	-3.2	-4.0	-4.5
Net impaired loans/Fitch Core Capital	5.5	19.9	-63.8	-93.2
Funding and liquidity				
Gross loans/customer deposits	90.1	89.9	90.8	83.7
Customer deposits/total non-equity funding	94.9	94.7	95.5	95.8

Source: Fitch Ratings, Fitch Solutions, ibank

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