

12 SEP 2025

Fitch Affirms Islamic Bank of Thailand at 'AA(tha)'; Outlook Stable

Fitch Ratings - Bangkok - 12 Sep 2025: Fitch Ratings (Thailand) has affirmed Islamic Bank of Thailand's (ibank) National Long-Term Rating at 'AA(tha)' with a Stable Outlook. The National Short-Term Rating has also been affirmed at 'F1+(tha)'.

Key Rating Drivers

Government Support Drives Ratings: The ratings on ibank reflect Fitch Ratings' assessment of a high probability that the Thai sovereign (BBB+/Stable) 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 sharia-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 scale compared with other policy banks inhibit its ability to implement state policy 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 its weak capital position. The bank's 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.

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.

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

Public Ratings with Credit Linkage to other ratings

The ratings on ibank are linked to the credit profile of the Thai sovereign.

Fitch Ratings Analysts

Parson Singha

Senior Director

Primary Rating Analyst

National

+66 2 108 0151

Fitch Ratings (Thailand) Limited Park Ventures, Level 17 57 Wireless Road, Lumpini Bangkok 10330

Patchara Sarayudh

Director

Secondary Rating Analyst

National

+66 2 108 0152

Heakyu Chang

Senior Director
 Committee Chairperson
 +822 3278 8363

Media Contacts**Leslie Tan**

Singapore
 +65 6796 7234
 leslie.tan@thefitchgroup.com



Vivian Kam

Hong Kong
 +852 2263 9612
 vivian.kam@thefitchgroup.com


Peter Hoflich

Singapore
 +65 6796 7229
 peter.hoflich@thefitchgroup.com

Rating Actions

ENTITY/DEBT	RATING		RECOVERY	PRIOR
Islamic Bank of Thailand	Natl LT	AA(th) 	Affirmed	AA(th) 
	Natl ST	F1+(th)	Affirmed	F1+(th)

RATINGS KEY OUTLOOK WATCH

POSITIVE		
NEGATIVE		
EVOLVING		
STABLE		

Applicable Criteria

[Bank Rating Criteria \(pub.21 Mar 2025\) \(including rating assumption sensitivity\)](#)

Additional Disclosures

[Solicitation Status](#)

[Endorsement Status](#)

DISCLAIMER & DISCLOSURES

All Fitch Ratings (Fitch) credit ratings are subject to certain limitations and disclaimers. Please read these limitations and disclaimers by following this link: <https://www.fitchratings.com/understandingcreditratings>. In addition, the following <https://www.fitchratings.com/rating-definitions-document> details Fitch's rating definitions for each rating scale and rating categories, including definitions relating to default. ESMA and the FCA are required to publish historical default rates in a central repository in accordance with Articles 11(2) of Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 and The Credit Rating Agencies (Amendment etc.) (EU Exit) Regulations 2019 respectively.

Published ratings, criteria, and methodologies are available from this site at all times. Fitch's code of conduct, confidentiality, conflicts of interest, affiliate firewall, compliance, and other relevant policies and procedures are also available from the Code of Conduct section of this site. Directors and shareholders' relevant interests are available at <https://www.fitchratings.com/site/regulatory>. Fitch may have provided another permissible or ancillary service to the rated entity or its related third parties. Details of permissible or ancillary service(s) for which the lead analyst is based in an ESMA- or FCA-registered Fitch Ratings company (or branch of such a company) can be found on the entity summary page for this issuer on the Fitch Ratings website.

In issuing and maintaining its ratings and in making other reports (including forecast information), Fitch relies on factual information it receives from issuers and underwriters and from other sources Fitch believes to be credible. Fitch conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction. The manner of Fitch's factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of

the issuer, and a variety of other factors. Users of Fitch's ratings and reports should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information Fitch relies on in connection with a rating or a report will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to Fitch and to the market in offering documents and other reports. In issuing its ratings and its reports, Fitch must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings and forecasts of financial and other information are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings and forecasts can be affected by future events or conditions that were not anticipated at the time a rating or forecast was issued or affirmed. Fitch Ratings makes routine, commonly-accepted adjustments to reported financial data in accordance with the relevant criteria and/or industry standards to provide financial metric consistency for entities in the same sector or asset class.

The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAA' to 'D'. Fitch also provides information on best-case rating upgrade scenarios and worst-case rating downgrade scenarios (defined as the 99th percentile of rating transitions, measured in each direction) for international credit ratings, based on historical performance. A simple average across asset classes presents best-case upgrades of 4 notches and worst-case downgrades of 8 notches at the 99th percentile. For more details on sector-specific best- and worst-case scenario credit ratings, please see [Best- and Worst-Case Measures](#) under the Rating Performance page on Fitch's website.

The information in this report is provided "as is" without any representation or warranty of any kind, and Fitch does not represent or warrant that the report or any of its contents will meet any of the requirements of a recipient of the report. A Fitch rating is an opinion as to the creditworthiness of a security. This opinion and reports made by Fitch are based on established criteria and methodologies that Fitch is continuously evaluating and updating. Therefore, ratings and reports are the collective work product of Fitch and no individual, or group of individuals, is solely responsible for a rating or a report. The rating does not address the risk of loss due to risks other than credit risk, unless such risk is specifically mentioned. Fitch is not engaged in the offer or sale of any security. All Fitch reports have shared authorship. Individuals identified in a Fitch report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only. A report providing a Fitch rating is neither a prospectus nor a substitute for the information assembled, verified and presented to investors by the issuer and its agents in connection with the sale of the securities. Ratings may be changed or withdrawn at any time for any reason in the sole discretion of Fitch. Fitch does not provide investment advice of any sort. Ratings are not a recommendation to buy, sell, or hold any security. Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of payments made in respect to any security. Fitch receives fees from issuers, insurers, guarantors, other obligors, and underwriters for rating securities. Such fees generally vary from US\$1,000 to US\$750,000 (or the applicable currency equivalent) per issue. In certain cases, Fitch will rate all or a number of issues issued by a particular issuer, or insured or guaranteed by a particular insurer or guarantor, for a single

annual fee. Such fees are expected to vary from US\$10,000 to US\$1,500,000 (or the applicable currency equivalent). The assignment, publication, or dissemination of a rating by Fitch shall not constitute a consent by Fitch to use its name as an expert in connection with any registration statement filed under the United States securities laws, the Financial Services and Markets Act of 2000 of the United Kingdom, or the securities laws of any particular jurisdiction. Due to the relative efficiency of electronic publishing and distribution, Fitch research may be available to electronic subscribers up to three days earlier than to print subscribers.

For Australia, New Zealand, Taiwan and South Korea only: Fitch Australia Pty Ltd holds an Australian financial services license (AFS license no. 337123) which authorizes it to provide credit ratings to wholesale clients only. Credit ratings information published by Fitch is not intended to be used by persons who are retail clients within the meaning of the Corporations Act 2001. Fitch Ratings, Inc. is registered with the U.S. Securities and Exchange Commission as a Nationally Recognized Statistical Rating Organization (the "NRSRO"). While certain of the NRSRO's credit rating subsidiaries are listed on Item 3 of Form NRSRO and as such are authorized to issue credit ratings on behalf of the NRSRO (see <https://www.fitchratings.com/site/regulatory>), other credit rating subsidiaries are not listed on Form NRSRO (the "non-NRSROs") and therefore credit ratings issued by those subsidiaries are not issued on behalf of the NRSRO. However, non-NRSRO personnel may participate in determining credit ratings issued by or on behalf of the NRSRO.

dv01, a Fitch Solutions company, and an affiliate of Fitch Ratings, may from time to time serve as loan data agent on certain structured finance transactions rated by Fitch Ratings.

Copyright © 2025 by Fitch Ratings, Inc., Fitch Ratings Ltd. and its subsidiaries. 33 Whitehall Street, NY, NY 10004. Telephone: 1-800-753-4824, (212) 908-0500. Reproduction or retransmission in whole or in part is prohibited except by permission. All rights reserved.

Endorsement policy

Fitch's international credit ratings produced outside the EU or the UK, as the case may be, are endorsed for use by regulated entities within the EU or the UK, respectively, for regulatory purposes, pursuant to the terms of the EU CRA Regulation or the UK Credit Rating Agencies (Amendment etc.) (EU Exit) Regulations 2019, as the case may be. Fitch's approach to endorsement in the EU and the UK can be found on Fitch's [Regulatory Affairs](#) page on Fitch's website. The endorsement status of international credit ratings is provided within the entity summary page for each rated entity and in the transaction detail pages for structured finance transactions on the Fitch website. These disclosures are updated on a daily basis.