

Islamic Bank of Thailand

Key Rating Drivers

Government Support Underpins Ratings: The ratings on Islamic Bank of Thailand (ibank) are based on Fitch Ratings' view that the Thai sovereign (BBB+/Negative) would provide extraordinary support, if needed, given the bank's legal status as a policy bank.

The National Ratings take into account the bank's credit profile compared with that of other entities on the Thai national rating scale. The National Long-Term Rating of 'AA(tha)' denotes a very low level of default risk relative to other issuers in the country.

Significant Policy Mandate: The bank is the only sharia-compliant bank in Thailand, and has played an important role in providing financial services to Thailand's Muslim community for over 20 years. We believe ibank has built up extensive expertise in its niche that would be difficult to replace. The bank has a limited nationwide market share, while it has a significant presence offering services to retail and small enterprise clients in Thailand's far-southern provinces, where a majority of the population is Muslim.

Relatively Lower State Links: We believe the government's propensity to support ibank may be lower than for other state policy banks despite its legal status. The Ministry of Finance's (MOF) stake in ibank was capped at 49% under the bank's establishment act. This cap has been waived temporarily, but Fitch expects the MOF to reduce its stake over the medium term. Furthermore, the bank's weak balance sheet (with negative equity) and small size reduces its ability to implement state policy objectives.

Consistent Previous Government Support: There is a record of significant government support for ibank's capital and asset quality. The bank faced significant financial stresses in 2017-2018 when the MOF raised its stake to 99.6% from below 50%, and ibank transferred a large portion of its non-performing financing to a new state-owned asset management company. The bank continues to receive forbearance for its capital ratios, which remain below regulatory minimums, and its position as a policy bank also ensures depositor confidence and access to funding.

Balance Sheet Still Weak: The bank's operating profit/risk-weighted assets remained stable at 0.7% in 2025 (2024: 0.7%). However, the impaired-financing ratio was still high at 15.8% (2024: 14.3%) amid continued pressures from the weak economic environment. The equity position remained negative but is improving gradually from profit accumulation.

Rating Sensitivities

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

Negative rating action could arise from any weakening in the government's propensity to support ibank. This may be indicated, for example, by a change in ibank's legal status as a state policy bank, or a material reduction in state linkages and control. Reduced expectations of further government financial support could also lead to a re-assessment of the ratings.

Fitch does not expect a sovereign rating downgrade to have a direct effect on the government's propensity to support ibank, but any rating action would also depend on Fitch's assessment of the bank's credit profile relative to other issuers on the Thailand national rating scale.

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

There could be positive rating action if there is an increase in the government's propensity to support the bank. For example, this may be indicated by a material and sustainable improvement in the bank's financial position, denoting a greater ability to support state policy objectives. This would be contingent on Fitch's expectation that the level of state control and ibank's policy role would not be reduced significantly.

There could also be upside to the ratings if Fitch views the government's long-term strategic commitment to the bank to have increased. Any rating action would also take account of ibank's support-driven credit profile relative to other issuers on Thailand's national rating scale.

Financials

Summary Financials

	31 Dec 2025	31 Dec 2025	31 Dec 2024	31 Dec 2023	31 Dec 2022
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	Year End	Year End	Year End	Year End	Year End
	USDm	THBm	THBm	THBm	THBm
Summary Income Statement					
Net financing and dividend income	65	2,063.2	1,878.0	1,935.5	1,999.6
Net fees and commissions	1	119.5	118.7	152.2	148.8
Other operating income	12	301.1	277.0	195.6	169.4
Total operating income	79	2,483.8	2,273.7	2,283.3	2,317.8
Operating costs	53	1,664.1	1,569.9	1,514.8	1,784.6
Pre-impairment operating profit	26	819.7	703.8	768.5	533.2
Financing and other impairment charges	11	333.9	222.8	533.3	509.9
Operating profit	15	485.8	481.0	235.2	23.3
Other non-operating items (net)	0	5.0	1.0	13.0	-8.7
Tax	0	0	0	0	0
Net income	16	490.8	482.0	248.2	14.6
Other comprehensive income	56	1,761.9	5.3	-0.4	68.7
Fitch comprehensive income	71	2,252.7	487.3	247.8	83.3
Summary Balance Sheet					
Assets					
Gross financing	2,491	78,670.2	72,271.0	70,724.1	62,521.8
- of which impaired	394	12,442.0	10,337.0	12,828.0	13,448.1
Financing loss allowances	354	11,186.8	10,877.3	10,785.5	10,231.6
Net financing	2,137	67,483.4	61,393.7	59,938.6	52,290.2
Interbank	124	3,909.4	4,928.4	2,652.4	4,353.5
Derivatives	0	0.5	0.3	0.1	n.a.
Other securities and earning assets	326	10,283.3	6,119.1	4,850.5	4,351.0
Total earning assets	2,586	81,676.6	72,441.5	67,441.6	60,994.7
Cash and due from banks	26	834.3	1,300.4	1,309.8	1,242.8
Other assets	333	10,524.6	10,564.1	11,377.5	13,895.5
Total assets	2,946	93,035.5	84,306.0	80,128.9	76,133.0
Liabilities					
Customer deposits	2,716	85,788.6	80,356.2	77,856.1	74,710.9
Interbank and other short-term funding	170	5,376.8	4,521.0	3,697.9	3,287.8
Trading liabilities and derivatives	0	0.5	0.0	0.1	0.0
Total funding and derivatives	2,887	91,165.9	84,877.2	81,554.1	77,998.7
Other liabilities	70	2,208.3	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	-11	-338.8	-2,591.5	-3,078.8	-3,326.6
Total liabilities and equity	2,946	93,035.5	84,306.0	80,128.9	76,133.0
Exchange rate		USD1 = THB31.5826	USD1 = THB34.26	USD1 = THB34.683	USD1 = THB34.801

Source: Fitch ratings, Fitch Solutions, ibank

Key Ratios

Ratios (annualised as appropriate)	31 Dec 2025	31 Dec 2024	31 Dec 2023	31 Dec 2022
Profitability				
Operating profit/risk-weighted assets	0.7	0.7	0.3	0.0
Net financing income/average earning assets	2.6	2.7	3.0	3.5
Non-interest expense/gross revenue	67.0	69.1	66.3	77.0
Net income/average equity	n.a.	n.a.	n.a.	n.a.
Asset quality				
Impaired financing ratio	15.8	14.3	18.1	21.5
Growth in gross financing	8.9	2.2	13.1	9.4
Financing loss allowances/impaired financing	89.9	105.2	84.1	76.1
Financing impairment charges/average gross financing	0.4	0.3	0.8	0.8
Capitalisation				
Fitch Core Capital ratio	-0.7	-3.8	-4.7	-5.7
Tangible common equity/tangible assets	-0.5	-3.2	-4.0	-4.5
Net impaired financing/Fitch Core Capital	-251.4	19.9	-63.8	-93.2
Funding and liquidity				
Gross financing/customer deposits	91.7	89.9	90.8	83.7
Customer deposits/total non-equity funding	94.1	94.7	95.5	95.8

Source: Fitch Ratings, Fitch Solutions, ibank

Ratings

National Rating

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

Outlook

National Long-Term Rating	Stable
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Applicable Criteria

[Bank Rating Criteria \(May 2026\)](#)

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

Related Research

[Thailand - Update \(July 2026\)](#)

[Major Thai Banks - Peer Credit Analysis \(July 2026\)](#)

[APAC Bank Outlooks Signal Varying Resiliency to US-Iran Conflict \(June 2026\)](#)

[Thai Banks to Face Rising Challenges in 2026 \(April 2026\)](#)

[Emerging Markets Largest Banks Monitor \(February 2026\)](#)

[Emerging-Market Banks - Hotspots December 2025 \(January 2026\)](#)

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