

12 SEP 2025

Fitch Affirms Bank for Agriculture and Agricultural Cooperatives at 'AAA(tha)'/Stable

Fitch Ratings - Bangkok - 12 Sep 2025: Fitch Ratings (Thailand) has affirmed the National Long-Term Rating on the Bank for Agriculture and Agricultural Cooperatives (BAAC) at 'AAA(tha)' with a Stable Outlook. The National Short-Term Rating is affirmed at 'F1+(tha)'.

Key Rating Drivers

Ratings Reflects Sovereign Support: BAAC's ratings are based on Fitch's view of a high likelihood of extraordinary support from the Thai government (BBB+/Stable), if needed. BAAC was set up by the government as a policy bank to support Thailand's farming sector, resulting in strong government linkages. The assessment also takes into account BAAC's credit profile compared with that of other entities on our Thai national rating scale. BAAC's National Long-Term Rating is at the highest level on Fitch's National Rating scale, reflecting the lowest expectation of default risk relative to other issuers in the country.

Important Policy Role: BAAC has a unique role as the only state policy bank that is focused on supporting the agricultural sector and rural development, which has consistently been an important policy objective of the Thai government. The bank has long experience and a record of meeting its mandate, which we expect to continue. BAAC is the second-largest policy bank, with total assets of USD73.3 billion at end-March 2025.

Closely Linked to Government: BAAC's strategy and operations are closely aligned with the government's policy goals. The bank was set up as a state policy bank under specific legislation, with the Ministry of Finance holding 99.8% of its shares. The bank is under close state control, with board members appointed by the government. The deputy minister of finance chairs the board, which also includes representatives from the Ministry of Agriculture and Cooperatives and the Bank of Thailand.

Robust State Support: BAAC has a record of receiving state support, including capital injections, most recently in 2020, and regulatory forbearance on asset classification. The balance sheet includes public service accounts (PSA), which are government-approved initiatives, such as temporary suspension or extension of debt repayment. These PSA projects, which made up 36% of the bank's assets at end-March 2025, are eligible for loss compensation from the state's annual budget.

Profitability Under Pressure, Support Remains: The bank had an operating profit/risk-weighted asset ratio of 0.6%-0.8% over the past four years. We expect pressure on profitability to increase over the next year as margins narrow with falling market interest rates. Provisioning is also likely to stay high as BAAC prepares to adopt Thai Financial Reporting Standards 9.

Still, we expect the bank to remain profitable with a broadly acceptable balance sheet and we do not expect any changes in the government's willingness to provide support to the bank. Funding and liquidity risks are mitigated by a strong deposit franchise, benefitting from its government links and status as a state-owned financial institution. We also expect the state to provide further capital injections if needed to support growth.

Rating Sensitivities

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

There could be negative rating action from any perceived weakening in the government's propensity to support BAAC. This may be indicated, for example, by a change in BAAC's legal status as a state policy bank, a material reduction in the government's ownership and control, or a significant weakening in the importance of BAAC's policy role. However, Fitch deems such events to be unlikely in the medium term.

A sovereign rating downgrade would be unlikely to affect the bank's ratings, as Fitch believes core policy banks would remain more likely to receive government support relative to other entities in the country. Hence, the bank's relative position on our National Rating scale would not change.

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

There is no upside to BAAC's National Ratings, which are already at the highest levels on the 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

BAAC's National Ratings are linked to Thailand's sovereign credit profile.

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Rating Actions

ENTITY/DEBT	RATING		RECOVERY	PRIOR
Bank for Agriculture and Agricultural Cooperatives	Natl LT	AAA(tha) ●	Affirmed	AAA(tha) ●
	Natl ST	F1+(tha)	Affirmed	F1+(tha)

RATINGS KEY OUTLOOK WATCH

POSITIVE	⊕	◇
NEGATIVE	⊖	◇
EVOLVING	◊	◆
STABLE	○	

Applicable Criteria

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

[National Scale Rating Criteria \(pub.22 Dec 2020\)](#)

Additional Disclosures

[Solicitation Status](#)

[Endorsement Status](#)

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