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# National Bank of Fujairah PJSC

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# National Bank of Fujairah PJSC

| SACP | bb+ | + | Support | +2 | + | Additional Factors | 0 |
|---|---|---|---|---|---|---|---|

| | | |
|---|---|---|
| Anchor | bbb- | |
| Business Position | Moderate | -1 |
| Capital and Earnings | Strong | +1 |
| Risk Position | Moderate | -1 |
| Funding | Average | 0 |
| Liquidity | Adequate | |

| | |
|---|---|
| ALAC Support | 0 |
| GRE Support | 0 |
| Group Support | 0 |
| Sovereign Support | +2 |

| Issuer Credit Rating |
|---|
| BBB/Stable/A-2 |

## Major Rating Factors

| Strengths: | Weaknesses: |
|---|---|
| • Strong capitalization.<br>• A well-established niche franchise. | • Sizable lending exposure to the sectors negatively affected by the COVID-19 pandemic.<br>• High concentration on both sides of the balance sheet.<br>• Limited geographic diversification. |

## Outlook: Stable

The stable outlook on National Bank of Fujairah (NBF) reflects our view that the bank's business and financial profiles will remain broadly unchanged over the next 12-24 months, despite pressure on its operating environment and our expectation that asset-quality indicators will remain weak.

### Downside scenario

We could lower the rating over the next 12-24 months if NBF's capitalization declines significantly, with the RAC ratio dropping durably below 10%. This could happen because of weaker-than-expected profitability or higher dividend payouts. We could also take a negative rating action if we observe a higher-than expected deterioration in asset-quality indicators.

### Upward scenario

We could upgrade NBF if the bank restores its asset-quality indicators to levels comparable with those of peers, or in the unlikely scenario that the bank significantly strengthens its capitalization with a RAC ratio durably above 15%.

## Rationale

We expect NBF will show a modest profit in 2021 as it recovers from a significant loss in 2020 due to the impact of the coronavirus pandemic. NBF reported a net loss of United Arab Emirates dirham (AED) 475 million for 2020, compared with a profit of AED552 million in 2019. The losses stem primarily from a 131% increase in credit provisioning charges to cover costs of a fraud case at one of the largest corporates, the COVID-19 economic fallout in the United Arab Emirates (UAE), and potential implications of the Central Bank of UAE's (CBUAE's) gradual lifting of forbearance measures. Positively, higher impairment charges were partly offset by management's cost-cutting initiatives that resulted in 13% lower operating expenses than the year before. The bank booked a profit of AED42 million in first-quarter 2021. As of March 2021, the bank's stock of Stage 3 loans increased to 10.1% of gross loans from 5.4% in 2019, while Stage 2 loans declined slightly to 8.5% from 9.2% and the coverage by provisions (including impairment reserves) declined to 88% from 107% over the same period. We expect NBF's cost of risk will remain elevated after increasing to 4.5% in 2020 (2.6% in first-quarter 2021), versus 1.8% in 2019. We expect further asset-quality deterioration in 2021, primarily spurred by the bank's significant exposure to sectors affected by the pandemic, including trade finance and real estate and construction. We believe some loans will transition to Stage 3 in the next two years, inflating the bank's provisioning needs. The bank's capacity to withstand additional shocks has also reduced. The RAC ratio reached 10.7% at year-end 2020 and we expect it will stabilize at 10.0%-10.5% in the next 12-24 months.

While NBF has a well-established position in the corporate middle market, its core business is smaller and riskier compared with larger local and regional peers'. Bank's funding and liquidity profile is comparable with local peers and benefits to some extent from expected support from the CBUAE in case of need.

We view NBF's systemic importance in the UAE as moderately high, and we regard the UAE as highly supportive of the domestic banking sector. Therefore, we incorporate two notches of uplift from the bank's intrinsic creditworthiness in our final rating.

We observed a significant weakening of asset quality in 2020 and, notwithstanding improving trends, we expect credit losses will remain elevated in 2021. In our view, NBF's exposure to higher risk sectors against the backdrop of a modest economic recovery has weakened the bank's headroom to absorb further shocks in the future. We have, therefore, lowered our assessment of the bank's risk position, resulting in the downgrade of NBF to 'BBB' from 'BBB+' (see Various Rating Actions Taken on Five UAE-Based Banks On Increasing Credit Risk," published March 25, 2021, on RatingsDirect).

### Anchor:'bbb-' for banks operating in the UAE

We use our banking industry credit risk assessment (BICRA) economic risk and industry risk scores to determine a bank's anchor, the starting point in assigning an issuer credit rating. The anchor for banks operating only in the UAE is 'bbb-'.

The UAE has a wealthy economy with strong fiscal and external positions. The strength of the government's net asset position has helped counteract the negative impact of lower oil prices on economic growth since late 2015. The COVID-19 pandemic, lower oil prices, and continued pressure on the real estate sector have increased risks for UAE banks, and we expect banking sector's problem loans to increase further once the regulatory forbearance measures are lifted and banks start to account for the impact of the economic shock. However, we expect this process to be gradual to minimize the impact on the banking system. Although UAE banks traditionally operate with healthy profitability metrics, low interest rates have negative consequences for banks' margins. We therefore expect the banking sector's profitability will remain lower for longer.

After the pandemic started, the CBUAE implemented a Targeted Economic Support Scheme (TESS), which helped ease the pressure on corporate issuers and small and midsize enterprises. The scheme included a provision that allows banks not to classify deferred exposures as Stage 2 and Stage 3. Rather, banks have classified deferrals into two groups: Group 1 (exposures to clients that are temporarily and mildly impacted); and Group 2 (exposures to clients that are significantly impacted and could see potential stage migrations) and disclosed the information, which we view as positive. At year-end 2020, 12% of the top-10 banks' exposures were classified as Group 1 and 2% as Group 2. UAE banks enjoy a good funding profile. Public-sector and government depositors provide more than 30% of resident deposits. We expect these entities will withdraw some deposits from the banking system in 2021. However, we do not see any immediate liquidity challenges for the banking sector.

**Table 1**

**National Bank of Fujairah PJSC--Key Figures**

| | --Year ended Dec. 31-- | | | | |
|---|---|---|---|---|---|
| **(Mil. AED)** | **2021*** | **2020** | **2019** | **2018** | **2017** |
| Adjusted assets | 37,375 | 38,228 | 40,846 | 37,757 | 35,267 |
| Customer loans (gross) | 27,140 | 27,058 | 28,389 | 27,367 | 25,320 |
| Adjusted common equity | 4,054 | 4,011 | 4,486 | 4,260 | 3,792 |
| Operating revenues | 360 | 1,386 | 1,708 | 1,574 | 1,379 |
| Noninterest expenses | 112 | 491 | 563 | 522 | 465 |
| Core earnings | 42 | (475) | 552 | 615 | 472 |

AED--UAE dirham. *Data as of March 31.

### Business position: Small and niche commercial franchise.

We think NBF benefits from its well-established position in the corporate middle market. With assets totaling UAE dirham (AED) 39.1 billion on March 31, 2021, NBF has a market share of about 1.5% in lending and deposits.

The bank's geographic diversification remains limited and it operates primarily in the UAE. Within the UAE, NBF derives material business from Dubai and Northern emirates, where it generates about 71% of its total revenue. Lately, the bank has also been widening its presence in other emirates. Nevertheless, we anticipate that a substantial portion of its lending and revenue will continue to come from Dubai in the medium term. NBF has a strong focus on trade finance, with a market share of 5.8% as of Dec. 31, 2020. Because of the weak economic environment in the country, NBF's loan book contracted by about 5% in 2020, primarily driven by contraction in trade financing segment because of lower demand from traders amid lower trading volumes globally. For 2021-2022, as the global economy improves and trade volumes increase, we expect the bank will expand by 4%-5% annually, with a focus on its niche trade finance segment. At the same time, we expect to see some reduction in bank's exposures to riskier construction segment.

NBF enjoys a close relationship with its major shareholder, the Government of Fujairah, which held 46.75% of NBF's share capital at year-end 2020, jointly through the Department of Industry and Economy--Government of Fujairah, Fujairah Natural Resources Corporation, and Fujairah Investment Establishment Limited. The Government of Dubai controls another 8.7% of NBF's issued share capital through the Investment Corporation of Dubai.

**Table 2**

| National Bank of Fujairah PJSC--Business Position | | | | | |
|---|---|---|---|---|---|
| | **--Year ended Dec. 31--** | | | | |
| **(%)** | **2021*** | **2020** | **2019** | **2018** | **2017** |
| Total revenues from business line (currency in millions) | 360 | 1,386 | 1,708 | 1,574 | 1,379 |
| Retail banking/total revenues from business line | 11.51 | 9.44 | 8.08 | 8.71 | 8.17 |
| Trading and sales income/total revenues from business line | 21.41 | 18.48 | 19.17 | 15.87 | 16.83 |
| Return on average common equity | 3.82 | (10.06) | 11.40 | 14.46 | 12.64 |

*Data as of March 31.

## Capital and earnings: Vulnerable to any increase in credit losses

Our assessment of NBF's capital and earnings reflects the bank's strong level of capitalization. That said, we believe that the bank's capacity to withstand additional shocks has reduced. This is mainly because we believe that risk weights for UAE corporate sector, where bank has significant exposure, have increased. The RAC ratio reached 10.7% at year-end 2020 and we expect it will stabilize at 10.0%-10.5% in the next 12-24 months. The bank's regulatory capital ratio and Tier 1 ratio reached 19.6% and 18.5% respectively as of March 21, well above minimum capital requirements.

NBF recovered slightly and booked a profit of AED42 million in first-quarter 2021 compared with a net loss of AED475 million for 2020. We expect the bank will show a modest profit in 2021 as it recuperates from the impact of the coronavirus pandemic. However, we don't exclude a scenario where the bank posts losses for the second consecutive year. We also believe the pre-provision earnings and profitability will remain lower for longer, owing to lower interest rates globally. We do not expect the bank to reach its pre-pandemic profitability levels at least until 2023, giving limited room for internal capital generation. However, we expect bank will follow a prudent dividend policy to support capital levels in 2021-2022.

In our RAC ratio forecast, we assume:

- Loan book to expand by mid-single digits in 2021-2022, primarily driven by increasing exposures to trade finance.
- Net interest margin to remain low in the low-interest-rate environment.
- Credit losses to decline compared with 2020 but will remain high at 250-300 basis points (bps) in 2021-2022.

Based on our calculations, NBF's three-year average earnings buffer stands at about 1.3%, which indicates good capacity for earnings to cover expected losses over a complete economic cycle.

**Table 3**

**National Bank of Fujairah PJSC--Capital And Earnings**

| | --Year ended Dec. 31-- | | | | |
|---|---|---|---|---|---|
| **(%)** | **2021*** | **2020** | **2019** | **2018** | **2017** |
| Tier 1 capital ratio | 18.5 | 18.1 | 16.6 | 14.1 | 15.1 |
| S&P Global Ratings' RAC ratio before diversification | N/A | 10.7 | 12.6 | 11.6 | 12.0 |
| S&P Global Ratings' RAC ratio after diversification | N/A | 8.0 | 9.4 | 8.5 | 8.6 |
| Adjusted common equity/total adjusted capital | 75.9 | 75.7 | 77.7 | 89.5 | 79.1 |
| Net interest income/operating revenues | 63.2 | 68.5 | 67.5 | 69.0 | 66.6 |
| Fee income/operating revenues | 20.2 | 17.8 | 20.0 | 19.6 | 22.6 |
| Market-sensitive income/operating revenues | 15.1 | 10.5 | 9.5 | 8.4 | 8.7 |
| Cost to income ratio | 31.1 | 35.4 | 33.0 | 33.2 | 33.7 |
| Preprovision operating income/average assets | 2.5 | 2.2 | 2.8 | 2.8 | 2.5 |
| Core earnings/average managed assets | 0.4 | (1.1) | 1.3 | 1.6 | 1.3 |

RAC--Risk adjusted capital. N/A--Not applicable. * Data as of March 31.

**Table 4**

**National Bank of Fujairah PJSC--Risk-Adjusted Capital Framework Data**

| **(Mil. AED)** | **Exposure*** | **Basel III RWA** | **Average Basel III RW(%)** | **S&P Global Ratings RWA** | **Average S&P Global Ratings RW (%)** |
|---|---|---|---|---|---|
| **Credit risk** | | | | | |
| Government & central banks | 6,892.1 | -- | -- | 228.6 | 3.3 |
| Of which regional governments and local authorities | 73.9 | -- | -- | 2.7 | 3.6 |
| Institutions and CCPs | 4,442.8 | -- | -- | 1,803.1 | 40.6 |
| Corporate | 30,208.4 | -- | -- | 36,474.5 | 120.7 |
| Retail | 3,168.1 | -- | -- | 2,509.5 | 79.2 |
| Of which mortgage | 2,111.9 | -- | -- | 1,234.3 | 58.4 |
| Other assets† | 2,761.6 | -- | -- | 4,742.9 | 171.7 |
| Total credit risk | 47,472.9 | -- | -- | 45,758.7 | 96.4 |
| **Market Risk** | | | | | |
| Equity in the banking book | 68.7 | -- | -- | 600.9 | 875.0 |
| Trading book market risk | -- | -- | -- | 79.7 | -- |
| Total market risk | -- | -- | -- | 680.7 | -- |
| **Operational risk** | | | | | |
| Total operational risk | -- | -- | -- | 3,202.7 | -- |
| | **Exposure** | **Basel III RWA** | **Average Basel II RW (%)** | **S&P Global Ratings RWA** | **% of S&P Global Ratings RWA** |
| **Diversification adjustments** | | | | | |
| RWA before diversification | -- | -- | -- | 49,642.0 | 100.0 |
| Total diversification/ concentration adjustments | -- | -- | -- | 16,348.3 | 32.9 |
| RWA after diversification | -- | -- | -- | 65,990.3 | 132.9 |

**Table 4**

| National Bank of Fujairah PJSC--Risk-Adjusted Capital Framework Data (cont.) | Tier 1 capital | Tier 1 ratio (%) | Total adjusted capital | S&P Global Ratings RAC ratio (%) |
|---|---|---|---|---|
| **Capital ratio** | | | | |
| Capital ratio before adjustments | 5,679.8 | 18.1 | 5,296.2 | 10.7 |
| Capital ratio after adjustments‡ | 5,679.8 | 18.1 | 5,296.2 | 8.0 |

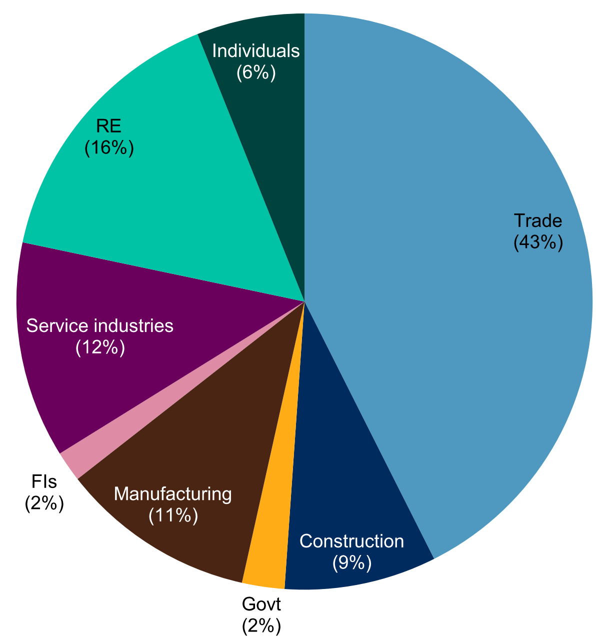
*Exposure at default. §Securitization Exposure includes the securitization tranches deducted from capital in the regulatory framework. †Exposure and S&P Global Ratings' risk-weighted assets for equity in the banking book include minority equity holdings in financial institutions. ‡Adjustments to Tier 1 ratio are additional regulatory requirements (e.g. transitional floor or Pillar 2 add-ons). RWA--Risk-weighted assets. RW--Risk weight. RAC--Risk-adjusted capital. AED--UAE Dirham. Sources: Company data as of Dec. 31 2020, S&P Global Ratings.

## Risk position: Substantial exposure to COVID-19-affected sectors will derive higher credit losses

As a result of the economic shock induced by the COVID-19 pandemic, we expect NBF's asset quality will continue to deteriorate in 2021. This is primarily spurred by the bank's significant exposure to sectors affected by the pandemic, including trade finance and real estate and construction, which form about 67% of bank's loan book, in addition to a weaker franchise compared with more established and larger local peers.

**Chart 1**

**NBF's Gross Loan Portfolio**

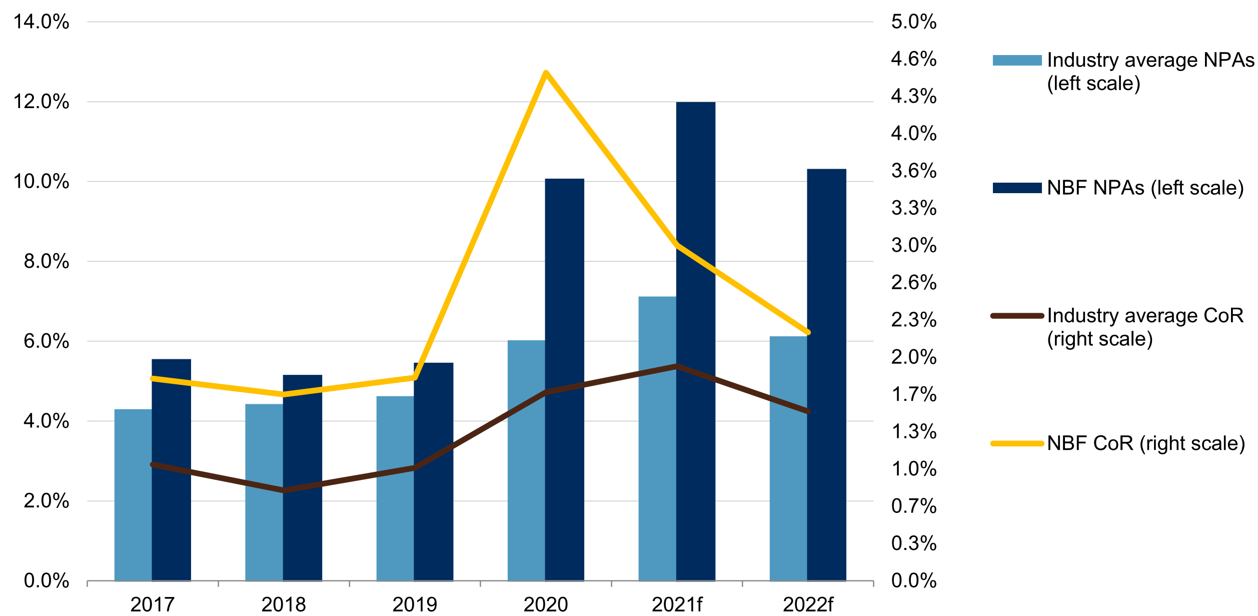



Source: S&P Global Ratings. FI--Financial institutions. RE--Real estate. Govt--Goverrnment.

NBF's stock of Stage 3 loans as a share of total loans increased to 10.1% in 2020, from 5.4% at year-end 2019, and cost of risk increased to 4.5% in 2020, from 1.8% in 2019. This is mainly because the bank increased its provisions in 2020 to cover for the costs of a fraud case in one of the largest corporates, the economic impact of COVID-19 in the UAE in 2020, and potential implications of the CBUAE's gradual lifting of forbearance measures. The bank's stock of Stage 3 loans as a share of total loans remained stable at 10.1% as of March 2021. The bank also had 8.5% loans in Stage 2 on the same date, which is higher than industry average of about 7%. Loan-loss provisions coverage of Stage 3 loans, including impairment reserves of AED283 million, declined to 88% in first-quarter 2021 from 107% in 2019.

**Chart 2**

**NBF's Asset Quality Is Weaker Than UAE Banking Industry Average***




f--Forecast. NPA--Nonperforming assets. Source: S&P Global Ratings. *Average for 10-largest UAE banks.


We expect NBF's asset quality will weaken further in 2021. Under our base case, we expect cost of risk will decline from 2020 levels but will remain elevated at 250-300bps in 2021-2022. We believe the ratio of Stage 3 to total loans will increase to 12%, while the bank's stock of problematic loans (Stage 2 and Stage 3) will increase to about 25% over the next 12-24 months.

Like other Gulf Cooperation Council (GCC) banks, another key source of risk for NBF lies in high single-party concentration. The 20-largest funded and unfunded corporate gross credit exposures represent 25% of the bank's loan book and unfunded exposure at year-end 2020. NBF exhibits high real estate and construction exposure. At year-end 2020, loans to these sectors comprised about 24% of the loan book, compared with a UAE banking industry average of about 20%. In addition, exposure to the trade finance sector comprised about 43% of the loan book, which has been negatively affected by the pandemic, and will derive higher credit losses in 2021.

**Table 5**

| National Bank of Fujairah PJSC--Risk Position | | | | | |
|---|---|---|---|---|---|
| | --Year ended Dec. 31-- | | | | |
| **(%)** | **2021*** | **2020** | **2019** | **2018** | **2017** |
| Growth in customer loans§ | 1.2 | (4.7) | 3.7 | 8.1 | 5.4 |
| Total diversification adjustment/S&P Global Ratings' RWA before diversification | N/A | 32.9 | 34.1 | 36.3 | 39.2 |
| Total managed assets/adjusted common equity (x) | 9.7 | 9.9 | 9.5 | 9.3 | 9.7 |
| New loan loss provisions/average customer loans | 2.6 | 4.5 | 1.8 | 1.5 | 1.7 |
| Net charge-offs/average customer loans | 4.3 | 1.5 | 1.5 | 2.5 | 1.6 |
| Gross nonperforming assets/customer loans + other real estate owned | 10.1 | 10.1 | 5.4 | 5.1 | 5.5 |
| Loan loss reserves (including impairments reserves)/gross nonperforming assets | 87.7 | 91.8 | 107.3 | 102.0 | 89.5 |

RWA--Risk weighted assets. N/A--Not applicable. § 2021 figures are annualized. *Data as of March 31.

### Funding and liquidity: Satisfactory and neutral for the rating.

NBF's funding profile is in line with its domestic peers'. The bank funds itself predominantly from domestic customer deposits, which declined in 2020 in line with credit book contraction. Although NBF improved its portion of current accounts and savings accounts (CASA) in its depositor base in 2020 and first-quarter 2021 amid a low-interest-rate environment--about 40% of customer deposits as of March 2021--this is somewhat lower compared with other banks in UAE, resulting in relatively higher cost of funds for the bank.

NBF's loan-to-deposit ratio stood at 88.4% and the stable funding ratio was a healthy 115% as of March 2021. Like most banks in the GCC, NBF exhibits funding concentrations. Its ratio of top-20 depositors to total deposits remained high at 39% at year-end 2020 and is dominated by NBF's shareholders and affiliated entities. The related-party deposits have, historically, been a stable funding source for the bank.

The bank has a relatively liquid balance sheet. As of March 2021, 16% of its assets comprised cash and money market instruments, while another 13% came from the securities portfolio, largely composed of highly rated government, quasigovernment, and financial institution bonds. Broad liquid assets covered short term wholesale funding needs by 6.4x and net broad liquid assets covered 27% of short-term customer deposits as of March 2021. We believe the short-term nature of the bank's balance sheet mitigates the liquidity risk.

**Table 6**

| National Bank of Fujairah PJSC--Funding And Liquidity | | | | | |
|---|---|---|---|---|---|
| | --Year ended Dec. 31-- | | | | |
| **(%)** | **2021*** | **2020** | **2019** | **2018** | **2017** |
| Core deposits/funding base | 92.18 | 94.29 | 95.12 | 95.51 | 93.19 |
| Customer loans (net)/customer deposits | 88.38 | 83.46 | 84.81 | 85.99 | 86.37 |
| Long-term funding ratio | 96.27 | 96.99 | 95.89 | 97.37 | 96.14 |
| Stable funding ratio | 114.94 | 117.65 | 115.50 | 114.35 | 118.96 |
| Short-term wholesale funding/funding base | 4.43 | 3.55 | 4.88 | 3.05 | 4.49 |
| Broad liquid assets/short-term wholesale funding (x) | 6.42 | 8.24 | 6.00 | 8.74 | 6.59 |
| Net broad liquid assets/short-term customer deposits | 27.25 | 28.53 | 27.24 | 26.43 | 27.94 |

**Table 6**

**National Bank of Fujairah PJSC--Funding And Liquidity (cont.)**

| | --Year ended Dec. 31-- | | | | |
|---|---|---|---|---|---|
| **(%)** | **2021*** | **2020** | **2019** | **2018** | **2017** |
| Short-term wholesale funding/total wholesale funding | 36.87 | 36.26 | 56.07 | 50.37 | 44.24 |
| Narrow liquid assets/3-month wholesale funding (x) | 9.20 | 10.32 | 6.38 | 10.49 | 8.92 |

*Data as on March 31.

### Support: Moderate systemic importance in a highly supportive country

The long-term rating on NBF is two notches higher than its stand-alone credit profile, given our view of the bank's moderately high systemic importance in the UAE. NBF is a mid-tier bank with a lending market share of about 1.5%. The five largest institutions dominate the UAE banking system and control about 75% of the market. The assessment also reflects the government of Fujairah's direct and indirect stake in NBF (40.86% directly and 5.1% through the Fujairah Investment Company), combined with the government of Dubai's stake (8.74% through the Investment Corporation of Dubai). We also consider the UAE authorities to be highly supportive toward their banking system, with a strong track record of support provision.

### Ratings above the sovereign

We apply the sovereign stress test for NBF at the UAE level and not at the level of Dubai, where the bank has material exposure. This is because we view the UAE as the relevant level of jurisdiction for banks (see "Guidance | Criteria | Financial Institutions | General: Ratings Above The Sovereign--Corporate And Government Ratings: Methodology And Assumptions," Feb. 13, 2019).

### Environment, Social, and Governance

We believe environmental, social, and governance (ESG) credit factors influence NBF's credit quality to a similar extent as industry and country peers. While we estimate that the bank has relatively limited direct lending to sectors exposed to energy transition risk, the indirect exposure (via the overall dependence of the UAE economy on hydrocarbons) is higher. Social risks are not materially different from those of its industry peers. Fujairah government directly and indirectly owns 46.75% of the bank, which helps NBF maintain key account relationships with the Fujairah government. That said, we believe the ownership structure has not resulted in any governance weakness. In the past few years, NBF has not been involved in any material reputational controversies, has not experienced any incident related to noncompliance with laws and regulations, and has not been subject to any material legal or regulatory fines or settlements. Finally, we believe that bank regulation in the UAE is probably less focused on consumer protection than in more developed economies, meaning NBF exposure to mis-selling penalties or other retail conduct risks is rather limited.

## Related Criteria

- General Criteria: Group Rating Methodology, July 1, 2019
- General Criteria: Hybrid Capital: Methodology And Assumptions, July 1, 2019
- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology, July 20, 2017

- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Ratings Above The Sovereign--Corporate And Government Ratings: Methodology And Assumptions, Nov. 20, 2013
- Criteria | Financial Institutions | Banks: Quantitative Metrics For Rating Banks Globally: Methodology And Assumptions, July 17, 2013
- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Nov. 9, 2011
- Criteria | Financial Institutions | Banks: Banks: Rating Methodology And Assumptions, Nov. 9, 2011
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

## Related Research

- Banking Industry Country Risk Assessment: United Arab Emirates, April 15, 2021
- Various Rating Actions Taken On Five UAE-Based Banks On Increasing Credit Risk, March 25, 2021
- National Bank Of Fujairah's Net Loss In 2020 Is Largely Due To Non-Recurring Items, Jan. 28, 2021
- UAE Banking Sector 2021 Outlook--A Long Recovery Road Ahead, Jan. 26, 2021

**Anchor Matrix**

| Industry Risk | Economic Risk | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 | **6** | 7 | 8 | 9 | 10 |
| 1 | a | a | a- | bbb+ | bbb+ | bbb | - | - | - | - |
| 2 | a | a- | a- | bbb+ | bbb | bbb | bbb- | - | - | - |
| 3 | a- | a- | bbb+ | bbb+ | bbb | bbb- | bbb- | bb+ | - | - |
| 4 | bbb+ | bbb+ | bbb+ | bbb | bbb | bbb- | bb+ | bb | bb | - |
| **5** | bbb+ | bbb | bbb | bbb | bbb- | **bbb-** | bb+ | bb | bb- | b+ |
| 6 | bbb | bbb | bbb- | bbb- | bbb- | bb+ | bb | bb | bb- | b+ |
| 7 | - | bbb- | bbb- | bb+ | bb+ | bb | bb | bb- | b+ | b+ |
| 8 | - | - | bb+ | bb | bb | bb | bb- | bb- | b+ | b |
| 9 | - | - | - | bb | bb- | bb- | b+ | b+ | b+ | b |
| 10 | - | - | - | - | b+ | b+ | b+ | b | b | b- |

| Ratings Detail (As Of May 27, 2021)* | |
|---|---|
| **National Bank of Fujairah PJSC** | |
| Issuer Credit Rating | BBB/Stable/A-2 |
| **Issuer Credit Ratings History** | |
| 25-Mar-2021 | BBB/Stable/A-2 |
| 26-Mar-2020 | BBB+/Negative/A-2 |
| 31-Mar-2014 | BBB+/Stable/A-2 |

| Ratings Detail (As Of May 27, 2021)*(cont.) | |
|---|---|
| **Sovereign Rating** | |
| Sharjah (Emirate of) | BBB-/Stable/A-3 |

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.