CREDIT OPINION

20 July 2026

Update

Send Your Feedback

National Bank of Fujairah PJSC

Update following ratings affirmation, outlook remains stable

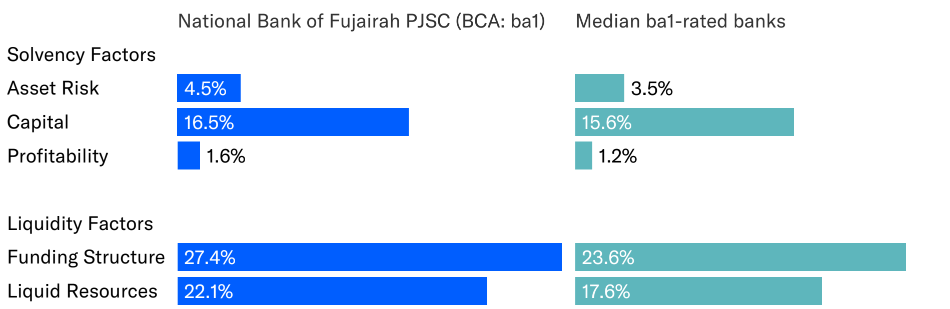
Summary

The Baa1 long-term local and foreign currency deposit ratings assigned to National Bank of Fujairah PJSC (NBF) reflect (1) the bank's standalone creditworthiness, expressed in a ba1 Baseline Credit Assessment (BCA) and (2) our assumption of a very high probability of support from the Government of the United Arab Emirates (UAE, Aa2 stable), which results in three notches of uplift.

NBF's ba1 BCA reflects: (1) its robust capital buffers and (2) solid funding and liquidity, supported by an established corporate and business banking franchise with a niche specialisation in trade finance as well as (3) its good core profitability. These strengths are moderated by: (1) the bank's asset quality exposure to the real estate and construction sectors, along with SMEs and medium-sized corporations that are relatively sensitive to economic cycles, combined with (2) its funding concentration.

Exhibit 1

Rating Scorecard - Key financial ratios



Problem loan and profitability ratios are the weaker of the three-year averages and the latest reported figures; the capital ratio is the latest reported figure; and the funding structure and liquid asset ratios are the latest year-end figures.
Source: Moody's Ratings

RATINGS

National Bank of Fujairah PJSC

Domicile	Fujairah, United Arab Emirates
Long Term CRR	A3
Type	LT Counterparty Risk Rating - Fgn Curr
Outlook	Not Assigned
Long Term Debt	Not Assigned
Long Term Deposit	Baa1
Type	LT Bank Deposits - Fgn Curr
Outlook	Stable

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

Contacts

Vladlen Kuznetsov, CFA +971.4.237.9500
VP-Senior Analyst
vladlen.kuznetsov@moodys.com

Azhar Bouzidi +971.4.503.9835
Ratings Associate
azhar.bouzidi@moodys.com

Melina Skouridou, CFA +357.2569.3021
VP/Sr Analyst-Financial Institutions
melina.skouridou@moodys.com

Nitish Bhojnagarwala +971.4.237.9563
Associate Managing Director
nitish.bhojnagarwala@moodys.com

Credit strengths

» Established corporate and business banking franchise, with a specialisation in trade finance, which supports good core earnings

» Robust capital buffers

» Deposit-based funding profile and sound liquidity

» Very high likelihood of government support

Credit challenges

» Asset quality exposed to cyclical SME and construction sectors

» Deposit base exposed to concentration risk

Outlook

The stable outlook on NBF's long-term deposit ratings reflects our expectation that the bank's strong loss absorption capacity and liquidity buffers will enable it to withstand near-term financial pressures arising from the Middle East conflict. Asset quality and profitability are expected to return to strong level after a temporary deterioration during the outlook period amid the regional conflict.

Factors that could lead to an upgrade

NBF's long-term ratings could be upgraded if the bank is able to improve and sustain asset quality and profitability at good levels while maintaining solid capital and liquidity buffers.

Factors that could lead to a downgrade

NBF's long-term ratings could be downgraded in the event of a sustained deterioration in the operating environment - including an escalation or expansion of the conflict beyond our central scenario - leading to worse than initially anticipated deterioration in asset quality with significantly lower profitability and strain on core capital as well as a weakening in funding and liquidity.

Key indicators

Exhibit 2

National Bank of Fujairah PJSC (Consolidated Financials) [1]

	03-26[2]	12-25[2]	12-24[2]	12-23[2]	12-22[2]	CAGR/Avg.[3]
Total Assets (AED Million)	68,845.1	69,373.9	60,879.1	51,719.8	47,624.3	12.0[4]
Total Assets (USD Million)	18,742.0	18,888.0	16,574.5	14,082.0	12,967.3	12.0[4]
Tangible Common Equity (AED Million)	7,640.5	7,303.5	6,623.1	5,123.2	4,502.6	17.7[4]
Tangible Common Equity (USD Million)	2,080.0	1,988.5	1,803.2	1,394.9	1,226.0	17.7[4]
Problem Loans / Gross Loans (%)	4.0	3.9	5.1	4.9	6.9	5.0[5]
Tangible Common Equity / Risk Weighted Assets (%)	16.5	15.9	16.3	14.5	13.6	15.4[6]
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	15.8	16.5	20.2	21.0	30.5	20.8[5]
Net Interest Margin (%)	2.9	2.9	3.0	3.3	2.6	2.9[5]
PPI / Average RWA (%)	4.3	4.2	4.0	4.3	3.5	4.1[6]
Net Income / Tangible Assets (%)	2.0	1.7	1.2	1.3	0.6	1.4[5]
Cost / Income Ratio (%)	29.3	29.9	35.0	31.7	33.2	31.8[5]
Gross Loans / Due to Customers (%)	79.3	77.8	75.4	76.8	81.0	78.1[5]
Core Banking Liquidity (Non-HQLA) / Tangible Banking Assets (%)	20.9	22.1	20.0	--	--	21.0[5]
Less-stable Funds (Non-LCR) / Tangible Banking Assets (%)	28.2	27.4	24.9	--	--	26.8[5]

[1] All figures and ratios are adjusted using Moody's standard adjustments. [2] Basel III - fully loaded or transitional phase-in; IFRS. [3] May include rounding differences because of the scale of reported amounts. [4] Compound annual growth rate (%) based on the periods for the latest accounting regime. [5] Simple average of periods for the latest accounting regime. [6] Simple average of Basel III periods.

Further to the publication of our revised methodology in November 2025, only ratios from annual 2024 onwards included in this report apply reported risk weights for all exposures, discontinuing our previously applied standard adjustment for certain government securities. Sources: Moody's Ratings and company filings

Profile

National Bank of Fujairah PJSC (NBF) is a UAE-based commercial bank established in 1982 in the Emirate of Fujairah. NBF commenced banking operations in 1984, and provides corporate banking, commercial banking, treasury and trade finance services to individuals, companies, financial institutions and government agencies. The bank also provides an expanding suite of personal banking and Shariah-compliant services.

NBF operates primarily in the UAE (with 89% of its loans located in the UAE as of December 2025) through a network of 15 branches and 74 ATM/CDM units, with market shares of 1.3%, 1.6% and 1.5% in terms of total assets, net loans and deposits, respectively, as of December 2025. As of March 2026, the bank reported a consolidated asset base of AED68.8 billion ($18.7 billion).

The bank's shares have been listed on the Abu Dhabi Securities Exchange (ticker: NBF) since 2005. As of April 2026, the Government of Fujairah remained NBF's largest shareholder, holding a combined stake of nearly 62.95% through the Department of Industry and Economy, Government of Fujairah (57.87%), Fujairah Natural Resources Corporation (3.68%) and Fujairah Investment Establishment Limited (1.4%).

Detailed credit considerations

Asset quality remains exposed to cycle-sensitive sectors and segments

We assign a b2 score for asset risk that reflects our Problem Loans to Gross Loans ratio of 4.5%, which we consider Moderate, negatively adjusted for sector concentrations in the loan book and higher sensitivity to economic cycles.

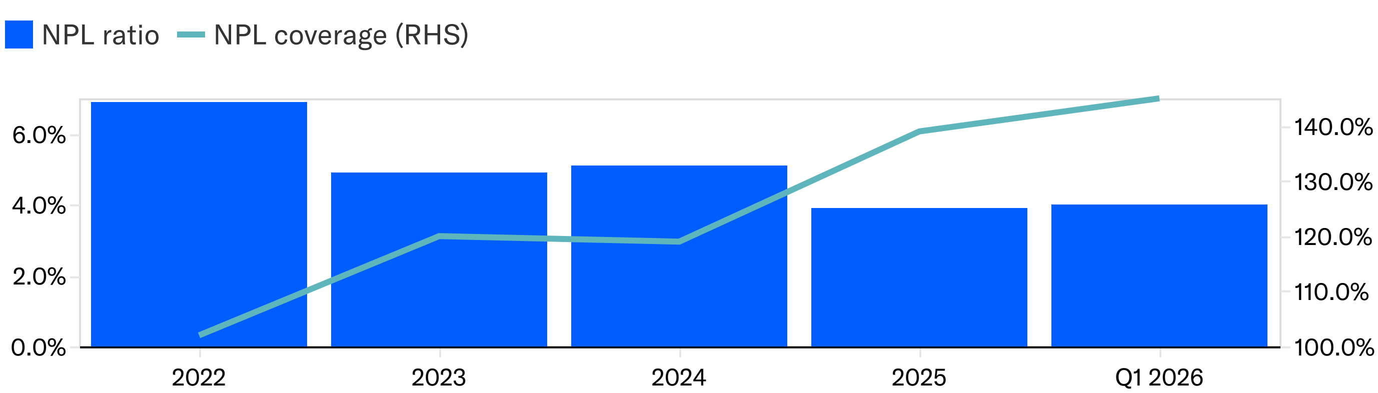
NBF's asset quality is weighed down by concentrations in cyclical sectors, primarily real estate and construction (10% of the loan book as of December 2025), and by meaningful exposure to manufacturing and trade (13% and 40% of total funded exposure), which are more sensitive to the current regional geopolitical tensions and to any disruption of key regional trade corridors. The SME segment further heightens the bank's sensitivity to economic cycles.

Nonetheless, asset quality metrics have shown a clear improving trend, with the problem loan ratio at 4% in Q1 2026, down from 7% in FY 2022, supported by recoveries, repayments and write offs under the CBUAE's New Credit Risk Management Standards.

The adequate pricing of risks and costs in its higher-risk SME products through higher yields, constitutes a strong buffer against credit losses. Additionally, the short-term nature of the bank's balance sheet gives it the ability to quickly exit certain sectors when they become troublesome and to reorient its balance sheet towards less-risky segments.

Under our base case, we expect the problem loan ratio to increase in 2026 as the regional environment weighs on the creditworthiness of borrowers in the affected sectors, though we expect it to remain capped below 7% over the next 12 to 18 months, supported by the UAE government economic support package and NBF's improved credit underwriting standards.

Exhibit 3
NBF's asset quality



Problem loans correspond to Stage 3 loans, under the IFRS9 standard.
Sources: NBF's financial statements and Moody's Ratings

Robust capital buffer supported by solid earnings retention

We assign a baa2 score for capital that reflects our Tangible Common Equity to Risk Weighted Assets ratio of 16.5%, which we consider Strong, negatively adjusted for our expectation of a potential pressure on capitalisation from the resumed asset growth as the conflict in the Middle East subsides.

We expect NBF's capitalisation to remain within a healthy 15% to 17% range in 2026, supported by earnings generation, slower loan growth and disciplined profit retention. Once geopolitical pressures subside and the bank resumes its balance sheet expansion strategy, capital ratios may come under some pressure, though we expect NBF to continue managing its capital position prudently to preserve buffers against unexpected losses.

NBF's Tangible Common Equity to Risk Weighted Assets ratio increased to 16.5% as of March 2026 from 15.9% at end 2025, despite a 43% cash dividend distribution on FY 2025 profits, reflecting solid earnings retention and a decelerated pace of new business origination in response to the escalation of regional geopolitical tensions. NBF's capital base is composed entirely of common equity, with no Additional Tier 1 or subordinated debt in the Tier 1 or Tier 2 stacks as of March 2026, following the December 2024 conversion into common equity of the bank's previous $275 million AT1 instrument, fully subscribed by the Government of Fujairah, NBF's largest shareholder.

Loss absorption capacity is further supported by a comfortable coverage of problem loans by provisions (145% as of March 2026, well above the local average) brining Moody's Texas[1] ratio to a low 16% and providing a good buffer against asset quality deterioration.

Established corporate and business banking franchise supports good core earnings generation

We assign a ba1 score for profitability that reflects our Net Income to Tangible Assets ratio of 1.6%, which we consider Strong, negatively adjusted for our expectation of pressure on profits in the near term.

We expect NBF's profitability to be temporarily strained in 2026 by lower business volumes and sustained higher than average cost of risk given the projected deterioration in asset quality, before recovering to strong levels over the medium term.

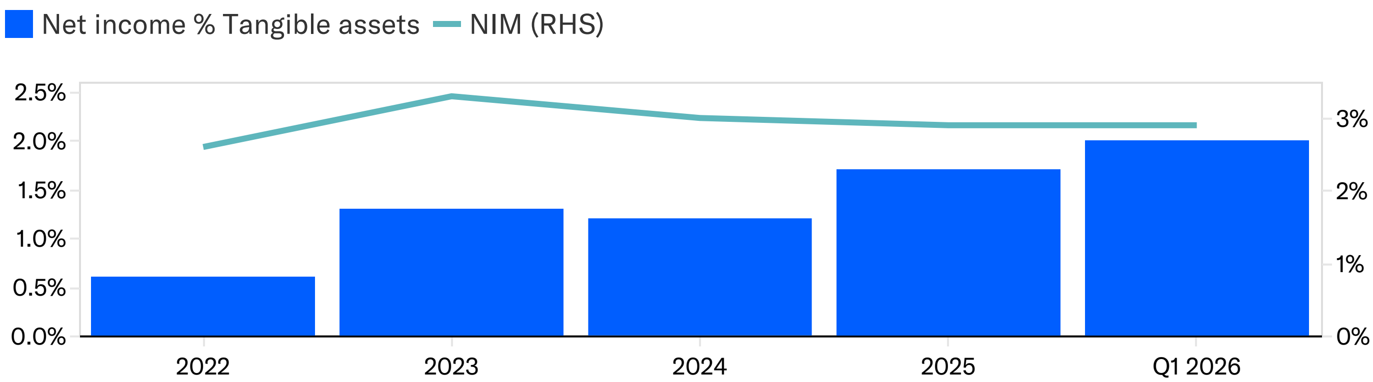
NBF's earnings profile is supported by its established corporate and business banking franchise, with a niche specialisation in trade finance and a meaningful presence in the SME segment. This business mix has historically supported strong profitability, with Net Income to Tangible Assets reaching 2.0% in Q1 2026 and above the local system average.

The bank's Net Interest Margin is structurally higher than peers, reflecting the higher yielding nature of the SME and business banking loan book, where competition is more limited and pricing power more sustained than in the wholesale corporate segment dominated by larger UAE peers.

Non funded income provides a meaningful source of earnings diversification, contributing around one third of operating income across cycles, anchored by NBF's leading trade finance franchise and treasury client flows.

NBF's operating efficiency has improved materially in recent years, with the cost to income ratio at 29% in Q1 2026 (35% in FY 2024) and we expect it to remain broadly stable, supporting preprovision income and providing a first line buffer against the near term rise in credit costs.

Exhibit 4
Strengthening profitability, with resilient margins



Source: NBF's financial statements and Moody's Ratings

Deposit-based funding profile exposed to concentration

We assign a baa3 score for funding structure that reflects our Less Stable Funds to Tangible Banking Assets ratio of 27.4%, which we consider Moderate, and we adjust negatively for significant deposit concentration.

NBF is almost entirely deposit funded, with customer deposits representing 72% of total assets as of March 2026, consistent with the bank's business model focused on a domestic corporate and business banking franchise with a niche specialisation in trade finance. This model naturally generates a transactional deposit base built around client operating flows, but also results in a concentrated depositor profile, with the top 20 depositors accounting for more than 30% of total deposits as of March 2026. The concentration is partly moderated by a stable share of deposits from related parties, which stood at 22% of total deposits as of March 2026 and are primarily sourced from the Government of Fujairah and its affiliates, reflecting the bank's long standing relationship with its majority shareholder. CASA balances represented 45% of total deposits as of March 2026, broadly in line with the 46% UAE average, supporting funding cost.

NBF non-deposit funding is limited and accounted for around 13% of total liabilities as of March 2026, comprising mainly repurchase agreements, term borrowings and interbank liabilities.

We expect NBF's funding profile to remain stable, underpinned by its established corporate and business banking franchise and the resilience of related party deposits through cycles. The net loan to deposit ratio of 75% as of March 2026, points to a balanced funding profile where customer deposits fully cover the loan book.

Sound liquidity

We assign a baa3 score for liquid resources that reflects our Core Banking Liquidity to Tangible Banking Assets ratio of 22.1%, which we consider Moderate, and we adjust negatively to account for the expected use of liquidity to support loan portfolio expansion once the geopolitical situation normalises.

Core Banking Liquidity stood at 21% of tangible banking assets as of March 2026 (22% at end 2025), holding at strong levels despite some deposit outflows during Q1 2026 following the escalation of the regional conflict, and provides a meaningful buffer against funding volatility.

NBF's liquidity stock is composed primarily of cash and balances with the Central Bank of the UAE (12% of total assets as of March 2026) and a portfolio of investment securities that is predominantly high grade, with around 82% rated A- or above.

The short term nature of the balance sheet, with 61% of total assets maturing within one year as of December 2025, provides an additional structural mitigant to liquidity risk. This natural asset liability alignment reflects the bank's trade finance orientation, where short tenor working capital and trade related exposures dominate the loan book and generate a steady stream of cash inflows.

As a non LCR reporter, NBF operates under the CBUAE's simpler regulatory liquidity framework, with the Eligible Liquid Assets Ratio[2] at 29% and the Advances to Stable Resources Ratio[3] at 68% as of March 2026, both comfortably within regulatory limits.

NBF's Macro Profile

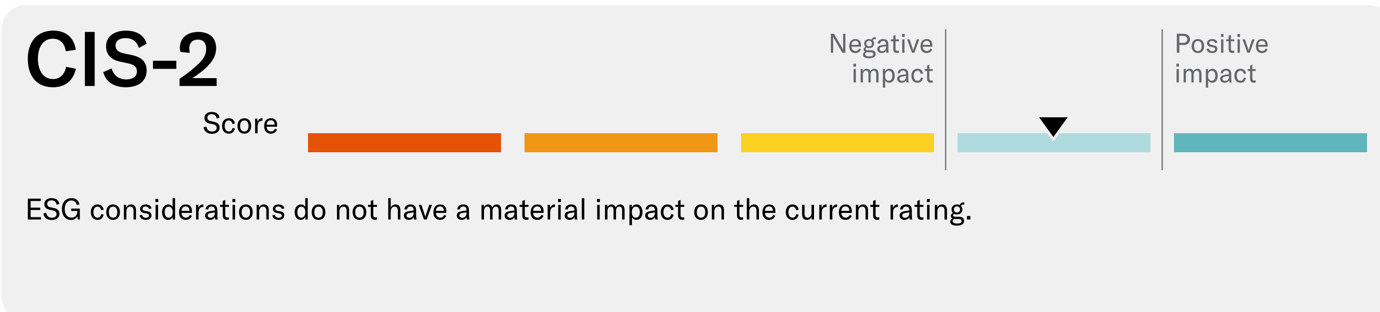
We assign a "Strong -" Macro Profile to CBD, reflecting its large exposure to the UAE (Strong-) , see scorecard Exhibit 7.

ESG considerations

National Bank of Fujairah PJSC's ESG credit impact score is CIS-2

Exhibit 5

ESG credit impact score

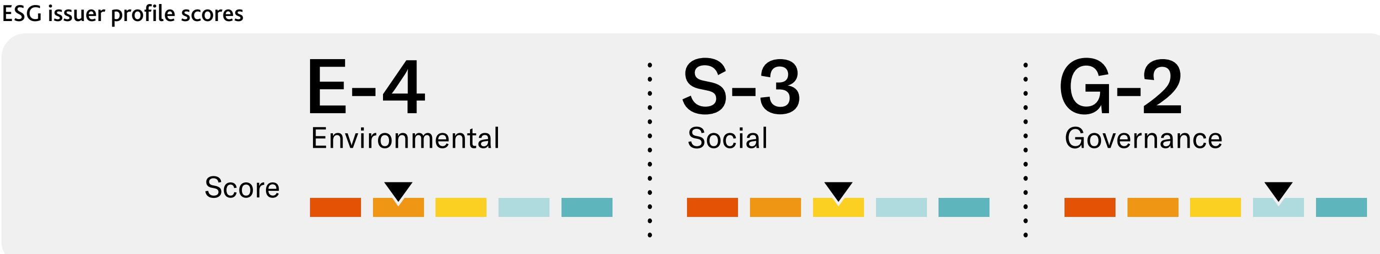


Source: Moody's Ratings

National Bank of Fujairah's **CIS-2** indicates that ESG considerations do not have a material impact on the rating.

Exhibit 6

ESG issuer profile scores



Source: Moody's Ratings

Environmental

National Bank of Fujairah faces relatively high exposure to environmental risks, mainly because of carbon transition risk. Although the bank has limited direct lending exposure to carbon-intensive sectors, the contribution of the hydrocarbon industry to the UAE economy (although low hydrocarbon production costs provide a degree of insulation to carbon transition), as well as its dependence on desalinated water and exposure to rising sea levels, increases its vulnerability to environmental risks, potentially affecting the creditworthiness of the bank's counterparties.

Social

National Bank of Fujairah faces moderate social risks, mostly related to customer relations and associated regulatory and litigation risks. Demographic trends have favored financial inclusion and adaptation to innovation for the population. National Bank of Fujairah and UAE banks are generally focused on the intermediation of simple, plain vanilla products which are less prone to mis-selling.

Governance

National Bank of Fujairah faces low governance risks reflecting the bank's track record of clear financial strategy. The Government of Fujairah owns almost half of the bank's shares, which is reflected in the Board composition. However, the country's developed institutional framework and the public listing mitigate some of these risks.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click here to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Support and structural considerations

Very high likelihood of government support in case of need

NBF's Baa1 deposit ratings incorporate a three-notch uplift from its ba1 BCA, based on our assessment of a very high likelihood of government support, in case of need.

This assessment reflects the Government of Fujairah’s 62.95% stake in NBF (jointly through the Department of Industry and Economy - Government of Fujairah [57.87%], Fujairah Natural Resources Corporation [3.68%] and Fujairah Investment Establishment Limited [1.40%]), and the UAE's strong track record of supporting banks in times of stress.

Source of facts and figures cited in this report

Unless noted otherwise, we have sourced data relating to systemwide trends and market shares from the central bank. Bank-specific figures originate from banks' reports and Moody's Banking Financial Metrics. All figures are based on our own chart of account and may be adjusted for analytical purposes. Please refer to the document Financial Statement Adjustments in the Analysis of Financial Institutions, published on 29 April 2026.

About Moody's Bank Scorecard

Our scorecard is designed to capture, express and explain in summary form our Rating Committee's judgement. When read in conjunction with our research, a fulsome presentation of our judgement is expressed. As a result, the output of our scorecard may materially differ from that suggested by raw data alone (though it has been calibrated to avoid the frequent need for strong divergence). The scorecard output and the individual scores are discussed in rating committees and may be adjusted up or down to reflect conditions specific to each rated entity.

Rating methodology and scorecard factors

Exhibit 7

Rating Factors

Macro Factors		
Weighted Macro Profile	**Strong -**	**100%**

Factor	**Historic Ratio**	**Initial Score**	**Expected Trend**	**Assigned Score**	**Key driver #1**	**Key driver #2**
Solvency						
Asset Risk						
Problem Loans / Gross Loans	4.5%	baa3	↓↓	b2	Sector concentration	Expected trend
Capital						
Tangible Common Equity / Risk Weighted Assets (Basel III - transitional phase-in)	16.5%	a3	↓	baa2	Stress capital resilience	Expected trend
Profitability						
Net Income / Tangible Assets	1.6%	a3	↓↓	ba1	Expected Trend	
Combined Solvency Score		baa1		ba2		
Liquidity						
Funding Structure						
Less-stable Funds / Tangible Banking Assets	27.4%	baa2	↔	baa3	Funding concentration	
Liquid Resources						
Core Banking Liquidity / Tangible Banking Assets	22.1%	baa2	↔	baa3	Expected trend	
Combined Liquidity Score		baa2		baa3		
Financial Profile		baa1		ba1		
Qualitative Adjustments				Adjustment		
Business and Geographic Diversification				0		
Complexity and Opacity				0		
Strategy, Risk Appetite and Governance				0		
Total Qualitative Adjustments				0		
Sovereign or Affiliate constraint				Aa2		
BCA Scorecard-indicated Outcome - Range				baa3 - ba2		
Assigned BCA				ba1		
Affiliate Support notching				0		
Adjusted BCA				ba1		

Instrument Class	**Loss Given Failure notching**	**Additional notching**	**Preliminary Rating Assessment**	**Government Support notching**	**Local Currency Rating**	**Foreign Currency Rating**
Counterparty Risk Rating	1	0	baa3	3	A3	A3
Counterparty Risk Assessment	1	0	baa3 (cr)	3	A3(cr)	
Deposits	0	0	ba1	3	Baa1	Baa1

[1] Where dashes are shown for a particular factor (or sub-factor), the score is based on non-public information.

Source: Moody's Ratings

Ratings

Exhibit 8

Category	**Moody's Rating**
NATIONAL BANK OF FUJAIRAH PJSC	
Outlook	Stable
Counterparty Risk Rating	A3/P-2
Bank Deposits	Baa1/P-2
Baseline Credit Assessment	ba1
Adjusted Baseline Credit Assessment	ba1
Counterparty Risk Assessment	A3(cr)/P-2(cr)

Source: Moody's Ratings

Endnotes

1 Texas Ratio is computed as problem loans divided by the sum of Tangible Common Equity and Loan Loss Reserves.

2 The CBUAE's simplified liquidity metric for banks not reporting under the Basel III LCR framework. It measures the stock of eligible liquid assets (cash and CBUAE balances, CBUAE certificates of deposit, UAE Federal Government bonds and sukuks, and eligible domestic and foreign sovereign securities) against total liabilities, with a 10% regulatory minimum.

3 The CBUAE's simplified funding stability metric for banks not reporting under the Basel III NSFR framework. It measures total advances (loans, guarantees, and long dated interbank placements) against stable funding sources (capital, customer deposits, and long term funding), with a 100% regulatory maximum.

REPORT NUMBER 1468752