S&P Global
Ratings

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First Abu Dhabi Bank PJSC

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First Abu Dhabi Bank PJSC

Ratings Score Snapshot

Issuer Credit Rating
AA-/Stable/A-1+

SACP: a- → **Support: +2** → **Additional factors: +1**

Anchor	bbb-	
Business position	Strong	+1
Capital and earnings	Strong	+1
Risk position	Strong	+1
Funding	Adequate	0
Liquidity	Strong	
CRA adjustment		0

ALAC support	0
GRE support	+2
Group support	0
Sovereign support	0

Issuer credit rating
AA-/Stable/A-1+

ALAC--Additional loss-absorbing capacity. CRA--Comparable ratings analysis. GRE--Government-related entity. ICR--Issuer credit rating. SACP--Stand-alone credit profile.

Credit Highlights

Overview

Key strengths	Key risks
Leading franchise in the United Arab Emirates (UAE).	Concentration risk on both sides of the balance sheet.
Strong capital position and superior earnings generation.	Sizable exposure to the cyclical UAE real estate market.
Stable base of core deposits and strong liquidity.	

S&P Global Ratings expects First Abu Dhabi Bank PJSC (FAB)'s franchise-reinforcing operating performance will continue but a greater contribution from investment banking activity as management seeks to diversify its revenue base. FAB's first-half 2023 operating results built on previous quarters' very strong performance, with record net profit and operating income. Ultimately, we expect this to bolster the bank's strong core credit characteristics. However, we also note the re-emergence of revenue sources we typically view as less stable. The lion's share of gains were accounted for by a higher-rate-influenced net interest margin (NIM), but also an increased component of foreign exchange and investment gains, which previously boosted results in 2021, when lending growth was pressured. Lending growth was slightly below system levels over the first half, in contrast to FAB's substantial market outperformance over the past two years. While the bank seeks to diversify its revenue base with a focus on recurring sources of revenue, we consider that more market sensitive sources--such as foreign-exchange gains from derivative activity or unrealized investment gains--could become a more common characteristic of its income statement.

We expect FAB's capital assessment to remain a strength, based on its robust earnings and loss-absorption capacity. Management's decision to reduce its 2022 dividend payout ratio supports our assessment of the bank's strong ability to absorb losses, with our projected risk-adjusted capital (RAC) ratio at 11.5%-12.0% over 2023-2024. It also positioned the bank for continued brisk expansion, including our assumption of additional market-based risk weighted assets (RWAs). Strategic acquisitions in higher-risk jurisdictions offer additional growth potential--for example FAB Misr in Egypt--but we expect them to remain a small part of overall exposure. Larger scale, more complex, and less clearly related acquisitions could affect our opinion of the bank's overall risk settings, however. While we typically view market outperformance as evidence of FAB's strong franchise value and ability to leverage its customer relationships to generate new business, we note that nearly three-quarters of 2022 loan growth was deployed to sovereign wealth funds and potentially riskier domestic holding companies.

FAB's deep-rooted relations with the most stable entities in the UAE help to contain losses and diversify funding. Exposures to and funding from the very wealthy Abu Dhabi public sector will continue to serve as a stable anchor for FAB's balance sheet. Accounting for 28% of loans and 40% of deposits at June 30, 2023, these exposures are core to our expectations of balance sheet stability and underpin our forecast of well-contained credit losses, at 60 basis points (bps)-70 bps, and strong asset quality, including a nonperforming loan (NPL) ratio of about 4% of total loans versus a system average of close to 5.5%. Its strong balance sheet liquidity, and proximity to the wealthy government of Abu Dhabi, make FAB an attractive destination for deposit flows, both from within the UAE and abroad, particularly during times of volatility. Related funds are conservatively managed and typically placed in lower-yielding, less risky liquid assets, with the significant inflow of foreign funding over first-quarter 2023 related to global volatility somewhat reversing in the second quarter, as expected. Overall, FAB's funding profile remains assured, with customer deposits accounting for 80% of its funding base.

We expect government backing for the bank will remain very strong. The long-term rating on FAB includes two notches of uplift to reflect our view of the bank as a government-related entity (GRE) with a very high likelihood of receiving timely and sufficient extraordinary support from the government of Abu Dhabi if needed. This is underpinned by the bank's very strong link with and very important role for the Abu Dhabi government. We add a further notch of support to reflect our expectation that the bank would receive additional help from Abu Dhabi given its very close proximity and importance to the government.

Outlook

The stable outlook reflects our expectation that, over the next 12-24 months, FAB's management will contain potential risks associated with its lending book and continue to support strong capitalization, bolstering its ability to absorb losses.

Downside scenario

A negative rating action on FAB over the next 12-24 months is remote since it would require a three-notch deterioration of the bank's intrinsic creditworthiness, which assumes a simultaneous and significant weakening of asset-quality indicators, capitalization, and profitability. Pressure on the bank's intrinsic creditworthiness could emerge, however, if we observe a significant increase in the bank's risk appetite. We could also lower the rating in the unlikely scenario that we were to downgrade Abu Dhabi (AA/Stable/A-1+) or if we viewed the support of the Abu Dhabi authorities as weakening.

Upside scenario

A positive rating action on FAB over the next 12-24 months is unlikely since it would require a two-notch improvement of the bank's intrinsic creditworthiness, which would require a substantial strengthening of capitalization, and a significant strengthening of the funding profile.

Key Metrics

First Abu Dhabi Bank PJSC--Key ratios and forecasts

	--Fiscal year ended Dec. 31 --				
(%)	**2021a**	**2022a**	**2023f**	**2024f**	**2025f**
Growth in operating revenue	18.7	-1.6	12.6-15.4	10.1-12.4	6.6-8.0
Growth in customer loans	6.3	11.4	6.3-7.7	5.4-6.6	4.5-5.5
Growth in total assets	8.8	11.0	9.0-11.0	6.0-7.3	5.7-6.9
Net interest income/average earning assets (NIM)	1.8	2.0	2.2-2.4	2.1-2.4	2.1-2.4
Cost to income ratio	27.6	32.2	30.3-31.8	29.9-31.5	30.7-32.3
Return on average common equity	12.5	13.0	11.1-12.3	12.2-13.4	12.6-13.9
Return on assets	1.3	1.3	1.0-1.2	1.0-1.2	1.0-1.2
New loan loss provisions/average customer loans	0.6	0.6	0.6-0.7	0.6-0.7	0.5-0.6
Gross nonperforming assets/customer loans	4.0	3.9	3.9-4.3	3.9-4.3	3.8-4.2
Net charge-offs/average customer loans	0.5	0.5	0.5-0.5	0.4-0.4	0.4-0.4
Risk-adjusted capital ratio	11.0	12.0	11.4-12.0	11.3-11.9	11.3-11.9

All figures are S&P Global Ratings-adjusted. a--Actual. e--Estimate. f--Forecast. NIM--Net interest margin.

Anchor: 'bbb-' For Banks Operating In the UAE

We use our Banking Industry Country Risk Assessment economic risk and industry risk scores to determine a bank's anchor, the starting point in assigning an issuer credit rating. The bank operates mostly in the UAE, where the anchor is 'bbb-'.

The UAE has a wealthy economy with strong fiscal and external positions. We expect economic activity in the UAE will slow in 2023, mainly due to lower oil production, although this is being partially offset by strong non-oil sector activity, which, in turn, encourage credit demand and growth. Still, we expect problem loans will increase slightly in the second half of 2023 as corporates begin to feel the negative impact of higher interest rates. We could see problem loans increase in sectors such as construction and trade, as well as for some small and midsize enterprises that operate on thin margins. That said, we believe the still-supportive domestic economy will help contain new NPLs. In addition, banks have proactively booked precautionary provisions over the past couple of years, which will help them weather the challenges. We project that the banking sector's stage 3 loans will stabilize at 5.0%-5.5% of systemwide loans in 2023-2024, compared with 5.2% at June 30, 2023. Nevertheless, structural weaknesses persist, including high exposure to cyclical sectors, high single-name concentration, and exposure to some struggling GREs.

The UAE's inclusion on the Financial Action Task Force's grey list in 2022 had a limited impact on banks' business or credit profiles. The Central Bank of the UAE has implemented directives and initiatives to ensure transparency of financial transactions and compliance with anti-money-laundering and countering the financing of terrorism procedures in the country, which we see as a positive step. Although the grey listing might increase the cost of external debt, we believe that UAE banks have ample margins to withstand this. We expect higher interest rates will support banks' performance. While banks will face greater funding cost pressure, we believe higher policy rates will facilitate wider margins. We expect the cost of risk to increase only slightly, so banks' profitability will keep improving. In our view, UAE banks enjoy sound funding profiles, with stable deposits from public-sector and government entities providing more than a quarter of total deposits. Moreover, banks remain in a net external asset position, and we don't expect that to change over the next 12-24 months.

Business Position: Leading Franchise In The UAE, New Routes For Growth

FAB remains the largest bank in the UAE, with nearly 30% market share, and the second-largest bank in the Middle East, with total assets of $312 billion as of June 30, 2023. We expect the bank to maintain strong relationships with the Abu Dhabi government and its related public entities, which we see as a strength for its franchise.

The government and public sector typically account for about one-third of FAB's total loans and about 40% of deposits, although this proportion can vary from quarter to quarter. The loan book has a good degree of geographical diversification, with about one-quarter of gross loans outside the UAE. These represent real estate assets and large corporates through Europe, the Gulf Cooperation Council, Egypt, Asia, and the Americas.

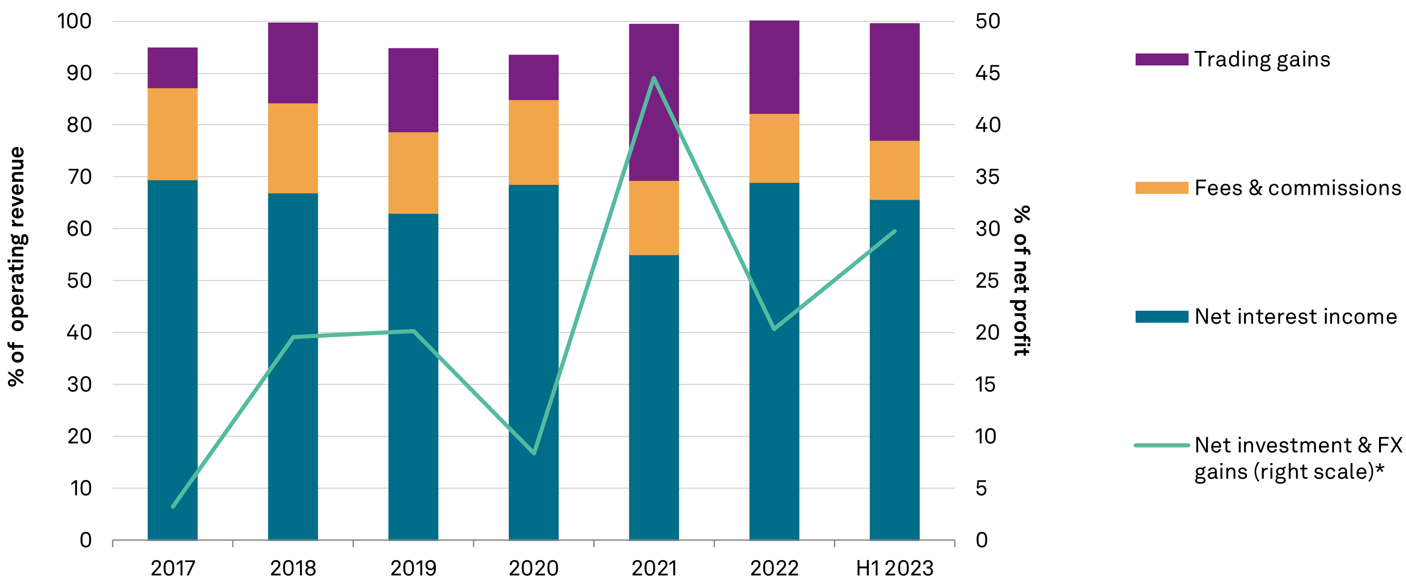
Over the past few years, the bank has cautiously implemented organizational changes to support a shift in its strategic aims. While we fully expect FAB to remain deeply entrenched in the UAE market, we also believe it is slowly seeking nontraditional avenues to support its earnings and growth ambitions. Private sector growth opportunities in the UAE, particularly Abu Dhabi, are moderate and often linked to cyclical oil prices. Public-sector-related lending, while very supportive for FAB's business --and the main reason for FAB's lending growth exceeding that of the system over 2021 and 2022--can be uneven. New growth avenues in investment banking and foreign markets will gradually reduce the share of public sector loans in total assets and increase the bank's international presence, which should reduce concentration risks. We note that FAB intends to leverage long-standing and stable international relationships to expand its earnings capacity in a controlled manner--and recent financial results indicate progress in this field. However, faster-than-expected international expansion could also increase risks, as could a permanent increase in the proportion of revenue derived from less stable, market-based sources.

Internationally, FAB's recent decisions indicate a reorientation of priorities to leverage opportunities from geographies with strong links to the UAE while optimizing those that are less central. The acquisition of Bank Audi Egypt in 2021, now FAB Misr, seeks to capitalize on a significant branch network in a high growth potential market; operations in Saudi Arabia focus on digital platforms to capture both retail and corporate relationships; and the first-quarter 2022 opening of a representative office in Iraq, as well as a branch in Shanghai, are designed to facilitate and capture increasing trade ties.

Domestically, while Abu Dhabi-based public sector projects are expected to remain core, we understand that management is actively seeking lending opportunities in Dubai and the northern emirates.

Chart 1

FAB's trading gains and revenue stability



*Excludes FX gains from dealings with customers. H1--First half. FX--Foreign exchange. Source: S&P Global Ratings and FAB financial statements.

In our view, the bank has a high-quality management team with a good track record.

Capital And Earnings: Stronger Position, Steady Trend, Loss-Absorption Capacity Remains Strong

FAB has strong capitalization and earnings capacity, and a strong ability to cover its expected losses through earnings, enabling it to cover higher-than-expected losses more easily. Given the bank's close ties with the Abu Dhabi government and some of its GREs, we see a large portion of its lending exposure as having high credit quality, resulting in lower RWAs than peers. Following consecutive annual declines since 2019, reflecting greater exposure to corporates operating with structurally higher economic risks and increased market risk associated with much larger trading gains, the bank's RAC ratio increased to 12% in 2022, from 11% in 2021. This mainly reflected decreased market risk and increased retained earnings following management's decision to reduce the dividend payout to 43% from an average in the region of 65%.

Our assumptions are based on relatively buoyant domestic conditions, with supportive oil prices and solid domestic demand. We consider that FAB will continue its efficient cash management and cost control. We project the bank's earnings generation and capital targets will support a RAC ratio of 11.5%-12.0% over the next 12-24 months. In our calculations, we forecast:

- Relatively stable NIMs for the rest of 2023, at about 2.3% and then slowly declining in 2024-2025. Further rate rises will likely be offset by higher funding costs and lower-yielding cash placements.
- Mid-to-high single digit loan growth, slightly slower than last year because the pipeline of projects built through the pandemic has been disbursed and higher rates will crimp demand.
- NPLs to increase slightly from mid-year 2023's 3.7%, as higher rates pressure some borrowers. We expect relatively stable credit losses of 60 bps-70 bps.
- Dividend payouts increase close to the average, at about 60% of net income.

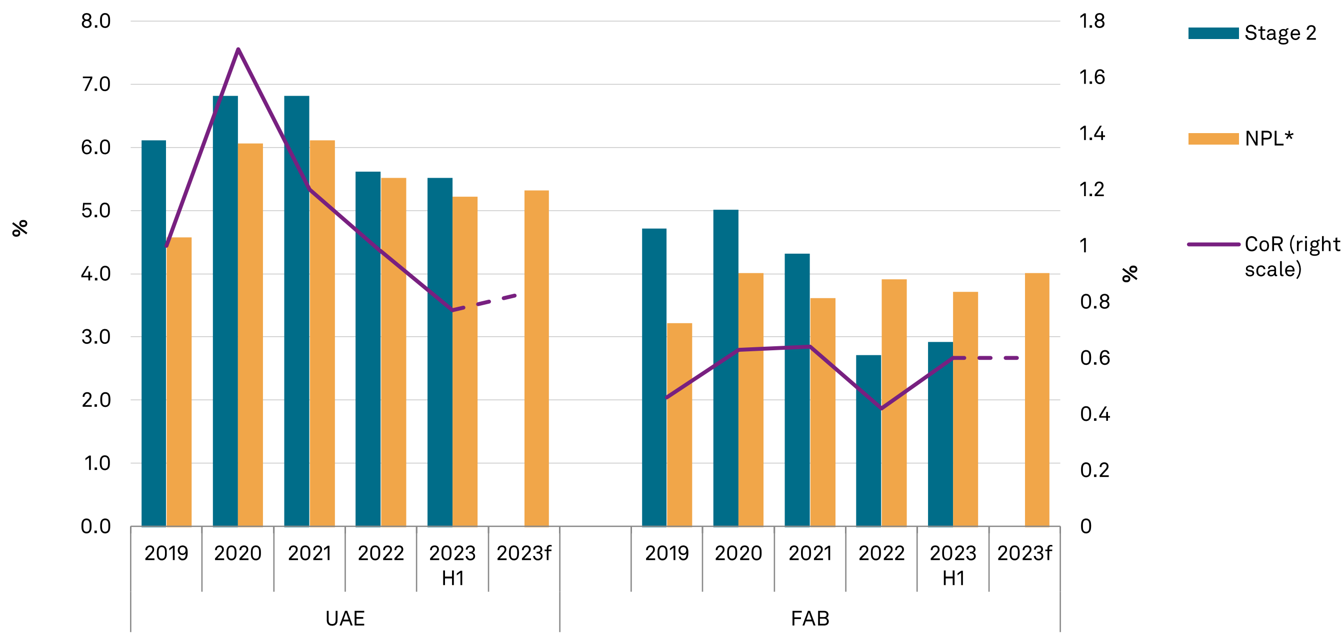
Significant additional trading or other market based activity could put downward pressure on our RAC expectations.

Risk Position: Contained By Public-Sector Exposure

There are a number of mitigants in FAB's loan exposures that we think help to contain the risks faced by other banks. Nearly one-third of loans are directed to a highly creditworthy government and public sector. This, along with its national champion status, has opened relationships with stronger private sector entities and reduced the need for the bank to compete in weaker sectors of the UAE's economy. The bank's credit losses remain contained although we expect some additional losses on the back of higher interest rates. NPLs also remain below the system average at just over 3.7%. We expect these to increase slightly over the year as weaker borrowers face additional interest-rate-related pressure.

Chart 2

FAB's risk metrics outperform the wider United Arab Emirates (UAE) market's*



H1--First half. f--Forecast. NPL--Nonperforming loan. f--Forecast. CoR--Cost of risk. *UAE market refers only to the top 10 banks in the UAE by size.
*FAB's NPL ratio includes purchased or originated credit impairedloans, which are about 1% of total loans

Still, the bank carries some 20% of loans in real estate and the sector comprises over 40% of NPLs; we view these exposures as a structural inevitability given the nature of the UAE's economy. NPLs increased some 80 bps over the COVID-19 pandemic, emanating from the real estate and related sectors, which indicates that the bank still has vulnerability to system strains, although real estate prices have recovered somewhat since then. We continue to believe that the real estate market--particularly Dubai's--remains volatile and driven by sentiment.

Funding And Liquidity: Abu Dhabi Government-Related Deposits And Active Issuance In Global Markets

FAB's funding profile is comparable to that of UAE peers, with substantial core deposits at its base. The bank benefits from large deposits from the government and related public entities, which can cause some volatility. Government deposits remain in line with the long-term average of about 40% and FAB's liquidity position is ample and includes a buffer against unexpected large public sector withdrawals. Furthermore, FAB is a well-diversified issuer on the capital markets by currency and geography. Franchise strength and ongoing campaigns to increase retail funding have helped build low-cost deposits. Although there has been some migration to time deposits, non-interest-bearing funds have also continued to increase and account for 45% of total deposits. However, this proportion has been slightly diluted given the significant inflows of volatility-driven foreign deposits over first-quarter 2023. The bank's stable funding ratio has remained over 125% since 2017 and increased over the pandemic to the current 147%.

FAB's funding is dominated by core deposits and it is well positioned against potential liquidity risks from a normalizing monetary setting. Customer deposits, excluding those to banks (core deposits), contributed 80% of FAB's funding base at June 30, 2023. Interest-sensitive foreign depositors appear minimal, although about 20% of deposits are from abroad, mainly from the bank's European and U.S. relationships.

Broad liquid assets to short-term wholesale funding liabilities increased to about 3.8x at June 30, 2023, while excess liquidity was increasingly placed in higher-yield bonds. Liquid assets were about 41% of total assets at June 30, 2023.

FAB's role as the de-facto bank for the government's oil and gas endowment also provides an advantage in terms of liquidity, although these flows can be affected by oil prices. We anticipate stable oil prices at $85 per barrel over 2023 and 2024.

Support: Three Notches Of Government Support

The long-term rating on FAB includes two notches of uplift to reflect its role as a GRE with a very high likelihood of receiving timely and sufficient extraordinary support from the government of Abu Dhabi if needed. This is underpinned by:

- Its very strong link with the government of Abu Dhabi. One Hundred and Fifteenth Investment Co., a wholly owned subsidiary of Mubadala Investment Co., which in turn is fully owned by the government, holds 38% of FAB. Ownership was consolidated under the new subsidiary in September 2021 and is based on outstanding shares, net of treasury shares. Members of Abu Dhabi's ruling family also own about 15% of the bank. We believe a considerable deterioration in FAB's creditworthiness would significantly affect the government's reputation; and
- Very important role for the Abu Dhabi government. FAB has a privileged relationship with the government and maintains relationships, on both sides of its balance sheet, with many Abu Dhabi government departments and GREs.

We add a further notch of support to reflect our expectation that the bank would receive additional help from Abu Dhabi given its very close proximity and importance to the government.

Environmental, Social, And Governance

Environmental, social, and governance (ESG) factors are an overall neutral consideration in our credit rating analysis of FAB and broadly in line with those of its industry and domestic peers. We note that the bank was the first in the region to join the Net Zero Banking Alliance and is among the first in the region to adopt specific emission reduction targets for high-emitting sectors of exposure--these factors are supporting a developing sustainability strategy that could outpace the rest of the market.

FAB's exposure to environmentally high-risk sectors is sizable at about 20% of total lending. We also consider its indirect exposure to greenhouse gases higher than peers', given its status as a prime lender in an economy that is about 30% directly hydrocarbon related--and much more indirectly.

We believe that bank regulation in the UAE is probably less focused on consumer protection than in Europe or the U.S., meaning more limited exposure to mis-selling penalties or other retail conduct risks.

The government of Abu Dhabi's strong influence on FAB could indicate potential negative influence on its governance, for example, through directed lending. Even if the UAE's political institutions are still developing and decision-making processes (including about GREs) remain centralized, with some weaknesses in transparency, we believe these have not been detrimental to the bank's commercial or strategic choices or sound business development. FAB maintains a high-quality management team with a solid track record.

Key Statistics

Table 1

First Abu Dhabi Bank PJSC--Key figures

	--Year ended Dec. 31--				
(Mil. AED)	**2023***	**2022**	**2021**	**2020**	**2019**
Adjusted assets	1,125,848.0	1,089,723.9	980,903.0	899,764.0	802,470.0
Customer loans (gross)	497,060.0	479,851.6	430,573.0	405,100.0	426,461.0
Adjusted common equity	87,691.0	80,207.0	73,424.0	69,738.0	68,342.0
Operating revenues	13,563.0	20,835.9	21,180.0	17,837.0	20,249.0
Noninterest expenses	3,419.0	6,704.8	5,836.0	5,060.0	5,297.0
Core earnings	8,154.0	10,532.4	12,065.0	9,838.0	12,794.0

*Data as of Jun. 30. AED--UAE dirham.

Table 2

First Abu Dhabi Bank PJSC--Business position

	--Year ended Dec. 31--				
(%)	**2023***	**2022**	**2021**	**2020**	**2019**
Total revenues from business line (mil. AED)	13,563.0	23,934.0	21,681.0	18,574.0	20,249.0
Commercial banking/total revenues from business line	66.7	57.8	73.2	65.0	55.5
Retail banking/total revenues from business line	18.1	21.6	26.9	33.1	37.3
Commercial and retail banking/total revenues from business line	84.8	79.4	100.0	98.1	92.8
Other revenues/total revenues from business line	15.2	20.6	(0.1)	1.9	7.2
Return on average common equity	15.5	13.0	12.5	10.8	13.3

*Data as of Jun. 30.

Table 3

First Abu Dhabi Bank PJSC--Capital and earnings

	--Year ended Dec. 31--				
(%)	**2023***	**2022**	**2021**	**2020**	**2019**
Tier 1 capital ratio	15.5	14.5	14.3	15.4	15.7

Table 3

First Abu Dhabi Bank PJSC--Capital and earnings (cont.)

		--Year ended Dec. 31--			
(%)	2023*	2022	2021	2020	2019
S&P Global Ratings' RAC ratio before diversification	N/A	12.0	11.0	12.1	14.1
S&P Global Ratings' RAC ratio after diversification	N/A	10.7	10.1	10.8	12.3
Adjusted common equity/total adjusted capital	N/A	88.2	87.2	86.6	86.4
Net interest income/operating revenues	65.8	69.0	55.0	68.7	63.1
Fee income/operating revenues	11.4	13.3	14.3	16.3	15.7
Market-sensitive income/operating revenues	21.5	18.4	33.7	12.1	20.1
Cost to income ratio	25.2	32.2	27.6	28.4	26.2
Preprovision operating income/average assets	1.8	1.3	1.6	1.5	1.9
Core earnings/average managed assets	1.5	1.0	1.3	1.1	1.6

*Data as of Jun. 30. N/A--Not applicable. RAC--Risk-adjusted capital.

Table 4

First Abu Dhabi Bank P.J.S.C.--Risk-adjusted capital framework data

(AED 000s)	Exposure*	Basel III RWA	Average Basel III RW(%)	S&P Global Ratings RWA	Average S&P Global Ratings RW (%)
Credit risk					
Government & central banks	440,085,718.0	476,783,533.3	108.3	19,865,176.4	4.5
Of which regional governments and local authorities	--	--	--	--	--
Institutions and CCPs	102,135,211.2	8,557,428.6	8.4	34,348,325.4	33.6
Corporate	349,034,703.6	--	--	430,260,907.7	123.3
Retail	62,254,887.3	--	--	63,175,689.4	101.5
Of which mortgage	18,902,511.8	--	--	11,122,770.0	58.8
Securitization§	--	--	--	--	--
Other assets†	24,257,185.1	--	--	39,993,288.1	164.9
Total credit risk	977,767,705.1	485,340,961.9	49.6	587,643,387.0	60.1
Credit valuation adjustment					
Total credit valuation adjustment	--	5,034,923.8	--	8,590,838.8	--
Market Risk					
Equity in the banking book	4,843,899.5	5,659,419.0	116.8	40,448,796.9	835.0
Trading book market risk	--	42,880,504.8	--	84,420,993.8	--
Total market risk	--	48,539,923.8	--	124,869,790.6	--
Operational risk					
Total operational risk	--	32,974,581.0	--	39,147,814.4	--

Table 4

First Abu Dhabi Bank P.J.S.C.--Risk-adjusted capital framework data (cont.)

	Exposure	Basel III RWA	Average Basel II RW (%)	S&P Global Ratings RWA	% of S&P Global Ratings RWA
Diversification adjustments					
RWA before diversification	--	571,890,390.5	--	760,251,830.7	100.0
Total Diversification/ Concentration Adjustments	--	--	--	88,541,102.3	11.6
RWA after diversification	--	571,890,390.5	--	848,792,933.0	111.6

	Tier 1 capital	Tier 1 ratio (%)	Total adjusted capital	S&P Global Ratings RAC ratio (%)
Capital ratio before adjustments	82,856,749.0	14.5	90,961,776.0	12.0
Capital ratio after adjustments‡	82,856,749.0	14.5	90,961,776.0	10.7

*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 -- United Arab Emirates Dirham. Sources: Company data as of 'Dec. 31 2022', S&P Global Ratings.

Table 5

First Abu Dhabi Bank PJSC--Risk position

	--Year ended Dec. 31--				
(%)	**2023***	**2022**	**2021**	**2020**	**2019**
Growth in customer loans†	7.2	11.4	6.3	(5.0)	14.7
Total diversification adjustment/S&P Global Ratings' RWA before diversification	N/A	11.6	9.9	12.5	13.9
Total managed assets/adjusted common equity (x)	13.1	13.8	13.6	13.2	12.0
New loan loss provisions/average customer loans	0.6	0.6	0.6	0.6	0.5
Net charge-offs/average customer loans	0.0	0.5	0.5	0.2	0.6
Gross nonperforming assets/customer loans + other real estate owned	3.7	3.9	4.0	4.0	3.2
Loan loss reserves/gross nonperforming assets	78.4	74.4	81.0	77.6	80.5

*Data as of Jun. 30. †Annualized data. N/A--Not applicable. RWA--Risk-weighted assets.

Table 6

First Abu Dhabi Bank PJSC--Funding and liquidity

	--Year ended Dec. 31--				
(%)	**2023***	**2022**	**2021**	**2020**	**2019**
Core deposits/funding base	80.4	77.7	73.0	71.8	76.8
Customer loans (net)/customer deposits	64.8	66.5	67.8	72.6	80.0
Long-term funding ratio	88.1	85.5	82.0	81.6	85.4
Stable funding ratio	146.8	138.6	141.3	136.8	125.3
Short-term wholesale funding/funding base	13.1	16.1	20.0	20.6	16.5
Broad liquid assets/short-term wholesale funding (x)	3.8	3.0	2.5	2.4	2.5
Broad liquid assets/total assets	40.7	38.6	42.5	41.0	33.5
Broad liquid assets/customer deposits	62.7	61.2	69.2	69.6	53.1
Net broad liquid assets/short-term customer deposits	47.1	41.2	42.4	43.7	32.0

Table 6

First Abu Dhabi Bank PJSC--Funding and liquidity (cont.)					
	--Year ended Dec. 31--				
(%)	**2023***	**2022**	**2021**	**2020**	**2019**
Regulatory liquidity coverage ratio (LCR) (x)	159.0	154.0	N/A	N/A	N/A
Short-term wholesale funding/total wholesale funding	63.3	68.5	70.8	69.6	66.5
Narrow liquid assets/3-month wholesale funding (x)	6.6	4.0	3.3	3.3	3.0

*Data as of Jun. 30. N/A--Not applicable.

First Abu Dhabi Bank PJSC--Rating component scores	
Issuer Credit Rating	AA-/Stable/A-1+
SACP	a-
Anchor	bbb-
Economic risk	6
Industry risk	5
Business position	Strong
Capital and earnings	Strong
Risk position	Strong
Funding	Adequate
Liquidity	Strong
Comparable ratings analysis	0
Support	0
ALAC support	0
GRE support	+2
Group support	0
Sovereign support	0
Additional factors	+1

ALAC--Additional loss-absorbing capacity. GRE--Government-related entity. SACP--Stand-alone credit profile.

Related Criteria

- General Criteria: Hybrid Capital: Methodology And Assumptions, March 2, 2022
- Criteria | Financial Institutions | General: Financial Institutions Rating Methodology, Dec. 9, 2021
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Ratings Detail (As Of September 14, 2023)*		
First Abu Dhabi Bank PJSC		
Issuer Credit Rating		AA-/Stable/A-1+
Certificate Of Deposit		
Foreign Currency		AA-/A-1+/Watch Neg
Commercial Paper		
Foreign Currency		A-1+
Senior Unsecured		AA-
Short-Term Debt		A-1+
Issuer Credit Ratings History		
25-Mar-2021	*Foreign Currency*	AA-/Stable/A-1+
26-Mar-2020		AA-/Negative/A-1+
03-Apr-2017		AA-/Stable/A-1+
25-Mar-2021	*Local Currency*	AA-/Stable/A-1+
26-Mar-2020		AA-/Negative/A-1+
03-Apr-2017		AA-/Stable/A-1+
Sovereign Rating		
Sharjah (Emirate of)		BBB-/Stable/A-3
Related Entities		
First Abu Dhabi Bank PJSC (London Branch)		
Commercial Paper		A-1+
First Abu Dhabi Bank USA N.V.		
Issuer Credit Rating		AA-/Stable/A-1+
First Abu Dhabi Bank USA N.V. (WA Branch)		
Issuer Credit Rating		AA-/Stable/A-1+

*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.