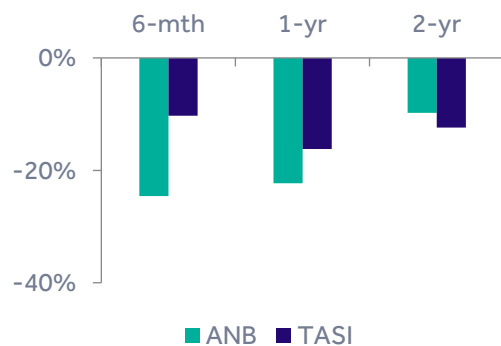


Market Data	
52-week high/low	SAR 28.75/15.90
Market Cap	SAR 29,640 mln
Shares Outstanding	1,500 mln
Free-float	37.2%
12-month ADTV	1,094,322
Bloomberg Code	ARNB AB



## Lower Opex Improves Earnings Q/Q

May 31, 2020

Upside to Target Price 6.3%  
 Expected Dividend Yield 4.6%  
 Expected Total Return 10.9%

Rating Neutral  
 Last Price SAR 19.76  
 12-mth target SAR 21.00

Arab National Bank	1Q2020	1Q2019	Y/Y	4Q2019	Q/Q	RC Estimate
Net Sp Commission Income	1,291	1,365	(5%)	1,340	(4%)	1,311
Total Operating Income	1,490	1,633	(9%)	1,629	(9%)	1,571
Net Income	644	779	(17%)	515	25%	721
Loans & Advances	119,938	120,193	(0%)	118,837	1%	119,122
Deposits	135,984	130,312	4%	142,129	(4%)	140,209

(All figures are in SAR mln)

- Net loans continued their recovery for the second quarter rising by SAR 1.1 bln, while deposits declined by SAR 6.1 bln Q/Q, change in deposits has been volatile. As a result, LDR rose from 82% last quarter to 87%.
- NSCI fell by -5% Y/Y and -4% Q/Q to reach SAR 1.3 bln, close to our estimates, on the back of lower special commission income, which was impacted by the movement in interest rates. Non-core income of SAR 199 mln decreased by -26% Y/Y and -31% Q/Q.
- Opex reached SAR 719 mln (+1% Y/Y, -25% Q/Q), the Q/Q drop is attributed to the decrease in provisions for credit losses, impairment charge of other financial assets as well as other operating expenses.
- Net income before zakat was mainly affected by the movement of opex, reaching SAR 771 mln (-16% Y/Y, +18% Q/Q). Net income after zakat of SAR 644 mln dropped -17% Y/Y but surged +25% Q/Q on lower provisions this quarter. We maintain our target price at SAR 21.00 and our Neutral stance.

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 riyad capital

## ■ Stock Rating

Buy	Neutral	Sell	Not Rated
Expected Total Return Greater than +15%	Expected Total Return between -15% and +15%	Expected Total Return less than -15%	Under Review/ Restricted

The expected percentage returns are indicative, stock recommendations also incorporate relevant qualitative factors  
For any feedback on our reports, please contact [research@riyadcapital.com](mailto:research@riyadcapital.com)

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