

Market Data	
52-week high/low	SAR 35.00/23.00
Market Cap	SAR 42,375 mln
Shares Outstanding	1,500 mln
Free-float	50.02%
12-month ADTV	822,998
Bloomberg Code	ARNB AB

Earnings Miss Expectations

Upside to Target Price	(0.9%)	Rating	Neutral
Expected Dividend Yield	3.5%	Last Price	SAR 28.25
Expected Total Return	2.6%	12-mth target	SAR 28.00

July 24, 2023

Arab National Bank	2Q2023	2Q2022	Y/Y	1Q2023	Q/Q	RC Estimate
Net Sp Commission Income	1,730	1,310	32%	1,733	(0%)	1,826
Total Operating Income	2,088	1,674	25%	2,180	(4%)	2,188
Net Income	986	708	39%	1,068	(8%)	1,096
Loans & Advances	148,852	143,055	4%	144,727	3%	145,806
Deposits	158,378	146,791	8%	155,247	2%	155,599

(All figures are in SAR mln)

- ANB's quarterly net loans grew by SAR 4.1 bln to SAR 149 bln (+4% Y/Y, +3% Q/Q) at 2Q2023-end. Deposits grew for the fourth quarter in a row, adding SAR 3.1 bln Q/Q to SAR 158 bln. The headline LDR is at 92% in 2Q2023.
- NSCI rose +32% Y/Y but was slightly lower Q/Q at SAR 1.7 bln, close to our expectations. There was a significant growth in Special Commission Income by +78% Y/Y and +8% Q/Q while Special Commission Expense also increased by +226% Y/Y and +20% Q/Q on the back of higher interest rates.
- Non-core income of SAR 358 mln showed a decline on both yearly and quarterly basis by -2% and by -20%, respectively, on the back of lower net gains on sale of investments in non-trading instruments, net trading income and gains/ (losses) on non-trading instruments and dividend income. Operating profit for the quarter rose by +25% Y/Y but fell -4% Q/Q to SAR 2.1 bln.
- Total operating expense of SAR 925 mln are up by +11% Y/Y but fell -2% Q/Q. We believe the increase Y/Y is on the back of higher other G&A expenses, salaries and employee related expenses, depreciation and amortization, rent and premises related expenses despite a decline of -5% Y/Y and -10% Q/Q in provisions of SAR 268 mln.
- ANB's bottom-line is up +39% Y/Y but fell -8% Q/Q to SAR 986 mln, missing both our estimate and market consensus. We maintain our target price of SAR 28.00 and Neutral rating.

Abdullah D Alharbi
 abdullah.ulihan.alharbi@riyadcapital.com
 +966-11-486-5680



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

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