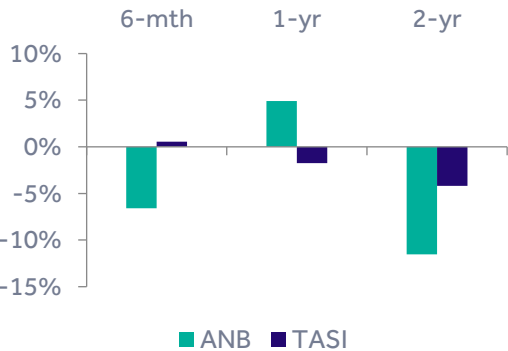


■ Upgrade to Buy

April 30, 2025

| | | | |
|-------------------------|-------|---------------|-----------|
| Upside to Target Price | 29.9% | Rating | Buy |
| Expected Dividend Yield | 6.5% | Last Price | SAR 21.56 |
| Expected Total Return | 36.4% | 12-mth target | SAR 28.00 |

| Market Data | |
|--------------------|-----------------|
| 52-week high/low | SAR 23.50/18.32 |
| Market Cap | SAR 43,120 mln |
| Shares Outstanding | 2,000 mln |
| Free-float | 49.98% |
| 12-month ADTV | 1,706,330 |
| Bloomberg Code | ARNB AB |



| Arab National Bank | 1Q2025 | 1Q2024 | Y/Y | 4Q2024 | Q/Q | RC Estimate |
|------------------------|---------|---------|-----|---------|------|-------------|
| Net Commission Income | 1,968 | 1,928 | 2% | 2,033 | (3%) | 2,211 |
| Total Operating Income | 2,531 | 2,309 | 10% | 2,446 | 3% | 2,544 |
| Net Income | 1,304 | 1,236 | 6% | 1,257 | 4% | 1,302 |
| Loans & Advances | 179,057 | 157,875 | 13% | 169,495 | 6% | 172,885 |
| Deposits | 195,619 | 174,547 | 12% | 182,198 | 7% | 186,207 |

(All figures are in SAR mln)

- Loans continued their strong growth, rising by +13% Y/Y and +6% Q/Q, reaching SAR 179 bln, above our forecast of SAR 173 bln. Deposits grew by +12% Y/Y, and +7% Q/Q to SAR 196 bln. Consequently, the SAR 9.6 bln increase in net financing was outpaced by the SAR 13.4 bln increase in deposits Q/Q, resulting in lower loan-to-deposit ratio (LDR) at 92% versus 93% in 4Q2024.
- NSCI showed modest growth with an annual increase of +2%, however, it declined on sequential basis by -3%, reaching SAR 1.97 bln. Y/Y growth is mainly attributed to an increase in net loans and advances by 13% and increase in net investments by 8%, while the decrease on sequential basis mainly resulted from the slight decrease in total special commission income.
- Total Operating Income rose +10% Y/Y (+3% Q/Q), primarily due to an increase in non-funded income, led by the increase in fee and commission income, net trading income and dividend income, which showed a healthy growth by +48% Y/Y and +36% Q/Q. Provisions declined by -24% Q/Q, recorded at SAR 205 mln in 1Q, management attributed this reduction to the lower impairment charges on real estate.
- ANB recorded a bottom-line of SAR 1.3 bln, up +6% Y/Y and +4% Q/Q rise, matching our forecast. This growth was led by lower impairment charges coupled with solid increase in non-interest income, which contributed positively to net income.
- ANB is expected to deliver solid earnings growth supported by a strong rebound in both funded and non-funded income coupled with enhanced operational efficiency which suggest stronger profitability ahead. In light of these fundamentals, we increase our target price from SAR 20.00 to SAR 28.00 per share and upgrade our recommendation to Buy.

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■ 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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