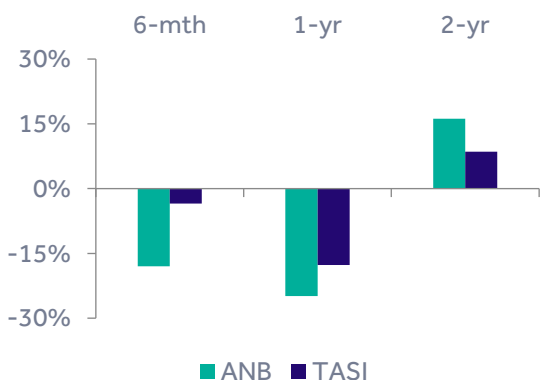


Market Data	
52-week high/low	SAR 35.70/23.00
Market Cap	SAR 40,950 mln
Shares Outstanding	1,500 mln
Free-float	50.02%
12-month ADTV	807,066
Bloomberg Code	ARNB AB



■ Non-core Income Drives 1Q Earnings

Upside to Target Price	2.6%	Rating	Neutral
Expected Dividend Yield	3.7%	Last Price	SAR 27.30
Expected Total Return	6.3%	12-mth target	SAR 28.00

Arab National Bank	1Q2023	1Q2022	Y/Y	4Q2022	Q/Q	RC Estimate
Net Sp Commission Income	1,733	1,185	46%	1,645	5%	1,783
Total Operating Income	2,180	1,455	50%	1,919	14%	2,008
Net Income	1,068	651	64%	791	35%	894
Loans & Advances	144,727	138,642	4%	143,829	1%	145,636
Deposits	155,247	148,138	5%	154,871	0%	158,508

(All figures are in SAR mln)

- ANB's quarterly net loans grew by SAR 898 mln to SAR 145 bln (+4% Y/Y, +1% Q/Q) at 1Q2023-end. Deposits grew for the third quarter in a row, adding SAR 376 mln Q/Q to SAR 155 bln.
- NSCI is up by +46% Y/Y and +5% Q/Q reaching SAR 1.7 bln, in-line with our expectations, as a result of the significant growth in Special Commission Income by +112% Y/Y and +12% Q/Q although Special Commission Expense also increased by +630% Y/Y and +25% Q/Q on the back of higher interest rates.
- 1Q2023 Non-core income of SAR 447 mln showed strong growth on both yearly and quarterly basis by +66% and by +64%, respectively, on the back of higher net gains on sale of investments in non-trading instruments, net fees and commission income, net exchange income, dividend income and a decline in rent and premises related expenses. Hence, operating profit for the quarter rose by +50% Y/Y and +14% Q/Q to SAR 2.2 bln.
- Total operating expense of SAR 947 mln (+39% Y/Y, -2% Q/Q) matched our expectations. We believe the significant increase Y/Y is on the back of higher provisions, up by +92% Y/Y to SAR 298 mln.
- ANB reported a bottom-line of SAR 1.1 bln (+64% Y/Y and +35% Q/Q) in 1Q2023 beating both our estimate and market consensus, due to higher Non-core income. We maintain our target price of SAR 28.00 and Neutral rating.

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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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