

Market Data	
52-week high/low	SAR 35.00/22.18
Market Cap	SAR 34,590 mln
Shares Outstanding	1,500 mln
Free-float	50.02%
12-month ADTV	906,614
Bloomberg Code	ARNB AB

**Earnings Up +17% Y/Y**

Upside to Target Price	21.4%
Expected Dividend Yield	4.3%
Expected Total Return	25.7%

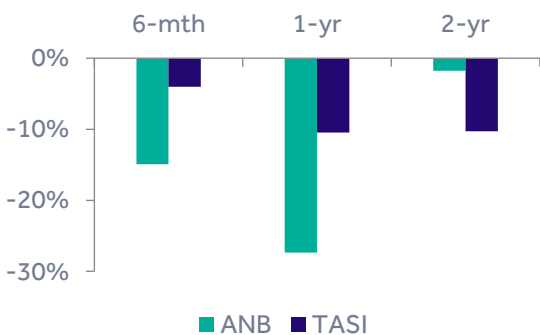
October 22, 2023

Rating	Buy
Last Price	SAR 23.06
12-mth target	SAR 28.00

Arab National Bank	3Q2023	3Q2022	Y/Y	2Q2023	Q/Q	RC Estimate
Net Sp Commission Income	1,840	1,497	23%	1,730	6%	1,722
Total Operating Income	2,202	1,815	21%	2,088	5%	2,087
Net Income	1,076	921	17%	986	9%	998
Loans & Advances	149,372	145,475	3%	148,852	0%	150,985
Deposits	154,220	147,806	4%	158,378	(3%)	160,369

(All figures are in SAR mln)

- ANB’s quarterly net loans grew by SAR 0.5 bln to SAR 149 bln (+3% Y/Y). After growing for four quarters, Deposits declined by SAR 4.2 bln Q/Q to SAR 154 bln. The headline LDR stands at 97%.
- NSCI rose +23% Y/Y and +6% Q/Q to SAR 1.8 bln, in-line with our expectations. There was a significant growth in Special Commission Income by +56% Y/Y and +7% Q/Q while Special Commission Expense also increased by +138% Y/Y and +8% Q/Q on the back of higher interest rates.
- Non-core income of SAR 362 mln grew on both yearly and quarterly basis by +14% and +1%, respectively, driven by higher gains on FVSI financial instruments, net fees and commission income, dividend income and net other operating income.
- Total operating expense was higher by +28% Y/Y and +3% Q/Q to SAR 956 mln. 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 coupled with an increase of +41% Y/Y in provisions to SAR 246 mln (-9% decline Q/Q).
- ANB’s bottom-line is up +17% Y/Y and +9% Q/Q to SAR 1.1 bln, beating both our estimates and market consensus of SAR 998 mln and SAR 973 mln, respectively. We maintain our target price of SAR 28.00 while we upgrade the stock to a Buy as the stock lost around 23% since our last report.



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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](mailto:research@riyadcapital.com)

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