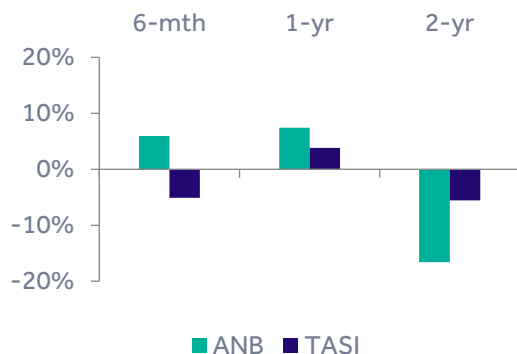


Market Data	
52-week high/low	SAR 23.50/16.63
Market Cap	SAR 40, 240mln
Shares Outstanding	2,000 mln
Free-float	50.02%
12-month ADTV	963,309
Bloomberg Code	ARNB AB



NIMs Under Pressure

Upside to Target Price	9.3%	Rating	Neutral
Expected Dividend Yield	4.6%	Last Price	SAR 20.12
Expected Total Return	13.8%	12-mth target	SAR 22.00

Arab National Bank	2Q2024	2Q2023	Y/Y	1Q2024	Q/Q	RC Estimate
Net Commission Income	1,942	1,764	10%	1,928	1%	1,997
Total Operating Income	2,335	2,088	12%	2,309	1%	2,385
Net Income	1,231	986	25%	1,236	0%	1,276
Loans & Advances	161,612	148,852	9%	157,875	2%	160,717
Deposits	175,586	158,378	11%	174,541	1%	178,032

(All figures are in SAR mln)

- Both deposits and loans continued their growth in 2Q, albeit at a slower pace compared to Q1. Loans grew by +9% Y/Y and +2% Q/Q reaching SAR 161.6 bln, while deposits increased by +11% Y/Y and +1% Q/Q to SAR 175.5 bln. The SAR 3.7 bln rise in loans outpaced the SAR 1 bln growth in deposits, pushing the simple Loan-to-Deposit Ratio (LDR) up to 92% from 90% in 1Q2024.
- NSCI showed annual improvement but grew only 1% on quarterly basis to SAR 1.94 bln, reflecting a slowdown in the growth rate of net commission income from financing, which declined by -0.7% on sequential basis. This brought the NSCI in line with our estimate of SAR 1.99 bln. We believe NIMs were under pressure as the rise in funding cost exceeded the increase in yields, leading to a 8 bps compression in NIMs compared to Q1.
- Provisions fell by -38% Y/Y to SAR 167 mln for 2Q2024, management commented that portfolio quality has improved. Consequently, operating expenses dropped -4% Y/Y to SAR 904 mln. The Cost-to-Income ratio remained flat at 30% on a sequential basis.
- ANB reported a flat Q/Q Net Income of SAR 1.23 bln, but +25% increase Y/Y, in line with our forecast of SAR 1.27 bln. This was primarily driven by higher fees, dividend income, and gains on investment instruments Y/Y. We maintain our target price at SAR 22.00 and maintain a Neutral stance.

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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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