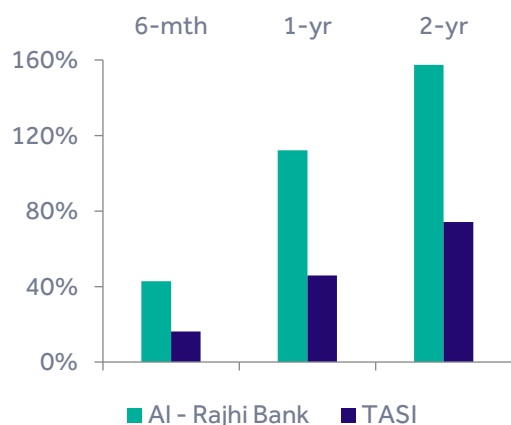


Market Data	
52-week high/low	SAR 185.40/98.00
Market Cap	SAR 447,500 mln
Shares Outstanding	2,500 mln
Free-float	90.34%
12-month ADTV	3,508,157
Bloomberg Code	RJHI AB



■ First Decline in Deposits Since 4Q2019

April 28, 2022

Upside to Target Price	(12.8%)	Rating	Neutral
Expected Dividend Yield	1.7%	Last Price	SAR 179.00
Expected Total Return	(11.1%)	12-mth target	SAR 156.00

Al Rajhi Bank	1Q2022	1Q2021	Y/Y	4Q2021	Q/Q	RC Estimate
Net Financing Income	5,340	4,771	12%	5,355	(0%)	5,558
Total Operating Income	6,957	5,948	17%	6,855	1%	7,122
Net Income	4,134	3,335	24%	4,012	3%	4,238
Net Financing	484,526	356,144	36%	452,831	7%	471,392
Deposits	507,892	421,269	21%	512,072	(1%)	539,224

(All figures are in SAR mln)

- Since 1Q2019, Al Rajhi has managed to continuously grow its net financing portfolio on a quarterly basis, adding SAR 31.7 bln in 1Q2022. Deposits declined for the first time in more than two years, dropping by SAR 4.2 bln Q/Q.
- Net financing and investment income was almost flat Q/Q, yet it increased by +12% Y/Y to reach SAR 5.3 bln, as a result of the increase in financing income, though the funding costs were also higher. Non-core income of SAR 1.6 bln was up by +8% Q/Q and +37% Y/Y due to an increase in fees from banking services, exchange income and other operating income on both quarterly and yearly basis. Therefore, Total Operating Income was almost flat Q/Q but up by +17% Y/Y reaching SAR 7.0 bln. Above items matched our estimates.
- On a yearly basis, total operating expenses rose by +5% to reach SAR 2.3 bln as most of the items were higher, although the provisions were almost stable at SAR 578 mln. On a Q/Q basis, it decreased by -1% due to a decrease in provisions by -2% Q/Q along with a decrease in depreciation and other G&A expenses.
- Net income for 1Q2022 was up by +3% Q/Q and +24% Y/Y to reach SAR 4.1 bln, matching our expectations. Recently, Al Rajhi Bank announced the Board's recommendation to increase the Capital by +60% to SAR 40 bln.
- We increase our target price to SAR 156.00 but maintain a 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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