

Market Data	
52-week high/low	SAR 117.40/69.00
Market Cap	SAR 312,400 mln
Shares Outstanding	4,000 mln
Free-float	97.79%
12-month ADTV	5,018,383
Bloomberg Code	RJHI AB

### Deposits Decline -2% Q/Q

Upside to Target Price	12.7%
Expected Dividend Yield	2.6%
Expected Total Return	15.3%

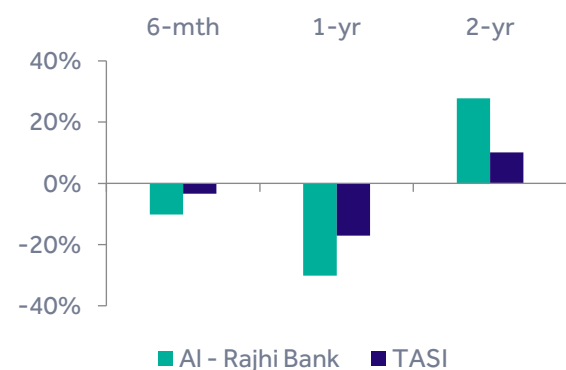
Rating	Buy
Last Price	SAR 78.10
12-mth target	SAR 88.00

April 27, 2023

Al Rajhi Bank	1Q2023	1Q2022	Y/Y	4Q2022	Q/Q	RC Estimate
Net Financing Income	5,125	5,340	(4%)	5,579	(8%)	5,584
Total Operating Income	6,781	6,957	(3%)	7,264	(7%)	7,272
Net Income	4,145	4,134	0%	4,404	(6%)	4,301
Net Financing	577,011	484,526	19%	568,338	2%	582,043
Deposits	556,197	507,892	10%	564,925	(2%)	584,076

(All figures are in SAR mln)

- Al Rajhi bank has maintained its uptrend in Net Financing since 2019 on the back of strong growth across all lines of business and ended 1Q2023 at SAR 577 bln, higher by +19% Y/Y and +2% Q/Q. Deposits grew +10% Y/Y to SAR 556 bln but showed a decline of SAR 8.7 bln or -2% Q/Q.
- Due to higher interest rates, Funding Costs increased by +562% Y/Y and +23% Q/Q. Gross Financing and Investment Income was also higher both Y/Y and Q/Q by +49% and +3% respectively, to SAR 8.8 bln. Net Financing and Investment Income was lower by -4% Y/Y and -8% Q/Q to SAR 5.1 bln, close to our forecast. This was attributed to higher cost of funds.
- Non-core income grew by +2% Y/Y but was -2% lower Q/Q to SAR 1.7 bln. The increase Y/Y was primarily due to growth in fee and other income. Total Operating Income fell by -3% Y/Y and -7% Q/Q to SAR 6.8 bln.
- Total OpEx was lower by -8% Y/Y and Q/Q to SAR 2.2 bln. This was attributed to lower provisions by -38% Y/Y to SAR 359 mln on the back of stable asset quality.
- Al Rajhi Bank reported 1Q2023 bottom-line of SAR 4.1 bln, flat Y/Y but down -6% Q/Q, in-line with our expectations. We revise our target price from SAR 94.00 to SAR 88.00 but maintain our Buy 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](mailto:research@riyadcapital.com)

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