

Market Data	
52-week high/low	SAR 117.40/78.50
Market Cap	SAR 350,000 mln
Shares Outstanding	4,000 mln
Free-float	90.31%
12-month ADTV	4,833,066
Bloomberg Code	RJHI AB

SAR 38 bln Rise in Financing Q/Q

October 24, 2022

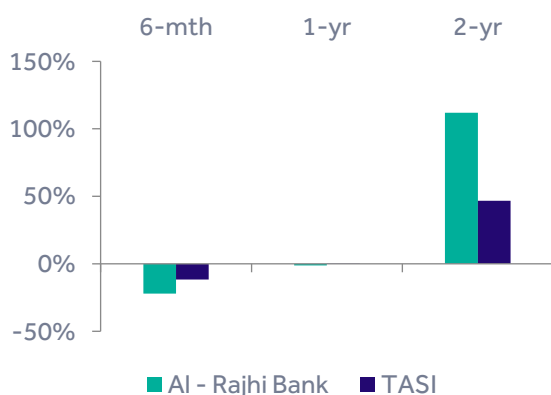
Upside to Target Price	7.4%	Rating	Neutral
Expected Dividend Yield	2.1%	Last Price	SAR 87.50
Expected Total Return	9.5%	12-mth target	SAR 94.00

Al Rajhi Bank	3Q2022	3Q2021	Y/Y	2Q2022	Q/Q	RC Estimate
Net Financing Income	5,687	5,215	9%	5,567	2%	5,747
Total Operating Income	7,206	6,578	10%	7,148	1%	7,416
Net Income	4,355	3,794	15%	4,258	2%	4,472
Net Financing	557,498	420,954	32%	519,701	7%	549,213
Deposits	555,767	478,331	16%	552,957	1%	573,997

(All figures are in SAR mln)

- Al Rajhi Bank continued to raise its net financing portfolio, to growing by SAR 37.8 bln Q/Q. Deposits also added SAR 2.8 bln Q/Q. Given the large increase in financing portfolio, LDR increased to 100% this quarter.
- As a result of the hike in interest rates, Funding Costs increased by +411% Y/Y and +76% Q/Q, yet Gross Financing and Investment Income was also higher both Y/Y and Q/Q. Hence, Net Financing and Investment Income increased by +9% Y/Y and +2% Q/Q to reach SAR 5.7 bln, in-line with our estimates.
- Non-core income of SAR 1.5 bln showed an increase by +11% Y/Y but lower by -4% Q/Q. The increase Y/Y was primarily due to an increase in fees from banking services and exchange income, while other operating income was lower. Hence, Total Operating Income rose by +10% Y/Y, reaching SAR 7.2 bln.
- Total operating expenses of SAR 2.4 bln was stable Y/Y, despite most of the items were higher, the decline of -18% in provisions to SAR 490 mln leads the stability in total operating expenses. On Q/Q basis, it was lower by -2% due to a decrease in provisions, depreciation and other G&A expenses, while salaries expenses were higher.
- Net income of SAR 4.4 bln (+15% Y/Y, +2% Q/Q), was in-line with our expectations. We reduce our target price to SAR 94.00 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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