

Market Data	
52-week high/low	SAR 85.70/63.10
Market Cap	SAR 282,400 mln
Shares Outstanding	4,000 mln
Free-float	97.79%
12-month ADTV	4,168,501
Bloomberg Code	RJHI AB

### Earnings Match Estimates

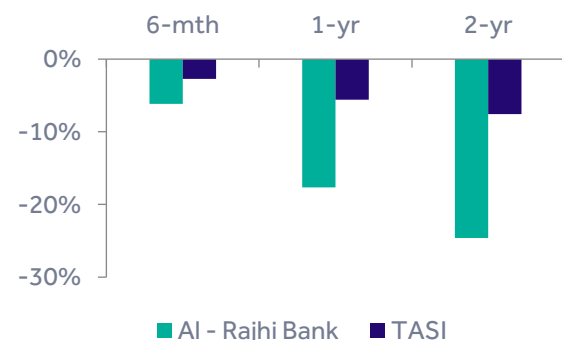
November 08, 2023

Upside to Target Price	16.1%	Rating	Buy
Expected Dividend Yield	2.8%	Last Price	SAR 70.60
Expected Total Return	18.9%	12-mth target	SAR 82.00

Al Rajhi Bank	3Q2023	3Q2022	Y/Y	2Q2023	Q/Q	RC Estimate
Net Financing Income	5,401	5,687	(5%)	5,194	4%	5,288
Total Operating Income	6,873	7,206	(5%)	6,827	1%	6,823
Net Income	4,155	4,355	(5%)	4,150	0%	4,164
Net Financing	590,826	557,498	6%	579,080	2%	592,513
Deposits	565,719	555,767	2%	570,665	(1%)	600,228

(All figures are in SAR mln)

- Al Rajhi maintained its uptrend in Net Financing by adding SAR 11.7 bln on a sequential basis to end 9M2023 at SAR 591 bln, higher +6% Y/Y and +2% Q/Q. Deposits were lower SAR 4.9 bln on a sequential basis to SAR 566 bln.
- Due to higher interest rates, Funding Costs continued its rising trend, +184% Y/Y and +11% Q/Q. Gross Financing and Investment Income was also higher both Y/Y and Q/Q to SAR 10.0 bln. Net Financing and Investment Income came in -5% lower Y/Y but showed a +4% Q/Q increase to SAR 5.4 bln, in-line with our forecasts. This was attributed to higher cost of funds.
- Non-core income at SAR 1.5 bln is lower -3% Y/Y and -10% Q/Q. The decline was primarily due to lower fee from banking services. Total Operating Income fell by -5% Y/Y but was +1% higher Q/Q to SAR 6.9 bln.
- Total OpEx fell by -5% Y/Y but was +2% higher Q/Q to SAR 2.2 bln. The Y/Y decline was attributed to -23% Y/Y lower provisions to SAR 379 mln, along with lower salaries and employees related benefits and other G&A expenses.
- Al Rajhi Bank's net income fell -5% Y/Y but was flat Q/Q to SAR 4.2 bln, matching our expectations. We maintain our SAR 82.00 target price while we upgrade our rating to a Buy. The stock has underperformed the market for the past few months. Dividend yield of close to 3% is an added sweetener.



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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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