

| Market Data | |
|--------------------|------------------|
| 52-week high/low | SAR 117.40/71.80 |
| Market Cap | SAR 328,000 mln |
| Shares Outstanding | 4,000 mln |
| Free-float | 97.70% |
| 12-month ADTV | 5,085,114 |
| Bloomberg Code | RJHI AB |

Financing Grows +26% in 2022

February 01, 2023

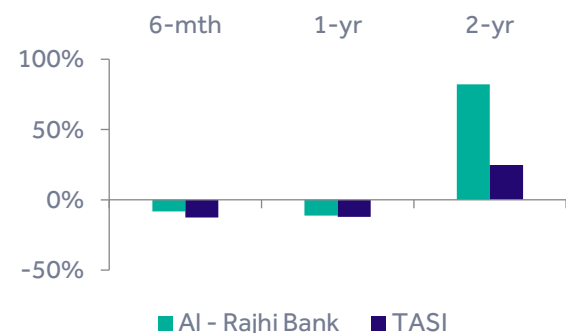
| | | | |
|-------------------------|-------|---------------|-----------|
| Upside to Target Price | 14.6% | Rating | Buy |
| Expected Dividend Yield | 2.3% | Last Price | SAR 82.00 |
| Expected Total Return | 16.9% | 12-mth target | SAR 94.00 |

| Al Rajhi Bank | 4Q2022 | 4Q2021 | Y/Y | 3Q2022 | Q/Q | RC Estimate |
|------------------------|---------|---------|-----|---------|------|-------------|
| Net Financing Income | 5,579 | 5,355 | 4% | 5,687 | (2%) | 6,009 |
| Total Operating Income | 7,264 | 6,855 | 6% | 7,206 | 1% | 7,433 |
| Net Income | 4,404 | 4,012 | 10% | 4,355 | 1% | 4,382 |
| Net Financing | 568,338 | 452,831 | 26% | 557,498 | 2% | 574,621 |
| Deposits | 564,925 | 512,072 | 10% | 555,767 | 2% | 575,057 |

(All figures are in SAR mln)

- Al Rajhi bank continued its uptrend in net financing since 2019 on the back of strong growth across all lines of business to end 2022 at SAR 568 bln or +26% growth Y/Y. Deposits also grew +10% Y/Y to SAR 565 bln.
- Due to hike in interest rates, Funding Costs increased by +641% Y/Y and +84% Q/Q, yet Gross Financing and Investment Income was also higher both Y/Y and Q/Q by +48% and +17% respectively. Hence, Net Financing and Investment Income increased by +4% Y/Y but was -2% Q/Q lower to SAR 5.6 bln, in-line with our estimates.
- Non-core income of SAR 1.7 bln increased both Y/Y and Q/Q by +12% and +11% respectively. The increase Y/Y was primarily due to an improvement in fee and other income. Hence, total Operating Income rose by +6% Y/Y to SAR 7.3 bln.
- Total OpEx of SAR 9.5 bln is up by +2% Y/Y in 2022 although provisions for 2022 declined by -15% Y/Y due to stable asset quality, improved economic outlook and good recoveries. In 4Q2022, total OpEx fell slightly by -1% Y/Y to reach SAR 2.4 bln.
- Al Rajhi Bank reported a bottom-line of SAR 4.4 bln (+10% Y/Y, +1% Q/Q) in 4Q2022, matching our expectations. We upgrade our recommendation to Buy but maintain our target price of SAR 94.00.

Abdullah D Alharbi
 abdullah.ulihan.alharbi@riyadcapital.com
 +966-11-486-5680



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

Riyad Capital is a Saudi Closed Joint Stock Company with Paid up capital of SR 500 million, licensed by the Saudi Arabian Capital Market Authority NO.07070-37. Commercial Registration No: 1010239234. Head Office: Granada Business Park 2414 Al-Shohda Dist. – Unit No 69, Riyadh 13241 - 7279 Saudi Arabia. Ph: 920012299.

The information in this report was compiled in good faith from various public sources believed to be reliable. Whilst all reasonable care has been taken to ensure that the facts stated in this report are accurate and that the forecasts, opinions and expectations contained herein are fair and reasonable. Riyad Capital makes no representations or warranties whatsoever as to the accuracy of the data and information provided and, in particular, Riyad Capital does not represent that the information in this report is complete or free from any error. This report is not, and is not to be construed as, an offer to sell or solicitation of an offer to buy any financial securities. Accordingly, no reliance should be placed on the accuracy, fairness or completeness of the information contained in this report. Riyad Capital accepts no liability whatsoever for any loss arising from any use of this report or its contents, and neither Riyad Capital nor any of its respective directors, officers or employees, shall be in any way responsible for the contents hereof. Riyad Capital or its employees or any of its affiliates or clients may have a financial interest in securities or other assets referred to in this report. Opinions, forecasts or projections contained in this report represent Riyad Capital's current opinions or judgment as at the date of this report only and are therefore subject to change without notice. There can be no assurance that future results or events will be consistent with any such opinions, forecasts or projections which represent only one possible outcome. Further, such opinions, forecasts or projections are subject to certain risks, uncertainties and assumptions that have not been verified and future actual results or events could differ materially. The value of, or income from, any investments referred to in this report may fluctuate and/or be affected by changes. Past performance is not necessarily an indicative of future performance. Accordingly, investors may receive back less than originally invested amount. This report provides information of a general nature and does not address the circumstances, objectives, and risk tolerance of any particular investor. Therefore, it is not intended to provide personal investment advice and does not take into account the reader's financial situation or any specific investment objectives or particular needs which the reader may have. Before making an investment decision the reader should seek advice from an independent financial, legal, tax and/or other required advisers due to the investment in such kind of securities may not be suitable for all recipients. This research report might not be reproduced, nor distributed in whole or in part, and all information, opinions, forecasts and projections contained in it are protected by the copyright rules and regulations.