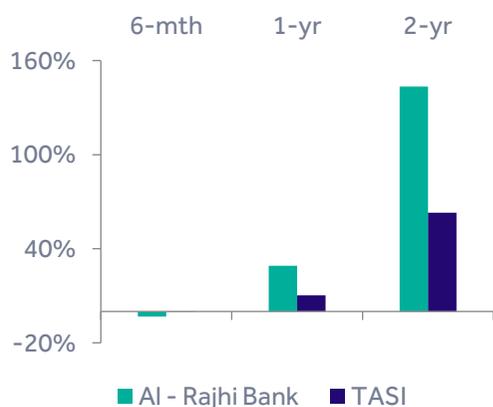


Market Data	
52-week high/low	SAR 117.40/69.52
Market Cap	SAR 358,400 mln
Shares Outstanding	4,000 mln
Free-float	90.31%
12-month ADTV	4,397,139
Bloomberg Code	RJHI AB



## Deposits Grow SAR 45 bln Q/Q

July 31, 2022

Upside to Target Price	11.6%	Rating	Neutral
Expected Dividend Yield	1.1%	Last Price	SAR 89.60
Expected Total Return	12.7%	12-mth target	SAR 100.00

Al Rajhi Bank	2Q2022	2Q2021	Y/Y	1Q2022	Q/Q	RC Estimate
Net Financing Income	5,567	5,052	10%	5,340	4%	5,467
Total Operating Income	7,148	6,336	13%	6,957	3%	7,144
Net Income	4,258	3,605	18%	4,134	3%	4,207
Net Financing	519,701	390,296	33%	484,526	7%	504,374
Deposits	552,957	447,506	24%	507,892	9%	519,107

(All figures are in SAR mln)

- Al Rajhi Bank continued to raise its net financing portfolio, growing by SAR 35.2 bln Q/Q. The bank also compensated for the decline in deposits that occurred in the previous quarter, by adding SAR 45.1 bln Q/Q. Given the large increase in deposits, LDR declined to 94% this quarter.
- As a result of the hike in interest rates, Funding Costs increased by +378% Y/Y and +66% Q/Q, yet Gross Financing and Investment Income was also higher both Y/Y and Q/Q. Thus, Net Financing and Investment Income increased by +10% Y/Y and +4% Q/Q to reach SAR 5.6 bln, in-line with our estimates.
- Non-core income of SAR 1.6 bln was almost stable Q/Q, though it went up by +23% Y/Y due to an increase in fees from banking services and exchange income, while other operating income was lower. Hence, Total Operating Income rose by +13% Y/Y, reaching SAR 7.1 bln.
- On Y/Y basis, total operating expenses rose by +4% to reach SAR 2.4 bln, as most of the items were higher, except provisions which slightly declined to SAR 580 mln. On Q/Q basis, it rose by +2% due to an increase in provisions, depreciation and other G&A expenses, while salaries expenses were lower.
- Net income of SAR 4.3 bln (up +18% Y/Y, +3% Q/Q), matched our expectations. We increase our target price to SAR 100.00 but maintain a Neutral rating.

Rawabi A. Al Mutaywia  
 rawabi.al.mutaywia@riyadcapital.com  
 +966-11-203-6805

## 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)

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.