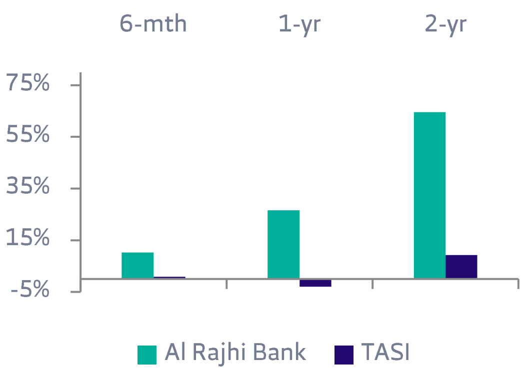
Results Came in Line With Our Estimates

October 21, 2025

Upside to Target Price	6.9%	Rating	Neutral
Expected Dividend Yield	2.5%	Last Price	SAR 107.60
Expected Total Return	9.4%	12-mth target	SAR 115.00

Market Data	
52-week high/low	SAR 113.00/84.00
Market Cap	SAR 430,000 mln
Shares Outstanding	4,000 mln
Free-float	97.81%
12-month ADTV	3,825,191
Bloomberg Code	RJHI AB



Alrajhi	3Q2025	3Q2024	Y/Y	2Q2025	Q/Q	RC Estimate
Net Fin. & Invest. Income	7,294	6,397	14%	7,305	0%	7,523
Total Operating Income	9,882	8,439	17%	9,603	3%	9,973
Net Income	6,360	5,103	25%	6,151	3%	6,382
Net Financing	755,985	649,024	16%	741,715	2%	756,651
Deposits	670,180	622,572	8%	641,987	4%	651,617

(All figures are in SAR mln)

- Al Rajhi Bank's net financing grew by +2% Q/Q and +16% Y/Y to reach SAR 756 bln, in line with our estimates. Customers' deposits rose +4% Q/Q and +8% Y/Y to SAR 670 bln. The bank added SAR 14 bln in net financing on a sequential basis, while deposits remarkably increased by SAR 28 bln, resulting in a lower loan-to-deposit ratio (LDR) at 113% from 116% in 2Q2025. Management highlighted a +8% Y/Y growth in retail financing driven by +11% rise in mortgage book, while the non-retail book grew by +36% Y/Y.
- Net Financing and Investment Income recorded a substantial +14% Y/Y increase, though it was muted on sequential basis due to higher funding cost. NIMs stood at 2.99%, reflecting a 14bps contraction Q/Q as the growth in gross financing was offset by increased funding pressure.
- Cost of risk was recorded at 30 bps for 3Q lower by 2bps Q/Q, mainly due to the decrease in impairment charges by 5% Q/Q to SAR 570 mln. The decrease in impairment on sequential basis is attributed to rise in recoveries from written off financing. Operating income has increased by +3% Q/Q and +17% Y/Y to SAR 9.9 bln, in line with our estimates. Cost-to Income ratio has increased slightly to 22.4% (from 22.3% in 2Q2025), sustaining its market- leading cost efficiency.
- Al Rajhi Bank has reported a 3Q bottom-line of SAR 6.4 bln, reflecting a +3% Q/Q, and +25% Y/Y growth, matching our estimates. The sequential performance was driven primarily by higher non-yield income. The bank continues to deliver solid performance, with total assets reaching SAR 1.06 tln, up +17% Y/Y and a +9% YTD. AlRajhi maintained its leading position on return metrics, with ROE and ROA at 24% and 2.4%, respectively. Given this momentum, we reaffirm our positive outlook and maintain our target price but revise our stance to Neutral, as the stock's strong performance has largely priced in and leave little upside potential.

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Disclaimer

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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