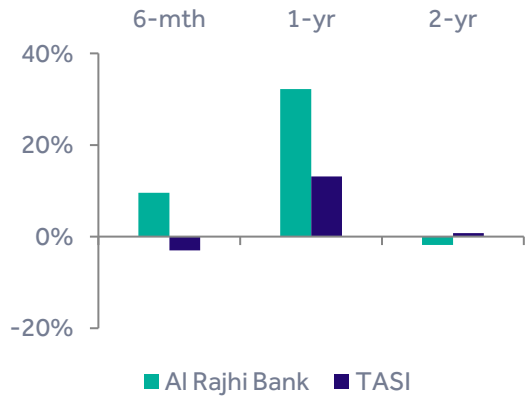


Market Data	
52-week high/low	SAR 92.50/63.80
Market Cap	SAR 339,600 mln
Shares Outstanding	4,000 mln
Free-float	97.81%
12-month ADTV	4,488,797
Bloomberg Code	RJHI AB



■ Net Income Strengthens, Margins Improve

October 28, 2024

Upside to Target Price (3.4%)

Expected Dividend Yield 2.9%

Expected Total Return (0.5%)

Rating Last Price 12-mth target

Neutral SAR 84.90 SAR 82.00

Al Rajhi Bank	3Q2024	3Q2023	Y/Y	2Q2024	Q/Q	RC Estimate
Net Fin. & Invest. Income	6,397	5,401	18%	5,857	9%	6,215
Total Operating Income	8,439	6,873	23%	7,637	11%	7,751
Net Income	5,103	4,155	23%	4,698	9%	4,851
Net Financing	649,024	590,826	10%	621,891	4%	629,618
Deposits	622,572	565,719	10%	622,572	0%	619,462

(All figures are in SAR mln)

- Al Rajhi added SAR 27.1 bln in net financing on a sequential basis, bringing the total to SAR 649 bln, aligning with our estimates. Although deposits grew by +10% Y/Y, they remained largely stable compared to the previous quarter to SAR 622 bln, close to our forecast of SAR 619 bln. The simple LDR has increased to 104%, from 100% in 2Q. Management highlighted a +6.2% Y/Y growth in retail financing driven by 9.9% rise in mortgage financing and 1.6% in total consumer financing, while corporate financing grew by 20%, and SME elevated by 21%, demonstrating robust performance.
- Net Financing and Investment Income recorded a substantial yearly increase, higher by +18% Y/Y and +9% Q/Q, reaching SAR 6.39 bln, in line with our estimates of SAR 6.21 bln. NIMs in 3Q2024 were at 3.17% representing a 17bps increase Y/Y, due to asset re-pricing. Operating expenses rose +14% Q/Q to SAR 2.8 bln, as the provision for credit losses have spiked significantly by +52% Q/Q. Cost of risk was recorded at 43 bps for 3Q higher by +14 bps Q/Q. Operating income has increased by +11% Q/Q to SAR 8.4 bln. Cost-to Income ratio has improved to 25% (from 26% in 2Q), reflecting higher operational efficiency.
- Al Rajhi has reported a 3Q bottom-line of SAR 5.1 bln, a +9% Q/Q, and +23% Y/Y growth, in line with our estimates of SAR 4.9 bln. This growth was led by solid net financing and investment income. Non-interest income also contributed positively whereas fees from banking services witnessed a Y/Y growth of 5.2% in the 3Q. Despite a robust return on equity of 21.6%, the stock trades close to our SAR 82.00 target. We maintain a Neutral stance on the stock.

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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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