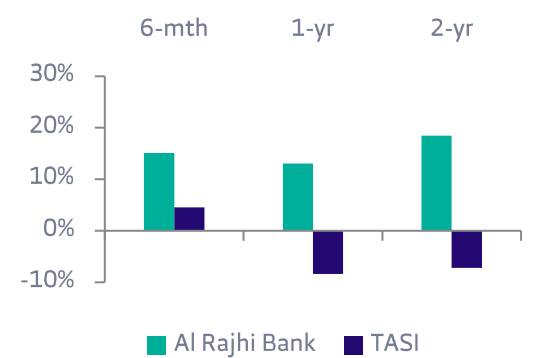


Market Data	
52-week high/low	SAR 113.00/87.80
Market Cap	SAR 433,000 mln
Shares Outstanding	4,000 mln
Free-float	97.81%
12-month ADTV	3,447,536
Bloomberg Code	RJHI AB



Margins Expand Q/Q, Higher Opex Weighs

January 29, 2026

Upside to Target Price

6.1%

Rating

Neutral

Expected Dividend Yield

2.6%

Last Price

SAR 108.40

Expected Total Return

8.7%

12-mth target

SAR 115.00

Alrajhi	4Q2025	4Q2024	Y/Y	3Q2025	Q/Q	RC Estimate
Net Fin. & Invest. Income	8,150	6,941	17%	7,294	12%	7,287
Total Operating Income	10,409	8,750	19%	9,882	5%	10,005
Net Income	6,375	5,516	16%	6,360	0%	6,353
Net Financing	752,760	693,410	9%	755,985	(0%)	758,998
Deposits	667,288	654,989	2%	670,180	(0%)	690,286

(All figures are in SAR mln)

- Net financing grew by +9% Y/Y, reaching SAR 753 bln, driven by the non-retail book, with large corporates and SMEs growing by +19% and +51%, respectively. Retail financing growth remained modest at 1.4% Y/Y, despite a 3.2% increase in the mortgage book, partly reflecting several securitization transactions executed during 2025, whereby the bank securitized nearly SAR 14 bln, including around SAR 10.0 bln of mortgages and SAR 4.0 bln of consumer loans. Customer deposits rose +2% Y/Y, while declined -0.4% Q/Q to SAR 667 bln, coming in slightly below our estimate of SAR 690 bln. As a result, loan-to-deposit ratio stood at 113%, broadly stable compared to 3Q2025.
- Net Financing and Investment Income posted a strong +17% Y/Y and +12% Q/Q increase to SAR 8.2 bln, exceeding our estimate of SAR 7.3 bln. This was underpinned by significant improvement in margins, with NIMs rising to 3.35% in 4Q25, up +36 bps Q/Q and + 8 bps Y/Y, and well above our estimate of 2.97%. This sharp margin expansion reflects the bank's strategic pivot toward profitability over balance sheet growth, supported by selective asset repricing.
- Operating income grew +5% Q/Q and +19% Y/Y to SAR 10.4 bln, supported by strong growth in Net Financing and Investment Income, in line with our estimates. Operating expenses rose sharply, up +21% Q/Q and +31% Y/Y, mainly driven by higher employee-related expenses and increased general and administration expenses. Cost-to Income ratio has increased to 25.7% (from 22.4% in 3Q2025). Cost of risk was recorded at 33 bps for 4Q, up 3bps Q/Q and stable on yearly basis, mainly due to the increase in impairment charges by +10% Q/Q to SAR 626 mln, broadly in line with our estimate of SAR 646 mln.
- Al Rajhi Bank has reported a 4Q bottom-line of SAR 6.37 bln, (+16% Y/Y), in line with our estimate of SAR 6.35 bln. Sequentially, earnings were broadly flat, as higher Opex largely offset the improvement in operating income. Alrajhi declared a cash dividend of SAR 1.75 per share for the 2H25.
- The bank continues to deliver solid performance, with total assets reaching SAR 1.04 tln, up +7% Y/Y. AlRajhi maintained its leading position on return metrics, with ROE and ROA at 23.4% and 2.4%, respectively for FY25. While operating momentum and margin strength is intact, the stock's strong performance has largely priced in the positives, limiting near-term upside. Accordingly, we maintain our target price and reiterate our Neutral stance.

Reem M. Alkhulayfi  
reem.alkhulayfi@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](mailto:research@riyadcapital.com)

Riyad Capital is a Saudi closed joint stock company with paid-up capital of SAR 500 million. Licensed by the Saudi Arabian Capital Market Authority (No. 07070-37). Commercial Registration No. 1010239234. Head Office: 3128 Financial Boulevard, 6671 Al Aqeeq Dist., Riyadh 13519, Kingdom of Saudi Arabia.

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.