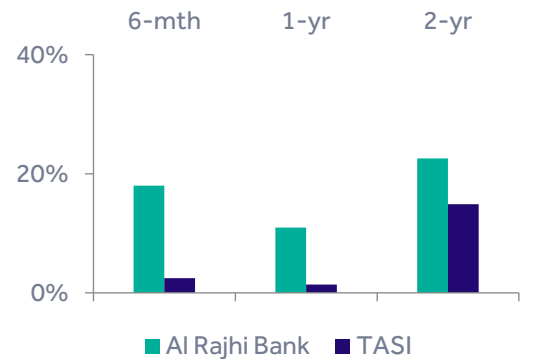


Market Data	
52-week high/low	SAR 99.20/75.50
Market Cap	SAR 401,600 mln
Shares Outstanding	4,000 mln
Free-float	97.81%
12-month ADTV	4,378,551
Bloomberg Code	RJHI AB



■ Upgrade to Buy on Robust Earnings & Financing Growth

January 29, 2025

Upside to Target Price	14.5%	Rating	Buy
Expected Dividend Yield	2.7%	Last Price	SAR 100.40
Expected Total Return	17.2%	12-mth target	SAR 115.00

Al Rajhi Bank	4Q2024	4Q2023	Y/Y	3Q2024	Q/Q	RC Estimate
Net Fin. & Invest. Income	6,941	5,550	25%	6,397	9%	6,915
Total Operating Income	8,750	7,051	24%	8,439	4%	8,814
Net Income	5,516	4,171	32%	5,103	8%	5,329
Net Financing	693,410	594,205	17%	649,024	7%	660,861
Deposits	628,239	573,101	10%	622,572	1%	627,545

(All figures are in SAR mln)

- Net financing grew by +7% Q/Q and +17% Y/Y to reach SAR 693 bln, while deposits increased by +1% Q/Q and +10% Y/Y to SAR 628 bln. Al Rajhi remarkably added SAR 44.4 bln in net financing on a sequential basis, while deposits increased by SAR 6.0 bln, resulting in a higher loan-to-deposit ratio (LDR) at 86% from 78% in 3Q2024. Management highlighted a +11% Y/Y growth in retail financing driven by 16% rise in mortgage financing and 8% in total consumer financing, while corporate financing grew by 32%, and SME elevated by 30%, demonstrating robust performance. The positive impact of interest rate cuts has been clearly reflected in the banks' Balance sheet.
- Net Financing and Investment Income recorded a substantial increase of +25% Y/Y and +9% Q/Q, reaching SAR 6.94 bln, in line with our estimates of SAR 6.91 bln. NIMs were at 3.27% representing a 26bps increase Y/Y. Operating expenses declined by -1% Q/Q to SAR 2.05 bln, as the provision for credit losses have significantly decreased by -20% Q/Q. Cost of risk was recorded at 33 bps for 4Q lower by 10bps Q/Q. Operating income has increased by +4% Q/Q to SAR 8.7 bln. Cost-to Income ratio has improved to 23.4% (from 24.5% in 3Q).
- Al Rajhi has reported a 4Q bottom-line of SAR 5.5 bln, reflecting an +8% Q/Q, and +32% Y/Y growth, in line with our estimates of SAR 5.3 bln. This growth was led by solid net financing and investment income, while non-yield income also contributed positively, achieving +20% YY growth. A cash dividend for 2H2024 at SAR 1.46 per share was also announced.
- The bank has delivered an exceptional performance despite facing higher and challenge funding cost, demonstrating strong cost management. Based on this and positive outlook going forward, we have updated our recommendation to Buy and upgrade the target price to SAR 115.00.

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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

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