

Market Data	
52-week high/low	SAR 68.90/51.00
Market Cap	SAR 165,000 mln
Shares Outstanding	2,500 mln
Free-float	91.8%
12-month ADTV	6,038,444
Bloomberg Code	RJHI AB

Net Financing and Deposits Keep Growing

October 26, 2020

Upside to Target Price	(7.6%)	Rating	Neutral
Expected Dividend Yield	1.2%	Last Price	SAR 66.00
Expected Total Return	(6.4%)	12-mth target	SAR 61.00

Al Rajhi Bank	3Q2020	3Q2019	Y/Y	3Q2020	Q/Q	RC Estimate
Net Financing Income	4,196	4,164	1%	3,968	6%	3,881
Total Operating Income	5,152	4,981	3%	4,808	7%	4,759
Net Income	2,658	2,739	(3%)	2,436	9%	3,089
Net Financing	289,729	244,586	18%	274,928	5%	287,140
Deposits	345,322	298,811	16%	334,665	3%	340,575

(All figures are in SAR mln)

- Al Rajhi continued growing its net financing for the seventh consecutive quarter by SAR 14.8 bln Q/Q, while deposits soared by SAR 10.6 bln Q/Q. Consequently, LDR increased from 82% last quarter to 84%.
- Net financing income was almost flat Y/Y but higher by +6% Q/Q to reach SAR 4.2 bln, due to a -25% drop in funding cost. Non-core income came in at SAR 956 mln (+17% Y/Y, +14% Q/Q).
- On a quarterly basis, operating expenses increased by +5% to SAR 2.2 bln, primarily due to a rise in salaries and employees' related benefits as well as G&A expenses but there was a decrease in depreciation expenses.
- Provisions increased by +2% Q/Q and +40% Y/Y to reach SAR 465 mln this quarter.
- Net income after zakat of SAR 2.7 billion (-3% Y/Y, +9% Q/Q), missed our estimate. We increase our target price from SAR 59.00 to SAR 61.00 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

Riyad Capital is a Saudi Closed Joint Stock Company with Paid up capital of SR 200 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.