2Q 2026 FIRST TAKE

Al Rajhi Bank

July 21, 2026

NIM strength and higher non interest income lift in-line earnings

Last Price: SAR 64 | YoY Performance: 0.0%

KEY TAKEAWAYS

- Al Rajhi Bank (ALRAJHI) reported a net profit of SAR 7,012 mn during 2Q26 (+14.0% YoY), essentially in line with our expectations with only a 2.2% variance versus our estimates. The increase was led by strong operating income growth (up 13.3% YoY), despite a sharp step-up in provisioning (up 46.9% YoY).
- Net interest income rose 13.7% YoY to SAR 8,307 mn during 2Q26. The robust YoY print was supported by a 35 bps expansion in NIMs to 3.5%. However, sequentially, net interest income declined 1.2%, with a 6 bps decline in NIMs.
- Non-interest income of SAR 2,578 mn (+12.2% YoY, +21.4% QoQ) during the quarter beat our estimate by 20.3%. The growth was supported by a 17.1% YoY growth in fee income and a 21.4% rise in exchange income.
- Impairment charges for the period surged 46.9% YoY and 39.7% QoQ to SAR 881 mn, lifting cost of risk to 46.5 bps (+14 bps YoY). We view this as likely reflecting prudent provisioning stance amid regional uncertainty.
- Loan portfolio growth of 2.7% YoY to SAR 762.1 bn masked a divergent trend across segments: corporate financing rose 13.2% YoY, led by a 46.7% YoY growth in SME lending, while. the retail portfolio contracted 2.6% YoY.
- Deposits clocked in at SAR 688.4 bn, up 3.6% YoY, outpacing the 2.7% loan growth, with the LDR easing 88 bps YoY to 110.7% at the end of Jun-26.
- Cost-to-income ratio for 2Q26 declined 31 bps YoY to 22.0% (-133 bps QoQ), underscoring Al Rajhi's sector-leading efficiency and providing meaningful operating leverage.
- Based on our last review, we maintain a 'Neutral' stance on the stock, with a target price of SAR 77.1/share. The stock is currently trading at a 2026e P/E and P/B of 14.6x and 2.9x, respectively.

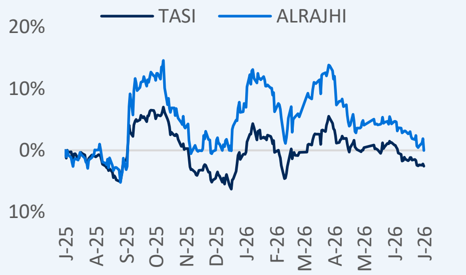
Analyst Contact:
Muhammad Adnan Afzal
Head of Sell-Side Research
muhammad.afzal@anbcapital.com.sa
+966 11 4062500 Ext. 4364

Issuer Information

Bloomberg Code	**RJHI AB**
Last Price (SAR)	**64**
No of Shares (mn)	**6,000**
Market Cap bn (SAR/USD)	**384.0 / 102.4**
52-week High / Low (SAR)	**75.3 / 60.1**
12-month ADTV (mn) (SAR/USD)	**357.7 / 95.4**
Free Float (%)	**97.8**
Foreign Holdings (%)	**15.4**

Last price as of July 21st 2026

Relative Price Performance



Source: Bloomberg, anbc research

Financials (SAR mn)	2Q26A	2Q26E*	Var (%)	2Q25A	YoY (%)	1Q26A	QoQ (%)
Net Interest Income	8,307	8,661	-4.1	7,305	13.7	8,405	-1.2
Non-Interest Income	2,578	2,143	20.3	2,298	12.2	2,124	21.4
Total Income	10,884	10,804	0.7	9,603	13.3	10,528	3.4
Operating expenses	-2,395	-2,465	-2.8	-2,143	11.8	-2,457	-2.5
Impairment provisions	-881	-698	26.3	-600	46.9	-631	39.7
Net Income	7,012	6,860	2.2	6,151	14.0	6,752	3.9
Adj. EPS	***1.11***	***1.08***		***0.97***		***1.06***	
Assets	1,054,772	1,087,938	-3.0	1,035,852	1.8	1,051,268	0.3
Investments	174,999	196,817	-11.1	181,449	-3.6	173,081	1.1
Loans & Advances	762,096	771,113	-1.2	741,715	2.7	753,730	1.1
Deposits	688,359	664,866	3.5	664,687	3.6	678,734	1.4
Total Equity	152,566	152,507	0.0	134,049	13.8	152,644	-0.1
NIM (%) - annualized	3.5	3.6	-9 bps	3.1	35 bps	3.5	-6 bps
Operating cost to income (%)	22.0	22.8	-81 bps	22.3	-31 bps	23.3	-133 bps
Provision/Loans (bps)	46.5	36.6	10 bps	32.8	14 bps	33.5	13 bps
Simple LDR (%)	110.7	116.0	-527 bps	111.6	-88 bps	111.0	-34 bps
Assets to Equity (x)	6.9	7.1	-3.1	7.8	-10.8	6.9	0.4

**anbc estimates*
Source: Company Financials, anbc research

Disclaimer

anb capital is a Saudi Closed Joint Stock Company with paid up capital of SAR 1,000 million and is licensed by the Capital Market Authority of Saudi Arabia under license number 07072-37 and Unified Number 7001548267, with its head office at 3581 Al Mouyyad Al Jadid, Al Murabba, PO Box 220009, Riyadh 11311, Saudi Arabia, telephone number 800 124 0055.

This report is prepared by anb capital, a full-fledged investment bank providing investment banking, asset management, securities brokerage and research services. anb capital and its affiliates, may have or seek investment banking or other business relationships for which it will receive compensation from the companies that are the subject of this report. Also, anb capital (or its officers, directors or employees) may have a position in the securities that are the subject of this report.

This report has been prepared on the basis of information believed to be reliable, but anb capital makes no guarantee, representation or warranty, express or implied, as to the accuracy, correctness or completeness of such information, nor do they accept any responsibility for loss or damage arising in any way (including by negligence) from errors in, or omissions from the information.

This report is intended only for the recipient to whom the same is delivered by anb capital and should not be reproduced, redistributed, forwarded or relied on by any other person. The distribution of this report in some jurisdictions may be restricted by law, and persons into whose possession this report comes should inform themselves about, and observe, any such restriction.
This report has been prepared by anb capital for information purposes only and is not and does not form part of nor should be considered advice, recommendation, offer for sale or solicitation of any offer to subscribe for, purchase or sell any securities, nor shall it or any part of it form the basis of or be relied on in connection with any contract or commitment whatsoever, and any views or opinions expressed herein are subject to change without notice.

This report and information contained herein, are provided for informational purpose only and does not take into consideration any investment objective, financial situation or particular needs of any recipient and are not designed with the objective of providing information to any particular recipient and only provides general information. anb capital assumes that each recipient would make its own assessment and seek professional advice, including but not limited to, professional legal, financial and accounting advice, before taking any decision in relation to the information provided in the report. Recipients should consider their own investment objectives and financial situation and seek professional advice before making any investment decisions.

Under no circumstance will anb capital nor any of its respective directors, officers or employees be responsible or liable, directly or indirectly, for any damage or loss caused or alleged to be caused by or in connection with the use of or reliance on the information contained in this report.

All opinions, estimates, valuations or projections contained in this report constitute anb capital's current opinions, assumptions or judgment as at the date of this report only and are therefore subject to change without notice. There can be no guarantee that future results or events will be consistent with any such opinions, estimates, valuations or projections. Further, such opinions, forecasts or projections are subject to certain risks, uncertainties and assumptions and future actual outcomes and returns could differ materially from what is forecasted.

Past performance is not necessarily indicative of future performance and the value of an investment may fluctuate. Accordingly, any investment made pursuant to this report in any security is neither capital protected nor guaranteed. The value of the investment and the income from it can fall as well as rise as the investment products are subject to several investment risks, including the possible loss of the principal amount invested. No part of the research analysts' compensation is related to the specific recommendations or views in the research report.

By accepting this report, the recipient agrees to be bound by the foregoing limitations.

Ratings Guidelines

anb capital's investment research is based on the analysis of economic, sector and company fundamentals with the objective of providing a long term (12 month) fair value target for a company.

OVERWEIGHT	NEUTRAL	UNDERWEIGHT
Expected return is more than +15%	Expected return is between +15% & -10%	Expected return is lower than -10%

Analyst Certification:

All of the views expressed in this report accurately reflect the personal views of the responsible analyst(s) about any and all of the subject securities or issuers. No part of the compensation of the responsible analyst(s) named herein is, or will be, directly or indirectly, related to the specific recommendations or views expressed by the responsible analyst(s) in this report.

Contact

ANB Capital Head Office

3581 Al Mouyyad Al Jadid, Al Murabba, Riyadh 11311,

PO Box 22009, Kingdom of Saudi Arabia

Tel: +966 11 406 2500, 800 124 0055

Email: research@anbcapital.com.sa

Web: www.anbcapital.com.sa