

Al Rajhi Bank

October 21, 2026

Margin-led core strength partly offset by elevated provisions

Last Price: SAR 60.2 | YoY Performance: -13.1%

KEY TAKEAWAYS

- Al Rajhi Bank (ALRAJHI) reported a net profit of SAR 7,106 mn in 3Q26, in line with our estimate of SAR 7,132 mn (-0.4%), up 11.7% YoY and 1.3% QoQ. Stronger than expected net interest income was broadly offset by higher than expected impairment provisions of SAR 852 mn (+36.0% vs our estimate).
- Net interest income rose 18.1% YoY to SAR 8,613 mn. The growth was supported by a 5.5% YoY increase in gross interest income and a 7.7% YoY decline in gross interest expense. NIM improved 49 bps YoY to 3.5%. On a sequential basis, NIM rose 7 bps on a 3.7% rise in net interest income.
- Non interest income for 3Q26 declined 3.3% YoY to SAR 2,502 mn (-2.9% QoQ). Its share of total income fell to 22.5% from 26.2% in 3Q25. However, for 9M26 non interest income rose 3.1% YoY, with a 14.9% YoY rise in fee income and 12.2% YoY higher FX income.
- Opex rose 6.3% YoY (-1.6% QoQ) to SAR 2,357 mn during 3Q26. Cost to income ratio declined 123 bps YoY (-80 bps QoQ) to 21.2%. Impairments provisions in 3Q26 rose 49.5% YoY to SAR 852 mn (-3.3% QoQ), 36.0% above our estimate.
- As of 3Q26, loan portfolio grew 2.5% YoY and 1.7% QoQ to SAR 774.9 bn. However, this understates origination as the bank securitised SAR 5.0 bn of mortgages and SAR 1.9 bn of consumer loans in 3Q26. The bank continued to focus on corporate lending, with large corporate book increasing 3.9% YoY and SME portfolio rising 32.2% YoY. Conversely, retail financing declined 1.3% YoY.
- Deposits grew 0.9% YoY and 1.7% QoQ to SAR 700.3 bn as of 3Q26. CASA fell to 61% from 64% in 2Q26. Headline LDR rose 170 bps YoY to 110.7%.
- Based on our last review, we maintain a 'Neutral' stance on the stock, with a target price of SAR 77/share. The stock is currently trading at a 2027f P/E and P/B of 14.1x and 2.6x, 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)	60.2
No of Shares (mn)	6,000
Market Cap bn (SAR/USD)	360.9 / 96.2
52-week High / Low (SAR)	72.0 / 59.6
12-month ADTV (mn) (SAR/USD)	371.5 / 99.1
Free Float (%)	97.8
Foreign Holdings (%)	14.0

Last price as of Oct 20th, 2026

Relative Price Performance



Source: Bloomberg, anbc research

Financials (SAR mn)	3Q26A	3Q26E*	Var (%)	3Q25A	YoY (%)	2Q26A	QoQ (%)
Net Interest Income	8,613	8,328	3.4	7,294	18.1	8,307	3.7
Non-Interest Income	2,502	2,654	-5.7	2,588	-3.3	2,578	-2.9
Total Income	11,115	10,982	1.2	9,882	12.5	10,884	2.1
Operating expenses	-2,357	-2,436	-3.2	-2,216	6.3	-2,395	-1.6
Impairment provisions	-852	-626	36.0	-570	49.5	-881	-3.3
Net Income	7,106	7,132	-0.4	6,360	11.7	7,012	1.3
Adj. EPS	1.10	1.12		0.99		1.11	
Assets	1,075,636	1,079,124	-0.3	1,056,157	1.8	1,054,772	2.0
Investments	177,724	181,366	-2.0	178,782	-0.6	174,999	1.6
Loans & Advances	774,859	770,876	0.5	755,985	2.5	762,096	1.7
Deposits	700,277	704,653	-0.6	693,905	0.9	688,359	1.7
Shareholders' Equity	154,521	151,587	1.9	137,390	12.5	152,417	1.4
NIM (%) - annualized	3.5	3.4	11 bps	3.0	49 bps	3.5	7 bps
Operating cost to income (%)	21.2	22.2	-97 bps	22.4	-123 bps	22.0	-80 bps
Provision/Loans (bps)	44.3	32.7	12 bps	30.4	14 bps	46.5	-2 bps
Headline LDR (%)	110.7	109.4	125 bps	108.9	170 bps	110.7	-6 bps
Assets to Equity (x)	7.0	7.1	-2.2	7.7	-9.4	6.9	0.6

*anbc estimates

Source: Company Financials, anbc research

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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