



Al Rajhi Bank

Profit Expansion Reflecting Healthy Operating Income Growth

Rating: Neutral | Target Price: SAR 106

January 27, 2026

Market Data		Valuation	2025A	2026F	2027F	2028F
Last Price (SAR)	106.3	Net Income (SAR bn)	24.8	27.8	30.6	32.8
Target Price	106	EPS (SAR)	5.9	6.5	7.2	7.7
Upside / Downside (%)	0.0	PER (x)	18.2	16.3	14.8	13.8
Market Cap bn (SAR/USD)	425.2/113.4	P/BV (x)*	3.0	2.5	2.3	2.1
52-week High / Low (SAR)	113.0/87.8	DPS (SAR)	2.5	1.6	3.9	4.2
12-month ADTV (mn) (SAR/USD)	342.8/91.4	Div. Yield (%)	2.4	1.5	3.7	4.0
YTD Return (%)	9.0	RoAE (%)*	18.6	17.9	17.3	16.7
Bloomberg Code	RJHI AB	RoAA (%)	2.5	2.4	2.4	2.3

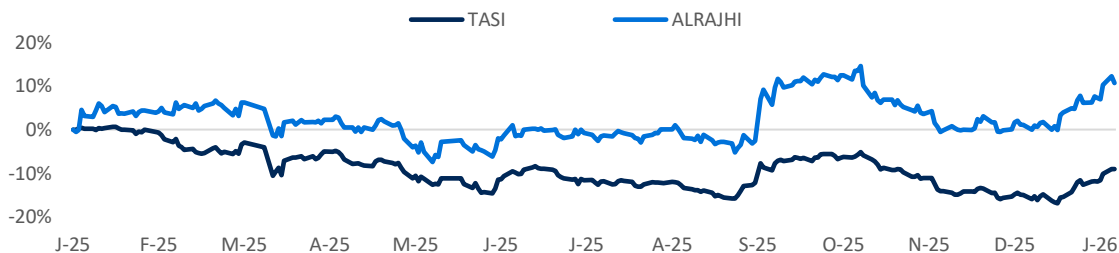
*Close of 26 Jan 26

*Calculated using total equity

Financials (SAR mn)	4Q25A	4Q25E*	Var (%)	4Q24A	YoY (%)	3Q25A	QoQ (%)
Net Interest Income	8,150	7,446	9.4	6,941	17.4	7,294	11.7
Non-Interest Income	2,260	2,537	-10.9	1,809	25.0	2,588	-12.7
Total Income	10,409	9,984	4.3	8,750	19.0	9,882	5.3
Operating expenses	(2,680)	(2,234)	20.0	(2,050)	30.7	(2,216)	20.9
Impairment provisions	(626)	(613)	2.2	(553)	13.3	(570)	9.8
Net Income	6,375	6,402	-0.4	5,516	15.6	6,360	0.2
Adj. EPS	1.51	1.49		1.29		1.48	
Assets	1,043,268	1,111,217	-6.1	972,444	7.3	1,059,240	-1.5
Investments	175,462	236,211	-25.7	176,068	-0.3	179,916	-2.5
Loans & Advances	752,760	760,117	-1.0	693,410	8.6	755,985	-0.4
Deposits	667,288	688,549	-3.1	654,989	1.9	693,905	-3.8
Total Equity	142,912	143,362	-0.3	123,139	16.1	137,515	3.9
NIM (%) - annualized	3.4	3.0	39 bps	3.2	15 bps	3.0	35 bps
Operating cost to income (%)	25.7	22.4	337 bps	23.4	231 bps	22.4	331 bps
Provision/Loans (bps)	33.2	32.3	1 bps	32.9	0 bps	30.4	3 bps
Simple LDR (%)	112.8	110.4	241 bps	105.9	694 bps	108.9	386 bps
Assets to Equity (x)	7.3	7.8	-5.8	7.9	-7.6	7.7	-5.2

*anbc estimates

Price Performance



Source: Tadawul, Bloomberg and anbc research

Al Rajhi Bank (RJHI AB) reported a net profit of SAR 6.4 bn (Adj. EPS: SAR 1.51) in 4Q25, up 16% YoY. The growth in profitability was led by a 17% YoY growth in net-interest income along with a 25% YoY increase in non-interest income. However, the rise in profitability was partially offset by a 31% YoY growth in operating expenditure. We maintain a Neutral stance on the stock.

- Net interest income for the quarter arrived at SAR 8.2 bn, up 17.4% YoY (+11.7% QoQ). For 2025, total net interest income amounted to SAR 29.8 bn, up 20.1% YoY. The growth was driven by strong financing growth and improved net margins. NIM for 4Q25 were recorded at 3.4%, an increase of 15 bps YoY and 35 bps QoQ. For the full year, NIM arrived at 3.2%, up from 3.1% in 2024.
- During 4Q25, non-interest income grew by 25.0% YoY to SAR 2.3 bn (-12.7% QoQ), taking the 2025 non-interest income to SAR 9.2 bn, up 28.2% YoY. The growth was attributable to the bank's progress in achieving its "harmonize the group" strategy goals, which led to a 25.1% YoY growth in fee from banking services. Additionally, during 2025, exchange income and other operating income recorded an increase of 20.6% YoY and 48.4% YoY, respectively.
- Operating expenses during 4Q25 amounted to SAR 2.7 bn, up 30.7% YoY (+20.9% QoQ), leading to a 231 bps YoY rise in cost to income ratio to 25.7% (+331 bps QoQ). For 2025, operating expenses arrived at SAR 9.1 bn, up 14.5% YoY, due to an increase in depreciation, salaries, and general & admin expenses. Cost to income ratio for 2025 was recorded at 23.3%, exceeding the 2025 guidance of below 23.0%.
- Impairment provisions for 4Q25 rose by 13.3% YoY to SAR 626 mn (+9.8% QoQ). Full year impairment provisions amounted to SAR 2.3 bn, up 9.6% YoY due to the growth in financing portfolio. Cost of risk for 2025 arrived at 32 bps, in line with the guidance range of 25-35 bps.
- Total assets reached SAR 1.0 tn at the end of 2025, up 7.3% YoY, with loan book recorded at SAR 752.8 bn. The loan book expanded at 8.6% YoY, in line with the bank's growth guidance of high single digit. The increase in financing portfolio was driven by corporate loans, with SME lending up 51.0% YoY, while large corporate loans grew by 18.6% YoY. Retail financing increased by 1.4% YoY, supported by a 3.2% YoY growth in mortgage portfolio. Investment book recorded a 0.3% YoY decline to SAR 175.5 bn (-2.5% QoQ).
- As of Dec-25, deposits were recorded at SAR 667.3 bn, up 1.9% YoY, taking the headline LDR to 112.8%, up 694 bps YoY (+386 bps QoQ). CASA ratio stood at 64.8% at the end of 2025.
- Al Rajhi Bank retained its position as the largest lender in Saudi Arabia during 4Q25, with focus across both corporate and retail segments. The bank's high share of retail lending has enabled it to maintain healthy NIM amid declining interest rates. We maintain a Neutral stance on the stock with 2026f P/E and P/BV of 16.3x and 2.5x.

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