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1Q26 RESULT REVIEW

AlRajhi Bank

27 April 2026

AlRajhi Bank's (RJHI AB) net profit for 1Q26 came in at SAR 6,752.0 mn (Adj. EPS of 1.06), broadly in line with our estimates of SAR 6,579.2 mn, up by 2.6%. The growth in profitability was led by an 18.4% YoY growth in net-interest income. The rise in profitability was partly offset by a 17.7% YoY growth in operating expenditure, and a 20.2% YoY increase in impairment provisions. We maintain a 'Neutral' stance on the stock with a revised target price of SAR 77.1/share (previously SAR 70.9/share), based on new number of shares, implying an upside of 11.5% from the last close of SAR 69.1/share.

AlRajhi posted total operating income of SAR 10.5 bn, up 14.4% YoY during the quarter. Net interest income led the growth, rising 18.4% YoY to SAR 8.4 bn in 1Q26. Asset yields for 1Q26 arrived at 6.1%, up 27 bps YoY from 5.8% in 1Q25. Resultantly, NIM improved 39 bps YoY during the period to 3.5%.

Non-interest income rose marginally by 0.9% YoY to SAR 2.1 bn. We expect the pressure in non-interest income to persist in 2026e, given SAMA's revised regulations on new credit card regulations governing issuance, operation, and fees, which have been effective since Feb-26.

Operating expenses during the quarter rose to SAR 2.5 bn, up 17.7% YoY, leading to cost to income arriving at 23.3%, up from 22.7% a year earlier. However, cost to income improved on a sequential basis from 25.7% in 4Q25. Impairment provisions rose 20.2% YoY to SAR 631 mn, in line with our expectations. Resultantly, cost of risk rose moderately by 4 bps YoY to 34 bps.

Loan growth remained moderate at 4.3% YoY to SAR 753.7 bn (+0.1% QoQ), while deposit momentum improved, with a growth of 7.9% YoY (1.7% QoQ) to SAR 678.7 bn in 1Q26. This resulted in improved liquidity conditions, with headline LDR declining to 111.0% in 1Q26 from 114.9% in the same period last year and 112.8% in 4Q25.

Al Rajhi Bank retained its position as the largest lender in Saudi Arabia during 1Q26. 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 2026e P/E and P/B of 15.8x and 3.3x, respectively.

Financials (SAR mn)	1Q26A	1Q26E*	Var (%)	1Q25A	YoY	4Q25A	QoQ
Net Interest Income	8,405	8,278	1.5	7,097	18.4	8,150	3.1
Non-Interest Income	2,123	2,246	-5.5	2,103	0.9	2,260	-6.0
Total Income	10,528	10,524	0.0	9,200	14.4	10,409	1.1
Operating expenses	-2,457	-2,535	-3.1	-2,088	17.7	-2,680	-8.3
Impairment prov.	-631	-648	-2.6	-525	20.2	-626	0.8
Net Income	6,752.0	6,579.2	2.6	5,906	14.3	6,375	5.9
Adj. EPS	***1.06***	***1.03***		***0.94***		***1.01***	
Assets	1,051,268	1,097,149	-4.2	1,023,080	2.8	1,043,268	0.8
Investments	173,081	190,927	-9.3	178,973	-3.3	174,305	-0.7
Loans & Advances	753,730	776,575	-2.9	722,785	4.3	752,760	0.1
Deposits	678,734	674,957	0.6	629,229	7.9	667,288	1.7
Total Equity	152,507	144,457	5.6	134,084	13.7	142,912	6.7
NIM (%) - annualized	3.5	3.4	12 bps	3.1	39 bps	3.4	13 bps
Op. cost to inc. (%)	23.3	24.1	-75 bps	22.7	64 bps	25.7	-241 bps
Provision/Loans (bps)	33.5	33.9	0 bps	29.7	4 bps	33.2	0 bps
Simple LDR (%)	111.0	115.1	-401 bps	114.9	-382 bps	112.8	-176 bps
Assets to Equity (x)	6.9	7.6	-9.2	7.6	-9.7	7.3	-5.6

**anbc estimates*

Source: Tadawul, anbc research

RATING SUMMARY **NEUTRAL**

Target Price (SAR)	77.1
Upside/Downside (%)	11.5
Div. Yield (%)	3.5
Total Exp. Return (%)	15.0

Source: Company financials, anbc research

ISSUER INFORMATION

Bloomberg Code	RJHI AB
Last Price (SAR)	69.1
No of Shares (mn)	6,000
Market Cap bn (SAR/USD)	414.6/110.6
52-week High / Low (SAR)	75.3/58.5
12-month ADTV (mn) (SAR/USD)	338.8/90.4

Close of 26th April, 2026

VALUATIONS

	2025	2026e	2027f	2028f
EPS (SAR)	3.9	4.4	4.8	5.2
PER (x)	17.7	15.8	14.5	13.4
PBV (x)	3.6	3.3	2.9	2.7
DPS (SAR)	1.7	2.4	2.6	2.8
Div. Yield (%)	2.4	3.5	3.8	4.1
RoAE (%)	21.8	21.7	21.4	20.9
RoAA (%)	2.5	2.6	2.6	2.6

Source: Company financials, anbc research

FINANCIALS (SAR bn)

	2025	2026e	2027f	2028f
Oper. Income	39.1	44.4	48.0	52.1
Provisions	2.3	3.2	3.4	3.7
Net Income*	23.4	26.2	28.6	30.9
Investments	174.3	207.9	229.0	240.9
Loans	752.8	792.2	868.2	955.3
Deposits	667.3	699.5	763.3	837.1
NIM (%)	3.2	3.5	3.5	3.5

**After Sukuk cost*
Source: Company financials, anbc research

RELATIVE PRICE PERFORMANCE

Source: Bloomberg, anbc research

Muhammad Adnan Afzal
Head of Sell Side Research
Muhammad.afzal@anbcapital.com.sa
+966 11 4062500 ext: 4364

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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