

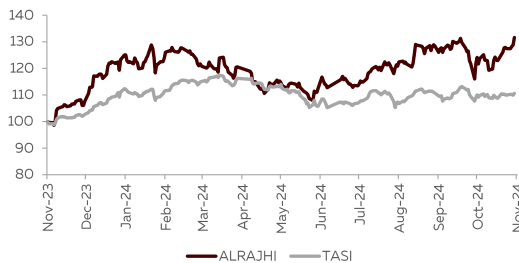
## Al Rajhi Bank (ALRAJHI)

Recommendation	Hold
Current Market Price (SAR)	90.9
52wk High / Low (SAR)	93.0/69.8
Mkt. Cap. (USD/SAR Mn)	98,605/370,000
Shares Outstanding (mn)	4,000
Free Float (%)	97.8%
3m Average Vol. (000)	4,629.5
3m Avg Daily Turnover (SAR'000)	401,602
Dividend Yield '24e (%)	3.0%
Adjusted P/E'24e (x)*	20.3
P/B'24e (x)	3.7

Source: Bloomberg

\*EPS post sukuk payment

## Relative Price Performance



## Key Indicators

SAR (mn)	2022	2023	2024e	2025e
Net yield income	22,173	21,269	24,180	23,151
Non yield income	6,402	6,262	6,851	7,306
Operating income	28,575	27,531	31,031	30,457
Impairment charge	2,001	1,504	2,491	3,629
Net income	17,151	16,621	18,771	17,092
Cost to income (%)	26%	27%	25%	26%
EPS (SAR)	4.29	4.16	4.69	4.27
Adjusted EPS (SAR)*	4.24	3.95	4.49	4.07
ROAE (%)	22%	18%	19%	16%
Financing	568,338	594,205	647,620	714,334
Customers' deposits	564,925	573,101	614,368	671,046

Source: Company Reports, Yaqeen Capital

\*EPS post sukuk payment

## Major Shareholders (%)

Abdullah Bin Sulaiman Al Rajhi	2.18%
--------------------------------	-------

Source: Bloomberg, Yaqeen Capital

## Earnings growth supported by operating income and financing gains

- ALRAJHI's 3Q2024 earnings showed a 22.8% YoY increase in net income to SAR 5,103mn, reflecting an 8.6% QoQ growth due to increased operating income. The net profit margin improved by 0.3ppts YoY and 0.2ppts QoQ to 42.0%.
- Net financing and investment income in 3Q2024 increased by 18.5% YoY and 9.2% QoQ, reaching SAR 6,397mn, attributed to higher gross financing and investment returns.
- Operating income for 3Q2024 grew 22.8% YoY and 10.5% QoQ to SAR 8,439mn, driven by increased net financing and investment income, banking fees, other operating income, and exchange gains.
- Operating expenses, including impairment charges, rose by 23.2% YoY and 14.4% QoQ to SAR 2,758mn in 3Q2024, primarily due to increased depreciation, employee benefits, and administrative costs. Impairment charges for financing rose sharply (81.4% YoY; 51.3% QoQ).
- For 9M2024, net income grew by 14.1% YoY to SAR 14,206mn, supported by a 13.8% increase in total operating income, though the net profit margin declined by 2.9ppts YoY to 41.6%.
- Net financing and investment income for 9M2024 rose by 13.9% YoY to SAR 17,902mn, driven by higher gross financing and investment returns.
- The financing portfolio grew by 9.9% YoY and 9.2% YTD to SAR 649bn in 9M2024, with corporate financing up by 19.1% YoY and 18.1% YTD, and retail financing up by 6.2% YoY and 5.8% YTD.
- Customer deposits increased by 10.0% YoY and 8.6% YTD to SAR 623bn, largely driven by a 19.1% YoY and 23.5% YTD increase in demand deposits, which make up approximately 70% of the deposit book as of 9M2024.

**Outlook & Valuation:** ALRAJHI holds a strong position in the local banking sector, well-prepared to benefit from expected credit growth. Supported by rising government spending, potential private sector investments, and projected interest rate changes, the bank's robust asset quality, solid capital base, and healthy net interest margin (NIM) bolster its competitive advantage. These strengths position Al Rajhi Bank to seize growth opportunities and drive long-term success. The stock is currently trading at a P/B of 3.7x (based on FY2024e BVPS). Based on equal weighted valuation using Residual Income and P/B methodologies, we arrive at a fair value of SAR 94.5/share, offering a potential 4.0% upside from the current level. Hence, we recommend a Hold rating on the stock.

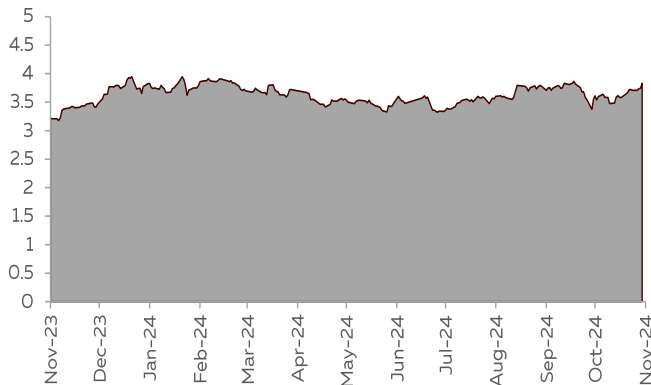
## Financial Summary

SAR (mn)	3Q2024	3Q2023	YoY	2Q2024	QoQ
Net yield income	6,397	5,401	18%	5,857	9%
Non yield income	2,042	1,472	39%	1,780	15%
Operating income	8,439	6,873	23%	7,637	11%
Impairment charge	688	379	81%	455	51%
Net income	5,103	4,155	23%	4,698	9%
Cost to income (%)	25%	27%		26%	
EPS (SAR)	1.28	1.04	23%	1.17	9%
Adjusted EPS (SAR)*	1.22	0.99	23%	1.12	9%

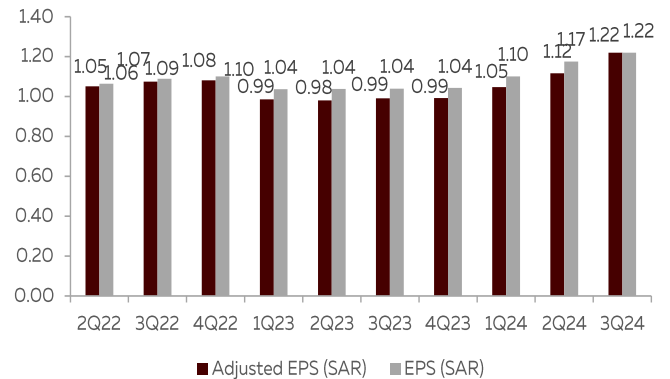
Source: Company Reports, Yaqeen Capital

\*EPS post sukuk payment

### Price to Book Ratio Trend



### EPS & Adjusted EPS\* (SAR) Trend



\*EPS post sukuk payment

## Rating Methodology

**Buy:** The Target share price exceeds the current share price by  $\geq 10\%$

**Hold:** The Target share price is either more or less than the current share price by  $10\%$

**Sell:** The Target share price is less than the current share price by  $\geq 10\%$

## Disclaimer

Research report has been prepared by Yaqeen Capital, Riyadh, Saudi Arabia. It has been prepared for the general use of Yaqeen Capital's clients and may not be altered, redistributed, retransmitted, or disclosed, in whole or in part, or in any form or manner, without the express written consent of Yaqeen Capital. Receipt and review of this research document constitute your agreement not to redistribute, retransmit, or disclose to others the contents, opinions, conclusion, or information contained in this document prior to public disclosure of such information by Yaqeen Capital. The information contained was obtained from various public sources believed to be reliable, and Yaqeen Capital makes no representations or warranties (express or implied) regarding the data and information provided and does not represent that the information content of this document is complete, or free from any error, not misleading, or fit for any particular purpose. This research document provides general information only, but we do not intend to provide personal investment advice and did not constitute an offer or an invitation to make an offer, to buy/ sell/ hold any securities or other investment products. and it does not take into account the specific investment objectives, financial situation and the particular needs of any specific person who may receive this report.

Investors should seek financial, legal or tax advice regarding the appropriateness of investing in any securities, other investment or investment strategies discussed in this document and should understand that statements regarding future prospects may not be realized. Investors should note that the securities or other investments, if any, may fluctuate and that the price or value of such securities and investments may rise or fall. Fluctuations in exchange rates could have adverse effects on the value of or price of, or income derived from, certain investments. Accordingly, investors may receive back less than originally invested. Yaqeen Capital or its subsidiaries may own securities in one or more of the aforementioned companies, and/or indirectly through funds managed by third parties. The Investment Banking Group of Yaqeen Capital maybe in the process of soliciting or executing fee earning mandates for companies that is either the subject of this document or is mentioned in this document. Yaqeen officers (including research analysts) or Board of directors may have a financial interest in securities of the issuer(s) or related investments, including long or short positions in securities, warrants, futures, or other financial instruments. Yaqeen Capital and employees shall not be liable for any direct, indirect or consequential loss or damages that may arise, directly or indirectly, from any use of the information contained in this report.

Yaqeen Capital is a closed joint stock company licensed by the Saudi Arabian Capital Market Authority, License No (06020-37) to provide services in Dealing, Custody, Managing, Arranging and Advising.