

Market Data	
52-week high/low	SAR 115.00/58.80
Market Cap	SAR 277,500 mln
Shares Outstanding	2,500 mln
Free-float	91.1%
12-month ADTV	3,870,780
Bloomberg Code	RJHI AB

Net Income Surges Despite Higher Provisions

August 01, 2021

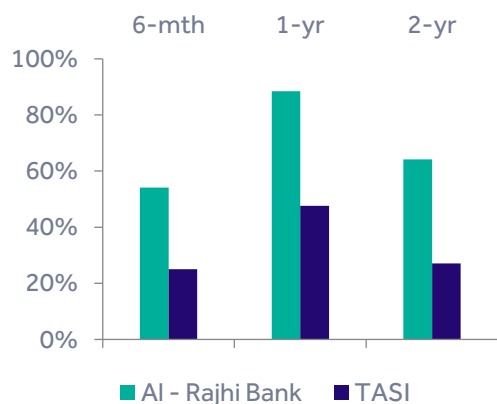
Upside to Target Price	8.1%	Rating	Neutral
Expected Dividend Yield	2.7%	Last Price	SAR 111.00
Expected Total Return	10.8%	12-mth target	SAR 120.00

Al Rajhi Bank	2Q2021	2Q2020	Y/Y	1Q2021	Q/Q	RC Estimate
Net Financing Income	5,052	3,968	27%	4,771	6%	4,934
Total Operating Income	6,336	4,808	32%	5,948	7%	6,133
Net Income	3,605	2,436	48%	3,335	8%	3,537
Net Financing	390,296	274,928	42%	356,144	10%	380,800
Deposits	447,506	334,665	34%	421,269	6%	445,104

(All figures are in SAR mln)

- Net financing sustained its uptrend since 2019 by adding SAR 34.2 bln Q/Q while deposits soared by SAR 26.2 bln Q/Q. Thus, LDR increased from 85% last quarter to 87% this quarter.
- Despite the increase in funding cost, the increase in financing income compensated for it (+7% Q/Q, +28% Y/Y), resulting in net financing income's growth, which rose by +6% Q/Q and +27% Y/Y to also hit a new record high of SAR 5.1 bln, matching our estimates. Non-core income increased by +9% Q/Q and +53% Y/Y to reach SAR 1.3 bln.
- Operating expenses increased by +4% Q/Q and +11% Y/Y to SAR 2.3 bln in 2Q2021, due to an increase in most of the items, including provisions, that jumped by +28% Y/Y while it was almost flat Q/Q at SAR 584 mln.
- Net income at SAR 3.6 bln was higher by +8% Q/Q and +48% Y/Y, in line with our estimates, due to higher operating income, which increased by +7% Q/Q and +32% Y/Y, reaching SAR 6.3 bln. We maintain our target price at SAR 120 but we downgrade to a Neutral rating as it is trading close to our target price.

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Stock Rating

Buy	Neutral	Sell	Not Rated
Expected Total Return Greater than +15%	Expected Total Return between -15% and +15%	Expected Total Return less than -15%	Under Review/ Restricted

The expected percentage returns are indicative, stock recommendations also incorporate relevant qualitative factors
For any feedback on our reports, please contact research@riyadcapital.com

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