

Earnings in-line with expectation, accompanied by SAR 1.75 H2-25 DPS (2025 SAR 2.5/share). NIMs improvement partly offset by increase in OPEX; Reiterate "Neutral"

Al Rajhi Bank posted earnings of SAR 6.4bn in Q4-25, up 15.6% Y/Y (up 0.2% sequentially). The Q4-25 net income was in line with AJBC forecasts (+2.2% deviation). The deviation was mainly driven by higher NIMs (+39bps deviation); however, it was limited due to growth in OPEX. The Y/Y improvement in earnings is owed to 17.4% Y/Y growth in Net Special Commission Income (NSCI) and 24.9% Y/Y expansion in Fee & other income. Overall, operating income grew by 19.0% Y/Y (+5.3% Q/Q) in Q4-25. Operating expenses (excluding debt provisions) totaled at SAR 2,680mn up 30.7% Y/Y (+20.9% on Q/Q basis), above our estimates (+16.7% deviation). Cost-of-risk stood at 33bps in Q4-25 as compared to 30bps in Q3-25. Bank's loan franchise remains healthy with NPL ratio of 0.75% and NPL coverage ratio of 152%. Al Rajhi Bank maintained Tier 1 and total capital adequacy ratio of 20.5% and 21.9%, respectively. The bank announced H2-25 dividend of SAR 7.0bn, which along with the SAR 3.0bn interim dividend takes total DPS to SAR 2.5. At current prices Alrajhi trades at 2026E PB of 3.5x and we believe the positives are in the price, we maintain our "Neutral" rating with unchanged TP of SAR 107.0/share.

- Al Rajhi Bank posted earnings of SAR 6.4bn in Q4-25, up 15.6% Y/Y (up 0.2% sequentially). The Q4-25 net income was in-line with AJBC forecasts (+2.2% deviation). The slight deviation is mainly owed to higher NSCI (+9.6% deviation), that was driven by stronger than expected NIMs (+39bps deviation), however the impact was limited due to increase in OPEX.
- The Y/Y increase in earnings is owed to 17.4% Y/Y growth in NSCI and 24.9% Y/Y expansion in Fee & other income. Overall, operating income grew by 19.0% Y/Y (+5.3% Q/Q) in Q4-25. Gross financing and investment income grew by 15.0% (+3.3% Q/Q), whereas funding costs increased by 12.1% Y/Y (-5.5% Q/Q).
- Operating expenses** (excluding debt provisions) totaled at SAR 2,680mn up 30.7% Y/Y (+20.9% on Q/Q basis), above our estimates (+16.7% deviation). Cost-to-income ratio increased to 25.7% in Q4-25 as compared to 23.4% in Q4-24 (AJBC estimate 23.2%).
- Provision expenses** increased by 13.1% Y/Y to SAR 625mn (+9.8% on a sequential basis), 3.8% below our estimate of SAR 650mn. Cost-of-risk stood at 33bps in Q4-25 as compared to 30bps in Q3-25. Loan franchise remains healthy with NPL ratio of 0.75% and NPL coverage ratio of 152%.
- Loan book** expanded by 8.6% Y/Y (-0.4% Q/Q) to SAR 752.7bn in Q4-25, 2.3% lower than our estimate of SAR 770.2bn. Meanwhile, **deposits** grew 1.9% Y/Y (-3.8% Q/Q) to SAR 667.2bn, as compared to our estimate of SAR 682.8bn. The regulated **ADR ratio** increased to 82.8% in Q4-25 from 81.2% in Q3-25 (85.5% in Q4-24).
- Al Rajhi Bank maintained Tier 1 and total capital adequacy ratios of 20.5% and 21.9%, respectively, that enabled H2-25 payout of SAR 7.0bn despite increase in CET1 requirement through CCyB (to be implemented in May-26).

AJC view and valuation: Al Rajhi Bank posted strong set of results in Q4-25, with NIMs driving most of the positive deviation to AJBC estimates. The bank announced H2-25 dividend of SAR 7.0bn, which along with the SAR 3.0bn takes total DPS to SAR 2.5/sh (SAR 2.71/sh in 2024). Despite the increase in CCyB bank managed to pay out strong dividend due to its industry leading capital ratios. At current prices Alrajhi trades at 2026E PB of 3.5x and we believe the positives are reflected in the price, we reiterate our "Neutral" rating with unchanged TP of SAR 107.0/share.

Results Summary

SAR mn	Q4-24	Q3-25	Q4-25	Change Y/Y	Change Q/Q	Deviation from AJC Estimates
Net financing & investment income	6,941	7,294	8,150	17.4%	11.7%	9.6%
Total Operating income	8,750	9,882	10,409	19.0%	5.3%	5.1%
Net Profit	5,516	6,360	6,371	15.5%	0.2%	2.2%
EPS	1.29	1.48	1.51	-	-	-

Source: Tadawul, Aljazira Capital Research

Recommendation	Neutral
Target Price (SAR)	107
Upside / (Downside)*	+0.7%

Source: Tadawul *prices as of 26th January 2026

Key Financials

SARmn (unless specified)	FY23	FY24	FY25	FY26E
NSCI	21,269	24,843	29,846	33,381
Growth %	-4.1%	16.8%	20.1%	11.8%
Oper. income	27,531	32,055	39,094	42,001
Growth %	-3.7%	16.4%	22.0%	7.4%
Net profit	16,621	19,731	24,792	26,785
Net profit (adj for Tier 1)	15,800	18,695	23,400	25,575
Growth %	-6.8%	18.3%	25.2%	9.3%
EPS (adj for Tier 1)	3.95	4.67	5.85	6.39
DPS	2.25	2.50	2.50	2.75

Source: Company reports, Aljazira Capital Research

Key Ratios

	FY23	FY24	FY25	FY26E
NIMs	3.0%	3.1%	3.2%	3.3%
P/E (x)	21.9	23.0	16.7	16.6
P/B (x)	3.2	4.3	3.5	3.5
Dividend Yield	2.1%	2.3%	2.6%	2.6%
ROA	2.0%	2.1%	2.2%	2.3%
ROE	18.2%	19.7%	21.1%	21.2%
Loans growth	4.6%	16.7%	8.6%	8.2%
Deposit growth	1.4%	9.6%	1.9%	8.0%

Source: Company reports, Aljazira Capita Research

Key Market Data

Market Cap(bn)	427.2
YTD%	9.03%
52 week (High)/(Low)	113/87.8
Share Outstanding (mn)	4,000.0

Source: Company reports, Bloomberg, Aljazira Capital

Price Performance



Source: Bloomberg, AJBC Research

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RESEARCH
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RATING
TERMINOLOGY

1. Overweight: This rating implies that the stock is currently trading at a discount to its 12 months price target. Stocks rated "Overweight" will typically provide an upside potential of over 10% from the current price levels over next twelve months.
2. Underweight: This rating implies that the stock is currently trading at a premium to its 12 months price target. Stocks rated "Underweight" would typically decline by over 10% from the current price levels over next twelve months.
3. Neutral: The rating implies that the stock is trading in the proximate range of its 12 months price target. Stocks rated "Neutral" is expected to stagnate within +/- 10% range from the current price levels over next twelve months.
4. Suspension of rating or rating on hold (SR/RH): This basically implies suspension of a rating pending further analysis of a material change in the fundamentals of the company.

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