

Company

Al Rajhi Bank
2Q25 Result Review

Rating

Under Review (UR)

Bloomberg Ticker

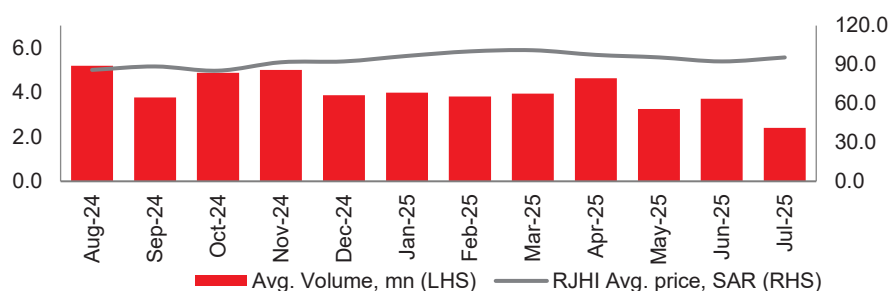
RJHI AB

Date

23 July 2025

Results

Target Price SAR	UR
Upside/ Downside	--

**Operating income growth led by strong yield and fee income**

Al Rajhi Bank posted operating income of SAR 9.6bn in 2Q25, rising 26% YoY and 4% QoQ, supported by a 25% YoY rise in net financing and investment income and 29% growth in fee and other income.

Net profit increased 31% YoY in 2Q25

Net profit stood at SAR 6.2mn (+31% YoY and +4% QoQ), supported by revenue growth and improved cost efficiency. Cost-to-income improved to 22.3% vs 25.6% in 2Q24. Impairment charges increased to SAR 600mn in 2Q25 due to strong financing growth.

U Capital view

Loans and advances rose 19% YoY and 3% QoQ to SAR 742bn, led by strong growth in mortgages and corporate loans. Despite strong growth, the NPL ratio remained low at 0.74%. With the bank's robust financial performance over the past year, stock has reached our target price and is currently under review. We will update our target price and rating once detailed financial results are available.

Current Market Price (SAR)	96.0
52wk High / Low (SAR)	104.0/80.1
12m Average Vol. (000)	4,048.9
Mkt. Cap. (USD/SAR mn)	102,356.3/ 384,000.0
Shares Outstanding (mn)	4000.0
Free Float (%)	97.8%
3m Avg Daily Value Traded (SAR mn)	309.6
6m Avg Daily Value Traded (SAR mn)	365.9
P/E'25e (x)	16.3
P/B'25e (x)	2.8
Dividend Yield '25e (%)	1.8%
Price Perf. (1m/3m) (%)	4.9/-1.4

Research Department

Email: ubhar-research@u-capital.net

For our
last report

**Financial Statements**

(SAR bn)	2Q24	3Q24	4Q24	1Q25	2Q25	2Q25e	YoY (%)	QoQ (%)	Var (%)	1H24	1H25	YoY (%)
Income Statement												
Op. Income	7.6	8.4	8.8	9.2	9.6	9.3	26%	4%	4%	14.9	18.8	26%
Op. Profit	5.7	6.4	6.7	7.1	7.5	7.1	31%	5%	5%	11.0	14.6	32%
Net ECL charge	-0.5	-0.7	-0.6	-0.5	-0.6	-0.6	32%	14%	-5%	-0.9	-1.1	28%
Net Profit	4.7	5.1	5.5	5.9	6.2	5.8	31%	4%	6%	9.1	12.1	33%
Balance Sheet												
Assets	867	903	974	1,023	1,039		20%	2%		867	1,039	20%
Shareholders' Equity	94	95	99	105	105*		12%	0%		94	105*	12%
Loans & Advances	622	649	693	723	742		19%	3%		622	742	19%
Customer deposits	623	623	628	629	642		3%	2%		623	642	3%
Key Ratios												
Cost to Income (%)	25.6%	24.5%	23.4%	22.7%	22.3%	23.0%						
Loans to Deposit	99.9%	104.2%	110.4%	114.9%	115.5%							
TTM RoE					22.4%							
TTM P/E (x)					16.8							
P/BV (x)					3.6							

Source: Financials, Tadawul, Bloomberg, U Capital Research;

*- Shareholders' equity calculated as Total Equity deducting minority – Perpetual Tier 1 capital for 1Q25



Investment Research

Ubhar-Research@u-capital.net

Head of Research

Tahir Abbas

+968 2494 9036 | tahir@u-capital.net

Research Team

Ahlam Al Harthi

+968 2494 9024 | ahlam.harthi@u-capital.net

Sandesh Shetty

+968 2494 9059 | sandesh@u-capital.net

Amira Al Alawi

+968 2494 9112 | amira.alalawi@u-capital.net

Dua Al Mawali

+968 2494 9021 | dua@u-capital.net

Head of Brokerage

Talal Al Balushi

+968 2494 9051 | talal@u-capital.net

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Recommendation

BUY	ACCUMULATE	HOLD	REDUCE	SELL
Greater than 20%	Between +10% and +20%	Between +10% and -10%	Between -10% and -20%	Lower than -20%

Ubhar Capital SAOC (U Capital)

Website: www.u-capital.net

PO Box 1137, PC 111, Sultanate of Oman

Tel: +968 2494 9036 | **Fax:** +968 2494 9099 | **Email:** research@u-capital.net

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