



Strong loan growth supplements profitability

Rating: Neutral | 12M Target Price: SAR 31

July 27, 2025

| Market Data                  |         | Valuations          | 2024A | 2025E | 2026E | 2027E |
|------------------------------|---------|---------------------|-------|-------|-------|-------|
| Last Price (SAR)             | 27.8    | Net Income (SAR bn) | 9.0   | 10.0  | 10.6  | 11.2  |
| Target Price                 | 31      | Adj. EPS (SAR)      | 3.0   | 3.3   | 3.5   | 3.7   |
| Upside / Downside (%)        | 10%     | PER (x)             | 9.3   | 8.3   | 7.9   | 7.5   |
| Market Cap bn (SAR/USD)      | 84/22   | P/BV (x)            | 1.2   | 1.1   | 1.0   | 1.0   |
| 52-week High / Low (SAR)     | 33/24   | DPS (SAR)           | 1.7   | 1.8   | 2.0   | 2.1   |
| 12-month ADTV (mn) (SAR/USD) | 69/18   | Div. Yield          | 6.1   | 6.5   | 7.0   | 7.4   |
| YTD Return (%)               | -2.7    | RoAE                | 15.9  | 16.2  | 16.3  | 15.9  |
| Bloomberg Code               | RIBL AB | RoAA                | 2.1   | 2.0   | 2.0   | 1.9   |

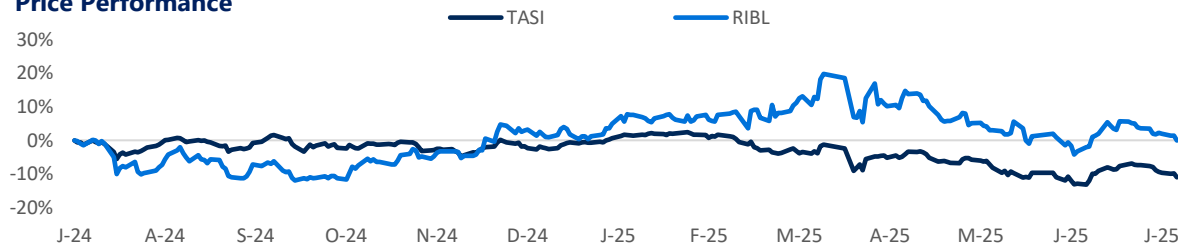
\*last price as of 24 July 2025

| Financials (SAR mn)          | 2Q25A       | 2Q25E*      | Var (%)  | 2Q24        | YoY (%)  | 1Q25        | QoQ (%)  |
|------------------------------|-------------|-------------|----------|-------------|----------|-------------|----------|
| Net Interest Income          | 3,200       | 3,476       | -8       | 3,097       | 3        | 3,282       | -3       |
| Non-Interest Income          | 1,320       | 1,115       | 18       | 901         | 47       | 1,221       | 8        |
| Total Income                 | 4,520       | 4,592       | -2       | 3,997       | 13       | 4,504       | 0        |
| Operating expenses           | (1,326)     | (1,396)     | -5       | (1,225)     | 8        | (1,379)     | -4       |
| Impairment provisions        | (309)       | (332)       | -7       | (175)       | 77       | (362)       | -14      |
| Net Income**                 | 2,597       | 2,577       | 1        | 2,338       | 11       | 2,486       | 4        |
| <b>Adj. EPS</b>              | <b>0.82</b> | <b>0.82</b> | <b>0</b> | <b>0.75</b> | <b>9</b> | <b>0.79</b> | <b>3</b> |
| Assets                       | 490,816     | 462,146     | 6        | 405,029     | 21       | 465,345     | 5        |
| Investments                  | 72,658      | 73,829      | -2       | 61,073      | 19       | 69,271      | 5        |
| Loans & Advances             | 354,550     | 328,120     | 8        | 291,051     | 22       | 338,991     | 5        |
| Deposits                     | 316,811     | 310,594     | 2        | 276,009     | 15       | 304,092     | 4        |
| Total Equity                 | 72,338      | 72,288      | 0        | 62,347      | 16       | 72,516      | 0        |
| NIM (%) - annualized         | 3%          | 3%          | -37 bps  | 3%          | -47 bps  | 3%          | -19 bps  |
| Operating cost to income (%) | 29%         | 30%         | -107 bps | 31%         | -131 bps | 31%         | -128 bps |
| Provision/Loans (bps)        | 35.7        | 40          | -4 bps   | 24          | 11 bps   | 44          | -8 bps   |
| Simple LDR (%)               | 112%        | 106%        | 627 bps  | 105%        | 646 bps  | 111%        | 44 bps   |
| Assets to Equity (x)         | 8           | 8           | 6        | 7           | 11       | 8           | 6        |

\*anbc estimates

\*\* Net Income is not adjusted for Sukuk Cost

### Price Performance



Source: Tadawul, Bloomberg and anbc research

**Riyad Bank (RIBL AB) reported a net profit of SAR 2.6 bn (Adj. EPS: SAR 0.82) in 2Q25, up 11.1% YoY and 4.5% QoQ. Despite lower annualized NIM, profitability growth resulted from a high non-interest income. Earnings were largely in line with our expectations, with the higher-than-expected non-interest income offset by lower-than-anticipated net interest income. The BoD recommended a dividend payout of SAR 0.85/share for 1H25.**

- Net interest income for the 2Q25 increased by 3.3% YoY (down 2.5% QoQ) to SAR 3.2 bn in 2Q25. For 1H25 net interest income came at SAR 6.5 bn up 5.4% YoY, supported by a 19.0% YoY increase in investments portfolio and a 21.8% YoY growth in advances. However, 2.5% QoQ decline in net interest income during the quarter is attributed to 18.6 bps QoQ decline in NIM.
- Non-interest income rose 46.6% YoY (8.1% QoQ) in 2Q25 to SAR 1.3 bn, mainly driven by increase in gains on disposal of non-trading investments, higher fee and commission income and elevated trading income.
- Operating expenses for the 2Q25 were up 8.2% YoY, due to higher depreciation expense, rent and elevated other general and administrative expenses. The increase in expenses was partially offset by lower salaries and employee related expenses.
- Impairment provision increased by 77.2% YoY (down 14.4% QoQ) in 2Q25 mainly driven by higher impairment charge for other financial assets. Higher provision resulted in cost of risk of 35.7 bps, up 11.4 bps YoY (down 8.2 bps QoQ).
- Total assets stood at SAR 491 bn, up by 21.2% YoY (5.5% QoQ). Customer deposits increased by 14.8% YoY (4.2% QoQ), while LDR increased to 111.9% in 2Q25, up from 105.5% in 2Q24.
- Riyad Bank's lending growth of 21.8% YoY has been one of the strongest in the sector, which indicates a high appetite for corporate lending. Growth in profitability is expected to be driven by balance sheet expansion. We have a target price of SAR 31/share. The stock is trading at 2025e P/E of 8.3x and P/BV of 1.1x. Since initiating our coverage, the stock has appreciated by 6.1%, notably outperforming the broader TASI index by 12%. In light of the recent price appreciation, we are revising our rating to Neutral.*

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| OVERWEIGHT                        | NEUTRAL                                | UNDERWEIGHT                        |
|-----------------------------------|--|------------------------------------|
| Expected return is more than +15% | Expected return is between +15% & -10% | Expected return is lower than -10% |

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