2Q 2026 FIRST TAKE

Riyad Bank

July 21, 2026

Resilient earnings despite elevated impairment provisioning

Last Price: SAR 21.1 | YoY Performance: 0.7%

KEY TAKEAWAYS

- Riyad Bank (RIBL) delivered a net profit of SAR 2,649.0 mn in 2Q26, 1.7% ahead of our estimate of SAR 2,605.6 mn, and up 2.0% YoY, as a 4.8% YoY rise in operating income more than absorbed a 29.2% jump in impairment provisions.
- Net interest income grew 5.5% YoY to SAR 3,376.2 mn in 2Q26, 1.4% below our estimate, with strong balance sheet growth partially diluted by a 14 bps YoY NIM contraction to 2.8%.
- Non-interest income rose 3% YoY to SAR 1,359.7 mn, a much wider 11.3% beat vs our estimate and the single largest driver of the profit beat.
- Impairment provisions rose 29.2% YoY (and a much steeper 45.3% QoQ) to SAR 399.8 mn, 10.3% above our estimate, potentially reflecting a more prudent provisioning stance amid regional uncertainty.
- Deposits growth of 9.9% YoY to SAR 348.3 bn outpaced loan growth, which increased 6.5% YoY to SAR 377.6 bn, taking the LDR down 348 bps YoY to 108.4%. Notably, investments climbed 26.5% YoY to SAR 92.5 bn.
- Cost-to-income ratio narrowed meaningfully by 57 bps YoY to 28.8% in 2Q26, 99 bps lower than our estimate.
- We view the results as positive and inline with our estimates, with healthy operating income outweighing the impact of elevated impairment charges.
- Based on our last review, we reiterate our 'Overweight' rating on the stock, with a target price of SAR 25/share, implying ~18.5% upside from current price level of SAR 21.1/share. The stock is currently trading at a 2026e P/E and P/B of 8.5x and 1.2x, respectively.

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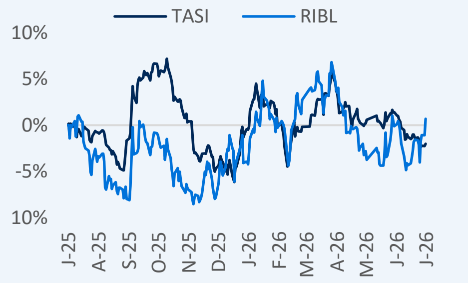
Issuer Information

Bloomberg Code	**RIBL AB**
Last Price (SAR)	**21.1**
No. of Shares (mn)	**4,000**
Market Cap bn (SAR/USD)	**84.3 / 22.5**
52-week High / Low (SAR)	**22.4 / 19.0**
12-month ADTV (mn) (SAR/USD)	**69.7 / 18.6**
Free Float (%)	**59.0**
Foreign Holdings (%)	**13.0**

Last price as of July 20th, 2026

Relative Price Performance



Source: Bloomberg, anbc research

Financials (SAR mn)	**2Q26A**	**2Q26E***	**Var (%)**	**2Q25A**	**YoY (%)**	**1Q26A**	**QoQ (%)**
Net Interest Income	3,376	3,425	-1.4	3,200	5.5	3,385	-0.2
Non-Interest Income	1,360	1,221	11.3	1,320	3.0	1,230	10.6
Total Income	4,736	4,647	1.9	4,520	4.8	4,614	2.6
Operating expenses	(1,362)	(1,382)	-1.5	(1,326)	2.7	(1,372)	-0.7
Impairment provisions	(400)	(362)	10.3	(309)	29.2	(275)	45.3
Net Income	2,649	2,606	1.7	2,597	2.0	2,614	1.4
Adj. EPS	***0.62***	***0.61***		***0.61***		***0.62***	
Assets	533,637	570,848	-6.5	491,822	8.5	537,083	-0.6
Investments	92,473	111,455	-17.0	73,110	26.5	86,842	6.5
Loans & Advances	377,629	388,951	-2.9	354,550	6.5	377,047	0.2
Deposits	348,271	346,888	0.4	316,811	9.9	352,567	-1.2
Total Equity	67,498	66,348	1.7	61,414	9.9	79,165	-14.7
NIM (%) - annualized	2.8	2.7	9 bps	2.9	-14 bps	2.8	-4 bps
Operating cost to income (%)	28.8	29.7	-99 bps	29.3	-57 bps	29.7	-97 bps
Provision/Loans (bps)	33.3	37.9	-5 bps	35.7	-2 bps	29	4 bps
Simple LDR (%)	108.4	112.1	-370 bps	111.9	-348 bps	106.9	149 bps
Assets to Equity (x)	7.9	8.6	-8.1	8.0	-1.3	6.8	16.5

**anbc estimates*
Source: Company Financials, anbc research

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Expected return is more than +15%	Expected return is between +15% & -10%	Expected return is lower than -10%

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