Riyad Bank

Earnings supported by assets growth despite NIM decline

Rating: Overweight | Target Price: SAR 32

October 21, 2025

Market Data	
Last Price (SAR)*	27.6
Target Price	32
Upside / Downside (%)	17
Market Cap bn (SAR/USD)	83/22
52-week High / Low (SAR)	33/24
12-month ADTV (mn) (SAR/USD)	65/17
YTD Return (%)	-3.5
Bloomberg Code	RIBL AB

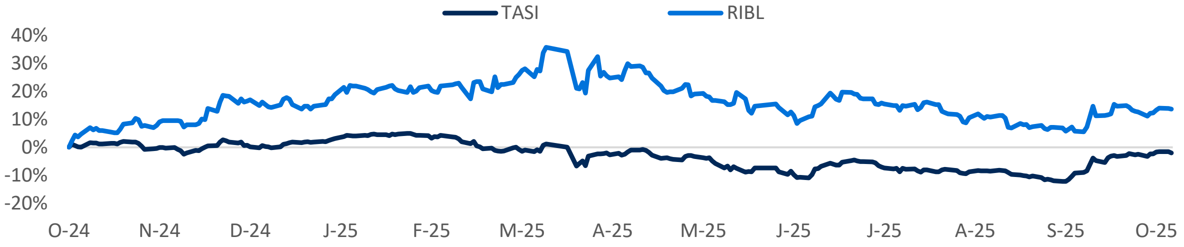
Last close of 20 Oct. 25

Valuations	2024	2025E	2026E	2027E
Net Income (SAR bn)	9.0	9.7	10.0	10.7
Adj. EPS (SAR)	3.0	3.2	3.3	3.6
PER (x)	9.2	8.5	8.3	7.7
P/BV (x)	1.4	1.3	1.2	1.1
DPS (SAR)	1.7	1.7	1.8	2.0
Div. Yield (%)	6.2	6.3	6.6	7.1
RoAE (%)	16.6	16.8	16.0	16.1
RoAA (%)	2.1	2.0	1.8	1.8

Financials (SAR mn)	3Q25A	3Q25E*	Var (%)	3Q24A	YoY (%)	2Q25A	QoQ (%)
Net Interest Income	3,184	3,236	-2	3,293	-3	3,200	-0
Non-Interest Income	1,509	1,392	8	1,252	21	1,320	14
Total Income	4,693	4,628	1	4,545	3	4,520	4
Operating expenses	(1,367)	(1,374)	-0	(1,307)	5	(1,326)	3
Impairment provisions	(336)	(366)	-8	(286)	17	(309)	9
Net Income	2,687	2,596	4	2,654	1	2,597	3
Adj. EPS	***0.85***	***0.83***		***0.85***		***0.82***	
Assets	507,566	478,224	6	433,817	17	491,268	3
Investments	74,263	60,719	22	66,589	12	73,110	2
Loans & Advances	368,554	350,374	5	305,408	21	354,550	4
Deposits	325,413	314,479	3	293,575	11	316,811	3
Total Equity	72,945	72,265	1	63,592	15	72,790	0
NIM (%) - annualized	2.8	2.9	-14 bps	3.5	-71 bps	2.9	-16 bps
Operating cost to income (%)	29	30	-55 bps	29	37 bps	29	-20 bps
Provision/Loans (bps)	37	42	-4 bps	38	-1 bps	36	1 bps
Simple LDR (%)	113	111	184 bps	104	923 bps	112	135 bps
Assets to Equity (x)	7.0	6.6	5	6.8	2	6.7	3

*anbc estimates

Price Performance



Source: Tadawul, Bloomberg and anbc research

Riyad Bank (RIBL AB) reported a net profit of SAR 2.7 bn (Adj. EPS: SAR 0.85) in 3Q25, up 1% YoY and 3% QoQ. Total operating income increased by 3% YoY, driven by a 21% YoY increase in non-interest income. Impairment provisions for the 3Q25 increased 17% YoY and 9% QoQ due to a higher impairment charge for investments. Notably, the net income came in line with our estimates. We maintain an Overweight stance on the stock.

- Net interest income for the quarter arrived at SAR 3.2 bn, down 3.3% YoY and 0.5% QoQ. The decline was primarily driven by a 42.7% YoY decrease in net interest income from investment to SAR 199.1 mn, though partially offset by a 1.3% YoY rise in net interest income from financing to SAR 3.0 bn. NIM during 3Q25 declined by 71 bps YoY to 2.8% (-16 bps QoQ).
- Non-interest income for 3Q25 rose 20.6% YoY due to an increase in net fee and commission income, gains on non-trading investments, and trading income. On a sequential basis, non-interest income rose 14.3% during the quarter.
- Operating expenses were recorded at SAR 1.4 bn during 3Q25, up 4.6% YoY (+3.1% QoQ), driven by an increase in depreciation, salaries, and general & admin expenses. Operating cost to income rose 37 bps YoY to 29.1% during the quarter, though it declined 20 bps on a sequential basis.
- Provisions for 3Q25 was reported at SAR 336.0 mn, up 17.5% YoY due to a higher impairment charge for credit losses and investments. However, it was partially offset by a decline in net impairment charge for other financial assets. On a QoQ basis, provisions increased 8.6%.
- Total assets at the end of 3Q25 amounted to SAR 507.6 bn, up 17.0% YoY, led by a 20.7% YoY growth in loans and advances to SAR 368.6 bn. Additionally, investments increased 11.5% YoY to SAR 74.3 bn. Deposits for the quarter arrived at SAR 325.4 bn, up 10.8% YoY. LDR rose 923 bps YoY to 113.3% in 3Q25, compared to 104.0% in 3Q24. On a sequential basis LDR rose 135 bps from 111.9% in 2Q25.
- *Riyad Bank's lending growth of 20.7% 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 Overweight stance on RIBL with TP of SAR 32/share. The stock is trading at 2025E P/E of 8.5x and P/BV of 1.3x.*

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