



Profitability supported by lower impairment provisions, despite flat operating income

Rating: Neutral | Target Price: SAR 32

February 4, 2026

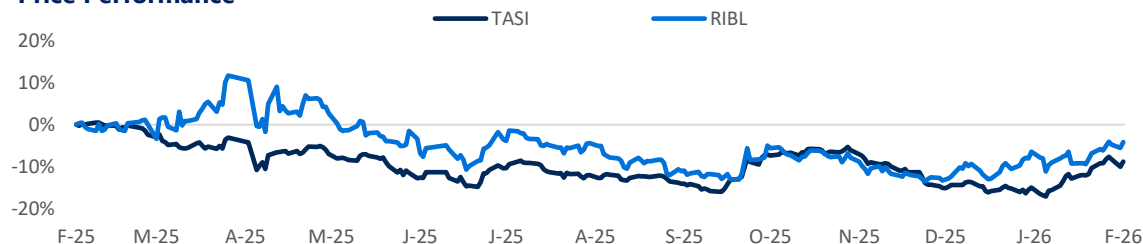
Market Data		Valuations	2025A	2026F	2027F	2028F
Last Price (SAR)*	29.2	Net Income (SAR bn)	10.4	10.4	11.0	12.0
Target Price	32	Adj. EPS (SAR)	3.3	3.3	3.5	3.8
Upside / Downside (%)	9.9	PER (x)	8.9	8.9	8.5	7.8
Market Cap bn (SAR/USD)	87.7/23.4	P/BV (x)	1.4	1.3	1.2	1.1
52-week High / Low (SAR)	33.2/25.3	DPS (SAR)	1.4	1.8	1.9	2.1
12-month ADTV (mn) (SAR/USD)	62.6/16.7	Div. Yield (%)	4.8	6.2	6.5	7.1
YTD Return (%)	7.7	RoAE (%)	16.9	15.7	15.5	15.7
Bloomberg Code	RIBL AB	RoAA (%)	2.1	1.9	1.8	1.8

*Last close of 04 Feb 26

Financials (SAR mn)	4Q25A	4Q25E*	Var (%)	4Q24A	YoY (%)	3Q25A	QoQ (%)
Net Interest Income	3,405	3,207	6.2	3,432	-0.8	3,184	6.9
Non-Interest Income	1,259	1,489	-15.5	1,222	3.0	1,509	-16.6
Total Income	4,664	4,697	-0.7	4,655	0.2	4,693	-0.6
Operating expenses	(1,361)	(1,368)	-0.6	(1,408)	-3.3	(1,367)	-0.5
Impairment provisions	(367)	(400)	-8.1	(735)	-50.0	(336)	9.3
Net Income	2,641	2,634	0.3	2,257	17.0	2,687	-1.7
Adj. EPS	0.83	0.83		0.73		0.85	
Assets	519,481	497,770	4.4	451,403	15.1	507,566	2.3
Investments	79,513	62,461	27.3	70,120	13.4	74,263	7.1
Loans & Advances	373,305	369,447	1.0	320,089	16.6	368,554	1.3
Deposits	331,721	329,686	0.6	306,423	8.3	325,413	1.9
Total Equity	75,481	76,437	-1.3	68,394	10.4	72,945	3.5
NIM (%) - annualized	2.9	2.8	10 bps	3.4	-52 bps	2.8	11 bps
Operating cost to income (%)	29.2	29.1	4 bps	30.2	-107 bps	29.1	4 bps
Provision/Loans (bps)	40	43	-4 bps	94	-54 bps	37	2 bps
Simple LDR (%)	112.5	112.1	48 bps	104.5	808 bps	113.3	-72 bps
Assets to Equity (x)	6.9	6.5	5.7	6.6	4.3	7.0	-1.1

*anbc estimates

Price Performance



Source: Tadawul, Bloomberg and anbc research

Riyad Bank (RIBL AB) reported a net profit of SAR 2,640.9 mn (Adj. EPS: SAR 0.83) in 4Q25, up 17% YoY, though it declined 2% QoQ. The result was in line with our estimates of SAR 2,633.9 mn, up by 0.3%. The net profit growth was due to a 50% YoY decline in impairment provisions. Along with the result, RIBL also announced a cash dividend of SAR 0.55/share for 2H25. Additionally, the bank has announced a bonus issue of 1:3, which will increase the bank's total outstanding shares to 4.0 bn. As the stock price has increased 6% since our last update, we have revised our stance from Overweight to Neutral.

- Net interest income for the quarter arrived at SAR 3.4 bn, down 0.8% YoY, though it rose 6.9% QoQ. The sequential increase was most likely due to quicker repricing of deposits compared to assets with the decline in interest rates, which led to an 11 bps QoQ increase in NIM to 2.9% in 4Q25. For the full year, net interest income arrived at SAR 13.1 bn, up 1.5% YoY, in line with the bank's guidance of low-single digit growth. The increase was driven by higher net interest income from financing, which rose by 4.5% YoY to SAR 12.1 bn, probably due to an increase in loans by 16.6% YoY. However, the uptick was partly offset by a 24.8% YoY decline in net interest income from investments to SAR 984.1 bn during 2025.
- Non-interest income for 4Q25 rose 3.0% YoY (-16.6% QoQ) to SAR 1.3 bn, bringing the full year non-interest income to SAR 5.3 bn, up 20.4% YoY. The growth was driven by an increase in fee and commission income, gains on trading and non-trading income, and other operating income. However, this was partially offset by a decline in exchange and dividend income.
- Operating expenses arrived at SAR 1.4 bn during 4Q25, down 3.3% YoY (-0.5% QoQ), leading to a 107 bps YoY decline in cost-to-income ratio (CIR) to 29.2%. During 2025, operating expenses rose 2.8% YoY to SAR 5.4 bn, due to an increase in salaries, depreciation, and rent & premises related expenses. CIR for 2025 arrived at 29.6%, down 102 bps, inline with the guidance of below 30.0%.
- Impairment provisions for 4Q25 were reported at SAR 367.2 mn, down 50.0% YoY (up 9.3% QoQ), taking the full year provisions to SAR 1,374.4 mn, down 15.8% YoY. The decline was due to lower impairment charge of credit losses and other financial assets. Resultantly, cost of risk declined substantially from 55 bps in 2024 to 40 bps in 2025, in line with the cost of risk guidance range of 30-40 bps.
- RIBL's total assets at the end of 2025 amounted to SAR 519.5 bn, up 15.1% YoY, led by a 16.6% YoY growth in financing to SAR 373.3 bn. Additionally, investments increased by 13.4% YoY to SAR 79.5 bn. Deposits for the quarter arrived at SAR 331.7 bn, up 8.3% YoY. Headline LDR rose 808 bps YoY to 112.5% by 2025-end. However, on a sequential basis, headline LDR declined by 72 bps from 113.3% in 3Q25.
- Riyad Bank's 16.6% YoY lending growth remains among the strongest in the sector, underscoring solid corporate credit demand. Profitability should continue to benefit from balance-sheet expansion. With the stock up 6% since our last update versus TASI's 3% decline, the stock price has now moved into our Neutral range. Accordingly, we revise our stance from Overweight to Neutral with a TP of SAR 32/share. RIBL trades at 2026E P/E of 8.9x and P/BV of 1.3x.

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