1Q26 RESULT REVIEW

Riyad Bank

27 April 2026

Riyad Bank (RIBL AB) posted a net profit of SAR 2,613.5 mn (Adj. EPS of 0.62), broadly in line with our estimates of SAR 2,561.3 mn, up by 2.0%. Net profit increased by 5.1% YoY during the quarter, with growth driven by a 3.1% YoY growth in net interest income and 23.9% YoY decline in impairment provisions. Non-interest income remained stable on an annual basis, up slightly by 0.7% YoY. We have revised our stance from 'Neutral' to 'Overweight' on the bank with a target price of SAR 24.6/share, implying an upside of 15.1% from the last close of SAR 21.3/share.

Riyad Bank's operating income for 1Q26 reached SAR 4.6 bn, up 2.5% YoY (-1.1% QoQ). The growth was primarily driven by a 3.1% YoY growth in net interest income to SAR 3.4 bn. Net interest income improvement was primarily driven by an 11.2% YoY growth in loans & advances, though partially offset by a decline of 32 bps YoY in NIMs to 2.8%. On a sequential basis, NIM reported a 6 bps decline, resulting in net interest income decreasing by 0.6% QoQ.

Non-interest income remained flattish on an annual basis, up slightly by 0.7% YoY to SAR 1.2 bn. However, on a QoQ basis, non-interest income declined by 2.3%. We expect this decline to be due to the new fee regulation by SAMA, which came into effect during Feb-26. Overall, total operating income reported a 1.1% QoQ decline.

Operating expenses remained stable at SAR 1.4 bn (-0.5% YoY and +0.8% QoQ). Resultantly, operating cost to income posted an 89 bps YoY decline to 29.7%. Impairment provisions declined by 23.9% YoY to SAR 275.1 mn (-25.1% QoQ), resulting in a 15 bps YoY and 10 bps QoQ decline in cost of risk for the quarter.

RIBL recorded a loan growth of 11.2% YoY to SAR 377.0 bn (+1.0% QoQ). Deposit growth outpaced loans expansion, increasing at 15.9% YoY to SAR 352.6 bn, resulting in headline LDR declining by 453 bps YoY to 106.9%.

Riyad Bank's lending growth over recent periods has been one of the strongest in the sector, which indicates a high appetite for corporate lending. Credit expansion continues to support profitability, though declining NIMs presents a headwind. We have an 'Overweight' stance on the bank with a 2026e P/E of 8.4x and P/B of 1.2x.

Financials (SAR mn)	1Q26A	1Q26E*	Var (%)	1Q25A	YoY	4Q25A	QoQ
Net Interest Income	3,385	3,379	0.1	3,282	3.1	3,405	-0.6
Non-Interest Income	1,230	1,299	-5.3	1,221	0.7	1,259	-2.3
Total Income	4,614	4,678	-1.4	4,504	2.5	4,664	-1.1
Operating expenses	-1,372	-1,365	0.5	-1,379	-0.5	-1,361	0.8
Impairment prov.	-275	-467	-41.0	-362	-23.9	-367	-25.1
Net Income	2,614	2,561	2.0	2,486	5.1	2,641	-1.0
Adj. EPS	***0.62***	***0.61***		***0.60***		***0.62***	
Assets	537,083	519,898	3.3	466,455	15.1	519,481	3.4
Investments	86,842	82,559	5.2	69,722	24.6	79,513	9.2
Loans & Advances	377,047	373,958	0.8	338,991	11.2	373,305	1.0
Deposits	352,567	334,502	5.4	304,092	15.9	331,721	6.3
Total Equity	66,348	64,896	2.2	61,591	7.7	64,105	3.5
NIM (%) - annualized	2.8	2.9	-3 bps	3.1	-32 bps	2.9	-6 bps
Op. cost to inc. (%)	29.7	29.2	56 bps	30.6	-89 bps	29.2	56 bps
Provision/Loans (bps)	29	50	-21 bps	44	-15 bps	40	-10 bps
Simple LDR (%)	106.9	111.8	-485 bps	111.5	-453 bps	112.5	-559 bps
Assets to Equity (x)	8.1	8.0	1.0	7.6	6.9	8.1	-0.1

*anbc estimates

Source: Tadawul, anbc research

RATING SUMMARY **OVERWEIGHT**

Target Price (SAR)	24.6
Upside/Downside (%)	15.1
Div. Yield (%)	5.0
Total Exp. Return (%)	20.1

Source: Company financials, anbc research

ISSUER INFORMATION

Bloomberg Code	RIBL AB
Last Price (SAR)	21.3
No of Shares (mn)	4,000
Market Cap bn (SAR/USD)	85.3/22.8
52-week High / Low (SAR)	23.8/19.0
12-month ADTV (mn) (SAR/USD)	57.3/15.3

Close of 26th April, 2026

VALUATIONS

	2025	2026e	2027f	2028f
EPS (SAR)	2.5	2.5	2.7	2.9
PER (x)	8.7	8.4	7.8	7.3
PBV (x)	1.3	1.2	1.1	1.0
DPS (SAR)	1.0	1.1	1.5	1.6
Div. Yield (%)	4.9	5.0	7.0	7.6
RoAE (%)	16.0	15.0	14.8	14.8
RoAA (%)	2.1	1.9	1.9	1.9

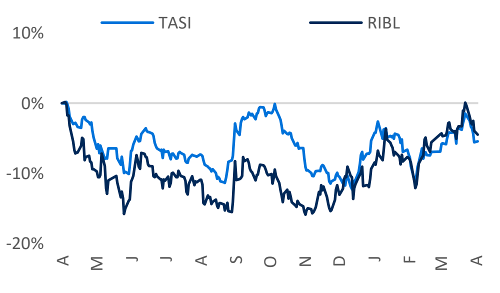
Source: Company financials, anbc research

FINANCIALS (SAR bn)

	2025	2026e	2027f	2028f
Oper. Income	18.4	19.6	20.9	22.2
Provisions	1.4	2.0	2.1	2.1
Net Income*	9.8	10.1	10.9	11.7
Investments	79.5	101.7	108.3	114.8
Loans	373.3	405.5	439.4	483.4
Deposits	331.7	358.9	389.3	427.0
NIM (%)	3.0	2.8	2.7	2.7

*After Sukuk cost
Source: Company financials, anbc research

RELATIVE PRICE PERFORMANCE



Source: Bloomberg, 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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