

Result update

Riyad Bank

Sector : Banking

- Operating income rose 3.3% YoY, beating our estimate by 4.2%. This was driven by a 21% YoY increase in non-interest income, even as NII declined 3% YoY due to NIM compression.
- PAT increased 1.3% YoY to SAR 2.7bn, exceeding our estimate by 9.5%, supported by lower-than-expected impairment charges.
- Loans grew 21% YoY, led by corporate lending (+28% YoY), while the retail segment expanded 5% YoY. Deposits rose 11% YoY, with a regulatory LDR of 84.1%.
- We maintain our target price of SAR 31/share and a BUY rating, supported by superior performance and a positive outlook.

Riyad Bank reported a 3% YoY increase in operating income, underpinned by stronger-than-expected growth in non-interest income, even as NII declined 3% YoY. Non-interest income surged 21% YoY, driven by an increase in core net fees and other income, with the corporate segment up 70% YoY and the retail segment rising 48% YoY, partially offset by an 18% YoY decline in the treasury and investment segment. On a QoQ basis, non-interest income grew an impressive 14%, lifting its share of total income to 32%, up 460bps YoY. NII declined 3% YoY due to a 73bps compression in NIMs, though this was partially offset by volume growth in lending (+21% YoY) and investments (+12% YoY). Management revised its 2025e NII growth guidance from mid-single digits to low-single digits, reflecting the 2% YoY growth recorded in 9M25. Operating expenses rose 5% YoY, resulting in a cost-to-income ratio of 29.1%, an improvement of 37bps YoY. Management upgraded its cost-to-income ratio guidance to below 30.0%, from below 30.5% previously.

Operating profit stood at SAR 3.3bn, reflecting a 2.7% YoY increase. Impairment charges rose 8.5% YoY to SAR 336mn, driven by a 43% increase in the corporate segment, partially offset by a 41% decline in the retail segment. The cost of risk was 0.34% for 3Q25 and 0.36% for 9M25, both within the 30–40bps guided range. The management expects a resilient credit environment to help contain cost of risk. Reported PAT of 2.7bn beat our estimate, mainly due to higher operating income and lower provisions.

YTD, loans grew 15%, driven by increases in corporate (+16%), SME (+24%), and mortgage (+5%) lending. The consumer segment rose 5% YoY, reducing its share of the loan book to 27% from 30% a year ago. The NPL ratio stood at 0.87%, reflecting a 3% increase in new NPLs YTD. Deposits increased YTD, supported by a 23% rise in interest-bearing deposits, partially offset by an 8% decline in non-interest-bearing deposits.

Valuation: Riyadh Bank's performance exceeded our expectations on both operating income and net profit, with management maintaining a positive outlook. However, the compression in NIMs and the resulting revision in NII guidance remain key monitorable, especially in light of anticipated interest rate cuts. We reiterate our target price of SAR 31/share with a BUY rating. The stock trades at a 2026e P/E of 7.7x, P/B of 1.2x, and offers an attractive dividend yield of 6.5%.

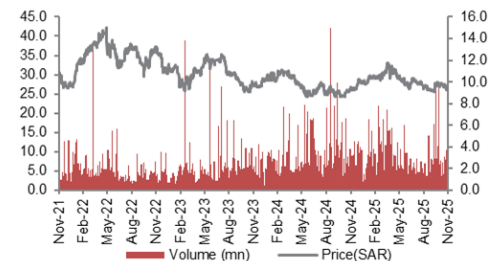
BUY

13 November 2025

Target price (SAR) **31.00**

Current price (SAR) **26.28**

Return **18.0%**



Exchange Saudi Arabia
Index weight (%) 2%

(mn)	SAR	USD
Market Cap	78,840	21,021
Total Assets	507,566	135,333

Major shareholders

Public Investment Fund	21.8%
General Organization	10.4%
Al Nahla Trading	8.7%
Others	59.1%

Valuation Summary

PER TTM (x)	8.2
P/Book (x)	1.3
Dividend Yield (%)	6.7
Free Float (%)	59%
Shares O/S (mn)	3,000
YTD Return (%)	-8%
Beta	1.4

Key ratios	2022	2023	2024
EPS (SAR)	2.32	2.58	3.01
BVPS (SAR)	16.53	17.93	19.55
DPS (SAR)	1.15	1.40	1.55
Payout ratio (%)	0.50	0.54	0.52

Price performance (%)	1M	3M	12M
Riyad Bank	-3%	-1%	-2%
Tadawul All Share Index	-2%	5%	-7%

52 week	High	Low	CTL*
Price (SAR)	33.20	25.40	3.5

* CTL is % change in CMP to 52wk low

in SAR mn	3Q25	2Q25	QoQ (%)	3Q24	YoY (%)	9M25	9M24	YoY (%)	2025e	2024
Operating Income	4,693	4,520	3.8%	4,545	3.3%	13,717	12,630	8.6%	18,335	17,285
Operating Expenses	-1,367	-1,326	3.1%	-1,307	4.6%	-4,072	-3,878	5.0%	-5,397	-5,286
Operating Profit	3,326	3,194	4.1%	3,237	2.7%	9,645	8,752	10.2%	12,938	11,999
Provision Expenses - Loan	-336	-311	7.9%	-310	8.5%	-1,018	-895	13.7%	-1,480	-1,621
Share of results from JV	6	10	-38.8%	8	-18.3%	25	22	16.2%	40	30
Profit before tax	2,996	2,895	3.5%	2,959	1.3%	8,663	7,877	10.0%	11,485	10,397
Zakat & Tax	-309	-298	3.5%	-305	1.2%	-893	-812	10.0%	-1,188	-1,075
Profit after tax	2,687	2,597	3.5%	2,654	1.3%	7,770	7,065	10.0%	10,297	9,322
Loan Book	368,554	354,550	3.9%	305,408	20.7%	368,554	305,408	20.7%	371,866	320,089
Deposits	325,413	316,811	2.7%	293,575	10.8%	325,413	293,575	10.8%	334,050	306,423
Total Equity (Excl tier 1 bond)	61,570	60,963	1.0%	56,577	8.8%	61,570	56,577	8.8%	63,870	58,556
Cost to Income ratio	29.1%	29.3%		28.8%		29.7%	30.7%		29.4%	30.6%
NPL Ratio	0.87%	1.13%		1.20%		0.87%	1.20%		0.97%	0.98%
Net Loan to deposits	113.3%	111.9%		104.0%		113.3%	104.0%		111.3%	104.5%

Income Statement (SAR mn)	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Net commission income	8,293	10,052	12,414	12,873	13,624	13,948	14,597	15,839
Net fee income	2,118	2,429	2,385	2,991	3,220	3,500	3,809	4,104
Other income	1,157	1,118	1,100	1,420	1,491	1,566	1,644	1,726
Total income	11,568	13,599	15,899	17,285	18,335	19,014	20,050	21,669
Operating expenses	(3,965)	(4,410)	(4,969)	(5,286)	(5,397)	(5,540)	(5,898)	(6,377)
Profit before impairments	7,603	9,189	10,930	11,999	12,938	13,474	14,152	15,292
Impairments	(853)	(1,281)	(1,972)	(1,632)	(1,493)	(1,490)	(1,593)	(1,715)
Other income/expenses	(32)	(80)	12	30	40	40	40	40
Profit before tax	6,718	7,828	8,971	10,397	11,485	12,024	12,599	13,618
Tax	(693)	(809)	(925)	(1,075)	(1,188)	(1,243)	(1,303)	(1,408)
Profit after tax	6,025	7,019	8,046	9,322	10,297	10,780	11,296	12,210
Balance Sheet (SAR mn)	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Cash and statutory deposits	25,587	33,367	26,175	22,600	27,760	27,133	27,675	29,020
Due to financial institutions	17,645	20,613	15,434	22,574	18,906	21,365	23,409	25,308
Investments - Net	58,637	52,196	58,109	69,669	80,958	91,487	100,241	108,372
Financing - Net	217,290	242,365	274,398	320,089	371,866	420,126	460,227	497,457
PP&E and right to use assets	2,706	3,309	5,467	6,517	7,622	8,672	9,671	10,623
Other assets	3,870	7,803	7,266	8,929	9,872	10,753	11,493	12,183
Total Assets	325,736	359,653	386,849	450,379	516,984	579,536	632,716	682,963
Liabilities and Equity								
Liabilities								
Due to banks and other FI	43,134	38,760	42,464	43,949	73,385	82,929	90,864	98,234
Customer deposits	211,678	240,007	254,908	306,423	334,050	377,493	413,617	447,165
Debt issued	8,717	8,758	13,373	13,324	15,014	18,446	21,300	23,950
Other liabilities	14,907	15,954	15,847	18,740	19,288	20,031	20,649	21,223
Total liabilities	278,436	303,480	326,591	382,437	441,738	498,899	546,431	590,573
Equity								
Share capital	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Reserves	17,300	19,602	23,696	28,556	33,870	39,260	44,908	51,013
Total shareholders' equity	47,300	49,602	53,696	58,556	63,870	69,260	74,908	81,013
Tier 1 Sukuk	0	6,571	6,563	9,386	11,377	11,377	11,377	11,377
Total Equity	47,300	56,173	60,258	67,942	75,246	80,637	86,285	92,390
Total liabilities and equity	325,736	359,653	386,849	450,379	516,984	579,536	632,716	682,963
Cash Flows (SAR mn)	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Cash from operations	(10,026)	1,998	(5,920)	14,066	4,876	5	2,573	4,259
Cash from investments	(2,576)	3,683	(7,265)	(10,439)	(1,768)	(1,803)	(1,840)	(1,876)
Cash from financing	44	3,398	(10)	(2,371)	(1,304)	(1,958)	(2,794)	(3,454)
Net changes in cash	(12,558)	9,079	(13,196)	1,256	1,804	(3,757)	(2,061)	(1,072)
Cash balance	32,407	41,486	28,291	29,547	24,404	20,647	18,586	17,514

Ratios	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Operating performance								
NCM	2.8%	3.2%	3.6%	3.1%	2.9%	2.6%	2.5%	2.5%
NCM to total income	71.7%	73.9%	78.1%	74.5%	74.3%	73.4%	72.8%	73.1%
Fee income to total income	18.3%	17.9%	15.0%	17.3%	17.6%	18.4%	19.0%	18.9%
Other income to total income	10.0%	8.2%	6.9%	8.2%	8.1%	8.2%	8.2%	8.0%
Cost to income ratio	34.3%	32.4%	31.3%	30.6%	29.4%	29.1%	29.4%	29.4%
Liquidity								
Deposits to total funding	65.0%	66.7%	65.9%	68.0%	64.6%	65.1%	65.4%	65.5%
Market funds to total funding	15.9%	13.2%	14.4%	12.7%	17.1%	17.5%	17.7%	17.9%
Loans to deposits	102.7%	101.0%	107.6%	104.5%	111.3%	111.3%	111.3%	111.2%
Investments and cash to total assets	25.9%	23.8%	21.8%	20.5%	21.0%	20.5%	20.2%	20.1%
Asset quality								
Cost of risk	0.3%	0.4%	0.6%	0.4%	0.3%	0.3%	0.3%	0.3%
NPL	1.6%	1.7%	1.2%	1.0%	1.0%	1.0%	1.0%	1.0%
NPL coverage	123.5%	112.0%	142.1%	167.1%	170.8%	174.0%	176.5%	178.3%
Stage 1 ratio	92.0%	92.4%	92.7%	94.6%	94.6%	94.5%	94.5%	94.5%
Stage 2 ratio	6.1%	5.6%	5.8%	4.2%	4.2%	4.2%	4.2%	4.2%
Stage 3 ratio	1.9%	2.0%	1.6%	1.2%	1.2%	1.2%	1.2%	1.2%
Stage 1 coverage	0.3%	0.2%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
Stage 2 coverage	11.0%	11.1%	12.9%	17.0%	17.0%	17.0%	17.0%	17.0%
Stage 3 coverage	56.1%	54.3%	46.7%	50.3%	51.7%	53.3%	55.1%	56.7%
Impairment coverage	8.9	7.2	5.5	7.4	8.7	9.0	8.9	8.9
Provisions to gross loans	2.0%	1.9%	1.8%	1.6%	1.7%	1.7%	1.7%	1.7%
Capital adequacy								
Equity to total assets	14.5%	13.8%	13.9%	13.0%	12.4%	12.0%	11.8%	11.9%
Core Tier 1	15.8%	15.9%	15.7%	14.1%	13.6%	13.2%	13.1%	13.1%
Tier 1	15.8%	18.1%	17.7%	16.4%	16.1%	15.4%	15.1%	15.0%
Total capital	19.0%	21.1%	20.7%	18.9%	18.3%	17.4%	16.9%	16.7%
Return ratios								
ROA	1.8%	2.0%	2.1%	2.1%	2.0%	1.9%	1.8%	1.8%
ROE	12.7%	14.2%	15.0%	15.9%	16.1%	15.6%	15.1%	15.1%
Return on RWA	2.0%	2.3%	2.4%	2.3%	2.2%	2.1%	2.0%	2.0%
Per share ratios								
EPS	2.0	2.3	2.7	3.1	3.4	3.6	3.8	4.1
BVPS	15.8	16.5	17.9	19.5	21.3	23.1	25.0	27.0
DPS	1.0	1.2	1.4	1.6	1.7	1.8	1.9	2.0
Valuation								
M.Cap (SAR mn)	76,062	105,054	89,859	85,800	78,840	78,840	78,840	78,840
P/E	12.6	15.0	11.2	9.2	7.7	7.3	7.0	6.5
P/BV	1.6	2.1	1.7	1.5	1.2	1.1	1.1	1.0
Div. yield	4.1%	3.3%	4.7%	5.4%	6.5%	6.8%	7.2%	7.7%

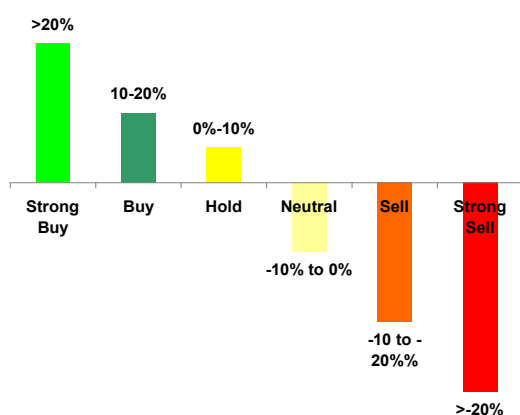
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Rating Criteria and Definitions

Rating	Rating Definitions
Strong Buy	This recommendation is used for stocks whose current market price offers a deep discount to our 12-Month target price and has an upside potential in excess of 20%
Buy	This recommendation is used for stocks whose current market price offers a discount to our 12-Month target price and has an upside potential between 10% to 20%
Hold	This recommendation is used for stocks whose current market price offers a discount to our 12-Month target price and has an upside potential between 0% to 10%
Neutral	This recommendation is used for stocks whose current market price offers a premium to our 12-Month target price and has a downside side potential between 0% to -10%
Sell	This recommendation is used for stocks whose current market price offers a premium to our 12-Month target price and has a downside side potential between -10% to -20%
Strong Sell	This recommendation is used for stocks whose current market price offers a premium to our 12-Month target price and has a downside side potential in excess of 20%
Not rated	This recommendation used for stocks which does not form part of Coverage Universe



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