Riyad Bank

9M-2026 Update

Sector- Banks

Riyad Bank reported 9M 2026 net income of SAR 8.1 Bn (+5% y-o-y); Q3 profit rose 7% y-o-y to SAR 2.87 Bn. Q3 operating income reached a record SAR 5.05 Bn (+8%), with NSCI up 9% and costs up only 2%, taking the cost-to-income ratio to 27.6%. Impairments rose 25% to SAR 420 Mn. Net loans grew 2% q-o-q to SAR 385.4 Bn (+4.6% y-o-y), while deposits stood at SAR 329.4 Bn (+1.2% y-o-y).

Our Take

Trading income accounted for all the growth. Excluding it, 9M operating income remained flat at SAR 13.0 Bn. NSCI increased by SAR 577 Mn, but net banking fees fell by SAR 466 Mn (-17%). Trading income nearly doubled to SAR 1.39 Bn, mainly from customer hedging activity amid volatile interest rates and contributed 12% of Q3 revenue. The derivatives book behind this income is also growing, with derivative assets doubling to SAR 13.2 Bn.

Core growth is leaning heavily on lending income while non-interest revenue becomes less dependable. In 9M 2026, net financing income rose 13.3% to SAR 10.0 Bn, whereas investment income fell 72% to SAR 229 Mn, limiting total NSCI growth to 6%. Cost discipline remains a clear positive, with the 9M cost-to-income ratio improving 100 bps y-o-y to 28.7%, though a 9% rise in 9M impairment charges to SAR 1.1 Bn requires monitoring.

Key developments to monitor going forward

Net Interest Margin – Q3 margin was 2.79% (+1 bp q-o-q, +9 bps y-o-y), with 9M at 2.81%. Since interest rate changes now have little impact on the margin, funding conditions will be more important. Management expects the margin to remain around 2.8%, as lending rates adjust after funding costs.

Asset Quality – The NPL ratio increased to 0.87% from 0.79% in December, with coverage at 151%. More importantly, Stage 2 loans rose 29% YTD to SAR 17.9 Bn, while corporate NPLs increased 40%. Cost of risk stood at 38 bps, within management's 35–45 bps guidance.

Funding & Liquidity – Deposits fell 5.4% q-o-q in Q3 following the SAR 10 Bn AT1 sukuk issue, pushing the headline loans-to-deposits ratio to around 117%. Simultaneously, the share of non-interest-bearing (CASA) deposits declined to 43% from 47% at year-end, tightening liquidity and potentially forcing greater reliance on costlier wholesale funding

Loan Growth – Loans grew by 3.2% YTD, below guidance, with management now expecting growth to come in at the lower end of its target range. Even 5% growth would require around SAR 6.5 Bn of additional lending in Q4, compared with SAR 7.8 Bn added in Q3. MSME lending grew 9% YTD, with a 24.9% market share, although competition from larger banks remains strong. Retail lending continues to decline.

Key factors to watch include Q4 provisions, given the rise in Q3 impairments and NPLs, and whether the NSCI margin stays around 2.8%. Funding quality remains a concern as non-interest-bearing deposits have declined since year-end. Loan growth remains modest, while lower banking fees continue to weigh on income. Stage 2 loan migration, the sustainability of trading gains and cost control will also be important for maintaining profitability.

Key Financials - SAR Mn	Q3 2026	Q3 2025	Y-o-Y%	9M 2026	Y-o-Y%
Operating income	5,051	4,693	*8%*	14,401	*5%*
Fee & other income	1,568	1,509	*4%*	4,157	*3%*
Net Income	2,866	2,687	*7%*	8,128	*5%*
EPS	0.68	0.64	*6%*	1.92	*4%*
Loans and advances	385,434	368,554	*5%*	385,434	*3%*
Customer deposits	329,415	325,413	*1%*	329,415	*-1%*
NSCI margin (%)	2.79	2.70	*9 bps*	2.81	*-7 bps*
Cost-to-income ratio	27.6%	29.1%	*-150 bps*	28.7%	*-100 bps*

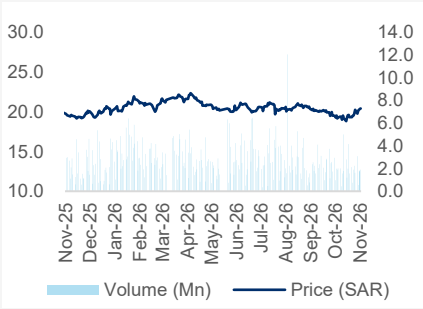
Source: Kamco Invest Research, Riyad Bank

Outperform

CMP 15-Nov-2026: SAR 20.36

Target Price: SAR 24.85

Upside: 22.1%



Price Perf:	1M	3M	12M
Absolute	5.7%	0.3%	4.7%
Relative	5.5%	5.2%	13.1%

Source:Kamco Invest Research, Bloomberg

Stock Data	
Bloomberg Ticker	RIBL AB Equity
Last Price (SAR)	20.36
MCap (SAR Mn)	81,440
MCap (USD Mn)	21,744
Stock Performance - YTD	0.02%
P/TB - 2026E (x)	1.0
P/E - 2026E (x)	6.1
Dividend Yield - 2025 (%)	6.9
52-Week Range (SAR)	18.59/22.41

Source: Kamco Invest Research, Refinitiv

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