

Treasury and Investment

Securing landmark transactions.

Always with you.

The Treasury and Investment Division was a key contributor to Riyad Bank's profitable growth this year, as we managed the Bank's liquidity and proprietary investments and provided a wide range of products and hedging solutions to our corporate and retail customers. Considering the current high market volatility, we provided the most innovative financial solutions to our clients in a bid to ease the financial burden arising from the high interest rate environment.

Treasury and Investment Highlights

Net income

SAR 2.2 Bn.

Investment's net

SAR 58 Bn.

Commission income

SAR 998 Mn.

In 2023, Treasury and Investment accounted for 16% of Riyad Bank's total operating income. The Division contributed SAR 1,512 Mn. of net special commission income as compared to SAR 1,003 Mn. in 2022. Treasury and Investment's contribution to commission income of the Bank stood at SAR 998 Mn.

At the end of 2023, Investments' net stood at SAR 58 Bn., an 11% increase compared to SAR 52 Bn. at the end of 2022. Meanwhile, total liabilities were SAR 43 Bn., a 62% increase compared to SAR 26 Bn. the previous year.

Landmark Deals and Results

Treasury and Investment mitigated risk on the Bank's investment portfolio in 2023 by raising cash levels before the onset of interest rate rises and actively managing the hedges. Foresight and prudent decision making helped to protect a significant part of the Bank's portfolio value throughout the year.

Major deals included raising a syndicated senior unsecured term facility amounting to USD 1.2 Bn. with a group of international banks. This landmark inaugural financing for a period of 3 years was achieved on competitive terms, with a margin of 85 basis points over the SOFR index. The deal demonstrates Riyad Bank's abilities and strong standing in the financial market. It will also support the Bank to grow and diversify its funding base.

Riyad Bank continued to expand its market share in the local derivatives market in 2023, becoming a prominent hedge provider and one of the largest players in the market. This was solidified with the closing of a mega SAR interest rate swap, whereby the Bank acted for the first time not only as a hedge provider but also as a hedge coordinator. The deal highlights Riyad Bank's capability to provide its clients with the most competitive pricing and hedging solutions.



Treasury and Investment accounted for 16% of Riyad Bank's total operating income

Strategic Progress

In 2023, Treasury and Investment carried out a significant organizational revamp to align with business growth and regulatory shifts. Strategic changes across the Division will help us to instill a customer-centric approach matched to the regional market, as well as to improve execution and risk controls. Specifically, the decentralization of the regional Global Markets team into Central, Eastern, and Western will help us to better respond to customers' needs in each region, resulting in improved market share and profitability, along with higher levels of customer service.

This year, we also continued to develop and maintain beneficial relationships with domestic and international banks. We executed several new treasury relationship master agreements with key players, and currently have several more in the advanced execution stage. These relationships and agreements will offer Riyad Bank wider market access as well as improved product pricing, supporting its growth in the years ahead.

Finally, in 2023 we completed the Interbank Offered Rate Transition Project to fully align with international regulatory standards, supporting our strategy to be the Kingdom's Bank of Choice.

Supporting Vision 2030

This year, we continued to actively align with and support Saudi Vision 2030. Treasury and Investment actively contributed to the hedging of loans associated with Vision-related energy projects. We also participated in buying alternative energy sector bonds to help the Kingdom reach its sustainability targets.

Riyad Bank executed the first mortgage collateralized deposit to support a government entity in its mandate to provide liquidity and facilitate access to sustainable financing solutions for homebuyers in the Kingdom. Furthermore, we participated in a strategic partnership with a government fund to create a portfolio-linked deposit program and execute its first deal. The new program will help to sustain and expand the fund's reach, covering promising sectors such as industry, energy, mining, and logistics.

Transformation 2025

Treasury and Investment made headway in the Bank's Transformation Strategy 2025, which aims to create value through innovation and digitization. We continued to develop bespoke financial solutions for our clients.

We also expanded our digital RBFX platform for corporate customers to focus more on client needs, with a 24/7 service capability to improve their banking experience. In addition, we worked closely with our internal Stakeholders to finalize the blueprint for strategic initiatives to further boost Corporate and Retail Banking cross-selling opportunities.

Furthermore, the Bank embarked on a strategic project to develop a more robust and integrated treasury platform to serve its growth aspirations. The new platform will transform, modernize and unify the existing heterogeneous treasury systems across the treasury front, middle, and back offices.

A Positive Outlook for 2024

After a challenging 2023 on the back of global inflationary pressure, rate hikes, geopolitical uncertainties, and major regional and global conflicts, we expect the market environment to begin normalizing in 2024. Treasury and Investment will continue to redeploy the cash available for investments gradually and opportunistically, while enhancing the portfolio yield and efficiently managing the risks.

We have significant plans for the year ahead. These include improving cross-selling to include small and medium enterprises (SMEs), private banking, and providing financial hedging solutions to external corporate customers. We will also launch new financial solutions, in the Saudi market, as well as gold trading services. Aligned with these launches, we aim to expand customer acquisition with a focus on SME clients, as well as private banking and family office customers. We will also extend our state-of-the-art RBFX platform across different retail channels to further improve customer experience.

In 2024, we will assess the liquidity requirements and plans for the Bank's 2 funding programs – the local SAR program and the USD Euro Medium-Term Note (EMTN) program. Furthermore, we will embark on additional initiatives to diversify funding by utilizing appropriate tools, subject to market conditions.

Awards and Recognitions



Bank Treasury and Funding Team of the Year 2022*

By GFC Media Group

Regulatory Capital Deal of the Year 2022*

By Islamic Finance News

*received in 2023



Riyad Bank achieved significant deals and results in 2023, including raising a USD 1.2 Bn. syndicated term facility and expanding its market share in derivatives.

