corporate banking group

In a fiercely competitive operating environment and a year significantly impacted by SAIBOR rate hikes and high Cost of Funds (COF), Al Rajhi Bank's Corporate Banking Group (CBG) strengthened its reputation as a Corporate Bank of choice in the Kingdom of Saudi Arabia, recording a 20% growth during the year in review.

The Bank's corporate loan book reached SAR 134 Bn. in value, successfully surpassing the year's set target at the close of 2023.

Despite the challenges and market volatility, CBG recorded a strong performance in 2023; corporate operating income increased by 67% to SAR 7,533 Mn., with net yield recording strong growth of 79% YoY while fee income experienced a marginal drop. Net income rose by a remarkable 120% YoY to reach SAR 7,371 Mn. Non-performing loans (NPL) and net credit losses (NCL) improved YoY to 1.22% and -0.87% respectively, stabilised by significant recoveries made during 2023.

The performance by CBG resulted in Al Rajhi Bank being ranked among the top three Corporate Banks in the Kingdom at the close of 2023, and scoring the Kingdom's highest Net Promoter Score (NPS) in Corporate Banking.

Growth through strategic foresight

CBG continued to build on the Bank's 360-degree client coverage model during the year in review, comprehensively covering both Relationship and Product perspectives with a "One Client, One Bank" approach. CBG executed a number of campaigns to increase cross-selling during the reporting period based on customer requirement and market demand.

CBG continued to establish B2B services by leveraging synergies across the Al Rajhi Group including Al Rajhi Capital, Treasury Group, Private Banking and Al Rajhi Takaful. As such, CBG successfully recorded a notable 135% YoY growth in foreign exchange (FX) business and opened a good number of new Private Banking accounts during the year under review.

While CBG registered a comparatively marginal growth in Trade Contingent (TC) market share to 7% from 5.7% in 2022, there was a very significant 24% increase in Trade Fee income during the year. Corporate Escrow transaction value reached SAR 2.7 Bn. in 2023.

Empowering the Micro, Small, and Medium Enterprises

One of the key strategic initiatives implemented by Al Rajhi Bank was shifting the Micro and Small Business (MSB) Unit from the Retail Banking Group to the Corporate Banking Group during the year in review. This ensures that the CBG now has a more focused approach to service the Kingdom's growing Micro, Small and Medium Enterprise (MSME) sector all under one umbrella, with product portfolios tailored to meet market needs, and synergies across business units that can be better leveraged to provide the segment with comprehensive financial solutions.

With the important role of SMEs in the diversification of Saudi Arabia to a non-oil economy, CBG introduced a number of new products and financial solutions to the sector in 2023; the SME Bundle – a comprehensive suite of non-financial services designed exclusively for SMEs was introduced to the market during the reporting period. The Bundle products included Corporate Credit, Prepaid Cards, Payroll Service as well as Payroll Cards, providing SMEs a one-stop-solution for their financial needs.

Coinciding with the shift of the MSB Unit under CBG, the year kicked off the development and approval of new programme based and discretionary lending products targeting the MSB and SME customer base:

- POS Financing (MSB and SME)
- Fleet Financing (MSB and SME)
- Business Instalment Financing (MSB and SME)
- Invoice Financing (MSB and SME)
- eCommerce Financing (MSB)
- EIRAD (MSB)
- Rent Financing (MSB)
- General Premium Financing (MSB)
- Medical Premium Financing (MSB)
- Collateralized Secured Financing (SME)

The rapidly evolving merchant ecosystem

Expanding and acquiring Point-of-Sale (POS) market share remained one of the key objectives of CBG for the year in review, with Al Rajhi Bank retaining its market-leading position in the Kingdom with a 35.4% in POS market share comprising +601,000 POS terminals and +220,000 loyal merchants.

2023 marked the successful revision of CBG's comprehensive Supply Chain Finance (SCF) Program in line with Saudi Vision 2030 objective of supporting private sector growth and meeting their growing trading requirements. Key features of the SCF Program includes customer assessments, receivables verification, concentration management, ledger reconciliation and control of customer payments, enabling the Bank to manage product, dispute, fraud and other risks that may result in non-payment by the Buyer. Furthermore, the SCF Program is powered by a strong technological platform / solution that is accessible to all supply chain participants, which contributes to the progress of Saudi Arabia's evolving merchant ecosystem.

business portfolio review

corporate banking group

One new supply-chain variant was added under the SCF Program, namely "Buyer Financing", which would mainly focus on Small and Medium Enterprises.

Enhancing client engagement

Client engagement is considered a key driver of business growth at Al Rajhi Bank, with the Corporate Banking Business Team connecting with customers by making over 2,115 client visits and calls throughout the reporting year. Such consistent engagement has enabled CBG to better understand customer needs, improve customer satisfaction levels, and successfully exceed customer expectations by providing better suited financial solutions for businesses.

CBG continued to consolidate resources and co-locate under the 'One Stop Shop' initiative in 2023, increasing the number of Business Solution Offices (BSOs) or 'Corporate Desks' at Al Rajhi Retail Banks to from 86 in 2022 to 100 at the close of the reporting year.

Driving growth through digitization

Many initiatives and projects were carried out during the reporting period under the CBG's digital agenda. The Bank continued system enhancements and process automations to improve customer experience, enhance business delivery and support growth momentum during the reporting period; A number of internal processes were digitised, and the credit application and decision-making process was automated for SME and Private Banking segments, supported by the automation of security documentation. CBG leveraged its customer relationship management system to identify more cross-sell opportunities, while also appointing Relationship Managers for highly personalised, one-on-one discussions to assist customers in achieving their financial goals.

Both the e-Business Portal and e-Business Mobile App were revamped in 2023, resulting in an increase in the digital onboarding of corporate clients. 87% of all newly opened corporate accounts were opened via online channels.

Corporate digital banking services were further augmented with SWIFTNet connectivity in 2023, with clients able to access their bank accounts for inquiries and transaction services online via the SWIFT network protocol.

Strongly aligning with Vision 2030

Beyond supporting the growth of the MSME segment, CBG continued to be a major contributor to several other primary drivers of Vision 2030. Engaging with major public and private sector stakeholders, CBG collaborated with stakeholders to provide best-in-class financial solutions across emerging verticals such as tourism, entertainment and industrial sectors.

Al Rajhi Bank continued in its role as the primary bank for key government entities, and further strengthened its relationship with Monsha'at - the Kingdom's SME General Authority – by collaborating and hosting awareness sessions for MSME customers during the year under review.

CBG formalised memorandums of understanding (MOUs) with government institutions such as the Ministry of Investment, the National Centre for Privatisation, and the Local Content and Government Procurement Authority in 2023, to support public sector projects through advanced financial solutions. Charitable accounts were also shifted from the Retail to Corporate, and have been segmented alongside Government accounts and other projects that are part of the Kingdom's Vision 2030 agenda.

Awards and recognition

Al Rajhi Bank was duly recognised for the focused effort made by CBG during the year in review to provide segmented and highly-curated corporate banking solutions.

The Bank's commitment also won it national and global awards and accolades:

Presented by Global Finance

- Best SME Banking in the Middle East
- Best Corporate Bank in KSA
- Best Online Cash Management Services in KSA
- Best Trade Finance Services in KSA
- Best Mobile Banking App in KSA

Presented by Global Trade Review

- Best Local Bank in KSA – 2023: Award in Trade Finance

Presented at the Saudi Trade Finance Summit and organised by QNA

- Best Trade Islamic Finance Bank (KSA) 2023
- Customers Choice Trade Finance Bank (KSA) 2023
- Best Trade Digitised Bank (KSA) 2023

Future outlook

With the completion of the BOTF Strategy Cycle in 2023, the Corporate Banking Group has identified and prioritised key focus areas for growth in business and market share for 2024 and beyond, with emphasis placed on contributing to the growth of the Kingdom's MSME segment through innovative financial products and solutions. CBG is also looking at SME bundled offerings, as well as payments and cash management solutions, supporting the Kingdom's ambitious Vision 2030 target of diversifying the economy. Corporate investment banking, embedded financing, and trade financing are also focus areas for the immediate future. The Bank also plans to utilise its data and insights to identify and cross-sell products and services from across the Al Rajhi Group's subsidiaries to Corporate clients.

CBG will continue its digitization journey and leverage improved digital capabilities and products to grow market share across the Kingdom, thereby solidifying its reputation as the Bank of choice for Corporate clients, regardless of the scale of business. CBG also plans to expand its physical network even further at the close of 2024.