

البنك التجاري  
COMMERCIAL BANK



# INNOVATION UNDERPINS COMMERCIAL BANK'S RAPID REVENUE GROWTH

**C**ommercial Bank of Qatar shines in the Middle Eastern market for many reasons, not least its unwavering commitment to pioneering digital banking solutions. This has brought the firm acclaim and awards for innovation and built a loyal client base across corporates, small and medium-sized enterprises and retail customers.

In today's rapidly evolving financial landscape, banks that fail to innovate and adapt risk losing ground to more agile competitors. Recognising this, Commercial Bank has made digital transformation a central pillar of its five year strategic plan. Over recent years, the firm has made substantial investments to reshape its revenue and cost structures, enhance the customer experience, and leverage digital innovation in both client-facing and operational aspects of its business.

The approach is geared towards delivering client-centric solutions. Increasing engagement through mobile devices and utilising technologies such as biometric authentication provide ease and security. Releasing innovative digital products and enabling self-service and on-demand services keeps the firm at the cutting edge of user experience.

"As part of these efforts, we have introduced cutting edge solutions like Samsung Wallet and Apple Pay, which offer fast, secure, and convenient payment options for everyday transactions," says Fahad Badar, executive general manager and head of international banking. "In the competitive payments space, where fintech companies are making significant inroads, our aim is to simplify payment processes for consumers. Our solutions blend advanced technology with a deep understanding of customer needs, ensuring a superior banking experience for every service."

The strategy has allowed Commercial Bank to focus on building sustainable revenue streams and cultivating non-lending-based fee income. Digital product offerings and transaction banking initiatives, meanwhile, have helped grow low cost deposits. This has made Commercial Bank

resilient and adaptable in the face of a dynamic and uncertain economic environment. Despite all the global headwinds of 2022, the bank's net profits rose 22% to an impressive QAR 2.8bn.

"Commercial Bank is dedicated to establishing revenue streams that are not solely reliant on lending activities," says Badar. "This diversification allows the bank to reduce risk and enhance its financial stability."

The firm is enjoying stellar growth and increased activity across several key business segments. CB Wealth Management products are tailored and customised to meet individual financial needs across various stages of life. Premium Banking members benefit from local knowledge, financial expertise and bespoke service. Commercial Bank's corporate banking division is a cornerstone of its success, contributing significantly to its overall expansion. The bank provides a comprehensive suite of financial solutions tailored to meet the diverse needs of large corporations and businesses.

At the same time, the bank is mindful to maintain a high quality, balanced portfolio — for example, reducing its share of real estate lending to the market average and increasing its share of government business. "This strategic shift not only optimises the risk profile of the bank but also provides access to cost-effective funds, helping bolster growth in lending and credit activities," says Badar.

So far in 2023, the bank's financial results tell a clear story. Commercial Bank's consolidated net profit for H1 2023 rose 8.5% year-on-year to QAR 1.5bn. "This growth in profitability is a testament to our ability to generate sustainable earnings," says Badar. Sustainable revenue growth helps create a robust financial position and strong metrics that underscore creditworthiness and stability. S&P Global Ratings recently raised the bank's long term issuer credit rating to A- with a



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—Fahad Badar, executive general manager and head of international banking, CBQ

stable outlook — a sound endorsement of its ongoing efforts to strengthen its financial standing.

"S&P's assessment highlights the improved quality of our assets, signalling a positive trend in our balance sheet risk management," says Badar. "We have diligently reduced risks while maintaining a high level of capitalisation, reinforcing our resilience in the face of economic challenges."

Commercial Bank is also deeply committed to sustainability and environmental, social and governance considerations, both as an integral part of its corporate strategy and as a reflection of its responsibility to stakeholders. As part of its lending and investment activities, Commercial Bank has implemented a comprehensive methodology to identify and measure ESG risks associated with its customers. In line with Qatar's National Environment and Climate Change Strategy, the bank is intensifying its efforts to reduce its carbon footprint. "Our goal is to achieve a 25% reduction in greenhouse gas emissions associated with our own operations by 2030 compared to 2021 levels," says Badar. "Our commitment to ESG is reflected in our approach to executive compensation, where ESG performance is a factor. All this demonstrates our dedication to sustainability beyond simply responsible lending practices, and aligns with our broader goals." ●

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## KEY COMPANY DATA

- Net profit (H1 2023): QAR 1.5bn
- Total assets (H1 2023): QAR 160.8bn
- Loans and advances (H1 2023): QAR 89.4bn
- Customer deposits (H1 2023): QAR 76.1bn

