

# Innovation

At SAB, **innovation is at the core of everything we do**. This has been a hallmark of the Bank for many years now, aligned to our strategic values; allowing us to continue to identify the trends that are transforming the financial industry.

During 2024, we **sharpened our focus on innovation** in order to **accelerate the pace and scale for how we innovate at SAB**, embedding an Innovation-led approach to serve as an **engine of future growth**.

SAB became the **first financial services institution in Saudi Arabia to be accredited by GInI** – our 2024 Innovation Maturity Score (as measured through the Global Innovation Institute – ‘GInI’) improved by 30% vs. 2023.

Our Innovation focus is centred on three main disciplines:

## 1 Fostering an innovation culture

## 2 Innovation origination and experimentation through data, products, and payments

## 3 Accelerating fintech and new economy collaboration

## 1 Fostering an innovation culture

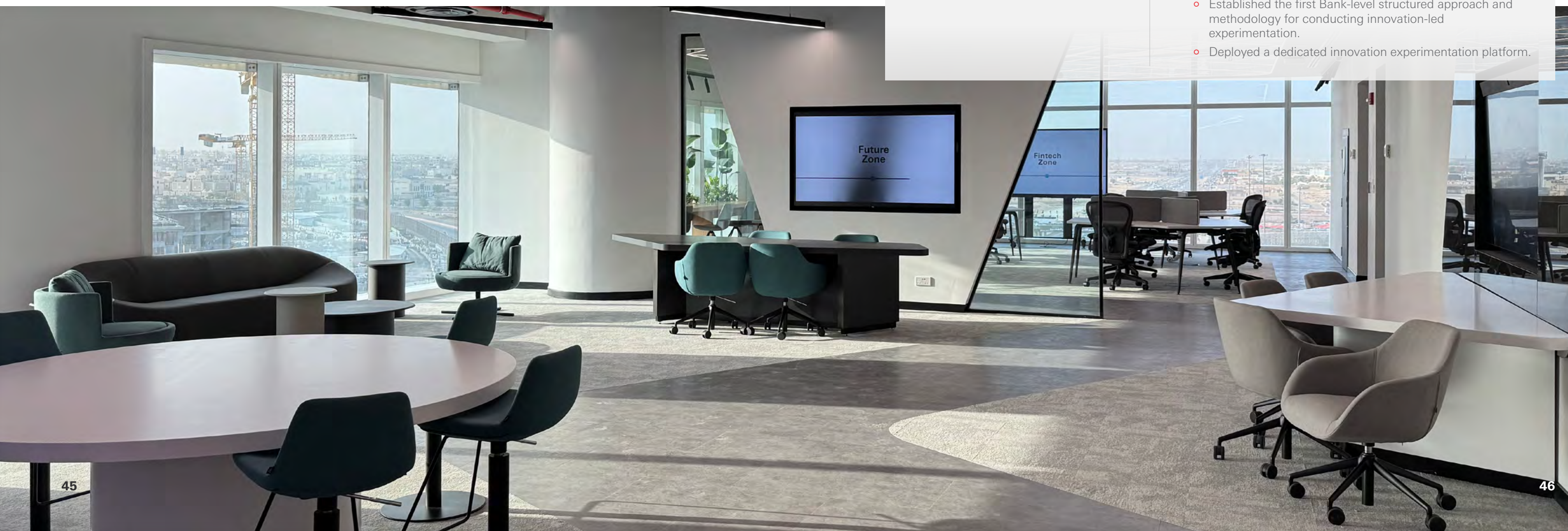


### What does this mean to the Bank?

- > Innovation is at the heart of our organisation – a key lever to our transformation and for enabling the pursuit of new growth opportunities.
- > The Bank is committed to investing in attracting and retaining talent, and has established specific innovation skills programmes to equip our colleagues, including the next generation of leaders at SAB, to be future-ready, embracing and adopting an innovation mindset for delivering business impact.
- > Significant capital investment made by SAB under our 2024-26 strategic plan, to build core innovation capabilities and embed innovation in everything we do to deliver future impact.

### What is the impact?

- > **Innovation accreditation by GInI:** SAB became the first financial services organisation in the Kingdom to be accredited. Our innovation maturity ratings improved by 30% over 2023.
- > **Innovation skills:** Developing our people through dedicated professional coaching and training. Over 2,000 of hours of dedicated Innovation Training undertaken in 2024 through two distinct programmes:
  - Innovation Champions
  - Innovation Certified Strategist Programme
- > **Innovation Centre:** We soft-launched our Innovation Centre in December 2024 (with the formal inauguration planned for 2025). The Centre serves as a dedicated environment to enable faster collaboration between SAB and the wider ecosystem.
- > **Innovation foundational capabilities:** For conducting rapid experimentation in a safe and controlled environment (involving SAB and ecosystem partners—fintechs and similar types of companies), to accelerate time to market for new and innovative products and services:
  - Established the first Bank-level structured approach and methodology for conducting innovation-led experimentation.
  - Deployed a dedicated innovation experimentation platform.





# Innovation (continued)

## 2 Innovation origination and experimentation through data, products, and payments



### What does this mean to the Bank?

- > Our efforts are focused on harnessing emerging technologies, empowering our employees, and enhancing customer experiences.
- > We transform data into a strategic asset, unlocking new revenue streams and improving decision-making through Artificial Intelligence (AI), quantum computing, and advanced analytics.
- > We leverage AI to enhance operational efficiency, improve risk management, strengthen security measures and provide customer experiences through customised ways.
- > We launched our Quantum Computing Programme to enable and guide our businesses and functions to utilise quantum-led innovation in line with global standards and best-practice, and to test and experiment how Quantum use cases can help protect and enhance revenue streams while strengthening the Bank's risk management capabilities.

### What is the impact?

- > **Data-led innovation:** Designed predictive models using AI for credit risk, leveraged the use of Generative AI and Agentive AI for experimenting operational efficiency use cases. We deepened strategic partnerships with AI-focused companies to drive data-driven insights utilising Generative AI, to optimise growth, and leveraging AI to optimise financial risk assessment, mitigate payment fraud and better secure digital transactions.
- > **Quantum:** Implemented frameworks for Quantum Key Distribution (QKD) and Post-Quantum Cryptography (PQC), ensuring 100% secure transaction protocols.
- > **Data-as-an-asset:** These included the launch of a platform for SMEs, analysing transactional data to provide customer insights and optimise business strategies.

### Products and payments-led innovation, comprising:

- > **Virtual assets:** Co-creation and experimentation - SAB and HSBC are collaborating on the use of blockchain technology to enable new forms of payments, such as Central Bank digital currencies and tokenised bank deposits.
- > **Embedded finance:** SAB is embedding financial products and services on third-party platforms to increase distribution reach and provide enhanced customer experiences, with a number of strategic engagements initiated.
- > **Open banking:** Attained full certification from SAMA for Phase 1 and mobilised our plans to develop our approach to Phase 2, in line with the guidelines issued by SAMA.
- > **Banking-as-a-Service:** Commenced the Programme to introduce emerging capabilities to fintechs and similar types of companies, requiring best-in-class banking infrastructure capabilities through, for example, BIN Sponsorship.

## 3 Accelerating fintech and new economy collaboration



### What does this mean to the Bank?

- > To unlock value from an increasingly-connected ecosystem and to support the Bank's aspirations to be the Bank of Choice for the New Economy and a leader in Financial Innovation by deepening our strategic partnerships with companies that we see as fueling new and emerging solutions.
- > Driving financial innovation through pioneering projects and impactful partnerships, and leveraging our innovation culture.

### What is the impact?

- > Established an in-house dedicated team which launched our Fintech Fund (30% mobilisation in first year with 11 portfolio companies making up our current investments).
- > Launched our New Economy Programme in 2024, to accelerate engagement with the innovation ecosystem (valued at USD 12 bln). The programme witnessed over 20 co-creation and collaboration opportunities executed with fintechs, delivering innovative products such as an enhanced Buy-Now-Pay-Later offering and a co-created SME credit gateway solution, to enable easier access to credit for SMEs.

