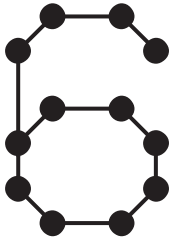


Other material information



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R&D and innovation

The Group's technological activities have responded to the particular needs of each geographic area, particularly in Spain, where digitalisation, the strengthening of the new technological platform and the implementation of new working methods for employees stood out, while maintaining the search for efficiency and productivity. At TSB, efforts were focused on improving business capabilities and new channels of communication with customers.

In the domestic market

During 2021, a key focus has been the search for increased operational efficiency, leveraging on digitalisation and data management. In addition, the resilience and innovation of the technology platform has been strengthened by adopting the latest market trends.

Within the Retail and Business Banking area, of note were the digitalisation initiatives such as a new online support channel with a virtual assistant based on conversational capabilities and machine learning that enables customers to obtain immediate answers, a new 100% digital on-boarding system that makes it easier to attract new customers without the need to visit one of our branches, the promotion of new card-related functionalities, such as online contracting with direct download to the mobile wallet, and the enhancement of the user experience by improving our mobile application, which stands out as one of the leaders in app shop ratings.

At the branch level, with the aim of enhancing customer self-service capabilities and seeking greater efficiency in employees' tasks, new state-of-the-art ATMs and recyclers have been added, as well as improvements in communications systems.

Additionally, in 2021, the evolution of the new architecture PROTEO4 has continued, which enables the deployment of container-based applications both on-premises and in the public cloud in a transparent manner. The use of the public cloud allows us to shorten the time to market and improve the resilience and scalability of our digital services to customers. In the same framework, the Discovery programme has consolidated the use of new data centres and made progress in the decommissioning of old data centres, improving application performance and simplifying infrastructure management.

Another notable area was the management, governance and use of data, including the Data1, Horus and DoD – Definition of Default – programmes, consolidating the initiatives already started in 2020, which aim to automate data processing, create self-service models and strengthen and increase agility in the preparation of financial and regulatory reporting.

Finally, in the first quarter of 2021, the Next Generation Workplace programme will be completed, with the aim of enabling new work models for employees, providing them with new equipment and capabilities to develop their day-to-day work in a more flexible and efficient way.

In the international context

At TSB, much of the focus has been on providing new digital products, as well as improving the user experience in digital channels. These include conversational banking programmes and PCA (Personal Current Account) enhancement. Initiatives have also been implemented to improve efficiency, notably the Automation Factory programme and to improve card operations by boosting self-service.

Acquisition and sale of treasury shares

See note 23 to the consolidated Annual Accounts.

Average period of payment to suppliers

The average period of payment to suppliers by consolidated undertakings based in Spain was 27.30 days (11.35 days in the case of the Bank).

Material post-closing events

No material events meriting disclosure have occurred since 31 December 2021.