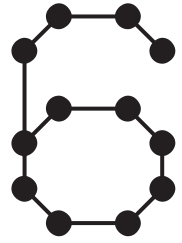


Other material information



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R&D and innovation

The Group's technological activities continued to respond to the specific needs of each region, particularly the digital transformation in Spain, as well as the performance of the new IT platform and the rollout of the new application development model. The main drivers for these improvements have been efficiency, quality and productivity. At TSB and Banco Sabadell Mexico, efforts continued to focus on improving business capabilities and achieving operational efficiency.

In the domestic context

A key aspect in 2022 was the rollout of new 100% digital products and processes, as well as the improvement in operational efficiency. In addition, the resilience and innovation of the IT platform has continued to be strengthened by adapting it to the latest market trends.

Within Retail and Business Banking, it is worth mentioning the consolidation of the digital onboarding process, which has enabled the fully digital acquisition of new customers without the involvement of the branch network, using the latest technological trends in the market, such as face recognition. The Bank also continues to expand the range of fully digital products, including mortgages and loans.

As regards the branches, of particular note was the renewal of the ATM fleet, deploying the new self-serve capabilities in most of the branch network. The Bank has also implemented new communication protocols at the branches that enhance and activate new ways to serve customers remotely.

Furthermore, in 2022, the evolution of the technological enablers continued, including the improvement in the Proteo4 architecture, which reduces the time-to-market of new features and facilitates the rollout of cloud-based applications, and the implementation of a cloud-based platform for the data consumption of the most frequently used transactions. This enables a more efficient and scalable use of the IT platform, reducing its reliance on legacy systems. In this same area, the Discovery programme completed the migration to the new data centres, improving the performance and resilience of IT services and streamlining their management.

In the area of development services, Project Dingle has been executed, through which IT services and developments that had to date been provided by the 140 existing suppliers were transferred to three main suppliers, with a substantial improvement in efficiency and in the quality and agility of the development function, maintaining the knowledge and control of the Bank's critical services.

Another noteworthy aspect is the use of RPA (Robotics Process Automation) technologies to make branch network and back-office processes more efficient, and as a result, employees have been able to focus on more value-added tasks for the Institution. It is also important to note the use of artificial intelligence to strengthen and anticipate the detection of fraud attempts and to have new and more accurate risk assessment models to help managers make decisions.

In the international context

TSB's activities have focused on the improvement of the digital catalogue of products, e.g. the use of cheques on mobile phones and the online new loan application process. The specific digital features for business banking have also been enhanced. Initiatives to improve the scalability and resilience of the IT platform have been implemented as well.

Banco Sabadell Mexico has focused on the ongoing development of programmes to enhance the operational efficiency of its IT platform.

Acquisition and sale of treasury shares

See Note 23 to the consolidated annual financial statements.

Average period of payment to suppliers

The average period of payment to suppliers (days payable outstanding) by consolidated entities based in Spain was 28.74 days (17.29 days in the case of the Bank).

Material post-closing events

No material events meriting disclosure have occurred since 31 December 2022.

Other reports related to the Directors' Report

Non-Financial Disclosures Report

In accordance with the provisions of Law 11/2018, of 28 December, on non-financial and diversity disclosures, Banco Sabadell Group has drawn up a Non-Financial Disclosures Report for 2022, which, in accordance with Article 44 of the Spanish Commercial Code, forms part of this report and is attached as a separate document.

Annual Corporate Governance Report

The Annual Corporate Governance Report (ACGR) corresponding to the 2022 financial year is an integral part of the Consolidated Directors' Report in accordance with the provisions of the Spanish Capital Companies Act. This report is signed off by the Board of Directors on the same date as the consolidated annual financial statements and the consolidated Directors' Report and is sent separately to the CNMV. From the date of publication of the consolidated annual financial statements and the consolidated Directors' Report, the ACGR is available on the CNMV's website (www.cnmv.es) and on the corporate website of Banco Sabadell Group (www.grupbancsabadell.com).

Annual Report on Directors' Remuneration

The Annual Report on Directors' Remuneration (ARDR) corresponding to the 2022 financial year is an integral part of the Consolidated Directors' Report in accordance with the provisions of the Spanish Capital Companies Act. This report is signed off by the Board of Directors on the same date as the consolidated annual financial statements and the consolidated Directors' Report and is sent separately to the CNMV. From the date of publication of the consolidated annual financial statements and the consolidated Directors' Report, the ARDR is available on the CNMV's website (www.cnmv.es) and on the corporate website of Banco Sabadell Group (www.grupbancsabadell.com).