

2020

Consolidated
Annual Accounts
and Consolidated
Management
Report

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Consolidated
Management
Report 2020

esta doble pagina hay que
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The content of this Consolidated Management Report (hereinafter ‘the Report’) was prepared in accordance with the recommendations set out in the ‘Guide for the preparation of management reports by listed companies’ published by the Spanish National Securities and Exchange Commission (the ‘CNMV’).

THE ALTERNATIVE PERFORMANCE MEASURES (APM) USED IN THIS REPORT, WHICH CORRESPOND TO THOSE FINANCIAL MEASURES THAT ARE USED BUT NOT DEFINED OR EXPLAINED IN THE APPLICABLE FINANCIAL INFORMATION FRAMEWORK, CAN BE CONSULTED AT THE FOLLOWING WEB PAGE:
www.mapfre.com/en/financialinformation/

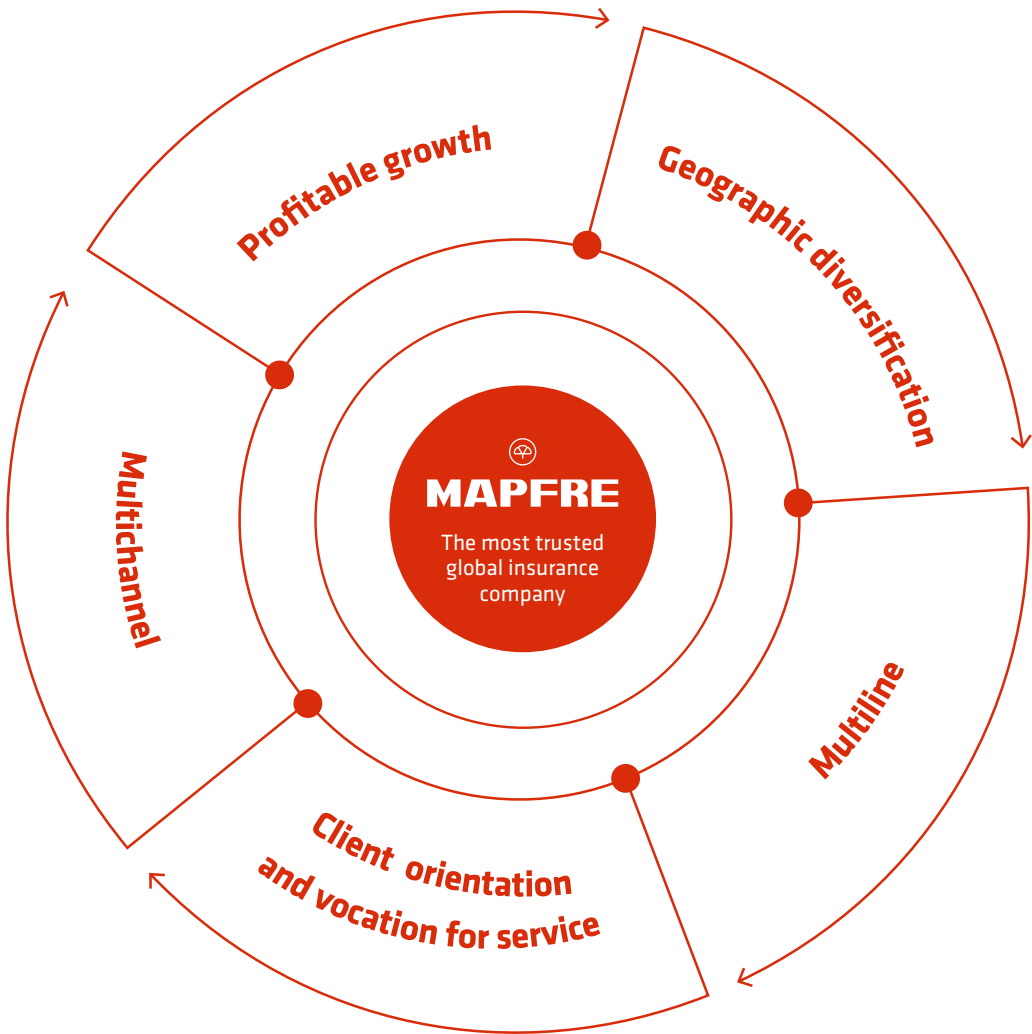
SOME OF THE FIGURES INCLUDED IN THIS REPORT HAVE BEEN ROUNDED. THEREFORE, DISCREPANCIES MAY OCCUR IN THE TABLES BETWEEN THE TOTALS AND THE AMOUNTS LISTED DUE TO THIS ROUNDING.

1.1 Organization overview

BUSINESS MODEL

The vision of MAPFRE is to be THE MOST TRUSTED GLOBAL INSURANCE COMPANY, a concept that refers not only to its geographic presence but also to the wide range of insurance and reinsurance products and services that it promotes worldwide. It aims to become a leader in the markets in which it operates, through its proprietary and differentiated business model, based on transformation and innovation. It is designed to achieve profitable growth with a clear and decisive focus on the client (both private and corporate), a multi-channel approach and a firm vocation for service.

The influx of new insurance business models – insurtech – based on digital tools is causing a veritable revolution in the sector, and MAPFRE is acting swiftly in order to offer all its stakeholders value experiences. The business model that MAPFRE has adopted is not focused solely on financial results, but also on the social sphere.



Accordingly, MAPFRE:

- Is firmly committed to growth, both in terms of business volume and geographic development, generating suitable and sufficient profitability from its activities.
- Manages its business in an efficient manner and constantly improves productivity, reducing structural costs continuously in order to enhance its competitiveness.
- Professionally manages the risks it assumes, ensuring sustainable growth and results.
- Steers its development by diversifying its portfolio of insurance, reinsurance and service businesses as a means of boosting growth and minimizing risks.
- Deploys a global management model with ample capacity for local implementation, ensuring an appropriate balance between corporate involvement and business development in each country.
- Makes its resources available to the entire organization, thus harnessing the synergies derived from sharing talent, processes and tools.
- Promotes specialized management as a means of continuously optimizing results and enhancing service quality.

The Missions is to be a multinational team that strives tirelessly to improve our services and ensure the best possible relationships with our clients, distributors, providers, shareholders and society in general.

This commitment to continuous improvement is underpinned by the following values, which assist in executing the mission and achieving the company's vision:

☉ Solvency	Financial strength with sustainable outcomes over time and full capacity to meet all its obligations with stakeholders.
☉ Integrity	Ethical conduct as a core element in how everyone (executives, employees, agents and collaborators) behaves, with a socially responsible focus on all long-term activities and commitments.
☉ Vocation for service	The constant quest for excellence in the pursuit of its activities and a continuous focus on building strong relationships with clients.
☉ Innovation for leadership:	Differentiation as a key requirement to drive constant growth and improvement, using technology to service the different businesses and their objectives.
☉ Committed team	Full engagement of employees, executives, agents and other collaborators with the MAPFRE project and continuous development of the team's skills and abilities.

ORGANIZATIONAL STRUCTURE AND GOOD GOVERNANCE

A. ORGANIZATIONAL STRUCTURE

MAPFRE is a multinational company chiefly devoted to insurance and reinsurance activities, and operates in 44 countries worldwide.

The Group’s parent company is the holding company MAPFRE S.A., the shares of which are listed on the Madrid and Barcelona stock exchanges and, as at the close of the period, formed part of the IBEX 35, IBEX Top Dividend, MSCI World SMID Cap Index, FTSE All-World, FTSE Developed Europe, FTSE4Good, FTSE4Good IBEX, Dow Jones Sustainability World, Euronext Vigeo Europe 120, Euronext Vigeo Eurozone 120 and Ethibel Sustainability Index-Excellence Europe.

MAPFRE S.A. is a subsidiary of CARTERA MAPFRE, S.L. Sociedad Unipersonal, which is fully controlled by Fundación MAPFRE.

During 2020, the Group pursued its business activities through an organizational structure made up of four Business Units (Insurance, Assistance, Global Risks and Reinsurance); three Territorial Areas (IBERIA, LATAM and INTERNATIONAL); and six Regional Areas (Iberia (Spain and Portugal), Brazil, LATAM North (Mexico, Central America and the Dominican Republic), LATAM South, North America and EURASIA (Europe, Middle East, Africa and AsiaPacific). As of January 1, 2021, the Territorial Areas ceased to exist and the Group’s business activities are carried out through the Business Units and Regional Areas indicated above.

The Insurance Business Unit is organized in line with the MAPFRE Regional Areas, which are the geographic units that plan, support and oversee the region.

The Reinsurance and Global Risks units are integrated within MAPFRE RE.

The activities of the various Business Units are supplemented by those of the Corporate Areas (Internal Audit, Strategy and M&A, Finance and Resources, Investments, Business and Clients, Operations, People and Organization, External Relations and Communication, General Counsel and Legal Affairs, Business Support, IT and Processes), which have global competences for all MAPFRE companies in the world in terms of the development, implementation and monitoring of global, regional and local corporate policies.

The fact that the different MAPFRE companies belong to a business group implies, without prejudice to their legal autonomy, that they form an integral part of an organic structure that regulates their interrelations, the coordination of their activities and the oversight of the controlled companies by the controlling companies and, in the final instance, by the parent company.

The MAPFRE S.A. Board of Directors is the senior management and supervisory body for the entire Group. It features a Steering Committee that acts within all of its powers, except those which cannot be ceded by law, bylaws or the regulations of the Board of Directors, and three delegate committees (Audit and Compliance, Appointments and Remuneration, and Risks).

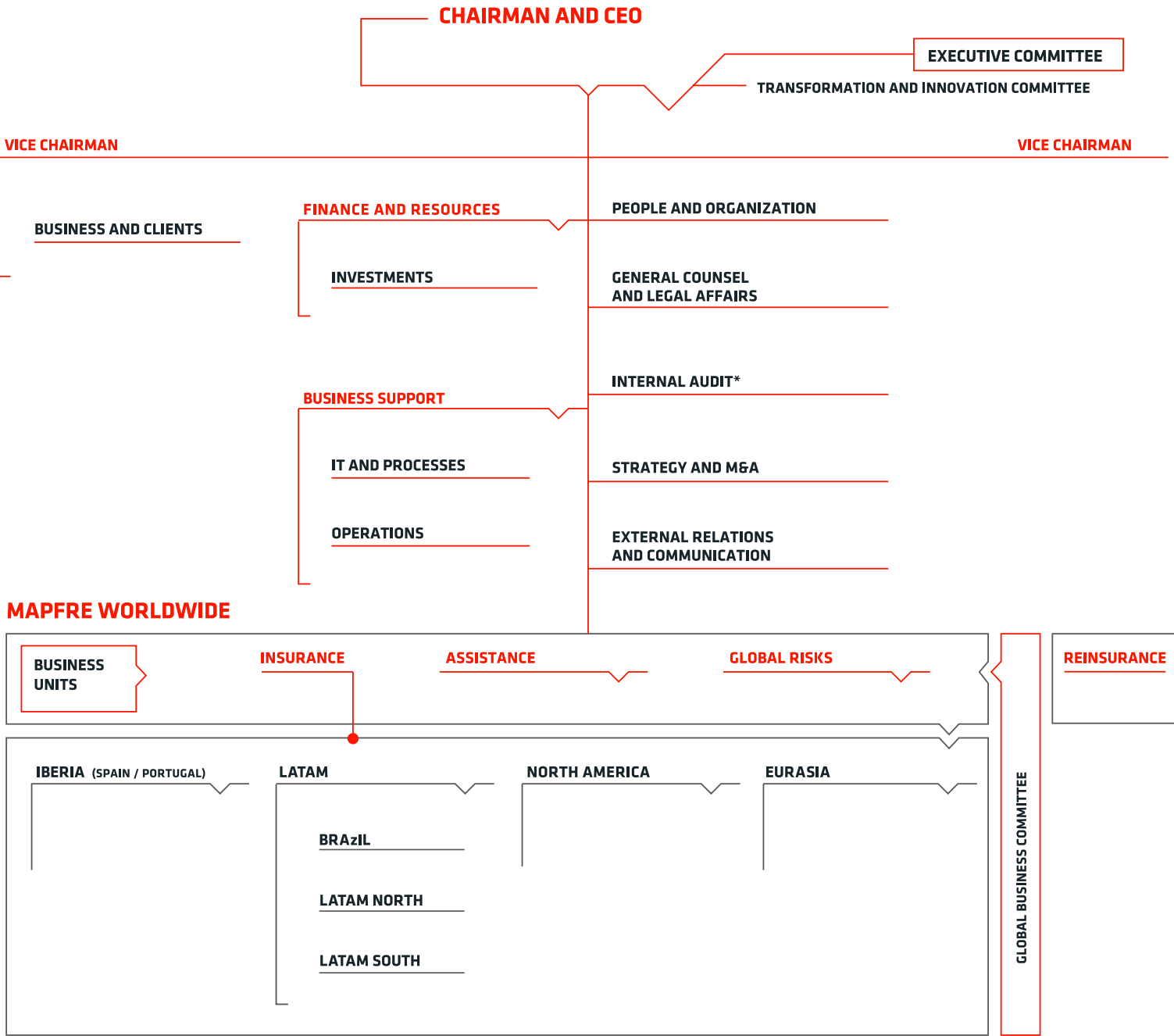
The Executive Committee is the body that exercises direct supervision over management of the Business Units and coordinates the various Areas and Units in the Group. The Transformation and Innovation Committee reports to the Executive Committee and has decision-making powers in relation to all transformation and innovation initiatives within MAPFRE.

Likewise, the Global Business Committee is in charge of analyzing the development of the Group’s insurance and services businesses worldwide, compliance with the established plans, and proposing related corrective or improvement actions.

The management, coordination and supervision of the activity of the Units and Areas is carried out, according to their respective scope of action, by the Local, Regional and Business Unit Management Committees, as well as by the Executive Committee.

Each of the subsidiary companies has its own governing bodies, in which the structure and complexity depend on the importance of their activities and any legal provisions that may be applicable. They usually have a Board of Directors and, depending on the importance of their activities, a Management Committee as well. In the case of shell or very small companies, these bodies are replaced by two administrators.

The Group’s current organizational chart is as follows:



*Reporting functionally to the Audit and Compliance Committee.

B. GOOD GOVERNANCE

MAPFRE has constantly and decidedly striven from the start to adopt the best corporate governance practices, MAPFRE’s good governance practices are oriented toward creating sustained financial and social value over the long-term. The company’s objective is to ensure financial stability and safeguard the interests of shareholders, while maximizing the positive impact on society as a whole.

MAPFRE is governed by the Recast Text of the Spanish Companies Act and has a series of Institutional, Business and Organizational Principles in place that have been approved by the Board of Directors of MAPFRE S.A., which, together with its Bylaws and the Board of Directors’ Regulations, define the structure, composition and functions of each of its governing bodies and make up the minimum mandatory compliance framework for all of the companies in the MAPFRE Group and their respective governing bodies. In addition, MAPFRE’s governance system is supplemented by a group of corporate policies⁽¹⁾.

MAPFRE complies fully with 90.62 percent, and fully or partially with 96.87 percent, of the recommendations set out in the CNMV Good Governance Code for listed companies at December 31, 2020.

The Annual Corporate Governance Report 2020 offers a detailed explanation of the structure of MAPFRE’s governance system and its operation in practice⁽²⁾, providing the minimum content established by Article 540 of the Recast Text of the Spanish Companies Act.

OPERATIONAL FRAMEWORK

During the financial year, the Group’s activities were developed through its Business Units.

The Insurance Business Unit was organized in 2020 following the structure of Territorial and Regional Areas: the IBERIA Territorial Area coincides with the Iberia Regional Area, which is made up of Spain and Portugal. The LATAM Territorial Area is subdivided into the Regional Areas of Brazil, LATAM North (Costa Rica, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama and the Dominican Republic) and LATAM South (Argentina, Colombia, Chile, Ecuador, Paraguay, Peru , Uruguay and Venezuela). The INTERNATIONAL Territorial Area is made up of the Regional Areas of North America (Canada, United States and Puerto Rico), and EURASIA (group operations in Europe -except Spain and Portugal-, Middle East, Africa, Australia, China, Philippines, Indonesia, Japan, Malaysia and Singapore).

As of January 1, 2021, the Territorial Areas are abolished and the Insurance Business Unit is organized following the structure of the Regional Areas indicated above.

The MAPFRE distribution network is the largest in the Spanish insurance industry and one of the largest belonging to a financial group in Latin America.

MAPFRE is committed to multichannel distribution and is adapting its sales structure to the legislation governing the different countries in which it operates.

Some of the key features behind the success of its business model include its client orientation, global product offering and adaptation to the legal and commercial nature of each market.

Some of the key features behind the success of its business model include its client focus, global product offering and adaptation to the legal and commercial nature of each market.

At the end of 2020, MAPFRE’s global distribution network consisted of XX 16,196 offices. The breakdown is shown below:

OFFICES	2020	2019
IBERIA		
Direct and Delegate	3,160	3,136
Bancassurance	6,590	2,519
Subtotal IBERIA	9,750	5,655
LATAM		
Direct and Delegate	1,314	1,419
Bancassurance	4,631	5,354
Subtotal LATAM	5,945	6,773
INTERNATIONAL		
Direct and Delegate	459	555
Bancassurance	42	41
Subtotal INTERNATIONAL	501	596
TOTAL OFFICES	16,196	13,024

Figures in million euros.

At fiscal year-end, MAPFRE’s presence in Spain consisted of 3,052 offices, while Brazil had 557 offices and Turkey, 367.

In 2020, more than 82,000 intermediaries, including agents, delegates and brokers, collaborated in product distribution. The following table shows the breakdown of this group:

SALES NETWORK	2020	2019
IBERIA		
Agents	9,612	10,231
Delegates	2,834	2,791
Brokers	5,012	4,541
Subtotal IBERIA	17,458	17,563
LATAM		
Agents	16,031	13,623
Delegates	3,913	3,824
Brokers	34,176	34,737
Subtotal LATAM	54,120	52,184
INTERNATIONAL		
Agents	8,156	7,212
Delegates	186	198
Brokers	2,256	2,082
Subtotal INTERNATIONAL	10,598	9,492
TOTAL SALES NETWORK	82,176	79,239

MAPFRE’s own distribution networks are supplemented by the distribution capabilities provided for under agreements with various companies, most notably with regard to bancassurance Bankia, (a partnership currently being evaluated due to the absorption of Bankia by CaixaBank), Banco Santander, Bankinter, CCM, Banco do Brasil, BHD Leon and Bank of Valleta, among others). MAPFRE distributed its products in 2020 through 11,263 bancassurance offices (4,370 in Brazil, 6,590 in Spain, 205 in the Dominican Republic and 42 in Malta).

Within the insurance business, MAPFRE is the largest Spanish insurer in the world, with 13.93 percent of the Non-Life insurance and 6.94 percent of the Life insurance markets in Spain. It is the 11th largest insurer in Europe and is present in nearly every country in Latin America, where it is the leading Non-Life insurance group, with a market share of 7.5 percent (according to the figures for 2019, the latest available).Furthermore, the Group’s reinsurance company (MAPFRE RE) occupies position 16 in the global reinsurance ranking ⁽³⁾.

(1) Institutional, Business and Organizational Principles of the MAPFRE Group and other corporate regulations are available on the Company's website (www.mapfre.com).

(2) For further information, please consult the Annual Corporate Governance Report 2019, which forms an integral part of this Consolidated Management Report.

(3) Source: S&P Global Ratings.

1.2

Business performance and results

ECONOMIC CONTEXT AND DEVELOPMENT OF INSURANCE MARKETS

ECONOMIC CONTEXT

In 2020, the COVID-19 pandemic negatively impacted the world's economies to a greater or lesser extent depending on the rate of infection in each country and the restriction measures adopted by the different governments.

The world economy in 2020 contracted an estimated 4.4 percent. The gross domestic product (GDP) of the advanced economies went down 5.1 percent, with the United States showing an estimated fall of 3.5 percent and the Eurozone of 7.3 percent. Emerging economies did not escape the slow-down, with Mexico contracting an estimated 9.0 percent and Brazil 4.7 percent. China was one of the first economies to recover, at least, from the first wave of contagion, and managed to grow an estimated 1.5 percent in 2020, although for 2021 the large growth expectations (from the base effect) could be affected by resurgences of the illness in various regions of the country.

Restrictions imposed in many countries in the form of lockdowns and social distancing measures initially damaged most economic activities and, after the relaxation of such measures in the third quarter, sectors with greater contact between people, such as hospitality, catering and travel, to varying degrees.

Economic activity in the fourth quarter of 2020 was affected by new restrictions resulting from the second wave of infections in Europe and the United States, although the fall will be less than the second quarter because in general interrupting business activity not related to hospitality, leisure and entertainment, and tourism has been avoided.

In an attempt to minimize structural damage to the economy, governments have established stimulus packages, especially to cover temporary redundancies and to prevent them from becoming permanent, and have provided credit lines and guarantees to companies. In many countries, the government even joined the shareholding of companies that had national strategic interest, to guarantee their continued existence in the midst of a profound recession. Similarly, in some countries there were temporary tax cuts, and in others, aid plans with fiscal spending policies.

In a highly synchronized global effort, central banks all over the world have responded with significant benchmark rate cuts and, in some cases, with quantitative easing programs through government or large corporate bond purchases. The result of these grand scale actions can be seen in the growth of the world money supply. This growth is expected to be sustained, both by continuing central banks' monetary aid programs as well as fiscal easing policies that will also extend for at least five years.

This notable monetary expansion is already stimulating a debate about whether certain inflationary factors could be strengthened in the coming quarters. They might not imply a significant increase in general inflation indices, at least as long as employment and salaries remain low, but they would produce certain asset price inflation, part of which can already be seen.

A more detailed analysis of the most important markets in which MAPFRE operates is presented hereafter.

EUROZONE

In 2020, the Eurozone suffered an estimated 7.3 percent GDP contraction. Inflation closed the year in negative numbers (-0.3 percent, in December) thanks in large part to the lower energy and transport prices, while food and beverage inflation was positive. The European Central Bank (ECB), at its meeting in December, announced an additional 500 billion euros for the pandemic emergency purchase program, bringing the total to 1,850 billion euros. The European Union established a 750 billion-euro Recovery Plan to deal with the damage caused by the pandemic (NextGenEU), consisting in loans and direct aid, and which complement the new and larger European budget (Multinannual Financial Framework) of 1,074 billion euros, for a total of 1,824 billion euros. Further, in 2020, in addition to the pandemic and the fiscal and monetary measures to alleviate it, the European Union has had to move forward with Brexit negotiations, about which an agreement was finally reached in extremis.

The Euro Stoxx 50 Index closed the year with a fall of 5.1 percent to 3.553 points, due to the economic crisis, and the very composition of the European indices, where banks, airlines and energy companies have the greatest weight.

SPAIN

The Spanish economy contracted an estimated 11.3 percent in 2020. one of the largest contractions in developed economies. There were two main factors – first, the severity of the restrictions imposed in April and May, and second, the economy's great dependence not only on foreign tourism but also on hospitality.

A 6.1 percent recovery is expected for 2021, leaving GDP levels still below those of 2019. It is important to point out that the activation of the ERTE (temporary unemployment) mechanism and credit lines and guarantees have prevented the fall from being even greater. As such, 2021 will be a key year for the Spanish economy, where it will become clear which companies and business were able to survive in a context of reduced mobility and lower in-person spending.

Final inflation numbers for 2020 were negative (-0.5 percent). Unemployment went up to 16.4 percent (November).

The IBEX 35 Index fell by 15.5 percent in the year, ending at 8,074 points, hurt by banks, communications, energy and tourism-related companies.

UNITED STATES

The United States economy fell an estimated 3.5 percent in 2020. Closings and restrictions have varied greatly from state to state. The government has activated extraordinary stimulus packages, including direct checks to households, which led to a strong recovery in retail sales and car sales recovering up to 90 percent of the regular activity. Leading activity indicators recovered significantly from minimums, but have still not returned to precrisis levels.

Inflation stood at 1.4 percent in December, but with great disparity in the different components.

The Federal Reserve has left interest rates stable at 0-0.25 percent since March, after two cuts, and has focused its policy on asset purchases, which have reached record proportions.

The dollar closed the year at 0,82 euros, depreciating 8.2 percent against the euro.

The S&P500 index closed the year with an increase of 16.3 percent, reaching 3,756 points, driven by technology companies.

BRAZIL

The Brazilian economy contracted an estimated 4.7 percent in 2020, with significant falls in both consumption and investment. The Brazilian government activated an important aid program for families (the so-called "coronavoucher") for the amount of 322 billion reales (4.5 percent of the GDP). This aid, along with lower mobility restrictions compared to other countries, have led to a lower fall in the Brazilian economy than in other countries.

Inflation in Brazil is on the rise and the Brazilian real depreciated 29 percent against the dollar in 2020, closing the year at 5.20 BRL/USD, supported in part by real negative interest rates and the increase in the money supply.

Regarding the stock market, the BOVESPA index closed the year at 119,017 points, with an increase of 2.9 percent in local currency in the year.

MÉXICO

Mexico has experienced one of the largest economic downturns in Latin America, and in general in the emerging world, with an estimated contraction of 9.0 percent in 2020.

The Mexican economy already had problems before the beginning of the recession from the pandemic, with a downward trend in investment levels, which got worse in 2020 with the fall in spending and exports. Additionally, the very weak fiscal stimulus response marked a significant difference in economic performance in 2020 between this economy and, for example, that of Brazil, which is a difference that may be seen in the dynamism of economic recovery in 2021.

Inflation stood at around 3.2 percent at the close of 2020, and the official interest rate at 4.25 percent, putting the real interest rates in positive territory. This will be favorable for the currency, which has been recovering after it hit lows in March. The Bank of Mexico, which lowered interest rates 300 basis points in 2020, is expected to maintain this for 2021, unless additional inflationary pressure arises.

The exchange rate has recovered substantially since lows of 25.35 MXN/USD in March, but closed the year depreciating 5.2 percent to 19.91 MXN/ USD. On the other hand, the Mexican Stock Exchange went up 1.2 percent in the year in local currency.

TURKEY

The Turkish economy grew 1.2 percent in 2020, as the spread of the pandemic occurred later than in other regions of the world. Therefore, performance in the first quarter was barely affected, and in the following quarters the impact was lower than that in Western European economies. However, toward the end of the year the number of cases began to go up, and looking toward the coming quarters, the containment measures and vaccine roll out will need to be monitored.

Inflation closed 2020 at 12 percent, appearing to show rigidity in reducing further, The Central Bank lowered interest rates in the first half of the year, but began raising them again in September, due to inflationary pressure and currency weakness, to 15 percent at the end of the year.

The Turkish lira depreciated 25 percent over the course of the year, reaching 7.44 TRY/USD at the end of the year. The BIST30 stock index in Istanbul went up 17.8 percent in local currency in the year.

DEVELOPMENT OF INSURANCE MARKETS

SPANISH MARKET ⁽⁴⁾

The Spanish insurance market reported a premium volume of 58,85 billion euros in December 2020, down 8.3 percent year on year. The economic standstill caused by the implementation of lockdown and social distancing measures to contain the spread of the COVID-19 pandemic has certainly affected this performance, with a heavy decline in Life premiums (-20.8 percent) and a slight increase in Non-Life premiums (1.1 percent).

Item	2020	2019	% Var. 20/19
Life	21,804	27,523	-20.8%
Non-Life	37,046	36,652	1.1%
TOTAL Direct Insurance	58,850	64,176	-8.3%

Figures in million euros.

Among the main lines. Health saw the biggest increase (up 5.0 percent), aided by a growing aversion to health risk caused by the very nature of the crisis, Meanwhile. Multirisk insurance growth slowed during the year, but gained 3.1 percent in the reference period, with growth reported across all insurance modalities. The segment hardest hit by the slump in economic activity and mobility limitations has been Automobiles, which posted a 2.0 percent decline in premium income to December 2020.

Item	2020	2019	% Var. 20/19
Automobile	11,091	11,312	-2.0%
Health	9,383	8,936	5.0%
Multirisk	7,753	7,521	3.1%
Other Non-Life lines	8,819	8,883	-0.7%
TOTAL NON-LIFE	37,046	36,652	1.1%

Figures in million euros.

Item	Total Non-Life		Automobile		Multirisk		Health	
	Sep 20	Sep 19	Sep 20	Sep 19	Sep 20	Sep 19	Sep 20	Sep 19
Loss ratio	66.5%	70.1%	65.4%	75.8%	62.6%	60.7%	75.6%	79.5%
Expense ratio	23.4%	22.1%	22.2%	18.9%	32.0%	31.2%	13.0%	12.5%
Combined ratio	89.9%	92.3%	87.6%	94.7%	94.6%	91.9%	88.5%	92.0%

As mentioned above, technical provisions for the Life business saw a slight decline of 0.5 percent at December 2020. By modality, available figures for September 2020 showed that provisions were up 2.9 percent in Life Protection and down 1.0 percent in Life savings, despite growth in certain products such as Unit-linked (up 5.5 percent) and SIALP (up 2.6 percent).

The Life business generated 21,80 billion euros in income, down 20.8 percent on 2019. The Life Savings segment, which had been struggling even before the onset of the pandemic, reported a significant decline of 25.1 percent. Life Protection premiums gradually declined throughout the year, dipping from positive growth of 6.7 percent growth in January 2020 to a drop of 0.7 percent at yearend. However, managed savings in the Life business continued to show resilience to reach 193,8 billion euros, revealing a slight downturn of -0.5 percent.

With data as of September 2020, the Non-Life combined ratio has improved by 2.4 percentage points (pp) compared to September 2019, with a significant decrease of 7.1 pp in the Automobile line. The combined ratio also improved in Health (-3.5 pp), while it increased by 2.7 pp in Multiperil insurance. This significant improvement in the technical profitability of Non-Life insurance is due to the decrease in claims (-3.7 pp), since the expense ratio swelled by 1.3 pp, with increases in the three lines analyzed.

The volume of assets in pension plans amounted to 118,5 billion euros in December 2020, which represents a rise of 1.8 percent compared to the previous year, with an increase of 2.7 percent in the individual system, which accumulates the most assets, which offset the fall in the employment (-0.1 percent) and associated (-3.7 percent) systems. Regarding profitability, the corrections in the fourth quarter have made it possible for pension plans to present positive returns in all terms, with an average 0.7 percent in the last year, and very positive prospects for the long- and medium-term, with an average annual return of 3.42 percent at 25 years and 3.38 percent at 10 years.

With regard to investment funds, the growth in equity experienced in December 2020 has led to this reaching 276.5 billion euros at the end of the year, a figure similar to that of December 2019, meaning it recovered the adjustment that occurred in the first quarter of the year.

Item	2020	2019	% Var. 20/19
Life insurance	193,826	194,786	-0.49%
Mutual funds	276,497	276,629	-0.05%
Pension funds	118,523	116,419	1.81%
TOTAL	588,846	587,834	0.17 %

Figures in million euros.

LATIN AMERICAN MARKETS

According to the latest data published by the Latin American supervisory bodies for 2020, the effects of the economic contraction resulting from the lockdown and social distancing measures implemented to limit the spread of the pandemic have been inconsistent in the insurance markets of Latin America. A total of 11 of the 18 countries analyzed have shown increases in their premium revenue in nominal terms and in local currency, with a more positive performance of the Non-Life segment. This grew in most markets, except for Costa Rica, Ecuador, Honduras, Mexico, Panama and Peru. The automobile line is the most affected by the crisis caused by the pandemic, with declines in virtually all markets except for Argentina, Puerto Rico and Uruguay. In contrast, Health has grown in virtually all markets due to the effect of the above-mentioned increase in risk aversion in terms of health.

Country	Date	Non-Llife	Life	Total
Argentina	Jun 2020	73.3%	60.7%	71.8%
Brazil	Nov. 2020	1.8%	-2.3%	-0.8%
Chile	Sept. 2020	5.6%	-28.1%	-14.8%
Colombia	Oct. 2020	2.0%	-2.7%	0.5%
Mexico	Sept. 2020	-1.8%	0.5%	-0.7%
Peru	Nov. 2020	1.2%	-5.0%	-1.6%
Puerto Rico	Jun 2020	7.1%	-17.0%	4.6%

Source: MAPFRE Economic Research, using data from the supervisors in each country.

(4) Source: ICEA.

Premiums in Brazil, the largest market in the region, registered a slight decrease of 0.8 percent as of November 2020, with a slight increase of 1.8 percent in Non-Life, which did not offset the decrease in Life (down 2.3 percent). The Non-Life segment recovered from the falls shown in the first two quarters of the year, while Life, which grew by 11.9 percent in March, showed a changing behavior: it decreased by 5.7percent in June, before recovering in part in September without reaching positive growth (-0.2 percent), and fell once again in November by 2.3 percent. The performance of the Vida Gerador de Benefícios Livres (VGBL) insurance, which accounts for 73 percent of the Life premiums, influenced this behavior.

As the region’s second largest market. Mexico recovered slightly from the declines shown in the second quarter, but not enough to have premium growth, with a fall of 0.7 percent for the total market as on September 2020. This was the result of a 1.8 percent decline in Non-Life and a 0.5 percent increase in Life. The decline in Non-Life premiums came about as a result of the renewal of the PEMEX comprehensive insurance policy in 2019, which is multi-year in duration (24 months).

Regarding the major decline in the Life insurance business in Chile, it should be noted that this is mainly due to the collapse of annuities, which lost 54 percent compared to September 2019. By contrast, Non-Life insurance grew by 5.6 percent, with a significant increase in Fire insurance and allied lines of 39.1 percent, and 6.7 percent in Health. With regard to the extraordinary increase recorded by the insurance industry in Argentina, an average inflation of 47.2 percent in June of 2020 must be taken into account.

OTHER MARKETS

United States ⁽⁵⁾

Property and Casualty direct insurance premiums written increased by 2.1 percent in the first half of 2020, with increases in personal and commercial lines, in the latter case influenced by the price increase.

With regard to Automobile insurance, revenues from third-party liability premiums declined, mainly due to the effects of measures to deal with the pandemic, and increased in terms of damage to own vehicle. For its part, the Life segment also performed positively, with a significant increase in premiums in deposit-type contracts (35 percent) and a 6 percent decrease in annuities. Finally, Health segment premiums grew by 7.8 percent thanks to the boost from Medicare and Medicaid.

Turkey

According to data from the Turkish Insurance Association, in the third quarter of 2020, the premium volume issued on the Turkish insurance market registered a nominal increase of 23.5 percent compared to the same period in 2019, with a remarkable increase of 54.2 percent in Life, a segment that accumulated 21 percent of the premiums, and 17.3 percent in Non-Life. It should be noted that the average inflation in the first nine months of the year was 11.8 percent.

In addition to the pandemic, Turkey also had two earthquakes to contend with in 2020, one with a magnitude of 6.5 on January 24 that shook the eastern Turkish province of Elazığ, and another with a magnitude of 7.0 on October 30 which affected the Turkish coast of the Aegean Sea and the nearby Greek islands. The earthquake triggered a tsunami that flooded the coastal district of Seferihisar (Turkey) and the port of Samos (Greece). The country was also affected by severe flooding in the summer months.

(5) Information obtained from the semi-annual reports of the National Association of Insurance Commissioners (NAIC) for the Property & Casualty, Life and Accident, and Health segments.

BUSINESS PERFORMANCE

REVENUES ON OPERATIONS

Item	Dec-20	Dec-19	Δ %
Total written and accepted premiums	20,482.2	23,043.9	-11.1%
Financial income from investments	2,437.3	3,287.5	-25.9%
Revenue from non-insurance entities and other revenue	2,499.7	2,140.8	16.8%
TOTAL CONSOLIDATED REVENUES	25,419.1	28,472.2	-10.7%

Figures in million euros.

The Group’s consolidated revenue reached 25.4 billion euros, with a decrease of 10.7 percent, mainly due to the fall in written premiums and lower financial income.

Premiums from direct insurance and accepted reinsurance, which represent a fundamental part of revenue, reached 20.5 billion euros, with a decrease of 11.1 percent, due in part to the effects on new business from the confinement of the population from COVID-19, and to the strong depreciation of the main currencies.

At constant exchange rates, and eliminating the effect on premiums from the two-year PEMEX policy (502.9 million dollars) that was issued in 2019, premiums would have only fallen 2.2 percent.

In the case of Spain, the 430.3 million euro reduction in financial income is due, on one hand, to the fall in realized gains and lower yields, and on the other hand, to the absence of two large operations carried out in the previous year, which were not repeated in 2020.

In the case of Brazil, the fall in financial income of 137.3 million euros is due to a decrease in the income from returns on financial investments as a result of the fall in interest rates, in addition to the effect of currency depreciation.

Finally, other revenue, which mostly includes noninsurance activity and non-technical revenue, went up 16.8 percent, primarily from the increase in positive foreign exchange differences.

Earnings

The chart below gives a summary of the consolidated income statement as on December 2020, showing the various elements of MAPFRE’s earnings and the comparison with the same period of the previous year.

Item	Dec-20	Dec-19	Δ %
I. REVENUE FROM INSURANCE BUSINESS	21,271.0	24,154.8	-11.9%
1. Premiums earned. net	16,701.6	19,172.9	
2. Revenue from investments	2,370.9	3,235.4	
3. Positive currency differences	2,042.9	1,589.2	
4. Other revenues	155.5	157.3	
II. INSURANCE BUSINESS EXPENSES	(19,934.2)	(22,621.1)	11.9%
1. Incurred claims for the year. net	(11,604.7)	(14,699.5)	
2. Net operating expenses	(4,687.1)	(5,108.3)	
3. Investment expenses	(1,062.3)	(847.5)	
4. Negative currency differences	(2,018.5)	(1,589.5)	
5. Other expenses and impairment	(561.6)	(376.3)	
RESULT FROM THE INSURANCE BUSINESS	1,336.8	1,533.7	-12.8%
III. OTHER ACTIVITIES	(204.5)	(232.9)	
IV. RESULT ON RESTATEMENT OF FINANCIAL ACCOUNTS	(13.9)	(21.6)	
V. RESULT BEFORE TAXES	1,118.4	1,279.2	-12.6%
VI. TAX ON PROFITS	(297.7)	(323.9)	
VII. RESULT AFTER TAX	820.7	955.3	-14.1%
VIII. RESULT AFTER TAX FROM DISCONTINUED OPERATIONS	--	--	
IX. RESULT FOR THE FINANCIAL YEAR	820.7	955.3	-14.1%
1. Attributable to non-controlling interests	294.1	346.0	
2. Attributable to the controlling company	526.5	609.2	-13.6%

Figures in million euros.

Lower earned premiums to December come from the decrease in written premiums and the strong depreciation of some of the main currencies.

The fall in the heading for revenue from investments comes from lower income from financial investment returns due to the fall in rates, lower dividend payments and realized gains, as well as from the effect of currency depreciation.

The increase in the heading for exchange rate differences is symmetrically reflected in the heading for exchange rate losses.

The insurance business result reached over 1.3 billion euros, which is 12.8 percent less than the same period the previous year. An important part of this fall is explained by the extraordinary goodwill and intangible asset write-off for attributable amount of 131.6 million euros.

Non-Life insurance business results reached 873.3 million euros, with a decrease of 5.0 percent compared to the same period the previous year. It is important to point out the that Non-Life technical result improved thanks to the lower Auto and Health claims, offsetting the increase in losses in lines with COVID-19-related claims and lower financial income.

MAPFRE ESPAÑA continues to be the largest contributor to Group profits. Further, the positive rate of contribution to earnings from Non-Life businesses in local currency in BRAZIL is noteworthy. The UNITED STATES, LATAM NORTH and LATAM SOUTH improved significantly despite unfavorable currency development. The UNITED STATES showed strong results growth, primarily due to the absence of weather-related events and the fall in claims frequency. EURASIA showed positive Non-Life business results that are much higher than the same period the previous year.

The effects of the confinement of the population because of the COVID-19 crisis have had an asymmetrical impact to date. It has had a positive effect on losses in Auto and Health in several countries – Spain, USA and Turkey – and a negative effect in general on the Commercial Multi-Risk and Burial lines.

The result of Reinsurance and of the Global Risks Unit was impacted by the effect of the earthquakes in Puerto Rico, the direct incurred losses from claims directly attributable to COVID-19, and in general by the negative development of large accepted reinsurance claims.

The Life technical-financial result reached 463.5 million euros, a 24.5 percent decrease compared to the same period the previous year. This decline is primarily due to Brazil, which shows a deterioration in this line from the Life Protection business coming from the bank channel, from the increase in claims as well as from the currency effect.

The result from other activities contributed a loss of 204.5 million euros. In 2019, a 75.6 million euro extraordinary provision was included in this heading, from goodwill write-offs and for restructuring expenses for various MAPFRE ASISTENCIA subsidiaries.

The result before taxes stands at more than 1.1 billion euros, 12.6 percent less than the same period the previous year.

Tax on profits reached 297.7 million euros, with an 8.1 percent reduction compared to the close of the same period the previous year.

The accumulated attributable result to December 2020 reached 526.5 million euros, falling 13.6 percent.

Balance sheet

Item	Dec-20	Dec-19	Δ %
Goodwill	1,409.8	1,773.2	-20.5%
Other intangible assets	1,370.3	1,526.9	-10.3%
Other fixed assets	238.9	265.5	-10.0%
Cash	2,418.9	2,537.5	-4.7%
Real estate	2,239.9	2,435.0	-8.0%
Financial investments	36,511.1	44,995.9	-18.9%
Other investments	1,220.8	1,044.1	16.9%
Unit-Linked investments	2,502.4	2,510.2	-0.3%
Participation of reinsurance in technical provisions	5,378.6	6,386.1	-15.8%
Receivables on insurance and reinsurance operations	4,489.5	4,879.4	-8.0%
Deferred taxes	221.7	307.0	-27.8%
Assets held for sale	8,159.5	264.2	-%
Other assets	2,991.2	3,585.0	-16.6%
TOTAL ASSETS	69,152.6	72,509.9	-4.6%
Equity attributable to the Controlling company	8,536.0	8,854.3	-3.6%
Non-controlling interests	1,301.8	1,251.7	4.0%
Equity	9,837.8	10,106.0	-2.7%
Financial debt	2,993.6	2,973.7	0.7%
Technical provisions	41,692.6	51,031.6	-18.3%
Provisions for risks and expenses	582.6	709.3	-17.9%
Debt due on insurance and reinsurance operations	2,256.9	2,469.1	-8.6%
Deferred taxes	670.6	703.1	-4.6%
Liabilities held for sale	7,263.9	135.9	-%
Other liabilities	3,854.7	4,381.2	-12.0%
TOTAL LIABILITIES	69,152.6	72,509.9	-4.6%

Figures in million euros.

Total assets reached 69.2 billion euros at December 2020 and fell 4.6 percent compared to the close of the previous year. The most relevant changes are analyzed below:

1. The depreciation of the main currencies in LATAM, the US dollar and the Turkish lira has a significant effect on the Group's balance sheet, and explains a large part of the variations at the close of December 2020.
2. The fall in the heading for Goodwill is in part a result of the extraordinary goodwill write-off for the amount of 127.5 million euros.
3. The inclusion of the insurer MAPFRE Salud ARS in the Dominican Republic in the consolidation scope has implied the incorporation of 68.8 million euros in financial investments and 47.6 million euros in technical provisions, and has also implied recording an intangible asset (VOBA) of 49.1 million euros.
4. To December 31, 2020, the heading for assets held for sale reached 8.2 billion euros. In 2020, the following Group companies/operations have been reclassified in accounting to the heading "Assets held for sale":

– Bankia MAPFRE Vida

– Industrial RE

– Rastreator and Preminen

– MAPFRE Inmuebles' land for sale

Of these operations, the most relevant is Bankia MAPFRE Vida, the assets of which reach 7.7 billion euros.

5. The fall in the headings for Financial Investments and Technical Provisions comes primarily from the reclassification of the assets and liabilities from the Bankia MAPFRE Vida operation to held for sale, for the amount of 7.4 and 6.6 billion euros, respectively.
6. The changes in the headings for Assets and Liabilities from insurance and reinsurance operations are a result of the business management process itself

MANAGED FUNDS

The following charts show the performance of managed savings, including both technical provisions of Life insurance companies, and the Life provisions of multiline insurance companies, which are presented in the Group's consolidated balance sheet, In addition to the Life insurance operations. MAPFRE manages its clients' savings through pension and mutual funds.

Managed savings

The following chart shows the details of and changes in managed savings, which includes both items:

Item	Dec-20	Dec-19	Δ %
Life technical provisons	22,500.7	30,547.9	-26.3%
Pension funds	5,754.9	5,479.1	5.0%
Mutual funds and other	4,533.8	4,636.1	-2%
Subtotal	32,789.3	40,663.0	-19%

Figures in million euros.

The variation in managed savings in relation to December of last year reflects the growth of Life technical provisions, as a result of the reclassification in accounting of technical provisions from Bankia MAPFRE Vida to liabilities tied to assets held for sale.

Assets under management

The following chart reflects the performance of assets under management, which includes the total Group investment portfolio as well as pension and mutual funds:

ITEM	Dec-20	Dec-19	Δ %
Investment portfolio	44,893.2	53,522.7	-16.12%
Pension funds	5,754.9	5,479.1	5.03%
Mutual funds and other	4,533.8	4,636.1	-2.21%
TOTAL	55,181.8	63,637.8	-13.29%

Figures in million euros.

KEY INDICATORS

RETURN ON SHAREHOLDERS' EQUITY (ROE)

Return on equity (ROE), which represents the relationship between net profit attributable to the parent company (deducting the share of noncontrolling interests) and average shareholders' equity, was 6.1 percent (7.2 percent in 2019).

Management ratios

The combined ratio measures the impact on premiums of management costs and the loss ratio for the period. In 2020 and 2019 this ratio stood at 94.8 percent and 97.6 percent, respectively. The accompanying table shows the evolution of the main management ratios by business unit.

	EXPENSE RATIO ⁽¹⁾		LOSS RATIO ⁽²⁾		COMBINED RATIO ⁽³⁾	
	2020	2019	2020	2019	2020	2019
IBERIA	22.8%	21.2%	69.1%	73.1%	92.0%	94.4%
LATAM NORTH	26.6%	31.2%	63.8%	63.5%	90.5%	94.7%
LATAM SOUTH	38.4%	36.8%	55.5%	63.2%	93.9%	100.0%
BRAZIL	36.6%	37.0%	51.1%	55.1%	87.6%	92.2%
NORTH AMERICA	32.6%	28.5%	65.1%	71.8%	97.7%	100.4%
EURASIA	27.0%	26.1%	71.9%	80.0%	98.9%	106.1%
MAPFRE RE	30.5%	30.5%	70.1%	70.5%	100.6%	101.0%
Reinsurance	31.2%	30.0%	70.0%	69.3%	101.2%	99.2%
Global Risks	22.5%	37.5%	70.8%	86.0%	93.3%	123.5%
MAPFRE ASISTENCIA	44.7%	41.1%	53.7%	62.2%	98.4%	103.3%
MAPFRE S.A.	29.1%	28.6%	65.6%	69.0%	94.8%	97.6%

1.Operating expenses, net of reinsurance - other technical revenues + other technical expenses) / Allocated premiums, net of reinsurance. Figures refer to Non-Life insurance.
2.(Incurred claims for the period, net of reinsurance + variation in other technical provisions + profit sharing and returned premiums) / Allocated premiums, net of reinsurance. Figures refer to Non-Life insurance.
3.Combined ratio = expense ratio + loss ratio. Figures refer to Non-Life insurance.

INFORMATION BY BUSINESS UNIT

MAPFRE structures its business through the following Business Units: Insurance, Reinsurance, Global Risks and Assistance. The Reinsurance and Global Risks Units are integrated into MAPFRE RE.

Key figures

The accompanying chart shows the premiums, attributable result, and Non-Life combined ratio for each Business Unit:

AREA / BUSINESS UNIT	Premiums			Attributable result			Combined ratio	
	Dec. 2020	Dec. 2019	Δ %	Dec. 2020	Dic.2019	Δ %	Dic.2020	Dec. 2019
IBERIA	6,998.9	7,717.8	-9.3%	453.3	497.8	-8.9%	92.0%	94.4%
LATAM	6,110.5	7,547.3	-19.0%	229.7	214.9	6.9%	89.8%	94.4%
INTERNATIONAL	3,581.3	4,027.3	-11.1%	107.4	93.7	14.6%	98.1%	102.3%
TOTAL INSURANCE	16,690.7	19,292.4	-13.5%	790.5	806.4	-2.0%	92.9%	96.5%
REINSURANCE AND GLOBAL RISKS	5,686.5	5,580.5	1.9%	16.9	57.5	-70.7%	100.6%	101.0%
ASSISTANCE	618.9	861.0	-28.1%	(20.6)	(88.0)	76.6%	98.4%	103.3%
Holdings and consolidation adjustments	(2,513.9)	(2,690.0)	6.5%	(260.2)	(166.7)	-56.1%	---	---
MAPFRE S.A.	20,482.2	23,043.9	-11.1%	526.5	609.2	-13.6%	94.8%	97.6%

Figures in million euros.

INSURANCE COMPANIES

IBERIA

IBERIA encompasses the business activities of MAPFRE ESPAÑA and its subsidiary in Portugal, as well as the Life business managed by MAPFRE VIDA and its bancassurance subsidiaries.

Information by country

REGION / COUNTRY	Premiums			Attributable result			Combined ratio (current period)	
	Dec. 2020	Dec. 2019	Δ%	Dec. 2020	Dec. 2019	Δ%	Dec. 2020	Dec. 2019
IBERIA	6,998.9	7,717.8	-9.3%	453.3	497.8	-8.9%	92.0%	94.4%
SPAIN*	6,862.1	7,582.3	-9.5%	445.2	488.7	-8.9%	91.9%	94.4%
PORTUGAL	136.8	135.4	1.0%	8.1	9.1	-10.6%	95.4%	95.9%

Figures in million euros.

*Verti Spain's premiums totaled 84.4 million euros (+ 6 percent). The net result amounts to 9.1 million euros (against -1.6 million euros in 2019).

Premiums in IBERIA fell 9.3 percent. Non-Life premiums grew 0.6 percent and reflect the positive development of the Health. Condominiums. Homeowners and Commercial business.

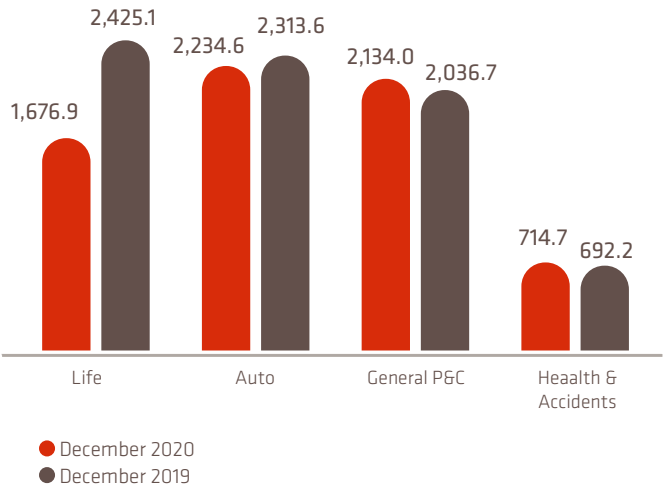
Life premiums went down 30.9 percent, primarily due to the low interest rate environment which complicates selling savings insurance policies, where there is a 755.0 million euros fall in premiums, from the cancellation of the sale of certain products.

Regarding the SANTANDER MAPFRE operation, written premiums at the close of December 2020 reached 18.5 million euros.

MAPFRE ESPAÑA adopted client support measures amounting to 55.5 million euros through the application of premium discounts on renewal for the self-employed and SMEs, corresponding to the period of inactivity from the COVID-19 crisis.

WRITTEN PREMIUMS IN KEY LINES

FIGURES IN MILLION EUROS



Evolution of the result

IBERIA's pre-tax results reached 710.2 million euros, which implies a 1.2 percent increase compared to 2019.

IBERIA's attributable result reached 453.3 million euros with a decline of 8.9 percent compared to the same period the previous year.

The technical result of Non-Life business is very positive and maintains an excellent combined ratio, which to December 2020 stood at 92.0 percent. The effects of the confinement of the Spanish population from COVID-19 have had an asymmetrical effect, with a positive effect on losses in Auto and Health, and a negative effect on the Commercial Multi-Risk and Burial lines.

The Life business technical-financial result shows positive development primarily due to the favorable performance of the result from MAPFRE VIDA and Bankia MAPFRE Vida.

At the close of December 2020, 57.8 million euros in financial gains, net of losses, were recorded (117.7 million as of December 2019).

The market shares in Spain* and Portugal as at December and September of 2020, respectively, are shown here:

SPAIN	Dec-20	Dec-19
Automobile	19.6 %	20.0%
Health	6.5%	6.5%
Other Non-Life	14.4%	14.2%
Total Non-Life	13.9%	14.1%
Total Life	6.9%	7.9%
TOTAL	11.3%	11.4%

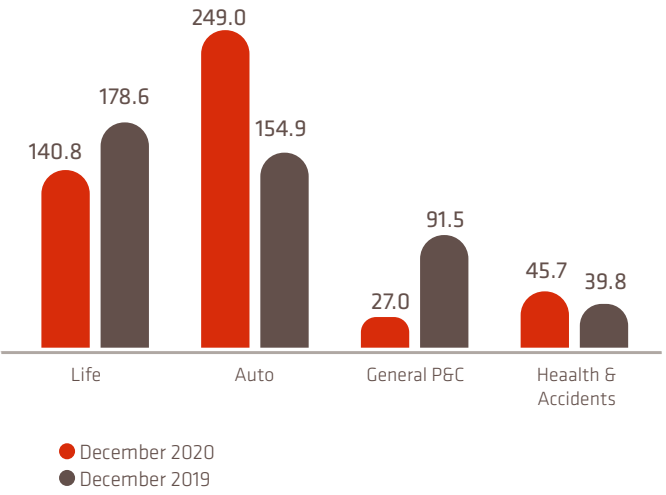
(*) Estimated market shares. using data published by ICEA. which only takes into account direct insurance written premiums.

PORTUGAL	Sep-20	Sep-19
Automobile	2.2%	2.2%
Total Non-Life	1.9%	2.0%
Total Life	0.8%	0.5%
TOTAL	1.5%	1.1%

Source: Portuguese Association of Insurance Companies.

EARNINGS

FIGURES IN MILLION EUROS



LATAM

LATAM includes the LATAM North, LATAM South and Brazil Regional Areas.

Information by region

Region	Premiums			Attributable result			Combined ratio	
	Dec. 2020	Dec. 2019	Δ %	Dec. 2020	Dec. 2019	Δ%	Dec. 2020	Dec. 2019
BRAZIL	3,085.4	3,977.5	-22.4%	101.5	97.0	4.6%	87.6%	92.2%
LATAM NORTH	1,574.6	1,973.1	-20.2%	69.7	63.1	10.4%	90.5%	94.7%
LATAM SOUTH	1,450.5	1,596.7	-9.2%	58.5	54.8	6.8%	93.9%	100.0%

Figures in million euros.

In Brazil, written premiums fell 22.4 percent in euros, while in Brazilian reals they showed 5.1 percent growth. The fall in issuing in euros is due to the 26.2 percent depreciation of the real compared to the last year.

The development of the attributable result in Brazil at the close of December 2020 has been very satisfactory, reaching 101.5 million euros and 4.6 percent growth. The increase in the result comes from the notable improvement in the Auto result compared to the previous year, with the combined ratio going from 107.5 to 100.2 percent, as a result of the fall in claims from the lower use of vehicles, due to the restrictions on movement from the COVID-19 crisis.

In LATAM North, premiums went down 20.2 percent compared to the same period the previous year, due primarily to booking in June 2019 the two-year PEMEX policy, for the amount of 502.9 million dollars. and to currency depreciation in the region. Eliminating the effect of this policy, premiums in the region would have grown 3.4 percent. This growth is mainly due to positive performance in the Dominican Republic (145.3 percent growth in local currency) from the incorporation of MAPFRE Salud ARS and the growth in Guatemala (8.1 percent in local currency) and El Salvador (3.2 percent in local currency).

From the beginning of 2020, the acquired company MAPFRE Salud ARS in the Dominican Republic was included in the consolidation scope. Accumulated to December, premiums contributed by this company to the consolidated Group reached 193.6 million euros.

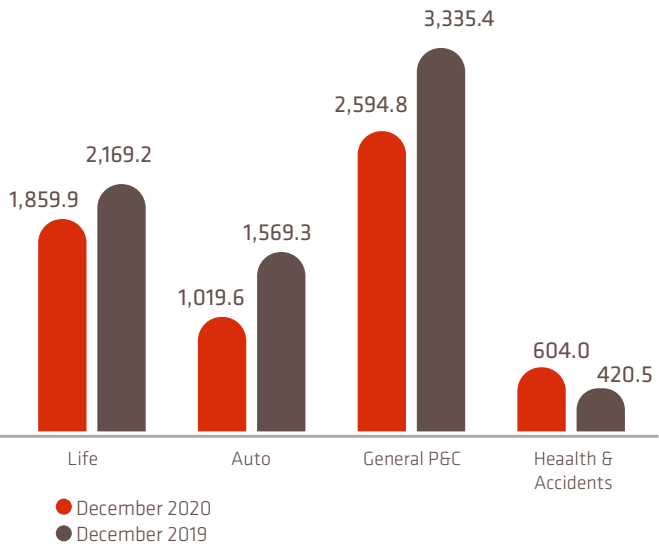
There was an important improvement in results in the LATAM NORTH region, supported by the favorable development of business in Mexico. This region increased its results by 10.4 percent, going from a combined ratio of 94.7 percent to 90.5 percent, on the back of the solid performance of the P&C (General Insurance and Industrial Risks). Automobile and Health businesses, thanks to a significant decrease in claims in these lines.

In LATAM South, in general, issuing in local currency grew at a good rate in several countries in the region: Argentina (26.1 percent). Uruguay (17.3 percent), and Chile (27.4 percent), while Peru, Colombia, Paraguay and Ecuador went down.

To the close of December 2020, LATAM SOUTH had an attributable result of 58.5 million euros, with a 6.8 percent improvement. The Non-Life combined ratio stands at 93.9 percent, lower than the same period the previous year, due to favorable development of losses in Auto and Health.

WRITTEN PREMIUMS IN KEY LINES

FIGURES IN MILLION EUROS.



The following table shows market shares for direct Non-Life insurance in the main countries in the region:

COUNTRY	Ranking (at Dec-2019)	Market share ⁽¹⁾	Market share date
Argentina	17	2.0%	Jun-20
Brazil	2	12.6%	Nov-20
Chile	7	6.8%	Sep-20
Colombia	7	4.7%	Oct-20
Honduras	3	16.8%	Sep-20
Mexico	4	4.1%	Sep-20
Panama	3	17.4%	Sep-20
Peru	3	17.1%	Nov-20
Dominican Republic	4	10.7%	Sep-20

(1) Figures according to the latest available information for each market. Source: MAPFRE Economic Research. using data from the supervisors in each country.

INTERNATIONAL

This territorial area comprises the North America and EURASIA Regional Areas.

Information by region

Region	Premiums			Attributable result			Combined ratio	
	Dec. 2020	Dec. 2019	Δ %	Dec. 2020	Dec. 2019	Δ%	Dec. 2020	Dec. 2019
NORTH AMERICA	2,097.9	2,331.7	-10.0%	76.3	78.6	-3.0%	97.7%	100.4%
EURASIA	1,483.4	1,695.5	-12.5%	31.1	15.1	106.3%	98.9%	106.1%

Figures in million euros.

At the close of December, premiums in NORTH AMERICA registered a 10.0 percent decrease. Written premiums in dollars in NORTH AMERICA is 7.9 percent lower compared to the same period the previous year. Lower issuing in the United States is a consequence of the still slow process of commercial reactivation after the strict measures of technical control implemented in the last two years, as well as the impact of the measures restricting personal movement from the COVID-19 crisis.

The result in NORTH AMERICA to December 31, 2020 shows negative development compared to the same date the previous year, reaching 76.3 million euros, 3.0 percent lower than the same period the previous year, though it is important to highlight the improvement in the underwriting result and the reduction in the loss ratio in Auto from a decline in frequency from the lower use of vehicles, with he combined ratio down from 104.0 to 96.0 percent.

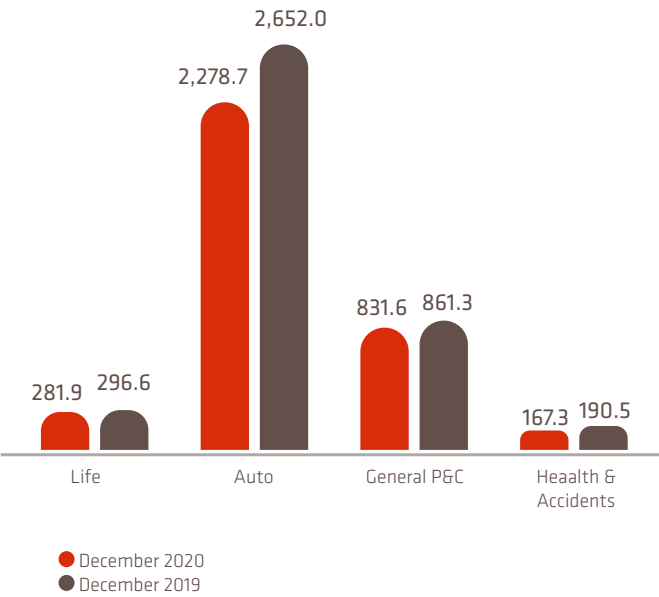
At the close of December, premiums in EURASIA registered a fall of 12.5 percent with a decline in all countries, with the exception of Germany, which grew 5.4 percent.

At the close of December 2020, EURASIA presents an attributable result of 31.1 million euros, which is a relevant improvement compared to the previous year.

MAPFRE’s market shares in the INTERNATIONAL Territorial Area are shown below, as per the most recently available data for each country.

WRITTEN PREMIUMS IN KEY LINES

FIGURES IN MILLION EUROS



In the state of Massachusetts (USA), the market shares were as follows:

LINE	MASSACHUSETTS	
	Dec-19	Dec-18
Automobile	20.6%	22.0%
Total Non-Life	10.8%	11.5%
Total Life	—%	—%
TOTAL	3.1%	3.3%

Source: MAPFRE Economic Research. using data from the supervisors in each country.

En Puerto Rico:

LINE	PUERTO RICO	
	Dec-19	Dec-18
Automobile	12.5%	14.6%
Non-Life (w/o Health)	15.7%	16.7%
Total Non-Life	3.1%	3.5%
Total Life	0.3%	0.3%
TOTAL	2.8%	3.2%

Source: MAPFRE Economic Research. using data from the supervisors in each country.

In the EURASIA region:

LINE	GERMANY		ITALY		MALTA		TURKEY	
	Dec-19	Dec-18	Sep-20	Sep-19	Dec-19	Dec-18	Sep-20	Sep-19
Automobile	1.2%	1.2%	2.4%	3.0%	35.8%	36.2%	2.6%	4.7%
Total Non-Life	0.3%	0.3%	1.2%	1.5%	33.1%	33.5%	4.1%	5.2%
Total Life	—%	—%	—%	—%	76.1%	78.4%	0.4%	0.4%
TOTAL	0.2%	0.2%	0.3%	0.4%	60.4%	63.3%	3.3%	4.4%

Source: MAPFRE Economic Research. using data from the supervisors in each country.

LINE	PHILIPPINES	
	Dec-19	Dec-18
Automobile	3.0%	3.0%
Total Non-Life	2.0%	2.0%
Total Life	—%	—%
TOTAL	5.0%	5.0%

Source: MAPFRE Economic Research. using data from the supervisors in each country.

MAPFRE RE

MAPFRE RE is a global reinsurer and is the professional reinsurer of the MAPFRE Group.

MAPFRE RE offers reinsurance services and capacities, providing all kinds of solutions for reinsurance treaties and facultative reinsurance, in all Life and Non-Life lines.

MAPFRE RE also encompasses the Global Risks Unit, which is the specialized unit within the MAPFRE Group for managing global insurance programs for large multinationals (policies that cover aviation, nuclear power, energy, civil liability, fire, engineering and transport for example).

The key data relating to MAPFRE RE is presented here.

Key figures

Item	Dec-20	Dec-19	Δ %
Gross written and accepted premiums	5,686.5	5,580.5	1.9%
- Non-Life	5,132.9	4,986.8	2.9%
- Life	553.6	593.7	-6.8%
Net premiums earned	3,171.6	3,444.3	-7.9%
Gross result	22.5	76.7	-70.7%
Tax on profits	(5.7)	(19.2)	
Attributable net result	16.9	57.5	-70.7%
Combined ratio	100.6%	101.0%	-0.4p.p.
Expense ratio	30.5%	30.5%	0.0 p.p.
Loss ratio	70.1%	70.5%	-0.4 p.p.

Figures in million euros.

Item	Dec-20	Dec-19	Δ%
Gross written and accepted premiums	5,686.5	5,580.5	1.9%
Reinsurance Business	4,430.7	4,520.4	-2.0%
Global Risks Business	1,255.8	1,060.1	18.5%
Attributable net result	16.9	57.5	-70.7%
Reinsurance Business	1.7	76.7	-97.8%
Global Risks Business	15.1	(19.2)	178.7%
Combined ratio	100.6%	101.0%	-0.4p.p.
Reinsurance Business	101.2%	99.2%	2.0p.p.
Global Risks Business	93.3%	123.5%	-30.3p.p.
Expense ratio	30.5%	30.5%	0.0p.p.
Reinsurance Business	31.2%	30.0%	1.2p.p.
Global Risks Business	22.5%	37.5%	-15.1p.p.
Loss ratio	70.1%	70.5%	-0.4p.p.
Reinsurance Business	70.0%	69. 3%	0.8p.p.
Global Risks Business	70.8%	86.0%	-15.2p.p.

Figures in million euros.

Total written premiums in MAPFRE RE went up 1.9 percent compared to the same period the previous year.

Written premiums from the Reinsurance business reached 4.4 billion euros, which is a reduction of 2.0 percent compared to the previous year, essentially as a result of the depreciation of the majority of currencies against the euro.

Written premiums from the Global Risks Unit, integrated in MAPFRE RE, reached 1.3 billion euros, representing 18.5 percent more than the previous period, as a result of an increase in tariffs.

Composition of premiums

The breakdown of premium weight distribution to December 2020 is as follows:

Item	%
By Type of business:	
Proportional	61.8%
Non-proportional	12.6%
Facultative	25.6%
By Region:	
IBERIA	18.9%
EURASIA	42.8%
LATAM	24.6%
NORTEAMÉRICA	13.8%
By Ceding company:	
MAPFRE	48.5%
Other	51.5%
By Insurance Lines:	
Property	40.7%
Life & Accident	13.4%
Motor	16.7%
Global Risks business	22.1%
Transport	2.8%
Others	4.3%

MAPFRE RE’s net result at the close of December 2020 had a profit of 16.9 million euros. The reduction is primarily a result of losses from the earthquakes that occurred in Puerto Rico, which have had an attributable net impact of 39.3 million euros to December, and from the direct incurred losses from the claims directly related to COVID-19, for an attributable net amount of 79.8 million euros.

At the close of December 2020, 21.4 million euros of financial gains, net of financial losses, were recorded (60.2 million euros to December 2019).

There has, once again, been a high loss frequency (specifically in 2019, the typhoons in Japan; in 2020, the succession of various mid-sized catastrophic events in the United States and the explosion in the port of Beirut).

The attributable result of Global Risks business reports profits of 15.1 million euros. To December 2020, the earthquakes in Puerto Rico have had an impact of 7.5 million euros, net of taxes and minorities, on the Global Risks Unit.

The combined ratio of the Reinsurance business stands at 101.2 percent, while the combined ratio for the Global Risks business stands at 93.3 percent. It is important to point out the 15.1 percentage point reduction in the expense ratio in the Global Risks business, due to the increase in reinsurance commissions charged. from to changes in the ceding structure.

MAPFRE ASISTENCIA

MAPFRE ASISTENCIA specializes in travel assistance, roadside assistance, and other specialty risks of the Group.

Key figures

Item	Dec-20	Dec-19	Δ %
Operating revenue	709.6	978.8	-27.5%
- Gross written and accepted premiums	618.9	861.0	-28.1%
- Other revenue	90.7	117.8	-23.0%
Net premiums earned	502.8	629.7	-20.1%
Result from other business activities	(31.3)	(74.6)	58.1%
Gross result	(22.6)	(90.2)	74.9%
Tax on profits	4.0	3.9	
Non-controlling interests	(2.0)	(1.7)	
Attributable net result	(20.6)	(88.0)	76.6%
Combined ratio	98.4%	103.3%	-4.9p.p.
Expense ratio	44.7%	41.1%	3.6p.p.
Loss ratio	53.7%	62.2%	-8.5p.p.

Figures in million euros.

Premiums reached 618.9 million euros in MAPFRE ASISTENCIA, a decrease of 28.1 percent compared to the same period the previous year. At the close of December, Travel Insurance premium revenue from InsureandGo in the United Kingdom, Ireland and Australia was strongly impacted, with a reduction in business volume of 57 percent after the general shut-down of global tourism.

At the close of December, MAPFRE ASISTENCIA recorded a negative attributable result of 20.6 million euros.

2019 was impacted by an extraordinary provision of 75.6 million euros before taxes for goodwill writedowns and for restructuring expenses for various MAPFRE ASISTENCIA subsidiaries.

The loss in 2020 is concentrated in Travel Insurance, from the strong impact on losses from trip cancellation coverage, stemming from flight cancellations by airlines as a result of COVID-19. The tourism sector and the Assistance companies are experiencing an unprecedented crisis that has not spared the InsureandGo operations (UK, Australia and Ireland).

In the framework of the MAPFRE ASISTENCIA strategic restructuring that began in 2016, the following transactions were closed in 2020:

- MAPFRE ABRAXAS operations in the United Kingdom - which implies the liquidation of the specialty risks business line.
- ROAD AMERICA operations in the United States, after the sale of its business portfolio.

Further, approval was received to initiate the closing process of ROAD CHINA operations

At the close of 2020, tax credits were recognized deriving from accumulated losses in the MAPFRE ABRAXAS and ROAD AMERICA entities for the amount of 13.7 million euros, and a provision of 10.1 million euros pre-tax was recorded for the expenses expected for the close of ROAD CHINA operations, which will start at the beginning of 2021.

SIGNIFICANT ECONOMIC AND CORPORATE EVENTS

CORONAVIRUS CRISIS (COVID-19)

CONTEXT: CORONAVIRUS CRISIS (COVID-19)

The year 2020 was marked by the outbreak of the coronavirus (COVID-19). The WHO declared the crisis a pandemic. Its spread, together with the measures aimed at containing and mitigating its effects, has led to a slowdown in economic activity for which the final impact is difficult to quantify. Under these circumstances, MAPFRE developed a set of actions from the outset that were guided by two main priorities: to ensure the health safety of the entire workforce and to ensure the continuity of operations in a way that would maintain the level of service to clients. The most significant measures taken were:

- Activation of the business continuity plan in all countries and units, adapting it to the uniqueness of the COVID-19 crisis, with about 90 percent of employees worldwide working remotely, and maintaining essential services (roadside recovery, repair shops, home repairs, medical centers, funeral homes, etc.).
- Assessment of the risks arising from the crisis and adoption of a strategy to protect the balance sheet, especially investments, and to preserve the Group’s capital, with the necessary liquidity and financing to neutralize any monetary stress, especially in operations in emerging countries.
- Mobilization of resources and transfer of funds to the economy, through the granting of additional aid and financing to agents, direct providers and clients, particularly focused on the self-employed and SME sector.

The coronavirus crisis led to a sharp decline in global economic activity as a result of lockdown restrictions. The impact of the health and economic crisis has had a significant impact on turnover and corporate results, and caused a sharp fall in financial markets and a marked depreciation of currencies in several emerging countries.

MOST SIGNIFICANT ECONOMIC IMPACTS ON MAPFREIN RELATION TO THE INCOME STATEMENT

The following is a breakdown of the most significant impacts on the Group’s results arising from the coronavirus crisis (COVID-19):

Written premiums

As a result of the lockdown, fewer new insurance policies were taken out, which led to a fall in issuing premiums. This had a significant effect on the Automobile, Life Savings and Burial lines. However, this fall was partially offset by the growth of issuing in other lines such as Homeowners, Communities, Industrial Risk and Business Insurance. As on December 31, premiums had decreased by 11.1 percent, with a large impact on the Automobile business which fell by 15.6 percent. This fall is explained both by the reduced sale of vehicles and by the very significant depreciation of currencies in several countries where MAPFRE operates.

In addition, measures were taken in Spain to support insured persons, including the discount in premiums for SMEs and self-employed persons which cumulatively amounted to 55.5 million euros at the end of December 2020. A financial assistance program for insured persons was also launched in the United States in April and May, equivalent to 15 percent of the monthly premium. To date, this program has had a total impact of 31.8 million euros on premiums, and has been applied in all states where MAPFRE USA underwrites the Private Automobile business line. In addition, in several Latin American countries premium refunds were registered or extensions granted to insurance coverage periods, amounting to a total of 7.6 million euros.

Loss experience

The declared Non-Life loss experience reduced significantly in the Automobile line, due to the decrease in the use of vehicles, and in the Health line, owing to the postponement of non-emergency consultations, treatments and surgeries in the context of the health crisis. Conversely, there was a significant increase in the loss ratio in the Burial line, in line with the increase in deaths.

The direct declared loss ratio incurred as a result of claims directly attributable to COVID-19, accumulated by business line as on September 2020, is outlined in the accompanying table.

Line	Amount
HEALTH	58.8
BURIAL	30.0
LIFE PROTECTION	83.5
TRAVEL ASSISTANCE (Travel insurance)	23.2
OTHER LINES (Homeowner, Multirisk)	13.7
IBNR	44.1
TOTAL INSURANCE	253.3
ACCEPTED REINSURANCE	113.4
TOTAL ACCUMULATED	366.7

Figures in million euros.

The business line most heavily impacted by the direct declared loss ratio resulting from COVID-19-related claims was accepted reinsurance for business underwritten by the Reinsurance and Global Risks business units. The gross loss ratio of accepted reinsurance amounted to 113.4 million euros as on December 31, mainly corresponding to the business interruption coverage.

In addition, the MAPFRE Group adopted measures aimed at adapting the reserves of claims incurred but not reported (IBNR), in order to recognize the economic impact of the delay of insured persons in reporting claims resulting from the lockdown. The amount of same totals 44.1 million euros, and mainly affects the Health business line

COVID-19 expenses

MAPFRE has mobilized resources and adopted aid measures aimed at guaranteeing the protection of personnel against the COVID-19 pandemic, as well as ensuring business continuity. The accumulated amount of expenses incurred in the Group associated with these measures has amounted to 30.4 million euros at the end of December 2020.

Combined Ratio

The aforementioned effects on premiums, claims and expenses have had a relevant impact on the combined ratio of the following lines.

LINE	Combined Ratio		
	2020	2019	Var.%
AUTOMOBILE	91.7 %	100.5%	-8.8 p.p.
HEALTH AND ACCIDENT	94.1%	98.5%	-4.4 p.p.
GENERAL P&C	95.0%	89.0%	6.0 p.p.
BURIAL	112.1%	96.3%	15.8 p.p.
TRAVEL ASSISTANCE	102.3%	102.9%	-0.6 p.p.
LIFE PROTECTION	85.4%	84.2%	1.2 p.p.

As can be seen, there has been a significant drop in the combined ratio of the Automobile and Health lines as of December 2020 due, respectively, to the lower use of vehicles due to confinement measures and the postponement of non-urgent consultations, treatments and surgeries, in comparison with the same date last year, and in the opposite direction, a significant increase in the combined ratio of the Burial line, due to the increase in mortality arising from the coronavirus, as well as in the General P&C line due to the increase in damages in the Home and Condominiums.

Economic effects on MAPFRE’s balance sheet and on its solvency.

Impacts on Goodwill and Other Intangible Assets

Within the framework of strategic planning, the Group has updated its business projections, considering the macroeconomic environment and other risk factors in the current context of the COVID-19 crisis, which could affect the insurance business in the future.

In relation to the valuation of Goodwill and Other Intangible Assets, the content of the ESMA (European Securities and Markets Authority) public note of October 28, 2020 has been taken into account and related to the annual financial information of issuers of values.

Consequently, the assumptions and hypotheses applied in the valuation of the Goodwill and Intangible Assets have been modified and that, mainly, have focused on:

- a) Moderation of medium and long-term expectations of profit growth (free cash flow) in the countries most exposed to the crisis derived from COVID-19.
- b) Increase in risk premiums that are part of the flow discount rates, based on publications by independent experts made at the end of 2020.

This update of projections has led to a total deterioration, of an extraordinary nature, of the goodwill of the direct insurance operations in Italy, Indonesia and Turkey for an attributable amount of 127.5 million euros and of the portfolio acquisition expenses (VOBA) pending amortization, for an attributed amount of 4.1 million euros.

Country	Company		
	Goodwill	VOBA	Total
	impairment	impairment	impairment
Verti Insurance (Italy)	46.7	--	46.7
Genel Sigorta (Turkey)	19.6	1.4	21.0
ABDA Seguros (Indonesia)	61.2	2.7	63.9
TOTAL	127.5	4.1	131.6

Figures in million euros.

As a result of this extraordinary provision made in 2020, the goodwill and portfolio acquisition expenses (VOBA) of these companies were fully impaired as at the end of 2020. This impairment of goodwill has no effect on the cash generated by the Group in the 2020 financial year, nor does it affect its financial strength and flexibility, or the capital models that support the current ratings and the Group's high level of solvency, and its subsidiaries, thus maintaining its significant dividend-generating capacity.

In addition, the Group has recorded an extraordinary impairment of 32.4 million euros in its legacy computer applications in the United States, once the implementation of the new software has been completed.

Impacts on other items of the balance sheet and Solvency

From the outset, MAPFRE adopted a strategy aimed at protecting its balance sheet and the solvency of its insurance companies, especially financial investments. To this end, the necessary liquidity and adequate financing were made available to neutralize any monetary tension in the Group's insurance companies, particularly the operations of MAPFRE companies in emerging countries.

As a result, throughout the pandemic the Group maintained high levels of liquidity in all its companies, having responded in time and correctly to payment obligations with insured persons and providers. There is no evidence of significant delays in the collection of premiums to insured persons and in receivables to reinsurers. Furthermore, no significant impairment in the Group's intangible assets was identified during this period.

The financial investment portfolio available for sale as at December was up 503.4 million euros as a result of the increase in the market value of the securities included in this portfolio, due to the positive performance of fixed income and the recovery of the equity markets in the fourth quarter of 2020. An individual review of fixed income securities was carried out, and no evidence of impairment in the value of fixed income securities has been identified to date.

As of December 31, deriving from the fall in economic activity, the valuation of investments in the most significant development land holdings was revised. As a result, a provision has been recorded at the end of December 2020, allocated to June, for a total amount of 27.9 million euros, a figure that is equivalent to approximately 7.3 percent of the book value of the aforementioned land.

The Group's equity was mainly affected by the strong depreciation of the currencies of several Latin American countries, the Turkish lira during the year and the dollar in the fourth quarter. The negative impact of this effect on the Group's attributable equity as of December 2020 amounts to 675.5 million euros, a significant part of which is derived from the coronavirus crisis.

MAPFRE updated the calculation of its Solvency II position as of September 30, 2020 following the request of the General Directorate of Insurance and Pension Funds, and within the framework of the recommendations of EIOPA, the European insurance supervisory authority.

This update of the solvency position supposes the estimation in these first nine months of 2020, both of the mandatory solvency capital requirement, which is usually carried out annually, and of the eligible own funds, which are calculated quarterly.

The Solvency II ratio stood at 180.2 percent, which shows an improvement of three percentage points compared to March, a time of greatest punishment in the markets as a result of COVID-19 and a decrease of three points compared to June, Mainly as a consequence of the effect of the dividend on account of results for the year 2020 approved on October 30 for the amount of 154 million euros. MAPFRE remains within the tolerance threshold set by the Board of Directors, the lower range of which is the 175 percent Solvency margin, despite the impact of the crisis. These data reflect the great strength and resilience of MAPFRE's balance sheet, as well as its ongoing management capacity.

Current status of MAPFRE operations

MAPFRE's conduct during the COVID-19 crisis was focused on two top priorities:

- Ensuring the health safety of the entire workforce.
- Ensuring continuity of operations to maintain the level of service to clients.

From the outset, the health and safety of MAPFRE Group employees and collaborators was the top priority, such that, from the first weeks of the pandemic's impact, practically all Group companies already began to operate remotely on mass. Subsequently, as the crisis started to ease in some geographical areas, there was a partial, gradual, orderly and prudent return to the facilities in those countries where the situation caused by COVID-19 made it possible. This took place following a model based on incremental waves and always in accordance with the instructions of the health authorities of each country.

In terms of pandemic crisis management, despite the impact of the pandemic and the restrictions on mobility imposed in many countries, MAPFRE's subsidiaries maintained the continuity of their operations and have continued to provide service to clients in all locations where the Group is present, always meeting both its commitment to clients and the regulations in force in each country at any given time.

It has already been possible to recover virtually all sales activity in the main markets where MAPFRE operates. As of December 31, the percentages of personnel who carried out their work in person in the main markets in which MAPFRE maintains operations were as follows: Spain 65 percent, Brazil 68 percent and the United States 23 percent, due to severe limitations in face-to-face activity in the state of Massachusetts. It is important to highlight that in all countries, strict prevention and control measures are being maintained in view of the growing concern associated with outbreaks and eventual changes in trend that may occur.

Future outlook

The economic outlook reflected very significant declines in world GDP in 2020, with a partial recovery in 2021, although this is still marked by a great uncertainty in indicators, and this applies to the insurance and reinsurance market.

The future outlook is truly uncertain, as the lockdown process and economic slowdown will produce a decline in premium revenue. In this regard, Automobile insurance premiums may suffer a significant reduction in new business due to reduced sales of vehicles. As for Health insurance, it could benefit from a higher premium volume, given that in crisis situations people try to seek supplementary health coverage. With regard to Life Protection insurance, its behavior will be largely associated with the pace of consumption and the evolution of credit. Life Savings insurance will deepen its decline due to the current situation of interest rates, which will remain at low levels for a long time.

The wide range between the forecasts is indicative of the high level of uncertainty affecting all sectors of activity, including the insurer. The high uncertainty affects the spending, contracting and investment decisions of households and companies, which is detrimental to the development of the insurance sector, although some lines of business continue to show great resistance, particularly health insurance. The effectiveness of vaccination campaigns to achieve immunity that at least avoids saturation of health systems, until reaching group immunity, will be a key element for a recovery that will be uneven, due to the deficiencies in the health infrastructure and the problems logistics for the distribution of the vaccine presented by some countries, especially emerging economies.

It is currently not possible to make a certain estimate of the potential future effects of the crisis on the Group's business volume, financial situation and solvency. However, the strength of MAPFRE's balance sheet, its high levels of capital and solvency, and its liquidity position and availability of additional financing allow us to conclude that the impacts would be, where appropriate, limited, and there are no doubts about MAPFRE's ability to continue as a going concern.

CATASTROPHIC EVENTS

The result for the period was hampered due to the earthquakes in Puerto Rico in January and May. The earthquake in early January was the third largest in intensity to have affected this island since records began. The total net retained effect of both earthquakes for the Group amounted to 67.7 million euros, namely 28.4 million euros for MAPFRE Puerto Rico and 31.8 and 7.5 million euros for the Reinsurance and Global Risks units, respectively.

Cyberattack

On August 14, MAPFRE detected a malfunction in its computer systems. Following the established procedures, the technology and security teams commenced an investigation and detected that malware, specifically ransomware, had infiltrated its systems, which affected part of the servers and systems in Spain. From the outset, the protocols set out in the business continuity plan were activated, with the priority being to protect information and block any possible attempts by third parties to access the company's systems, as well as to guarantee the delivery of the service to clients and providers.

As an additional precaution, to prevent the spread of malware to the rest of the network, several segments of the network were isolated and systems were shut down until the extent of the attack was known, which involved a temporary reduction in some services.

The main activity affected was that of MAPFRE in Spain, although it should be noted that the attack did not affect data backup. Service to clients was maintained at all times thanks to the alternative procedures provided, and things were virtually back to normal by the end of August. In line with MAPFRE's commitments to transparency, from the outset this cyberattack was communicated through all internal and external channels of the company, as well as to the Insurance Supervisor.

The MAPFRE Group has an insurance policy that covers damage and loss of profits resulting from these types of events; damage is therefore limited by the terms of the policy. As on December 2020, MAPFRE was still in the process of evaluating the cost of the damage and, where applicable, the loss of earnings.

SIGNIFICANT CORPORATE ASPECTS

Restructuring of operations

Reorganizing VERTI Italy as a branch office

The management of MAPFRE S.A. and the pertinent Group companies agreed to convert VERTI Italy into a branch of VERTI Spain. Due to the prolongation of the regulatory authorization process and the uncertainty that this situation could generate in the strategic planning of the company, MAPFRE decided not to reorganize VERTI Italy as a branch office.

MAPFRE ASISTENCIA REORGANIZATION

As part of the strategic reorganization of MAPFRE ASISTENCIA, which began in 2016, the closure of MAPFRE ABRAXAS operations in the United Kingdom is under way. This involves the liquidation of the specialty risk business line and of ROAD AMERICA's operations in the United States following the sale of its business portfolio.

Likewise, the Group continues to analyze the future viability of certain operations that are impacted by the current COVID-19 crisis, especially those related to the Travel Assistance line, whose continuity in the Group could be conditioned by this fact.

Finally, the Group decided at the end of 2020 not to continue its roadside assistance operations in China.

MAPFRE USA REORGANIZATION

The Group decided to discontinue its insurance operations in the states of Arizona and Pennsylvania (with the exception of the VERTI USA business), proceeding with the non-renewal of policies upon maturity.

In addition, the Group has considered its operation in the state of Florida as non-strategic, and is currently in the process of evaluating different alternatives, the materialization of which is expected in 2021.

BUSINESS DEVELOPMENT. ACQUISITIONS AND DISPOSALS

MAPFRE ACQUIRES 51 PERCENT OF THE DOMINICAN HEALTH INSURANCE COMPANY, ARS PALIC

In the first quarter of 2020, MAPFRE reached an agreement with the León BHD Financial Center with the Spanish company acquiring 51 percent of the health insurance company ARS Palic. The León BHD Financial Center holds the remaining 49 percent. Both companies are already partners in MAPFRE BHD Seguros, which offers various asset-risk protection plans throughout its own offices and the network of the León BHD Financial Center, the largest financial company in the Dominican Republic.

The acquisition of the stake came to 40.1 million US dollars and was financed by a seven-year bank loan of 38 million US dollars.

MAPFRE AND BANCO SANTANDER REACH AN AGREEMENT TO DISTRIBUTE NON-LIFE INSURANCE IN PORTUGAL

In June, MAPFRE and Banco Santander reached an agreement to jointly distribute Non-Life insurance products in Portugal, based on the acquisition of 50.01 percent of the existing company, Popular Seguros, by MAPFRE's subsidiary in Portugal. The agreement entails the signing of a contract for the exclusive distribution of new business of certain Non-Life products (Automobile insurance, SME Multirisk and ThirdParty Liability insurance) through the bank's network of offices in Portugal, up until December 31, 2037. Alongside this agreement, 100 percent of a runoff Life Protection insurance portfolio currently owned by Santander Totta Seguros was acquired.

SALE OF THE ANNUITIES PORTFOLIO IN CHILE

The Group companies MAPFRE Chile Vida and Caja Reaseguradora de Chile had annuities portfolios in runoff, as this activity was not a strategic business of MAPFRE in Chile.

On April 29, the Group received a binding offer that pursued a transaction based on the valuation of these portfolios as on March 31, which would involve the transfer of assets and liabilities amounting to approximately 115 million euros.

This offer was combined for the Annuities portfolios of MAPFRE Chile Vida and Caja Reaseguradora de Chile and was subject, among other requirements, to the acceptance of Caja Reaseguradora's ceding companies and 80 percent of the insured parties of MAPFRE Chile Vida. As on December 31, the execution of this operation was suspended due to the difficulties in obtaining the aforementioned acceptances from the ceding companies.

BANKIA-CAIXABANK MERGER

In December, the Annual General Meetings of Bankia and CaixaBank approved the merger of the two companies, which will be implemented through the merger by absorption of Bankia by CaixaBank. According to public information, all legal and regulatory aspects are expected to be completed during the first quarter of 2021.

MAPFRE and Bankia have a partnership with an exclusive contract in bancassurance. The takeover of Bankia by CaixaBank would determine the application of the Bankia contract change of control clause, which would give the unaffected party, MAPFRE, the right to exercise an option to withdraw. The contract itself provides for all procedures for determining the exit value.

As of December 31, 2020, the merger of BANKIA MAPFRE VIDA and the entities Caja Granada Vida and Caja Murcia Vida has been completed.

The Life business is managed through the entity BANKIA MAPFRE VIDA, in which MAPFRE owns 51 percent of the shares. The main financial figures relating to this company are detailed in the accompanying table.

Item	Dec-20	Dec-19*	Δ %
Written premiums	178.9	267.3	-33.1%
Result before tax	167.5	138.1	21.3%
Result after tax	125.8	103.9	21.1%
Shareholders' equity	482.8	399.2	21.0%
Financial Investments	7,429.4	7,813.0	-4.9%
Technical provisions	6,599.6	7,059.1	-6.5%

Figures in million euros.
(*) The information for December 2019 is proforma for comparative purposes, assuming the aforementioned merger.

Furthermore, the Non-Life business is managed and registered through MAPFRE ESPAÑA.

At the end of December, the Life and Non-Life written premiums contributed by Bankia amounted to 392.0 million euros and represented 1.9 percent of the MAPFRE Group’s total premiums.

SALE OF MAQUAVIT INMUEBLES

On October 27, the sale of 100 percent of the shares of MAQUAVIT INMUEBLES was formalized for an amount of 50.3 million euros, fully collected on that date. This company was a holder of real estate assets intended for the provision of services to the elderly, and was not considered a strategic asset for MAPFRE. The sale generated an extraordinary capital gain of 14.1 million euros.

SALE OF INDUSTRIAL RE

On December 15, the Group received a binding offer for Industrial RE, a company that had not engaged in any relevant activity for several years. This transaction is in the process of obtaining the corresponding administrative authorizations.

SALE OF RASTREATOR AND PREMINEN

On December 29, Admiral Group plc announced the sale of Penguin Portals Group and the price comparison engine Preminen to RVU. Penguin Portal Group controls Rastreator, the online price comparison engine.

The MAPFRE Group holds a 25 percent stake in Rastreator and a 50 percent stake in Preminen, which are part of this transaction. The value of this transaction will be paid in cash. This transaction is subject to obtaining the corresponding administrative authorizations and is expected to materialize in the first half of 2021.

ISSUES RELATING TO THE ENVIRONMENT, SECURITY AND EMPLOYEES

Environment

MAPFRE is committed to environmentally sustainable development, most notably the fight against climate change. Its determination to play a relevant part in these issues requires a short-, medium- and long-term strategy, for which it is constantly analyzing the climate scenario and the global context.

The Group has an Environmental Policy that was approved by the Board of Directors of MAPFRE S.A., which was deployed in all Group companies.

In a context of designing ambitious green reconstruction plans, in 2020 and after the successful completion of the Corporate Plan for Energy Efficiency and Climate Change 2014-2020, MAPFRE has worked on the definition of its new Corporate Environmental Footprint Plan 2030, which will reflect its commitment to achieve more sustainable and resilient activity, and will serve as the MAPFRE Group’s adaptation mechanism to a low-carbon economy.

The Corporate Environmental Footprint Plan includes, in addition to issues associated with the carbon footprint and climate change, water management, the circular economy and green purchasing, as well as other emerging risks such as natural capital and biodiversity. It also includes cross-cutting and facilitating aspects such as construction and sustainable mobility.

In parallel and in line with this new Plan, MAPFRE updated its strategic model, based on an integrated management system that can be certified under various ISO standards, to include all aspects associated with sustainability related to the environment, energy, greenhouse gas emissions and the circular economy. The model enables plans and programs to be defined, minimizing the risks identified and paving the way to exploiting the opportunities that arise.

In terms of environmental aspects, ISO 14001 certifications have been issued to date to 39 headquarters of Group companies in Spain, Mexico, Colombia, Puerto Rico, Paraguay, Portugal, Argentina, Chile and Peru, to which can be added the 22 headquarter buildings located in Spain with energy management certification ISO 50001.

The expansion of the scope of ISO 14064 continues to progress, and the carbon footprint inventories of Group companies located in Spain, Brazil, Mexico, Italy, Puerto Rico, Colombia, Portugal, and Turkey have been verified.

With regard to climate change mitigation and adaptation, the implementation continued of the actions defined in the Sustainability Plan 2019– 2021. This Plan defines the short-term action strategy and encompasses the objective of neutrality in greenhouse gas emissions (GHG) generated by MAPFRE in Spain and Portugal in 2021. The actions carried out will also prepare the Group for its objective of carbon neutrality by 2030.

Work has continued to analyze the adoption of recommendations of the Task Force on Climaterelated Financial Disclosures (TCFD) of the Financial Stability Board (FSB) in order to determine the financial impact of climate change. As part of this, MAPFRE, along with other global insurers and reinsurers, is a member of the UNEP-FI Working Group. The main objective of this group is to analyze scenarios that can develop financial models and metrics to adequately estimate the possible implications of climate change on business. Throughout 2020, this Working Group has focused on understanding the potential change of the climate threat according to different scenarios and time scales.

In addition, and in the current context, the circular economy is proving to be a necessary solution to the economic and climate crisis, making companies more competitive and resilient. In this area, MAPFRE is the first insurer to sign the Pact for a Circular Economy and thus undertakes to meet the commitments provided for in this initiative, which seek to drive, support, promote and disseminate the transition to a circular economy.

In addition, MAPFRE participates in a Natural Capital Working Group of the Spanish Group for Green Growth and the Biodiversity Foundation, in which companies from different sectors share experiences and difficulties and seek solutions regarding the integration of Natural Capital into their businesses and projects, using the Natural Capital Protocol as a guide.

Security

Work continued throughout 2020 on achieving a secure environment in which MAPFRE can pursue its everyday activities through the protection of tangible and intangible assets, including services offered to clients in accordance with the provisions of the Corporate Security and Privacy Policy approved by the MAPFRE S.A. Board of Directors on December 13, 2018.

All of this took place in a highly demanding environment, in a year in which there was an event of very high impact on a global level, namely, the pandemic caused by COVID-19. In this sense, the Business Continuity Plans and the Governance Model defined for crisis management provided some of the key elements on which business activity was maintained with sufficient normality. The

existence of clearly established procedures, as well as previously tested ones, proved to be very useful for managing events of this magnitude, allowing the possible impact on business activities to be reduced and guaranteeing the operational resilience of the MAPFRE Group and the services it provides.

Regarding protection against cyber risks, the widespread lockdown due to COVID-19 forced the mass implementation of various forms of remote working, which meant extending access routes to the computer resources of MAPFRE, with the consequent need to set up additional technical and organizational measures so that this could be carried out securely.

MAPFRE enabled secure remote connection means for the Group’s employees and collaborators at a global level, anticipating the start of the lockdown in many countries and ensuring that more than 90 percent of the workforce could work from their homes, without causing any interruption whatsoever to the provision of services. In addition, employees and collaborators needed to be made more aware of cybersecurity, due to the increased risk of being the victim of an attack as a result of the remote working situation and also the abundance of malicious links related to information about the pandemic.

Cybersecurity and operational resilience capabilities deployed were also tested by another very high-impact event this year: the cyberattack that hit MAPFRE companies in Spain. In relation to this attack, there are two points worth noting regarding the actions carried out by MAPFRE. The first is transparency in its communications: it reported the incident publicly in the first 24 hours and to clients, partners, markets and the competent authorities. The second is the diligence in its response: it activated the Business Continuity Plans within minutes and executed the appropriate incident response plans.

The actions carried out made it possible to limit and repel the attack, isolate, protect and recover the systems and rapidly restore service to the clients, minimizing the impact on them. At the same time, specific measures were taken to eliminate any possibility of attackers’ persistence in our systems, as well as to strengthen early detection capabilities against new intrusion attempts by attackers.

As a culmination of all this, a catalog of improvements and lessons learned has been developed that will strengthen our current cybersecurity model in all our companies, and this implementation has been articulated through a plan to strengthen cybersecurity. This will lead to a significant increase in the investment in cybersecurity at the MAPFRE Group and will allow for the accelerated deployment of the technical, human and operational measures for improvement identified.

Also in relation to the resilience of Operations, in addition to the activation of the above-mentioned Business Continuity Plans, which incorporate the lessons learned, it is worth noting that AENOR certified the ISO 22301 Management Systems of MAPFRE Portugal BANKIA MAPFRE VIDA and MAPFRE’s Global SOC (CCG-CERT). This certification joins the ISO 9001 and 27001 certifications already held by this Center, MAPFRE’s Global SOC, and from which Business Continuity monitoring and response to cyber-incidents is coordinated globally.

The new ISO 22301 certifications mentioned above are in addition to those already obtained in previous years by MAPFRE INVERSIÓN, MAPFRE GLOBAL RISKS, MAPFRE RE, MAPFRE VIDA and MAPFRE ESPAÑA. These certifications provide a framework for increasing the resilience of the organization, enabling an effective response that safeguards the interests of its key stakeholders, as well as its main critical processes and activities, capabilities that have been tested and proven effective in the real-world situations described above throughout 2020.

With regard to Data Protection and Privacy, the situation created by the COVID-19 pandemic has led to multiple decisions by European regulators. These mainly pertain to the processing of health data, which has had to be analyzed and considered in order to ensure that the design of all processes related to managing this crisis complied at all times with the applicable data protection and privacy regulations.

In addition, work continued on the automation and optimization of the processes related to compliance with the General Data Protection Regulation (GDPR), as well as on adapting to new decisions made by Regulators.

Different lines of activity were also launched, taking advantage of existing synergies between the GDPR (related to the adaptation of the various MAPFRE companies) and local regulations that have been emerging. Significant projects include the adaptation to the Brazilian Data Protection Act (LGPD), which finally came into force in September 2020, and the Panama Personal Data Protection Act, the entry into force of which is scheduled for March 2021.

With regard to the protection of people, the pandemic situation has required strong collaboration between the various areas with responsibilities in this field, with the objective of establishing and implementing the protective measures required to protect the health of employees and collaborators, from when they enter the facilities until they leave. In this regard, to guarantee this and to contribute to the perception of safety by the people who access the facilities, MAPFRE has certified through AENOR the COVID-19 protocols applied at its facilities in Spain and Portugal.

In turn, the lower occupancy rates of facilities have required an increased monitoring of the events that occur within them, such as improving the interpretation and quality of responses, prioritizing interventions and ensuring that people and facilities have the same protection as they would within a normal occupancy setting.

MAPFRE continues its commitment to talent and delivering continuously more specialized training to its workforce so they can perform to the best of their abilities in an increasingly complex and challenging environment, further exacerbated in the 2020 fiscal year. Consequently, the number of professional certifications in security- and privacy-related areas held by personnel working in these fields in MAPFRE surpassed 400 in 2020.

Employees

The accompanying chart shows the headcount at the end of 2020, compared with the headcount for the previous fiscal year.

CATEGORIES	TOTAL NUMBER	
	2020	2019
BOARD DIRECTORS (*)	18	18
EXECUTIVES	45	48
SENIOR MANAGEMENT	1,622	1,627
MANAGERS	4,251	4,253
ADVISORS	16,919	17,073
ASSOCIATES	10,875	11,305
TOTAL	33,730	34,324

(*) Executive board directors of Spanish companies.

The Corporate People and Organization Area supports the business in its transformation and is in charge of adapting the organization to new social requirements, utilizing new technologies and digital solutions to do so. It is also responsible for identifying and retaining the talent required by the company, as well as employee development. It performs those tasks in a flexible, inclusive and diverse work environment that promotes collaboration and innovation.

People management is particularly important in a global company such as MAPFRE, and is based on three key pillars: the continuous challenge of talent, promoting and driving diversity, and the inclusion, transformation and organization of the work environment in the face of the digital challenge. This is all in line with a new way of working, making the employee experience the key focus of all processes.

The continuing challenge to seek talent is key to MAPFRE, and its main objectives are as follows:

- To identify short- and medium-term profile needs;
- To establish internal talent processes for mobility and employee development;
- To establish development plans and career plans for all employees.

For the past four years, MAPFRE has had an internal talent identification and development program in operation, called MAPFRE Global Talent Network.

Ensuring management succession is critical for all companies. That’s why MAPFRE’s succession plans for senior management in all countries are identified continuously.

The Promotion, Selection and Mobility Policy encourages professional development opportunities for employees in order to increase their employability, their professional satisfaction and their commitment to the company.

In 2020, 4,360 employees had internal opportunities for mobility, of which 45 were geographical. A total of 15 countries received employees and 19 countries offered employees this opportunity.

A total of 37 percent of selection processes were covered by internal mobility.

The situation created by the pandemic led to the transformation of all training plans worldwide, replacing on-site programs with digital programs.

Technical training is key to MAPFRE. As such, the deployment of technical knowledge continued to develop and was reinforced in 2020 by leader experts in each area and function.

In 2020, 966,335 hours of training were delivered to 370,577 registered participants.

MAPFRE continues to develop its leaders, helping them adapt to a new digital, transparent, strategic and knowledge-based leadership model founded on strong ethics and values.

(6) Centro de Operaciones de Seguridad / Security Operations Center

The Eureka knowledge platform already has more than 1,250 knowledge items stored on it and more than 1,100 leaders across all countries have been identified. Sharing knowledge on a daily basis is an important driver of company development.

The Compensation Policy is intended to set appropriate remuneration levels for each function and job position and for performance by professionals, and serves as a source of motivation and satisfaction for staff, thus encouraging them to reach their objectives and deliver on MAPFRE's strategy. The policy guarantees equality and external competitiveness in each market and forms part of the in-house development of employees. Two digital platforms were implemented in 2020, which gave a significant boost to meeting the objectives of this Compensation Policy: a platform for the diagnosis and management of remuneration and another for the allocation of awards both by the company and among employees.

MAPFRE has a global Diversity and Equal Opportunities Policy based on the individuality of all persons, on the recognition of their diversity and on eliminating any discriminatory conduct.

With regard to gender diversity, MAPFRE undertakes to ensure that by 2021, 45 percent of the managerial vacancies that arise in the company will be filled by women. As such, the company has started to take steps to ensure that all selection and mobility processes for managerial positions will require action to promote the representation of women. In 2020, 46.3 percent of managerial vacancies were filled by women.

Functional diversity includes championing the integration of people with disabilities in the workplace. To that end, MAPFRE is committed to ensuring that 3 percent of its workforce is made up of people with disabilities by 2021. Since 2015, the Group has had a Corporate Disability Program in place that has been implemented in every country, which includes measures to promote integration and a culture of awareness. In 2020, 3.3 percent of the workforce was comprised of people with some form of disability.

MAPFRE operates worldwide and has employees of 89 nationalities, which brings great cultural diversity to the Group, provides the talent the business needs and facilitates the cognitive intelligence of employees to be pooled.

Work continues on developing the global strategic initiative DIGITAL CHALLENGE, so as to continue managing the change required by the organization and to adapt to the latest social and business needs. This is achieved through learning new skills and collaborative tools, developing more dynamic and flexible structures and tailoring the employee experience to continue supporting their professional growth and talent development, adapting the processes to employees' needs.

The objective of Digital Workplace is to make our employees' day-to-day easier, knowing that not everyone has the same collaboration needs since there are employees who work only on processes, some who work on projects and others who work partly on processes and projects. We are also aware that each group has different device and connectivity requirements. It is a change in the work culture that brings together tools and ways of working.

The experience measurement model used was consolidated in 2020, based on three types of measurements that give us agility in implementing improvement actions:

- eNPS® survey, Employee experience life cycle analysis (transactional eNPS®), Perceived quality of human resources index.
- The eNPS® survey, which is conducted twice a year, provides indicators on RECOMMENDATION, SATISFACTION and ENGAGEMENT, among others.
- Relational eNPS® (Employee net promoter score): measures the likelihood that employees will recommend MAPFRE as a company to work for. In 2020 this was measured in 13 countries, and in 98 percent of the workforce in which the measurement was taken the results were very good or excellent.

Employee Satisfaction Index (ESI): measures employee satisfaction through the assessment of 10 elements: Knowledge of objectives, Pride in work carried out, Recognition for work carried out, Contribution to the company, Receipt of highquality feedback, Opportunities for development, Collaboration, Working tools, Care for people, Pride in the social footprint. In 2020, the result was 73 percent.

In 2020, the People app, a new information, communication and management channel aimed at employees, was established in Spain and implemented in Mexico, Brazil and Turkey. Currently downloaded by 9,478 users, this tool lets employees receive notifications, access their payslips, request medical appointments, report leave and vacations, access relevant news and information about their workplace, enroll in volunteer activities, reserve spaces and activate COVID radar functionality to ensure social distancing and tracking.

The Human Rights Policy guarantees the right to freedom of opinion, information and expression, respecting the diversity of opinions in the company and promoting dialog and communication, as well as the right to a safe and healthy working environment in which any display of harassment and violent or offensive behavior toward the rights and dignity of people is rejected. The Group expressly opposes, and does not tolerate, any harassment in the workplace, regardless of who the victim or perpetrator is. This commitment must be complied with in all relationships between employees, and in those relationships between employees and providers, clients, collaborators and other stakeholders, and it also extends to all the organizations with which MAPFRE works.

The objective of the Policy on Health, Well-being and Prevention of Occupational Risks is to protect and promote a safe and healthy workplace and improve the health of our employees and their families, both in and outside the workplace.

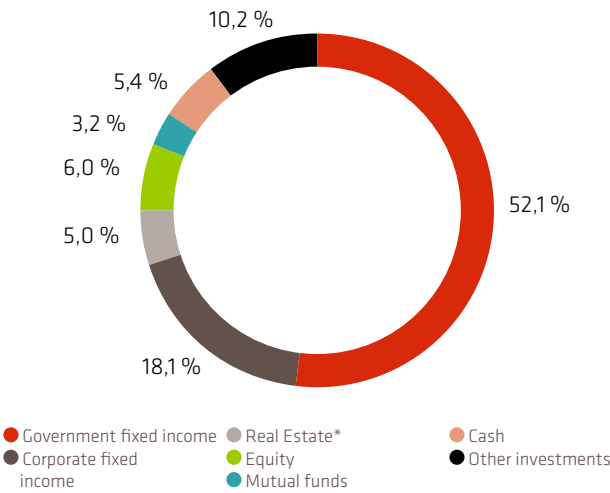
To facilitate well-being and work-life balance, MAPFRE offers its employees a wide range of company benefits, which accounted for an investment of 160.8 million euros in 2020.

From the outset, MAPFRE was aware of the impact that COVID-19 could generate, and under the governance of the Corporate Crisis Committee it quickly deployed its contingency plans, making the health of employees its top priority. This is why the first step to be implemented swiftly in all countries was remote working and reducing the density of occupancy in all buildings.

1.3 Liquidity and capital resources

INVESTMENTS AND LIQUID FUNDS

Details of the investment portfolio* by type of assets, as of December 31, for the last two financial years is shown below.



ITEM	2020	2019	Δ %
Government fixed income	23,396.0	30,088.8	-22.2%
Corporate fixed income	8,135.7	9,354.9	-13.0%
Real Estate*	2,239.9	2,435.0	-8.0%
Equity	2,694.9	2,761.0	-2.4%
Mutual funds	1,414.6	1,826.1	-22.5%
Cash	2,418.9	2,537.5	-4.7%
Other investments	4,593.1	4,519.4	1.6%
TOTAL	44,893.2	53,522.7	-16.1%

Figures in million euros.

(*) "Real Estate" includes both investment property and real estate for proprietary use (at acquisition price).

A breakdown of the Fixed Income portfolio by geographical area and asset type follows:

Corporate with collateral	Total Corporate debt		
	Government	Corp.	Total
Spain*	12,761.1	1,595.8	14,357.0
Rest of Europe	4,401.2	3,317.5	7,718.7
United States	1,523.9	2,110.2	3,634.1
Brazil	2,244.7	1.9	2,246.6
Latin America - Others	1,697.1	742.4	2,439.5
Other countries	767.9	368.0	1,135.8
TOTAL	23,396.0	8,135.7	31,531.7

Figures in million euros.

- Four different types of portfolios are managed within the investment portfolio:
- Those that aim for a strict immunization from the obligations derived from insurance contracts, and which minimize interest rate risk, through matching adjustments, by means of immunization techniques based on matching cash flow or duration.
 - Portfolios that cover unit-linked policies composed of assets for which the risk is borne by policyholders.
 - Conditioned actively management portfolios that aim to exceed the guaranteed return and achieve the highest return for the policyholders within prudential parameters, such as portfolios with profit sharing.
 - Actively open-management portfolios where active management is only conditioned by legal rules and internal risk limits.

Below is a breakdown of actively managed Fixed Income portfolios:

	Market Value	Accounting Yield	Market Yield	Modified Duration
NON LIFE (IBERIA + MAPFRE RE)				
03.31.2020	6,849.3	1.9%	1.1%	8.03%
12.31.2019	7,271.9	2.0%	0.8%	8.25%
09.30.2019	7,485.6	1.9%	0.5%	8.18%
06.30.2019	7,403.2	2.0%	0.7%	8.06%
03.31.2019	7,007.3	2.0%	1.1%	7.12%
LIFE (IBERIA)				
03.31.2020	6,584.5	3.5%	---	6.81%
12.31.2019	6,821.6	3.5%	0.3%	6.89%
09.30.2019	6,871.9	3.6%	0.1%	7.03%
06.30.2019	6,740.3	3.7%	0.3%	7.01%
03.31.2019	6,389.1	3.7%	0.7%	6.68%

Figures in million euros.

As of December 31, 2020, the free active management portfolios of IBERIA and MAPFRE RE had unrealized capital gains in shares and investment funds amounting to 15 million euros (-84.7 million euros at the end of the third quarter).

Real estate

In 2020, the real estate activity of the MAPFRE Group was determined, like other performance areas, by the COVID-19 pandemic and its economic and social consequences.

Following COVID-19, the real estate market changed dramatically in a short space of time. Offices had to be repositioned, offering services rather than spaces. Coworking firms and old business centers are suffering in light of the circumstances, but in the medium-term, new opportunities shall open up to offices according to flexible ways of working. The sector is going digital at full speed. Large corporate headquarters are at risk, as they are more susceptible to outbreaks or disasters.

The sales sector is being severely hit, especially street-level stores, while online distribution has accelerated—a trend that will continue in the future. Many premises are being converted into housing or coworking spaces. Shopping malls are now a mix of entertainment and shopping, with falling profits. The tourism sector has been badly hit by low occupancy rates. This results in cash flow problems, a decrease in the value of assets and consequently of the companies. The duration of the crisis will be a key factor in determining its future.

By contrast, the logistics and distribution subsector is rising exponentially, as is the supermarket and pharmacy subsector. This is the result of operational requirements following COVID-19,

and last-mile warehouses, logistics hubs and new low-density distribution channels are all appearing.

Housing under development has stagnated in light of the likely rise in defaults. Conversely, rental housing demand is increasing as an alternative to buying, and many institutional investors are positioning themselves in operations with a certain critical mass. In short, the market changes quickly and tries to adapt to the needs of the public.

Alongside underlying trends, the real estate market immediately declined after the lockdown was declared, with closed transactions in both sales and rentals collapsing. The most affected tenants have required financial assistance from landlords.

Supply in the segments targeted by MAPFRE is low, so capitalization rates remain relatively low and unit prices have not undergone large fluctuations so far. The sector faces the 2021–2022 biennium with uncertainty and most operators expect value adjustments, although these will be very different depending on the asset and location.

In this context, the MAPFRE Group strategy for real estate investments, both direct and through mutual funds, followed similar guidelines as the previous year. It focused on office buildings, central eurozone areas, profitable assets, top-rate tenants and long-term contracts; ultimately on assets with high price stability and resilience to crisis scenarios. In parallel, there has been fresh momentum for divestment in non-strategic assets, mainly commercial land and premises, as well as buildings that have completed their investment cycle or that do not fit into the Group's operational needs.

In 2020, one of our investment vehicles purchased two buildings, one in Luxembourg and the other in the United Kingdom, for a total amount of 109 million euros; the same fund has negotiated another transaction in Germany for 65 million euros, to be formalized shortly. Similarly, an agreement was reached for the exchange of shares in assets in Italy (where MAPFRE acquires), and in Spain the market value of the assets to be exchanged came to 199 million euros. In total, the investment carried out in the year, including works, amounted to 118 million euros. One aspect that has been afforded particular attention for several years is the adaptation of buildings renovated to international sustainability standards.

It is worth noting the launch of an infrastructure investment line to diversify portfolio options, with the creation of a vehicle in collaboration with world-class specialists and open to other institutions and private investors. The investment committed on December 31, 2020 amounted to 103 million euros.

In terms of divestments, also of note is the sale for 50.3 million euros of MAQUAVIT INMUEBLES S.L.U., a holding company for social health assets (nursing homes), an activity in which MAPFRE ceased operations in 2011. There was also an agreement with a rental housing developer, whereby MAPFRE granted a land purchase option in the Community of Madrid with a strike price of 106.5 million euros, which can accommodate 75 thousand square meters of construction.

As for the impact of the social health crisis on asset valuation, our exposure in Paris and Germany evolved favorably and valuations did not fall. In Spain, it was deemed appropriate to allocate impairment provisions for the solar and land portfolio for 27.9 million euros.

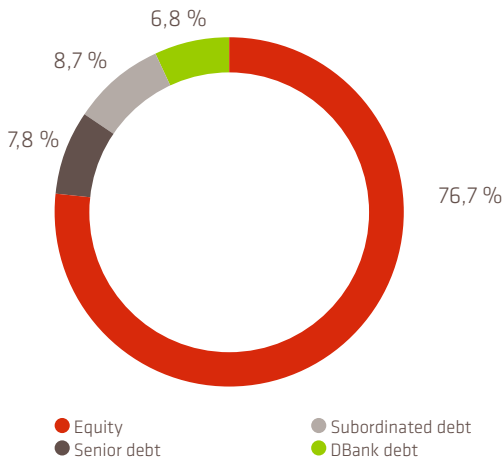
In terms of equity management, the average occupancy rate of properties leased to third parties was 91.4 percent and the return on their appraisal value was 4.2 percent. It should be noted that this last indicator has been undermined by the measures taken to support tenants affected by COVID-19, such as agreements to write off and postpone rents, especially in Spain.

At the end of the 2020 financial year, MAPFRE’s real estate investments at market value amounted to 3.11 billion euros, with a net book value equivalent to 5.0 percent of total investments.

CAPITAL RESOURCES

CAPITAL STRUCTURE

The accompanying chart shows the composition of the capital structure at the close of 2020:



Capital structure reached 12.8 billion euros, of which 76 percent corresponds to equity. The Group leverage ratio is 23.3 percent, a 0.6 percentage point increase compared to the close of 2019.

DEBT INSTRUMENTS AND LEVERAGE RATIOS

The following chart shows the evolution of the Group’s debt instruments and leverage ratios:

Item	Dec-20	Dec-19
Total Equity	9,837.8	10,106.0
Total debt	2,993.6	2,973.7
- of which: senior debt - 5/2026	1,005.6	1,004.8
- of which: subordinated debt - 3/2047 (First Call 3/2027)	618,0	617,8
- of which: subordinated debt - 9/2048 (First Call 9/2028)	503,6	503,3
- of which: syndicated credit facility - 02/2025 (€ 1,000 M)	600,0	610,0
- of which: bank debt	266.4	237.8
Earnings before tax	1,118.4	1,279.2
Financial expenses	82.4	78.5
Earnings before tax & financial expenses	1,200.8	1,357.7
RATIOS		
Leverage	23.3 %	22.7 %
Equity / Debt	3.3	3.4
Earnings before tax & financial expenses / financial expenses (x)	14.6	17.3

Figures in million euros.

EQUITY DEVELOPMENTS

Consolidated equity amounted to 9.8 billion euros at December 31, 2020, as compared to 10.1 billion euros at December 31, 2019. To December 31, 2020, 1.3 billion euros correspond to noncontrolling interests' shares in subsidiaries, primarily financial entities in Spain and Brazil with which MAPFRE has bancassurance agreements. Consolidated equity attributable to the controlling Company per share was 2.77 euros at December 31, 2020 (2.87 euros at December 31, 2019).

The accompanying chart shows changes in equity attributable to the controlling Company in the period:

Item	Dec-20	Dec-19
BALANCE AT 12/31 PREVIOUS YEAR	8,854.3	7,993.8
Changes in accounting standards	–	(8.0)
Additions and deductions recognized directly in equity		
Financial assets available for sale	503.4	1,435.1
Currency conversion differences	(675.5)	35.7
Shadow accounting	(228.1)	(719.6)
Other	(8.3)	(4.9)
TOTAL	(408.5)	738.3
Result for the period	526.5	609.2
Dividends	(415.6)	(446.7)
Other changes in net equity	(20.7)	(40.3)
BALANCE AS AT PERIOD END	8,536.0	8,854.3

Figures in million euros.

Equity attributable to the controlling Company at the close of December 2020 includes:

- An increase of 503.4 million euros in the market value of the financial assets available for sale portfolio, as a result of the increase in market value of the assets included in this portfolio, due to the positive development of the fixed income and equity markets in the fourth quarter of 2020, partially offset by shadow accounting for the negative amount of 228.1 million euros.
- A fall of 675.5 million euros from currency conversion differences, due to the depreciation of all currencies against the euro.

- Profits to December 2020.
- A reduction of 415.6 million euros, from the final dividend against the 2019 financial year, and the interim dividend for 2020, paid on June 25 and December 22, 2020, respectively.

The breakdown of equity attributable to the controlling Company is as follows:

Item	Dec-20	Dec-19
Capital, retained earnings and reserves	9,244.4	9,154.7
Treasury stock and other adjustments	(74.3)	(66.4)
Net capital gains	1,281.6	1,006.3
Unrealised gains (Available for sale portfolio)	4,068.6	3,565.2
Shadow accounting (Gains allocated to provisions)	(2,787.0)	(2,558.9)
Currency conversion differences	(1,915.7)	(1,240.2)
Attributable equity	8,536.0	8,854.3

Figures in million euros.

The financial statements of the companies registered in countries with high inflation rates or hyperinflationary economies are adjusted or restated for the effects of the changes in prices before they are converted to euros. The Group accounting policy for recording operations in hyperinflationary economies, until the close of the 2019 accounting year, consisted of recording in Reserves the accounting effects of both the adjustment for inflation as well as the currency conversion differences generated from the conversion to euros of the restated financial statements of subsidiaries in these countries.

While this criteria was accepted by market regulators in previous years, in response to a recently opened request, the IFRIC (International Financial Reporting Interpretations Committee) considered this above mentioned policy to be in need of review.

As a result, the Group proceeded to change the criteria at the quarterly close of March 2020, and adopted one of the criteria proposed by the IFRIC, therefore recording the accounting effects from inflation adjustments and from currency conversion differences in Equity, with both recycled in P&L.

The adoption of the new accounting treatment led to the reclassification of the net amount of the effects of restatement for inflation and currency conversion to the Equity heading for "Currency Conversion Differences".

The amounts included in the last two years from these effects are shown in the accompanying table.

Item	2020	Var 2020	2019
Restatement for inflation	582.5	17.7	564.8
Currency conversion differences	(1,127.6)	(24.8)	(1,102.8)
Net	(545.1)	(7.1)	(538.0)

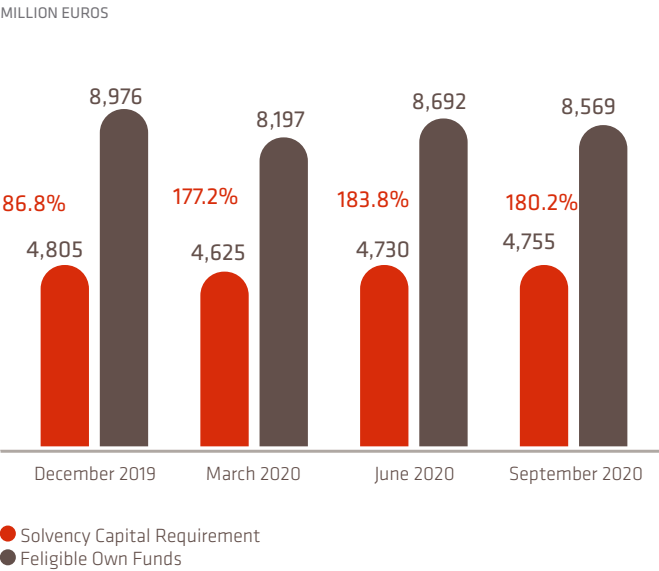
Figures in million euros.

SOLVENCY II

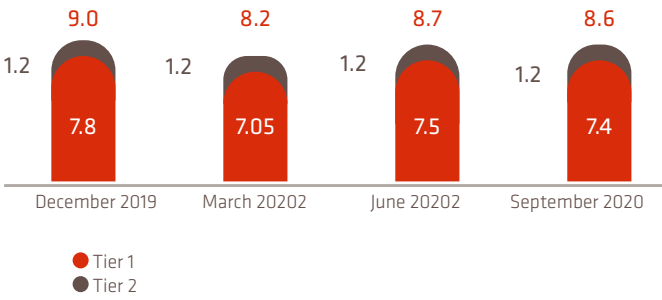
The Solvency II ratio for MAPFRE Group stood at 180.2 percent at September 2020, compared to 183.8 percent at the close of June 2020, including transitional measures. This ratio would be 167.2 percent, excluding the effects of these measures. Eligible Own Funds reached 8.6 billion euros in the same period, of which 86.0 percent are high quality funds (Tier 1).

The ratio maintains great solidity and stability, backed by high diversification and strict investment and ALM policies, as can be seen in the charts below.

SOLVENCY MARGIN BREAKDOWN (SOLVENCY II)



As a result of the extraordinary situation of the COVID-19 pandemic, the insurance supervisor requested a quarterly recalculation of the SCR throughout 2020, allowing estimates in the calculation.

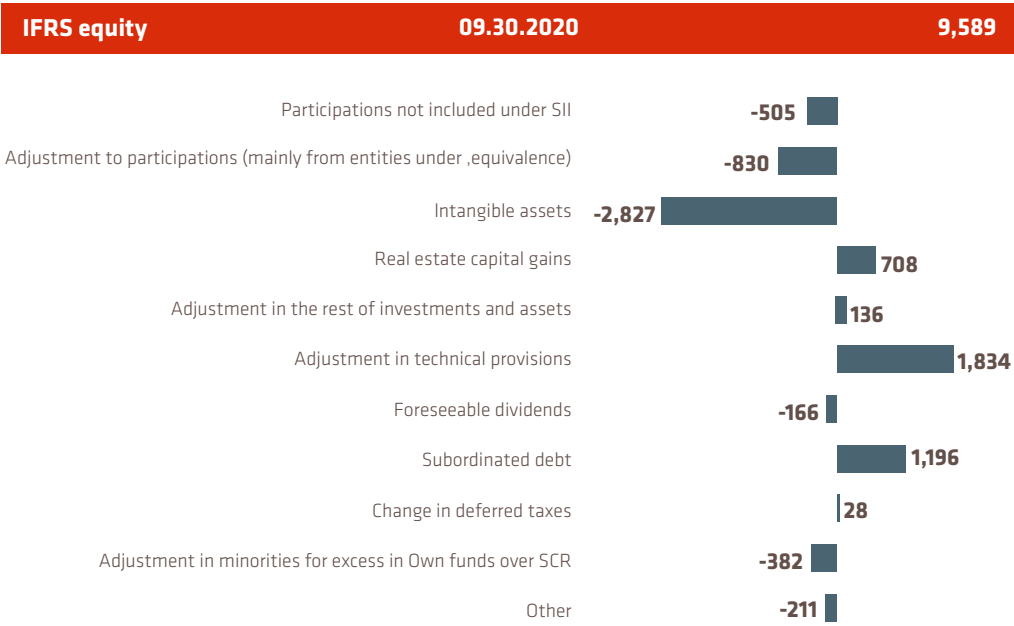


Impact of transitional measures and matching and volatility adjustments

Ratio to 09/30/2020	180.2%
Impact of transitional for technical provisions	-12.9%
Impact of equity transitional	-0.2%
Total ratio without transitionals	167.2%

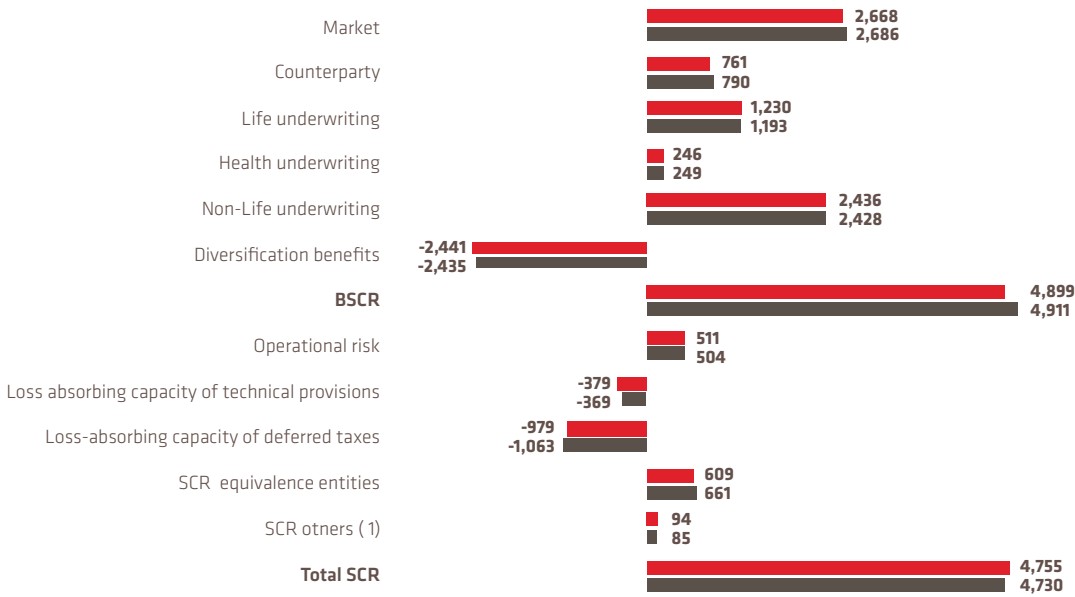
Ratio to 09/30/2020	180.2%
Impact of matching adjustment	5.7%
Impact of volatility adjustment	-1.4%
Total ratio without matching and volatility adjustments	184.6%

IFRS AND SOLVENCY II CAPITAL RECONCILIATION



BREAKDOWN OF SOLVENCY CAPITAL REQUIREMENT (SCR)

The SCR for the last two quarters calculated for September and June 2020 is indicated below.



Figures in million euros.
(1) Includes other financial sectors, non- controlled participations and residual undertakings.

Regulatory aspects in progress

Currently, MAPFRE has two initiatives in progress related to aspects of Solvency II, focused on obtaining a better estimate of its risks:

- a. Application of the diversification benefit in calculating risk for Life portfolios valued under the matching adjustment.
- b. Internal longevity model. In 2019, approval was received from the local Supervisor for the use of the internal longevity risk model in the MAPFRE VIDA unit. The process for the use of this model to calculate Group solvency has been initiated.

The following table shows the impact on the Solvency Ratio II of the approval of these measures by the Supervisor, based on figures as on September 30, 2020:

09/30/2020	
Solvency II ratio	180.2%
Matching adjustment - diversification	12.3%
Internal model for longevity risk	10.0%
Solvency II ratio (pro-forma, combined impact)	197.2%

Effect of the BANKIA MAPFRE VIDA exit from the consolidation scope of the MAPFRE Group

In the event of BANKIA MAPFRE VIDA's exit from the consolidation scope of the MAPFRE Group and assuming the maintenance of equity after said exit, the Group's solvency position would improve by approximately 5 percentage points.

ANALYSIS OF CONTRACTUAL OPERATIONS AND OFF-BALANCE SHEET OPERATIONS

At the fiscal year-end, MAPFRE had the following formal agreements for the development and distribution of insurance products in Spain with different companies, some of which have undergone, or are currently immersed in, processes related to the restructuring of the banking system:

- Agreement with Bankia, S.A. in relation to the strategic partnership begun in 1998 with its predecessor Caja de Ahorros y Monte de Piedad de Madrid. The contract was redrafted in 2014 to include a new agreement for the exclusive distribution of MAPFRE Life and Non-Life insurance through the entire Bankia sales network (hereinafter the "Agreement") and the continued joint participation in BANKIA MAPFRE VIDA (previously called MAPFRECAJA MADRID VIDA), which specializes in marketing Life insurance through the aforementioned sales network. The Agreement involved the restructuring of the bancassurance business and included an assurbanking agreement through which

MAPFRE distributes Bankia financial products using its sales network.

The Agreement also involved the acquisition in 2014 of 51 percent of shares in Aseval and Laietana Vida and 100 percent of shares in Laietana Generales, for an overall price of 151.7 million euros.

The final economic value of the Agreement will depend on the future level of compliance with the agreed Business Plan.

In addition, an agreement was reached in 2019 with MAPFRE VIDA acquiring 51 percent of Caja Granada Vida and Cajamurcia Vida y Pensiones for a total price of 110.3 million euros.

This agreement also extended the scope of activity of the current partnership for general P&C in the Non-Life line to the BANCO MARE NOSTRUM network

In the month of December, the Annual General Meetings of Bankia and CaixaBank approved the merger of the two companies

The change of control of Bankia gives MAPFRE the right to exercise an option to withdraw from its partnership according to the contract procedures for calculating the exit value.

- Agreement with Banco Castilla-La Mancha S.A. (as the successor to the banking and para-banking activity of Caja Castilla-La Mancha) for the exclusive distribution of personal insurance and pension schemes of the jointly owned company CCM VIDA Y PENSIONES (of which MAPFRE owns 50 percent) through the company's network

The acquisition price for the shares was 112 million euros in cash, plus additional payments to be made in 2012 and 2021. In 2012, the amount of 4.5 million euros was paid to Caja de Ahorros Castilla-La Mancha (now Banco Castilla-La Mancha) and at the fiscal year-end there was a provision for possible payments of 24.4 million euros.

- Agreement with Bankinter S.A. for the exclusive distribution of Life and Accident insurance and pension schemes of the jointly owned company BANKINTER SEGUROS DE VIDA (of which MAPFRE owns 50 percent), through the bank's sales network.

The acquisition price for the shares was 197.2 million euros in cash, plus two payments of 20 million euros each plus interest to be paid, in light of the degree of compliance with the Business Plan, in the fifth and tenth year of said plan. In 2012, the degree of compliance with the Business Plan led to payment of the first additional amount, namely 24.2 million euros. As the long-term objectives were not achieved, the provision set up for an amount of 29 million euros was canceled during the first quarter of 2017.

On April 1, 2016 BANKINTER SEGUROS DE VIDA, owned 50–50 by Bankinter and MAPFRE, purchased the insurance business of Barclays Vida y Pensiones in Portugal for the sum of 75 million euros.

- Agreement with Bankinter, S.A. for the exclusive distribution of general and business insurance (excluding Automobile, Travel assistance and Homeowners insurance) of the jointly owned company BANKINTER SEGUROS GENERALES (of which MAPFRE owns 50.1 percent), through the bank's sales network.

The acquisition price of the shares was 12 million euros in cash (in addition to the payment of 3 million euros for the purchase of shares on December 27, 2011), plus an additional 3 million euros to be paid in the event of full compliance with the "December 2012 Business Plan" by the end of 2015. This additional price has not accrued due to non-compliance with this Business Plan.

- Agreement with Banco Santander S.A. for the exclusive distribution of certain NonLife products. In January 2019, an agreement was reached whereby MAPFRE ESPAÑA would acquire from Banco Santander 50.01 percent of a newly established company to sell automobile insurance, multirisk commercial, multirisk SME and third-party liability insurance exclusively via its Banco Santander network in Spain, for a term until December 31, 2037. The remaining 49.99 percent of said company's capital still belongs to Banco Santander, through its subsidiary Santander Seguros.

The operation, which amounted to 82.2 million euros, came to a close in June 2019 upon receiving the approval of the corresponding authorities. The company is now operational.

- Agreement with Santa Lucía S.A., an insurance and reinsurance company for the joint development of their respective funeral businesses in Spain. In June 2019, MAPFRE and Santa Lucía formalized a strategic partnership for the joint development of their respective funeral businesses in Spain, contributing the funeral business that they own in Spain of their companies Albia and FUNESPAÑA.

The preliminary value of assets contributed to the partnership is 322.5 million euros, pending final adjustments that are to be completed on the effective date of conclusion of the transaction.

Once the final values are set, it was agreed that MAPFRE will hold 25 percent of the share capital through its subsidiary FUNESPAÑA, and Santa Lucía the remaining 75 percent, for which payment will be made in cash between the parties for the amount required to reach the indicated swap.

The implementation of the partnership is pending approval by the Spanish National Commission on Markets and Competition, which decided to analyze the merger in more depth (second-phase analysis).

The restructuring of the strategic partnership with Banco Do Brasil began in 2018. The result of this restructuring was that commencing November 30, 2018, MAPFRE held 100 percent (previously 50 percent) of all of the business (Life and Non-Life) generated by the agency channel, and the automobile and large-risk businesses that are distributed through the bank channel. It also maintains its current share (25 percent) in BB MAPFRE, which incorporates homeowners insurance from the bank channel into its business.

In addition, MAPFRE and Euler Hermes have a strategic partnership in place to jointly develop the surety and credit insurance business in Spain, Portugal and Latin America. Under this agreement, both companies hold a 50 percent stake in a joint venture called Solunion, integrating the businesses of both groups in the aforementioned markets. Solunion covers risks in countries all around the world and has an international network of risk analysts located in more than 50 countries, who continuously monitor the situation regarding the risks of their insured, in addition to an extensive distribution network in countries where it is present.

Lastly, the non-controlling shareholders of MAPFRE RE have a put option on the shares of this company. If exercised, MAPFRE or a MAPFRE Group company would have to acquire the shares from the selling non-controlling shareholder. The purchase price for the MAPFRE RE shares will be calculated using the previously agreed formula. As on December 31, 2020, based on the variables included in the aforementioned formula, the commitment assumed by MAPFRE if this option were exercised would amount to a total of approximately 110 million euros.

Main risks and uncertainties

MAPFRE's risk management system (RMS) is based on the integrated management of each and every business process and the alignment of risk levels to the defined strategic objectives.

PANDEMIC (COVID-19) AND CYBER RISKS

The outbreak of the coronavirus pandemic (COVID-19) and its spread worldwide throughout 2020 has affected virtually all sectors of the economy, including the insurance sector, which has not escaped the global economic downturn.

Pandemic impacts can be classified as first- and second-order impacts. First-order would include those arising from both a spike in the loss experience in certain business lines (such as burial or death insurance), as well as the increased spending needed to implement business continuity plans to ensure the safety of employees and the provision of quality services to insured parties and clients.

Second-order impacts would mainly include rising equity volatility, falling interest rates and public budgetary tensions caused by financial aid measures, alongside a sharp fall in tax revenues. In the short-term, the turbulence in financial markets has had a greater impact than the increase in claims caused by the actual pandemic.

In the insurance sector, the lockdown measures imposed have adversely and unequally affected the objective of premium growth in various lines. The reduction in activity also resulted in a lower loss ratio in some business lines, such as Automobiles. Throughout the year, a gradual return to normal of the loss ratio has been taking place.

While the news on the development of COVID-19 vaccines is positive, it is expected that economic activity will take several fiscal years to reach precrisis levels.

The Group faces the above risks and uncertainties with high levels of solvency and a wide margin over regulatory requirements, which will allow the most adverse effects that may emerge to be weathered. This also enables the necessary steps to be taken for the Group to fulfill its role of providing coverage and protection to clients. In turn, a strategic line is maintained based on:

- Technical rigor in risk underwriting and claims management, and a lower expense level than the market average;
- Conservative policy in investment management;
- Maintaining a reasonable level of indebtedness and liquid assets, which mitigates potential liquidity and debt refinancing problems under adverse conditions.

Finally, the pandemic has added a special dimension to cyber risks. The accelerated and mass adoption of web-based technology to ensure continuity of service, the general increased vulnerability of domestic equipment and the significant increase in the use of technology by all actors has facilitated exposure and accelerated the digital transformation of companies.

FINANCIAL AND CREDIT RISK

MARKET AND INTEREST RATE RISKS

A significant part of the results and assets is subject to financial market fluctuations. These changes in market prices may reduce the value of or revenues deriving from the investment portfolio, which in turn may have a negative impact on the Group's financial situation and consolidated results.

Prudent selection of financial assets with adequate characteristics to cover the obligations assumed is the principal measure for mitigating the possible adverse effects of variations in market prices.

MAPFRE mitigates its exposure to market and interest rate risks by means of a prudent investment policy characterized by a high proportion of investment-grade, fixed income securities. Investments in fixed income securities represented 86.3 percent of the entire financial investment portfolio in 2020 (88.7 percent in 2019). Investments in equities and mutual funds had a limited weight in the balance sheet, accounting for approximately 11.2 percent of total financial investments in 2020 (10.2 percent in 2019).

During 2020, various markets have continued to see historically low interest rates, a trend that is expected to carry on into 2020. This influences consumer behavior and may affect the savings business in particular.

Revenues from MAPFRE's Life insurance and asset management operations are directly related to the value of the assets managed (whether fixed income or equities), which means that a fall in markets could have a negative impact on these revenues.

EXCHANGE RATE RISK

Changes in the value of the euro against other currencies affect the value of the Group's assets and liabilities, and, therefore, its equity, operating results and cash flows. The currency conversion differences recorded in own funds attributable to the controlling company resulted in the positive/ negative acknowledgment of 675.5 million euros in 2020 (against a positive result of 25.7 million euros in 2019).

In 2020, in response to the pandemic situation, sector supervisors have established restrictions to allow dividends to be paid. MAPFRE has a sufficient capital and liquidity buffer to support the decision not to suspend the distribution of profits, although there has been a reduction with the objective of strengthening own funds while maintaining shareholder remuneration. This decision is also based on a thorough and reflective analysis of the situation, does not compromise either the future solvency or the protection of the interests of insurance policyholders and insured persons, and is made in the context of supervisors' recommendations on this matter. However, it should be noted that the prolongation of the health crises and resulting economic crises could lead to the future adoption of restrictions on dividend payments and restrictive exchange control policies by the governments of the countries in which MAPFRE operates.

Turning to technical provisions for operations abroad, the Group generally applies a policy of investing in assets denominated in the same currency as the commitments acquired by the insurer, thereby mitigating the exposure to exchange rate risk.

CREDIT RISK

Returns on investments are also sensitive to changes in the general economic conditions, including variations in the general credit rating of debt security issuers. Accordingly, the value of a fixed income instrument may be reduced by changes to the credit rating or insolvency of the issuer. There are similar risks in exposures to insurance, reinsurance and banking counterparties.

Exposure to credit risk is mitigated through a policy based on the prudent selection of security issuers and counterparties on the basis of their solvency, seeking i) an elevated degree of geographic correspondence between issuers of assets and the commitments assumed; ii) maintenance of an appropriate level of diversification; and iii) securing, if necessary, guarantees, collateral and other additional coverages.

The credit risk management policy establishes limits by issuer in line with the risk profile of the counterparty or of the investment instrument, as well as exposure limits related to the counterparty's rating

OPERATIONAL RISKS

Regulatory risk

The Group works in a complex environment under increasing regulatory pressure, not only in the insurance sector, but also in matters of technology, corporate governance or corporate criminal responsibility, among others.

Insurance companies are subject to special laws and regulations in the countries where they operate, and various local authorities are responsible for ensuring compliance therewith. Taking into account the financial or economic conditions, some of these authorities are considering strengthening the regulatory requirements with the purpose of preventing future crises or ensuring the stability of the companies under their supervision.

Legislative changes can (i) involve a risk if the Group is unable to adapt to them or (ii) affect the operations of the Group to the extent that the supervisory authorities have broad administrative control over various aspects of the insurance business. This control may affect premium amounts, marketing and sales practices, the distribution of profits among policyholders and shareholders, advertising, license agreements, policy models, solvency, capital requirements and permitted investments. Changes in taxation may affect the benefits of certain products marketed by the company or its subsidiaries that currently enjoy favorable tax treatment.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) RISKS

MAPFRE permanently analyzes those factors that, should they materialize, may have an impact on the business. In this analysis, environmental, social and governance (ESG) factors are taken into account, in that they allow for additional information to be obtained on social movements and transformations, stakeholder and market expectations that affect the organization.

The analysis of these ESG factors, and how they may affect the business in the short-, medium- and long-term, will determine their relationship and inclusion in the typology of risks established by the company and in the adoption of prevention and mitigation measures.

The Integration Framework for ESG aspects includes, among other elements, different aspects related to the underwriting and investment processes.

The Group has an Underwriting Policy in place, approved by the MAPFRE S.A. Board of Directors, applicable to all insurance and reinsurance companies.

It also has a Global Business Committee and an Underwriting Policy Committee in place that, among other functions, is responsible for the correct application of said Policy, and analyzes and proposes operating exclusion rules on ESG matters. In addition, when underwriting global risks, MAPFRE has in place an internal ESG assessment model that considers the ESG risk exposure of a company with the ESG risk exposure of the countries and sectors in which said company is exposed and a reputational risk analysis as part of the decision-making process.

In relation to investment processes, in 2017, MAPFRE signed up to the Principles for Responsible Investment of the United Nations Organization (PRI) and established the Group’s framework of action in terms of Socially Responsible Investment (SRI), which focuses on those key aspects that must accompany the organization in the scope, implementation, integration process of ESG aspects, and which are complemented by those determined in each case.

The United Nations SRI principles coexist with the obligation assumed as a custodian of clients’ savings and investments and maintaining the solidity of the balance sheet. Therefore, criteria of prudence are applied in investment, the creation of long-term value is sought, and ESG factors are incorporated in a complementary way to traditional information.

MAPFRE has an Investment Risk Committee in place that periodically analyzes the composition of portfolios, their ESG assessment, any controversies that may arise and the application of the approved exclusion grounds.

The Corporate Investment Area is responsible for ensuring that the principles of responsible investment established are complied with in the organization and for reporting annually to the Sustainability Committee on compliance with same.

ADDITIONAL INFORMATION

Note 7, “Risk Management,” of the Consolidated Annual Report includes detailed information about the different types of risk that affect the Group.

1.5

Significant events after the fiscal year-end

- On January 8 and 9, large areas in the interior of the Spanish peninsula were affected by heavy snow and a cold wave, which can undoubtedly be considered historic, from the Filomena storm. To date, there is a relevant number of claims. Based on the assessments performed and considering reinsurance protection, this event is expected to have an impact for MAPFRE Group, net of taxes, of between 20 and 25 million euros.
- On January 22, 2021 MAPFRE and Abante agreed that MAPFRE increasing its stake in Abante by 10 percent take place immediately, via capital increase. In the agreement signed between the two partners in July 2019, a threeyear period had been stipulated for this option; MAPFRE has decided to implement it in advance, precisely because of the good progress of the alliance.

With this transaction, the stake in Abante will reach 18.77 percent.

Information on expected performance

OUTLOOK

Nine months after the COVID-19 pandemic was announced, it has proven to be exactly the disruptive long-trailing event that it was feared it would become. The appearance of this black swan has generated an unprecedented shock across the global economy that has resulted in a sharp decline in levels of business. It has been characterized as totally unique due to its exogenous, global and unpredictable nature. It is a self-inflicted external shock resulting from preeminently health-based decisions and measures (i.e., lockdown and social distancing), which have led to disrupted activity through restrictions on social interactions within both developed and emerging economies.

The shock will have all sorts of effects on the performance of the global economy. Firstly, we have seen direct effects on supply and demand, which have led to a slump in business and expectations as to how things will pan out (due to high levels of uncertainty). Secondly, and depending on the extent to which social lockdown measures are enforced, we will see a deterioration in the income of market agents and growing pessimism within the industry and among consumers, with both groups having to cope with growing liquidity problems.

And, finally, the third effect is a long-term phenomenon known as the “new normal” resulting from the incomplete and asymmetrical recovery that lies ahead, which may spark sovereign and financial solvency problems, distortions in the price of assets, reduced long-term growth potential (lower physical capital, human capital and productivity) and high levels of public debt, among other aspects.

It is a truly global shock as at the height of this crisis more than 90 percent of the world’s economies simultaneously reported a decline in GDP. The effects and speed of the recovery, however, will be asymmetric, and will hinge on the productive structure of each country and the specific economic and health vulnerabilities of each system.

In terms of GDP, the shock will trigger a major correction in the baseline scenario (around 4.4 percent down in 2020), with significant differences between regions. It will also raise levels of unemployment globally (the International

Monetary Fund estimates that 400 million jobs will be lost) while widening the poverty gap. In terms of disposable income, the

expectation is for a widespread reduction of the increased levels of prosperity amassed by the middle classes since the start of the millennium, especially in Latin America.

In terms of financial effects, the shock may involve current-account financing problems across many emerging markets by exerting pressure on their exchange rates and depleting their reserves. It may also distort the price of many safe-haven assets (gold, sovereign bonds, etc.) and may alter international investment preferences by virtue of a growing crowding out effect. Further, the shock will be conducive to an environment of financial volatility and fragility, distorting the proper functioning of the markets due to the effects of the crisis itself and also because of the measures undertaken by governments and central banks to keep it under control.

Lastly, the very nature of this economic crisis means that uncertainty is high (as can be seen in the confidence level of producers and consumers) and the situation has also affected the perception of global risk and regional derivatives (VIX equity index and EMBI emerging market bonds market). This phenomenon is noticeable in the management of global portfolios and in the mass migration of flows we have witnessed since the onset of the pandemic, in line with the rise in the emerging risk premium, which has altered net portfolio inflows in key countries for financing the current account.

Risk aversion currently remains high, although it has eased, and financing flows stand at the level reported in April, with further impairment having now largely been halted thanks to the actions undertaken by central banks in developed countries.

Furthermore, in addition to this uncertainty, it is also possible that new risks will appear that we are currently unaware of, but which may be caused by the interaction of pre-existing risks and the crisis triggered by the COVID-19 pandemic.

Given this sequence of events, we can split the chronology of the pandemic into in two phases.

The first phase was one of containment (during the second and third quarters of 2020), which was initially characterized by social distancing and lockdown measures. During this phase, shocks affected global value chains, there was limited demand—especially for services—and high uncertainty, leading to increases in the savings rate and a fall in consumption.

However, as restrictions eased and monetary and fiscal economic policy began to show the effects, the situation improved to the point where, in general, the initial forecasts for economic growth in 2020 were upgraded and some level of optimism returned.

The second phase is about transition (extending from the last quarter of 2020 and lasting throughout 2021), during which the world will have to contend with a second wave of infections, prompting an increase in the number of coronavirus cases and a consequent return of restrictions. This will have a mixed bag of effects on global activity, depending on the sector or industry concerned, and renewed levels of pessimism among consumers and

producers alike. During this phase, there will be less monetary and fiscal leeway for applying public policies, making positive surprises a less likely prospect as we move forward.

Thus, the long-term horizon will be dominated by three elements that will characterize the “new normal” of the global economy: (i) substantially higher levels of debt; (ii) lower long-term economic growth; and (iii) less input by the market and more input by governments and central banks.

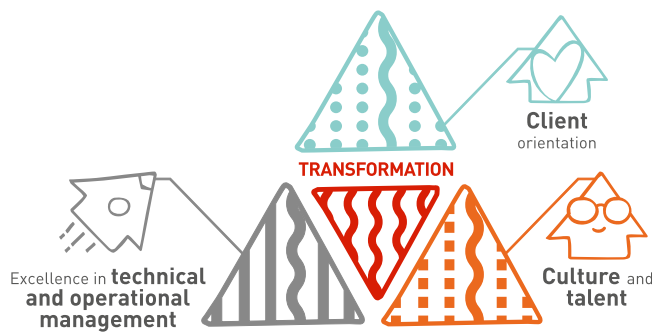
By 2021, however, a rebound in global economic growth is expected to prompt a business improvement of around 5.2 percent, albeit with substantial differences across countries and regions. Growth within emerging markets is expected to be around 6.0 percent, while growth in developed countries should be closer to 3.8 percent.

This is the baseline scenario, although uncertainty arising from the management of the pandemic, and existing and emerging risks, could lead to a more adverse scenario.

STRATEGIC PLANNING

At MAPFRE, we are transforming ourselves to grow profitably. Digitization, innovation and commitment to society are key to this change. To remain a competitive and sustainable company, **transformation is evident in everything we do.** It is transversal and acts as a true accelerator in all areas of the company.

The Group’s strategy is endowed with a philosophical framework comprising the Mission, Vision and Values, and is structured around three pillars that respond to the change agenda that has been established:

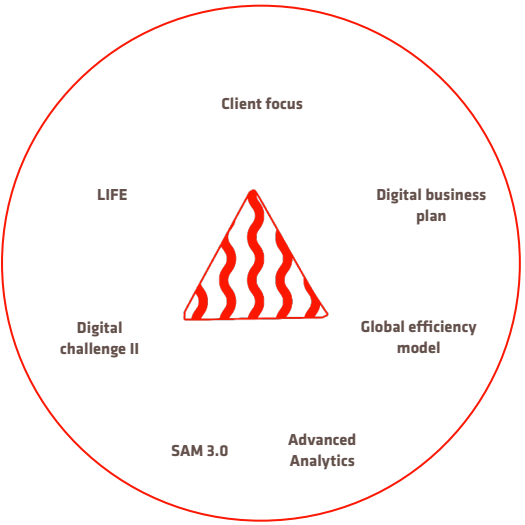


Within the framework of the strategic pillars, we have defined a series of objectives and indicators that make up our Strategy Map, as well as a portfolio of initiatives that will enable us to achieve these objectives:

STRATEGY MAP



STRATEGIC PLAN INITIATIVES



The second year of the **Strategic Plan 2019–2021 'Transforming ourselves to grow and be profitable'** was a year in which the health crisis conditioned the global economic, political, and social environment, and will continue to do so in the near future. The trends reflected in various market studies concur that we are facing an economic recession, that there will be an evolution in consumption habits driven by an increase in digitization, as well as greater awareness surrounding the impact that individuals, governments and companies have on the environment and how our social contribution must be greater in order to improve the environment and quality of life of those around us.

Based on these reflections, we firmly believe that the objectives and initiatives defined in the current plan will help us face this highly uncertain environment.

The main advances during 2020 in the objectives and initiatives that promote each of the pillars of the plan were:

PROFITABLE GROWTH

The Group's income statement shows that this has not been an easy year for profitable growth. However, all of our operations have worked hard throughout 2020 to continue to make progress toward the objectives we have in this regard.



We have a number of indicators to measure the progress of each of these objectives. This report highlights the progress of those we have published:

- ROE: 7.6 percent (excluding goodwill writedown)
- Revenue: 25.42 billion euros

CLIENT ORIENTATION



Data on public objectives in this pillar:

- Percentage of Non-Life businesses with NPS® above market average: 82.3 percent.

EXCELLENCE IN TECHNICAL AND OPERATIONAL MANAGEMENT

The objectives in this pillar are:



Data on public objectives in this pillar:

- Combined Non-Life ratio: 94.8 percent

CULTURE AND TALENT



Data on public objectives in this pillar in 2020:

- Culture and Talent index: 84.1 percent
- Percentage of vacancies in managerial positions filled by women: 46.3 percent
- Percentage of workforce with disabilities: 3.3 percent

Future prospects for the Strategic Plan 2019-2021

For 2021, we have decided to maintain the Strategic Plan's objectives and initiatives. However, to adapt to the complex current environment, we have carried out a prioritization exercise by selecting three projects from each of the seven corporate strategic initiatives, and selecting the countries in which they will be implemented initially. This prioritization aims to accelerate transformation, streamline implementation and generate best practices for growth and profitability.

Regarding the objectives for the next three years, during 2021, and as part of the methodology established in the Strategy Review and Management Group, we will carry out a profound reflection process that will allow us to define the Strategic Plan for the period 2022–2024.

R&D+i activities

INNOVATION

At MAPFRE, innovation is one of the main levers for generating differentiated value propositions for clients. The lines of action are both strategic and disruptive, covering the entire cycle from brainstorming and contact with insurtech companies to the practical implementation, as ever keeping the client at the center of the process.

MAPFRE also protects its clients through road safety and experimentation, in this case through CESVIMAP, a technology center of global reference for the design, assurance, use, maintenance, repair and recycling of vehicles and other mobility solutions for goods and people.

Its lines of action are technological research on the reduction of the accident rate, the definition of more efficient repair processes, reducing their cost and environmental impact, new products and services focusing on Usage-Based Insurance (UBI), Advanced Driver Assistance Systems (ADAS) in combination with crash tests and progress in assessing new risks and needs associated with electric vehicles.

In 2020, MAPFRE undertook multiple initiatives in its different lines of action, notably the launch of the third call for acceleration and adoption in insur_space with more than 400 startups, that of the first collaboration in the field of innovation and entrepreneurship with universities (IE Tech Lab) and 12 new Venture Capital investments in startups, in addition to the eight in 2019.

In this way, the Group is offering solutions and proposals to clients that take advantage of the latest technologies, such as the Internet of Things (Leakbot), artificial intelligence applied to images, text and voice (damage assessment using images, verbatim analysis, claim automation), Blockchain (digital identity, B3i consortium for reinsurance) and next-generation products and services (ondemand insurance, on/off policies).

DIGITAL TRANSFORMATION

MAPFRE operates in digital business across four business lines (MAPFRE.COM, VERTI, INSURE&GO and SAVIA), following a structured, client-centric strategy in each of them. The main actions carried out in this year were as follows:

- Digital Marketing: we continued to identify our clients’ needs and to have a presence where they seek us, as well as offering new ways to engage with them. We have therefore analyzed new ways of searching for products and services through voice, image and video in the digital arena, and have evolved in our use and generation of data and customization of the client’s digital journey. This year, a digital marketing shared service center model was successfully implemented in several countries, which has allowed them to increase their capabilities.
- Sales and retention: in 2020 the change in digital design through the MAPFRE and VERTI brands began, starting with the launch of the new graphic design and the structure of the sales portals, as well as the change of their technological platform. To increase online pricing and sales capabilities, as well as adapting to client needs and preferences, the design and development of pricing and sales processes through chatbots and voice assistants was completed, and online pricing and sales capabilities have expanded. The drive toward digital customer ratio optimization (CRO) also continued, focusing on simplifying the digital processes offered to clients.
- Digital data: advanced predictive models for optimizing and automating digital sales and marketing activities have been developed through the use of Big Data. These models enable real-time decisionmaking in the processes of attracting and converting clients digitally.

- Marketplaces: clients are increasing their use of these types of platforms, and more than half of B2C sales worldwide are now taking place in marketplaces, with an upward trend. For this reason, since 2018 we have been present in Spain through an agreement with Amazon, and this year there have been specific activities in Italy and Germany for advertising on Amazon. Further progress has been made in agreements with other marketplaces, such as MercadoLibre in Brazil.
- Price comparison sites: a new corporate asset has been developed to improve business profitability through real-time dynamic pricing and subscription management. It works to increase the level of user agility in the technical management of their tasks.

QUALITY

The MAPFRE Quality Observatory is responsible for measuring the quality perceived and delivered, and conducts client surveys in every country where the Group operates. These surveys cover all lines of insurance and assistance services, and are conducted every six months. This is performed by analyzing the Net Promoter Score (NPS®) to evaluate client satisfaction and critical client touchpoints. Recommendations are then drawn up regarding the main areas that could be improved.

The reports drawn up by the Quality Observatory provide data on the client experience, assisting with the decision-making process in the different business areas.

In 2020, the 11th relational NPS® measurement wave was carried out, involving a representative sample of MAPFRE’s portfolio. This wave, with over 800,000 respondents, involved 18 countries and business lines and covered 74.9 percent of the total private Non-Life premiums of the Group.

As part of this study, each year the Observatory measures the client experience level of MAPFRE’s major competitors in each country and business line. Approximately 80 companies are analyzed around the world. This analysis reveals that the objective set for 2020 was met, namely, to obtain an NPS® from MAPFRE’s clients greater than the average NPS® of competitors analyzed, in excess of 82.3 percent of the premium volume measured.

To complement these measurements of relational NPS®, the Quality Observatory defined a Global Model for transactional NPS®, which allows MAPFRE to find out, in real time, a client’s perceptions after interacting with us. This model is currently already in place in Brazil and Spain, and was launched in the USA, Puerto Rico, Mexico, Peru and Chile throughout 2020.

Likewise, in 2020 the Quality Observatory carried out the third measurement on the experience of internal clients (iNPS®) and on the assignors and brokers for the reinsurance services provided by MAPFRE RE.

Acquisition and disposal of treasury stock

Following the publication on January 13, 2020 of the Press Release of the Spanish National Securities and Exchange Commission (the CNMV), rescinding the criteria on discretionary treasury stock transactions from 2013, the Board of Directors of the company, at its meeting on February 11, 2020, agreed to abolish the company's Treasury Stock Policy. Accordingly, hereinafter, the transactions for the sale of MAPFRE S.A. shares, where appropriate, will be in accordance with the provisions of the Market Abuse Regulation and Circular 1/2017 of the CNMV.

During fiscal year 2020, no MAPFRE S.A. shares were purchased and 203,905 shares, representing 0.0066 percent of the capital, amounting to 286,299.74 euros, were issued to directors of subsidiaries as part of their variable remuneration.

In the previous year, 7,897,336 treasury stocks were bought and 1,839,387 treasury stocks were issued to directors of subsidiaries as part of their variable remuneration, resulting in a net increase of 0.1967 percent of the capital, amounting to 15,585,821.85 euros. As on December 31, 2020 and 2019, the total balance of treasury stock was 30,285,934 and 30,489,839 respectively, representing 0.9835 percent and 0.9901 percent of equity, in the amount of 63,408,631.35 and 63,835,547.24 euros, respectively.

Other relevant information

THE MAPFRE SHARE

The table below shows the key information relating to MAPFRE shares at the 2020 fiscal yearend.

Number of shares outstanding	3,079,553,273 fully underwritten and paid up
Face value of each share	0.1 euros
Share class	Common, represented by book entries. All outstanding shares carry identical voting and dividend rights
Stock exchange listings	Madrid and Barcelona Stock Exchanges (continuous market)
Principal stock exchanges on which the shares are quoted	IBEX 35; IBEX Top Dividend MSCI World SMID Cap Index FTSE All-World; FTSE Developed Europe FTSE4Good ⁽¹⁾ ; FTSE4Good IBEX ⁽¹⁾ DJSI World ⁽¹⁾ Euronext Vigeo Europe 120 ⁽¹⁾ ; Euronext Vigeo Eurozone 120 ⁽¹⁾ Ethibel Sustainability Index - Excellence Europe ⁽¹⁾
ISIN code	ES0124244E34

(1) Indices that measure the outcome of a company's actions to uphold and support sustainable development and human rights.

In 2020, MAPFRE S.A. shares traded for 257 days on the continuous market. According to data published by the Spanish stock market operator (BME), an average of 7,395,047 shares were traded daily on this platform compared to 5,128,636 in 2019, an increase of 44.19 percent. The effective average daily transaction value was 12.3 million euros, compared to 12.9 million euros in the previous year, a decrease of 4.65 percent.

At the end of 2020, a total of 16 analysis institutions followed share performance, of which 56 percent recommended “buying” the company's shares, compared with 25 percent of recommendations to “maintain” and 19 percent to “sell.”

VALUE AND RETURN

The share price performance is shown in the following table, compared to two key benchmark indices (the IBEX 35 and the sectorial STOXX Europe 600 Insurance and IBEX 35 Bancos indices):

	1 YEAR	3 YEARS	5 YEARS
MAPFRE	-32.5%	-40.5%	-31.1%
STOXX Europe 600			
Insurance	-13.5%	-3.2%	-2.2%
IBEX 35	-15.5%	-19.6%	-15.4%
IBEX 35 BanKs	-27.3%	-49.9%	-46.7%

MAPFRE’s earnings per share (EPS) during the same period are shown below:

	2020	2019	2018	2017	2016
EPS (euros)	0.17	0.20	0.17	0.23	0.25
Var.%	-13.6%	15.2%	-24.5%	-9.7%	9.4%

SHAREHOLDER STRUCTURE AND REMUNERATION

At the end of fiscal year 2020, Fundación MAPFRE held 69.8 percent of the company’s shares, excluding treasury stock, which represented 0.98 percent of the shareholder structure. Spanish institutional shareholders accounted for 3.9 percent and institutional shareholders in other countries 15 percent. The remaining 10.2 percent is held by non-institutional shareholders.

The dividend policy establishes that shareholder remuneration must be linked to the company’s earnings, solvency, liquidity and investment plans, and also aligned with the interests of all its shareholders. Among the objectives set for the three-year period 2019–2021 are to create sustainable value and to adequately remunerate shareholders.

On December 22, 2020, the interim dividend charged to 2020 profits was paid at 0.05 euros per share before tax, after the amount corresponding to treasury stock had been applied to the remaining shares on a proportional basis. The total dividend paid out in the year was 0.14 euros per share, giving a total remuneration of 415.7 million euros.

The final dividend for fiscal year 2020 to be proposed at the Annual General Meeting is 0.075 euros per share before tax. Consequently, the total dividend against the results for 2020 amounts to 0.125 euros per share before tax, representing a payout ratio of 73.1 percent.

Dividend payments and the dividend yield, calculated on an average share price basis, are indicated below.

	2020	2019	2018	2017	2016
DIVIDEND PER SHARE (euros)	0.135	0.145	0.145	0.145	0.130
DIVIDEND YIELD	8.1 %	5.7 %	5.5 %	4.9 %	5.8 %

CREDIT RATING MANAGEMENT

In April, Moody’s ratified MAPFRE ASISTENCIA’s rating as “A2” with a stable outlook. During the first quarter, MAPFRE requested the withdrawal of this same rating, which finally occurred in June.

During fiscal year 2020, the main rating agencies affirmed the credit situation of MAPFRE S.A. and its main subsidiaries:

– S&P affirmed the credit ratings of MAPFRE S.A. and the financial strength of MAPFRE RE.

– Fitch confirmed the credit ratings of MAPFRE S.A. and the financial strength of MAPFRE ASISTENCIA, MAPFRE BHD COMPAÑÍA DE SEGUROS and MAPFRE SIGORTA A.S.

– A.M. Best confirmed the financial strength of MAPFRE RE, MAPFRE ESPAÑA, MAPFRE U.S.A. Group, MAPFRE PRAICO, MAPFRE MEXICO and MAPFRE PANAMA.

The current status of credit ratings of the companies headquartered in Spain and the main companies headquartered outside of Spain is provided in the accompanying table:

Companies resident in Spain	S&P	Fitch	A.M. Best
MAPFRE S.A. - Issuer	A- (Stable)	A- (Stable)	-
MAPFRE S.A. - Senior debt	A-	BBB+	-
MAPFRE S.A. - Subordinated debt	BBB	BBB-	-
Financial Strength			
MAPFRE RE	A+ (Stable)	-	A (Stable)
MAPFRE ESPAÑA	-	-	A (Stable)
MAPFRE ASISTENCIA	-	A+ (Stable)	-

Companies not resident in Spain	S&P	Fitch	A.M. Best
Financial Strength			
MAPFRE SIGORTA A.S. (Tutkey)	-	AA+ tur (Stable)	-
MAPFRE SEGUROS GENERALES DE COLOMBIA	-	AA col (Stable)	-
MAPFRE BHD COMPAÑÍA DE SEGUROS (Dominican Republic)	-	AAA dom (Stable)	-
MAPFRE U.S.A. Group	-	-	A (Stable)
MAPFRE PRAICO (Puerto Rico)	-	-	A (Stable)
MAPFRE MÉXICO	-	-	A (Stable)
MAPFRE PANAMÁ	-	-	A (Stable)

TRANSPARENCY PLAN

In 2020, the new corporate website was launched, featuring a more modern design and with the objective of becoming a transversal communication platform. On the website, both informative and editorial content are combined in an active and conscious manner in order to inform society of the identity, strategy and attributes by which MAPFRE wishes to be recognized.

In order to disseminate the company’s activities across different fields, raise awareness and interact with different interest groups, the meetings and interventions of managers have been posted and promoted on various social networks and channels (Twitter, Instagram, Facebook and YouTube, among others).

With regard to pre-contractual and contractual information, once the documentation has been posted in the “Information of interest” section of the mapfre.es website, which is kept up to date at all times, personalized electronic notifications are sent to clients including a link to the website. The Life area continues to progress along the same line, allowing customized electronic notifications to be sent as well.

In addition, the website has been updated to include other information to be made available to or considered to be of interest to clients, such as solvency reports, personal data protection information, anti-money laundering information or even the option to obtain the income tax withholding certificate for natural persons online.

In addition, the corporate Intranet is the internal communication channel for employees, where there are areas available for each of the Group’s companies. There is an area called “Organization chart and appointments,” where employees can view MAPFRE’s organization chart and the most senior representatives and the governing bodies, and stay current on any appointments arising in the companies and countries.

The People Space of the Intranet is constantly evolving and updated. This space covers global and local content and news on people management of interest to employees, presenting the content in a structured way to facilitate easy navigation that enhances the user experience.

In addition to global content, the Intranet also has specific areas for each company and area of the Group, making it easy to communicate information of interest to employees in their immediate work area. The Intranet also has a specific area related to the company’s strategy, covering all the reference information on the Strategic Plan, from Vision, Mission and Values to the pillars and strategic initiatives. The creative area uses videos and infographics to provide both global information and key points of the strategy in every region, country, business unit and corporate area.

The #askMAPFRE initiative was launched during lockdown. This enabled hundreds of employees worldwide to ask questions on the Intranet on anything related to how the company was tackling the COVID-19 situation, and the role of people and teams.

The MAPFRE People app was also launched, a new communication channel to make life easier for employees by optimizing and reducing the time of their dealings with the company. The app has a wide range of features and personalized content, such as requesting vacations, leave or medical appointments, accessing vacancies, gaining immediate feedback, receiving alerts, accessing quick learning or the latest news. This app has been downloaded by 9,478 people.

In addition, this year a tool for managing and reserving physical spaces has been incorporated into the People app, as well as the MAPFRE COVID RADAR application, which guarantees the appropriate social distancing measures and automates contact tracing. The ultimate aim of these measures is to control the COVID-19 pandemic.

Throughout the year, the support communities have continued to grow on the Intranet, with a total of 310 active communities in which 10,815 employees participate.

As part of the Digital Challenge strategic initiative, momentum is being given to the new ways of working with technological tools, which enable work to take place in an open, transparent and collaborative way. The new Global Hybrid Remote Working Model has been approved and the MAPFRE Corporate Digital Disconnection Policy has been approved and published.

All employees have access to a knowledge platform, eureka, in all three corporate languages, including over 1,250 knowledge entries. Employees can search for reports and studies, best practices, use cases and links of interest through the search center and can contribute anything they consider important to share. They can also find contact references for each of the knowledge entries.

In terms of attracting and managing talent, 2020 saw the consolidation of the new global selection and mobility system in the majority of the Group’s companies.

Employees have career plans based on job position and personal development plans, which are communicated individually. They are involved in the process by being invited to make a proposal for their development plan, and are provided with the necessary help to guide them throughout.

A 360° feedback model is available worldwide for all employees, with continuous feedback on objectives, activities and conduct, not only between supervisors and collaborators, but also between internal peers and clients. A total of 39,591 individual objectives were set in 2020, 126,897 activities were established and 38,288 feedback actions were performed.

Plans have been made to give employees public acknowledgment for their work and achievements in relation to the new behaviors and habits of the organization (be agile, collaborate and innovate), as well as other specific plans. These plans have been widely welcomed by employees.

The Group’s global learning management tool can be used to manage on-site and online training for all employees around the world. Furthermore, it also helps promote the “self-learning” feature, a space where each employee can access MAPFRE’s catalog of training content. Its design and its capacity to adapt and be flexible have allowed us to adapt in an agile and effective way to the situation created by COVID-19, guaranteeing the training and learning of MAPFRE personnel worldwide.

Through its social network profiles on Facebook, Instagram, Twitter, LinkedIn and YouTube, MAPFRE also communicates and interacts with its employees.

There is also a corporate magazine (*The World of MAPFRE*), the digital edition of which was refreshed in 2020 with the aim of modernizing its design and encouraging interaction, both with employees and with the general public. This magazine is published quarterly and is distributed worldwide, reporting on the news and the situation of the company.

With a view to ensuring ongoing comprehensive monitoring of the processes that impact the commitment and development of employees, in 2020 the Culture and Talent index was evaluated again. This is an internal indicator that covers employee satisfaction (Employee Satisfaction Index, ESI), turnover and the seniority of employees, in addition to functional mobility, the percentage of employees with assigned development plans and the internal promotion rate for managerial positions.

In 2020, a model to measure the employee experience, which enables a more in-depth analysis on a continuous basis, has continued to be applied. This model is based on three types of measurements:

- Relational eNPS®: measures how likely employees are to recommend MAPFRE as a company to work for.
- Employee life cycle: model for analyzing the different life cycle touchpoints of employees, which involves creating focus groups and questionnaires through which employees’ experiences in their interactions are measured at each different stage of their journey: recruitment, reception, performance evaluation, recognition, mobility and changes, among others.
- Perceived Human Resource Quality index: a perceived quality survey that analyzes how employees perceive the quality of service provided by the Human Resources areas.

ECONOMIC CONTRIBUTION TO SOCIETY

Insurance activities generate direct economic value through the constant flow of transactions (premium payments, benefit payments, investment management, etc.), which have an effect on the different aspects of economic and social development in the environment in which the company operates.

Of the consolidated revenues of 25.42 billion euros generated in the period (28.47 billion euros in 2019), MAPFRE made economic contributions to society in general via multiple payment types, which are detailed in the accompanying table.

Item	2020	2019	%20/19
Benefits paid (1)	13,731.7	16,120.2	-14.8 %
Payments to providers (2)	7,335.9	7,761.6	-5.5 %
Wages and salaries, and other (3)	1,456.0	1,504.4	-3.2 %
Activity subtotal	22,523.6	25,386.2	-11.3 %
Dividendos (4)	658.4	844.1	-22.0 %
Shareholders subtotal	658.4	844.1	-22.0 %
Net income tax payment	298.4	430.8	-30.7 %
Social security	240.8	257.0	-6.3 %
Public administrations subtotal	539.2	687.8	-21.6 %
Interest paid	73.6	69.8	5.4 %
Financing subtotal	73.6	69.8	5.4 %
Total	23,794.8	26,987.8	-11.8 %

Figures in million euros.

(1)Benefits paid and related expenses of direct insurance and accepted reinsurance.
(2)Includes payment of commissions and other activity services.
(3)Wages and salaries amounted to 1,215.9 million euros in 2019 (1,251.1 million euros in 2019).
(4)Dividend payments made during the fiscal year.

Furthermore, in its capacity as an insurer, the company makes commitments to its insured in exchange for the management of resources that are invested in assets, particularly financial assets. The following table shows information about the company as an institutional investor at the close of the last two fiscal years.

Item	2020	2019	% 20/19
THIRD-PARTY FUNDS UNDER MANAGEMENT (5)	34,250.6	40,663.0	-0.2
TOTAL INVESTMENTS	38,931.4	47,363.4	-0.2
Financial investments	36,511.1	44,995.9	-0.2
Fixed income	31,531.7	39,443.7	-0.2
- Issued by governments	23,396.0	30,088.8	-0.2
- Other fixed income securities	8,135.7	9,354.9	-0.1
Other financial investments	4,979.4	5,552.2	-0.1
Real estate investments (6)	1,199.5	1,323.4	-0.1
Other investments	1,220.8	1,044.1	0.2

Figures in million euros.

(5) Technical provisions for Life, pension funds, mutual funds and managed portfolios, before shadow accounting adjustments.
(6) Excluding real estate for own use.

PROVIDER PAYMENT TERMS

Details of the payments made by the Group’s fully consolidated Spanish companies to providers in the fiscal years 2020 and 2019 are shown below.

Item	Days		Item	Figures in million	
	2020	2019		2020	2019
Average provider payment period	5.7	5.4	Total payments made	1,581.0	1,989.0
Ratio of paid operations	5.3	5.2	Total pending payments exceeding the maximum statutory term	21.9	20.4
Ratio of pending payment	30.4	24.8			

OTHER INFORMATION

The content corresponding to the Non-Financial Information Statement, which is reflected in the MAPFRE Integrated Report, is part of this Consolidated Management Report and meets the reporting requirements established by Law 11/2018 of December 28.

The following table provides an overview of the content in the Non-Financial Information Statement mentioned above:

STATEMENT OF CONSOLIDATED NON-FINANCIAL INFORMATION

Index of contents of Law 11/2018	GRI reporting standards (See Table of Contents GRI in Section 6 of the MAPFRE Integrated Report 2020)
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GENERAL INFORMATION

General	A brief description of the business model that includes its operating environment, organization and structure	GRI 102-2
		GRI 102-7
	Markets served	GRI 102-3
		GRI 102-4
		GRI 102-6
		GRI 102-14
	Organizational objectives and strategies	GRI 102-14
		GRI 102-15
	Main factors and trends that may affect the company’s future evolution	GRI 102-15
	Reporting framework	GRI 102-54
	Principle of Materiality	GRI 102-46
		RI 102-47

ISSUES RELATING TO THE ENVIRONMENT

	Management approach: description and results of the policies related to these issues as well as the main risks related to these issues associated with the group's activities	GRI 102-15
		GRI 103-2
Detailed general information	Detailed information on the current and foreseeable effects of the company's activities on the environment and, where appropriate, health and safety	GRI 102-15
		GRI 103-2
		GRI 103-2
		GRI 103-2
		GRI 102-11
Pollution	Measures to prevent, reduce or repair emissions that seriously affect the environment; taking into account any form of air pollution specific to an activity, including noise and light pollution	GRI 103-2
		GRI 103-2
Circular economy and waste prevention and management	Prevention, recycling and reuse measures and other forms of recovery and disposal of waste	GRI 103-2
		GRI 306-2
		GRI 306-3 (2020)
		GRI 306-4 (2020) for Sections a, e
		GRI 306-5 (2020) for Sections a,e
		GRI 103-2
Sustainable use of resources	Water consumption and water supply according to local limitations	GRI 303-5 (version 2018) for Sections a, d
		GRI 301-1
	Direct and indirect consumption of energy	GRI 302-1
		GRI 302-3
	Measures taken to improve energy efficiency	GRI 103,2
		GRI 302-4
Climate change	Greenhouse gas emissions generated as a result of the company's activities, including the use of the goods and services it produces	GRI 302-1 for Sections a, b, e, f, g
		GRI 305-1
		GRI 305-2
		GRI 305-3
	Measures taken to adapt to the consequences of climate change	GRI 305-4
		GRI 103-2
	Voluntary medium- and long-term reduction targets for reducing greenhouse gas emissions and the means implemented for this purpose	GRI 201-2
Biodiversity protection	Measures taken to preserve or restore biodiversity	GRI 305-5
	Measures taken to preserve or restore biodiversity	GRI 304-3
	Impacts caused by activities or operations in protected areas	GRI 304-1
		GRI 304-2

ISSUES RELATING TO SOCIETY AND EMPLOYEES

	Management approach: description and results of the policies related to these issues as well as the main risks related to these issues associated with the group's activities	GRI 102-15
		GRI 103-2
Employment	Total number and distribution of employees by country, gender, age and professional category	GRI 102-8
		GRI 405-1
	Total number and distribution of employment contract modalities and annual average of permanent contracts, temporary contracts and part-time contracts by sex, age and professional classification	GRI 102-8
	Number of terminations by gender, age and professional classification	GRI 103-2
		GRI 401-1
	Average remuneration and its evolution broken down by gender, age and professional classification or equal value	GRI 103-2
		GRI 405-2 for Section a
	Pay gap, remuneration for equal or average jobs in society	GRI 103-2
		GRI 405-2
	Average remuneration of directors and executives, including variable remuneration, allowances, indemnities, payment to long-term savings pension systems and any other amounts, broken down by sex	GRI 103-2
	GRI 405-3	
	Implementation of work disconnection policies	GRI 103-2
	Employees with disabilities	GRI 405-1
Work organization	Organization of working time	GRI 103-2
	Number of hours of absenteeism	GRI 403-9 (Version 2018)
	Measures aimed at facilitating a work-life balance and encouraging both parents to adopt such measures	GRI 103-2
		GRI 401-3
Health and safety		GRI 103-2
		GRI 403-1 (Version 2018)
	Occupational health and safety conditions	GRI 403-2 (Version 2018)
		GRI 403-3 (Version 2018)
		GRI 403-7 (Version 2018)
	Workplace accidents, in particular the frequency and severity of same, broken down by sex	GRI 403-9
	GRI 403-10 (Version 2018) for Sections a, e	
Social relations	Organization of social dialog, including procedures for informing, consulting and negotiating with personnel	GRI 103-2
	Percentage of employees covered by collective bargaining agreements by country	GRI 102-41
	The balance of collective agreements, particularly in the field of health and safety at work	GRI 403-4 (Version 2018)

ISSUES RELATING TO SOCIETY AND EMPLOYEES

Training	Policies implemented in the field of training	GRI 103-2
		GRI 404-2
	Total number of training hours by professional classification	GRI 404-1
Universal accessibility	Universal accessibility for people with disabilities	GRI 103-2
Equality	Measures taken to promote equal treatment and equal opportunities for women and men	GRI 103-2
	Measures adopted to promote employment, protocols against sexual and gender harassment	GRI 103-2
	Policy against all forms of discrimination and, where appropriate, diversity management	GRI 103-2

INFORMATION ON RESPECT FOR HUMAN RIGHTS

	Management approach: description and results of the policies related to these issues as well as the main risks related to these issues associated with the group's activities	GRI 102-15
		GRI 103-2
Human Rights	Application of due diligence procedures in the field of human rights, prevention of the risks of human rights violations and, where appropriate, measures to mitigate, manage and repair possible abuses committed	GRI 102-16
		GRI 102-17
	Complaints about cases of Human Rights violations	GRI 103-2
		GRI 406-1
	Measures implemented to promote and comply with the provisions of the fundamental ILO conventions related to respect for freedom of association and the right to collective bargaining; the elimination of discrimination in employment and occupation; the elimination of forced or compulsory labor; the effective abolition of child labor	GRI 103-2
		GRI 407-1
		GRI 408-1
		GRI 409-1

INFORMATION ON FIGHTING CORRUPTION AND BRIBERY

	Management approach: description and results of the policies related to these issues as well as the main risks related to these issues associated with the group's activities	GRI 102-15
		GRI 103-2
Corruption and bribery	Measures taken to prevent corruption and bribery	GRI 103-2
		GRI 102-16
		GRI 102-17
		GRI 205-2
		GRI 205-3
		GRI 103-2
	Measures taken to combat money laundering	GRI 102-16
		GRI 102-17
		GRI 205-2
		GRI 205-3
	Association or sponsorship actions	GRI 102-13
		GRI 201-1 for Section a
		GRI 415-1

INFORMATION ABOUT THE COMPANY

	Management approach: description and results of the policies related to these issues as well as the main risks related to these issues associated with the group's activities	GRI 102-15
		GRI 103-2
The company's commitment to sustainable development	Impact of the company's activity on employment and local development	GRI 103-2
		GRI 203-2
		GRI 204-1
	Impact of the company's activity on local populations and the territory	GRI 411-1
		GRI 413-1
		GRI 413-2
	Relationships maintained with local community actors and the modalities of dialog engaged in	GRI 102-43
		GRI 413-1
	Contributions to foundations or non-profit organizations	GRI 103-2
		GRI 201-1 for Sections a ii
Subcontracting and providers	Inclusion of social, gender equality and environmental issues in the procurement policy	GRI 103-2
	Consideration of social and environmental responsibility in relationships with providers and subcontractors	GRI 102-9
		GRI 308-1
		GRI 414-1
	Supervision systems and audit and the results of same	GRI 102-9
GRI 308-2		
GRI 414-2		
Consumers	Measures taken for the health and safety of consumers	GRI 103-2
		GRI 416-1
	System for processing complaints and grievances received and resolution of same	GRI 103-2
		GRI 418-1
Tax information	Profits generated by country	GRI 103-2
		GRI 207-4 (Section 2019) for Sections a, b, vi, c
	Tax on profits paid	GRI 103-2
		GRI 207-4 (Section 2019) for Sections a,b, viii, c
		GRI 201-1 for Sections a.i
	Public subsidies received	GRI 201-4

Annual corporate Governance Report

A. OWNERSHIP STRUCTURE

A.1. COMPLETE THE FOLLOWING TABLE ON THE COMPANY’S SHARE CAPITAL:

Date of last modification	Share capital (€)	Number of shares	Number of voting rights
07/01/2011	307,955,327.30	3,079,553,273	3,079,553,273

Indicate if there are different kinds of shares with different rights associated with them:

☐ Yes ☒ No

A.2. STATE THE DIRECT AND INDIRECT HOLDERS OF SUBSTANTIAL INTERESTS IN THE COMPANY AT THE CLOSE OF THE FISCAL YEAR, EXCLUDING BOARD DIRECTORS:

Name or company name of the shareholder	% voting rights attributed to the shares		% voting rights through financial instruments		% total voting rights
	Direct	Indirect	Direct	Indirect	
FUNDACIÓN MAPFRE	0,00	69.80	0,00	0,00	69.80

Detail of indirect interests:

Name or company name of the indirect holder	Name or company name of the direct holder	% voting rights attributed to the shares	% voting rights through financial instruments	% total voting rights
FUNDACIÓN MAPFRE	CARTERA MAPFRE, S.L. SINGLE- MEMBER COMPANY	69.69	0,00	69.69
FUNDACIÓN MAPFRE	FUNDACIÓN CANARIA MAPFRE GUANARTEME	0,11	0,00	0,11

State any significant modifications in the shareholding structure that have occurred during the fiscal year:

Most significant modifications

In 2020, a total of 64,307,958 treasury stocks were added to the participation of CARTERA MAPFRE, S.L.U., representing 2.09 percent of capital and amounting 101,267,741.

A.3. COMPLETE THE FOLLOWING TABLES ABOUT THE MEMBERS OF THE BOARD OF DIRECTORS OF THE COMPANY WHO HAVE VOTING RIGHTS ON COMPANY SHARES:

Name or company name of the board director	% voting rights attributed to shares		% voting rights through financial instruments		% total voting rights	% voting rights that may be transferred through financial	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
MR. ANTONIO HUERTAS MEJÍAS	0.02	0.00	0.00	0.00	0.02	0.00	0.00
MR. IGNACIO BAEZA GÓMEZ	0.01	0.00	0.00	0.00	0.01	0.00	0.00
MS. CATALINA MIÑARRO BRUGAROLAS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MR. JOSÉ MANUEL INCHAUSTI PÉREZ	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MR. JOSÉ ANTONIO COLOMER GUIU	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MS. ANA ISABEL FERNÁNDEZ ÁLVAREZ	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MS. MARÍA LETICIA DE FREITAS COSTA	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MS. ROSA MARÍA GARCÍA GARCÍA	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MR. ANTONIO GÓMEZ CIRIA	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MR. LUIS HERNANDO DE LARRAMENDI MARTÍNEZ	0.00	0.06	0.00	0.00	0.06	0.00	0.00
MR. FRANCISCO JOSÉ MARCO ORENES	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MR. FERNANDO MATA VERDEJO	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MR. ANTONIO MIGUEL-ROMERO DE OLANO	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MS. MARÍA DEL PILAR PERALES VISCASILLAS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MR. ALFONSO REBUELTA BADÍAS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total % of voting rights held by the Board of Directors							0.09

Detail of indirect interests:

Name or company name of the direct holder	% voting rights attributed to shares	% voting rights through financial instruments	% total voting rights	% voting rights that may be transferred through financial
No data				

A.4. WHERE APPLICABLE, LIST ANY FAMILY, COMMERCIAL, CONTRACTUAL OR CORPORATE RELATIONSHIPS BETWEEN HOLDERS OF SIGNIFICANT INTERESTS, INsofar AS THE COMPANY IS AWARE OF THEM, UNLESS THEY ARE OF LITTLE RELEVANCE OR DUE TO ORDINARY COMMERCIAL TRAFFIC AND EXCHANGE, EXCLUDING THOSE REPORTED IN SECTION A.6:

Related name or company name	Type of Relationship	Brief description
No data		

A.5. WHERE APPLICABLE, LIST ANY FAMILY, COMMERCIAL, CONTRACTUAL OR CORPORATE RELATIONSHIPS BETWEEN HOLDERS OF SIGNIFICANT INTERESTS, AND THE COMPANY AND/OR ITS GROUP, UNLESS THEY ARE OF LITTLE RELEVANCE OR DUE TO ORDINARY COMMERCIAL TRAFFIC AND EXCHANGE:

Related name or company name	Type of Relationship	Brief description
No data		

A.6.DESCRIBE THE RELATIONSHIPS, UNLESS THEY ARE BARELY RELEVANT FOR BOTH PARTIES, THAT EXIST BETWEEN THE SIGNIFICANT SHAREHOLDERS OR THOSE REPRESENTED ON THE BOARD AND THE BOARD DIRECTORS, OR THEIR REPRESENTATIVES, IN THE CASE OF LEGAL COMPANY ADMINISTRATORS.

Explain, as the case may be, how significant shareholders are represented. Specifically, those board directors who have been appointed on behalf of significant shareholders, those whose appointment would have been promoted by significant shareholders, or who are linked to significant shareholders and/ or companies of their group, explaining the nature of such relationships, shall be indicated. Notably, where appropriate, the existence, identity and position of board members, or representatives of directors, of the listed company, who are, in turn, members of the administrative body, or their representatives, in companies that hold significant participations of the listed company or in entities of the group of said significant shareholders shall be indicated.

Name or company name of the related director or representative	Name or company name of the affiliated significant shareholder	Company name of the significant shareholder group	Description of the relationship/position
MR. LUIS HERNANDO DE LARRAMENDI MARTÍNEZ	CARTERA MAPFRE, S.L. SOCIEDAD UNIPERSONAL	CARTERA MAPFRE, S.L. SOCIEDAD UNIPERSONAL	Appointed board director as proposed by the significant shareholder
MR. ANTONIO MIGUEL-ROMERO DE OLANO	CARTERA MAPFRE, S.L. SOCIEDAD UNIPERSONAL	CARTERA MAPFRE, S.L. SOCIEDAD UNIPERSONAL	Appointed board director as proposed by the significant shareholder
MR. ALFONSO REBUELTA BADÍAS	CARTERA MAPFRE, S.L. SOCIEDAD UNIPERSONAL	CARTERA MAPFRE, S.L. SOCIEDAD UNIPERSONAL	Appointed board director as proposed by the significant shareholder
MR. ANTONIO HUERTAS MEJÍAS	CARTERA MAPFRE, S.L. SOCIEDAD UNIPERSONAL	CARTERA MAPFRE, S.L. SOCIEDAD UNIPERSONAL	Chairman of the Board of Directors of CARTERA MAPFRE, S.L. SOCIEDAD UNIPERSONAL
MR. IGNACIO BAEZA GÓMEZ	CARTERA MAPFRE, S.L. SOCIEDAD UNIPERSONAL	CARTERA MAPFRE, S.L. SOCIEDAD UNIPERSONAL	Director of CARTERA MAPFRE, S.L. SOCIEDAD UNIPERSONAL
MR. JOSÉ MANUEL INCHAUSTI PÉREZ	CARTERA MAPFRE, S.L. SOCIEDAD UNIPERSONAL	CARTERA MAPFRE, S.L. SOCIEDAD UNIPERSONAL	Director of CARTERA MAPFRE, S.L. SOCIEDAD UNIPERSONAL
MR. FERNANDO MATA VERDEJO	CARTERA MAPFRE, S.L. SOCIEDAD UNIPERSONAL	CARTERA MAPFRE, S.L. SOCIEDAD UNIPERSONAL	Director of CARTERA MAPFRE, S.L. SOCIEDAD UNIPERSONAL

A.7. INDICATE IF ANY SHAREHOLDER AGREEMENTS HAVE BEEN DISCLOSED TO THE COMPANY THAT AFFECT IT UNDER ARTICLES 530 AND 531 OF THE COMPANIES ACT. WHERE APPLICABLE, BRIEFLY DESCRIBE THEM AND LIST THE SHAREHOLDERS BOUND BY SUCH AGREEMENT:

☐ Yes ☒ No

Indicate whether the company knows of the existence of concerted actions among its shareholders. If so, describe them briefly:

☐ Yes ☒ No

If there have been any modifications or terminations of said pacts or agreements or concerted actions during the fiscal year, indicate this expressly.

A.8. INDICATE WHETHER ANY PERSON OR ORGANIZATION EXERCISES OR MAY EXERCISE CONTROL OVER THE COMPANY PURSUANT TO ARTICLE 5 OF THE SECURITIES MARKET ACT. IF SO, IDENTIFY THEM:

☒ Yes ☐ No

Name or company name

FUNDACIÓN MAPFRE

A.9. COMPLETE THE FOLLOWING TABLES REGARDING THE COMPANY’S TREASURY STOCK:

As at the closing date of the fiscal year:

Number of direct shares	Number of shares shares(*)	% total of share capital
30,285,934		0.98

(*) Through:

Name or company name of the direct holder	Number de acciones directas
of the shares	Number of direct shares

A.10. DESCRIBE THE TERMS AND CONDITIONS OF THE CURRENT GENERAL MEETING AUTHORIZATION TO THE BOARD OF DIRECTORS TO ISSUE, BUY BACK OR TRANSFER TREASURY STOCK.

The Board of Directors is currently authorized by the shareholders at the General Meeting to increase the company’s share capital once or several times by up to a maximum of €153,977,663.65, equivalent to 50 percent of the share capital. The duration of the authorization is five years calculated from the date of the resolution, passed on March 9, 2018.

The Board of Directors is currently authorized by the shareholders at the Annual General Meeting to allow the company to proceed, directly or through subsidiaries, to the derivative acquisition of treasury stock, subject to the following limits and requirements:

- a)Schemes: Acquisition by sale or by any other transaction inter vivos for good and valuable consideration, of shares free of any liens or encumbrances.
- b)Maximum number of shares to be acquired: Shares whose face value, added to the face value of the shares already owned by the company and its subsidiaries, does not exceed 10 percent of the share capital of MAPFRE S.A.
- c)Minimum and maximum purchase price: 90 percent and 110 percent, respectively, of their market value on the date of acquisition.
- d)Duration of the authorization: Five years calculated from the date of the resolution, passed on March 11, 2016. The shares purchased may be fully or partially used: (i) for disposal or amortization, (ii) delivery to workers, employees or administrators of the company or its group whenever there is a recognized right to do so directly or as a result of exercising call option rights held thereby as provided for in the last paragraph of Article 146, section 1, letter a) of the Recast Text of the Companies Act, and (iii) reinvestment plans involving dividends or similar instruments.

A.11. ESTIMATED FLOATING CAPITAL:

	%
Estimated floating capital	29.13

A.12. INDICATE WHETHER THERE ARE ANY RESTRICTIONS (STATUTORY, LEGAL OR OTHERWISE) ON THE TRANSFER OF SECURITIES AND/OR ANY RESTRICTION ON THE RIGHT TO VOTE. PARTICULARLY, THE EXISTENCE OF ANY TYPE OF RESTRICTIONS THAT MAY MAKE IT DIFFICULT TO TAKE CONTROL OF THE COMPANY THROUGH THE ACQUISITION OF ITS SHARES IN THE MARKET SHALL BE COMMUNICATED, AS WELL AS THOSE AUTHORIZATION OR PRIOR NOTICE SYSTEMS THAT, OVER THE ACQUISITIONS OR TRANSFERS OF FINANCIAL INSTRUMENTS OF THE COMPANY, ARE APPLICABLE BY SECTORAL REGULATIONS.

☐ Yes ☒ No

A.13. INDICATE WHETHER THE GENERAL MEETING HAS APPROVED MEASURES TO COUNTERACT A PUBLIC ACQUISITION BID, PURSUANT TO LAW 6/2007.

☐ Yes ☒ No

If so, explain the measures approved and the terms and conditions under which the restrictions would become inefficient:

A.14. INDICATE WHETHER THE COMPANY HAS ISSUED SECURITIES THAT ARE NOT TRADED ON A REGULATED EU MARKET.

☐ Yes ☒ No

If so, indicate the different kinds of shares and, for each kind of shares, the rights and obligations conferred:

B. GENERAL MEETING

B.1. INDICATE AND, WHERE APPLICABLE, GIVE DETAILS, ABOUT WHETHER THERE ARE ANY DIFFERENCES FROM THE MINIMUM STANDARDS ESTABLISHED UNDER THE COMPANIES ACT WITH RESPECT TO THE QUORUM AND CONSTITUTION OF THE GENERAL MEETING.

☐ Yes ☒ No

B.2. INDICATE, AND WHERE APPLICABLE GIVE DETAILS, WHETHER THERE ARE ANY DIFFERENCES FROM THE MINIMUM STANDARDS ESTABLISHED UNDER THE COMPANIES ACT WITH RESPECT TO THE ADOPTION OF CORPORATE RESOLUTIONS:

☒ Yes ☐ No

	enforced majority different from that established in Article 201.2 of the Companies Act for the cases cited in Article 194.1 of the Companies Act	Other cases of reinforced majority
% established by the company for adopting agreements	0,00	50,01

Article 201 of the Spanish Companies Law establishes that, to adopt the agreements referred to in Article 194, if the present or represented capital exceeds 50 percent, it will be enough for the agreement to be adopted by absolute majority. However, the favorable vote of two thirds of the capital present or represented at the meeting will be required when at the second call there are shareholders who represent 25 percent or more of the share capital with voting rights without reaching fifty percent. At the second call, a minimum of 25 percent of capital is required.

Pursuant to the provisions of Article 26 of the Corporate Bylaws, the amendment of the provisions of Title IV “Protection of the Company’s General Interest” (Articles 26 to 29) can only be amended by a resolution approved with the votes in favor of more than 50 percent of the share capital at the Extraordinary Annual General Meeting specifically called for this purpose.

B.3. INDICATE THE RULES APPLICABLE TO AMENDMENT OF THE COMPANY BYLAWS. IN PARTICULAR, INDICATE THE MAJORITIES ESTABLISHED FOR THE AMENDMENT OF THE BYLAWS, AS WELL AS, WHERE APPLICABLE, THE RULES ESTABLISHED FOR PROTECTION OF THE PARTNER’S RIGHTS IN THE AMENDMENT OF THE BYLAWS.

There are no particularities other than those established in the legislation in force for amendment of the company bylaws, except for the amendment of Articles 26 to 29 (Title IV- Protection of the Company’s General Interest). As stated in the previous paragraph B.2, a resolution adopted with the favorable vote of more than 50 percent of share capital at the Extraordinary General Meeting called for that purpose is necessary.

B.4. GIVE ATTENDANCE DATA ON THE ANNUAL GENERAL MEETINGS HELD DURING THE FISCAL YEAR TO WHICH THIS REPORT REFERS AND THOSE FROM THE TWO PREVIOUS FISCAL YEARS:

Date of board meeting	Attendance data				Total
	% of physical presence	% in representation	% remote voting		
			Electronic vote	Others	
03/09/2018	68.73	13.10	0.00	0.24	82.07
Of which floating capital	1.26	13.10	0.00	0.24	14.60
03/08/2019	68.64	12.69	0.00	1.05	82.38
Of which floating capital	0.12	12.69	0.00	1.05	13.86
03/13/2020	68.67	17.51	0.01	0.66	86.85
Of which floating capital	0.05	17.41	0.01	0.66	18.13

B.5 . INDICATE WHETHER AT THE GENERAL MEETINGS HELD DURING THE FISCAL YEAR THERE HAS BEEN ANY ITEM ON THE AGENDA THAT, FOR WHATEVER REASON, HAS NOT

☐ Yes ☒ No

B.6. INDICATE IF THERE ARE ANY STATUTORY RESTRICTIONS THAT ESTABLISH A MINIMUN NUMBER OS SHARES REQUIRED TO ATTEND THE GENERAL MEETING, OR TO VOTE REMOTELY:

☒ Yes ☐ No

Number of shares required to attend the Annual General Meeting	1.000
Number of shares required to vote remotely	1

B.7. INDICATE IF THERE ARE ANY STATUTORY RESTRICTIONS THAT ESTABLISH A MINIMUM NUMBER OF SHARES REQUIRED TO ATTEND THE GENERAL MEETING, OR TO VOTE REMOTELY:

☐ Yes ☒ No

B.8.INDICATE THE ADDRESS AND METHOD OF ACCESS TO THE COMPANY’S WEBSITE, TO THE INFORMATION ON CORPORATE GOVERNANCE AND OTHER INFORMATION ON GENERAL MEETINGS THAT MUST BE AVAILABLE TO SHAREHOLDERS THROUGH THE COMPANY’S WEBSITE.

Access is as follows: www.mapfre.com Section titled Shareholders and Investors.

C. GOVERNANCE STRUCTURE OF THE COMPANY

C.1.BOARD OF DIRECTORS

C.1.1 MAXIMUM AND MINIMUM NUMBER OF BOARD DIRECTORS FORESEEN IN THE BYLAWS AND THE NUMBER SET OUT BY THE ANNUAL GENERAL MEETING:

Maximum number of directors	20
Minimum number of directors	5
Number of board directors set by the Annual General Meeting	15

C.1.2 COMPLETE THE FOLLOWING TABLE ON THE BOARD MEMBERS:

Name or company name of the board director	Representative	Category of the director	Position on the board	Date of first appointment	Date of last appointment	Election procedure
MR. ANTONIO HUERTAS MEJÍAS		Executive	CHAIRMAN AND CEO	12/29/2006	03/09/2018	ANNUAL GENERAL MEETING RESOLUTION
MR. IGNACIO BAEZA GÓMEZ		Executive	FIRST VICE CHAIRMAN	03/08/2008	03/13/2020	ANNUAL GENERAL MEETING RESOLUTION
MS. CATALINA MIÑARRO BRUGAROLAS		Independent	SECOND VICE CHAIRMAN	10/30/2013	03/09/2018	ANNUAL GENERAL MEETING RESOLUTION
MR. JOSÉ MANUEL INCHAUSTI PÉREZ		Executive	THIRD VICE CHAIRMAN	07/18/2018	03/08/2019	ANNUAL GENERAL MEETING RESOLUTION
MR. JOSÉ ANTONIO COLOMER GUIU		Independent	DIRECTOR	02/09/2016	03/13/2020	ANNUAL GENERAL MEETING RESOLUTION
MS. ANA ISABEL FERNÁNDEZ ÁLVAREZ		Independent	DIRECTOR	07/26/2016	03/10/2017	ANNUAL GENERAL MEETING RESOLUTION
MS. MARÍA LETICIA DE FREITAS COSTA		Independent	DIRECTOR	07/23/2015	03/13/2020	ANNUAL GENERAL MEETING RESOLUTION
MS. ROSA MARÍA GARCÍA GARCÍA		Independent	DIRECTOR	09/26/2019	03/13/2020	ANNUAL GENERAL MEETING RESOLUTION

MR. ANTONIO GÓMEZ CIRIA	Independent	DIRECTOR	01/01/2019	03/08/2019	ANNUAL GENERAL MEETING RESOLUTION
MR. LUIS HERNANDO DE LARRAMENDI MARTÍNEZ	Nominee	DIRECTOR	04/17/1999	03/08/2019	ANNUAL GENERAL MEETING RESOLUTION
MR. FRANCISCO JOSÉ MARCO ORENES	Executive	DIRECTOR	03/10/2017	03/10/2017	ANNUAL GENERAL MEETING RESOLUTION
MR. FERNANDO MATA VERDEJO	Executive	DIRECTOR	01/01/2017	03/10/2017	ANNUAL GENERAL MEETING RESOLUTION
MR. ANTONIO MIGUEL-ROMERO DE OLANO	Nominee	DIRECTOR	04/17/1999	03/08/2019	ANNUAL GENERAL MEETING RESOLUTION
MS. MARÍA DEL PILAR PERALES VISCASILLAS	Independent	DIRECTOR	01/01/2018	03/09/2018	ANNUAL GENERAL MEETING RESOLUTION
MR. ALFONSO REBUELTA BADÍAS	Nominee	DIRECTOR	04/17/1999	03/08/2019	ANNUAL GENERAL MEETING RESOLUTION

TOTAL NUMBER OF DIRECTORS	15
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Indicate the changes that, whether due to resignation or a decision of the general meeting, that have taken place in the board of directors during the reporting period:

Name or company name of the board director	Category of the board director on termination	Date of last appointment	Termination date	Specialized committees of which he was a member	Indicate whether the change occurred before the end of the mandate
No data					

C.1.3 COMPLETE THE FOLLOWING TABLES ON THE BOARD MEMBERS AND THEIR DIFFERENT KINDS OF DIRECTORSHIP:

EXECUTIVE DIRECTORS

Name or company name of the board director	Position within company organization	Profile
MR. ANTONIO HUERTAS MEJÍAS	CHAIRMAN AND CEO	Holds a law degree from the University of Salamanca. Has occupied, among others, the positions of Chairman and CEO of MAPFRE Florida and MAPFRE Puerto Rico, General Manager of MAPFRE Mutuality, Chairman of MAPFRE Familiar and Third Vice-Chairman of MAPFRE. For more information on the current positions please see sections A.6, C.1.10 and C.2.1.
MR. IGNACIO BAEZA GÓMEZ	FIRST VICE CHAIRMAN	Degree in Economics from the Complutense University of Madrid. He has spent a large part of his professional career at MAPFRE, holding several senior executive positions since he joined the company. For more information on the current positions please see sections A.6, C.1.10 and C.2.1.
MR. JOSÉ MANUEL INCHAUSTI PÉREZ	THIRD VICE CHAIRMAN	Law Degree by the Complutense University of Madrid and Senior
MR. FRANCISCO JOSÉ MARCO ORENES	GROUP CHIEF BUSINESS SUPPORT OFFICER	Management Program by IESE. He has spent a large part of his professional career at MAPFRE, holding several senior executive positions since he joined the company. He has been the Iberia CEO since 2015. For more information on the current positions, please see sections A.6 and C.1.10.
MR. FERNANDO MATA VERDEJO	CHIEF FINANCIAL OFFICER	Has a degree in Medicine and Surgery from the University of Murcia. He is a specialist in Geriatrics from the University of Murcia and in Nutrition from the University of Granada and he has a Masters Degree in Company Administration from the IDAE. He has held various senior management positions at MAPFRE since joining. He is the General Manager of the Business Support Corporate Area since 2015. For more information on the current positions please see sections C.1.10.

TOTAL NUMBER OF EXECUTIVE DIRECTORS	5
% OF TOTAL BOARD	33.33

Independent external directors

Name or company name of the board director	Name or denomination of the significant shareholder whom he/she represents or who has suggested his/her appointment	Profile
MR. LUIS HERNANDO DE LARRAMENDI MARTÍNEZ	CARTERA MAPFRE S.L. SINGLE-MEMBER COMPANY	A Law graduate from the Complutense University of Madrid, Official Industrial and Intellectual Property Agent in Spain and European Patent Agent. He was a member and board member of Elzaburu, S.L.P. until 2016 and is a member of the International Association for the Protection of Intellectual Property. For more information on the current positions please see sections A.6, C.1.10 and C.2.1.
MR. ANTONIO MIGUEL-ROMERO DE OLANO	CARTERA MAPFRE S.L. SINGLE-MEMBER COMPANY	Agricultural Engineer from the Polytechnic University of Madrid and Master’s in Business Administration (MBA) at Madrid’s Instituto de Empresa. Since 1986 and until 2005, he held the position of deputy risk manager at FIAT Financiera. For more information on the current positions please see sections A.6, C.1.10 and C.2.1.
MR. ALFONSO REBUELTA BADÍAS	CARTERA MAPFRE S.L. SINGLE-MEMBER COMPANY	Is a graduate in Business Sciences from Pontificia Comillas University and also holds a Masters in Business Administration (MBA) from the University of Colombia (New York). He was Vice Chairman for JP Morgan, Vice Chairman of
TOTAL NUMBER OF NOMINEE DIRECTORS		3
% OF TOTAL BOARD		20.00

Independent external directors

Name or company name of the board director	Profile	
MS. CATALINA MIÑARRO BRUGAROLAS	DEGREE IN LAW. STATE ATTORNEY ON LEAVE OF ABSENCE. For more information on the current positions, please see sections C.1.10 and C.2.1.	
MR. JOSÉ ANTONIO COLOMER GUIU	Business Administration Degree (ESADE School of Business Management and Administration - Barcelona). For more information on the current positions, please see sections C.1.10 and C.2.1.	
MS. ANA ISABEL FERNÁNDEZ ÁLVAREZ	DEGREE AND DOCTORATE IN ECONOMICS AND BUSINESS FROM THE UNIVERSITY OF OVIEDO. Member of the Joint Committee on Corporate Reporting of the European Securities and Markets Authority, General Director of CUNEF and Member of the Banco de Sabadell Foundation Board of Trustees. She is also a Professor of Financial Economics at the University of Oviedo and Professor of Finances at CUNEF. For more information on the current positions, please see sections C.1.10 and C.2.1.	
MS. MARÍA LETICIA DE FREITAS COSTA	Holds a degree in Product Engineering and a Master’s Degree in Business Administration (MBA). Manager of the INSPER Center for Strategic Research and a partner at Prada Assessoria. For more information on the current positions please see sections C.1.10.	
MS. ROSA MARÍA GARCÍA GARCÍA	She has a degree in Mathematics from the Autonomous University of Madrid. She has been nonexecutive Chair of the SIEMENS GAMESA Board of Directors, Chair and CEO of SIEMENS SPAIN. She is a member of the Board of Directors of Tubacex, S.A. and Sener Grupo de Ingeniería, S.A. For more information on the current positions, please see sections C.1.10 and C.2.1.	
MR. ANTONIO GÓMEZ CIRIA	A graduate in Economic and Business Sciences and in Mathematical Sciences from the Complutense University of Madrid who holds an Executive MBA from the IESE. Among other things, he is a member of the Board of Directors of Red Eléctrica Corporación, S.A. and Chairman of its Audit Committee and a member of the Advisory Board of Experts on Accounting and Financial Information of the General Council of the College of Economists. For more information on the current positions, please see sections C.1.10 and C.2.1.	
MS. MARÍA DEL PILAR PERALES VISCASILLAS	Law degree by the Autonomous University of Madrid and PhD in law by the Carlos III University of Madrid. Professor of mercantile law at the Carlos III University of Madrid. For more information on the current positions, please see sections C.1.10 and C.2.1.	
TOTAL NUMBER OF INDEPENDENT DIRECTORS		7
% OF TOTAL BOARD		46.67

Indicate whether any board director classified as independent receives from the company, or from its Group, any amount or earning for an item other than the board director’s remuneration, or maintains or has maintained, during last fiscal year a business relationship with the company or with any company from its Group, whether on his behalf or as a significant shareholder, board director or senior management member of a company that maintains or has maintained such a relationship.

If so, include a reasoned statement from the Board on the reasons why it considers that this director may perform his functions as an independent director.

Name or company name of the board director	Relationship description	Reasoned statement
MS. ROSA MARÍA GARCÍA GARCÍA	The independent Director Rosa María García García is a member of MAPFRE's Technology, Innovation and Transformation Advisory Council, a position she has held since her appointment on September 25, 2020 and for which she receives an attendance fee of €5,000 per meeting. The amount accrued in 2020 for her period in the position totals €5,000.	The Company considers that the duties of Rosa María García García as member of MAPFRE's Technology, Innovation and Transformation Advisory Council do not involve any incompatibility and do not affect the director’s independence in any way given that: (i) the remuneration received cannot be considered significant; and (ii) it does not involve dedication that may significantly affect her obligations as an independent director of the Company.

OTHER EXTERNAL DIRECTORS

Identify other external board directors and explain in detail the reasons for which they cannot be considered nominee or independent board directors, as well as their affiliations with the company, its management or its shareholders:

Name or company name of the board director	Reasons	Company, executive or shareholder with whom holds the affiliation	Profile
No data			
Total number of external directors		N/R	
% of total board		N/R	

Indicate any changes that may have occurred during the period in the type of category for each director:

Name or company name of the board director	Date of change	Previous category	Current category
No data			

C.1.4 COMPLETE THE FOLLOWING TABLE WITH INFORMATION RELATING TO THE NUMBER OF FEMALE BOARD DIRECTORS AT THE CLOSURE OF THE LAST FOUR FISCAL YEARS, AS WELL AS THE CATEGORY OF THESE FEMALE BOARD DIRECTORS:

	Number of directors				% of the total of each type od firector			
	Fiscal year 2020	Fiscal year 2019	Fiscal year 2018	Fiscal year 2017	Fiscal year 2020	Fiscal year 2019	Fiscal year 2018	Fiscal year 2017
Executives					0.00	0.00	0.00	0.00
Nominees					0.00	0.00	0.00	0.00
Independent	5	5	4	4	71.43	71.43	66.67	66.67
Other External					0.00	0.00	0.00	0.00
Total	5	5	4	4	33.33	33.33	28.57	26.67

C.1.5 INDICATE WHETHER THE COMPANY HAS DIVERSITY POLICIES REGARDING THE BOARD OF DIRECTORS WITH REGARD TO ISSUES SUCH AS AGE, GENDER, DISABILITY, OR PROFESSIONAL TRAINING AND EXPERIENCE. SMALL- AND MEDIUM-SIZED COMPANIES, IN ACCORDANCE WITH THE DEFINITION ESTABLISHED IN THE ACCOUNT AUDIT LAW, SHALL HAVE TO INFORM, AT LEAST, OF THE POLICY THEY HAVE ESTABLISHED REGARDING GENDER DIVERSITY.

☒ Yes ☐ No ☐ Partial policies

If yes, please describe such diversity policies, their objectives, the measures and the way in which they have been implemented and their results in the fiscal year. The specific measures adopted by the Board of Directors and the Appointments and Remuneration Committee should also be indicated in order to achieve a balanced and diverse presence of directors.

Should the company not apply a diversity policy, please explain the reasons why.

Description of the policies, objectives, measures and manner in which they have been applied, as well as the results obtained

The MAPFRE Group Institutional, Business and Organizational Principles, approved by the Board of Directors of MAPFRE on June 24, 2015 expressly state that the Board of Directors of MAPFRE will develop a plan for filling vacancies that ensures the candidates’ suitability based on their competences and professional and geographic origins, and on the sufficient presence of members of both sexes.

Similarly, it is established that the competent bodies of Group companies will ensure that, when vacancies arise, equal opportunities are guaranteed for candidates regardless of their gender, and they must seek to achieve an effective presence of directors of both genders.

Further, MAPFRE’s Director Selection Policy that states that the candidate selection process will favor a diversity of knowledge, experience, age and gender, and that the aim should be for the number of female directors to represent at least 30% and should total, by the end of 2022, at least 40% of the total members of the Board of Directors. Since the appointment in 2019 of Rosa María García García as an independent board director, the percentage of women’s representation on the Board of Directors is 33%.

The Board of Directors is comprised of fifteen members who, as a whole, possess knowledge, qualifications and experience in the following areas: insurance and financial markets, business strategy and company model, governance systems, financial and actuarial analysis, regulatory framework, audit/accounting, sustainability, strategic consulting, law/tax, technology and digital transformation, industry, health, human resources and teaching and research. In 2020, the Appointments and Remuneration Committee approved the Competency Matrix of the Board of Directors of MAPFRE, which defines the skills and knowledge of its members.

Currently five of the fifteen members of the Board of Directors are women and the majority participate in the specific committees of the Board and/or have a key role: i) Ms. Catalina Miñarro Brugarolas is the 2nd Vice Chair of the Board of Directors and the Steering Committee, Chair of the Appointments and Remuneration Committee and independent Lead board director; ii) Ms. Ana Isabel Fernández Álvarez is a member of the Audit and Compliance Committee and the Risk Committee; iii) Ms. Rosa María García García is a member of the Appointments and Remuneration Committee; and iv) Ms. María del Pilar Perales Viscasillas is a member of the Audit and Compliance Committee.

Geographic and cultural diversity is also visible at Board level, with two nationalities represented: Spanish and Brazilian.

C.1.6 EXPLAIN THE MEASURES WHICH, WHERE APPLICABLE, THE APPOINTMENTS COMMITTEE HAS AGREED SO THAT THE PROCEDURE FOR FILLING BOARD VACANCIES HAS NO IMPLICIT BIAS AGAINST WOMEN CANDIDATES, AND THE COMPANY MAKES A CONSCIOUS EFFORT TO INCLUDE WOMEN WITH THE TARGET PROFESSIONAL PROFILE AMONG POTENTIAL CANDIDATES FOR BOARD SEATS, AND WHICH MAKES IT POSSIBLE ACHIEVE A BALANCED PRESENCE OF WOMEN AND MEN. ALSO INDICATE IF THESE MEASURES INCLUDE THAT WORKING TOWARDS THE COMPANY HAVING A SIGNIFICANT NUMBER OF WOMEN SENIOR EXECUTIVES:

Explanation of the measures

particular, in order to promote gender equality in the composition of the Board of Directors, efforts will be made to ensure that female directors constitute at least thirty percent (and will be increased before the end of 2022 to at least forty percent) of all members the Board of Directors.

In 2015, the Appointments and Remuneration Committee approved a renewal plan for the Board of Directors establishing the steps to follow in the period 20152020 to adapt the structure of the Board of Directors to the new legal requirements and recommendations contained in the Code of Good Governance of the National Securities and Exchange Commission.

For the three-year period 2019-2021, MAPFRE has publicly committed ensuring that at least 45 percent of annual vacancies in managerial positions are filled with women by 2021. In 2020, the percent was 40.9 and the percent of women in executive positions has amounted to 30.9 percent.

When, in spite of the measures which, where applicable, have been adopted, there are few or no female board directors or senior executives, explain the reasons that justify this.

Explanation of the reasons

Not applicable

C.1.7 EXPLAIN THE CONCLUSIONS OF THE APPOINTMENTS COMMITTEE ON THE VERIFICATION OF COMPLIANCE AIMED AT PROMOTING AN APPROPRIATE COMPOSITION OF THE BOARD OF DIRECTORS.

MAPFRE’s Board of Directors Selection Policy aims to ensure that the proposals for nomination and re-election of board directors are based on a preliminary analysis of the needs of the Board of Directors, and to promote a diversity of knowledge, experiences and gender on the Board.

Throughout the year, the Appointments and Remuneration Committee has carried out a constant analysis of the structure, size and composition of the Board and of the principles and objectives established in the Board of Directors Selection Policy and in the renewal plan, which have already been described in sections C.1.5 and C.1.6 above, all based on the needs of the company, regulatory requirements and best corporate governance practices.

Specifically, the Appointments and Remuneration Committee verified compliance with the Director Selection Policy in 2020 as part of the preparation of the proposals for re-election of Mr. Ignacio Baeza Gómez, Mr. José Antonio Colomer Guiu, Ms. María Leticia de Freitas Costa and Ms. Rosa María García García.

In addition, at the proposal of the Appointments and Remuneration Committee, the Director Selection Policy was amended to expressly include the commitment that the number of female directors should represent at least thirty percent and reach, by the end of 2022, at least forty percent of the total members of the Board of Directors.

As indicated in section C.1.6 above, with the appointment in 2019 of Ms. Rosa María García García as an independent board director, the objective set in the aforementioned policy (to get the number of female board directors to represent at least thirty percent of the total members of the Board of Directors in 2020) was reached. In accordance with the provisions of the Director Selection Policy, this participation will be maintained or increased, depending on the suitability of the proposed candidates.

C.1.8 EXPLAIN, WHERE APPLICABLE, THE REASONS WHY NOMINEE DIRECTORS HAVE BEEN APPOINTED AT THE BEHEST OF SHAREHOLDERS WHOSE SHAREHOLDING IS LESS THAN 3 PERCENT OF THE CAPITAL:

Name or company name of the affiliated	Justification
No data	
Indicate whether formal petitions for a seat on the Board have been ignored from shareholders whose holding is equal to or higher than others at whose behest nominee directors were appointed. Where applicable, explain why these petitions have been ignored:	
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	

C.1.9 INDICATE, IF ANY, THE POWERS DELEGATED BY THE BOARD OF DIRECTORS ON DIRECTORS OR COMMITTEES OF THE BOARD:

Name or company name of the director or committee	Brief description
STEERING COMMITTEE	The Steering Committee is the delegate body of the Board of Directors for senior management and permanent oversight of the ordinary business affairs of the Company and its subsidiaries in strategic and operational matters, and for the adoption of any decisions necessary for its proper operation. It has general decision-making powers, having been delegated with all the powers of the Board of Directors except for those that may not be delegated by law, by the Corporate Bylaws or in the Regulations of the Board of Directors. It may delegate to any of its members the necessary powers for the final adoption of decisions previously discussed by the Committee, and for the implementation of the agreements it adopts.

C.1.10 IDENTIFY, WHERE APPLICABLE, ANY MEMBERS OF THE BOARD HOLDING POSTS AS BOARD DIRECTORS, REPRESENTATIVES OF BOARD DIRECTORS OR MANAGERS IN OTHER COMPANIES THAT ARE PART OF THE LISTED COMPANY OF THE GROUP:

Name or company name of the board director	Company name of the Group company	Position	Do they have executive functions?
MR. ANTONIO HUERTAS MEJÍAS	MAPFRE INTERNACIONAL, S.A.	CHAIRMAN AND CEO	NO
MR. IGNACIO BAEZA GÓMEZ	MAPFRE INTERNACIONAL, S.A.	DIRECTOR	NO
MR. IGNACIO BAEZA GÓMEZ	MAPFRE ASISTENCIA, COMPAÑÍA INTERNACIONAL DE SEGUROS Y REASEGUROS, S.A	CHAIRMAN	NO
MR. IGNACIO BAEZA GÓMEZ	MAPFRE PARTICIPACIONES, S.A.U.	DIRECTOR	NO
MS. CATALINA MIÑARRO BRUGAROLAS	MAPFRE ESPAÑA, COMPAÑÍA DE SEGUROS Y REASEGUROS, S.A.	DIRECTOR	NO
MS. CATALINA MIÑARRO BRUGAROLAS	MAPFRE VIDA SOCIEDAD ANÓNIMA DE SEGUROS Y REASEGUROS SOBRE LA VIDA HUMANA	DIRECTOR	NO
MS. CATALINA MIÑARRO BRUGAROLAS	MAPFRE INTERNACIONAL, S.A.	DIRECTOR	NO
MR. JOSÉ MANUEL INCHAUSTI PÉREZ	MAPFRE ESPAÑA, COMPAÑÍA DE SEGUROS Y REASEGUROS, S.A.	FIRST VICE CHAIRMAN MANAGING DIRECTOR	YES
MR. JOSÉ MANUEL INCHAUSTI PÉREZ	MAPFRE VIDA SOCIEDAD ANÓNIMA DE SEGUROS Y REASEGUROS SOBRE LA VIDA HUMANA	DIRECTOR	NO
MR. JOSÉ MANUEL INCHAUSTI PÉREZ	MAPFRE INTERNACIONAL, S.A.	DIRECTOR	NO
MR. JOSÉ MANUEL INCHAUSTI PÉREZ	MAPFRE GLOBAL RISKS, AGENCIA DE SUSCRIPCIÓN, S.A.	DIRECTOR	NO
MR. JOSÉ MANUEL INCHAUSTI PÉREZ	MAPFRE RE, COMPAÑÍA DE REASEGUROS, S.A	DIRECTOR	NO
MR. JOSÉ MANUEL INCHAUSTI PÉREZ	MAPFRE SEGUROS GERAIS	CHAIRMAN	NO
MR. JOSÉ MANUEL INCHAUSTI PÉREZ	VERTI ASEGURADORA, COMPAÑÍA DE SEGUROS Y REASEGUROS, S.A.	DIRECTOR	NO
MR. JOSÉ MANUEL INCHAUSTI PÉREZ	SANTANDER MAPFRE SEGUROS Y REASEGUROS, S.A.	CHAIRMAN	NO
MR. JOSÉ ANTONIO COLOMER GUIU	MAPFRE ESPAÑA, COMPAÑÍA DE SEGUROS Y REASEGUROS, S.A.	DIRECTOR	NO
MR. JOSÉ ANTONIO COLOMER GUIU	MAPFRE VIDA SOCIEDAD ANÓNIMA DE SEGUROS Y REASEGUROS SOBRE LA VIDA HUMANA	DIRECTOR	NO

Name or company name of the board director	Company name of the Group company	Position	Do they have executive functions?
MS. ANA ISABEL FERNÁNDEZ ÁLVAREZ	MAPFRE RE, COMPAÑÍA DE REASEGUROS, S.A	DIRECTOR	NO
MS. ANA ISABEL FERNÁNDEZ ÁLVAREZ	MAPFRE GLOBAL RISKS, AGENCIA DE SUSCRIPCIÓN, S.A.	DIRECTOR	NO
MS. MARÍA LETICIA DE FREITAS COSTA	MAPFRE PARTICIPAÇÕES S.A.	CHAIRWOMAN	NO
MS. MARÍA LETICIA DE FREITAS COSTA	BB MAPFRE PARTICIPAÇÕES S.A	DIRECTOR	NO
MS. ROSA MARÍA GARCÍA GARCÍA	MAPFRE ESPAÑA, COMPAÑÍA DE SEGUROS Y REASEGUROS, S.A.	DIRECTOR	NO
MS. ROSA MARÍA GARCÍA GARCÍA	MAPFRE VIDA SOCIEDAD ANÓNIMA DE SEGUROS Y REASEGUROS SOBRE LA VIDA HUMANA	DIRECTOR	NO
MR. ANTONIO GÓMEZ CIRIA	MAPFRE ESPAÑA, COMPAÑÍA DE SEGUROS Y REASEGUROS, S.A.	DIRECTOR	NO
MR. ANTONIO GÓMEZ CIRIA	MAPFRE RE, COMPAÑÍA DE REASEGUROS, S.A	DIRECTOR	NO
MR. ANTONIO GÓMEZ CIRIA	MAPFRE VIDA SOCIEDAD ANÓNIMA DE SEGUROS Y REASEGUROS SOBRE LA VIDA HUMANA	DIRECTOR	NO
MR. LUIS HERNANDO DE LARRAMENDI MARTÍNEZ	MAPFRE INTERNACIONAL, S.A.	DIRECTOR	NO
MR. LUIS HERNANDO DE LARRAMENDI MARTÍNEZ	MAPFRE VIDA SOCIEDAD ANÓNIMA DE SEGUROS Y REASEGUROS SOBRE LA VIDA HUMANA	SECOND VICE CHAIRMAN	NO
MR. LUIS HERNANDO DE LARRAMENDI MARTÍNEZ	MAPFRE ESPAÑA, COMPAÑÍA DE SEGUROS Y REASEGUROS, S.A.	SECOND VICE CHAIRMAN	NO
MR. FRANCISCO JOSÉ MARCO ORENES	FUNESPAÑA, S.A.	CHAIRMAN	NO
MR. FRANCISCO JOSÉ MARCO ORENES	MAPFRE INTERNACIONAL, S.A.	DIRECTOR	NO
MR. FRANCISCO JOSÉ MARCO ORENES	MAPFRE GLOBAL RISKS, AGENCIA DE SUSCRIPCIÓN, S.A.	CHAIRMAN	NO
MR. FERNANDO MATA VERDEJO	MAPFRE ESPAÑA, COMPAÑÍA DE SEGUROS Y REASEGUROS, S.A.	DIRECTOR	NO
MR. FERNANDO MATA VERDEJO	MAPFRE INTERNACIONAL, S.A.	DIRECTOR	NO
MR. FERNANDO MATA VERDEJO	MAPFRE VIDA SOCIEDAD ANÓNIMA DE SEGUROS Y REASEGUROS SOBRE LA VIDA HUMANA	DIRECTOR	NO
MR. FERNANDO MATA VERDEJO	MAPFRE PARTICIPACIONES S.A.U.	DIRECTOR	NO
MR. FERNANDO MATA VERDEJO	MAPFRE INMUEBLES, S.G.A., S.A.	DIRECTOR	NO

Name or company name of the board director	Company name of the Group company	Position	Do they have executive functions?
MR. ANTONIO MIGUEL-ROMERO DE OLANO	MAPFRE ASISTENCIA, COMPAÑÍA INTERNACIONAL DE SEGUROS Y REASEGUROS, S.A	DIRECTOR	NO
MR. ANTONIO MIGUEL-ROMERO DE OLANO	MAPFRE ESPAÑA, COMPAÑÍA DE SEGUROS Y REASEGUROS, S.A.	DIRECTOR	NO
MR. ANTONIO MIGUEL-ROMERO DE OLANO	MAPFRE VIDA SOCIEDAD ANÓNIMA DE SEGUROS Y REASEGUROS SOBRE LA VIDA HUMANA	DIRECTOR	NO
MS. MARÍA DEL PILAR PERALES VISCASILLAS	MAPFRE ASISTENCIA, COMPAÑÍA INTERNACIONAL DE SEGUROS Y REASEGUROS, S.A	VICE CHAIR	NO
MS. MARÍA DEL PILAR PERALES VISCASILLAS	MAPFRE GLOBAL RISKS, AGENCIA DE SUSCRIPCIÓN, S.A.	DIRECTOR	NO
MR. ALFONSO REBUELTA BADÍAS	MAPFRE GLOBAL RISKS, AGENCIA DE SUSCRIPCIÓN, S.A.	VICE CHAIRMAN	NO
MR. ALFONSO REBUELTA BADÍAS	MAPFRE INTERNACIONAL, S.A.	DIRECTOR	NO
MR. JOSÉ MANUEL INCHAUSTI PÉREZ	VERTI MEDIACIÓN, SOCIEDAD DE AGENCIA DE SEGUROS VINCULADA, S.L.	DIRECTOR	NO

C.1.11 DETAIL, WHERE APPROPRIATE, THE BOARD DIRECTORS OR REPRESENTATIVES OF LEGAL PERSONS OF THEIR COMPANY, WHO ARE MEMBERS OF THE BOARD OF DIRECTORS OR REPRESENTATIVES OF LEGAL PERSONS OF OTHER COMPANIES LISTED ON REGULATED MARKETS OTHER THAN THEIR GROUP, WHICH HAVE BEEN NOTIFIED TO THE COMPANY:

Name or company name of the board director	Company name of the listed company	Position
MS. CATALINA MIÑARRO BRUGAROLAS	ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A.	DIRECTOR
MS. ROSA MARÍA GARCÍA GARCÍA	TUBACEX, S.A.	DIRECTOR
MR. ANTONIO GÓMEZ CIRIA	RED ELÉCTRICA CORPORACIÓN, S.A.	DIRECTOR

C.1.12 INDICATE AND, IF APPLICABLE, EXPLAIN IF THE COMPANY HAS ESTABLISHED RULES ON THE MAXIMUM NUMBER OF BOARDS OF COMPANIES IN WHICH ITS BOARD DIRECTORS CAN BE PART, IDENTIFYING, WHERE APPROPRIATE, WHERE IT IS REGULATED:

☒Yes ☐No

Explanation of the rules and identification of the document where it is regulated

According to Article 4 of the MAPFRE Regulation of the Board of Directors, no director can simultaneously be a member of more than five Boards of Directors of companies that do not form part of the Group, except for personal or family companies.

C.1.13 INDICATE THE AMOUNTS OF THE ITEMS RELATED TO THE OVERALL REMUNERATION OF THE FOLLOWING BOARD OF DIRECTORS:

Remuneration accrued in the financial year in favor of the Board of Directors (thousands of euros)	9.733
Amount corresponding to the rights accumulated by current directors regarding pensions (thousands of euros)	32.055
Amount corresponding to the rights accumulated by former directors regarding pensions (thousands of euros)	

C.1.14 IDENTIFY THOSE EXECUTIVE MANAGEMENT MEMBERS WHO ARE NOT ALSO EXECUTIVE BOARD DIRECTORS, AND INDICATE THE TOTAL REMUNERATION EARNED BY THEM DURING THE FISCAL YEAR:

Name or company name	Position(s)
MR. ÁNGEL LUIS DÁVILA BERMEJO	GENERAL COUNSEL - GROUP CHIEF LEGAL OFFICER
MS. MARÍA LUISA GORDILLO GUTIÉRREZ	GROUP CHIEF INTERNAL AUDIT OFFICER
MR. JOSÉ LUÍS JIMÉNEZ GUAJARDO- FAJARDO	GROUP CHIEF INVESTMENT OFFICER
MS. EVA PIERA ROJO	GROUP CHIEF EXTERNAL RELATIONS AND COMMUNICATION OFFICER
MS. MARÍA ELENA SANZ ISLA	GROUP CHIEF PEOPLE OFFICER
MR. JOSÉ MANUEL CORRAL VÁZQUEZ	GROUP CHIEF BUSINESS AND CLIENTS OFFICER
MR. JOSÉ LUIS GURTUBAY FRANCIA	GROUP CHIEF STRATEGY AND M&A OFFICER
MR. JOSÉ ANTONIO ARIAS BERMÚDEZ	GROUP CHIEF OPERATIONS OFFICER AND CHIEF INNOVATION OFFICER
MR. FELIPE COSTA DA SILVEIRA NASCIMENTO	DEPUTY GENERAL MANAGER OF THE CORPORATE IT AND PROCESSES DEPARTMENT

NUMBER OF WOMEN IN SENIOR MANAGEMENT	3
PERCENTAGE OF TOTAL MEMBERS OF SENIOR MANAGEMENT	33.33
TOTAL REMUNERATION OF SENIOR MANAGEMENT (IN THOUSANDS OF EUROS)	5,674

C.1.15 INDICATE WHETHER DURING THE FISCAL YEAR THERE HAS BEEN ANY CHANGE IN THE BOARD REGULATIONS:

☒ Yes ☐ No

Description of amendments

The Board of Directors, at its meeting on December 21, 2020, approved the following amendments to the Regulations of the Board of Directors:

- Amendment of Article 10.1 to change the competences of the Audit and Compliance Committee in relation to non-financial information, policies and systems in internal control and the reporting of irregularities.
- Amendment of Article 23.1 to adapt the references to privileged information and other significant information to the terms set out in prevailing legislation.
- Amendment of Article 24.1 to adapt the references to privileged information and other significant information to the terms set out in prevailing legislation; and of section 3 of the same article to adapt the working to the provisions of recommendation 2 of the Code of Good Governance of Listed Companies.

C.1.16 INDICATE PROCEDURES FOR SELECTION, APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS. LIST THE COMPETENT BODIES, THE PROCEDURES TO BE FOLLOWED AND THE CRITERIA TO BE EMPLOYED IN EACH PROCEDURE.

The persons to whom the position of board director of MAPFRE S.A. or of a subsidiary company is offered must make a prior, true and full statement of their personal, family, professional or business circumstances, specially stating: (i) the persons or companies that have, with respect to him/her, the status of related persons in accordance with the provisions of the current legislation; (ii) any circumstances that could entail any incompatibility in accordance with the laws, the Bylaws and the Regulations of the Board of Directors, or a situation of conflict of interest; (iii) his/her remaining professional obligations, in case they could interfere with the dedication required for the position; (iv) criminal cases in which he/she appears as the defendant or prosecuted party; and (v) any other event or situation that affects him/her and that may be relevant for his/her performance as a Board director. This declaration must be made on the form provided for such purposes by MAPFRE, and shall include an express acceptance of the regulations set out in the corporate bylaws and other internal regulations, as well as in current legislation.

Any person who holds the position of board director must be of renowned prestige in his/her professional and business area, and hold all necessary professional qualifications or experience as provided by law for financial institutions or insurance companies subject to supervision by Public Authorities.

Specifically, people cannot be members of the Board of Directors if they hold significant shares in, or provide professional services to, competing businesses of the Company or of any company of the Group, or if they work as employees, managers, or administrators of them, unless they are granted express authorization from the Board of Directors.

- The formulation of proposals for appointment or reappointment by the Board of Directors must be preceded:

a) In the case of Nominee Directors, by a suitable proposal of the shareholder backing their appointment or reappointment.

b) In the case of Executive Directors, as well as the Secretary, whether or not a director, by a suitable proposal from the Chairman of the Board.

Both types of proposals must also be preceded by the corresponding report from the Appointments and Remuneration Committee.

- The proposed reappointment of nominee and executive directors must be subject to a prior report issued by the Appointments and Remuneration Committee, which must include a performance evaluation of their positions by directors during the previous mandate and, where appropriate, of the positions performed by candidates on the Board, taking into account or assessing the amount and quality of the work done by them, and their commitment to the position.

In any case, the proposals for appointment and reappointment of Board Directors must be accompanied by an explanatory report from the Board which assesses the responsibility, experience and merits of the candidate.

The Board of Directors shall not propose to the Annual General Meeting that any independent board director be removed from office before the end of the term for which the board director has been elected unless the Board of Directors considers, based on a report from the Appointments and Remuneration Committee, that there are grounds for doing so. In particular, the removal proposal shall be deemed justified when the Board Director has failed to comply with the duties inherent to the position, has not complied with any requirement set forth for Independent Board Directors, or has incurred in an insuperable conflict of interest according to the provisions of current legislation.

C.1.17 EXPLAIN HOW THE ANNUAL ASSESSMENT OF THE BOARD HAS LED TO SIGNIFICANT CHANGES IN ITS INTERNATIONAL ORGANIZATION AND IN THE PROCEDURES THAT APPLY TO ITS ACTIVITIES:

Description of amendments

In 2019, the Board of Directors agreed to hire Deloitte Legal S.L.P. as an external advisor to evaluate the functioning of the Board and its committees as well as the Chairman of the Board. The following measures were adopted by MAPFRE in 2020 to apply the result of the 2019 evaluation:

- Appointment of Ms. Rosa María García García as a voting member of the Appointments and Remuneration Committee.
- Approval by the Appointments and Remuneration Committee of the Competency Matrix of the Board of Directors, which defines the skills and knowledge of its members.
- Approval by the Board of Directors, at the proposal of the Appointments and Remuneration Committee, of the Succession Plan of the Chairman of the Board of Directors of MAPFRE.

In financial year 2020, the Board of Directors carried out an assessment of the quality of its work and the operation of its Committee and Steering Committees without the advisory of an external consultant.

The annual self-assessment of the Board of Directors has put a special focus on those key aspects with respect to which the directors expressed interest in previous assessments. In particular, the following aspects have been analyzed: composition and structure of the Board of Directors and its delegate bodies and the running of the meetings.

Describe the assessment process and the areas assessed by the Board of Directors with the assistance, where applicable, by an external consultant, regarding the operation and composition of the board and its committees and any other area or aspect that has been subject to assessment.

Description of the assessment process and assessment areas

In accordance with the provisions of the Regulations of the Board of Directors of MAPFRE, the Board undertakes an annual assessment of the quality of its work, the performance of the Chairman based on the report drawn up for this purpose by the Appointments and Remuneration Committee, and the operation of its Committees and Steering Committee. Where appropriate, it proposes an action plan to correct any deficiencies detected.

During the first half of 2021 the Steering Committee and the Audit and Compliance, Appointments and Remuneration, and Risk Committees will prepare their respective self-assessment reports on their composition and operations during 2020.

Likewise, the Board of Directors will assess its own composition and operations during 2020 as well as those of its Committees and Steering Committees based on the aforementioned reports.

C.1.18 ITEMIZE, IN THOSE FINANCIAL YEARS IN WHICH THE ASSESSMENT WAS CARRIED OUT WITH AN EXTERNAL CONSULTANT, THE BUSINESS RELATIONSHIPS THAT THE CONSULTANT OR ANY COMPANY OF ITS GROUP MAINTAINS WITH THE COMPANY OR ANY COMPANY OF ITS GROUP.

Not applicable

C.1.19 INDICATE THE CIRCUMSTANCES UNDER WHICH DIRECTORS ARE OBLIGED TO RESIGN.

In accordance with the corporate bylaws, the Board of Directors Regulation and the MAPFRE Group’s Institutional, Business and Organizational Principles, all members of the Board of Directors will formally resign their post at the age of 70. The Chairman, Vice Chairmen and directors who perform executive functions, and the secretary of the Board must retire from office on reaching 65 years of age or, on any earlier date according to the terms and conditions of their respective contracts, submitting the corresponding resignations, but they may continue as members of the Board without any executive duties for a maximum of five years in the same conditions as external nominee directors.

All directors must resign from their directorship on the Board of Directors and any office held, such as on the Committees and Steering Committee, and tender their formal resignation should the Board of Directors deem it pertinent, in the following cases:

- a) Whenever they are removed from the executive office associated with their appointment as members of these governing bodies.
- b) Should they become subject to any disqualification or prohibition laid down under law.
- c) If they are accused of (or a court issues an order for the opening of a trial for) allegedly committing any crime or are involved in disciplinary proceedings involving a serious or very serious fault at the instance of the supervisory authorities.
- d) If they receive a serious warning from the Audit and Compliance Committee due to infringement of their obligations as directors.
- e)When they are affected by circumstances in which their remaining on any such management bodies might cause damage to the company’s credit or reputation, or place its interests at risk. When such events or circumstances are well-known or public, the Appointments and Remuneration Committee, by agreement of the majority of its members, may request the resignation of the affected director.
- f)If the reasons (if any expressly exist) for which they were appointed cease to apply.

Resignation from these positions must be formally tendered in a letter addressed to all members of the Board of Directors. Directors who, at the time of their appointment, do not hold any executive position or perform any executive functions in the company, or in another Group company, will not be able to perform any executives functions unless they first resign their directorship, even though they may subsequently remain eligible for the position.

Nominee directors must also tender their resignation when the shareholder that appointed them sells its shareholding. When a shareholder reduces its shareholding, a proportionally equivalent number of nominee directors that it has appointed must resign.

MAPFRE’s independent directors must also tender their resignation when they have held office for 12 years in a row.

C.1.20 ARE REINFORCED MAJORITIES REQUIRED, ASIDE FROM LEGAL MAJORITIES, FOR ANY TYPE OF RESOLUTION?

☐ Yes ☒ No

If so, describe the differences.

C.1.21 EXPLAIN WHETHER THERE ARE SPECIFIC REQUIREMENTS, OTHER THAN THOSE REGARDING BOARD DIRECTORS, TO BE APPOINTED CHAIRMAN OF THE BOARD.

☒ Yes ☐ No

Requirements description

In accordance with the provisions of Article 5 of the Regulations of the MAPFRE Board of Directors, the position of Chairman must go to an executive director who has the status of most senior management representative, and such a designation requires the favorable vote of two thirds of the members of the Board of Directors.

C.1.22 INDICATE WHETHER THE BYLAWS OR THE BOARD REGULATIONS ESTABLISH ANY AGE LIMIT FOR DIRECTORS:

☒ Yes ☐ No

Age limit	
Chairman	65
Managing Director	65
Board Director	70

C.1.23 INDICATE WHETHER THE BYLAWS OR THE BOARD'S REGULATIONS ESTABLISH A LIMITED MANDATE OR OTHER STRICTER REQUIREMENTS THAN THOSE LEGALLY PROVIDED FOR INDEPENDENT DIRECTORS, OTHER THAN THAT ESTABLISHED IN THE REGULATIONS:

☐ Yes ☒ No

C.1.24 INDICATE WHETHER THE BYLAWS OR THE REGULATIONS OF THE BOARD OF DIRECTORS ESTABLISH SPECIFIC REGULATIONS FOR DELEGATING VOTES ON THE BOARD OF DIRECTORS IN FAVOR OF OTHER BOARD DIRECTORS, HOW TO DO IT, AND IN PARTICULAR, THE MAXIMUM NUMBER OF DELEGATIONS A BOARD DIRECTOR MAY HAVE, AS WELL AS WHETHER ANY LIMIT HAS BEEN ESTABLISHED REGARDING THE CATEGORIES IN WHICH IT IS POSSIBLE TO DELEGATE, BEYOND THE LIMITS IMPOSED BY LEGISLATION. IF SO, DESCRIBE SUCH REGULATIONS BRIEFLY.

There are no specific regulations for delegating votes on the Board of Directors.

C.1.25 INDICATE THE NUMBER OF MEETINGS THE BOARD OF DIRECTORS HAS HELD DURING THE FINANCIAL YEAR. WHERE APPLICABLE, INDICATE HOW MANY TIMES THE BOARD HAS MET WITHOUT THE CHAIRMAN IN ATTENDANCE. IN CALCULATING THIS NUMBER, ATTENDANCE SHALL MEAN PROXIES GIVEN WITH SPECIFIC INSTRUCTIONS.

Number of board meetings	11
Number of board meetings not attended by the Chairman	0

Indicate the number of meetings held by the Lead Director with the rest of the directors, without the assistance or representation of any executive director:

Number of meetings	0
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Indicate the number of meetings the Board’s different Committees have held during the financial year.

C.1.26 INDICATE THE NUMBER OF MEETINGS THE BOARD OF DIRECTORS HAS HELD DURING THE FINANCIAL YEAR AND THE ATTENDANCE INFORMATION OF ITS MEMBERS:

Number of meetings with inperson attendance of at least 80 percent of board directors	11
% attendance over total votes during the year	100.00
Number of meetings with inperson attendance, or representations made with specific instructions, from all board directors	11
% votes cast with in-person attendance and representations made with specific instructions, of the total number of votes during the year	100.00

C.1.27 INDICATE WHETHER THE INDIVIDUAL AND CONSOLIDATED ANNUAL ACCOUNTS PRESENTED TO THE BOARD FOR FORMULATION WERE CERTIFIED BEFOREHAND:

☒ Yes ☐ No

Whre applicable, identify the person(s) whor certified the individual and consolidated annual accounts to be drawn up by the board:

Name	Position
MR. FERNANDO MATA VERDEJO	CHIEF FINANCIAL OFFICER
MS. MARÍA LUISA GORDILLO GUTIÉRREZ	GROUP CHIEF INTERNAL AUDIT OFFICER
MR. CARLOS BARAHONA TORRIJOS	ASSISTANT GENERAL MANAGER OF CONTROL AND FINANCIAL INFORMATION

C.1.28 EXPLAIN ANY MECHANISMS PUT IN PLACE BY THE BOARD OF DIRECTORS TO ENSURE THAT THE FINANCIAL STATEMENTS THE BOARD OF DIRECTORS SUBMITS TO THE ANNUAL GENERAL MEETING ARE DRAWN UP IN ACCORDANCE WITH ACCOUNTING REGULATIONS.

The company has Corporate Finance and Resources, General Counsel and Internal Audit Areas to oversee all aspects of the annual accounts, as well as the MAPFRE Audit and Compliance Committee, which is a delegate body that was created by the Board for this purpose and granted supervisory powers in 2000.

According to Article 23 of the Regulations of the Board of Directors of MAPFRE, the Financial Statements submitted to the Board of Directors in order to be authorized for issue shall be previously certified with regard to their accuracy and integrity by the most senior management representative of the Company – or, as the case may be, by the consolidated group – by the corresponding Group Chief Internal Audit Officer and by the manager responsible for the preparation of the aforementioned Statements.

In addition, Article 25 of the Regulation of the Board of Directors of MAPFRE provide that the Board of Directors must always draw up the annual accounts so that the External Auditor has no reservations or provisos regarding them. Nonetheless, when the Board considers that it must maintain its criteria, the Chairman of the Audit and Compliance Committee will publicly explain the content and scope of the discrepancies that may have led to these reservations or provisos.

C.1.29 IS THE BOARD SECRETARY A DIRECTOR?

☐ Yes ☒ No

If the secretary does not have the status of director, complete the following table:

Name or company name of the secretary	Representative
MR. ÁNGEL LUIS DÁVILA BERMEJO	

C.1.30 INDICATE THE SPECIFIC MECHANISMS ESTABLISHED BY THE COMPANY TO PRESERVE THE INDEPENDENCE OF THE EXTERNAL AUDITORS, AS WELL AS, IF ANY, THE MECHANISMS TO PRESERVE THE INDEPENDENCE OF THE FINANCIAL ANALYSTS, THE INVESTMENT BANKS AND THE RATING AGENCIES, INCLUDING HOW THEY HAVE IMPLEMENTED THE LEGAL PROVISIONS IN PRACTICE.

In addition to abiding by statutory provisions, the company has decided to voluntarily propose compliance with a number of general guidelines that clearly and precisely aim to achieve and uphold the necessary independence of the external auditors in such regard as is advocated by the MAPFRE Board of Directors Regulations, which set out the following criteria in respect of the relationship with external auditors:

-The relationship of the Board of Directors with the company’s external auditor shall be maintained through the Audit and Compliance Committee.

-The Board of Directors shall refrain from hiring any auditing firms that receive or that will receive annual fees from the Group, where the amount for all items exceeds 5 percent of its total annual revenue; and it shall report, in the annual public documentation, the total fees that the Group paid the External Auditor for the various services it provided.

Apart from the Audit and Compliance Committee’s powers and functions as specified in the bylaws and the Board of Directors Regulations, the Audit Committee will be informed at least once every six months of all services rendered by the external auditor and their corresponding fees.

Every year, the Audit and Compliance Committee assesses the accounts auditor, the scope of the audit and the external auditor’s independence, considering whether the quality of the audit control measures is adequate and any services other than accounts audit services are compatible with the auditor’s independence.

Furthermore, the Audit and Compliance Committee verifies the independence of the external auditor in relation to the Company and its subsidiaries, receiving from it the declaration of its independence and issuing the Committee the corresponding report on the independence of the auditor.

In accordance with the provisions of the Internal Code of Conduct regarding listed securities issued by MAPFRE, which sets out the procedures relating to the publication of privileged information and other relevant information, the financial analysts will not be provided with any information that is not available to the public at large.

C.1.31 INDICATE WHETHER THE COMPANY CHANGED ITS EXTERNAL AUDITOR DURING THE FINANCIAL YEAR. IF SO, IDENTIFY THE INCOMING AND OUTGOING AUDITORS:

☐ Yes ☒ No

If there were disagreements with the outgoing auditor, explain the grounds.

☐ Yes ☒ No

C.1.32 INDICATE WHETHER THE AUDIT FIRM DOES OTHER WORK FOR THE COMPANY AND/OR ITS GROUP OTHER THAN THE AUDIT. IF SO, DECLARE THE AMOUNT OF FEES RECEIVED FOR SUCH WORK AND THE PERCENTAGE THAT THE ABOVE AMOUNT REPRESENTS OF THE TOTAL FEES CHARGED TO THE COMPANY AND/OR ITS GROUP:

☒ Yes ☐ No

	Company	Group Companies	Total
Amount for work other than audit (thousands of euros)	174	1,397	1,571
Amount from jobs other than audit/Amount audit jobs (in %)	34.00	20.01	20,96

C.1.33 INDICATE WHETHER THE AUDIT REPORT ON THE ANNUAL FINANCIAL STATEMENTS FOR THE PREVIOUS FISCAL YEAR CONTAINED EXCEPTIONS. IF ANY, INDICATE THE REASONS GIVEN TO THE SHAREHOLDERS AT THE ANNUAL GENERAL MEETING BY THE CHAIRMAN OF THE AUDIT COMMITTEE TO EXPLAIN THE CONTENT AND SCOPE OF SAID EXCEPTIONS.

☐ Yes ☒ No

C.1.34 INDICATE THE NUMBER OF FISCAL YEARS DURING WHICH THE CURRENT AUDIT FIRM HAS BEEN CONTINUOUSLY PERFORMING THE AUDIT OF THE INDIVIDUAL AND/OR CONSOLIDATED ANNUAL ACCOUNTS OF THE COMPANY. INDICATE THE PERCENTAGE OF THE NUMBER OF FISCAL YEARS AUDITED BY THE CURRENT AUDITING FIRM TO THE TOTAL NUMBER OF FISCAL YEARS IN WHICH THE ANNUAL FINANCIAL STATEMENTS HAVE BEEN AUDITED:

	Individual	Consolidated
Number of financial years running	6	6
Number of fiscal years audited by current audit firm/ number of fiscal years the company or its group has been audited (in percentage).	19.99	19.99

C.1.35 INDICATE AND, WHERE APPLICABLE, GIVE DETAILS ON THE EXISTENCE OF A PROCEDURE FOR BOARD DIRECTORS TO OBTAIN THE INFORMATION THEY NEED TO PREPARE THE MEETINGS OF THE MANAGEMENT BODIES IN SUFFICIENT TIME:

☒ Yes ☐ No

The agenda will be circulated to all members at least five days in advance of the meeting and will specifically state those items that are for information purposes and those that require a Board resolution. The documentation will be circulated among members at least three days ahead of the meeting, to allow for due analysis and study of the same by directors.

The Chairman of the Board of Directors, as the person responsible for the effective operation thereof, shall take the necessary measures to ensure that the Directors receive sufficient information in advance of the meeting on the items on the agenda.

In addition, Directors are vested with the broadest powers to obtain information on any aspect of the Company, to examine their books, records, documents and other background on social operations. This right to information is extended to the Group companies to the extent necessary to enable the effective performance of their duties by the board directors.

This aspect is subject to a specific analysis by the Board of Directors of the Company in its annual self-evaluation session.

C.1.36 INDICATE AND, WHERE APPLICABLE, GIVE DETAILS ON WHETHER THE COMPANY HAS ESTABLISHED RULES OBLIGING BOARD DIRECTORS TO INFORM AND, WHERE APPLICABLE, TO RESIGN WHEN SITUATIONS ARISE THAT AFFECT THEM, WHETHER RELATED OR NOT TO THEIR CONDUCT IN THE COMPANY THAT MAY HARM THE COMPANY’S CREDIT AND REPUTATION:

☒ Yes ☐ No

Explain the rules

- The directors must place their office(s) at the disposal of the Board of Directors, both as directors and any other position they might hold on any Committee or Steering Committees thereof, and formalize any resignation, should the Board deem it necessary, in the following cases:
- Whenever they are removed from the executive office associated with their appointment as a member of these governing bodies.
 - Should they become subject to any disqualification or prohibition laid down under law.
 - If they are accused of (or a court issues an order for the opening of a trial for) allegedly committing any crime or are involved in disciplinary proceedings involving a serious or very serious fault at the instance of the supervisory authorities.
 - If they receive a serious warning from the Audit and Compliance Committee due to infringement of their obligations as directors.
 - When they are affected by circumstances that might harm the company’s credit or reputation or place its interests at risk were they to remain on these governing bodies. When such events or circumstances are well-known or public, the Appointments and Remuneration Committee, by agreement of the majority of its members, may request the resignation of the affected director.
 - If the reasons (if any expressly exist) for which they were appointed cease to apply.

C.1.37 INDICATE, UNLESS SPECIAL CIRCUMSTANCES HAVE ARISEN THAT HAVE BEEN RECORDED IN MINUTES, IF THE BOARD HAS BEEN INFORMED OR OTHERWISE BECOME AWARE ANY SITUATION AFFECTING A BOARD MEMBER RELATED OR NOT TO THEIR CONDUCT IN THE COMPANY THAT MIGHT HARM THE COMPANY’S NAME AND REPUTATION:

☐ Yes ☒ No

C.1.38 LIST THE SIGNIFICANT RESOLUTIONS ADOPTED BY THE COMPANY AND THAT TAKE EFFECT, ARE AMENDED OR CONCLUDE IN THE EVENT OF A CHANGE IN CONTROL OF THE COMPANY ON ACCOUNT OF A PUBLIC TAKEOVER BID, AND ITS EFFECTS.

There are no significant resolutions adopted by the company and that take effect, are amended or conclude in the event of a change in control of the company on account of a public takeover bid.

C.1.39 IDENTIFY INDIVIDUALLY, WHEN REFERRING TO BOARD DIRECTORS, AND IN AGGREGATE FORM IN ALL OTHER CASES AND INDICATE, IN DETAIL, RESOLUTIONS BETWEEN THE COMPANY AND ITS ADMINISTRATIVE AND MANAGEMENT POSITIONS OR EMPLOYEES THAT PROVIDE INDEMNIFICATION, GUARANTEE CLAUSES OR SHIELDING, WHEN THEY RESIGN OR ARE DISMISSED UNFAIRLY OR IF THE CONTRACTUAL RELATIONSHIP IS TERMINATED ON THE OCCASION OF A PUBLIC INVITATION TO TENDER OR OTHER TRANSACTIONS.

Beneficiary type	Description of the resolution
N/R	The term of the contracts of the executive directors is related to their time as an executive director. Removal from this position entails the lifting of the suspension of the relationship prior to the appointment as such. Executive board directors must have an exclusive relationship with the company, and there are no contractual conditions relating to post-contractual noncompetition agreements or continuity of service. Early termination of the previous relationship, except when there is good cause for dismissal, entails indemnification under the terms established by the workers' statute in relation to unfair dismissal. In the event of early termination by decision of the company, the company must inform the board director of their removal three (3) months prior to the date of termination. Contracts governing the prior relationship establish the termination of this relationship as January 1 of the year after which the board director reaches the age of 60, unless annual extensions are implemented at the initiative of the company until the date on which the executive reaches the age of 65, as a maximum. There are no clauses related to hiring bonuses.

Indicate whether, other than the cases stipulated in the regulations, these contracts have to be communicated and/or approved by the bodies of the company or its group. If so, specify the procedures, foreseen assumptions and the nature of the bodies responsible for approving or communicating them:

	Board of Directors	General Meeting
Body authorizing the clauses	X	
	Yes	No
Is the General Meeting in-formed of the clauses?		X

C.2. BOARD OF DIRECTORS' COMMITTEES

C.2.1 LIST ALL THE BOARD OF DIRECTORS' COMMITTEES, THEIR MEMBERS AND THE PERCENTAGE OF EXECUTIVE, NOMINEE, INDEPENDENT AND OTHER EXTERNAL DIRECTORS THAT COMPOSE THEM:

STEERING COMMITTEE

Name	Position	Category
MR. ANTONIO HUERTAS MEJÍAS	CHAIRMAN AND CEO	Executive
MR. IGNACIO BAEZA GÓMEZ	VICE CHAIRMAN	Executive
MS. CATALINA MIÑARRO BRUGAROLAS	VICE CHAIRWOMAN	Independent
MR. JOSÉ ANTONIO COLOMER GUIU	MEMBER	Independent
MR. LUIS HERNANDO DE LARRAMENDI MARTÍNEZ	MEMBER	Nominee
MR. ANTONIO MIGUEL-ROMERO DE OLANO	MEMBER	Nominee

% OF EXECUTIVE DIRECTORS	33.33
% OF NOMINEE DIRECTORS	33.33
% OF INDEPENDENT DIRECTORS	33.33
% OF OTHER EXTERNAL BOARD DIRECTORS	0.00

Explain the functions delegated or attributed to this committee other than those already described in section C.1.9. Likewise, describe the organization and operation procedures and rules thereof. For each of these functions, indicate its most important actions during the fiscal year and how it has performed each of the functions attributed to it in practice, whether according to the law, the bylaws or other corporate agreements.

It is the delegate body of the Board of Directors, responsible for the executive management and permanent oversight of the strategic and operational aspects of the company's ordinary business affairs and those of its subsidiaries. It also makes any decisions necessary for proper operation.

It has the general capacity of decision and has been expressly delegated all the powers that correspond to the Board of Directors, except for those that may not be delegated by legal imperative or, where applicable, by express provision in the Corporate Bylaws or in the Regulations of the Board of Directors of MAPFRE S.A. A maximum of ten members, all members of the Board of Directors. Its Chairman, First and Second Vice Chairmen and secretary will automatically be members of the Board. Members must be appointed with a favorable vote from two-thirds of the members of the Board of Directors.

During the 2020 fiscal year, the Steering Committee was responsible for being familiar with the economic information of the Company and its Group, being familiar with the activity of the Ethics Committee, authorizing the Group's corporate actions, being familiar with relationships with official bodies and the main litigation affecting the Group's companies, and being familiar with the purchase of MAPFRE shares by members of governing and management bodies, among other things.

AUDIT AND COMPLIANCE COMMITTEE

Name	Position	Category
MS. ANA ISABEL FERNÁNDEZ ÁLVAREZ	CHAIR	Independent
MR. JOSÉ ANTONIO COLOMER GUIU	MEMBER	Independent
MR. ANTONIO MIGUEL-ROMERO DE OLANO	MEMBER	Nominee
MS. MARÍA DEL PILAR PERALES VISCASILLAS	MEMBER	Independent

% OF EXECUTIVE DIRECTORS	0.00
% OF NOMINEE DIRECTORS	25.00
% OF INDEPENDENT DIRECTORS	75.00
% OF OTHER EXTERNAL BOARD DIRECTORS	0.00

Explain the functions, including, as the case may be, those additional to those legally provided, that this committee has attributed, and describe the procedures and rules of organization and operation thereof. For each of these functions, indicate its most important actions during the fiscal year and how it has performed in practice each of the functions attributed to it, whether in the law, in the bylaws or other corporate agreements.

The Audit and Compliance Committee has the following responsibilities:

- a) To apprise the Annual General Meeting of matters that are the responsibility of the Committee and, in particular, regarding the results of the audit, explaining how the committee has contributed to the integrity of the financial and non-financial information and role that the Committee had in said process.
- b) To oversee the efficacy of internal controls at the Company, internal audits and financial and non-financial risk control and management systems, as well as discussing with the External Auditor any significant weaknesses identified in the internal control system in the course of audits, without undermining the latter’s ANNUAL REPORT ON THE CORPORATE GOVERNANCE OF PUBLICLY TRADED COMPANIES independence. Recommendations or proposals to this end may be presented to the Board of Directors, where applicable, together with the corresponding term for monitoring them.
- c) To oversee the process for drawing up and presenting the mandatory financial and non-financial information, and to present recommendations or proposals to the Board of Directors with a view to safeguarding its integrity.
- d) To bring before the Board of Directors the proposals for the selection, appointment, reelection and substitution of the External Auditor, being accountable both for the selection process, as contemplated in the corresponding legislation currently in force, and for the conditions of their hiring, and to regularly gather from them information relating to the audit plan and its execution, while preserving their independence in the performance of their functions.
- e) To establish appropriate relationships with the External Auditor in order to receive information concerning those issues that may jeopardize their independence, so that they may be examined by the Committee, and any other issues relating to the accounts auditing process, and where appropriate, authorizations for services other than those prohibited in the terms contemplated in the corresponding legislation currently in force for auditing accounts, for the regime of independence, as well as other communications envisaged in account audit legislation and auditing standards. In any case, they must receive annual written confirmation from the External Auditor of their independence from the company or companies directly or indirectly linked to it, as well as the detailed and individualized information concerning the additional services of any type rendered and those professional fees received corresponding to these companies by said External Auditor, or by the people or companies linked to them in accordance with the provisions of the audit legislation in force.
- f) To issue a yearly report, prior to the publication of the accounts audit report, expressing an opinion concerning whether the independence of the External Auditor has been compromised. This report in any case must contain, the reasoned evaluation of the provision of each and every one of the additional services to which the above letter makes reference, individually considered and jointly, apart from those concerning legal audits and in relation to the independent status or with the regulatory statutes for account auditing activity.
- g) To ensure that, as far as possible, the External Auditor of the Group takes responsibility for auditing all the companies belonging to it.
- h) To ensure the independence and efficacy of the Internal Audit function; to propose the selection, appointment, reelection and removal of its most senior management, as well as its annual budget, and the plan for the annual internal audit work; to receive regular information on its activities; and to check that C-Suite takes the conclusions and recommendations of its reports into account.
- i)To give prior notification to the Board of Directors on all matters stipulated by Law, the Bylaws or this Regulation.

- j) To establish and oversee a mechanism that allows employees and other people related to the company, such as board directors, shareholders, providers, contractors or subcontractors, to communicate potentially significant irregularities related to the company that they observe within the company or its Group, including financial and accounting irregularities, or those of any other nature. This mechanism must guarantee confidentiality and, in any case, envision situations where communications can be made anonymously, respecting the rights of the whistleblower and the accused party.
- k) To ensure in general that the internal control policies and systems established are effectively implemented in practice.
- l) To verify the application of the established good governance regulations at all times.
- m) To oversee compliance with internal and external regulations, especially with internal codes of conduct, regulations and procedures for the prevention of money laundering and financing terrorism, as well as making proposals for their improvement.
- n) To oversee the adoption of initiatives and measures resulting from inspection reports or actions taken by administrative authorities responsible for supervision and control.
- o) Any other responsibilities which may be assigned by the Board of Directors or attributed to it in the Regulations of the said body. [THE INFORMATION IN THIS SECTION CONTINUES IN SECTION H.1 OF THIS REPORT]

To identify the members of the audit committee that have been appointed taking into account their knowledge and experience in accounting, auditing or both and report on the date of appointment of the Chairman of this committee in such position.

Names of experienced board directors	MS. ANA ISABEL FERNÁNDEZ ÁLVAREZ / MR. JOSÉ ANTONIO COLOMER GUIU / MR. ANTONIO MIGUEL-ROMERO DE OLANO
Data of appointment of the Chairman in the position	08/18/2019

APPOINTMENTS AND REMUNERATION COMMITTEE

Name	Position	Category
MS. CATALINA MIÑARRO BRUGAROLAS	CHAIRWOMAN	Independent
MR. JOSÉ ANTONIO COLOMER GUIU	MEMBER	Independent
MS. ROSA MARÍA GARCÍA GARCÍA	MEMBER	Independent
MR. LUIS HERNANDO DE LARRAMENDI MARTÍNEZ	MEMBER	Nominee
MR. ALFONSO REBUELTA BADÍAS	MEMBER	Nominee
% OF EXECUTIVE DIRECTORS		0.00
% OF NOMINEE DIRECTORS		40.00
% OF INDEPENDENT DIRECTORS		60.00
% OF OTHER EXTERNAL BOARD DIRECTORS		0.00

Explain the functions, including, as the case may be, those additional to those legally provided, that this committee has attributed, and describe the procedures and rules of organization and operation thereof. For each of these functions, indicate its most important actions during the fiscal year and how it has performed in practice each of the functions attributed to it, whether in the law, in the bylaws or other corporate agreements.

The Appointments and Remuneration Committee is the delegate body of the Board of Directors for the coordinated development of appointment and remuneration policy regarding the directors and senior management of the Group.

It has the following responsibilities:

- a)To evaluate the balance of skills, knowledge and experience required on the Board, defining the functions and capabilities required of the candidates to fill each vacancy accordingly and deciding the time and dedication necessary for them to properly perform their functions.
- b)To establish a representation target for the gender least represented on the Board of Directors and to draw up guidelines on how to achieve this target.
- c)To bring before the Board of Directors the appointment proposals of Independent Board Directors for them to be designated by co-opting or for them to be subject to the decision of the Annual General Meeting, as well as proposals for reappointment or removal, and to report on cases related to proposals that affect the remaining Board Directors.
- d)To notify proposals for the appointment and termination of senior managers and their basic contractual conditions.
- e)To examine and organize the succession of the Chairman of the Board, and where appropriate, to make the corresponding proposals to the Board so that this succession is orderly and well-planned.
- f)To propose to the Board of Directors the remuneration policy for Board Directors and general managers or anyone who performs C-Suite functions under the direct control of the Board, the Steering Committee or the Managing Directors, as well as individual remuneration and other conditions of the contracts of Executive Board Directors, ensuring their enforcement.
- g)To propose to the Board of Directors the candidates for FUNDACIÓN MAPFRE Trustees whose appointment is the responsibility of the Company.
- h)To authorize the appointment of external directors in the other Group companies.

The Committee is made up of a minimum of three and a maximum of five Directors, all of whom must be non-executive, and at least two of whom must be Independent Directors. The Chair must be an Independent Director. The Secretary of the Board of Directors will also be the Secretary of the Committee.

In 2020, the Appointments and Remuneration Committee was responsible for, among other things, reporting on the appointments and removals of board directors and executives, reporting on the Chairman's actions during fiscal year 2019, bringing before the Board of Directors the re-election proposals concerning the independent board directors, proposing to the Board of Directors the Compensation Policy of board directors for the period 2020-2022 and the Succession Plan of the Chairman of the Board of Directors, approving the Competency Matrix of the Board of Directors, approving the salary remuneration of Senior Management for 2020, authorizing the granting of pension commitments, approving the granting of management contracts and proposing to the Board of Directors candidates for the appointment of Trustees of FUNDACIÓN MAPFRE.

For more information, please check the Report on the Composition and Functioning of the Committee during fiscal year 2020, available on the Company's website, which is made available to shareholders for the General Meeting.

RISK COMMITTEE

Name	Position	Category
MR. JOSÉ ANTONIO COLOMER GUIU	CHAIRMAN	Independent
MS. ANA ISABEL FERNÁNDEZ ÁLVAREZ	MEMBER	Independent
MR. ANTONIO GÓMEZ CIRIA	MEMBER	Independent
MR. ANTONIO MIGUEL-ROMERO DE OLANO	MEMBER	Nominee
% OF EXECUTIVE DIRECTORS		0.00
% OF NOMINEE DIRECTORS		25.00
% OF INDEPENDENT DIRECTORS		75.00
% OF OTHER EXTERNAL BOARD DIRECTORS		0.00

Explain the functions delegated or attributed to this committee other than those already described in section C.1.9. Likewise, describe the organization and operation procedures and rules thereof. For each of these functions, indicate its most important actions during the fiscal year and how it has performed each of the functions attributed to it in practice, whether according to the law, the bylaws or other corporate agreements.

This delegate body of the Board of Directors supports and advises the Board on the definition and evaluation of the Group's risk managerrent policies and on the determination of susceptibility to risk and the risk strategy.

It has the following functions:

- a) To provide support and advice to the Board of Diectors in the definition and evaluation of the risk policies of the Group and in the determination of the susceptibility to risk and the risk strategy.
- b) To assist the Board of Directors in overseeing the application of the risk straregy.
- c) To be farriliar with and assess the risk managerrent methods and tools , monitoring the models acpllied regarding results and validation.

The Committee will be made up of a minimum of three and a maximum of five members, all of whom must be non-executive, and at least two of whom must be independent directors. The chairman must be an Independent Director. The Board of Directors must designate a Secretary, a position which need not be filled by a Director. The Senior Director who oversees the Group's risk area will attend the Committee as a guest.

During fiscal year 2020, the Risk Committee was responsible, among other things, for the review of the solvency position of the Company and its subsidiaries, for the review of the policies approved by the Company in the framework of Solvency II, and for the determination of risk propensity and risk strategy.

C.2.2 COMPLETE THE FOLLOWING TABLE WITH INFORMATION RELATED TO THE NUMBER OF BOARD DIRECTORS WHO HAVE BELONGED TO BOARD OF DIRECTORS' COMMITTEES AT THE CLOSING OF THE LAST FOUR FISCAL YEARS:

	Number of directors							
	Fiscal year 2020		Fiscal year 2019		Fiscal year 2018		Fiscal year 2017	
	Number	%	Number	%	Number	%	Number	%
STEERING COMMITTEE	1	16.67	1	16.67	1	16.67	1	12.50
AUDIT AND COMPLIANCE COMMITTEE	2	50.00	2	50.00	2	50.00	2	40.00
APPOINTMENTS AND REMUNERATION COMMITTEE	2	40.00	1	25.00	1	25.00	2	50.00
RISK COMMITTEE	1	25.00	1	25.00	1	25.00	0	20.00

C.2.3 INDICATE, WHERE APPLICABLE, THE EXISTENCE OF REGULATIONS FOR THE BOARD COMMITTEES, WHERE THEY CAN BE CONSULTED AND ANY AMENDMENTS MADE TO THEM DURING THE FISCAL YEAR. INDICATE WHETHER AN ANNUAL REPORT ON THE ACTIVITIES OF EACH COMMITTEE HAS BEEN DRAWN UP VOLUNTARILY.

STEERING COMMITTEE

The regulation of the Steering Committee is included in the company’s bylaws (Article 21) and in the Board Regulations (Articles 9 and 13). These documents, as well as the composition of the Committee, are always available for consultation on the company’s website, www.mapfre.com.

No changes have been made to the operating system of the Steering Committee.

The Steering Committee submitted a report on its own functioning to the Board of Directors in fiscal year 2020.

AUDIT AND COMPLIANCE COMMITTEE

The regulation of the Audit and Compliance Committee is included in the company’s bylaws (Article 22) and in the Board Regulations (Articles 10 and 13). These documents, as well as the composition of the Committee, are always available for consultation on the company’s website, www.mapfre.com.

In 2020, an amendment was made to Article 10.1 to change the competences of the Audit and Compliance Committee in relation to non-financial information, policies and systems in internal control and the reporting of irregularities.

The Audit and Compliance Committee submitted a report on its functioning in fiscal year 2020 to the Board of Directors.

APPOINTMENTS AND REMUNERATION COMMITTEE

The regulation of the Appointments and Remuneration Committee is included in the company’s bylaws (Article 23) and in the Board Regulations (Articles 11 and 13). These documents, as well as the composition of the Committee, are always available for consultation on the company’s website, www.mapfre.com.

No changes have been made to the operating system of the Appointments and Remuneration Committee.

The Appointments and Remuneration Committee submitted a report on the functioning of the Appointments and Remuneration Committee for fiscal year 2020 to the Board of Directors.

RISK COMMITTEE

The regulation of the Risk Committee is included in the company’s bylaws (Article 24) and in the Board Regulations (Articles 12 and 13). These documents, as well as the composition of the Committee, are always available for consultation on the company’s website, www.mapfre.com.

No changes have been made to the operating system of the Risk Committee.

The Risk Committee is expected to submit a report on the functioning of the Risk Committee for fiscal year 2020 to the Board of Directors.

D. RELATED-PARTY TRANSACTIONS AND INTRA-GROUP TRANSACTIONS

D.1. EXPLAIN, WHERE APPLICABLE, THE PROCEDURE AND COMPETENT BODIES FOR APPROVING RELATED-PARTY AND INTRA-GROUP TRANSACTIONS.

MAPFRE has a policy for managing conflicts of interest and related-party transactions with significant shareholders and senior representative or management positions, which regulates the procedure to be followed in relation to related-party transactions.

The Board of Directors shall be familiar with the transactions conducted by the Company, directly and indirectly, with Board Directors, with significant shareholders or shareholders represented on the Board of Directors, or with persons related to them, and these transactions shall require authorization by the Board of Directors, after receiving a report from the Audit and Compliance Committee, unless they are transactions that are part of the normal or ordinary activities of the parties concerned, which are undertaken under normal market conditions and for amounts that are insignificant or irrelevant to the Company

Significant shareholders, board directors and senior management must inform the secretary of the Board of Directors of MAPFRE in writing regarding any transaction that they or individuals associated with them (in this last case, whenever the affected person is aware of it) intend to conduct with MAPFRE or with any other company of its Group and which constitutes a related-party transaction subject to authorization by the Board of Directors.

The notification must include sufficient information on the aspects of the transaction to make it possible for MAPFRE to properly identify it.

Name or company name of the significant shareholder	Name or company name of the company or Group company	Nature of the relationship	Type of transaction	Amount (thousands of euros)
CARTERA MAPFRE, S.L. SINGLE-MEMBER COMPANY	MAPFRE, S.A.	Corporate	Dividends and other profits distributed	282,353

D.3. LIST THE TRANSACTIONS BETWEEN THE COMPANY OR GROUP COMPANIES AND THE COMPANY’S ASSOCIATES OR EXECUTIVES WHICH ARE RELEVANT DUE TO THEIR AMOUNT OR SUBJECT MATTER.

Name or company name of the managers or directors	Name or company name of the company or Group company	Link	Nature of the transaction	Amount (thousands of euros)
No data				N/R

D.4. REPORT ON THE SIGNIFICANT TRANSACTIONS IN WHICH THE COMPANY HAS ENGAGED WITH OTHER COMPANIES BELONGING TO THE SAME GROUP, AS LONG AS THEY ARE NOT ELIMINATED IN THE PROCESS OF DRAWING UP THE CONSOLIDATED FINANCIAL STATEMENTS AND ARE NOT PART OF THE COMPANY'S USUAL TRADE WITH RESPECT TO ITS PURPOSE AND CONDITIONS.

In any case, report any intra-group transaction carried out with companies established in countries or territories which have the consideration of tax haven:

Company name of the Group company	Brief description of the transaction	Amount (thousands of euros)
No data		N/R

D.5. DETAIL THE SIGNIFICANT OPERATIONS CARRIED OUT BETWEEN THE COMPANY OR GROUP COMPANIES AND OTHER RELATED PARTIES, WHICH HAVE NOT BEEN INFORMED IN THE PREVIOUS SECTIONS.

Company name of the related party	Brief description of the transaction	Amount (thousands of euros)
No data		N/R

D.6. LIST THE MECHANISMS IN PLACE TO DETECT, DETERMINE AND RESOLVE POSSIBLE CONFLICTS OF INTEREST BETWEEN THE COMPANY AND/OR ITS GROUP, AND ITS BOARD DIRECTORS, EXECUTIVES AND/OR SIGNIFICANT SHAREHOLDERS.

All directors and managers must make a prior declaration at the time of their appointment with regard to these matters. Furthermore, they are required to update this declaration on a regular basis, and whenever a potential situation of conflict arises.

Additionally, the internal code of conduct and the policy for managing conflicts of interest and related transactions with significant shareholders and senior representative or management positions regulate the special obligations relating to potential conflicts of interest.

The Board of Directors has the final decision on these issues. There is a special procedure for the approval of resolutions with regard to matters where there is a potential conflict of interest with a board director. The director in question must refrain from attending or participating in these decisions.

D.7. INDICATE WHETHER THE COMPANY IS CONTROLLED BY ANOTHER ENTITY WITHIN THE MEANING OF ARTICLE 42 OF THE COMMERCE CODE, LISTED OR OTHERWISE, AND HAS DIRECTLY OR THROUGH ITS SUBSIDIARIES, A BUSINESS RELATIONSHIP WITH SAID ENTITY OR ANY OF ITS SUBSIDIARIES (OTHER THAN THOSE OF THE LISTED COMPANY) OR IF IT UNDERTAKES ACTIVITIES RELATED TO THOSE OF ANY OF THEM.

☐ Yes ☒ No

E. RISK CONTROL AND MANAGEMENT SYSTEMS

E.1. EXPLAIN THE SCOPE OF THE RISK CONTROL AND MANAGEMENT SYSTEM OF THE COMPANY, INCLUDING TAXATION:

The MAPFRE Group has a Risk Management System (RMS) based on the continuous and integrated management of each of the business processes and on the suitability of the level of risk to the established strategic objectives, consolidating said management by area, business unit, activities, subsidiaries, geographical areas and corporate support areas.

The different types of risks have been grouped under four areas, or categories, as described below:

-Insurance Activity Risks: This groups together, separately for Life and Non-Life, the risk of premium shortfalls and insufficient technical and catastrophe provisions.

-Financial and Credit Risks: This includes interest rate, liquidity, exchange rate and credit risks.

-Strategic and Corporate Governance Risks: This includes business ethics and corporate governance risks as well as risks related to the organizational structure, alliances, mergers and acquisitions derived from the regulatory environment, including those of a tax nature, and competition risks.

-Operational Risks: This includes possible losses arising from the unsuitability or malfunction of internal processes, staff or systems, or arising from external events (not including risks arising from strategic decisions or reputational risk).

Operational Risks include the risk of non-compliance that includes the risk of material financial sanctions and losses as a result of non-compliance with internal and external laws, regulations and standards, as well as the risks of fiscal non-compliance (risks of discrepancies in the interpretation of tax regulations and the determination of market prices between related companies).

E.2. IDENTIFY THE BODIES OF THE COMPANY WHICH ARE RESPONSIBLE FOR THE PREPARATION AND IMPLEMENTATION OF THE SYSTEM FOR THE CONTROL AND MANAGEMENT OF RISKS, INCLUDING OF A TAX NATURE:

The internal control and risk management systems are integrated into the organizational structure of the Group according to the three-lines-of-defense model, so that all the Property line of the organization are assigned responsibilities for compliance with the control and risk management objectives.

The Board of Directors is ultimately responsible for guaranteeing the effectiveness of the internal control and risk management systems. It is its sole competence to determine the general policies and strategies, and in particular the policy for the identification, management and control of risks, including fiscal risks, and the supervision of internal information and control systems.

The Steering Committee is the delegate body of the Board of Directors for the executive management and permanent supervision of the ordinary management of the company and its subsidiaries in its strategic and operational aspects, and acts with all its powers except those that are not delegable by legal imperative or, where appropriate, by express provision in the Company Bylaws or in the Regulations for the Board of Directors of MAPFRE S.A.

The Risk Committee has the following functions:

-To support and advise the Board of Directors on the definition and evaluation of the risk policies of the Group and on the determination of the susceptibility to risk and the risk strategy.

-To assist the Board of Directors in overseeing the implementation of the risk strategy.

-To be familiar with and assess the risk management methods and tools, monitoring the models applied regarding results and validation.

The Audit and Compliance Committee is the delegate body of the Board of Directors with the responsibility of overseeing the effectiveness of internal control, internal audit and the risk management systems; monitoring the development and presentation of financial and non-financial information, establishing appropriate relationships with the External Auditor; monitoring the implementation of good governance standards; and monitoring compliance with internal and external regulations, in particular internal codes of conduct and the rules and procedures for the prevention of money laundering and financing of terrorism.

E.3. LIST THE MAIN RISKS, INCLUDING TAX RISKS AND, TO THE EXTENT THAT THEY ARE SIGNIFICANT, THOSE DERIVED FROM CORRUPTION (UNDERSTOOD WITHIN THE SCOPE OF ROYAL DECREE LAW 18/2017), WHICH MAY IMPACT THE ACHIEVEMENT OF BUSINESS OBJECTIVES:

1. Insurance Activity Risk

The organization of MAPFRE, specializing in various business lines, requires them to be highly autonomous in the management of their business, in particular in terms of underwriting and tariff fixing, as well as the indemnification or provision of services in case of incident.

The adequacy of premiums and provisions are an element of special importance in insurance management. Technical provisions are estimated by the actuarial teams of the different companies and their amount is validated by an independent party that did not participate in the calculation. The relevance of the personal damage business in MAPFRE, with a rapid settlement of claims, as well as the low importance of long-term insured risks (such as asbestos or professional liability) are mitigating elements of the risk of inadequacy of technical provisions.

MAPFRE operates in countries highly prone to disasters (earthquakes, hurricanes, etc.), which calls for special treatment of these types of risk. Exposed companies have access to specialized catastrophic exposure analyses, which are generally prepared by independent experts, which estimate the scope of losses should a catastrophic event occur. Underwriting catastrophic risks is undertaken based on this information and the economic capital available to the underwriting company. Where appropriate, the equity exposure to these types of risk is mitigated by taking out specific reinsurance coverage.

In this regard, it is important to highlight the contribution of MAPFRE RE, which brings to the management of the Group its long experience in the market of catastrophic risks, determining annually the global catastrophic capacity by territory and establishing the maximum underwriting capabilities per risk and event. MAPFRE RE also has risk retrocession protection programs to cover deviations or increases in the catastrophic loss ratio in different territories.

MAPFRE’s policy regarding reinsurance risk is to transfer business to reinsurers of proven financial capacity that meet the credit quality conditions set out in the MAPFRE Group’s Reinsurance Policy. Business is ceded to other reinsurers on an exceptional basis after an internal analysis verifying the possession of a solvency margin equivalent to the aforementioned classification or if adequate guarantees are provided.

2. Financial and Credit Risks

MAPFRE mitigates its exposure to this type of risk by means of a prudent investment policy characterized by a high proportion of investment-grade fixed income securities.

Four different types of portfolios are managed within the investment portfolio:

-Those that seek strict immunization from the obligations deriving from insurance contracts.

-Portfolios that cover unit-linked policies made up of assets whose risk is assumed by the policyholders.

-Those that look to exceed the guaranteed return and achieve the highest return for the policyholders within prudential parameters, such as portfolios with profit sharing.

-Open-management portfolios where the active management is only conditioned by legal rules and internal risk limits.

In the first case, the immunized portfolios minimize the interest rate risk through immunization techniques based on the matching of flows or durations.

In the second case, portfolios that cover the unit-linked policies are made up of financial instruments whose risk is assumed by the policyholders.

A certain degree of market risk is accepted in the remaining portfolios, as set out below:

-The variable of interest rate risk management is the modified duration that is conditional on the limits established in the Investment Plan.

-Exposure to the exchange rate risk is minimized in the case of insurance liabilities. The Transferable Security and Real Estate Investment Plan establishes the maximum net position limit in currencies that can be adopted in asset management.

-Investments in shares are subject to a maximum limit of the investment portfolio.

-The risk limitations are established in easily observable quantitative terms of variables. However, a risk analysis in probabilistic terms is carried out in accordance with past volatility and correlations.

With regard to credit risk, the policy is based on applying criteria of prudence in line with the issuer’s solvency and seeking a high degree of geographical correspondence between the issuers of the assets and the commitments.

Thus, limits are established according to the risk profile of the counterparty or the investment instrument and in relation to the solvency of the counterparty, and there is a system for monitoring and reporting the exposure to credit risk.

The Security Committee also reviews the main exposures to insurance and reinsurance counterparties.
[INFORMATION IN THIS SECTION CONTINUES IN SECTION H.1 OF THIS REPORT]

E.4. IDENTIFY WHETHER THE COMPANY HAS A TOLERANCE LEVELS FOR RISKS, INCLUDING TAX RISKS:

The Risk Appetite Policy of the MAPFRE Group, approved by the Board of Directors of MAPFRE S.A., establishes the risk level that the Group would be ready to assume to attain its business objectives with no relevant deviations, even in adverse situations. That level, which defines limits and sub-limits per risk type, constitutes the MAPFRE Group’s Risk Appetite.

As one of its risk management objectives, the MAPFRE Group strives to maintain an amount of eligible own funds at the consolidated level which is equivalent to a target solvency ratio of 200 percent of the solvency capital required under Solvency II, with a tolerance of 25 percentage points. A secondary risk management objective is to maintain a sufficient level of economic capital at the consolidated level to meet its obligations in accordance with a rating of “A” or higher, or its equivalent.

The prospective capital required of the insurance and reinsurance subsidiaries is generally determined pursuant to an estimation based on the budgets for the following fiscal year, and it is reviewed on a regular basis during the course of the year in line with risk trends.

For metrics that quantify the aggregate risks of the MAPFRE Group, tolerance levels are established and risk exposure is monitored through a measurement scale based on the distance of the risk level from its maximum limit: i) green zone: risk that can be assumed and maintained without restrictions; ii) yellow zone: risk that has reached a sufficient level of exposure and that requires monitoring and control measures; and iii) red zone: risk that exceeds the maximum tolerance and that requires the immediate adoption of control and mitigation measures to return to below the limit.

The Governing Bodies receive information relating to the quantification of the main risks to which the Group is exposed and the capital resources available to cover them, as well as information relating to compliance with the established Risk Appetite limits and other specific risk policies.

E.5. INDICATE THE RISKS, INCLUDING TAX RISKS, WHICH HAVE ARISEN DURING THE FISCAL YEAR:

The sharp decline in economic activity due to the coronavirus pandemic (COVID-19) has resulted in an 11.1-percent drop in terms of premiums being issued, with a significant effect on the Automobiles, Life Savings and Travel Assistance – most notably in Automobiles, which decreased by 15.6 percent (due to lower vehicle sales and the substantial currency depreciation in a number of the countries where MAPFRE operates). This fall, however, has been partially offset by the growth of issuing in Healthcare line.

In addition, it is important to highlight the discount measures amounting to 55.5 million euros for the self-employed and SMEs in Spain, in addition to the financial assistance program for all states where MAPFRE USA underwrites Private Automobile business that had a total impact on premiums of 31.8 million euros (equivalent to 15 percent of the monthly premium). Moreover, in several Latin American countries, premium refunds and insurance coverage term extensions were recorded for an accumulated amount of 7.6 million euros.

The Non-Life reported loss ratio has gone down significantly in Automobiles (due to reduced vehicle usage) and Health lines (due to non-urgent surgeries, treatments and appointments being postponed during the health crisis). However, there has been a significant increase in the Life and Burials sectors, in line with the increase in deaths. Furthermore, gross accepted reinsurance, which reached 113.4 million euros, had the greatest impact, primarily due to business interruption coverage. Of the latter amount, 70.1 million euros are attributable to the Property line, and comes from claims filed by cedents, concentrated almost entirely in certain business interruption coverage in Europe (above all in Germany, France, the United Kingdom and Switzerland).

On August 14, MAPFRE detected a malfunction due to ransomware in its IT systems that affected part of the servers and equipment in Spain. The service was almost entirely normalized by the end of August. The protocols established in the business continuity plan were followed to protect information and block any possible attempt by third parties to access the company’s systems, to guarantee service provision to clients and providers and prevent the malware spreading to the rest of the network. As various segments of the network had been isolated and systems shut down to confirm the extent of the attack, there was a temporary deterioration of some services, mainly MAPFRE in Spain, though it is important to point out that the attack did not affect any backup information. In line with MAPFRE’s commitment to transparency, this cyber attack was announced right away through all of the Group’s internal and external channels, as well as to the Insurance Supervisor. As of December 2020, MAPFRE is in the stage of assessing the damage costs, but considering the contract’s insurance coverage, its economic impact would in no case exceed 5 million euros.

Between January 19 and 24, Storm Gloria had a significant impact in Spain, especially along the entire east coast and the Balearic Islands. The storm involved a cost of 13.6 million euros for the Group, of which 11.3 million were for MAPFRE ESPAÑA and 2.3 for the reinsurance unit.

On January 7, a magnitude 6.4 earthquake struck Puerto Rico. On May 2, the island suffered a magnitude 5.4 earthquake as an aftershock to the previous earthquake. The total net retained effect of both earthquakes for the Group reached 93.6 million euros, of which 35.9 million euros corresponded to MAPFRE PUERTO RICO and 45.2 and 12.5 million euros, respectively, to the Reinsurance and Global Risks units.

E.6. EXPLAIN THE RESPONSE AND SUPERVISION PLANS FOR THE MAIN COMPANY RISKS, INCLUDING FISCAL RISKS, AS WELL AS THE PROCEDURES FOLLOWED BY THE COMPANY TO ENSURE THAT THE BOARD OF DIRECTORS RESPONDS TO THE NEW CHALLENGES THAT ARISE:

The integration of internal control and risk management systems into the organizational structure is performed under the three-lines-of-defense model, assigning responsibilities regarding compliance with the internal control and risk management objectives according to the said model:

1) A first line of defense consisting of employees, management, and the business and supporting operating areas that are responsible for maintaining effective control over the activities carried out as an inherent part of their day-to-day work. Therefore, they assume the risks and are responsible for designing and applying the control mechanisms that are necessary to mitigate the risks associated with the processes that they carry out and to ensure that they do not exceed established limits.

2) A second line of defense integrated by the key functions of risk, actuarial and compliance management and other insurance functions, which guarantee the operation of the internal control and risk management systems.

3) A third line of defense consisting of Internal Audit, which carries out the independent assessment of the suitability, adequacy and effectiveness of the internal control and risk management systems, communicating any deficiencies to the parties responsible for applying the corrective measures in a timely manner, including senior management positions and governing bodies, as the case may be.

To ensure effective control and management of risks, MAPFRE has a written policy on Internal Control and has developed a set of risk management policies in which (i) the different types of risk faced are identified and (ii) the risk appetite considered acceptable, the measures envisaged to mitigate the impact of the identified risks and the information and internal control systems to be used in relation to them are established.

The Risk Management Teams of the companies coordinate the set of strategies, processes and procedures necessary to identify, measure, monitor, manage and continuously notify the risks to which the entity is or may be exposed, as well as their interdependencies.

The General Counsel and Corporate Legal Affairs Area offers the Governing Bodies and the different Corporate Areas and Business Units legal, fiscal and corporate governance advice; and actively defends the interest of the Group in these matters, both in the processes of application of current regulations and in the elaboration and processing of new provisions. Likewise, through the Corporate Tax Advisory Department, this corporate area has information regarding the tax risks detected in each country.

In any case, the actions to adopt regarding the risks identified are decided by the Board of Directors, which is informed immediately of any risk which:

- Depending on how it evolves, may exceed the established risk limits.
- May lead to losses equal to or in excess of the established risk limits.
- May endanger compliance with the solvency requirements or the continuity of the Group’s operation.

The Group Risk Office provides assistance and advises the Governing Bodies, Executive Chairman and executive management of the Group within the scope of their powers and informs the Governing Bodies on the level of exposure to the different risks, taking into consideration their interdependencies, and compliance with the limits established.

The foregoing includes the internal risk and solvency assessment of the Group, as well as the reports requested by the Governing Bodies on certain risk areas.

In addition, the Group promotes different procedures for the identification and assessment of risks and controls that involve the main areas and departments, showing a comprehensive and complete view of all the risks intrinsic to the business and identifying those risks that may be faced by the company throughout the period set out in its business plan.

Likewise, the Group companies promote the preparation and reporting to the respective Governing Bodies of the periodic reports of monitoring of operational risks, which include, among others, risk control reports and periodic reports of monitoring of incidents and operational risk events.

At the operational level, the MAPFRE Group also has the following key actions:

- The MAPFRE Group has a Corporate Business Continuity Model developed by the Corporate Security Office, the ultimate aim of which is to be able to provide a timely and effective response should a high-impact incident occur, therefore minimizing the damage caused. The model adopts the form of contingency plans that include recovery strategies for each process based on the criticality of the process and situation and the availability of the elements affected (employees, buildings, technology and providers).
- The Corporate Anti-Fraud Plan, also coordinated by the Corporate Security Office, which establishes the response and lines of action of the Group in the fight against fraud in all its aspects (prevention, detection, investigation and prosecution), as well as the measures to minimize their effects in the most efficient way possible.

F. INTERNAL RISK CONTROL AND MANAGEMENT SYSTEMS IN RELATION TO THE FINANCIAL REPORTING PROCESS (ICFR)

Describe the mechanisms that comprise control systems and risk management in relation to the company’s procedure for the issuing of financial information (ICFR).

F.1. CONTROL ENVIRONMENT OF THE COMPANY

Report on the following, indicating the main characteristics:

F.1.1 WHICH BODIES AND/OR FUNCTIONS ARE RESPONSIBLE FOR: (I) THE EXISTENCE AND MAINTENANCE OF AN ADEQUATE AND EFFECTIVE ICFR; (II) ITS IMPLEMENTATION; AND (III) ITS SUPERVISION.

The MAPFRE Internal Control System takes the form of a set of continuous processes for which the MAPFRE S.A. Board of Directors is ultimately responsible. The Board is assisted by the Executive Committee and the executive teams of the different units, companies, corporate areas and other departments as regards the implementation, update and monitoring of the tasks and processes related to compliance with the objectives of the Internal Control System. For its development in the organization, MAPFRE’s Internal Control System is based on the model of three lines of defense. This was reflected in the last update to the Group’s Internal Control Policy, approved by the Board of Directors on December 13, 2019.

The Regulation of the Board of Directors, which was amended and approved on December 21, 2020 includes the functions and responsibilities of the Board of Directors, the Steering Committee and other Board committees (Audit and Compliance, Appointments and Remuneration, and Risk).

The Board of Directors delegates ordinary management to the Steering Committee and Executive Management, and retains the approval of risk control and management policies and the approval of the periodic monitoring of both internal information and control systems, such as the financial, nonfinancial and corporate information to be published owing to its status as a listed company.

The Executive Committee is the body which, under mandate from the Board of Directors, exercises direct supervision over management of the Business Units and Corporate Areas and guarantees they take coordinated action.

In addition, the Audit and Compliance Committee, in its capacity as the delegate body of the Board of Directors, has the responsibility to oversee the process of preparing and presenting the mandatory financial information, and to submit recommendations or proposals aimed at safeguarding its integrity to the Board of Directors.

In addition, the Audit and Compliance Committee has the responsibilities of monitoring the effectiveness of internal control, internal audit and risk management systems, as well as discussing any significant weaknesses of the internal control system identified in the course of the audit with the External Auditor, all without undermining its independence, and reporting in advance to the Board of Directors, particularly on the financial information that the Company is required to make available periodically.

The “Internal Audit Policy of the MAPFRE Group,” approved by the Board of Directors of MAPFRE S.A. on December 13, 2019, and the “Internal Audit Regulations,” updated and approved by the Audit and Compliance Committee on October 29, 2020, include the main supervisory activities of the Internal Control System, carried out by the Audit and Compliance Committee through the Corporate Internal Audit Area and detailed in section F.5.1 of this document.

F.1.2 WHETHER THERE ARE, PARTICULARLY RELATIVE TO THE PROCEDURE FOR THE PREPARATION OF FINANCIAL INFORMATION, THE FOLLOWING ITEMS:

- Departments and/or mechanisms in charge of: (i) the design and review of the organizational structure; (ii) the clear definition of lines of responsibility and authority, with an appropriate distribution of tasks and functions; and (iii) ensuring the existence of sufficient procedures for correct dissemination in the company:

The regulation on the Institutional, Business and Organizational Principles of the MAPFRE Group, approved by the Board of Directors of MAPFRE S.A. at its meeting on June 24, 2015 and amended on February 7, 2017 with effect from March 10, 2017, is the minimum mandatory framework for all the companies making up MAPFRE and their respective governing bodies.

The Board of Directors reviews and authorizes the Group's organizational structure and approves the lines of responsibility and authority based on the organizational structure defined. In the 2020 fiscal year, a new Management Organization Chart was approved by the Executive Committee on September 7 and by the Board of Directors on September 8, 2020, with the changes becoming effective from January 1, 2021.

The distribution of functions and definition of scopes of activity/ authority and of hierarchical levels are undertaken in line with the Organizational Structure Manual approved by the Corporate People and Organization Area.

Concordance between the organization of positions and the hierarchical structure is essential because it maps functions to roles and responsibilities, ensuring that business activities are conducted properly.

The Corporate Finance and Resources Area establishes the accounting policies and standards applicable to the Group and is responsible for the coordination between the various Business Units and Corporate Areas in relation to the consolidated financial information preparation procedure.

- Code of conduct, approval body, degree of diffusion and instruction, principles and values included (indicating if there are specific mentions to the registry of operations and preparation of financial information), body entrusted with analyzing noncompliance and recommending corrective measures and sanctions:

The Code of Ethics and Conduct was approved by the Board of Directors on July 25, 2019, replacing the one previously approved in 2017.

It aims to reflect corporate values and the basic principles that should guide the conduct of MAPFRE and its staff. During 2020, the new Code of Ethics and Conduct online course was designed to make the new Code of Ethics and Conduct known to all employees and it will be available from January 2021. Because of the above, there was no specific training in the Code of Ethics and Conduct in 2020, but this Code is public on both the Intranet and website of the Group, and can be consulted by anyone. It is available on the open self-learning platform.

The Code sets out specific principles that are binding for all employees regarding the processing of the Group's financial information so as to ensure its confidentiality, integrity and availability in accordance with MAPFRE's data security standards. It also states that all employees are responsible for ensuring that the information provided is accurate, clear and truthful.

To guarantee application of the Code, as well as supervision and control of its compliance, the Ethics Committee is entrusted with ensuring its compliance and analyzing and resolving any complaints lodged as a result of its violation. Any employee who has a query about the application of the Code, or who observes a situation that might involve a breach or violation of any of the principles and rules of ethics or conduct, must report it to the Ethics Committee, which acts within the scope of its advisory functions or resolves any complaints that may arise regarding breaches of the Code.

Queries and complaints to the Ethics Committee can be communicated by post, by email or through the Whistleblower Channel with direct access through the Group's internal portal and the corporate website of MAPFRE (www.mapfre.com). The operation of this channel is set out in the Code of Ethics and Conduct.

Every year, the Ethics Committee reports to the Steering Committee on the activities carried out during the fiscal year.

- Whistleblower channel that allows employees to report financial and accounting irregularities to the audit committee, in addition to possible breaches of the code of conduct and irregular activities in the organization, indicating whether any of the information reported is confidential:

In addition to the Query and Whistleblower Channel to the Ethics Committee described in the previous section, there is the Financial and Accounting Whistleblower Channel, which allows all employees of the MAPFRE Group, as well as its directors, shareholders, suppliers, contractors and subcontractors to communicate to the Audit and Compliance Committee any financial and accounting irregularities of potential importance that may be found within the company or its Group in a confidential, and optionally anonymous, manner. To channel complaints, an electronic mailbox has been set up which is accessible both from www.mapfre.com/CDF, and alternatively, by writing to a predetermined address.

The rules for the operation of the MAPFRE Group's Financial and Accounting Whistleblower Channel were updated and approved by the Audit and Compliance Committee at its meeting on December 17, 2020. These regulations are published both on the MAPFRE Group's Intranet or internal portal, and on www.mapfre.com/CDF.

The Audit and Compliance Committee receives the complaints and reviews and resolves them by addressing each one as it deems appropriate. In order to perform its functions properly, it relies on assistance from General Counsel and the Corporate Internal Audit Area.

In cases of complaints concerning the Group's subsidiary companies which have their own mandatory Whistleblower Channel, the Audit and Compliance Committee and the competent body of the subsidiary company liaise in handling and resolving any complaints received.

The parties involved in the Channel have controls for restricting access to the information, and the confidentiality of the whistleblower's identity is assured by collecting personal data in accordance with the requirements of current data protection legislation.

General Counsel issues an annual report for the Audit and Compliance Committee outlining the activities conducted through the Whistleblower Channel and the final result of the complaints made.

- Regular training and refresher programs for staff involved in the preparation and review of financial information, as well as evaluation of the ICFR, covering at least the accounting rules, audit, internal control and risk management.

MAPFRE has a Corporate University and a Global Training Model implemented globally. All the training actions designed and deployed are associated with the strategic needs of the business.

MAPFRE has set a goal so that in 2020 78 percent of the training effort worldwide will have technical and sales content and programs. This area of technical knowledge contains financial training, which is channeled through the School of Finance, the purpose of which is to provide all professionals in all financial areas of MAPFRE with knowledge of risk management, management control and accounting, to improve their competitiveness within this function.

In 2020, MAPFRE organized several training programs in Spain on financial, risk and internal control issues, representing a total of 8,401.29 training hours delivered to 16,362 participants.

The most relevant training actions in this area are detailed below:

Financial advice to clients: Financial certification is legally required for representatives advising clients on investment matters. This training adds great value to the MAPFRE sales network by providing cutting-edge, complete and practical knowledge that will significantly help sales efforts related with savings and investments. The program of studies includes 280 hours and the degree obtained allows holders to give Financial Advice to clients according to the Markets in Financial Instruments Directive (MiFID II) and the Spanish National Securities and Exchange Commission (CNMV). MAPFRE ESPAÑA has two different financial institutions, as the CNMV demands: For employees, the training provider is the Fundación de Estudios Financieros (Financial Studies Foundation, FEF) and the certifier is the Instituto Español de Analistas Financieros (Spanish Institute of Financial Analysts, IEAF), which examines and therefore issues official certification; for self-employed representatives, the training provider is Santander Financial Institute (SANFI) and the certifier is Bolsas y Mercados Españoles (Spanish Exchanges and Markets, BME), which examines and issues official certification. As of the end of 2020, 751 employees and 888 self-employed representatives have been certified.

In the e-learning training program, it is worth mentioning the Internal Control course available in the three corporate languages, which was renewed during 2019. By its nature, internal control involves everyone, regardless of the position they hold in the organization. This course therefore provides all MAPFRE employees with basic information on the objectives and principles underlying the common framework of the Internal Control System, the governing bodies responsible for its proper functioning and supervision, as well as practical examples of how the set of internal control actions are implemented in the organization using the three lines of defense model. As at December 31, 2020, 16,206 employees have completed this at the GLOBAL level since the launch of the updated course in 2019.

MAPFRE also offers an e-learning course on the Regulatory Compliance Function, the purpose of which is to make this function, its objectives and responsibilities known, as well as the importance acquired by the implementation thereof in organizations to minimize the risk of legal and regulatory non-compliance to which they are exposed. At the close of 2020, 1,079 employees had undertaken this program since it was launched in 2015.

In 2017, a 45-minute e-learning course was developed on the Solvency II regulations, aimed at all employees around the world who perform their functions in the Risk, Financial, Actuarial, Compliance and Audit Areas. This program is available in Spanish and English. At the close of 2020, 909 employees have completed this program since it was launched in 2017.

In 2020, training actions within the basic accounting program were developed, and self-learning training courses were made available on financial tools such as the “RE21 tool,” and the “SAP tool” that has migrated to the new S/4 HANA FI system, and several related webinar sessions were held. All these activities were aimed at employees in the administration and finance function of Spanish-speaking entities.

In 2020, two Internal Audit programs were also developed in virtual format: “Technological Positioning for IT Auditors” and “Program for Auditors of Spanish and Portuguese Entities,” which were completed by 28 and 73 internal auditors, respectively, with the aim of providing all professionals in MAPFRE audit areas around the world with the knowledge necessary to carry out the function, as well as to share established management tools and best practices.

F.2. FINANCIAL INFORMATION RISK ASSESSMENT.

Report on at least the following:

F.2.1 THE MAIN CHARACTERISTICS OF THE RISK IDENTIFICATION PROCESS, INCLUDING ERROR OR FRAUD RISKS, IN RELATION TO:

- Whether the process exists and is documented.

MAPFRE has a Risk Management System (hereinafter, RMS) that applies to Group companies, in accordance with the internal regulations of each of the risk categories considered.

The description of the RMS is included in Section E. Risk Control and Management Systems of this Corporate Governance Report.

Specifically with regard to the Risk Control model, risk factors are identified for each of the processes that the Group considers key processes, always including one relating to the registration and accounting of operations with an economic or accounting impact.

These risk factors are associated with the key figures for the main items in financial statements. In this process of identifying the key figures, quantitative and qualitative factors (complexity of transactions, risk of fraud and other aspects) were considered.

These risk factors are evaluated by the areas and departments of the companies during the development of the risk control activities that, among other aspects, allow: i) the identification of risks through specific questionnaires on controls and risks, ii) finding out about the risk factors that have been relevant so far and iii) the adoption of corrective measures in those cases, where necessary.

- The procedure covers all financial information objectives (existence and occurrence; integrity; assessment; presentation, breakdown and comparability; and rights and obligations), whether it is updated and how frequently.

Identifying the risks that cover the objectives of existence and occurrence, integrity, assessment, presentation, breakdown and comparability, and the rights and obligations of financial information is materialized through the process of preparing the quarterly questionnaire of internal controls over financial reporting.

The purpose of this procedure is to identify and verify that controls are implemented during the process of preparing the financial information, to create documentary evidence of the controls carried out by the company relating to Cash and Investment, Consolidation, Accounting and Tax processes, as well as of the result of its application, and acting as an internal communication channel to share the relevant information related to the issuance of financial information.

The Internal Accounting Control Associate Management is responsible for periodically reviewing and updating the ICFR procedure, as well as the questionnaire established to ensure the reliability of the financial information. This procedure was last reviewed in the first quarter of 2018 and remains in force.

- Existence of a procedure for identifying the consolidation scope, bearing in mind, inter alia, the possible existence of complex corporate structures, instrumental companies or those with a special purpose:

The MAPFRE Consolidation Manual, prepared by the Corporate Finance and Resources Area, describes the process for identifying the scope of consolidation, which encompasses all the companies of the Group and is updated on a monthly basis.

The Consolidation Supervisor of each Subgroup receives details from the Consolidation Associate Management of the companies included in the scope of consolidation with the percentages of direct and indirect participation and the method of consolidation that applies. Any modification to the information provided must be reported to the Consolidation Associate Management, which will make a decision on the modification after analyzing the reasons given.

The functional structure and the tasks assigned to the process supervisors are reflected in the Consolidation Manual.

- Whether the procedure takes into account the effects of other risk types (operational, technological, financial, legal, fiscal, reputational, environmental, etc.) insofar as they affect financial statements:

Risk control takes into account the different types of operational, technological, financial, legal, reputational and environmental risks, as well as the risks inherent to the insurance and reinsurance business.

In this process, each risk factor, where appropriate, is linked to the section of the financial statements that would be affected if the potential risk became a reality, the main sections being: premiums, provisions, financial returns, acquisition expenses, administration expenses and benefit expenses.

Risk control is promoted in the Group, both in Spain and abroad, through the Riskm@p computer application, which is developed internally by MAPFRE and which aids in the creation of company Risk Maps. These maps analyze the significance and probability of occurrence of different risks. The management model is based on a dynamic analysis by processes, in which the managers of each area or department identify and assess the potential risks that affect business and support processes, as well as key economic figures, among other aspects, by completing self-evaluation questionnaires.

- Which of the company's governing bodies oversees the process?

The Audit and Compliance Committee is assigned, among other tasks, the responsibility for reviewing the effectiveness of the Company's internal control and risk identification and management systems, an ongoing task undertaken throughout the year through the work carried out by Internal Audit.

Regarding the ICFR report prepared by the Financial Department, External Audit reviews and analyzes its contents, issuing its own report on the consistency or incidents of the information that could impact it.

The ICFR report, alongside the report prepared by External Audit, is supervised by the Audit and Compliance Committee prior to its approval by the Board of Directors.

F.3. CONTROL ACTIVITIES

Indicate whether at least the following are in place and describe the main characteristics:

F.3.1 PROCEDURES FOR REVIEWING AND AUTHORIZING FINANCIAL INFORMATION AND THE DESCRIPTION OF THE ICFR, TO BE PUBLISHED IN STOCK MARKETS, INDICATING WHO IS RESPONSIBLE FOR THEM, AS WELL AS DESCRIPTIVE DOCUMENTATION OF THE FLOWS OF ACTIVITIES AND CONTROLS (INCLUDING THOSE RELATED TO FRAUD RISK) OF THE VARIOUS TYPES OF TRANSACTIONS THAT MAY MATERIALLY AFFECT THE FINANCIAL STATEMENTS, INCLUDING THE ACCOUNTING CLOSING PROCEDURE AND THE SPECIFIC REVIEW OF THE RELEVANT JUDGMENTS, ESTIMATES, VALUATIONS AND PROJECTIONS.

The financial reports on the annual accounts, and biannual and quarterly information prepared by the Corporate Finance and Resources Area are submitted to the Audit and Compliance Committee first and then to the Board of Directors.

The Procedures and Supervision Associate Management requests that those responsible for the financial information of the main entities of the Group sign the internal "Representation Letter" that guarantees that the financial information reported for the purposes of preparing the biannual summary information and the annual consolidated accounts of the MAPFRE Group have been prepared in accordance with the accounting regulations set out in the MAPFRE Group's Consolidation Manual.

The closing calendar, prepared by the Procedures and Supervision Associate Management, lists the main activities of the process of consolidating and preparing the annual and biannual accounts and the corresponding controls, providing deadlines for compliance.

The different Group companies report financial information through their assigned supervisors, which the Corporate Finance and Resources Area consolidates to prepare the reports. During the consolidation process, controls are in place to detect any errors liable to significantly affect the financial statements.

The Audit and Compliance Committee verifies the following information:

- The management report and individual and consolidated annual accounts of MAPFRE S.A. and its subsidiaries.
- The report on the limited review of the consolidated abridged interim financial statements of MAPFRE S.A. corresponding to the intermediate period ending on June 30 of each fiscal year.
- The Integrated Report, which follows the guidelines and recommendations of the International Integrated Reporting Framework.
- Report on the Solvency and Financial Condition of the MAPFRE Group and its subsidiaries that conduct insurance and reinsurance activities located in Spain.
- The information that MAPFRE S.A. sends to the Spanish National Securities and Exchange Commission (the "CNMV") every quarter.

The following information is presented to the Audit and Compliance Committee:

- The internal control system reports on the assessment of Spanish insurance and reinsurance companies of the MAPFRE Group prepared by the Corporate Internal Audit Area.
- Solvency and Financial Condition Reports (SFCR) of the various Spanish insurers and reinsurers of the MAPFRE Group.
- The Solvency and Financial Condition Report (SFCR), the Periodic Monitoring Report (RSR) and Annual Quantitative Information (QRTs), all related to the MAPFRE Group.

The Internal Accounting Control Associate Management (Corporate Finance and Resources Area) is responsible for implementing the quarterly completion of the questionnaire on internal controls of financial information in the Group's various companies; reviewing the quality of the information reported and monitoring the description of the documentary evidence of the activities and controls carried out in relation to the main financial reporting processes described in section F.2. of this report; and evaluating the control coverage indicators according to the figures defined in the ICFR procedure.

The control activities are executed through the risk control process, which is implemented by the Operational Risk and Internal Control Associate Management, which is dependent on the Group Risk Office. The departmental and area supervisors prepare internal control manuals and other descriptive documents, which contain procedures, activities and the parties involved in them, identifying the associated risks and the controls for mitigating them, including those related to fraud risk and the accounting close process. The knowledge and documentation of controls allows those responsible for the various areas and departments of MAPFRE companies to evaluate the effectiveness of the established controls, to find out if the relevant risks that have been identified are sufficiently controlled and take the necessary corrective measures.

Regarding the judgments and estimates, the Board of Directors makes them based on assumptions on the future and about uncertainties that are related mainly to technical provisions; impairment losses on certain assets; the calculation of provisions for risks and expenses; the actuarial calculation of liabilities and commitments for post-employment remuneration; the useful life of intangible assets and tangible fixed assets; the fair value of certain unlisted assets; and the fair value of assets and liabilities derived from lease contracts.

The estimates and assumptions used are included in the accounting close instructions, are reviewed regularly, and are based on historical experience and on other factors that may be considered more reasonable at the time. If the review leads to changes in estimates in a given period, their effect is applied during that period and, if applicable, in subsequent periods.

F.3.2INTERNAL CONTROL POLICIES AND PROCEDURES FOR INFORMATION SYSTEMS (INTER ALIA, SAFE ACCESS, CHANGE CONTROL, OPERATION, OPERATIONAL CONTINUITY AND SEPARATION OF FUNCTIONS) THAT CONCERN THE COMPANY’S RELEVANT PROCEDURES IN RELATION TO THE PREPARATION AND PUBLICATION OF FINANCIAL INFORMATION.

The Corporate Security Office (DCS), which until July 18, 2018 reported to the Corporate Resources and Institutional Coordination Area, became dependent from that date on the Corporate Business Support Area, which is managed by the Group Chief Business Support Officer. These changes were approved by the Board of Directors of MAPFRE S.A. on June 18, 2018. The DCS acts directly on the regulations regarding data security.

In particular, the measures established are specified in a Documentary Data Security System (SDSI) or Regulatory Body for Data Security (CNSI), which derives from the Master Plan for Security and Environment and the Corporate Security and Privacy Policy, both documents whose latest update was approved by the Board of Directors of MAPFRE S.A. at its meeting held on December 13, 2018. In this version, these documents have been adapted to the new regulatory requirements, mainly regarding the General Data Protection Regulations (GDPR), and the creation of the Privacy and Data Protection Committee as the delegate body of the Security and Environment Committee, and as a support body of the Crisis and Business Continuity Committee.

These security controls and procedures established on information systems can be classified as: preventive, detective and reactive, and result in the development and dissemination of standards, the establishment of design security, the monitoring of networks and systems, the review of measures and controls implemented, and the ability to respond to possible security incidents that may occur.

Among other aspects, the Data Security Regulations set out the following: information systems must be tracked and monitored through inventory procedures to identify the resources and the information that they contain; verification of the identity of the people who use them; and the use of passwords in keeping with the password strength criteria laid down in the regulations, which help maintain the appropriate separation of functions.

Likewise, MAPFRE provides continuous Training and Awareness to its employees in this area, among others, through an e-learning Security course developed and integrated in the Corporate University platform, whose purpose is to raise awareness and train employees in this area, making them aware of its objectives and responsibilities and the importance that this acquires in organizations for minimizing risks and fulfilling their responsibilities in this regard.

To facilitate compliance with the responsibilities and commitments established in the Data Security Regulations, MAPFRE has a General Control Center (which acts as a Computer Emergency Response Team (CERT) and belongs to the international network known as FIRST or Forum of Incident Response and Security Teams). This center monitors activity in the networks and in the Group’s information systems, and is the body responsible for responding to potential security incidents. This body holds certifications issued by AENOR regarding compliance with ISO 9001 (Quality), ISO 27001 (Information Security) and ISO 22301 (Business Continuity) standards.

Additionally, every year the Corporate Security Office implements a calendar of security checks to verify the security controls in place and discover any vulnerabilities in the information systems.

Both the Corporate Security and Privacy Policy and the Security and Environment Governance Model, and the rules and standards of the Data Security Regulatory Body, are published on the Global Intranet in order to enable access to all employees. In addition, the Group has a Corporate Business Continuity Model consisting of a Policy, a Governance Framework and a Business Continuity Methodology that define the framework and the necessary actions to be taken to ensure the correct development of the operation before the materialization of a high impact incident, so that the damage caused is minimized.

Every two years, the Corporate Internal Audit Area verifies the proper functioning of the Internal Control System of the main IT Systems whose scope is the general controls of information technology (IT), the IT control environment, and the application controls. In those years where no specific review is carried out, the identified action plans are monitored and their status is reviewed.

F.3.3 INTERNAL CONTROL POLICIES AND PROCEDURES DESIGNED TO SUPERVISE THE MANAGEMENT OF ACTIVITIES SUBCONTRACTED TO THIRD PARTIES, AS WELL AS THOSE ASPECTS OF EVALUATION, CALCULATION OR VALUATION ENTRUSTED TO INDEPENDENT EXPERTS, WHICH MAY HAVE A MATERIAL EFFECT ON FINANCIAL STATEMENTS.

All services subcontracted to third parties are articulated through specific contracts, and the contracting units or areas directly supervise the providers, except in the case of exceptional services (that are not recurring over time), of reduced amount, duration and lesser importance, which are processed through the system based on the provider’s offer.

Providers are selected on the basis of objective criteria that assess factors such as quality, price, provider infrastructure, market recognition and, in particular, membership of the groups of associates that collaborate with the Group’s companies and their track record in terms of service quality.

Compliance with prevailing legislation in the various countries and the implementation of security measures where warranted are prerequisites. Other highly-rated attributes include response times, after-sales service, geographic reach and the added value they can contribute.

The Corporate Procurement and Resources Division is developing a project to be deployed in the countries of the Procurement and Contracting Services Global Model (already present in 17 countries), which includes different categories, including the category corresponding to services of independent professionals, which includes services with a possible financial impact derived from the evaluation, calculation or valuation assigned.

The technology tool for managing, controlling, and monitoring hiring has been SAP SRM (SAP Supplier Relationship Management) since 2012. In 2018, SAP decided to change its strategy and announced that it would discontinue SRM from 2025, relying on ARIBA as a tool for the management of providers, procurement and contracting.

In response to this situation, in 2019 MAPFRE decided, after studying the leading tools on the market, to rely on ARIBA as a procurement tool, mainly because of its native integration with the financial modules of MAPFRE that are found in SAP, S/4 HANA, because of its permanent updating feature, and its ability to automate processes and collaborate electronically with providers.

In 2019 and 2020, work was undertaken to define the new Global Procurement Model of MAPFRE in ARIBA, and the companies based fiscally in Spain (except MAPFRE Asistencia) will be completely migrated to the new platform in April 2021.

From that date, international deployment of ARIBA will begin, during which the different countries and organizations will gradually migrate to the new platform in a project that will last five years. Having a common first-rank tool like ARIBA will allow MAPFRE in different countries to carry out procurement operations locally in a decentralized way, but with common rules and procedures and centralized control and monitoring from the Corporate Procurement and Resources Division, in addition to allowing global recruitment when deemed necessary.

In implementing this plan, in 2013 the Steering Committee approved the Procurement Regulations which contain the principles and basic criteria for the procurement of goods and services by all Group companies, irrespective of their geographic location and type of business. A Procurement Procedure is also defined and approved internally that completes the Procurement Regulations, which were updated during 2017 and which entered into force on January 1, 2018. Both documents were reviewed and updated in January 2019 according to recommendations provided by Internal Audit and based on experience gained in the years since they were approved. Additionally, each organization or country that has been given the ability to negotiate contracts, by having enough agency, must develop a specific procedure to regulate its hiring, always respecting and in compliance with the minimum criteria established in the Procurement Regulations and General Procedure.

In general, providers are approved and contracted by the Procurement and Resources Division, and once the contract has been formalized, it is the requester who ensures that the service is provided correctly and in compliance with current legislation.

Notwithstanding the foregoing, in cases where the services of outsourced independent professionals have to be treated with special confidentiality (M&A), it is the area itself that directly hires and supervises the service, although minimal information to document the hiring, as established in the Procedure for Sensitive Hiring, must be registered in the system and submitted for periodic control by Internal Audit.

Currently, the main providers with which MAPFRE contracts recurrently (with annual billing of more than thirty thousand euros) are approved on the basis of financial, fiscal, operational and business criteria, regulatory compliance and sustainability to ensure that MAPFRE hires solvent and first-ranked providers. The aim is that all recurrent providers or providers of particular relevance to the MAPFRE Group are approved as set out in the Procurement Procedure.

F.4. INFORMATION AND COMMUNICATION

Indicate whether at least the following are in place and describe the main characteristics:

F.4.1 A SPECIFIC FUNCTION RESPONSIBLE FOR DEFINING, KEEPING ACCOUNTING POLICIES UP-TO-DATE (ACCOUNTING POLICIES AREA OR DEPARTMENT) AND RESOLVING QUERIES OR DISPUTES DERIVED FROM THEIR INTERPRETATION, MAINTAINING CONTINUOUS COMMUNICATION WITH THOSE RESPONSIBLE FOR OPERATIONS IN THE ORGANIZATION, AS WELL AS AN UPDATED MANUAL OF ACCOUNTING POLICIES THAT IS COMMUNICATED TO THE UNITS THROUGH WHICH THE COMPANY OPERATES.

The Accounting Regulations Associate Management, which reports to the Corporate Finance and Resources Area, is entrusted, among other things, with updating accounting policies and applicable rules that concern the Group's financial information, and for resolving consultations and disputes deriving from the interpretation thereof.

It also maintains a close and fluid relationship with the financial divisions of the different companies and with the Corporate Areas, to which it communicates formally established accounting procedures and rules.

With regard to the preparation of financial information, General Counsel and the Corporate Finance and Resources Area issued memos containing instructions and updates on applicable regulations. In addition, financial supervisors have specific models and instructions for preparing financial information, using the Accounting Models and the Consolidation Manual (which includes applicable accounting standards and policies), which are updated annually.

The subsidiaries of the Group receive the information about the applicable procedures and standards through the parent entities of the Subgroups, which in turn receive the instructions directly from the Accounting Regulations Associate Management and the Procedures and Supervision Associate Management.

The Procedures and Supervision Associate Management updates the individual and consolidated Annual Accounting Models used by the various Group companies, which include accounting policies and breakdowns of information to be presented.

The Consolidation Associate Management of the Corporate Finance and Resources Area specifies the instructions on accounting policies and breakdowns for preparation of the Group's consolidated information using the Consolidation Manual.

At least once a year, and during the last quarter of the fiscal year, the Annual Accounting Models and the Consolidation Manual are reviewed, and any changes are reported to the parties involved. However, whenever there are changes that affect periods of time of less than one year, these changes are reported immediately.

In addition, the Implementation of New Standards Division, in collaboration with the Accounting Regulations Associate Management, both dependent on the Corporate Finance and Resources Area, are responsible for analyzing the impact, development and implementation of the new accounting standards that will be applied in the MAPFRE Group.

F.4.2 MECHANISMS FOR THE CAPTURE AND PREPARATION OF FINANCIAL INFORMATION WITH STANDARD FORMATS, FOR APPLICATION AND USE BY ALL UNITS OF THE COMPANY OR THE GROUP, THAT SUPPORT THE MAIN FINANCIAL STATEMENTS AND NOTES, AS WELL AS INFORMATION PROVIDED ON THE ICFR

The financial information of the MAPFRE Group companies is managed through the corporate consolidation application, a tool that constitutes a centralized database (common single data repository). This application has been programmed to automatically execute the consolidation entries and process controls, which guarantees that the criteria set out in the consolidation manual are applied uniformly to all the automatic entries and minimizes the likelihood of errors.

Within the procedure for preparing financial information, the consolidation certificates constitute the channel of communication about the information required in the consolidation procedure or in the preparation of consolidated financial statements. The certificates are reviewed and updated at least once a year.

Based on the information contained in the consolidation certificates and following the Accounting Models prepared by the Procedures and Supervision Associate Management, the Consolidation Associate Management prepares the consolidated annual accounts and other financial statements.

The Internal Accounting Control Associate Management is responsible for the preparation of the report on the ICFR. To do this, it identifies the areas involved in the financial information preparation process, sends them instructions on how to complete the report, and at least once a year asks them to update the support documentation for the actions performed.

F.5. OVERSIGHT OF THE SYSTEM'S OPERATION

Report on the following, indicating the main characteristics:

THE SUPERVISION ACTIVITIES OF THE ICFR CONDUCTED BY THE AUDIT COMMITTEE AND WHETHER THE COMPANY HAS AN INTERNAL AUDIT FUNCTION THAT INCLUDES SUPPORTING THE COMMITTEE IN ITS SUPERVISION OF THE INTERNAL CONTROL SYSTEM, INCLUDING THE ICFR. ADDITIONALLY, THE SCOPE OF THE ICFR EVALUATION CARRIED OUT DURING THE FISCAL YEAR AND THE PROCEDURE BY WHICH THE PERSON IN CHARGE OF CARRYING OUT THE EVALUATION COMMUNICATES THEIR RESULTS WILL BE REPORTED, AS WELL AS INFORMATION ABOUT WHETHER THE COMPANY HAS AN ACTION PLAN DETAILING THE POSSIBLE CORRECTIVE MEASURES, AND IF ITS IMPACT ON FINANCIAL INFORMATION HAS BEEN CONSIDERED.

MAPFRE S.A. has a Corporate Internal Audit Area composed of five Audit Divisions specialized in different matters and functions: Technical Area, Quality and Procedures Office, Coordination and Relationship with External Auditors, Continuous Audit and Financial Audit. In turn, the Corporate Area is structured into six Internal Audit Services located in Spain (Seguros Iberia; Seguros Latam; Seguros Internacional; Reaseguro-Global Risks; Asistencia; and Tecnologías de la Información) and 27 internal audit units and departments abroad, which are fully independent and review and evaluate the adequacy and correct operation of the Group's processes, as well as the Internal Control System.

The structure of MAPFRE's Corporate Internal Audit Area depends functionally on the Board of Directors of MAPFRE S.A. through the Audit and Compliance Committee (Delegate Body of the Board) and on the Chairman in particular.

The directors of the audit departments and units depend (functionally and hierarchically) on the Group Chief Internal Audit Officer.

The Audit and Compliance Committee supervises the financial information described in the previous Section F.3.1 of this report, and also approves the Internal Audit Plan and monitors it on a quarterly basis.

The Audit Plan outlines the supervisory work that the Corporate Internal Audit Area will carry out during the next fiscal year, the content and scope of which are established in terms of the risks identified, requests received and experience itself. The plan is managed uniformly through a single Groupwide technological platform that allows the information to be processed in line with the access levels established for the different responsibilities. The 2020 Internal Audit Plan was approved by the Audit and Compliance Committee in the session held on Monday, February 10, 2020.

In the "Internal Audit Policy of the MAPFRE Group" approved by the Board of Directors of MAPFRE S.A. on December 13, 2019, and in the "Internal Audit Statute," updated and approved by the Audit and Compliance Committee on October 29, 2020, it is established that the Corporate Internal Audit Area has the role of monitoring the suitability and effectiveness of the Internal Control System. To carry out this function, the Corporate Internal Audit Area follows an internal methodology based on assessments of the audits carried out in the last three fiscal years, review of internal IT control and compliance with the recommendations. This methodology was previously approved by the Audit and Compliance Committee and the result of its application is described in the Internal Control System Assessment Report. Whenever appropriate, individual recommendations are made to the company with a view to improving the Internal Control System and then the Audit and Compliance Committee monitors their compliance.

Every year the Audit and Compliance Committee analyzes the assessments and any recommendations issued by the Corporate Internal Audit Area on the Internal Control System (which includes those from the ICFR).

The Corporate Internal Audit Area assesses the performance of the Internal Control System for the main IT systems, as indicated in section F.3.2 above.

Additionally, the Corporate Internal Audit Area carries out a check on the work carried out throughout the year in relation to the ICFR.

Likewise, as part of the audit procedures performed to validate the annual financial statements, the external auditor issues a memorandum of recommendations after his/her interim visit, which is presented to the Audit and Compliance Committee.

F.5.2 WHETHER THERE IS A PROCEDURE FOR DISCUSSION WHEREBY THE ACCOUNT AUDITOR (PURSUANT TO THE PROVISIONS OF THE NTAS), THE INTERNAL AUDIT FUNCTION AND OTHER EXPERTS CAN NOTIFY THE EXECUTIVE MANAGEMENT AND THE AUDIT COMMITTEE OR COMPANY EXECUTIVES OF ANY SIGNIFICANT WEAKNESSES IN INTERNAL CONTROL IDENTIFIED DURING PROCEDURES TO REVIEW THE ANNUAL ACCOUNTS OR OTHERS THAT HAVE BEEN ENTRUSTED TO THEM. ALSO INDICATE WHETHER THERE IS AN ACTION PLAN THAT ENDEAVORS TO CORRECT OR MITIGATE THE WEAKNESSES OBSERVED.

The previous section F.5.1 indicates the procedure used by the Corporate Internal Audit Area to report assessments of aspects relating to internal control.

Communication with the external auditor is very frequent and fluid in the MAPFRE Group. Both at the beginning, during and at completion of work to review the company's annual accounts by the external auditors, planning, follow-up and coordination meetings are held and attended by the external auditors, internal auditors, General Counsel and the Corporate Finance and Resources Area. Additionally, on completion of the work a meeting is held with the Group Chief Internal Audit Officer to discuss the results and conclusions discussed. The external auditor attends the Audit and Compliance Committee when the agenda includes topics regarding the review of the annual and half-yearly accounts, their preliminary review, and whenever required on account of other issues.

F.6. OTHER RELEVANT INFORMATION.

There is no other relevant information about the ICFR that has not been included in this report.

F.7. EXTERNAL AUDITOR REPORT.

Indicate:

F.7.1 WHETHER THE ICFR INFORMATION SENT TO THE MARKETS HAS BEEN REVIEWED BY THE EXTERNAL AUDITOR. IF SO, THE COMPANY SHOULD ATTACH THE RELEVANT REPORT AS AN ANNEX. OTHERWISE, STATE THE REASONS.

The ICFR information has been reviewed by the external auditor, whose report is attached as an annex.

G. DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the extent to which the company follows the recommendations of the Code of Good Governance for listed companies.

In the event that any recommendation is not followed or is partially followed, a detailed explanation of the reasons should be included so that shareholders, investors and the market in general have enough information to assess the conduct of the company. No general explanations will be accepted.

1. THE BYLAWS OF LISTED COMPANIES SHOULD NOT PLACE A MAXIMUM LIMIT ON THE VOTES THAT CAN BE CAST BY A SINGLE SHAREHOLDER, OR IMPOSE OTHER OBSTACLES TO THE TAKEOVER OF THE COMPANY BY PURCHASING THEIR SHARES ON THE MARKET.

☒ Complies ☐ Explain

2. WHEN THE COMPANY IS CONTROLLED BY ANOTHER ENTITY WITHIN THE MEANING OF ARTICLE 42 OF THE COMMERCE CODE, LISTED OR OTHERWISE, AND HAS DIRECTLY OR THROUGH ITS SUBSIDIARIES, A BUSINESS RELATIONSHIP WITH SAID ENTITY OR ANY OF ITS SUBSIDIARIES (OTHER THAN THOSE OF THE LISTED COMPANY) OR IF IT UNDERTAKES ACTIVITIES RELATED TO THOSE OF ANY OF THEM, IT MAKES ACCURATE PUBLIC DISCLOSURE OF THESE REGARDING:

- a) The respective areas of activity and possible business relations between the Company or its subsidiaries on the one hand and the parent company or its subsidiaries on the other.
- b) The mechanisms in place to resolve possible conflicts of interest.

☐ Complies ☐ Complies in part ☐ Explain ☒ Not applicable

3. DURING THE ANNUAL GENERAL MEETING, IN ADDITION TO BROADCASTING THE ANNUAL CORPORATE GOVERNANCE REPORT, THE CHAIRMAN OF THE BOARD OF DIRECTORS MUST INFORM THE SHAREHOLDERS VERBALLY, IN SUFFICIENT DETAIL, OF THE MOST RELEVANT CORPORATE GOVERNANCE ASPECTS OF THE COMPANY AND, IN PARTICULAR:

- a) The changes that have occurred since the last Ordinary General Meeting.
- b) The specific reasons why the company does not follow any of the recommendations of the Corporate Governance Code and, if applicable, the alternative rules that it applies on these matters.

☒ Complies ☐ Complies in part ☐ Explain

4. THE COMPANY SHALL DEFINE AND PROMOTE A NEW POLICY ON COMMUNICATION AND CONTACT WITH SHAREHOLDERS AND INSTITUTIONAL INVESTORS AS PART OF THEIR ENGAGEMENT WITH THE COMPANY, AND WITH PROXY ADVISORS THAT IS FULLY RESPECTFUL OF THE RULES AGAINST MARKET ABUSE AND TREATS ALL SHAREHOLDERS IN THE SAME POSITION EQUALLY. THE COMPANY SHALL MAKE THIS POLICY PUBLIC THROUGH ITS WEBSITE, INCLUDING INFORMATION RELATING TO THE WAY IN WHICH IT HAS BEEN PUT INTO PRACTICE AND IDENTIFYING THE INTERLOCUTORS OR THOSE RESPONSIBLE FOR THIS HAPPENING.

And, without prejudice to legal obligations regarding the dissemination of privileged information and other regulated information, the company also has a general policy regarding the disclosure of financial and non-financial information and corporate information through the channels it deems appropriate (mass media, social media or other channels) that helps maximize the dissemination and quality of the information available to the market, investors and other stakeholders.

☒ Complies ☐ Complies in part ☐ Explain

5. AT THE GENERAL MEETING, THE BOARD OF DIRECTORS SHALL NOT PUT FORWARD A PROPOSAL FOR DELEGATING POWERS TO ISSUE SHARES OR CONVERTIBLE VALUES EXCLUDING THE RIGHT OF FIRST REFUSAL, FOR MORE THAN 20 PERCENT OF THE CAPITAL AT THE TIME OF DELEGATION.

When the Board of Directors approves any issuance of shares or convertible bonds, excluding the right of first refusal, the company shall publish the reports on this exclusion, referred to by corporate legislation, on its website immediately.

☒ Complies ☐ Complies in part ☐ Explain

6. THE LISTED COMPANIES THAT PREPARE THE REPORTS INDICATED BELOW, WHETHER ON A MANDATORY OR VOLUNTARY BASIS, SHALL PUBLISH THEM ON THEIR WEBSITE WITH SUFFICIENT NOTICE BEFORE THE ANNUAL GENERAL MEETING IS HELD, EVEN IF THEIR DISTRIBUTION IS NOT MANDATORY:

- a) Report on the independence of the auditor.
- b) Report on the operation of the Audit Committee and the Appointments and Remuneration Committee.
- c) Report of the Audit Committee on related operations.

☒ Complies ☐ Complies in part ☐ Explain

7. THE COMPANY SHALL BROADCAST THE ANNUAL GENERAL MEETING LIVE ON ITS WEBSITE.

And the company has mechanisms in place that allow for proxy voting and remote voting by telematic means and even, as a highly capitalized company and to the extent that this is proportionate, attendance and active participation in the General Meeting.

☒ Complies ☐ Complies in part ☐ Explain

8. THE AUDIT COMMITTEE ENSURES THAT THE FINANCIAL STATEMENTS THE BOARD OF DIRECTORS SUBMITS TO THE ANNUAL GENERAL MEETING ARE DRAWN UP IN ACCORDANCE WITH ACCOUNTING REGULATIONS. AND WHERE THE AUDITOR HAS INCLUDED IN THEIR AUDIT REPORT ANY EXCEPTION, THE CHAIRMAN OF THE AUDIT COMMITTEE CLEARLY EXPLAINS IN THE GENERAL MEETING THE AUDIT COMMITTEE’S OPINION ON ITS CONTENT AND SCOPE, AND MAKES A SUMMARY OF THAT OPINION AVAILABLE TO SHAREHOLDERS AT THE TIME OF PUBLICATION OF THE CALL OF THE MEETING, ALONG WITH THE BOARD’S OTHER PROPOSALS AND REPORTS.

☒ Complies ☐ Complies in part ☐ Explain

9. ON ITS WEBSITE, THE COMPANY SHALL MAKE PUBLICLY AND PERMANENTLY AVAILABLE THE REQUIREMENTS AND PROCEDURES THAT IT SHALL ACCEPT TO SUPPORT THE OWNERSHIP OF SHARES, THE RIGHT TO ATTEND THE ANNUAL GENERAL MEETING AND VOTING OR PROXY VOTING.

These requirements and procedures shall promote attendance and the exercising of rights of the shareholders and must be applied in a non-discriminatory manner.

☒ Complies ☐ Complies in part ☐ Explain

10. WHEN, PRIOR TO THE ANNUAL GENERAL MEETING, ANY ENTITLED SHAREHOLDER HAS EXERCISED THE RIGHT TO COMPLETE THE AGENDA OR PRESENT NEW PROPOSALS FOR RESOLUTION, THE COMPANY:

- a) Shall immediately broadcast these new and additional proposals for resolution.
- b) Shall publicize the model attendance card or proxy or distance vote form with the necessary modifications so that they can vote on the new points in the agenda and proposed alternatives for resolution in the same terms as those proposed by the board of directors.
- c) Shall submit all of those points and proposed alternatives to voting and apply the same voting rules as those set by the Board of Directors, including, in particular, the presumptions or inferences on how to vote.
- d) Following the Annual General Meeting, it shall communicate the breakdown of the vote on those additional points or proposed alternatives.

☐ Complies ☐ Complies in part ☐ Explain ☒ No aplicable

11. IF THE COMPANY PLANS TO PAY ATTENDANCE PREMIUMS FOR THE ANNUAL GENERAL MEETING, IT SHALL ESTABLISH A GENERAL POLICY ON THOSE PREMIUMS PREVIOUSLY AND THIS POLICY MUST BE PERMANENT.

☒ Complies ☐ Complies in part ☐ Explain ☐ No aplicable

12. THE BOARD OF DIRECTORS SHALL PERFORM ITS FUNCTIONS WITH A UNIFIED PURPOSE AND INDEPENDENT JUDGMENT, TREAT ALL SHAREHOLDERS IN THE SAME POSITION EQUALLY AND BE GUIDED BY CORPORATE INTEREST, UNDERSTOOD AS A PROFITABLE BUSINESS THAT IS SUSTAINABLE IN THE LONG TERM AND THAT PROMOTES THE CONTINUATION AND MAXIMIZATION OF THE ECONOMIC VALUE OF THE COMPANY.

In the pursuit of corporate interest, in addition to compliance with the laws and regulations and a behavior based on good faith, ethics and in compliance with the commonly accepted uses and best practices, it shall seek to reconcile, as appropriate, corporate interest with the legitimate interests of its employees, providers, clients and those of the other stakeholders that may be affected, as well as the impact of the company’s activities on the community as a whole and the environment.

☒ Complies ☐ Complies in part ☐ Explain

13. THE BOARD OF DIRECTORS SHALL BE OF THE REQUIRED SIZE TO PERMIT ITS EFFICIENT AND PARTICIPATORY OPERATION, MEANING THAT IT IS ADVISABLE FOR IT TO COMPRISE BETWEEN FIVE AND 15 MEMBERS.

☒ Complies ☐ Explain

14. THE BOARD OF DIRECTORS APPROVES A POLICY AIMED AT PROMOTING AN APPROPRIATE COMPOSITION OF THE BOARD OF DIRECTORS AND:

- a) It is specific and verifiable.
- b) It ensures that the appointment or reappointment proposals are based on a prior analysis of the required competencies of the board of directors;
- c) It promotes diversity of knowledge, experience, age and gender. For these purposes, working toward the company having a significant number of female senior executives is deemed to promote gender diversity.

The results of the prior analysis of the required competencies of the board of directors shall be included in the explanatory report of the appointments committee that is published when the Annual General Meeting is called, to which the ratification, appointment or reappointment of each board director is submitted.

The appointments committee shall verify the compliance with this board policy annually and shall inform on this in the annual corporate governance report.

☒ Complies ☐ Complies in part ☐ Explain

15. THE NOMINEE AND INDEPENDENT DIRECTORS SHALL CONSTITUTE A LARGE MAJORITY OF THE BOARD OF DIRECTORS, AND THE NUMBER OF EXECUTIVE DIRECTORS SHOULD BE THE MINIMUM REQUIRED TO DEAL WITH THE COMPLEXITY OF THE CORPORATE GROUP AND REFLECT THE PERCENTAGE OF SHARES HELD IN THE COMPANY BY THE EXECUTIVE DIRECTORS.

And the number of female board directors will account for at least 40% of members of the board of directors by the end of 2022 and thereafter, and remain above 30% until then.

☒ Complies ☐ Complies in part ☐ Explain

16. THE PERCENTAGE OF NOMINEE DIRECTORS OF THE TOTAL NUMBER OF NON-EXECUTIVE DIRECTORS SHOULD NOT BE GREATER THAN THE RATIO BETWEEN THE COMPANY CAPITAL REPRESENTED BY THESE DIRECTORS AND THE REST OF THE CAPITAL.

This criterion can be relaxed:

- a) In large cap companies where there are few equity stakes that are legally considered as significant.
- b) In companies with a plurality of shareholders represented on the Board of Directors who are not related.

☒ Complies ☐ Explain

17. INDEPENDENT DIRECTORS SHOULD ACCOUNT FOR AT LEAST HALF OF THE TOTAL NUMBER OF DIRECTORS.

However, when the company is not high cap, or when, even though it is, it has one or several shareholders acting in unison controlling more than 30 percent of the share capital, the number of independent directors should represent at least a third of all directors.

☒ Complies ☐ Explain

18. COMPANIES SHALL PUBLISH THE FOLLOWING DIRECTOR PARTICULARS ON THEIR WEBSITE AND KEEP THEM PERMANENTLY UPDATED:

-) Professional and biographical profile.
- b) Other boards to which they belong, whether or not listed companies, as well as other paid activities performed, whatever their nature.
- c) An indication as to whether the directorship is executive, indicating shareholder-nominated or independent; in the case of nominee directors, stating the shareholder they represent or to whom they are affiliated.
- d) The date of his/her first and subsequent appointments as a company director, as well as later reappointments.
- e) Company shares, and share options, of those which are held.

☒ Complies ☐ Complies in part ☐ Explain

19. THE ANNUAL CORPORATE GOVERNANCE REPORT, FOLLOWING VERIFICATION BY THE APPOINTMENTS COMMITTEE, SHALL DISCLOSE THE REASONS FOR THE APPOINTMENT OF NOMINEE BOARD DIRECTORS AT THE BEHEST OF SHAREHOLDERS CONTROLLING LESS THAN THREE PERCENT OF CAPITAL; AND IT SHOULD EXPLAIN ANY REJECTION OF A FORMAL REQUEST FOR A BOARD PLACE FROM SHAREHOLDERS WHOSE EQUITY STAKE IS EQUAL TO OR GREATER THAN THAT OF OTHERS APPOINTED FOR A NOMINEE DIRECTORSHIP.

☐ Complies ☐ Complies in part ☐ Explain ☒ No aplicable

20. NOMINEE DIRECTORS MUST RESIGN WHEN THE SHAREHOLDERS THEY REPRESENT TRANSFER THEIR OWNERSHIP INTEREST IN ITS ENTIRETY. IF SUCH SHAREHOLDERS REDUCE THEIR STAKES, THEREBY LOSING SOME OF THEIR ENTITLEMENT TO NOMINEE DIRECTORS, THE NUMBER OF SUCH NOMINEE DIRECTORS SHOULD BE REDUCED ACCORDINGLY.

☐ Complies ☐ Complies in part ☐ Explain ☒ No aplicable

21. THE BOARD OF DIRECTORS MUST NOT PROPOSE THE REMOVAL OF INDEPENDENT DIRECTORS BEFORE THE EXPIRY OF THEIR TERM IN OFFICE PURSUANT TO THE BYLAWS, EXCEPT WHERE DUE CAUSE IS FOUND BY THE BOARD OF DIRECTORS, BASED ON A REPORT FROM THE APPOINTMENTS COMMITTEE. IN PARTICULAR, IT MUST BE UNDERSTOOD THAT THERE IS JUST CAUSE WHEN THE DIRECTOR TAKES ON NEW POSITIONS OR CONTRACTS NEW OBLIGATIONS THAT PREVENT HIM/HER FROM DEVOTING THE NECESSARY TIME TO THE PERFORMANCE OF THE FUNCTIONS OF A DIRECTOR, FAILS TO COMPLY WITH THE WORK INHERENT TO HIS/HER POSITION OR IS INVOLVED IN ANY OF THE CIRCUMSTANCES THAT CAUSE THE LOSS OF HIS/HER INDEPENDENT STATUS, IN ACCORDANCE WITH THAT ESTABLISHED IN APPLICABLE LEGISLATION.

The removal of independent directors can also be proposed as a result of public takeover bid, merger or similar corporate actions that cause changes in the capital structure of the company, when these changes in the structure of the Board of Directors are supported by the proportionality criteria, indicated in recommendation 16.

☒ Complies ☐ Explain

22. COMPANIES SHALL ESTABLISH RULES OBLIGING BOARD DIRECTORS TO INFORM THE BOARD OF DIRECTORS OF ANY CIRCUMSTANCE THAT MIGHT UNDERMINE THE ORGANIZATION'S NAME OR REPUTATION, TENDERING THEIR RESIGNATION WHEN SITUATIONS ARISE AFFECTING THEM THAT ARE RELATED OR NOT TO THEIR CONDUCT IN THE COMPANY, WITH PARTICULAR MENTION OF ANY CRIMINAL CHARGES BROUGHT AGAINST THEM AND THE PROGRESS OF ANY SUBSEQUENT PROCEEDINGS.

And companies shall examine the case as soon as possible and decide, following a report from the appointments and remuneration committee, whether or not to take any measures such as the opening of an internal investigation, request the resignation of the director or propose their removal if the board has been informed or otherwise become aware of any of the situations mentioned in the preceding paragraph. Companies shall inform on such matters in the annual corporate governance report unless special circumstances exist that would justify their omission, where such circumstances should be recorded in the minutes. This is without prejudice to the information the company must disclose, if appropriate, when adopting due measures.

☒ Complies ☐ Complies in part ☐ Explain

23. THE DIRECTORS SHOULD CLEARLY EXPRESS THEIR OPPOSITION WHEN THEY CONSIDER THAT A RESOLUTION SUBMITTED TO THE BOARD OF DIRECTORS MAY GO AGAINST THE CORPORATE INTEREST. IN PARTICULAR, INDEPENDENT BOARD DIRECTORS AND OTHER BOARD DIRECTORS UNAFFECTED BY THE POTENTIAL CONFLICT OF INTEREST SHOULD CHALLENGE ANY DECISION THAT COULD GO AGAINST THE INTERESTS OF SHAREHOLDERS LACKING REPRESENTATION IN THE BOARD OF DIRECTORS.

When the board of directors adopts important or reiterated resolutions on issues about which a board director has expressed serious reservations, it must draw the pertinent conclusions. If chosen to resign, the reasons for this must be set out in the letter referred to in the following recommendation.

This recommendation should also apply to the secretary of the Board of Directors, even if the secretary is not a director.

☒ Complies ☐ Complies in part ☐ Explain ☐ No applicable

24. WHEN A BOARD DIRECTOR LEAVES THEIR POSITION PRIOR TO THE END OF THEIR TERM OF OFFICE, HE/SHE SHOULD ADEQUATELY EXPLAIN THE REASONS FOR THEIR RESIGNATION OR, IN THE CASE OF NON-EXECUTIVE DIRECTORS, THEIR OPINION OF THE REASONS FOR THE REMOVAL BY THE GENERAL MEETING IN A LETTER TO ALL THE MEMBERS OF THE BOARD OF DIRECTORS.

And the company shall publish as soon as possible the resignation, including sufficient explanation of the reasons or circumstances cited by the board director, without prejudice to provision of due explanations in the annual corporate governance report, in so far as the matter is significant to investors.

☒ Complies ☐ Complies in part ☐ Explain ☐ No applicable

25. THE APPOINTMENTS COMMITTEE MUST ENSURE THAT NON-EXECUTIVE BOARD DIRECTORS HAVE SUFFICIENT TIME AVAILABLE TO PERFORM THEIR FUNCTIONS CORRECTLY.

The Board regulations establish the maximum number of company directorships that can form part of their directors.

☒ Complies ☐ Complies in part ☐ Explain

26. THE BOARD OF DIRECTORS SHOULD MEET WITH THE NECESSARY FREQUENCY TO PERFORM ITS FUNCTIONS PROPERLY, AND AT LEAST EIGHT TIMES A YEAR, FOLLOWING THE SCHEDULE OF DATES AND MATTERS ESTABLISHED AT THE BEGINNING OF THE FISCAL YEAR, TO WHICH EACH BOARD DIRECTOR MAY PROPOSE THE ADDITION OF OTHER ITEMS INDIVIDUALLY.

☒ Complies ☐ Complies in part ☐ Explain

27. BOARD DIRECTORS SHOULD KEEP THEIR ABSENCES TO A BARE MINIMUM. ABSENCES SHOULD BE QUANTIFIED IN THE ANNUAL CORPORATE GOVERNANCE REPORT. WHEN THEY HAVE TO BE ABSENT, THEY SHOULD DELEGATE THEIR REPRESENTATION WITH INSTRUCTIONS.

☒ Complies ☐ Complies in part ☐ Explain

28. WHEN BOARD DIRECTORS OR THE COMPANY SECRETARY EXPRESS CONCERNS ABOUT A PROPOSAL OR, IN THE CASE OF BOARD DIRECTORS, ABOUT THE COMPANY'S PERFORMANCE, AND SUCH CONCERNS ARE NOT RESOLVED BY THE BOARD OF DIRECTORS, THE PERSON EXPRESSING THEM MAY REQUEST THAT THEY BE RECORDED IN THE MINUTES.

☒ Complies ☐ Complies in part ☐ Explain ☐ No applicable

29. THE COMPANY MUST ESTABLISH THE APPROPRIATE CHANNELS FOR THE DIRECTORS TO OBTAIN PRECISE ADVICE FOR THE FULFILLMENT OF THEIR FUNCTIONS, INCLUDING, IF THE CIRCUMSTANCES DEMAND IT, EXTERNAL ADVICE AT THE COMPANY'S EXPENSE.

☒ Complies ☐ Complies in part ☐ Explain

30. IRRESPECTIVE OF THE KNOWLEDGE DEMANDED OF THE DIRECTORS TO PERFORM THEIR FUNCTIONS, COMPANIES ALSO OFFER REFRESHER PROGRAMS, WHEN THE CIRCUMSTANCES SO ADVISE.

☒ Complies ☐ Complies in part ☐ Explain

31. THE AGENDA OF THE SESSIONS MUST CLEARLY INDICATE THE POINTS ABOUT WHICH THE BOARD OF DIRECTORS MUST MAKE A DECISION OR A RESOLUTION THAT ENABLES THE DIRECTORS TO STUDY OR PREVIOUSLY OBTAIN THE INFORMATION REQUIRED FOR THIS TO TAKE PLACE.

When, in exceptional circumstances, as a matter of urgency, the board director wishes to submit decisions or resolutions that are not part of the agenda to the board of directors, prior and express consent must be obtained from the directors present, which must be duly recorded in the minutes.

☒ Complies ☐ Complies in part ☐ Explain

32. THE BOARD DIRECTORS MUST BE INFORMED PERIODICALLY ON THE TRANSACTIONS OF THE SHAREHOLDERS AND THE OPINIONS THAT THE SIGNIFICANT SHAREHOLDERS, INVESTORS AND RATINGS AGENCIES HAVE ON THE COMPANY AND GROUP.

☒ Complies ☐ Complies in part ☐ Explain

33. THE CHAIRMAN, AS THE PERSON RESPONSIBLE FOR THE EFFECTIVE FUNCTIONING OF THE BOARD OF DIRECTORS, IN ADDITION TO EXERCISING THE FUNCTIONS THAT HE HAS BEEN LEGALLY AND STATUTORILY ASSIGNED, MUST PREPARE AND SUBMIT TO THE BOARD OF DIRECTORS A PROGRAM OF DATES AND MATTERS TO BE DISCUSSED; ORGANIZE AND COORDINATE THE PERIODIC EVALUATION OF THE BOARD, AS WELL AS, WHERE APPROPRIATE, THAT OF THE COMPANY'S CHIEF EXECUTIVE; AND MUST BE RESPONSIBLE FOR THE MANAGEMENT OF THE BOARD AND THE EFFECTIVENESS OF ITS OPERATION; AND MUST ENSURE THAT SUFFICIENT DISCUSSION TIME IS DEVOTED TO STRATEGIC ISSUES, AND AGREE AND REVIEW REFRESHER PROGRAMS FOR EACH BOARD DIRECTOR, WHEN THE CIRCUMSTANCES SO DICTATE.

☒ Complies ☐ Complies in part ☐ Explain

34. WHEN THERE IS A LEAD DIRECTOR, THE BYLAWS OR REGULATIONS OF THE BOARD OF DIRECTORS, AS WELL AS THE POWERS THAT ARE LEGALLY ENTITLED, HE/SHE IS ASSIGNED THE FOLLOWING: TO CHAIR THE BOARD OF DIRECTORS IN THE ABSENCE OF THE CHAIRMAN AND VICE CHAIRMEN, IF APPLICABLE, VOICE THE CONCERNS OF THE NON-EXECUTIVE DIRECTORS, MAINTAIN CONTACT WITH INVESTORS AND SHAREHOLDERS TO BE AWARE OF THEIR POINTS OF VIEW IN ORDER TO FORM AN OPINION ON THEIR CONCERNS, PARTICULARLY IN RELATION TO THE CORPORATE GOVERNANCE OF THE COMPANY, AND COORDINATE THE SUCCESSION OF THE CHAIRMAN.

☐ Complies ☒ Complies in part ☐ Explain ☐ No applicable

The company complies with the entire recommendation, except with respect to assigning the lead director with the power to chair the Board of Directors in the absence of the Chairman, to maintain contact with investors and shareholders, and to coordinate the succession of the Chairman. The Regulations of the Board of Directors assigns the Lead Director the powers to request the Board of Directors to be convened, or the inclusion of new points in the agenda from a Board meeting already convened, coordinate and bring together the non-executive directors and, if required, direct the periodic evaluation of the Chairman of the Board of Directors.

In accordance with the Board of Directors Regulations, in the absence of the Chairman and Vice Chairmen, the oldest director is called upon to chair the meeting. However, the Lead Director is also the Second Vice Chair of the Board and, accordingly, is entrusted with chairing meetings in the absence of the Chairman and the First Vice Chairman.

With respect to relationships with shareholders and investors, Article 21 of the Board of Directors Regulations establishes that the Board of Directors is responsible for establishing and supervising appropriate communications and relations mechanisms with shareholders and investors, establishing the pertinent communications channels in the Policy for Communication of Financial, Non-Financial and Corporate Information with Shareholders, Institutional Investors and Proxy Advisors. The company considers that this configuration ensures better and more efficient coordination of the company's relationships with its investors and shareholders.

Finally, the Board of Directors' Regulations assign the Appointments and Remuneration Committee the power to examine and organize the succession of the Chairman of the Board, as established in Article 529 of the Companies Act.

35. THE SECRETARY OF THE BOARD OF DIRECTORS SHOULD IN PARTICULAR ENSURE THAT BOARD OF DIRECTORS HAS THE RECOMMENDATIONS ON GOOD GOVERNANCE AT HAND DURING ITS ACTIONS AND DECISIONS APPLICABLE TO THE COMPANY. THESE ARE CONTAINED IN THIS CODE OF GOOD GOVERNANCE.

☒ Complies ☐ Explain

36. THE BOARD OF DIRECTORS SHOULD EVALUATE AND ADOPT AN ACTION PLAN IN FULL ONCE A YEAR, IF APPLICABLE, THAT CORRECTS THE WEAKNESSES DETECTED, IN RELATION TO:

- a) The quality and efficiency of the operational aspects of the board of directors.
- b) The operational aspects and composition of its committees.
- c) The diversity in the composition and responsibilities of the Board of Directors.
- d) The performance of the Chairman of the Board of Directors and the chief executive of the company.
- e) The performance and contribution of each director, paying special attention to those responsible for the different board committees.

The various committees are evaluated on the basis of the report that they present to the Board of Directors, and for the latter, on the report presented to the Appointments Committee.

Every three years, the board of directors shall be assisted by an external advisor to perform the evaluation, the independence of whom shall be verified by the appointments committee.

The business relationships maintained by the advisor or any company in its group with the company or any company in its Group must be indicated in the Annual Corporate Governance Report.

The process and the areas evaluated must be described in the Annual Corporate Governance Report.

☒ Complies ☐ Complies in part ☐ Explain

37. WHEN THERE IS AN EXECUTIVE COMMITTEE, THERE MUST BE AT LEAST TWO NON-EXECUTIVE MEMBERS, AT LEAST ONE OF WHOM SHOULD BE INDEPENDENT; AND ITS SECRETARY SHOULD BE THE SECRETARY OF THE BOARD OF DIRECTORS.

☒ Complies ☐ Complies in part ☐ Explain ☐ No applicable

38. THE BOARD OF DIRECTORS SHOULD BE KEPT FULLY INFORMED OF THE MATTERS DISCUSSED AND RESOLUTIONS ADOPTED BY THE EXECUTIVE COMMITTEE. TO THIS END, ALL MEMBERS OF THE BOARD OF DIRECTORS SHOULD RECEIVE A COPY OF THE EXECUTIVE COMMITTEE'S MINUTES.

☒ Complies ☐ Complies in part ☐ Explain ☐ No applicable

39. MEMBERS OF THE AUDIT COMMITTEE, PARTICULARLY ITS CHAIRMAN, SHOULD BE APPOINTED WITH REGARD TO THEIR FINANCIAL AND NON-FINANCIAL KNOWLEDGE AND EXPERIENCE IN ACCOUNTING, AUDITING AND RISK MANAGEMENT MATTERS.

☒ Complies ☐ Complies in part ☐ Explain

40. UNDER THE SUPERVISION OF THE AUDIT COMMITTEE, THERE SHOULD BE A UNIT THAT ASSUMES THE INTERNAL AUDIT FUNCTION THAT ENSURES THE PROPER PERFORMANCE OF THE INFORMATION AND INTERNAL CONTROL SYSTEMS, AND FUNCTIONALLY OPERATES UNDER THE NON-EXECUTIVE DIRECTOR OF THE BOARD OR THE AUDIT COMMITTEE.

☒ Complies ☐ Complies in part ☐ Explain

41. THE HEAD OF THE UNIT HANDLING THE INTERNAL AUDIT FUNCTION SHOULD PRESENT AN ANNUAL WORK PROGRAM TO THE AUDIT COMMITTEE, FOR APPROVAL BY THIS COMMITTEE OR THE BOARD, INFORM IT DIRECTLY OF ANY INCIDENTS OR SCOPE LIMITATIONS ARISING DURING ITS IMPLEMENTATION, THE RESULTS AND MONITORING OF ITS RECOMMENDATIONS, AND SUBMIT AN ACTIVITIES REPORT AT THE END OF EACH YEAR.

☒ Complies ☐ Complies in part ☐ Explain ☐ No applicable

42. IN ADDITION TO THE PROVISIONS OF THE LAW, THE AUDIT COMMITTEE HAS THE FOLLOWING FUNCTIONS:

1. In relation to the information and internal control systems:

a) To monitor and evaluate the preparation process and the integrity of the financial and non-financial information, as well as the control and management systems for financial and non-financial risks related to the company and, where appropriate, to the group – including operating, technological, legal, social, environmental, political and reputational risks or those related to corruption – reviewing compliance with regulatory requirements, the accurate demarcation of the consolidation perimeter, and the correct application of accounting principles.

b) To monitor the independence of the unit handling the internal audit function; propose the selection, appointment and removal of the head of the internal audit service; propose the service’s budget; approve or make a proposal for approval to the board of the priorities and annual work program of the internal audit unit, ensuring that it focuses primarily on the main risks the company is exposed to (including reputational risk); receive regular report-backs on its activities; and verify that senior management are acting on the findings and recommendations of its reports.

c) To establish and supervise a mechanism that allows employees and other persons related to the company, such as directors, shareholders, suppliers, contractors or subcontractors, to report irregularities of potential significance, including financial and accounting irregularities, or those of any other nature, related to the company, that they notice within the company or its group. This mechanism must guarantee confidentiality and enable communications to be made anonymously, respecting the rights of both the complainant and the accused party.

d) To ensure in general that the internal control policies and systems established are effectively implemented in practice.

2. With respect to the external auditor:

a) Should the external auditor resign, to examine the circumstances leading to the resignation.

b) To ensure that the remuneration of the external auditor for his/her work does not compromise his/her quality or independence.

c) To ensure that the company notifies any change of external auditor through the CNMV, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons for the same.

d) To ensure that the external auditor holds an annual plenary meeting of the Board of Directors to inform them about the work performed, the accounting situation and any risks to the company.

e) To ensure that the company and the external auditor respect the prevailing standards on the provision of services other than auditing, the limits on the concentration of the auditor’s business and, in general, other standards established to guarantee auditors’ independence.

☒ Complies ☐ Complies in part ☐ Explain

43. THE AUDIT COMMITTEE CAN SUMMON ANY COMPANY EMPLOYEE OR EXECUTIVE, EVEN ORDERING THEIR APPEARANCE WITHOUT THE PRESENCE OF ANOTHER EXECUTIVE.

☒ Complies ☐ Complies in part ☐ Explain

44. THE AUDIT COMMITTEE MUST BE INFORMED OF ANY CORPORATE AND STRUCTURAL MODIFICATIONS WHICH THE COMPANY PLANS TO MAKE SO THAT, IN ADVANCE OF THE NEXT BOARD OF DIRECTORS MEETING, THE COMMITTEE CAN ANALYZE THESE MODIFICATIONS AND DRAW UP A REPORT ABOUT ANY ECONOMIC CONDITIONS AND ACCOUNTING IMPACT, PARTICULARLY AS REGARDS THE PROPOSED EXCHANGE RATIO.

☒ Complies ☐ Complies in part ☐ Explain ☐ No applicable

45. RISK CONTROL AND MANAGEMENT POLICY SHOULD IDENTIFY OR ESTABLISH AT LEAST:

a) The different types of financial and non-financial risk the company is exposed to (including operational, technological, financial, legal, social, environmental, political and reputational risks, and risks relating to corruption), with the inclusion under financial or economic risks of contingent liabilities and other off-balance-sheet risks.

b) A risk control and management model based on different levels, of which a specialized risk committee will form part when sector regulations provide or the company deems it appropriate.

c) The level of risk that the company considers acceptable.

d) The measures established to mitigate the impact of the risks identified, should they materialize.

e) The internal oversight and reporting systems that will be used to control and manage these risks, including contingent liabilities and off-balance-sheet risks.

☒ Complies ☐ Complies in part ☐ Explain

46. UNDER THE DIRECT SUPERVISION OF THE AUDIT COMMITTEE, OR, IF APPLICABLE, A SPECIALIZED COMMITTEE OF THE BOARD OF DIRECTORS, THERE SHOULD BE AN INTERNAL RISK CONTROL AND MANAGEMENT FUNCTION PERFORMED BY A UNIT OR DEPARTMENT WITHIN THE COMPANY THAT IS EXPRESSLY ASSIGNED THE FOLLOWING FUNCTIONS:

a) To ensure that the risk control and management systems function properly and, in particular, that they identify, manage and quantify all the significant risks that affect the company.

b) To actively participate in the development of the risk strategy and important decisions regarding its management.

c) Ensure that the risk control and management systems are mitigating risks effectively in the frame of the policy drawn up by the board of directors.

☒ Complies ☐ Complies in part ☐ Explain

47. THE MEMBERS APPOINTED TO THE APPOINTMENTS AND REMUNERATION COMMITTEE—OR THE APPOINTMENTS COMMITTEE AND REMUNERATION COMMITTEE IF SEPARATE—MUST HAVE THE KNOWLEDGE, SKILLS AND EXPERIENCE APPROPRIATE FOR THE FUNCTIONS THAT THEY ARE CALLED TO FULFILL. THE MAJORITY OF THESE MEMBERS SHOULD BE INDEPENDENT DIRECTORS.

☒ Complies ☐ Complies in part ☐ Explain

48. THE LARGE CAP COMPANIES HAVE A SEPARATE APPOINTMENTS COMMITTEE AND A REMUNERATION COMMITTEE.

☐ Complies ☒ Explain ☐ No applicable

The company considers the issues regarding appointments and remuneration to be closely related, and it is therefore seen as appropriate for them to be analyzed by the same committee.

49. THE APPOINTMENTS AND REMUNERATION COMMITTEE MUST CONSULT WITH THE CHAIRMAN OF THE BOARD OF DIRECTORS AND THE CHIEF EXECUTIVE, PARTICULARLY WITH RESPECT TO MATTERS RELATING TO EXECUTIVE BOARD DIRECTORS.

Any Board member may ask the Appointments Committee to take into consideration any candidates he/she deems suitable to fill a director vacancy.

☒ Complies ☐ Complies in part ☐ Explain

50. THE REMUNERATION COMMITTEE MUST PERFORM ITS FUNCTIONS INDEPENDENTLY AND, IN ADDITION TO THE FUNCTIONS ASSIGNED BY LAW, THE FOLLOWING ONES

- a) To propose the basic conditions for the contracts of the top executives to the Board of Directors.
- b) To check compliance with the remuneration policy set by the company.
- c) To periodically review the compensation policy applicable to directors and top executives, including remuneration systems with shares and their application, as well as to guarantee that individual remuneration is proportional to that paid to the rest of the directors and top executives of the company.
- d) To ensure that possible conflicts of interest do not compromise the independence of the external advice provided to the committee.
- e) To check the information on remuneration of board directors and top executives contained in the different corporate documents, included in the annual report on the remuneration of board directors.

☒ Complies ☐ Complies in part ☐ Explain

51. THE REMUNERATION COMMITTEE MUST CONSULT WITH THE COMPANY CHAIRMAN AND CEO, ESPECIALLY WITH RESPECT TO MATTERS RELATED TO EXECUTIVE DIRECTORS AND SENIOR MANAGERS.

☒ Complies ☐ Complies in part ☐ Explain

52. THE RULES GOVERNING THE COMPOSITION AND OPERATION OF THE SUPERVISION AND CONTROL COMMITTEES MUST BE INCLUDED IN THE REGULATIONS OF THE BOARD OF DIRECTORS AND BE CONSISTENT WITH THOSE APPLICABLE TO LEGALLY OBLIGED COMMITTEES IN LINE WITH THE PREVIOUS RECOMMENDATIONS, INCLUDING:

- a) They are formed exclusively of non-executive directors, with a majority of independent directors.
- b) Their chairmen are independent directors.
- c) The board should appoint the members of such committees with regard to the knowledge, skills and experience of its directors and each committee’s terms of reference; discuss their proposals and reports; and provide report-backs on their activities and work at the first board plenary following each committee meeting.
- d) The committees may engage external advice when it is considered necessary for the performance of their functions.
- e) Minutes must be taken at their meetings and made available to all directors.

☒ Complies ☐ Complies in part ☐ Explain ☐ No aplicable

53. THE TASK OF SUPERVISING COMPLIANCE WITH THE POLICIES AND RULES OF THE COMPANY IN THE ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE AREAS, AND INTERNAL RULES OF CONDUCT, SHOULD BE ASSIGNED TO ONE BOARD COMMITTEE OR SPLIT BETWEEN SEVERAL, WHICH COULD BE THE AUDIT COMMITTEE, THE NOMINATION COMMITTEE, A COMMITTEE SPECIALIZED IN SUSTAINABILITY OR CORPORATE SOCIAL RESPONSIBILITY, OR A DEDICATED COMMITTEE ESTABLISHED BY THE BOARD UNDER ITS POWERS OF SELF-ORGANIZATION. SUCH A COMMITTEE SHOULD BE MADE UP SOLELY OF NON-EXECUTIVE DIRECTORS, THE MAJORITY BEING INDEPENDENT AND SPECIFICALLY ASSIGNED THE FOLLOWING MINIMUM FUNCTIONS.

☐ Complies ☒ Complies in part ☐ Explain

The Audit and Compliance Committee of MAPFRE is expressly responsible for monitoring compliance with the Company’s policies and rules in corporate governance and with the internal codes of conduct.

With regard to monitoring of compliance with policies in rules in environmental and social matters, the company has a Corporate Sustainability Committee. This permanent internal body has executive functions and is responsible, among other things, for approving the Sustainability strategy and proposing specific actions, objectives and deadlines. In accordance with the Corporate Social Responsibility Policy, this Committee reports annually to the MAPFRE S.A. Board of Directors and/or to the delegate body of this that is competent in this respect, on the degree of compliance with the Corporate Sustainability Policy and Strategy.

54. THE MINIMUM FUNCTIONS REFERRED TO IN THE PREVIOUS RECOMMENDATION ARE AS FOLLOWS:

- a) To monitor compliance with the company’s internal codes of conduct and corporate governance rules, and ensure that the corporate culture is aligned with its purpose and values.
- b) To monitor the implementation of the general policy regarding the disclosure of economic-financial, non-financial and corporate information, as well as communication with shareholders and investors, proxy advisors and other stakeholders. Similarly, the way in which the entity communicates and relates with small and medium-sized shareholders should be monitored.
- c) To periodically evaluate and review the company’s corporate governance system and environmental and social policy, in order to confirm that they fulfilling their mission to promote the corporate interest and catering, as appropriate, to the legitimate interests of other stakeholders.
- d) To ensure that the company’s environmental and social practices are in accordance with the established strategy and policy.
- e) To oversee and evaluate the relational processes with other stakeholders.

☐ Complies ☒ Complies in part ☐ Explain

Functions a) and c) are under the express responsibility of the Audit and Compliance Committee, where function c) relates to the periodic evaluation and review of the corporate governance system.

As indicated in recommendation 34), the Board of Directors itself is responsible for establishing and supervising appropriate communication mechanisms and relations with shareholders and investors and, therefore, it performs the indicated functions b) and e).

Lastly, as indicated in recommendation 53 above, the Corporate Sustainability performs functions c) and d) in environmental and social matters. In addition, the Board of Directors is responsible for determining the Company’s Corporate Social Responsibility Policy, in accordance with Article 2 of the Regulations of the Board of Directors.

55. ENVIRONMENTAL AND SOCIAL SUSTAINABILITY POLICIES SHOULD IDENTIFY AND INCLUDE AT LEAST:

- a) The principles, commitments, objectives and strategy regarding shareholders, employees, clients, suppliers, social welfare issues, the environment, diversity, fiscal responsibility, respect for human rights and the prevention of corruption and other illegal conducts
- b) The methods or systems for monitoring compliance with policies, associated risks and their management.
- c) The mechanisms for overseeing non-financial risk, including that related to ethical aspects and business conduct.
- d) Channels of communication, participation and dialog with stakeholders.
- e) Responsible communication practices that prevent the manipulation of information and protect honor and integrity.

☒Complies ☐Complies in part ☐Explain

56. THE REMUNERATION OF DIRECTORS MUST BE SUFFICIENT TO ATTRACT AND RETAIN BOARD DIRECTORS FROM THE DESIRED PROFILE AND REWARD THE COMMITMENT, QUALIFICATION AND RESPONSIBILITY DEMANDED BY THE POSITION, BUT NOT SO HIGH THAT THE INDEPENDENCE OF CRITERIA FOR NONEXECUTIVE BOARD DIRECTORS IS COMPROMISED.

☒Complies ☐Explain

57. THE EXECUTIVE DIRECTORS MUST RECEIVE THE VARIABLE REMUNERATION RELATING TO THE PERFORMANCE OF THE COMPANY AND THEIR INDIVIDUAL PERFORMANCE, AS WELL AS REMUNERATION IN THE FORM OF SHARES, OPTIONS OR RIGHTS ON SHARES AND INSTRUMENTS REFERENCED TO THE SHARE VALUE AND LONG-TERM SAVING SYSTEMS SUCH AS PENSION PLANS, RETIREMENT SYSTEMS OR OTHER SOCIAL PROTECTION SYSTEMS.

The delivery of shares shall be considered as remuneration for non-executive directors on condition that the shares are held for the duration of the directorship. This does not apply to the shares that a director needs to transfer, if necessary, to meet the costs related to their acquisition.

☒Complies ☐Complies in part ☐Explain

58. IN THE CASE OF VARIABLE REMUNERATION, THE COMPENSATION POLICIES MUST INCLUDE THE LIMITS AND SPECIFIC TECHNICAL SAFEGUARDS TO ENSURE THAT THE REMUNERATION REFLECTS THE PROFESSIONAL PERFORMANCE OF THE BENEFICIARIES AND NOT SIMPLY THE GENERAL PROGRESS OF THE MARKETS, THE COMPANY SECTOR OR SIMILAR CIRCUMSTANCES.

In particular, the variable components of the remuneration:

- a) Are linked to performance criteria that are predetermined and measureable, and these criteria must take into account the risk accepted for achieving a result.
- b) Promote the sustainability of the company and include non-financial criteria that are suitable for creating long-term value, such as compliance with the internal rules and procedures of the company and its policies for risk control and management.
- c) These are established on the basis of a balance between the fulfillment of short-, medium- and long-term objectives that allow remuneration of performance for continued performance over a sufficient period of time for its contribution to the sustainable creation of value to be appreciated, so that the elements of measurement of that performance do not revolve solely around specific, occasional or extraordinary events.

☒Complies ☐Complies in part ☐Explain ☐No applicable

59. THE PAYMENT OF THE VARIABLE COMPONENTS OF REMUNERATION IS SUBJECT TO SUFFICIENT VERIFICATION THAT PREVIOUSLY ESTABLISHED PERFORMANCE, OR OTHER, CONDITIONS HAVE BEEN EFFECTIVELY MET. ENTITIES SHOULD INCLUDE IN THEIR ANNUAL DIRECTORS’ REMUNERATION REPORT THE CRITERIA RELATING TO THE TIME REQUIRED AND METHODS FOR SUCH VERIFICATION, DEPENDING ON THE NATURE AND CHARACTERISTICS OF EACH VARIABLE COMPONENT.

Additionally, entities should consider establishing a reduction clause ('malus') based on deferral for a sufficient period of the payment of part of the variable components that implies total or partial loss of this remuneration in the event that prior to the time of payment an event occurs that makes this advisable.

☒Complies ☐Complies in part ☐Explain ☐No applicable

60. REMUNERATION LINKED TO THE COMPANY’S RESULTS TAKES INTO ACCOUNT ANY RESERVATIONS THAT ARE MENTIONED IN THE EXTERNAL AUDITOR’S REPORT AND MAY COMPROMISE THE RESULTS.

☒Complies ☐Complies in part ☐Explain ☐No applicable

61. A SIGNIFICANT PERCENTAGE OF THE VARIABLE REMUNERATION OF THE EXECUTIVE BOARD DIRECTORS IS LINKED TO THE DELIVERY OF SHARES OR FINANCIAL INSTRUMENTS REFERENCED TO THE SHARE VALUE.

☒Complies ☐Complies in part ☐Explain ☐No applicable

62. FOLLOWING THE AWARD OF SHARES, OPTIONS OR FINANCIAL INSTRUMENTS CORRESPONDING TO THE REMUNERATION SCHEMES, EXECUTIVE DIRECTORS SHOULD NOT BE ABLE TO TRANSFER THEIR OWNERSHIP OR EXERCISE THEM UNTIL A PERIOD OF AT LEAST THREE YEARS HAS ELAPSED.

Except for the case in which the director maintains, at the time of the transfer or exercise, a net economic exposure to the variation in the price of the shares for a market value equivalent to an amount of at least twice his or her fixed annual remuneration through the ownership of shares, options or other financial instruments.

The foregoing shall not apply to the shares that the director needs to dispose of to meet the costs related to their acquisition or, upon favorable assessment of the nomination and remuneration committee to address an extraordinary situation.

☐Complies ☐Complies in part ☒Explain ☐No applicable

In 2019, the Board of Directors of MAPFRE S.A., at the behest of the Appointments and Remuneration Committee, approved the Medium-Term Incentives Plan 2019-2021, which is extraordinary, non-binding and multi-annual. The period of evaluation of the degree of attainment of the objectives of the Plan runs from January 1, 2019 to December 31, 2021, where the executive directors take part in their capacity as senior executives.

The incentive will partly be paid in cash and partly by means of MAPFRE S.A. shares. The receipt of 60 percent of the incentive by each executive board director will be deferred for a period of three years, in thirds, with 50 percent of the deferred part paid in cash and the remaining 50 percent in shares. The Plan includes the obligation for the shares to be kept for a maximum period of two years, starting from the payment date.

63. THE CONTRACTUAL AGREEMENTS INCLUDE A CLAUSE THAT ALLOWS THE COMPANY TO DEMAND RE-PAYMENT OF VARIABLE COMPONENTS OF REMUNERATION WHEN PAYMENT HAS NOT BEEN ADJUSTED TO THE PERFORMANCE CONDITIONS OR WHEN IT HAS BEEN AWARDED ON THE BASIS OF DATA WHICH IS SUBSEQUENTLY SHOWN TO BE INCORRECT.

☒Complies ☐Complies in part ☐Explain ☐No applicable

64. TERMINATION PAYMENTS SHOULD NOT EXCEED A FIXED AMOUNT EQUIVALENT TO TWO YEARS OF THE DIRECTOR’S TOTAL ANNUAL REMUNERATION AND SHOULD NOT BE PAID UNTIL THE COMPANY CONFIRMS THAT HE OR SHE HAS MET THE PREDETERMINED CRITERIA FOR RECEIVING THEM.

For the purposes of this recommendation, payments for contractual termination include any payments whose accrual or payment obligation arises as a consequence of or on the occasion of the termination of the contractual relationship that linked the director with the company, including previously unvested amounts for long-term savings schemes and the amounts paid under postcontractual non-compete agreements.

☐Complies ☒Complies in part ☐Explain ☐No applicable

For external directors, there is no compensation for leaving the position.

Regarding executive directors, leaving the position means lifting the suspension of the relationship prior to the appointment as executive director.

The early termination of the previous relationship (prior, in all cases, to the approval of the Code of Good Governance for listed companies), except when there is good cause for dismissal, implies indemnification under the terms established by the workers’ statute in relation to unfair dismissal.

H. OTHER USEFUL INFORMATION

1. IF THERE IS ANY RELEVANT ASPECT REGARDING CORPORATE GOVERNANCE IN THE COMPANY OR IN THE GROUP COMPANIES THAT HAS NOT BEEN COVERED IN THE REMAINING SECTIONS OF THIS REPORT, BUT THAT SHOULD BE INCLUDED IN ORDER TO PROVIDE MORE COMPLETE AND EXPLANATORY INFORMATION ABOUT THE STRUCTURE AND GOVERNANCE PRACTICES OF THE COMPANY OR GROUP, PLEASE PROVIDE A BRIEF EXPLANATION HERE.

2. THIS SECTION MAY ALSO INCLUDE ANY OTHER RELEVANT INFORMATION, CLARIFICATION OR DETAIL RELATED TO PREVIOUS SECTIONS OF THE REPORT SO LONG AS THEY ARE RELEVANT AND NOT REPETITIVE.

Specifically, indicate whether the company is subject to the corporate governance legislation of any country other than Spain and, if so, include the compulsory information to be provided when different from that required by this report.

3. THE COMPANY MAY ALSO INDICATE IF IT HAS VOLUNTARILY ADHERED TO OTHER CODES OF ETHICAL PRINCIPLES OR BEST PRACTICES, INTERNATIONAL, SECTORAL OR OF ANOTHER SCOPE. IF APPLICABLE, THE CODE IN QUESTION AND THE DATE OF ACCESSION WILL BE IDENTIFIED. IN PARTICULAR, IT SHALL MENTION WHETHER IT HAS ADHERED TO THE CODE OF BEST TAXATION PRACTICES, DATED JULY 20, 2010.

CONTINUATION OF SECTION C.2.1

Audit and Compliance Committee

The Committee is made up of a minimum of three and a maximum of five members, all of which must be non-executive, and the majority of which must be independent directors, one of which must be designated based on his or her knowledge and experience in the area of accounting or auditing or both. Overall, the members of the Committee should have the pertinent technical knowledge in relation to the company’s sector of activity. Its Chairman must be an Independent Board Director and they must be substituted in this position every four years, and may be reelected to the position one year after leaving it. The secretary of this Committee will be the secretary to the Board of Directors. The Internal Audit General Manager of the Group shall attend the meetings as a guest.

In 2020 the Audit and Compliance Committee was responsible for, among other things, issuing an opinion on the Annual Accounts for fiscal year 2019, supervising the efficacy of the Company’s internal control, supervising the information of the Company and its Group in the framework of Solvency II, supervising the internal audit and the risk management systems of the Company and the Group, reporting on transactions with significant shareholders and senior management, approving extra fees from the External Auditor, reporting on the relationship with the External Auditor, being familiar with appointments in Internal Audit and being familiar with the quarterly financial information presented to the National Securities and Exchange Commission, and ensuring the correct application within the company and Group of the good governance rules and external and internal regulations.

For more information, please check the Report on the Composition and Functioning of the Committee during fiscal year 2020, available on the Company’s website, which is made available to shareholders for the General Meeting.

CONTINUATION OF SECTION E.3

3. Strategic and Corporate Governance Risks

The ethical principles applied to business management, whose strict application is considered as the most effective action to mitigate this type of risk, have been a constant in MAPFRE and are part of its bylaws and daily work.

MAPFRE’s global dimension and its presence in markets with very different corporate governance regulations suggest the need for basic regulations that contain the institutional and governance principles applicable to all of them. In order to standardize the business culture, the Board of Directors of MAPFRE S.A., on June 24, 2015, approved the “Institutional, Business and Organizational Principles of the MAPFRE Group” which, along with the Code of Ethics and Conduct and the Policy of Corporate Governance constitute the minimum framework binding on all companies that make up MAPFRE and their respective governing bodies.

Together with the foregoing, also of note are the Corporate Fiscal Policy, the Corporate Social Responsibility Policy, the Internal Code of Conduct relating to listed securities issued by MAPFRE, and the Policy of Conflicts of Interest and Operations Linked to Significant Shareholders and Senior Roles of Representation and Management.

To reinforce the strict application of the ethical principles of business management and the corporate values set forth in these standards, MAPFRE has a corporate structure and executive organization that is determined by high and rigorous control and supervision at all levels: local, regional and global.

To ensure compliance and monitoring of any possible irregularities, MAPFRE has established two channels for consultation and communication of complaints, which are accessible to employees:

- Financial and Accounting Whistleblower Channel, through which MAPFRE Group employees, as well as board directors, shareholders, providers, contractors and subcontractors can confidentially and, if they wish, anonymously report any potentially significant financial and accounting irregularities observed within the company or its Group to the Audit and Compliance Committee of MAPFRE S.A.
- Ethical queries and complaints. The Code of Ethics specifies three communication channels: via the website, which can be accessed in Spanish, English, Portuguese and Turkish by employees and providers; by post; or by email. To guarantee confidentiality, the secretary of the Ethics Committee receives queries and complaints directly.

During 2020, the Ethics Committee has received, through the different channels, 3 complaints that were analyzed and dismissed by the Ethics Committee. No complaints have been received by suppliers. The Audit and Compliance Committee did not receive any complaints through the above channels.

Following the publication in October 2019 in some digital news media about a complaint of alleged irregular actions by MAPFRE in Brazil in 2009/2010 in relation to its alliance with Banco do Brasil, an exhaustive internal investigation process was initiated, which has now concluded without producing any evidence or indication that could prove any irregularity. Additionally, despite the time that has elapsed since first publication, the Company has not received any additional related notification, nor has it received any notification or request from the competent administrative or judicial authorities in relation to the aforementioned alleged actions.

Additionally, the Criminal Risk Prevention Model approved in April 2017 by the Board of Directors of MAPFRE S.A. establishes the basis of the Criminal Risk Prevention System adopted by MAPFRE, providing the organization with a supervisory model to prevent the commission of crimes that may be attributed to the companies. This model is used to raise awareness on the types of criminal risks to which entities are exposed, and to establish the methodology for the management and evaluation of the controls implemented to prevent or mitigate potential crimes. The Criminal Risk Prevention Model applies to MAPFRE's legal representatives, its associates, its executives, its employees and all the other persons who are under the authority or control of the above-mentioned persons or who work in their area of management, supervision, vigilance or control.

4. Operational Risks

Operational risks are identified and assessed through the risk control model, which is based on a dynamic analysis of each company process by process, in which the managers of each area or department assess the potential risks that affect their activities and the effectiveness of the controls related to each process. This control is conducted using risk self-evaluation questionnaires, internal control manuals, inventory of controls associated with risks, assessment of their effectiveness, and the corrective measures in place to mitigate or reduce the risks and/or improve the control environment.

With respect to tax risks, the performance of the Group in the field of taxation has always been dominated by compliance with current tax legislation in the territories in which it operates, which constitutes a practical application of the institutional principle of ethically and socially responsible taxation. The risks are handled internally in each jurisdiction by the Administration and Tax Affairs departments, subcontracting tax consulting services with the leading companies in the sector whenever required.

Since July 22, 2010, the company has adhered to and complies with the Code of Best Taxation Practices approved and sponsored by the Forum for Large Companies and the Spanish Tax Agency.

This annual report on corporate governance was approved by the company's Board of Directors at its meeting of: 10/02/2021

Indicate whether any board directors voted against the report or abstained.

☐ Yes ☒ No



MAPFRE, S.A.

Auditor’s Report on the “Information concerning the System of Internal Control over Financial Reporting (ICFR)” of MAPFRE, S.A. for 2020

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)



KPMG Auditores, S.L.
Paseo de la Castellana, 259 C
28046 Madrid

Auditor's Report on the “Information concerning the System of Internal Control over Financial Reporting (ICFR)” of MAPFRE, S.A. for 2020

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

To the Directors of MAPFRE, S.A.

As requested by the Board of Directors of MAPFRE, S.A. (the “Company”) and in accordance with our proposal letter dated 3rd February 2021, we have applied certain procedures to the “Information concerning the ICFR” attached in section F of the Annual Corporate Governance Report of MAPFRE, S.A. for 2020, which summarises the Company's internal control procedures for annual financial reporting.

Directors are responsible for adopting appropriate measures to reasonably ensure the implementation, maintenance and oversight of an adequate system of internal control, the development of improvements to that system and the preparation and definition of the content of the information concerning the ICFR attached.

In this respect, it should be borne in mind that irrespective of the quality of the design and operation of the internal control system adopted by the Company in relation to annual financial reporting, the system may only provide reasonable, but not absolute assurance in relation to the objectives pursued, due to the limitations inherent in any internal control system.

In the course of our audit work on the annual accounts and in accordance with Technical Auditing Standards, our evaluation of the Company's internal control was solely aimed at enabling us to establish the scope, nature and timing of the audit procedures on the Company's annual accounts. Consequently, the scope of our evaluation of the internal control, performed for the purposes of the audit of accounts, was not sufficient to enable us to issue a specific opinion on the efficiency of this internal control over regulated annual financial reporting.

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Paseo de la Castellana, 259C 28046 Madrid

Entered into the Spanish Official Register of Auditors with number S0702, and the Spanish Institute of Registered Auditors' list of companies with reference No. 10. Reg. Mer Madrid, T. 11.961, F. 90, Sec. 8, H. M.-188.007, Inscrip. 9
Tax identification number (NIF): B-78510153



For the purposes of issuing this report, we have applied only the specific procedures described below and set out in the Guidelines for preparing the auditor's report on the information on the system of internal control over financial reporting of listed entities, published on the website of the Spanish National Securities Market Commission (CNMV), which defines the work to be performed, the minimum scope of the work and the content of this report. As the scope of the work resulting from these procedures is in any event limited and substantially less than that of an audit or review of the internal control system, we do not express an opinion on its effectiveness or design or operational efficiency, with respect to the Company's annual financial reporting for 2020 described in the attached Information concerning the ICFR. Consequently, had additional procedures other than those defined in the aforementioned Guidelines been applied, or an audit or review been performed of the internal control system in relation to regulated annual financial reporting, other events or matters could have been identified, which would have been reported to you.

Moreover, as this special engagement does not constitute an audit of accounts nor is it subject to prevailing legislation regulating the audit of accounts in Spain, we do not express an audit opinion in the terms envisaged in such legislation.

The procedures applied were as follows:

1. Reading and understanding of the information prepared by the Company in relation to the ICFR – disclosures included in the directors' report – and evaluation of whether it covers all the information required, taking into account the minimum content described in Section F, concerning the description of the ICFR, the Annual Corporate Governance Report model set out in Spanish National Securities Market Commission (CNMV) Circular 5/2013 of 12 June 2013, subsequently amended by CNMV Circular 7/2015 of 22 December 2015, CNMV Circular 2/2018 of 12 June 2018 and Circular 1/2020 of 6 October 2020 (hereinafter, the CNMV Circulars).
2. Inquiries of personnel responsible for preparing the information detailed in point 1 above in order to: (i) gain an understanding of the preparation process; (ii) obtain information that allows us to assess whether the terminology used conforms to the definitions contained in the reference framework; (iii) obtain information on whether the control procedures described are in place and operational in the Company.
3. Review of explanatory documentation supporting the information detailed in point 1 above, and which will mainly include that made directly available to those responsible for preparing the descriptive information on the ICFR. This documentation includes reports prepared by internal audit, senior management and other internal or external specialists supporting the audit committee.
4. Comparison of the information detailed in point 1 above with the understanding of the Company's ICFR gained as a result of the procedures performed within the framework of the audit work on the annual accounts.
5. Reading of the minutes of the meetings of the Board of Directors, Audit and Compliance Committee and other committees of the Company for the purposes of assessing the consistency of the matters discussed at these meetings in relation to the ICFR with the information detailed in point 1 above.
6. Procurement of a representation letter concerning the work performed, duly signed by those responsible for preparing and drawing up the information detailed in point 1 above.

As a result of the procedures applied to the Information concerning the ICFR, no inconsistencies or incidents have come to light that could affect it.



This report has been prepared exclusively in the context of the requirements established in article 540 of the Revised Spanish Companies Act and the CNMV Circulars for the purposes of the description of the ICFR in Annual Corporate Governance Reports.

KPMG Auditores, S.L.

(Signed on original in Spanish)
Jorge Segovia Delgado

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**Consolidated
Annual Accounts
2020**

A

Consolidated balance sheet

A) CONSOLIDATED BALANCE SHEET AS ON DECEMBER 31, 2020 AND 2019

Assets	Notes	2020	2019
A) INTANGIBLE ASSETS	6.1	2,780.1	3,300.1
I. Goodwill	6.1	1,409.8	1,773.2
II. Other intangible assets	6.1	1,370.3	1,526.9
B) PROPERTY, PLANT AND EQUIPMENT	6.2	1,279.3	1,377.1
I. Real estate for own use	6.2	1,040.4	1,111.6
II. Other property, plant and equipment	6.2	238.9	265.5
C) INVESTMENTS		38,931.4	47,363.3
I. Real estate investments	6.2	1,199.5	1,323.4
II. Financial investments			
1. Held-to-maturity portfolio	6.4	1,584.4	1,973.4
2. Available-for-sale portfolio	6.4	30,100.7	37,085.2
3. Trading portfolio	6.4	4,826.0	5,937.3
III. Investments recorded by applying the equity method		336.4	207.8
IV. Deposits established for accepted reinsurance		652.2	543.7
V. Other investments		232.2	292.5
D) INVESTMENTS ON BEHALF OF LIFE INSURANCE POLICYHOLDERS BEARING THE INVESTMENT RISK	6.5	2,502.4	2,510.2
E) INVENTORIES		49.5	60.5
F) PARTICIPATION OF REINSURANCE IN TECHNICAL PROVISIONS	6.13	5,378.6	6,386.1
G) DEFERRED TAX ASSETS	6.20	221.7	307.0
H) RECEIVABLES	6.6	5,359.1	6,069.4
I. Receivables on direct insurance and co-insurance operations	6.6	3,477.3	3,945.1
II. Receivables on reinsurance operations	6.6	1,012.2	934.3
TI. Tax receivables			
1. Tax on profits receivable	6.20	181.6	245.5
2. Other tax receivables		149.9	163.7
IV. Corporate and other receivables	6.6	538.1	780.8
V. Shareholders, called capital		–	–
I) CASH		2,418.9	2,537.5
J) ACCRUAL ADJUSTMENTS	5.11	1,908.7	2,217.3
K) OTHER ASSETS		163.4	117.2
L) NON-CURRENT ASSETS HELD FOR SALE AND FROM DISCONTINUED OPERATIONS	6.9	8,159.5	264.2
TOTAL ASSETS		69,152.6	72,509.9

Figures in million euros.

A) CONSOLIDATED BALANCE SHEET AS ON DECEMBER 31, 2020 AND 2019

Equity and liabilities	Notes	2020	2019
A) EQUITY	6.10	9,837.8	10,106.1
I. Paid-up capital	6.10	308.0	308.0
II. Share premium		1,506.7	1,506.7
III. Reserves		7,057.2	6,915.6
IV. Interim dividend	4.2	(154.0)	(184.8)
V. Treasury Stock	6.10	(63.4)	(63.8)
VI. Result for the period attributable to controlling company	4.1	526.5	609.2
VII. Other equity instruments	6.21	–	–
VIII. Valuation change adjustments	6.10	1,270.7	1,003.7
IX. Currency conversion differences	6.22	(1,915.7)	(1,240.2)
Equity attributable to the controlling company's shareholders		8,536.0	8,854.4
Non-controlling interests		1,301.8	1,251.7
B) SUBORDINATED LIABILITIES	6.11	1,121.6	1,121.1
C) TECHNICAL PROVISIONS	6.13	39,190.2	48,521.4
I. Provisions for unearned premiums and unexpired risks	6.13	7,195.3	8,243.3
II. Provisions for life insurance	6.13	19,588.9	26,584.1
III. Provision for outstanding claims	6.13	11,210.5	12,624.1
IV. Other technical provisions	6.13	1,195.5	1,069.9
D) TECHNICAL PROVISIONS FOR LIFE INSURANCE WHERE POLICYHOLDERS BEAR THE INVESTMENT RISK	6.13	2,502.4	2,510.2
E) PROVISIONS FOR RISKS AND EXPENSES	6.14	582.6	709.3
F) DEPOSITS RECEIVED ON CEDED AND RETROCEDED REINSURANCE	6.15	71.6	68.1
G) DEFERRED TAX LIABILITIES	6.20	670.6	703.1
H) DEBT	6.16	7,593.4	8,319.0
I. Issue of debentures and other negotiable securities	6.12	1,005.6	1,004.8
II. Due to credit institutions	6.12	866.4	847.8
III. Other financial liabilities	6.12	1,596.7	1,913.1
IV. Due on direct insurance and co-insurance operations		951.0	928.1
V. Due on reinsurance operations	6.16	1,305.9	1,541.1
VI. Tax liabilities			–
1. Tax on profits to be paid	6.20	58.5	101.2
2. Other tax liabilities	6.16	246.6	358.2
VII. Other debts	6.16	1,562.7	1,624.7
I) ACCRUAL ADJUSTMENTS	5.11	318.6	315.9
J) LIABILITIES LINKED TO NON-CURRENT ASSETS HELD FOR SALE AND FROM DISCONTINUED OPERATIONS	6.9	7,263.9	135.8
TOTAL EQUITY AND LIABILITIES		69,152.6	72,509.9

Figures in million euros.

B

Consolidated statement of income and comprehensive income

B) CONSOLIDATED STATEMENT OF INCOME AND COMPREHENSIVE INCOME FOR YEARS ENDING DECEMBER 31, 2020 AND 2019

B.1) CONSOLIDATED INCOME STATEMENT

Item	Notes	2020	2019
I) REVENUE FROM INSURANCE BUSINESS			
1. Premiums earned, net			
a) Written premiums, direct insurance	7.A.2	16,767.3	19,538.8
b) Premiums from accepted reinsurance	7.A.2	3,714.9	3,505.2
c) Premiums from ceded reinsurance	6.19	(3,648.4)	(4,137.4)
d) Variations in provisions for unearned premiums and unexpired risks			
Direct insurance	6.13	179.1	(402.5)
Accepted reinsurance	6.13	(130.6)	281.9
Ceded reinsurance	6.19	(180.8)	386.9
2. Share in profits from equity-accounted companies		6.9	8.0
3. Revenue from investments			
a) From operations	6.17	2,059.2	2,763.2
b) From equity	6.17	167.1	231.1
4. Gains on investments on behalf of life insurance policyholders bearing the investment risk	6.5	137.8	233.0
5. Other technical revenue		66.2	68.6
6. Other non-technical revenue		61.8	60.5
7. Positive foreign exchange differences	6.22	2,042.9	1,589.2
8. Reversal of the asset impairment provision	6.7	27.6	28.3
TOTAL REVENUE FROM INSURANCE BUSINESS		21,271.0	24,154.8

Figures in million euros.

Item	Notes	2020	2019
II) EXPENSES FROM INSURANCE BUSINESS			
1. Incurred claims for the year, net			
a) Claims paid and variation in provision for claims, net			
Direct insurance	5.15	(10,667.8)	(12,584.1)
Accepted reinsurance	5.15	(2,288.6)	(2,721.5)
Ceded reinsurance	6.19	1,835.4	2,475.6
b) Claims-related expenses	6.18	(775.3)	(814.5)
2. Variation in other technical provisions, net	5.15	341.8	(1,009.1)
3. Profit sharing and returned premiums		(50.1)	(46.0)
4. Net operating expenses			
a) Acquisition expenses	6.18	(4,610.2)	(5,020.1)
b) Administration expenses	6.18	(746.8)	(723.9)
c) Commissions and participation in reinsurance	6.19	669.9	635.8
5. Share in losses from equity-accounted companies		(1.8)	—
6. Investment expenses			
a) From operations	6.17	(799.4)	(711.4)
b) From equity and financial accounts	6.17	(51.0)	(81.2)
7. Losses on investments on behalf of life insurance policyholders bearing the investment risk	6.5	(210.1)	(54.9)
8. Other technical expenses	6.18	(205.0)	(155.1)
9. Other non-technical expenses	6.18	(145.7)	(165.2)
10. Negative foreign exchange differences	6.22	(2,018.5)	(1,589.5)
11. Allowance to the asset impairment provision	6.7	(210.9)	(55.9)
TOTAL EXPENSES FROM INSURANCE BUSINESS		(19,934.1)	(22,621.0)
RESULT FROM THE INSURANCE BUSINESS		1,336.9	1,533.8

Figures in million euros.

Item	Notes	2020	2019
III) OTHER ACTIVITIES			
1. Operating revenue		295.3	385.3
2. Operating expenses	6.18	(437.0)	(515.7)
3. Net financial income			
a) Financial income	6.17	59.5	47.7
b) Financial expenses	6.17	(94.6)	(88.2)
Results from non-controlling interests			
a) Share in profits from equity-accounted companies		7.0	4.5
b) Share in losses from equity-accounted companies		–	–
5. Reversal of asset impairment provision	6.7	5.9	9.0
6. Allowance to the asset impairment provision	6.7	(40.6)	(75.4)
7. Result from the disposal of non-current assets classified as held for sale, not included in discontinued operations		-	-
RESULT FROM OTHER ACTIVITIES		(204.5)	(232.8)
IV) RESULT ON RESTATEMENT OF FINANCIAL ACCOUNTS	3.3	(13.9)	(21.7)
V) RESULT BEFORE TAX FROM ONGOING OPERATIONS		1,118.5	1,279.3
VI) TAX ON PROFIT FROM ONGOING OPERATIONS	6.20	(297.8)	(324.0)
VII) RESULT AFTER TAX FROM ONGOING OPERATIONS		820.7	955.3
VIII) RESULT AFTER TAX FROM DISCONTINUED OPERATIONS		–	–
IX) RESULT FOR THE PERIOD		820.7	955.3
Attributable to non-controlling interests	6.25	294.1	346.0
Attributable to the controlling company	4.1	526.5	609.2
EARNINGS PER SHARE (EUROS)			
Basic	4.1	0.17	0.20
Diluted	4.1	0.17	0.20

Figures in million euros.

B.2) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Item	Notes	2020	2019
A) CONSOLIDATED RESULT FOR THE YEAR		820.7	955.3
B) OTHER COMPREHENSIVE INCOME – HEADINGS NOT RECLASSIFIED TO RESULTS		-	-
C) OTHER COMPREHENSIVE INCOME – HEADINGS THAT CAN BE RECLASSIFIED SUBSEQUENT TO RESULTS		(593.0)	767.9
1. Financial assets available for sale	6.4		
a) Valuation gains (losses)		820.9	2,519.9
b) Amounts transferred to the income statement		(120.4)	(440.2)
c) Other reclassifications		(0.8)	0.1
2. Currency conversion differences	2.4 y 6.22		
a) Valuation gains (losses)		(843.2)	18.4
b) Amounts transferred to the income statement		(0.2)	0.3
c) Other reclassifications		0.2	1.0
3. Shadow accounting			
a) Valuation gains (losses)	6.13	(402.8)	(1,353.0)
b) Amounts transferred to the income statement		45.5	258.3
c) Other reclassifications		-	-
4. Equity-accounted entities			
a) Valuation gains (losses)		(0.6)	–
b) Amounts transferred to the income statement		–	0.1
c) Other reclassifications		–	–
5. Other recognized revenue and expenses		(8.0)	(5.1)
6. Tax on profits		(83.6)	(231.9)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR (A+B+C)		227.7	1,723.2
1. Atribuible a la sociedad dominante		118.0	1,345.5
2. Atribuible a participaciones no dominantes		109.7	377.7

Figures in million euros.

C

Consolidated statement of changes in equity

C) CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS ON DECEMBER 31, 2020 AND 2019

Item	Notes	Equity attributable to controlling company					Equity attributable to controlling company						Non-Controlling interests	Total equity
		Shareholders' equity					Shareholders' equity							
		Share capital	Share premium	Reserves	Interim Dividend	Treasury stock	Result for the year Attributable to Controlling company	Other equity instruments	Valuation Change adjustments	Currency conversion differences				
OPENING BALANCE AS ON JANUARY 1, 2019		308.0	1,506.7	6,323.6	(184.8)	(48.3)	528.9	4.5	293.1	(737.9)	1,203.8	9,197.6		
1. Changes in accounting policies	2.4	—	—	519.6	—	—	—	—	—	(528.0)	(4.7)	(13.1)		
2. Correction of errors		—	—	—	—	—	—	—	—	—	—	—		
ADJUSTED BALANCE AS ON JANUARY 1, 2019		308.0	1,506.7	6,843.2	(184.8)	(48.3)	528.9	4.5	293.1	(1,265.9)	1,199.1	9,184.5		
I. TOTAL COMPREHENSIVE REVENUE (EXPENSES)		—	—	—	—	—	609.2	—	710.6	25.7	377.7	1,723.2		
II. OPERATIONS WITH THE CONTROLLING COMPANY'S SHAREHOLDERS AND NONCONTROLLING INTERESTS		—	—	(260.8)	(184.8)	(15.6)	—	—	—	—	(332.9)	(794.1)		
1. Capital increases (decreases)		—	—	—	—	—	—	—	—	—	2.1	2.1		
2. Distribution of dividends	4.2 & 6.25	—	—	(261.6)	(184.8)	—	—	—	—	—	(401.2)	(847.6)		
3. Increases (decreases) from business combinations	6.24	—	—	—	—	—	—	—	—	—	61.8	61.8		
4. Other operations with the controlling company's shareholders and non-controlling interests		—	—	(0.1)	—	—	—	—	—	—	4.4	4.3		
5. Operations with treasury stock and own shares	6.10	—	—	0.9	—	(15.6)	—	—	—	—	—	(14.7)		
III. OTHER VARIATIONS IN EQUITY		—	—	333.2	184.8	—	(528.9)	(4.5)	—	—	7.9	(7.5)		
1. Transfers among equity items		—	—	344.1	184.8	—	(528.9)	—	—	—	—	—		
2. Other variations		—	—	(10.9)	—	—	—	(4.5)	—	—	7.9	(7.5)		
CLOSING BALANCE AS ON DECEMBER 31, 2019		308.0	1,506.7	6,915.6	(184.8)	(63.8)	609.2	—	1,003.7	(1,240.2)	1,251.7	10,106.1		

Figures in million euros.

		Equity attributable to controlling company				Equity attributable to controlling company						
		Shareholders' equity				Shareholders' equity						
Item	Notes	Share capital	Share premium	Reserves	Interim Dividend	Treasury stock	Result for the year Attributable to Controlling company	Other equity instruments	Valuation Change adjustments	Currency conversion differences	Non-Controlling interests	Total equity
OPENING BALANCE AS ON JANUARY 1, 2020		308.0	1,506.7	6,915.6	(184.8)	(63.8)	609.2	–	1,003.7	(1,240.2)	1,251.7	10,106.1
1. Changes in accounting policies		–	–	–	–	–	–	–	–	–	–	–
2. Correction of errors		–	–	–	–	–	–	–	–	–	–	–
ADJUSTED BALANCE AS ON JANUARY 1, 2020		308.0	1,506.7	6,915.6	(184.8)	(63.8)	609.2	–	1,003.7	(1,240.2)	1,251.7	10,106.1
I. TOTAL COMPREHENSIVE REVENUE (EXPENSES)		–	–	–	–	–	526.5	–	267.0	(675.5)	109.7	227.7
II. OPERATIONS WITH THE CONTROLLING COMPANY'S SHAREHOLDERS AND NONCONTROLLING INTERESTS		–	–	(261.7)	(154.0)	0.4	–	–	–	–	(65.0)	(480.3)
1. Capital increases (decreases)		–	–	–	–	–	–	–	–	–	8.3	8.3
2. Distribution of dividends	4.2 & 6.25	–	–	(261.6)	(154.0)	–	–	–	–	–	(244.0)	(659.6)
3. Increases (decreases) from business combinations	6.24	–	–	–	–	–	–	–	–	–	116.1	116.1
4. Other operations with the controlling company's shareholders and non-controlling interests		–	–	–	–	–	–	–	–	–	54.6	54.6
5. Operations with treasury stock and own shares	6.10	–	–	(0.1)	–	0.4	–	–	–	–	–	0.3
III. OTHER VARIATIONS IN EQUITY		–	–	403.3	184.8	–	(609.2)	–	–	–	5.4	(15.7)
1. Transfers among equity items		–	–	424.4	184.8	–	(609.2)	–	–	–	–	–
2. Other variations		–	–	(21.1)	–	–	–	–	–	–	5.4	(15.7)
CLOSING BALANCE AS ON DECEMBER 31, 2020		308.0	1,506.7	7,057.2	(154.0)	(63.4)	526.5	–	1,270.7	(1,915.7)	1,301.8	9,837.8

Figures in million euros.

D

Consolidated cash flow statement

D) CONSOLIDATED CASH FLOW STATEMENT FOR YEARS ENDING DECEMBER 31, 2020 AND 2019

Item	Notes	2020	2019
1. Insurance activity:		48.6	642.2
Cash received from insurance activity		21,865.6	25,380.4
Cash payments from insurance activity		(21,817.0)	(24,738.2)
2. Other operating activities:		(346.2)	(248.0)
Cash received from other operating activities		360.4	400.0
Cash payments from other operating activities		(706.6)	(648.0)
3. Receipt (payment) of income tax		(298.4)	(430.8)
NET CASH FLOWS FROM OPERATING ACTIVITIES		(596.0)	(36.6)
1. Proceeds from investment activities:		22,548.7	23,985.2
Property, plant and equipment		66.3	8.3
Real estate investments		22.3	35.5
Intangible fixed assets		0.4	1.2
Financial instruments		19,393.0	20,038.1
Equity instruments		1,941.2	2,659.8
Controlled companies and other business units	6.8	50.3	17.4
Interest collected		959.9	1,071.1
Dividends collected		68.8	120.9
Other proceeds related to investment activities		46.5	32.9
2. Payments from investment activities:		(21,369.5)	(22,918.2)
Property, plant and equipment	6.2	(42.9)	(69.5)
Real estate investments	6.2	(25.6)	(12.8)
Intangible fixed assets		(245.5)	(202.1)
Financial instruments		(18,747.9)	(19,303.6)
Equity instruments		(2,192.8)	(3,131.2)
Controlled companies and other business units	6.8 & 6.24	(83.4)	(175.8)
Other payments related to investment activities		(31.4)	(23.2)

Figures in million euros.

Item	Notes	2020	2019
NET CASH FLOWS FROM INVESTMENT ACTIVITIES		1,179.2	1,067.0
1. Proceeds from financing activities		703.2	819.2
Subordinated liabilities		–	–
Proceeds from issuing of equity instruments and capital increases		8.2	2.1
Proceeds from sale of treasury stock	6,10	0.3	4.2
Other proceeds related to financing activities		694.7	812.9
2. Payments from financing activities		(1,273.2)	(1,511.7)
Dividends paid to shareholders		(658.4)	(844.1)
Interest paid		(73.6)	(69.8)
Subordinated liabilities		–	–
Payments on return of shareholders' contributions		–	–
Purchase of treasury stock	6,10	–	(18.9)
Other payments related to financing activities	6,8	(541.2)	(578.9)
NET CASH FLOW FROM FINANCING ACTIVITIES		(570.0)	(692.5)
Conversion differences in cash flow and cash balances		(131.7)	(1.9)
NET INCREASE/(DECREASE) IN CASH FLOW		(118.5)	336.0
OPENING CASH BALANCE		2,537.5	2,201.4
CLOSING CASH BALANCE		2,418.9	2,537.5

Figures in million euros.

E

Financial information by segment

E) FINANCIAL INFORMATION BY SEGMENT - CONSOLIDATED INCOME STATEMENT FOR YEAR ENDING DECEMBER 31, 2020

Item	IBERIA	LATAM NORTH	LATAM SOUTH	BRAZIL	NORTH AMERICA	EURASIA	ASISTENCIA	GLOBAL RISKS	REINSURANCE	CORPORATE AREAS AND CONSOLIDATION ADJUSTMENTS	TOTAL
I. REVENUE FROM INSURANCE BUSINESS											
1. Premiums earned, net											
a) Written premiums, direct insurance	6,979.1	1,564.9	1,443.1	3,085.4	2,060.8	1,462.1	165.5	–	–	6.3	16,767.3
b) Premiums from accepted reinsurance	19.8	9.7	7.4	–	37.0	21.3	453.4	1,255.8	4,430.7	(2,520.2)	3,714.9
c) Premiums from ceded reinsurance	(889.5)	(449.8)	(683.0)	(602.9)	(552.3)	(406.2)	(170.0)	(1,048.7)	(1,364.4)	2,518.4	(3,648.4)
d) Variations in provisions for unearned premiums and unexpired risks, net											
Direct insurance	(6.2)	229.8	(19.4)	(207.7)	76.9	34.7	75.4	–	–	(4.4)	179.1
Accepted reinsurance	(1.8)	0.5	(0.9)	–	2.2	1.0	5.3	(29.9)	(112.1)	5.1	(130.6)
Ceded reinsurance	7.7	(235.8)	10.4	53.8	(11.4)	(15.0)	(26.7)	28.6	11.5	(3.9)	(180.8)
2. Share in profits from equity-accounted companies	6.8	–	–	–	–	0.6	–	–	–	(0.5)	6.9
3. Revenues from investments											
From operations	1,272.9	70.9	133.5	138.8	72.5	199.3	6.8	16.1	155.7	(7.2)	2,059.2
From equity	66.4	10.3	9.1	3.5	58.4	21.0	–	–	0.1	(1.7)	167.1
4. Unrealized gains on investments on behalf of life insurance policyholders bearing the investment risk	104.7	9.4	0.1	23.2	–	0.5	–	–	–	(0.1)	137.8
5. Other technical revenue	26.2	1.1	25.8	0.1	10.2	2.9	–	–	0.1	(0.2)	66.2
6. Other non-technical revenue	55.7	0.4	1.5	0.2	–	3.9	–	–	0.1	–	61.8
7. Positive foreign exchange differences	18.4	21.6	6.6	15.4	–	25.8	0.2	1,530.0	412.9	12.1	2,042.9
8. Reversal of the asset impairment provision	12.0	–	15.6	–	–	–	–	0.3	(0.3)	–	27.6
TOTAL REVENUE FROM INSURANCE BUSINESS	7,672.4	1,233.0	949.8	2,509.6	1,754.4	1,351.9	509.9	1,752.2	3,534.2	3.6	21,271.0

Figures in million euros.

Item	IBERIA	LATAM NORTH	LATAM SOUTH	BRAZIL	NORTH AMERICA	EURASIA	ASISTENCIA	GLOBAL RISKS	REINSURANCE	CORPORATE AREAS AND CONSOLIDATION ADJUSTMENTS	TOTAL
II. EXPENSES FROM INSURANCE BUSINESS											
1. Incurred claims for the financial year, net											
a) Claims paid and variation in provision for outstanding claims, net											
Direct insurance	(5,583.1)	(872.1)	(725.0)	(1,277.4)	(1,162.8)	(964.7)	(80.0)	–	–	(3.0)	(10,667.8)
Accepted reinsurance	(10.4)	(8.3)	(0.5)	–	(10.4)	(16.7)	(178.9)	(732.8)	(2,755.8)	1,425.1	(2,288.6)
Ceded reinsurance	657.5	222.3	334.1	321.0	293.0	175.6	62.7	587.1	606.8	(1,424.7)	1,835.4
b) Claims-related expenses	(387.6)	(18.1)	(32.1)	(46.3)	(167.6)	(48.4)	(73.9)	–	(0.8)	(0.4)	(775.3)
2. Variation in other technical provisions, net	613.6	(95.0)	(51.6)	(89.4)	(0.4)	(38.0)	–	–	2.6	–	341.8
3. Profit sharing and returned premiums	(33.0)	(14.2)	–	(0.8)	–	(2.2)	–	–	–	–	(50.1)
4. Net operating expenses											
a) Acquisition expenses	(1,193.8)	(273.1)	(345.8)	(919.9)	(495.4)	(310.7)	(262.3)	(136.0)	(1,212.1)	538.9	(4,610.2)
b) Administration expenses	(155.1)	(67.7)	(53.3)	(137.0)	(183.5)	(119.0)	(19.5)	–	(17.3)	5.6	(746.8)
c) Commissions and participation in reinsurance	161.0	68.4	84.2	73.3	141.8	194.6	71.2	90.1	324.6	(539.1)	669.9
5.Share in losses from equity-accounted companies	(22.7)	–	–	–	–	–	–	–	–	20.9	(1.8)
6. Investment expenses											
a) From operations	(502.7)	(22.7)	(12.7)	(51.2)	(22.1)	(121.0)	(2.5)	(8.7)	(58.6)	2.7	(799.4)
b) From equity and financial accounts	(39.2)	(0.9)	(1.6)	–	(8.7)	(0.2)	–	–	(0.4)	(0.1)	(51.0)
7. Unrealized losses on investments on account of life insurance policyholders bearing investment risk	(194.9)	(1.0)	–	(14.2)	–	–	–	–	–	–	(210.1)
8. Other technical expenses	(138.7)	(14.2)	(23.6)	(0.9)	–	(10.8)	(14.4)	(0.3)	(2.3)	0.1	(205.0)
9. Other non-technical expenses	(128.7)	(0.8)	(2.9)	(0.1)	(8.6)	(3.9)	–	–	(7.9)	7.3	(145.7)
10. Negative foreign exchange differences	(26.6)	(19.0)	(10.7)	–	–	(14.8)	(3.2)	(1,531.4)	(410.2)	(2.7)	(2,018.5)
11. Allowance to the asset impairment provision	(14.3)	–	(17.2)	–	(32.7)	(11.3)	–	–	(0.6)	(134.8)	(210.9)
TOTAL EXPENSES FROM INSURANCE BUSINESS	(6,998.6)	(1,116.5)	(858.6)	(2,142.9)	(1,657.3)	(1,291.5)	(500.6)	(1,732.0)	(3,531.9)	(104.3)	(19,934.1)
RESULT FROM THE INSURANCE BUSINESS	673.8	116.4	91.2	366.7	97.2	60.5	9.3	20.2	2.3	(100.7)	1,336.9

Figures in million euros.

Item	IBERIA	LATAM NORTH	LATAM SOUTH	BRAZIL	NORTH AMERICA	EURASIA	ASISTENCIA	GLOBAL RISKS	REINSURANCE	CORPORATE AREAS AND CONSOLIDATION ADJUSTMENTS	TOTAL
III. OTHER ACTIVITIES											
1. Operating revenue	234.5	8.9	8.1	8.8	0.9	2.0	90.7	–	–	(58.7)	295.3
2. Operating expenses	(205.3)	(8.2)	(7.2)	(11.4)	(3.3)	(2.8)	(121.1)	–	–	(77.7)	(437.0)
3. Net financial income											
a) Financial income	10.5	1.3	1.3	6.8	0.1	0.1	6.6	–	–	32.9	59.5
b) Financial expenses	(2.7)	(3.9)	(0.1)	(1.4)	(0.1)	–	(7.5)	–	–	(79.0)	(94.6)
4. Result from non-controlling interests											
a) Share in profits from equity-accounted companies	–	–	–	–	–	–	–	–	–	6.9	6.9
b) Share in losses from equity-accounted companies	–	–	–	–	–	–	–	–	–	–	–
5. Reversal of asset impairment provision	1.3	–	–	–	–	–	–	–	–	4.6	5.9
6. Allowance to the asset impairment provision	(2.0)	–	–	–	–	–	–	–	–	(38.6)	(40.6)
7. Result from the disposal of non-current assets classified as held for sale, not included in discontinued operations	–	–	–	–	–	–	–	–	–	–	–
RESULT FROM OTHER ACTIVITIES	36.4	(1.9)	2.1	2.8	(2.4)	(0.7)	(31.3)	–	–	(209.5)	(204.5)
IV. RESULT ON RESTATEMENT OF FINANCIAL ACCOUNTS	–	–	(8.7)	–	–	–	(0.5)	–	–	(4.7)	(13.9)
V. RESULT BEFORE TAX FROM ONGOING OPERATIONS	710.2	114.5	84.6	369.5	94.8	59.8	(22.6)	20.2	2.3	(314.9)	1,118.5
VI. TAX ON PROFIT FROM ONGOING OPERATIONS	(163.7)	(29.0)	(20.8)	(100.1)	(18.5)	(17.5)	3.9	(5.0)	(0.6)	53.5	(297.8)
VII. RESULT AFTER TAX FROM ONGOING OPERATIONS	546.5	85.5	63.9	269.4	76.3	42.3	(18.6)	15.1	1.7	(261.4)	820.7
VIII. RESULT AFTER TAX FROM DISCONTINUED OPERATIONS	–	–	–	–	–	–	–	–	–	–	–
IX. RESULT FOR THE PERIOD	546.5	85.5	63.9	269.4	76.3	42.3	(18.6)	15.1	1.7	(261.4)	820.7
1. Attributable to non-controlling interests	93.2	15.8	5.3	167.9	–	11.2	2.0	–	–	(1.3)	294.1
2. Attributable to the controlling company	453.3	69.7	58.5	101.5	76.3	31.1	(20.6)	15.1	1.7	(260.2)	526.5

Figures in million euros.

E) FINANCIAL INFORMATION BY SEGMENT - CONSOLIDATED INCOME STATEMENT FOR YEAR ENDING DECEMBER 31, 2019

Item	IBERIA	LATAM NORTH	LATAM SOUTH	BRAZIL	NORTH AMERICA	EURASIA	MAPFRE ASISTENCIA	MAPFRE GLOBAL RISKS	MAPFRE RE	CORPORATE AREAS AND CONSOLIDATION ADJUSTMENTS	TOTAL
I. REVENUE FROM INSURANCE BUSINESS											
1. Premiums earned, net											
a) Written premiums, direct insurance	7,709.2	1,945.8	1,739.2	3,977.5	2,307.2	1,666.9	333.7	–	–	6.8	19,538.8
b) Premiums from accepted reinsurance	8.5	27.3	33.0	–	24.6	28.7	527.3	1,060.1	4,520.4	(2,696.8)	3,505.2
c) Premiums from ceded reinsurance	(969.8)	(989.1)	(935.1)	(616.6)	(629.0)	(458.6)	(240.9)	(883.8)	(1,379.5)	2,693.8	(4,137.4)
d) Variations in provisions for unearned premiums and unexpired risks, net											
Direct insurance	(8.5)	(263.8)	(240.7)	(138.4)	77.6	(43.4)	(21.1)	–	–	(4.1)	(402.5)
Accepted reinsurance	1.8	(0.6)	(0.7)	–	(1.0)	0.2	17.2	59.1	(110.0)	316.9	281.9
Ceded reinsurance	131.1	255.0	(235.9)	(4.9)	71.4	58.1	13.4	(43.1)	221.0	(313.9)	386.9
2. Share in profits from equity-accounted companies	13.0	–	–	–	–	0.4	–	–	–	(5.3)	8.0
3. Revenues from investments											
From operations	1,606.7	78.4	65.3	240.1	98.3	335.3	6.8	23.1	184.3	(5.2)	2,763.2
From equity	93.5	11.6	10.8	7.9	58.3	36.6	–	–	15.9	(2.7)	231.1
4. Unrealized gains on investments on behalf of life insurance policyholders bearing the investment risk	166.9	6.3	0.4	53.4	–	8.0	–	–	–	(1.6)	233.0
5. Other technical revenue	24.7	0.1	0.6	–	12.8	8.0	–	–	–	(0.3)	68.6
6. Other non-technical revenue	55.5	0.5	0.2	0.1	–	0.5	–	–	1.1	0.8	60.5
7. Positive foreign exchange differences	11.6	12.1	16.4	–	–	14.2	0.2	1,014.1	505.2	15.5	1,589.2
8. Reversal of the asset impairment provision	11.3	–	15.5	–	–	–	–	–	–	–	28.3
TOTAL REVENUE FROM INSURANCE BUSINESS	8,855.4	1,083.7	924.4	3,519.2	2,020.0	1,654.6	636.7	1,229.6	3,958.4	4.1	24,154.8

Figures in million euros.

Item	IBERIA	LATAM NORTH	LATAM SOUTH	BRAZIL	NORTH AMERICA	EURASIA	MAPFRE ASISTENCIA	MAPFRE GLOBAL RISKS	MAPFRE RE	CORPORATE AREAS AND CONSOLIDATION ADJUSTMENTS	TOTAL
II. EXPENSES FROM INSURANCE BUSINESS											
1. Incurred claims for the financial year, net											
a) Claims paid and variation in provision for outstanding claims, net											
Direct insurance	(6,031.9)	(651.6)	(1,002.0)	(1,963.4)	(1,451.2)	(1,070.5)	(135.9)	–	–	(19.4)	(12,584.1)
Accepted reinsurance	(13.6)	(13.5)	(6.6)	–	(19.7)	(36.3)	(243.4)	(782.5)	(3,194.8)	1,582.7	(2,721.5)
Ceded reinsurance	687.2	107.3	505.0	577.7	313.3	171.6	83.8	617.0	749.8	(1,565.5)	2,475.6
b) Claims-related expenses	(392.4)	(15.5)	(13.4)	(60.5)	(169.1)	(45.7)	(96.1)	–	(0.1)	(0.6)	(814.5)
2. Variation in other technical provisions, net	(415.9)	(75.2)	(31.3)	(158.2)	(0.3)	(273.6)	–	–	1.3	1.5	(1,009.1)
3. Profit sharing and returned premiums	(27.4)	(11.9)	(8.6)	(2.5)	–	(4.0)	–	–	–	–	(45.9)
4. Net operating expenses											
a) Acquisition expenses	(1,155.8)	(283.1)	(263.0)	(1,253.3)	(578.7)	(326.5)	(302.2)	(130.1)	(1,086.4)	481.1	(5,020.1)
b) Administration expenses	(152.7)	(63.5)	(73.5)	(180.5)	(115.9)	(116.5)	(23.6)	(1.9)	(14.4)	4.9	(723.9)
c) Commissions and participation in reinsurance	132.3	69.1	70.8	97.8	152.4	169.4	88.2	59.8	265.2	(479.7)	635.8
5.Share in losses from equity-accounted companies	–	–	–	–	–	–	–	–	–	–	–
6. Investment expenses											
a) From operations	(454.8)	(17.1)	(14.1)	(83.1)	(13.5)	(67.0)	(1.3)	(5.7)	(47.6)	2.5	(711.4)
b) From equity and financial accounts	(71.8)	(1.0)	(0.7)	–	(3.6)	(0.2)	–	–	(3.6)	(0.1)	(81.2)
7. Unrealized losses on investments on account of life insurance policyholders bearing investment risk	(54.7)	(0.3)	–	–	–	–	–	–	–	–	(54.9)
8. Other technical expenses	(84.6)	(15.0)	(8.1)	(1.7)	–	(6.5)	(21.3)	–	(2.8)	(0.4)	(155.1)
9. Other non-technical expenses	(131.5)	(0.6)	(0.3)	(1.9)	(8.6)	(4.0)	–	–	(9.3)	(7.3)	(165.2)
10. Negative foreign exchange differences	(9.8)	(12.3)	(20.5)	(5.6)	–	(9.5)	0.4	(1,012.1)	(513.0)	(4.1)	(1,589.5)
11. Allowance to the asset impairment provision	(17.7)	–	(17.6)	–	(15.9)	(4.3)	–	0.2	(0.4)	(0.3)	(55.9)
TOTAL EXPENSES FROM INSURANCE BUSINESS	(8,195.2)	(984.0)	(866.2)	(3,035.2)	(1,910.8)	(1,623.5)	(651.5)	(1,255.2)	(3,856.1)	(4.6)	(22,621.0)
RESULT FROM THE INSURANCE BUSINESS	660.2	99.7	58.3	484.0	109.2	31.1	(14.8)	(25.6)	102.4	(0.5)	1,533.8

Figures in million euros.

Item	IBERIA	LATAM NORTH	LATAM SOUTH	BRAZIL	NORTH AMERICA		EURASIA	MAPFRE ASISTENCIA	MAPFRE GLOBAL RISKS	MAPFRE RE	CORPORATE AREAS AND CONSOLIDATION ADJUSTMENTS	TOTAL
III. OTHER ACTIVITIES												
1. Operating revenue	297.9	10.2	10.0	9.6	1.3		3.0	117.8	–	–	(67.2)	385.3
2. Operating expenses	(265.5)	(9.7)	(10.9)	(23.9)	(3.6)		(2.8)	(129.0)	–	–	(71.8)	(515.7)
3. Net financial income												
a) Financial income	11.7	0.4	0.2	8.1	0.1		0.4	4.9	–	–	20.5	47.7
b) Financial expenses	(2.5)	–	0.1	(1.5)	(0.1)		(0.3)	(2.7)	–	–	(79.7)	(88.2)
4. Result from non-controlling interests												
a) Share in profits from equity-accounted companies	0.1	–	–	–	–		–	–	–	–	4.3	4.5
b) Share in losses from equity-accounted companies	–	–	–	–	–		–	–	–	–	–	–
5. Reversal of asset impairment provision	2.3	–	–	–	–		–	–	–	–	6.8	9.0
6. Allowance to the asset impairment provision	(2.4)	–	–	–	–		–	(65.6)	–	–	(7.4)	(75.4)
7. Result from the disposal of non-current assets classified as held for sale, not included in discontinued operations	–	–	–	–	–		–	–	–	–	–	–
RESULT FROM OTHER ACTIVITIES	41.7	0.8	(0.6)	(7.7)	(2.3)		0.3	(74.6)	–	–	(194.5)	(232.8)
IV. RESULT ON RESTATEMENT OF FINANCIAL ACCOUNTS	–	–	–	–	–		–	(0.7)	–	–	(10.1)	(21.6)
V. RESULT BEFORE TAX FROM ONGOING OPERATIONS	701.9	100.5	57.7	476.4	106.9		31.4	(90.1)	(25.6)	102.4	(205.0)	1.279.3
VI. TAX ON PROFIT FROM ONGOING OPERATIONS	(121.6)	(24.9)	(14.4)	(149.7)	(28.2)		(6.6)	3.9	6.4	(25.6)	41.0	(324.0)
VII. RESULT AFTER TAX FROM ONGOING OPERATIONS	580.3	75.6	43.2	326.7	78.6		24.8	(86.3)	(19.2)	76.7	(164.0)	955.3
VIII. RESULT AFTER TAX FROM DISCONTINUED OPERATIONS	–	–	–	–	–		–	–	–	–	–	–
IX. RESULT FOR THE PERIOD	580.3	75.6	43.2	326.7	78.6		24.8	(86.3)	(19.2)	76.7	(164.0)	955.3
1. Attributable to non-controlling interests	82.5	12.5	9.5	229.7	–		9.8	1.7	–	–	2.7	346.0
2. Attributable to the controlling company	497.8	63.1	33.8	97.0	78.6		15.1	(88.0)	(19.2)	76.7	(166.7)	609.2

Figures in million euros.

F

Supplementary financial information by product and geographical area

1. CONSOLIDATED ORDINARY REVENUES FROM EXTERNAL CLIENTS IN FINANCIAL YEARS ENDING DECEMBER 31, 2020 AND 2019

The breakdown of consolidated ordinary revenues, by product and country, in line with the segments broken down in Note 2.2, is as follows:

1.A) INFORMACIÓN BY PRODUCT

Products	2020	2019
Life	3,818.8	4,891.1
Automobile	5,601.3	6,639.1
Homeowners and commercial risks	2,339.9	2,467.4
Health	1,289.6	1,069.5
Accidents	198.0	235.4
Other Non-Life	4,110.2	4,904.8
Reinsurance	5,686.5	5,581.6
Other Activities	823.9	899.9
Consolidation adjustments	(3,090.7)	(3,259.6)
TOTAL	20,777.5	23,429.3

Figures in million euros.

1.B) INFORMATION BY COUNTRY

Geographic Area / Countries	2020	2019
IBERIA		
Spain	7,096.6	7,880.3
Portugal	136.8	135.4
LATAM NORTH		
Mexico	779.6	1,334.4
Panamá	212.2	223.0
Other	591.7	425.9
LATAM SUR		
Argentina	146.3	179.9
Chile	311.6	276.0
Colombia	295.7	383.5
Peru	507.3	551.7
Other	197.8	218.4
BRAZIL	3,094.1	3,987.2
NORTH AMERICA		
United States of America	1,743.3	1,950.0
Puerto Rico	355.5	383.0
EURASIA		
Italy	392.0	470.9
Malta	346.0	358.5
Turkey	326.2	450.1
Other	421.3	419.0
MAPFRE ASISTENCIA	709.6	978.8
MAPFRE GLOBAL RISKS	1,255.8	1,060.1
MAPFRE RE	4,430.7	4,520.4
CORPORATE AREAS AND CONSOLIDATION ADJUSTMENTS	(2,572.6)	(2,757.2)
TOTAL	20,777.5	23,429.3

Figures in million euros.

Direct insurance and accepted reinsurance premiums, as well as operating revenues from non-insurance activities are considered as ordinary revenues.

2. NON-CURRENT ASSETS AT DECEMBER 31, 2020 AND 2019

The breakdown of non-current assets in line with the segments broken down in Note 2.2, is as follows:

Geographic Area / Countries	2020	2019
IBERIA		
Spain	9,868.9	1,941.3
Portugal	25.1	22.6
LATAM NORTH		
Mexico	132.2	150.3
Panamá	48.3	57.1
Other	56.1	44.4
LATAM SUR		
Argentina	25.9	32.8
Chile	20.5	24.4
Colombia	32.7	41.9
Peru	90.1	187.7
Other	23.1	20.2
BRAZIL	524.8	748.5
NORTH AMERICA		
United States of America	248.0	380.3
Puerto Rico	55.2	58.9
EURASIA		
Italy	71.3	57.0
Malta	217.6	208.8
Turkey	32.4	45.9
Other	45.4	44.6
MAPFRE ASISTENCIA	90.4	102.6
MAPFRE GLOBAL RISKS	—	—
MAPFRE RE	66.6	103.1
CORPORATE AREAS AND CONSOLIDATION ADJUSTMENTS	847.2	749.7
TOTAL	12,521.5	5,022.0

Figures in million euros.

Non-current assets include intangible fixed assets other than goodwill and portfolio acquisition expenses, property, plant and equipment, real estate investments, inventories, tax receivables, corporate and other receivables, other assets, and non-current assets held for sale and from discontinued operations, with information in Note 6.9 herein regarding the latter. The increase in non-current assets in Spain is primarily due to the reclassification to Non-current assets held for sale of the assets tied to the Bankia bancassurance business (Note 6.9).

No client contributes, on an individual basis, more than 10 percent of the Group's ordinary revenues.

Consolidated annual report

1. GENERAL INFORMATION REGARDING THE COMPANY AND ITS ACTIVITIES

MAPFRE S.A. (hereinafter the “controlling company”) is a listed public limited company and parent of a number of controlled companies engaged in insurance activity in its various lines of business, both Life and Non-Life, finance, securities investment, and services.

MAPFRE S.A. is a subsidiary of CARTERA MAPFRE, S.L. Single-Member Company (hereinafter, CARTERA MAPFRE), fully controlled by Fundación MAPFRE.

The scope of activity of the controlling company and its subsidiaries (hereinafter “MAPFRE”, “the Group” or “MAPFRE Group”) includes the Spanish territory, European Economic Area countries, and other countries.

The controlling company was incorporated in Spain and has its registered office in Majadahonda (Madrid), Carretera de Pozuelo 52.

In 2020, the MAPFRE Group business activities were carried out through the organizational structure comprising four Business Units (Insurance, Assistance, Global Risks and Reinsurance), three Territories (IBERIA, LATAM and INTERNATIONAL); and six Regional Areas (Spain and Portugal, Brazil, LATAM North (Mexico and the Central America subregion and Dominican Republic), LATAM South, North America, and EURASIA (Europe, Middle East, Africa and AsiaPacific). As of January 1, 2021, the Territories are eliminated and Group business activities are carried out through the abovementioned Business Units and Regional Areas.

The Insurance Business Unit is organized according to the regional areas of MAPFRE, which comprise the geographical units that plan, support and supervise in the region.

The Reinsurance and Global Risks business comprise the legal entity MAPFRE RE.

The activity of the various Business Units is complemented by the Corporate Areas (Internal Audit, Strategy and M&A, Finance and Resources, Investment, Business and Clients, Operations, People and Organization, External Relations and Communications, General Counsel and Legal Affairs, Business Support and IT and Processes) which have global responsibilities for all the Group’s companies

worldwide regarding the development, implementation, and monitoring of global, regional and local corporate policies.

MAPFRE pushes for multi-channel distribution, adapting its commercial structure to the different legislations in which it operates.

The focus on the client, the global product offer, and the adaptation to the legal and commercial particularities of each of the markets in which it is present are some of the key factors of success of the company’s business model.

The individual and consolidated annual accounts were prepared by the Board of Directors on February 10, 2020 and are expected to be approved by the Annual General Meeting. Spanish regulations provide for the possibility of modifying the consolidated annual accounts if they are not approved by the aforementioned sovereign body.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED ANNUAL ACCOUNTS

2.1. BASIS OF PRESENTATION

The Group’s consolidated annual accounts were prepared in accordance with the International Financial Reporting Standards as adopted by the European Union (EU-IFRS), with all companies having carried out the requisite standardization adjustments.

The consolidated annual accounts have been prepared on the cost model basis, except for financial assets available for sale, financial assets for trading and derivative instruments, which are recorded at their fair value.

There was no early application of the rules and interpretations which, having been approved by the European Commission, had not entered into force at the close of 2020. However, had there been any, their early adoption would not have affected the Group’s financial situation and results, with the exception of what is indicated in Note 2.5 below.

The figures presented in the Consolidated Annual Accounts have been rounded for ease of reporting. Therefore, the totals of the rows or columns may not coincide with the arithmetic sums of the amounts included therein.

2.2. FINANCIAL INFORMATION BY SEGMENT

Section E) of the consolidated annual accounts contains the financial information broken down by operating segment, which is aligned with the Group organizational structure and with the information provided to Management and to the market.

The organizational structure identifies the following operating segments based on the activities of the Business Units:

- INSURANCE
- IBERIA
 - BRAZIL
 - LATAM NORTH
 - LATAM SOUTH
 - NORTH AMERICA
 - EURASIA
- ASSISTANCE
- GLOBAL RISKS
- REINSURANCE

Revenues and expenses from the Insurance business also include complementary activities relating to asset and real estate management, and from medical services, assistance, funeral services, technology services, and others. The operating segment corresponding to the Insurance Unit presents its information according to the structure of the Group’s regional areas and taking into account the quantitative thresholds established in prevailing regulations.

The operating segments corresponding to the Assistance, Global Risks and Reinsurance Business Units include insurance and reinsurance activity, regardless of the geographic location.

Transactions between segments are recorded at fair value and eliminated in the consolidation process.

The amounts shown under “Corporate Areas and consolidation adjustments” include expenses for services rendered by the Corporate Areas and the adjustments made on consolidation.

The Consolidated Management Report contains additional information on business performance and characteristics.

2.3. FINANCIAL INFORMATION BY PRODUCT

AND GEOGRAPHIC AREA

Section F) of the consolidated annual accounts contains supplementary financial information broken down by product and geographical area.

The information by product is presented for the main activity lines, which are:

- Life
- Automobile
- Homeowners and commercial risks
- Health
- Accidents
- Other Non-Life
- Reinsurance
- Other Activities

The information shown for each geographic area is broken down by the main countries comprising the Group’s regional areas, as indicated in Note 1 herein.

2.4. CHANGES IN ACCOUNTING POLICIES, CHANGES IN ESTIMATES AND ERRORS

Hyperinflationary economies

Until 2019, the Group accounting policy for recording operations in hyperinflationary economies consisted of recording in Reserves both the revaluation of the non-monetary items and the currency conversion differences generated from the conversion to euros of the restated financial statements of subsidiaries in these countries.

While this accounting criteria was accepted by market regulators in previous years, the International Financial Reporting Interpretations Committee (IFRIC) concluded in March 2020 that the above-described policy must be revised. As such, the Group has proceeded to modify its accounting policy, in line with IFRIC criteria, recording both effects in Currency conversion differences.

Said change on the accounting policy has had the following impact:

- Reclassification as of January 1, 2019, of 528.0 million euros from Reserves to Currency conversion differences.
- Restatement of the comparative figures from the previous year, causing the balances for Reserves and Currency conversion differences from said year to differ from those corresponding to the balance sheet produced in 2019 by 538.0 million euros, with the corresponding effect on the Consolidated Income Statement from the movement during the year.

Leasing

As a result of EU-IFRS 16 “Leases” entering into force on January 1, 2019, there was a change in accounting policy that year, with implications mainly in the leasing contracts in which the Group is the lessee. In line with the transitory provision of the regulation, the Group adopted the modified retrospective approach, recognizing the accumulated effect net of taxes as a negative adjustment on the reserves and on-controlling interests balances, for the amounts of 8.4 and 4.7 million euros, respectively.

Errors

No significant errors have been detected in the consolidated accounts from previous years.

2.5. COMPARISON OF INFORMATION

With the exception of the reclassification of all assets and liabilities from the bancassurance business with Bankia to the heading Non-current assets held for sale and to the associated Liabilities heading discussed in Note 6.9, there are no other reasons preventing the consolidated annual accounts of this reporting period from being compared with those of the previous period, as they have been prepared in line with the international standards approved by the European Commission and which were in force at the close of the year.

Therefore, with the aim of improving the presentation and comprehension of the Consolidated Statement of Comprehensive Income, and in line with International Accounting Standards (IAS) number 1, the format of said Statement was modified, simplifying the information regarding tax effects and the attributable result of non-controlling interests.

At the date when these annual accounts were prepared, the following information is noteworthy:

- The Group is making progress with the analysis of the potentially significant impact of IFRS 17 “Insurance Contracts”, which is expected to be applicable to reporting periods beginning on or after January 1, 2023, and which was approved by the International Accounting Standards Board (IASB), and has not yet been adopted by the European Union. The impact is expected to be significant.
- In relation to EU-IFRS 9 “Financial instruments”, which is also expected to have a significant impact, and the modification of EU-IFRS 4 “Insurance Contracts”, which will apply to reporting periods beginning on or after January 1, 2018, the Group, by virtue of the provisions set out in the latter standard, has made use of the temporary deferral approach from the application of IFRS 9 for companies operating primarily in insurance activity (more than 90 percent of liabilities are related to insurance activity). Said temporary deferral is applicable until reporting periods beginning on or after January 1, 2023, on which date the new IFRS 17 “Insurance Contracts” will enter into force.

With the aim of analyzing potential impacts from the application of EU-IFRS 9 “Financial instruments” and to improve the comparability of the information between companies that are applying said regulation and those that have opted for deferral, the modification of EU-IFRS 4 “Insurance Contracts” requires the inclusion of certain information related to flows from financial assets recorded at amortized cost or recorded as assets available for sale. Considering the above, the Group has analyzed the fixed income assets classified in the headings “Held to maturity portfolio” and “Available for sale portfolio”, with the detailed information required for the annual accounts given in Note 6.4. “Financial Investments”.

The Group shall adopt, upon their entry into force, all other applicable standards, amendments and interpretations. The initial application of such is not expected to have a significant impact on the Group’s financial situation or result.

2.6. CHANGES IN THE SCOPE OF CONSOLIDATION

The companies that were included in the scope of consolidation are listed in Annex 1, along with all the other changes to said scope.

Annex 2 includes the main companies of the Group, with their equity and results information.

The result for the period arising from the loss of control in controlled companies is insignificant (these losses of control are described in Annex 1).

The overall effect on the Group’s consolidated equity, financial position and results in 2020 and 2019 derived from other changes in the scope of consolidation with respect to the preceding year is described in the corresponding notes of the consolidated annual report.

2.7. ACCOUNTING JUDGMENTS AND ESTIMATES

- In the preparation of the consolidated annual accounts under EU-IFRS, the controlling company’s Board of Directors has made judgments and estimates based on assumptions about the future and uncertainties that basically refer to:
- The technical provisions (Note 6.13).
 - Impairment losses on certain assets (Notes 6.1, 6.2 and 6.4).
 - The calculation of provisions for risks and expenses (Note 6.14).
 - The actuarial calculation of postemployment remuneration-related commitments and liabilities (Note 6.21).
 - The useful life of intangible assets and of property, plant & equipment items (Notes 5.3 and 6.1).
 - The fair value of certain non-listed assets (Note 6.4).
 - The fair value of assets and liabilities from lease contracts (Note 6.3).

The estimates and assumptions used are reviewed regularly and are based on past experience and other factors that may have been deemed more reasonable in each instance. If these reviews lead to changes in estimates in a given period, their effect shall be applied during that period and, where relevant, in subsequent periods.

3. CONSOLIDATION

3.1. CONTROLLED COMPANIES, ASSOCIATED UNDERTAKINGS AND JOINT ARRANGEMENTS

The controlled companies, associated undertakings and joint arrangements included in the consolidation are listed, indicating the integration method, in the table of acquisitions of controlled companies attached as Annex 1 to the consolidated annual report.

Companies are configured as controlled companies when the controlling company holds power over the investee entity, has exposure or rights to variable returns, and has the capacity to influence those returns through the power exercised in the entities. Controlled companies are consolidated from the date when the Group acquires control, and are excluded from the consolidation on the date when it ceases to have such control.

In controlled companies where 50 percent or less of the economic rights are held, the classification as “controlled company” is based on the provisions set out in the shareholder agreements, which can contemplate the following scenarios:

- The administration of the companies is carried out by a Board of Directors, which is responsible for their operating and financial strategies as well as their administration and management, and for overseeing their financial and operating policies, among others. In these cases the Board of Directors is made up of an even number of members and the chairman is always appointed at the recommendation of MAPFRE. The chairman has the casting vote, therefore exercising control over the company.
- MAPFRE is granted the power to appoint and revoke the CEO, Finance Manager, Actuarial Manager, and any other key personnel for the management and control of the company.
- The political rights established do not coincide with the economic rights, which means that MAPFRE has the majority of the voting rights in the Annual General Shareholders’ Meeting. Additionally, in these cases the Board of Directors is made up of an even number of members and in the event of a tie one of the directors appointed at the recommendation of MAPFRE has the casting vote.

Non-controlling interests in controlled companies acquired since January 1, 2004 are recorded at the fair value of the percentage of purchased net assets identifiable at the acquisition date. Those acquisitions made prior to the abovementioned date were recorded at the percentage of purchased net assets at the date of the first consolidation.

Non-controlling interests are shown in consolidated equity separately from the equity attributable to the controlling company shareholders. Non-controlling interests of controlled companies in the consolidated results for the period (and in the total comprehensive consolidated result for the period) are also shown separately in the consolidated income statement (consolidated statement of comprehensive income).

Associated undertakings are companies in which the controlling company exercises a significant influence but which are neither controlled companies nor joint arrangements.

Significant influence is understood as the power to intervene in decisions on financial and operating policies of the investee company, but without controlling or jointly controlling these policies, presuming that there is significant influence when, either directly or indirectly through its controlled companies, at least 20 percent of the voting rights of the investee company is owned.

Interests in associated undertakings are consolidated by the equity method, including, in the value of interests, the net goodwill identified at the date of acquisition.

When the Group’s participation in the losses of an associated undertaking is equal to or higher than the book value of its stake, including any unsecured receivable, the Group does not record additional losses, unless obligations have been incurred or payments have been made on behalf of the associated undertaking.

To determine if an investee company is controlled or associated, the purpose and design of the investee company have been taken into account to ascertain the relevant activities, the way that decisions are taken on these activities, who has the current capacity to direct these activities and who receives their financial returns. The potential voting rights held and exercisable such as purchase options on shares, debt instruments convertible into shares or other instruments giving the controlling company the possibility to increase their voting rights have also been considered.

A joint arrangement is considered to exist when two or more entities undertake an economic activity subject to shared control regulated by means of contractual agreement.

A joint arrangement is classified as a joint venture when the parties have rights to the net assets, in which case their acquisitions are recorded in the consolidated annual accounts using the equityaccounted method.

A joint arrangement is classified as a joint operation when the parties have rights to the net assets and obligations for the liabilities, in which case their interests are recorded in the consolidated annual accounts using the proportionate consolidation method.

The financial statements of the controlled companies, associated undertakings and joint arrangements used for the consolidation correspond to the years ending December 31, 2020 and 2019.

3.2. MUTUAL FUNDS

Mutual funds managed by Group companies in which the participation is greater than 20 percent.

3.3. CONVERSION OF ANNUAL ACCOUNTS OF FOREIGN COMPANIES INCLUDED IN THE CONSOLIDATION

The functional and presentation currency of the MAPFRE Group is the euro. Accordingly, the balances and operations of Group companies with a different functional currency are translated into euros using the closing exchange rate for balance sheet balances and the average exchange rate weighted for the volume of operations, for transactions.

The exchange differences resulting from applying the aforementioned procedure, as well as those arising from the conversion of loans and other foreign currency hedging instruments for investments in foreign activities, are presented as a separate component in the “Consolidated Statement of Other Comprehensive Income” and are shown under equity in the “Currency conversion differences” account, deducting the part of the difference that corresponds to noncontrolling interests.

Goodwill and fair value adjustments of assets and liabilities arising from the acquisition of Group companies whose presentation currency is not the euro are treated as assets and liabilities of overseas activities. As such, they are stated in the functional currency of the overseas undertaking and translated at the closing exchange rate.

Hyperinflationary economies

The financial statements of the companies registered in countries with a high inflation rate or hyperinflationary economies are adjusted or restated for the effects of changes in prices before their conversion into euros. Adjustments for inflation are performed in line with IAS 29 “Financial reporting in hyperinflationary economies”.

The Group accounting policy for recording operations in hyperinflationary economies consists of recording in Currency conversion differences both the revaluation of non-monetary items and the currency conversion differences generated from the conversion to euros of the restated financial statements of subsidiaries in these countries.

The amounts recognized in Currency conversion differences in the last two years from these effects are the following:

Item	Balance 12.31.18	Variation 2019	Balance 12.31.19	Variation 2020	Balance 12.31.20
Restatement for inflation	542.8	22.0	564.8	17.7	582.5
Currency conversion differences	(1,070.8)	(32.0)	(1,102.8)	(24.8)	(1,127.6)
NET	(528.0)	(10.0)	(538.0)	(7.1)	(545.1)

Figures in million euros.

The following chart gives details about other data related to the conversion of the annual accounts from companies operating in hyperinflationary economies:

	Inflation (%)		Exchange rate (units of currency per euro)		Results from restatement		Equity	
	2020	2019	2020	2019	2020	2019	2020	2019
Argentina	36	54	103	67	(9,2)	(11,6)	54,9	49,1
Venezuela	1.512	5.790	2.427.941	150.636	(4,7)	(10,1)	6,9	6,3
TOTAL					(13,9)	(21,6)	61,8	55,5

Figures in million euros.

Regarding the exchange rate shown for Venezuela (the Sovereign bolivar), given that there is not reliable official information, both at the close of 2020 and 2019, for the consolidation of the financial statements, an exchange rate based on the estimated inflation in the country has been considered.

The results of the restatement are included in the Consolidated Income Statement and represent the loss of purchasing power of the net monetary assets from inflation.

Adjustments to the opening balance

The adjustments to opening balance columns in the different tables of the consolidated annual report include the variations that occurred as a result of applying a different conversion exchange rate to the figures for overseas subsidiaries.

The variations in the technical provisions shown in the consolidated income statement differ from those obtained from the difference between the previous balances on the consolidated balance sheets for this year and the previous year as a result of applying a different conversion exchange rate to the figures for overseas subsidiaries.

4. EARNINGS PER SHARE AND DIVIDENDS

4.1. EARNINGS PER SHARE

The calculation of the basic earnings per share –which matches the diluted gains per share, since there is no ordinary potential share– is shown below:

Item	2020	2019
Net profit attributable to controlling company's shareholders (million euros)	526.5	609.2
Weighted average number of ordinary shares outstanding (million)	3,049.2	3,051.9
BASIC EARNINGS PER SHARE (euros)	17.3	20.0

4.2. DIVIDENDS

The breakdown of the dividends paid by the controlling company in the last two years is shown below:

Item	Total dividend (million euros)		Dividend per share (euro cents)	
	2020	2019	2020	2019
Interim dividend	154.0	184.8	5.05	6.06
Final dividend	230.8	261.6	7.57	8.58
TOTAL	384.8	446.4	12.62	14.64

The dividends per share indicated in the table above correspond to the amount for all outstanding shares, at the date of payment of the dividend (to December 31, 2020 in the case of the final dividend of this year).

The total dividend for 2020 was proposed by the Board of Directors and is pending approval by the Ordinary Annual General Meeting.

The planned dividend payout complies with the requirements and limitations that are set out in the legal regulations and the corporate bylaws, and is based on an exhaustive and reflexive analysis of the Group situation, without compromising its future solvency or the protection of policyholders’ and clients’ interests, and is carried out in the context of the supervisory recommendations in this respect.

In 2020 the controlling company distributed an interim dividend equivalent to a total amount of 153,988,000.62 euros, which is recorded in equity under the heading “Interim dividend”. The liquidity statement prepared by the Board of Directors for the distribution is shown below.

Item	Date of Resolution 10/30/2020
Cash available on date of the resolution	5.4
Increases in cash forecast within one year	695.1
(+) From expected current collection transactions	469.6
(+) From financial transactions	225.5
Decreases in cash forecast within one year	(384.6)
(-) From expected current payment transactions	(110.8)
(-) From expected financial transactions	(273.8)
Cash available within one year	315.9

Figures in million euros.

5. ACCOUNTING POLICIES

The accounting policies applied to the following entries are indicated below:

5.1. INTANGIBLE ASSETS

GOODWILL

Goodwill on merger

This represents the excess of cost paid on a business combination over the fair value of the identifiable assets and liabilities at the date of the merger.

Consolidation differences

- Goodwill on consolidation

This represents the excess net acquisition costs paid over the fair value of the interest in the equity of the controlled company at the date of acquisition, except for acquisitions realized before January 1, 2004, which correspond to goodwill net of amortization recorded in line with Spanish legislation in force at the time. In the case of acquisitions of stakes in the controlled company from non-controlling interests subsequent to the initial one, the controlling company recognizes this excess as a lower amount of reserves.

- Negative consolidation difference

Where the value of the identifiable assets acquired less the value of accepted liabilities is higher than the acquisition cost, this difference is recorded as revenue in the consolidated income statement.

Goodwill impairment

After its initial recognition and allocation to a cash-generating unit, its possible loss in value is assessed at least once a year. When the recoverable amount of said cash generating unit is below the net book value, the corresponding loss in value is recognized immediately in the consolidated income statement.

OTHER INTANGIBLE ASSETS

Other intangible assets from an independent acquisition

Intangible assets acquired from third parties in a market operation are valued at cost. If their useful life is finite they are amortized based on that life and, if their useful life is indefinite, the value impairment tests are undertaken at least once a year.

Internally-generated intangible assets

Research expenses are directly recognized on the consolidated income statement for the year in which they are incurred. Development expenses are recorded as an asset when their probability, feasibility and future recoverability can be reasonably ensured. They are valued by the disbursements made.

The capitalized development expenses are amortized during the period in which revenues or yields are expected to be obtained without prejudice to the valuation that would be made if impairment occurs.

Amortization of limited useful life intangible assets

- Portfolio acquisition costs

These costs are amortized over the life of the portfolios, in a maximum period of 30 years, and depending on their cancellation.

- Other intangible assets

These are amortized based on their limited useful life following a linear method. The amortization has been recorded as “Provision for amortization” in the expense account by nature.

5.2. BUSINESS COMBINATIONS

The controlling company identifies a business combination when the assets acquired and the liabilities assumed in a transaction constitute a business. The combinations are recorded by applying the acquisition method.

On the acquisition date, which is when control of the acquired business or company is obtained, the goodwill, the identifiable assets acquired, the liabilities assumed, and any non-controlling interest in the acquire are recognized separately.

Goodwill represents the excess of cost, including deferred payments, whether certain or contingent, over the net amount on the date of acquisition of the identifiable assets acquired and the liabilities assumed. In line with the provisions under EUIFRS 3, the Group has chosen not to increase goodwill in proportion to non-controlling interests.

Initially, the identifiable assets and liabilities assumed are recorded at fair value on the acquisition date. Any acquisition-related costs incurred by the acquirer are recognized as an expense in the period in which they are incurred, except in the case of any costs incurred in issuing debt or shares.

Subsequently, the acquiring company measures the assets acquired, liabilities assumed and equity instruments issued in the business combination in line with the valuation rules applied to those items, according to their nature.

In business combinations carried out in stages, on the date on which control of the acquisition is obtained, the controlling company once again measures its previously held interests in the acquiree’s equity at their acquisition-date fair value and recognizes any resulting gain or loss in the consolidated income statement. Likewise, any valuation change adjustments pending allocation to the result for the period are transferred to the consolidated income statement.

When the valuation process necessary to apply the acquisition method cannot be concluded on the closing date of the fiscal year, annual accounts are prepared with provisional data. These values are adjusted within the necessary period to complete the initial accounting, which period shall never exceed one year from the date of acquisition.

When the business combinations have been recognized in the accounts, any modifications to contingent payments are recorded, for combinations undertaken on or after January 1, 2010, in the consolidated income statement; combinations undertaken earlier are recorded as a change in the business combination cost.

5.3. PROPERTY, PLANT AND EQUIPMENT AND REAL ESTATE INVESTMENTS

Property, plant and equipment and real estate investment are valued at their net acquisition cost minus their accumulated amortization and, if applicable, accumulated losses due to impairment.

Investments classified as real estate investments are those non-current real estate assets intended to obtain rental income, gains or both.

Costs incurred after their acquisition are recognized as an asset only when the future financial profits related to them are likely to revert to the Group and the cost of the item may be accurately determined. All other expenses associated with maintenance and repair are charged to the consolidated income statement during the year in which they are incurred.

The depreciation of these elements is calculated linearly based on the cost of acquisition of the asset, less its residual value and the value of the land according the following periods of useful life:

ITEM GROUP	Years	Annual Ratio
Buildings and other structures	50-25	2%-4%
Vehicles	6.25	16%
Furniture	10	0.1
Fittings	20-10	5%-10%
Data processing equipment	4	25%

The residual value and the useful life of assets are reviewed and adjusted if necessary at the close of each year.

These assets are written off in the accounts when they are transferred or when future economic profit derived from their continuous use is not expected to be obtained. The gains or losses resulting from writing the aforementioned elements off are included on the consolidated income statement.

5.4. LEASING

The Company considers that a contract constitutes, or contains, a lease when it entails the right to control the use of a specified asset for a certain period of time in exchange for compensation.

The leases in which inherent all risks and benefits of the leased property are transferred to the lessee are classified as financial leases.

Leases in which the lessor maintains a significant part of the risks and benefits derived from ownership of an underlying asset are classified as operating leases.

At the date of application of EU-IFRS16 "Leases", the Group adopted the practical solution of not evaluating whether or not a contract is or contains a lease.

LEASE TERM

The lease term is determined according to the non-cancellable period, bearing in mind as well the periods covered with the option of extending or cancelling the lease when there is reasonable certainty that the lessee will exercise this option.

Should there be a change during the noncancellable period of a lease, the term of said lease will be revised.

RECOGNITION AND MEASUREMENT

As a lessee, the Group recognizes at the date the lease enters into force a right-of-use asset and a lease liability, in line with the payments established in the contract and its estimated term. The initial measurement of the asset is made at cost, and that of the liability is made at the present value of future payments discounted at the incremental interest rate for the debt for said lease.

Subsequently, the right-of-use asset will be measured at cost minus amortization and the accumulated losses for the impairment in value, and adjusted where necessary by new measurement of the liability. In the case of contract review, the liability will be newly measured, discounting the modified lease payments.

The result for the period will recognize amortizations expenses and interest on the liability, and where relevant the variable lease payments not included in the initial measurement.

As a lessor, the Group recognizes the assets it holds as financial leases for the amount equal to the net lease investment measured using the implicit interest for the lease, and presenting them as a caption pending collection. Subsequently, financial income is recognized during the lease term, recording a constant periodic return on net investment. For operation leases, income from payments for the lease are recognized linearly or through another systematic method if it is more representative.

EXEMPTIONS

The Group, as a lessee, applies the exemptions contemplated to not include short-term contracts (by underlying asset class) as leases, and for those in which the underlying asset has limited value (contract by contract), recognizing lease payments as expenses linearly for the lease term, or through another systematic method if it is more representative.

5.5. FINANCIAL INVESTMENTS

RECOGNITION

Financial assets traded on secondary securities markets are generally recognized on the settlement date.

CLASSIFICATION

Financial investments are classified in the following portfolios:

- Held-to-maturity portfolio

This includes the securities for which there is the intention and proven financial capacity to hold them until their maturity.

- Available-for-sale portfolio

This includes debt securities not classified in other portfolios and the capital instruments of companies that are not controlled, associated or joint arrangements and that are not included in the "Trading portfolio".

- Trading portfolio

This includes financial assets originating or acquired with the objective of selling them in the short term, that are part of a portfolio of financial instruments identified and managed together for which there is proof of recent actions to obtain gains in the short term.

Derivative instruments not assigned to a hedging operation and hybrid financial assets completely valued at their fair value are also part of this portfolio.

In hybrid financial assets that simultaneously include a main contract and a financial derivative, these two components are separated and treated independently for the purpose of classifying and valuing them. When this separation is not possible, they are valued at their fair value.

VALUATION

In their initial recognition on the balance sheet, all financial investments are recognized at the fair value of the provided remuneration plus, in the case of financial investments not classified in the "trading portfolio", the transaction costs that are directly attributable to their acquisition. Fair value is the price that would be received for the sale of a financial asset through a transaction ordered between market participants on the date of valuation.

Subsequently, financial investments are measured at their fair value without deducting any transaction cost that may be incurred due to their sale or any form of disposition, with the following exceptions:

- a. Financial investments included in the "held-to-maturity portfolio", which are measured at their amortized cost using the effective interest rate method.
- b. Financial assets that are capital instruments whose fair value cannot be reliably estimated, as well as derivatives that are underlying for these instruments and that are settled by providing them, and that are measured at cost.

The fair value measurement of financial investments included in the available-for-sale portfolio and the trading portfolio are classified according to the levels of the variables used in their valuation:

Level 1. Quoted price: Unadjusted price quoted in active markets.

Level 2. Observable data: Prices quoted in active markets for instruments similar to the one being valued or other valuation techniques in which all the significant variables are based on observable market data. The valuation is made via a model that discounts future financial flows, including the reimbursement value, using a rate curve with two main components:

- Zero coupon swap curve of the currency of the issuance, which is considered to be the best approximation to the risk-free interest rate.
- Spread of the additional risk, which will be the spread added to or subtracted from the zero coupon swap curve that reflects the risks inherent to the issuance being valued, such as credit, liquidity or optionality risk.

Level 3. Other valuations: Variables specific to each case. For these purposes, it is possible to distinguish between:

- Equity assets, where in general the realizable value is estimated according to the individual characteristics of the asset.
- Fixed-income assets with complex future flow structures (interest rates linked to financial variables, with caps and/or floors) and one or more early redemptions, and in which the issuer has no similar issuances on the market or any unquoted issuances from an issuer with no similar issuances. In these cases, the assets are usually valued by requesting a valuation from a benchmark third party.

IMPAIRMENT

The book value of financial investments is corrected under the consolidated income statement when there is objective evidence that an event which entails a negative impact on its future cash flows has occurred or in any other circumstance that would indicate the inability to recover the investment cost of the financial instrument. The amount of losses due to impairment is equal to the difference between its book value and the current value of its future estimated cash flows.

For fixed-income securities in which there is a defaulted interest and/or principal, the potential loss is estimated according to the situation of the issuer. For all other fixed-income securities, an analysis is undertaken based on their credit quality and the degree of solvency of the issues, proceeding to record the impairment if the risk of non-payment is considered to be likely.

For equity instruments, an individual analysis of the investments is undertaken to determine whether or not impairment has occurred. Furthermore, impairment is considered to have occurred when there are prolonged (18 months) or significant (40 percent) decreases in market value in terms of its cost.

The amount of estimated losses due to impairment is recognized on the consolidated income statement, also including any reduction of the fair value of the investments previously recognized in “Valuation change adjustments”. The reversal is recognized in the consolidated income statement, except for in the case of equity instruments. In this case, the valuation adjustment recorded in

prior years is not recognized in the income statement, but rather any increase in value is taken directly to equity.

For financial swaps of flow exchanges, the amounts accrued for main operations are recognized, posting the resulting amount of the flows under the headings “Other financial liabilities” or “Corporate and other receivables”, as applicable.

5.6. INVESTMENTS ON BEHALF OF LIFE INSURANCE POLICYHOLDERS BEARING THE INVESTMENT RISK

These are made in fixed-income securities, equities and mutual funds which are measured at the acquisition cost when they are underwritten or purchased. The acquisition cost is adjusted as greater or lower value of the investment, as applicable, according to its fair value at the close of the period, determined as follows:

- Equities: at their market value (Level 1).
- Fixed-income securities: at the market value if this is representative (Level 1); if this is not the case, by restating the future flows, including the redemption value (Level 2).
- Mutual funds holdings: at their net asset value (Level 1).

Revaluations and depreciations of these assets are recorded as revenues or expenses in the consolidated income statement corresponding to the segment of the insurance unit.

5.7. IMPAIRMENT OF OTHER ASSETS

At the close of each financial year the Group assesses whether there are any signs that the asset items may have suffered a loss in value. If there are such signs, the recoverable value of the asset is estimated.

For assets that are not fit for use and intangible assets with an indefinite useful life, the recoverable value is estimated whether or not there are signs of impairment.

If the book value exceeds the recoverable amount, a loss is recognized for this excess, reducing the book value of the asset to its recoverable amount.

If there is an increase of the recoverable value of an asset other than the goodwill, the previously recognized loss due to impairment is reversed, increasing the book value of the asset to its recoverable value. This increase never exceeds the book value net of amortization that would have been recorded if an impairment loss had not been recognized in previous years. The

reversal is recognized in the consolidated income statement, unless the asset has already been revalued against “Valuation change adjustments”, in which case the reversal is treated as a revaluation increase. After this reversal, the amortization cost is adjusted in the following periods.

5.8. INVENTORIES

Inventories, which include mainly parcels of land, are recognized at the lower amount between their net acquisition cost and their net realizable value.

5.9. RECEIVABLES

These assets are generally valued using the amortized cost, calculated according to the effective interest rate method, deducting, if applicable, the provisions for losses due to noted impairment in value.

For receivables with a maturity exceeding one year and where the parties have not expressly agreed on the applicable interest, the receivables are discounted by taking the current market interest rate for public debt securities with the same or similar maturity as the receivables as the implicit financial interest, without prejudice to taking into account the relevant risk premium.

When there is objective evidence that a loss was incurred due to impairment, the corresponding provision is constituted for the amount estimated not to be recoverable. This amount is equivalent to the difference between the book value of the asset and the current value of the future cash flows, discounted at the original effective interest rate of the financial asset, and the loss is recognized on the year’s consolidated income statement.

The impairment loss corresponding to premiums pending collection is calculated separately for each line or risk, is presented in the consolidated income statement as a lower amount of written premiums, and consists of the part of the insurance premium accrued in the period which, based on past experience, is unlikely to be collected, taking into account the impact of reinsurance.

The impairment is recognized in the consolidated income statement as an overall amount according to the age of the premiums pending collection, or on an individual basis where dictated by the circumstances and status of receivables.

Receivables for claim recoveries are only capitalized when their realization is considered as certain.

5.10. CASH

Cash consists of cash (cash in hand and bank deposits) and cash equivalents, which correspond to highly liquid short-term investments (maximum three months) that can be easily converted into fixed amounts of cash and are subject to insignificant risk of change in value.

5.11. ACCRUAL ADJUSTMENTS

Under this heading of the asset, what are basically included are commissions and other acquisition expenses corresponding to the accrued premiums that can be allocated to the period between the close date and the end of coverage of the contracts. The expenses are allocated to the results actually incurred in the period in accordance with the limit stipulated in the technical conditions.

At the same time, under this liability heading, commissions and other acquisition expenses for the ceded reinsurance that have to be allocated to the year or following years in accordance with the coverage period of the ceded policies are included.

5.12. NON-CURRENT ASSETS HELD FOR SALE AND ASSOCIATED LIABILITIES

These are generally valued, if applicable, at the lower amount between their book value and fair value, deducting sale costs. These costs are understood as marginal costs directly attributable to the disposal, excluding, if applicable, financial costs and tax on profit expenses.

Non-current assets classified as held-for-sale are not amortized and losses due to the impairment of their book value are recognized on the consolidated income statement. Likewise, if a recovery of the value occurs this is recognized on the consolidated income statement up to an amount equal to the impairment loss previously recognized.

5.13. TREASURY STOCK

Treasury stock is measured at cost of acquisition and recognized in equity. Expenses incurred in acquisition are recognized in equity as a decrease in the value of reserves.

All transactions performed with treasury stock are recognized in equity as a change in the value of shareholders’ equity.

5.14. FINANCIAL LIABILITIES AND SUBORDINATED LIABILITIES

Financial liabilities classified as held-for-trading

In their initial recognition, these are recorded at the gross amount received, allocating transaction costs directly to results. Subsequently, they are recorded at fair value, allocating changes to the income statement.

Other financial liabilities

In their initial recognition on the balance sheet, they are recorded at fair value, which is the net amount received, deducting transaction costs which are directly attributed to the issuance of the financial liability, like commissions, formalization costs, taxes, fees, etc. Subsequently, these liabilities are measured at their amortized cost, applying the effective interest rate for financial liabilities.

5.15. INSURANCE OPERATIONS

A) PREMIUMS

Direct insurance

Premiums from the Non-Life business and Life annual renewable contracts are recognized as revenues throughout the validity of the contracts, in accordance with the period of time elapsed, and accrued by means of the allowance to the provision for unearned premiums.

Premiums from the long-term Life business, whether single premiums or regular premiums, are recognized when the right to collection by the contract issuer arises.

Ceded reinsurance

These are recorded in accordance with underwritten reinsurance contracts and under the same criteria as those used for direct insurance.

Accepted and retroceded reinsurance

These are posted based on the accounts received from the ceding companies and additionally, in retroceded reinsurance operations, signed retrocession contracts are considered.

Co-insurance

These are recorded in line with the accounts received from the opening company and the participation in contracts underwritten.

B) TECHNICAL PROVISIONS

The main assumptions and methods used to establish the provisions are described below.

a. Direct insurance of companies belonging to the European Economic Area

Provision for unearned premiums

This is calculated on a policy-by-policy basis and reflects the insurance premium accrued during the period subject to allocation to future periods, less the security surcharge.

Provision for unexpired risks

This is calculated on an individual business line basis and supplements the provision for unearned premiums for the amount in which this provision does not sufficiently reflect the valuation of risks and expenses to be covered, corresponding to the coverage period not elapsed at the closing date.

For the Automobile line, this provision has been calculated taking into account all the guarantees covered with the products marketed by the different companies.

Provisions for Life insurance

- In Life insurance policies with a coverage period equal to or less than one year, the provision for unearned premiums is calculated on a policy-by-policy basis and reflects the insurance premium accrued in the period subject to allocation to future periods.
- When this provision is not sufficient, the provision for unexpired risks is calculated to cover the valuation of risks and expenses to be covered, corresponding to the coverage period not elapsed at the closing date for the financial year.
- In Life insurance policies with a coverage period exceeding one year, the mathematical provision has been calculated on a policy-by-policy basis as the difference between the current actuarial value of the future obligations of the controlled companies operating in this line, and those of the policyholder or insured person. The calculation basis is the inventory premium accrued in the period, represented by the pure premium plus the surcharge for administration expenses, both determined using the best estimates for mortality, illness, investment yields and administration expenses when the contracts are issued, as specified in the technical conditions of the relevant products and types and remaining unchanged throughout the life of the contract unless their inadequacy becomes evident, in which case

the calculation of the mathematical provision would be changed. Written policies that contain a profit sharing clause in force at the close of each period share, pro rata to their mathematical provisions or technical results and as specifically laid down in each contract, in the net yields obtained from the investments allocated to covering these provisions. The amount resulting from this profit sharing is recorded as a greater amount than the technical provisions.

- This consolidated balance sheet heading also includes the provision for profit sharing and for premium returns, which includes the amount of profits accrued in favor of policyholders, insured persons or beneficiaries and the premiums that must be reimbursed to policyholders or insured persons.

Provision for outstanding claims

This represents the estimated appraisals of the pending liabilities arising from the claims occurring prior to the close of the period, less any advance payments already made. It includes the appraisals of claims pending settlement or payment and pending reporting, as well as the internal and external expenses involved in the settlement of claims; in the Life insurance business, it also includes maturities and redemptions pending payment. The calculations take into account any additional provisions for deviations in the appraisals of long-tail claims.

Other technical provisions

The most significant provision included under this heading is the "Funeral Insurance Provision", which is calculated on a policy-by-policy basis as the difference between the current actuarial value of future obligations of the controlled companies operating in this line and those of the policyholder or insured person.

For certain portfolios, the Funeral insurance provision is calculated using methods based on Group capitalization, with a financial-actuarial restatement being made of projected flows of premiums and expected claims up to the expiration of the collective insurance.

Technical provisions for Life insurance where policyholders bear the investment risk

The provisions for Life insurance where the contract stipulates that the investment risk will be fully borne by the policyholder have been calculated on a policy-by-policy basis and are measured according to the assets specifically allocated to determine the value of the rights.

b. Direct insurance of companies outside the European Economic Area

Technical provisions are calculated in line with the local criteria in force in each country, except in the cases when their application could distort the true and fair image that must be shown in the financial statements, in which case they are adapted to the controlling company's criteria.

Life insurance provisions have been calculated in line with the operating assumptions, mortality tables and technical interest rate commonly used in the industry in the respective countries.

c. Ceded reinsurance

Technical provisions for cessions to reinsurers are shown in the balance sheet assets and are calculated according to the written reinsurance agreements and under the same criteria as those used for direct insurance.

d. Accepted reinsurance

Provision for unearned premiums

Reinsurance operations are recorded based on the accounts received from the ceding companies and the provision for unearned premiums is estimated by provisioning the recorded unearned premium according to the average period of policy coverage.

The acquisition expenses communicated by the ceding companies are accrued and included in the consolidated balance sheet under the heading "Accrual adjustment" of the asset, with these expenses corresponding to those actually incurred in the period. When the cedants do not communicate the acquisition expense amounts, they are accrued risk by risk for the facultative proportional reinsurance and globally for the rest of the proportional business.

Provision for unexpired risks

This is calculated on an individual business line basis and supplements the provision for unearned premiums for the amount in which this provision does not sufficiently reflect the valuation of risks and expenses to be covered corresponding to the coverage period not elapsed at the closing date.

Provision for outstanding claims

Provisions for outstanding claims are provided for the amounts communicated by the cedant or, in the lack thereof, for the withheld deposits, and include, where necessary based on available historic information, additional provisions for claims that were incurred but not reported (IBNR) as well as for deviations of the existing ones based on own experience. The final expected cost is estimated and provisioned based on experience and through the use of actuarial methods.

e. Retroceded reinsurance

Retroceded reinsurance operations and their corresponding technical provisions are recorded using the same criteria as those used for accepted reinsurance and according to the signed retrocession contracts.

f. Liability adequacy test

The recorded technical provisions are usually subject to a reasonability test for the purpose of determining their adequacy on the basis of projections of all future cash flows of current contracts, taking into account the temporary value of the money and using assumptions (economic, biometric, etc.), in line with the experience of each company. If the result of this test indicates the inadequacy of the provisions, they are adjusted and charged to the results for the period.

g. Shadow accounting

In order to mitigate the accounting asymmetries arising from applying different valuation methods for assets and liabilities, and to reflect the effect of profit sharing of the insured persons, EU-IFRS allow “shadow accounting”, which means that losses or gains in the allocated assets are recognized when measuring technical provisions, up to the limit of the amounts assumed by the policyholder.

C) OTHER ASSETS AND LIABILITIES DERIVED FROM INSURANCE AND REINSURANCE CONTRACTS

a. Deposit components in insurance contracts

Some Life insurance contracts contain both an insurance component and a deposit component. The two components are not measured separately because all the rights and obligations arising from the deposit component are recognized.

b. Embedded derivatives in insurance contracts

Some Life insurance contracts contain embedded derivatives, essentially consisting of guaranteed redemption values and maturity values. Embedded derivatives are not measured separately from the main insurance contract because they fulfill the conditions to be classified as insurance contracts, and their embedded value is therefore measured jointly with the main contract, pursuant to EU-IFRS 4.

c. Insurance contracts acquired in business combinations or portfolio transfers

Insurance contracts acquired in business combinations or portfolio transfers are recognized on the balance sheet as follows:

C.1) The liabilities arising from the insurance contracts are recorded pursuant to EU-IFRS 4.

C.2) An intangible asset is recorded, representing the difference between:

- The fair value of the rights acquired and all the other assumed contractual obligations, and
- The amount described in Section C.1) above.

This intangible asset is amortized in accordance with the policies in force at the time of the purchase and the future generation of profits from them.

D) CLAIMS

The estimated cost of claims, both from the Life and Non-Life business, is recognized on the date of their occurrence and includes all necessary expenses to be incurred up to the settlement of the claim.

The best estimate of the cost of IBNR claims prior to the end of each financial period, based on past experience, are reported through the IBNR provision.

Payments of claims are made against the previously recognized provision.

Claims corresponding to accepted reinsurance are recorded in line with the accounts received from the ceding companies, estimating the final expected cost. In the case of ceded and retroceded reinsurance, they are recorded according to the underwritten reinsurance contracts and under the same criteria used for the direct insurance and accepted reinsurance, respectively.

E) MOST SIGNIFICANT ASSUMPTIONS AND OTHER SOURCES FOR ESTIMATING UNCERTAINTIES

For assets, liabilities, revenues and expenses related to insurance contracts, as a general rule, the assumptions used are those that were made when issuing these contracts, as specified in the technical conditions.

In general, the estimates and assumptions used are reviewed regularly and are based on past experience and other factors that might have been deemed more reasonable. If these reviews lead to changes in estimates in a given period, their effect shall be applied during that period and, as the case may be, in subsequent periods.

The main assumption is based on the behavior and development of the claims, using their frequency and costs in recent years. Likewise, estimates and assumptions about interest rates and foreign

currency exchange, delays in paying claims and any other external factor that could affect the estimates are taken into account.

For liabilities, assumptions are based on the best possible estimate when issuing the contracts, and if an insufficiency became evident, the provisions required to cover it would be constituted.

F) IMPAIRMENT

When there is objective evidence that a loss was incurred due to impairment of the assets derived from insurance and reinsurance contracts, the general valuation criterion indicated in Note 5.9. Receivables is applied.

5.16. PROVISIONS FOR RISKS AND EXPENSES

These are recognized when there is a current obligation (whether legal or implicit) as a result of a past event and a reliable estimate of the obligation amount can be made.

If it is highly likely that part or all of a provision will be reimbursed, the reimbursement is recognized as a separate asset.

5.17. DEBT

Valuations are generally carried out at the amortized cost using the effective interest rate method.

For debts with a maturity exceeding one year and when the parties have not expressly agreed on the applicable interest, they are discounted by taking the interest in force in the market for public debt securities with the same or similar term as the maturity of the debts as the implicit financial interest, without prejudice to taking into account the relevant risk premium.

5.18. GENERAL CRITERION FOR REVENUES AND EXPENSES

Recognition of revenue from non-insurance activities is made when the promised goods or services are transferred to a customer, in line with the contract between them, considering that a good or service has been transferred when the client obtains control of it (be it over a period of time or in a specific moment). The amount recognized corresponds to the amount of the consideration the company is entitled to for the transfer of the goods or services.

5.19 REMUNERATION FOR EMPLOYEES

Remuneration for employees may be short-term, post-employment benefits, compensation for termination, other medium and long-term remuneration, and share-based payments.

a. Short-term remuneration

These are posted according to the services provided by employees on an accrual basis.

b. Post-employment benefits

These consist of defined contribution plans and defined benefit plans, as well as life insurance covering death between the ages of 65 and 77.

Defined contribution plans

These are plans in which the company in question makes pre-determined contributions to a separate company (whether linked to the Group or external) and has no legal or implicit obligation to make any additional contributions in the event of an insufficiency of assets to honor the payment of benefits. The amount of benefits to be received by employees is determined by the contributions made plus the yield obtained by the investments in which the fund was materialized.

Defined benefit plans

These are plans in which the benefits to be received by employees at the moment of their retirement, are normally set according to factors like remuneration.

The liability recognized on the balance sheet for defined benefit pension plans is equal to the current value of the obligation for benefits defined on the balance sheet date less, where applicable, the fair value of the assets set aside for the plan.

The obligation for defined benefits is determined separately for each plan using the actuarial valuation method of the projected credit unit.

Actuarial gains and losses are recorded in equity accounts.

c. Compensation for termination

This is recognized as a liability and expense when there is evidence of an agreement to rescind the work relationship before the normal date of employee retirement or when there is an offer to encourage voluntary rescission of the contracts.

d. Other medium and long-term remuneration and share-based payments

Other long-term remunerations besides those described in the preceding paragraphs and referring specifically to the reward for years of service or time with the company, are recorded in line with the aforementioned principles. The only exceptions are the cost of past services, which is recognized immediately and recorded as an offsetting entry under the heading “Provisions for risks and expenses”, and actuarial gains and losses which are recorded on the consolidated income statement.

Incentive plans

In 2019 a medium-term incentive plan was approved for certain members of the MAPFRE executive team. The plan is extraordinary, noncumulative and multi-year, commencing January 1, 2019 and ending March 31, 2022, with payment of part of the incentives deferred to the period 2023-2025. The payment of incentives is dependent on fulfilling certain corporate and individual objectives, as well as remaining in the Group’s employment. The incentives will be paid partly in cash (50 percent) and partly in MAPFRE S.A. shares (50 percent), and payment is subject to malus or clawback clauses.

At the close of each year, the fulfillment of objectives are evaluated and the amount accrued is recorded in the consolidated income statement under a liability heading for the part of the remuneration paid in cash and under an equity heading for the part corresponding to equity instruments. The valuation of the part of the incentive paid in MAPFRE S.A. shares takes into account the fair value of the equity instruments assigned at the transfer date, based on the terms and conditions of the plan.

Each year, until the vesting date, the number of equity instruments included in the calculation of the transaction amount is adjusted. No additional adjustments are made after the vesting date.

In 2019, the previous medium-term incentive plan approved in 2016 was partially liquidated, with the part of the payment deferred to the 2020-2022 period pending.

5.20. REVENUES AND EXPENSES FROM INVESTMENTS

These are classified in line with the designation of the investments they come from; as operating expenses if they are assigned to cover technical provisions, or as equity if they are related to the materialization of shareholders’ equity.

Changes in fair value are recorded according to the portfolio in which financial investments are classified:

a. Trading portfolio

Recorded directly in the consolidated income statement distinguishing between the part attributable to yields, which are recognized as interest or, if applicable, as dividends, and the part that is recorded as realized and unrealized results.

b. Held-to-maturity portfolio

Recorded when the financial instrument is disposed of and in case of impairment.

c. Available-for-sale portfolio

Recognized directly in the company’s equity until it is written off or impairment occurs, at which time they are recorded in the consolidated income statement.

In all cases, the interest of financial instruments is recorded on the consolidated income statement by applying the effective interest rate method.

5.21. RECLASSIFICATION OF EXPENSES BY DESTINATION AND ALLOCATION TO ACTIVITY SEGMENTS

The criteria to follow for reclassifying expenses by destination are mainly based on the position held by each of the employees, distributing their direct and indirect cost according to this position.

For expenses directly or indirectly related to personnel, individual studies are undertaken, allocating them to the destination according to the position held for these expenses.

The established destinations are as follows:

- Claims-related expenses
- Expenses allocated to investments
- Other technical expenses
- Other non-technical expenses
- Acquisition expenses
- Administration expenses
- Operating expenses from other activities

Expenses have been allocated to the different segments, according to the Business Unit or Regional Area in which the activity originated.

5.22. TRANSACTIONS AND BALANCES IN FOREIGN CURRENCY

With the exception of reinsurance activities, transactions in foreign currencies are translated into each Group company’s functional currency at the exchange rate in force on the transaction date.

Reinsurance operations in foreign currency are recorded at the exchange rate established at the beginning of each quarter of the year. Subsequently, at the end of each quarter, they are all treated as one operation, being converted at the exchange rate in force at the time and recording the resulting difference on the consolidated income statement.

At year end, the existing balances in foreign currencies are translated at the exchange rate of the functional currency prevailing on that date, and all exchange differences are recorded in the consolidated income statement, the only exception being those which are directly allocated to “Foreign exchange conversion differences”, i.e. those arising from the monetary items that form part of the net investment in a foreign operation and from the non-monetary ones measured at fair value, where changes in value are directly recognized in equity.

5.23. TAX ON PROFITS

Tax on profits is treated as an expense in the year and is recorded as such in the consolidated income statement, including both the tax charge for the current tax and the effect corresponding to the movement in deferred tax.

In order to determine this, the balance sheet method is followed, whereby the corresponding assets and deferred tax liabilities necessary to correct the effect of temporary differences are recorded. These are differences that may exist between the book amount of an asset or liability and its valuation for tax purposes.

Temporary differences may be “Taxable temporary differences”, which result in higher tax payments in the future and which generally entail the recognition of a deferred tax liability; or “Deductible temporary differences”, which result in lower tax payments in the future and, to the extent in which it is returnable, the registration of a deferred tax asset.

Meanwhile, tax on profits related to items where modifications in their value are directly recognized in equity is not allocated to the consolidated income statement but to equity, and the changes in value are recorded net of the tax effect.

a. Recognition of deferred tax liabilities

The Group recognizes deferred tax liabilities in all cases except those in which:

- They arise from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that does not affect the accounting result or the taxable income on the date of the transaction.
- They correspond to differences relating to investments in controlled, associated or joint arrangement companies over which the Group controls the moment of reversal and it is not probable that a reversal occurs in the foreseeable future.

b. Recognition of deferred tax assets

The Group recognizes deferred tax assets as long as:

- It is probable that there are sufficient future taxable profits to offset them. However, those assets that arise from the initial recognition of assets or liabilities in a transaction that is not a business combination and that does not affect the accounting result or the taxable income on the date of the transaction are not recognized.
- They correspond to temporary differences relating to investments in controlled, associated or joint arrangement companies to the extent that the temporary differences revert in the foreseeable future and positive future taxable profits are expected to be generated to offset the differences.

c. Compensation

The Group only offsets assets and liabilities from tax on profits if there is a legal right to do so according to the tax authorities and it intends to liquidate debts coming from its net value or realize assets and liquidate debts simultaneously.

d. Deferred tax asset and liability valuation

The deferred tax assets and liabilities are valued by the tax rates applicable in the period in which assets are expected to be realized or liabilities paid.

The Group reviews the book value of the deferred tax assets and liabilities at the close of the period, and evaluates if conditions are fulfilled for recognizing deferred tax assets that had not previously been recognized.

6. BREAKDOWN OF FINANCIAL STATEMENTS

6.1. INTANGIBLE ASSETS

The following tables show the movements under this heading in the last two years:

2020

Item	Opening balance	Adjustments to the opening balance	Changes to the scope	Additions or provisions	Disposals, cancellations or reductions	Closing balance
COST						
GOODWILL	2,102.5	(109.3)	(68.1)	–	(76.6)	1,848.5
OTHER INTANGIBLE FIXED ASSETS						
Portfolio acquisition expenses	1,406.9	(239.5)	(87.0)	–	–	1,080.5
Software	1,253.1	(111.3)	1.7	164.6	(73.1)	1,234.9
Other	243.8	(9.3)	(51.2)	271.3	(72.9)	381.7
TOTAL COST	5,006.4	(469.3)	(204.7)	435.9	(222.7)	4,545.6
CUMULATIVE AMORTIZATION						
OTHER INTANGIBLE FIXED ASSETS						
Portfolio acquisition expenses	(559.3)	83.5	48.2	(66.0)	–	(493.5)
Software	(765.5)	70.2	0.1	(121.8)	37.1	(780.0)
Other	(41.7)	5.0	–	(2.8)	3.5	(36.0)
TOTAL CUMULATIVE AMORTIZATION	(1,366.4)	158.7	48.3	(190.5)	40.6	(1,309.4)
IMPAIRMENT						
GOODWILL	(329.3)	18.1	–	(127.5)	–	(438.7)
OTHER INTANGIBLE ASSETS						
Portfolio acquisition expenses	(10.4)	0.4	–	(7.3)	–	(17.3)
Software	(0.1)	–	–	(32.4)	32.5	–
Other	(0.1)	–	–	–	–	(0.1)
TOTAL IMPAIRMENT	(339.9)	18.5	–	(167.2)	32.5	(456.1)
TOTAL GOODWILL	1,773.2	(91.2)	(68.1)	(127.5)	(76.6)	1,409.8
TOTAL OTHER INTANGIBLE ASSETS	1,526.9	(201.0)	(88.3)	205.7	(73.0)	1,370.3
TOTAL INTANGIBLE ASSETS	3,300.1	(292.2)	(156.4)	78.2	(149.6)	2,780.1

Figures in million euros.

The amounts shown as changes in scope in 2020 are mainly the result of the reclassification to Non-current assets held for sale of the intangible assets tied to the bancassurance business with Bankia (Note 6.9) and to the acquisition of the participation in the companies MAPFRE SALUD ARS and MAPFRE SANTANDER PORTUGAL (Note 6.24).

The additions in the year in Other intangible assets are primarily a result of the final assignation of the acquisition price of the participation in Santander Mapfre Seguros y Reaseguros S.A. (hereinafter SANTANDER MAPFRE) carried out in 2019 (Note 6.24), also included in the above table as Goodwill disposals.

The additions in the year in Software mainly correspond to the writedown in the United States in relation to technology updates in the transactional information systems software.

2019

Item	Opening balance	Adjustments to the opening balance	Changes to the scope	Additions or provisions	Disposals, cancellations or reductions	Closing balance
COST						
GOODWILL	1,951.4	20.5	132.3	–	(1.7)	2,102.5
OTHER INTANGIBLE FIXED ASSETS						
Portfolio acquisition expenses	1,346.3	(10.8)	71.4	–	–	1,406.9
Software	1,141.8	(0.5)	–	123.3	(11.5)	1,253.1
Other	134.6	(0.4)	6.8	123.4	(20.6)	243.8
TOTAL COST	4,574.2	8.8	210.5	246.7	(33.8)	5,006.4
CUMULATIVE AMORTIZATION						
OTHER INTANGIBLE FIXED ASSETS						
Portfolio acquisition expenses	(487.6)	4.3	–	(76.0)	–	(559.3)
Software	(702.0)	5.4	–	(75.3)	6.3	(765.5)
Other	(39.4)	(0.3)	–	(2.0)	0.1	(41.7)
TOTAL CUMULATIVE AMORTIZATION	(1,228.9)	9.4	–	(153.3)	6.3	(1,366.4)
IMPAIRMENT						
GOODWILL	(262.3)	(3.1)	–	(65.6)	1.7	(329.3)
OTHER INTANGIBLE ASSETS						
Portfolio acquisition expenses	(10.4)	–	–	–	–	(10.4)
Software	(0.1)	–	–	–	–	(0.1)
Other	(0.1)	–	–	–	–	(0.1)
TOTAL IMPAIRMENT	(272.9)	(3.1)	–	(65.6)	1.7	(339.9)
TOTAL GOODWILL	1,689.0	17.5	132.3	(65.6)	–	1,773.2
TOTAL OTHER INTANGIBLE ASSETS	1,383.3	(2.3)	78.2	93.4	(25.8)	1,526.9
TOTAL INTANGIBLE ASSETS	3,072.4	15.2	210.5	27.8	(25.8)	3,300.1

Figures in million euros.

The amounts shown as changes in scope in 2019 were primarily the result of shareholding acquisitions in the companies: Caja Granada Vida, Compañía de Seguros y Reaseguros, S.A. (hereinafter CAJA GRANADA VIDA), CajaMurcia Vida y Pensiones de Seguros y Reaseguros, S.A. (hereinafter CAJAMURCIA VIDA), and SANTANDER MAPFRE (Note 6.24).

The main additions in Other intangible assetscorrespond to:

- A. The fixed commission that was paid upon novation in January 2019 of the agency contract for an undefined duration for the exclusive distribution of Non-Life insurance in the whole of the BMN network belonging to Bankia, for the amount of 51.4 million euros.
- B. The payment of 24.8 million euros for the exclusivity agreement, for an undefined time period, for sale of all MAPFRE Mexico insurance products in the Actinver channel.

Intangible assets with an indefinite useful life

The useful life of the following intangible assets is considered indefinite since these assets are expected to contribute to future revenues for the Group indefinitely:

Item	Book value	
	12/31/2020	12/31/2019
Goodwill on consolidation	1,403.9	1,763.2
Goodwill on merger	5.9	10.0
Other intangible assets	21.7	76.2

Figures in million euros.

The following tables provide detailed information on the cash-generating units to which the different goodwill items and portfolio acquisition expenses are allocated, as well as their book value and, if applicable, the impairment amount and amortization over the last two periods.

GOODWILL

Cash-generating unit	Business and Geographic Area	Gross amount at source		Initial 12.31.2018	2019		Initial 12.31.2019	2020		Initial 12.31.2020
		Millions in original currency	Currency		Entries/ (write-offs)	Net impairment for the period		Entries/ (write-offs)	Net impairment for the period	
GOODWILL ON CONSOLIDATION										
MAPFRE VIDA	Life insurance (Spain)	258.4	EUR	212.6	–	–	212.6	–	–	212.6
GLOBAL RISKS	Insurance for Companies	40.8	EUR	40.2	–	–	40.2	–	–	40.2
GRUPO CORPORATIVO LML	Non-Life Insurance (Mexico)	407.9	MXN	18.1	1.1	–	19.2	(2.5)	–	16.8
BRIKELL FINANCIAL SERVICES	Travel assistance (USA)	19.6	USD	16.2	0.4	(16.6)	–	–	–	–
MAPFRE WARRANTY	Extended Warranty	11.4	EUR	11.1	–	–	11.1	–	–	11.1
BB MAPFRE PARTICIPAÇÕES	Insurance (Brazil)	350.3	BRL	78.8	(1.2)	–	77.6	(22.4)	–	55.2
ABRAXAS	Travel assistance (United Kingdom)	11.3	GBP	12.5	0.3	(12.8)	–	–	–	–
MAPFRE SIGORTA	Insurance (Turkey)	156.8	TRY	25.8	(2.3)	–	23.5	(3.9)	(19.6)	–
BANKINTER VIDA	Life insurance (Spain)	160.5	EUR	160.5	–	–	160.5	–	–	160.5
CCM VIDA Y PENSIONES	Life and Pensions insurance (Spain)	81.3	EUR	81.3	–	–	81.3	–	–	81.3
MAPFRE USA	Non-Life Insurance (USA)	882.4	USD	636.9	13.7	–	650.7	(53.3)	–	597.3
MAPFRE AMÉRICA CENTRAL	Insurance (Central America)	9.0	PAB	7.8	0.2	–	8.0	(0.7)	–	7.4
INSURANCE AND GO	Insurance (United Kingdom)	31.4	GBP	35.0	0.6	(35.6)	–	–	–	–
CENTURY AUTOMOTIVE	Insurance and reinsurance (USA)	24.9	USD	21.7	0.5	–	22.2	(1.8)	–	20.3
BANKINTER SEGUROS GENERALES	Non-Life Insurance (Spain)	12.5	EUR	12.5	–	–	12.5	–	–	12.5
BANKIA MAPFRE VIDA SOCIEDAD DE SEGUROS Y REASEGUROS S.A.	Life insurance (Spain)	18.7	–	18.7	–	–	18.7	(18.7)	–	–
FUNESPAÑA	Funeral services (Spain)	17.9	EUR	17.9	–	–	17.9	–	–	17.9
VERTI VERSICHERUNG AG	Non-Life insurance (Germany)	125.5	EUR	125.5	–	–	125.5	–	–	125.5
VERTI ASSICURAZIONI S.P.A.	Non-Life Insurance (Italy)	101.3	EUR	46.7	–	–	46.7	–	(46.7)	–
PT. AURANSI BIDA DANA ARTA TBK (ABDA)	Insurance (Indonesia)	1,384,263.8	IDR	61.2	4.0	–	65.2	(4.0)	(61.2)	–
CAJA GRANADA VIDA	Life insurance (Spain)	32.1	EUR	–	32.1	–	32.1	(32.1)	–	–
CAJAMURCIA VIDA	Life insurance (Spain)	23.7	EUR	–	23.7	–	23.7	(23.7)	–	–
SANTANDER MAPFRE	Non-Life Insurance (Spain)	76.6	EUR	–	76.6	–	76.6	(76.6)	–	–
MAPFRE SANTANDER PORTUGAL	Non-Life Insurance (Portugal)	9.7	EUR	–	–	–	–	9.7	–	9.7
Other	--			38.1	0.2	(0.6)	37.8	(2.0)	–	35.7
TOTAL GOODWILL ON CONSOLIDATION				1,679.0	149.8	(65.6)	1,763.2	(231.8)	(127.5)	1,403.9

GOODWILL ON MERGER

Cash-generating unit	Business and Geographic Area	Gross amount at source		Initial 12.31.2018	2019		Initial 12.31.2019	2020		Initial 12.31.2020
		Millions in original currency	Currency		Entries/ (write-offs)	Net impairment for the period		Entries/ (write-offs)	Net impairment for the period	
GOODWILL ON MERGER										
BANKINTER VIDA (branch in Portugal)	Life and Pensions insurance (Portugal)	5.3	EUR	5.3	--	--	5.3	--	--	5.3
Other	--			4.7	--	--	4.7	(4.1)	--	5.9
TOTAL GOODWILL ON MERGER				10,0	--	--	10,0	(4,1)	--	5,9
TOTAL GOODWILL				1,689.0	149.8	(65.6)	1,773,2	(236.0)	(127.5)	1,409.8
GOODWILL IN ASSOCIATED AND MULTI-GROUP UNDERTAKINGS										
SALVADOR CAETANO AUTO (SGPS), S.A.	Services (Portugal)	11.3	EUR	11.3	--	--	11.3	--	--	11.3
PUY DU FOU ESPAÑA, S.A.	Activities and theme parks (Spain)	4.6	EUR	--	4.6	--	4.6		--	4.6
SOLUNION SEGUROS DE CREDITO, S.A.	Insurance (Spain)	12.9	EUR	12.9	--	--	12.9	--	--	12.9
Other	--			5.1	(0.3)	--	4.8	(3.2)	--	1.6
TOTAL GOODWILL IN ASSOCIATED AND MULTI-GROUP UNDERTAKINGS (EQUITY-ACCOUNTED) (*)				29.3	4.2	—	33.5	(3.2)	—	30.3

Figures in million euros.
(*) Goodwill related to acquisitions of associated and multigroup entities is included as the higher of the investment values recorded in accounting via the equity method.

PORTFOLIO ACQUISITION EXPENSES

Cash-generating unit	Business and Geographic Area	Gross amount at source		Initial 12.31.2018	2019		Initial 12.31.2019	2020		Initial 12.31.2020
		Millions in original currency	Currency		Entries/ (write-offs)	Amortization and net impairment for the period		Entries/ (write-offs)	Amortization and net impairment for the period	
BANKINTER VIDA	Life and Pensions insurance (Spain and Portugal)	200.9	EUR	127.9	–	(10.1)	117.8	–	(9.9)	107.9
BANKIA MAPFRE VIDA SOCIEDAD DE SEGUROS Y REASEGUROS S.A.	Life insurance (Spain)	89.6	EUR	56.4	–	(6.1)	50.3	(44.8)	(5.5)	–
CCM VIDA Y PENSIONES	Life and Pensions insurance (Spain)	82.6	EUR	39.5	–	(4.0)	35.5	–	(3.9)	31.6
BB MAPFRE PARTICIPAÇÕES	Life Insurance (Brazil)	3,461.4	BRL	544.3	(7.3)	(32.4)	504.6	(144.1)	(24.9)	335.6
MAPFRE SIGORTA	Insurance (Turkey)	95.4	TRY	3.5	(0.3)	(0.6)	2.6	(0.4)	(2.2)	–
MAPFRE FINISTERRE	Non-Life Insurance (Spain)	87.9	EUR	37.7	–	(2.5)	35.3	–	(2.4)	32.9
VERTI VERSICHERUNG AG	Non-Life insurance (Germany)	23.5	EUR	14.7	–	(3.3)	11.4	–	(2.6)	8.7
PT. AURANSI BIDA DANA ARTA TBK (ABDA)	Insurance (Indonesia)	481,941.5	IDR	15.8	0.9	(6.6)	10.1	(0.6)	(9.5)	–
CAJA GRANADA VIDA	Life insurance (Spain)	30.5	EUR	–	30.5	(3.8)	26.7	(23.9)	(2.9)	–
CAJAMURCIA VIDA	Life insurance (Spain)	41.0	EUR	–	41.0	(4.3)	36.7	(33.0)	(3.6)	–
MAPFRE SALUD ARS	Life Insurance (Dominican Republic)	3,740.1	DOP	–	–	–	–	52.9	(3.8)	49.1
Other	--			8.6	0.2	(2.3)	6.5	(0.4)	(2.1)	4.0
TOTAL PORTFOLIO ACQUISITION EXPENSES				848.4	64.9	(76.0)	837.3	(194.3)	(73.2)	569.7

Figures in million euros.

The book value, net of any impairment, of each of the goodwill and portfolio acquisition expense items described above, and of the net assets associated with each cash-generating unit, is equal to or lower than the amount recoverable from the cash-generating unit to which they are allocated. The following table shows the recoverable value of the cash-generating units to which the main intangible assets are allotted at the close of the last two periods:

Cash-generating unit	Contrast value		Recoverable value	
	2020	2019	2020	2019
MAPFRE VIDA	2.030.8	1.875.1	4.595.3	6.118.2
BB MAPFRE PARTICIPAÇÕES	160.8	230.6	1.168.7	1.442.5
BANKINTER VIDA (Spain)	230.4	260.4	445.7	754.9
CCM VIDA Y PENSIONES	135.5	147.9	159.6	254.3
MAPFRE USA	1.705.8	1.763.6	2.070.5	2.524.7
VERTI VERSICHERUNG AG	307.0	301.2	309.2	436.2

Figures in million euros.

The calculation of the recoverable value of the cash-generating units takes into account the degree of economic development of the country in which the units operate as well as the degree of development of the insurance industry, measured by its weight in the country Gross Domestic Product, and other variables such as market share, projected performance of the commercial network, MAPFRE’s past experience in the markets where the cash-generating units are present, etc.

The discount rate (ke) and perpetuity growth rate (g), as defined below, are also taken into account:

1. Discount rate (ke) = Risk-free rate of the country + (β * Risk premium of the equity market)
2. Perpetuity growth rate (g): calculated according the long-term inflation projection issued by the International Monetary Fund (IMF)

The country risk rate usually corresponds to the actual yield of the 10-year Treasury bonds in local currency issued in the country in which the cashgenerating unit operates, increased by the risk premium of the equity market estimated for the insurance industry. The market risk premium for the insurance industry is calculated by modulating the generic premium for the equity market by the Beta ratio for listed insurance companies compared with the region in which the cashgenerating unit operates.

Exceptionally, in 2020, as a result of the uncertainty generated by COVID-19, risk premiums, and subsequently discount rates, have increased by an amount that oscillates between 0.4 and 3.1 percent depending on the business and country

The risk-free rate applied varied between -0.6 percent and 12.5 percent in 2020, and between -0.2 and 12.0 percent in 2019.

As a supplement for estimating the discount (ke) and perpetuity growth (g) rates applied to the different cash-generating units analyzed, the external projections of international organizations and other benchmark entities in the field of company ratings are used.

The discount rates obtained as such applied to the discounted cash flows were used to calculate the recoverable value of the main cash-generating units are as follows:

Cash-generating unit	2020	2019
MAPFRE USA	5.9%	6.5%
MAPFRE VIDA, BANKINTER VIDA (España) y CCM VIDA Y PENSIONES	7.7%	5.4%
BB MAPFRE PARTICIPAÇÕES	10.6%	10.1%
MAPFRE SIGORTA	17.7%	16.9%
VERTI ASSICURAZIONI S.P.A.	7.0%	6.3%
VERTI VERSICHERUNG AG	5.0%	4.3%
PT ASURANSI BINA DANA ARTA TBK (ABDA)	10.8%	10.7%

The rates used to calculate the recoverable value of the cash-generating units are after taxes, as they are applied to cash flows that are also net of tax effects.

The estimated perpetuity growth rates (g) applicable to the different cash-generating units are based on the long-term inflation projections included in the World Economic Outlook Database published by the International Monetary Fund. Said long-term inflation projections and the perpetuity growth rates set on them, for the markets in which the main cash-generating units operate, are as follows:

Country	Long-term inflation forecast		Perpetuity growth rate (g)	
	2020	2019	2020	2019
Spain	1.6%	1.8%	1.6%	1.8%
United States	2.2%	2.3%	2.2%	2.3%
Turkey	11.0%	11.0%	11.5%	11.5%
Brazil	3.3%	3.5%	3.8%	4.0%
Italy	1.2%	1.5%	1.2%	1.5%
Germany	1.7%	2.1%	1.7%	2.1%
Indonesia	3.0%	3.0%	3.5%	3.5%

Meanwhile, at least once a year each Group company analyzes the assumptions used to estimate future cash flows and updates them pursuant to actual results and past experience. In general, the cash flow projections for the first five years consider growth rates based on past experience, while in subsequent years the residual value is calculated, establishing perpetual revenues based on the cash flows of the last period of the estimates, with a perpetuity growth rate calculated as described above.

Exceptionally, in 2019 and prior in Brazil, Indonesia and Italy, a time horizon of longer than five years was considered, in line with the duration of the agreements with Banco do Brasil in the case of the former, and with the businesses being recent acquisitions still in development in the case of Indonesia, and the reorganization from the Italy branch transformation plan. In 2020, as a result of the uncertainty generated by COVID-19, the time horizon considered in Indonesia and Italy has been the standard five years, with only Brazil considering a greater time horizon.

The most relevant hypotheses used to determine cash flows from the main cash-generating units are as follows:

Cash-generating unit	Average growth ⁽¹⁾		Average net result growth		Average capital requirement ratio ⁽²⁾	
	2020	2019	2020	2019	2020	2019
MAPFRE USA	1.94%	0.22%	5.48%	13.37%	15.98%	15.02%
MAPFRE VIDA	1.01%	-0.04%	-0.96%	-0.41%	3.36%	4.17%
BANKINTER VIDA	2.46%	2.73%	1.96%	2.43%	0.46%	0.83%
CCM VIDA Y PENSIONES	-2.29%	-1.15%	0.58%	3.40%	2.18%	2.41%
BB MAPFRE PARTICIPAÇÕES	13.41%	10.82%	16.14%	11.18%	10.29%	10.81%
MAPFRE SIGORTA	15.17%	11.17%	11.31%	32.09%	30.26%	29.43%
VERTI ASSICURAZIONI S.P.A.	-4.11%	2.56%	-25.89%	20.45%	57.33%	45.71%
VERTI VERSICHERUNG AG	4.95%	6.07%	5.38%	8.12%	24.05%	31.28%
PT ASURANSI BINA DANA ARTA TBK (ABDA)	9.60%	7.39%	3.40%	24.76%	51.02%	35.00%

(1) Premium growth for Non-Life business and managed assets for business with a large Life Savings component.
(2) Premium ratio for Non-Life business and managed assets for business with a large Life Savings component.

The ratios described above correspond to the average of the years comprising the time horizon of the projections (generally 5 years, with the indicated exceptions of BB MAPFRE PARTICIPAÇÕES, and of VERTI ASSICURAZIONI, and ABDA in 2019).

In the event of reasonable variations in any of the key assumptions, the book value is unlikely to be significantly higher than the recoverable value of the cash-generating units.

Specifically, the studies conducted for the main cash-generating units analyzed reveal the following sensitivity ranges in the event of unfavorable variations in the key assumptions:

- An increase of 1 percentage point in the discount rate applied to each cashgenerating unit would imply reductions in the recoverable values of between 7.1 and 20.7 percent in 2020, and between 10.6 and 31.8 percent in 2019, which would only impact cash-generating units with a tighter margin, without the effect on any of those units being significant for the Group equity or financial situation. This same conclusion is reached if longer-term issuances (30 years for currencies and countries that have these issuances) are used as the risk free rate instead of the 10-year Government Bond.
- A decrease of 0.25 percentage points in the perpetuity growth rate applied to each cash-generating unit would imply reductions in the recoverable values of between 1.2 and 3.9 percent in 2020, and between 1.3 and 6.6 percent in 2019, which would not imply a relevant fall below the book value attributed to any of the units, and as such an impairment has not been provisioned.

If the analysis of the possible impairment of goodwill reveals a recoverable value below the book value, an individual study is conducted of all the key assumptions that have led to this situation, also taking into consideration the sensitivity ranges for calculating their impact.

The impairment loss recorded in 2020 from goodwill and portfolio acquisition expenses for MAPFRE SIGORTA, VERTI ASSICURAZIONI and ABDA, for a total amount of 127.5 and 7.3 million euros, respectively, originates in the uncertainty and negative development of macroeconomic data as a result of COVID-19, which has led to:

- An increase in the discount rates applied to projected cash flows for the abovementioned businesses, as a result of the increase in the generic risk premium considered.
- Moderation in medium and long-term growth expectations for the above businesses, with the subsequent effect on the updated result projections.
- A reduction in the time horizon considered for estimating cash flow to five years, used in the residual life calculation for VERTI ASSICURAZIONI S.P.A. and ABDA businesses.

The impairment loss recorded in 2019 from goodwill for MAPFRE ABRAXAS, INSURE & GO and BRICKEL FINANCIAL SERVICES, for the total amount of 65.0 million euros, originated in the lower expectations of future profit in the assistance and travel insurance business in the United Kingdom, as a result of a complex socioeconomic environment and the foreseeable slow-down of the economy from uncertainty surrounding Brexit, as well as the reduction of unprofitable business in the United States and Canada.

6.2. PROPERTY, PLANT AND EQUIPMENT
AND REAL ESTATE INVESTMENTS

Property, plant and equipment

The following tables show the movements under this heading in the last two years:

2020							
Item	Opening balance	Adjustments to the opening balance	Changes to the scope	Additions or provisions	Disposals, cancellations or reductions	Closing balance	Market value
COST							
REAL ESTATE FOR OWN USE							
Land and natural resources	34.2	(6.4)	0.9	1.2	(1.0)	29.0	89.2
Buildings and other structures	1,038.6	(34.6)	6.5	16.0	(18.7)	1,007.8	1,077.5
Lease right of use	328.2	(26.1)	0.6	37.2	(8.4)	331.5	247.8
OTHER PROPERTY, PLANT AND EQUIPMENT							
Vehicles	31.8	(4.3)	0.3	2.7	(2.0)	28.6	9.0
Furniture and fittings	496.5	(20.7)	4.0	26.5	(18.6)	487.7	145.7
Other property, plant and equipment	255.9	(32.7)	(0.1)	23.1	(15.5)	230.8	75.9
Advances and fixed assets in progress	6.6	(0.2)	–	9.2	(12.2)	3.4	8.0
Lease right of use	3.3	3.3	–	3.9	(0.5)	10.0	5.4
TOTAL COST	2,195.2	(121.6)	12.2	119.9	(76.7)	2,128.9	1,658.6
CUMULATIVE DEPRECIATION							
REAL ESTATE FOR OWN USE	(279.4)	7.5	(1.3)	(49.8)	0.9	(322.1)	–
OTHER FIXED ASSETS	(526.6)	39.9	(3.0)	(58.4)	28.5	(519.6)	–
TOTAL CUMULATIVE DEPRECIATION	(806.0)	47.4	(4.3)	(108.2)	29.4	(841.7)	–
IMPAIRMENT							
REAL ESTATE FOR OWN USE							
Land and natural resources	–	–	–	(0.5)	0.5	–	–
Buildings and other structures	(10.0)	–	–	(0.5)	4.7	(5.9)	–
OTHER FIXED ASSETS							
Other property, plant and equipment	(2.0)	–	–	–	–	(2.0)	–
TOTAL IMPAIRMENT	(12.0)	–	–	(1.0)	5.1	(7.9)	–
TOTAL REAL ESTATE FOR OWN USE	1,111.6	(59.6)	6.8	3.7	(22.1)	1,040.4	1,414.5
TOTAL OTHER FIXED ASSETS	265.5	(14.6)	1.2	7.0	(20.2)	238.9	244.1
TOTAL PROPERTY, PLANT & EQUIPMENT	1,377.1	(74.2)	7.9	10.7	(42.3)	1,279.3	1,658.6

Figures in million euros.

2019							
Item	Opening balance	Adjustments to the opening balance	Changes to the scope	Additions or provisions	Disposals, cancellations or reductions	Closing balance	Market value
COST							
REAL ESTATE FOR OWN USE							
Land and natural resources	46.9	2.5	--	1.6	(16.8)	34.2	85.1
Buildings and other structures	1,035.5	0.1	--	17.6	(14.7)	1,038.6	1,145.0
Lease right of use	--	--	--	328.2	(0.01)	328.2	285.1
OTHER PROPERTY, PLANT AND EQUIPMENT							
Vehicles	31.4	(0.1)	--	4.0	(3.5)	31.8	10.9
Furniture and fittings	470.1	(4.0)	--	51.0	(20.7)	496.5	159.4
Other property, plant and equipment	262.8	1.4	--	16.6	(24.8)	255.9	87.2
Advances and fixed assets in progress	9.8	(0.3)	--	10.3	(13.3)	6.6	6.6
Lease right of use	--	--	--	3.3	--	3.3	1.4
TOTAL COST	1,856.5	(0.3)	--	432.6	(93.7)	2,195.2	1,780.6
CUMULATIVE DEPRECIATION							
REAL ESTATE FOR OWN USE	(218.3)	(0.8)	--	(62.5)	2.2	(279.4)	--
OTHER FIXED ASSETS	(512.4)	3.1	--	(58.0)	40.6	(526.6)	--
TOTAL CUMULATIVE DEPRECIATION	(730.8)	2.4	--	(120.4)	42.8	(806.0)	--
IMPAIRMENT							
REAL ESTATE FOR OWN USE							
Land and natural resources	–	–	–	–	–	–	–
Buildings and other structures	(11.4)	–	–	(2.1)	3.5	(10.0)	–
OTHER FIXED ASSETS							
Other fixed assets	(2.0)	–	–	–	–	(2.0)	–
TOTAL IMPAIRMENT	(13.4)	–	–	(2.1)	3.5	(12.0)	–
TOTAL REAL ESTATE FOR OWN USE	852.7	1.9	–	282.8	(25.8)	1,111.6	1,515.1
TOTAL OTHER FIXED ASSETS	259.7	0.2	–	27.2	(21.6)	265.5	265.5
TOTAL PROPERTY, PLANT & EQUIPMENT	1,112.3	2.1	–	310.0	(47.3)	1,377.1	1,780.6

Figures in million euros.

The amounts shown as changes in scope in 2019 are primarily the result of the reclassification in the accounting policy regarding leases, explained in Notes 2.4, 5.4 and 6.3.

Real estate investment

En los cuadros siguientes se detalla el movimiento de este epígrafe en los dos últimos ejercicios:

2020

Item	Opening balance	Adjustments to the opening balance	Changes to the scope	Additions or provisions	Disposals, cancellations or reductions	Closing balance	Market value
COST							
INVESTMENT IN REAL ESTATE							
Land and natural resources	518.2	(2.4)	(1.2)	80.6	(190.5)	404.7	270.0
Buildings and other structures	1,343.0	(15.1)	(52.2)	78.2	(76.3)	1,277.6	1,428.0
TOTAL COST	1,861.2	(17.5)	(53.4)	158.9	(266.8)	1,682.3	1,698.7
CUMULATIVE DEPRECIATION							
INVESTMENT IN REAL ESTATE	(295.1)	1.7	12.1	(21.9)	5.0	(298.2)	–
TOTAL CUMULATIVE DEPRECIATION	(295.1)	1.7	12.1	(21.9)	5.0	(298.2)	–
IMPAIRMENT							
INVESTMENT IN REAL ESTATE							
Land and natural resources	(197.0)	–	0.1	(20.8)	79.0	(138.7)	–
Buildings and other structures	(45.7)	0.3	2.0	(2.8)	0.4	(45.9)	–
TOTAL IMPAIRMENT	(242.7)	0.3	2.1	(23.6)	79.4	(184.6)	–
TOTAL REAL ESTATE INVESTMENT	1,323.4	(15.5)	(39.2)	113.4	(182.5)	1,199.5	1,698.7

Figures in million euros.

The amounts recorded as changes in scope in 2020 primarily come from the sale of 100 percent of the shares of MAQUAVIT INMUEBLES.

The disposals of the year mainly include the reclassification to Non-current assets held for sale of MAPFRE INMUEBLES land with a sale agreement signed December 31, 2020 (Note 6.9).

The disposals for the year for Buildings and other structures mainly includes the sale of an office building in Boston (USA) which generated a pretax gain of 19.6 million US dollars (17.1 million euros).

The amounts recorded as additions for land impairments come from the provision made in 2020 as a result of the review of the value of the most relevant land intended for residential development in Spain, from the fall in economic activity caused by COVID-19.

2019

Item	Opening balance	Adjustments to the opening balance	Changes to the scope	Additions or provisions	Disposals, cancellations or reductions	Closing balance	Market value
COST							
INVESTMENT IN REAL ESTATE							
Land and natural resources	597.2	0.6	–	–	(79.6)	518.2	363.3
Buildings and other structures	1,176.7	4.8	–	182.3	(20.8)	1,343.0	1,424.1
TOTAL COST	1,773.8	5.4	–	182.4	(100.4)	1,861.2	1,787.4
CUMULATIVE DEPRECIATION							
INVESTMENT IN REAL ESTATE	(281.7)	(0.1)	–	(18.6)	5.3	(295.1)	–
TOTAL CUMULATIVE DEPRECIATION	(281.7)	(0.1)	–	(18.6)	5.3	(295.1)	–
IMPAIRMENT							
INVESTMENT IN REAL ESTATE							
Land and natural resources	(203.2)	–	–	(1.8)	8.0	(197.0)	–
Buildings and other structures	(45.4)	(0.2)	–	(2.6)	2.4	(45.7)	–
TOTAL IMPAIRMENT	(248.5)	(0.2)	–	(4.4)	10.4	(242.7)	–
TOTAL REAL ESTATE INVESTMENT	1,243.6	5.0	–	159.5	(84.7)	1,323.4	1,787.4

Figures in million euros.

The main additions in 2019 correspond to real estate acquired by the real estate investment fund Stable Income European Real Estate Fund (SIEREF) in the course of its regular course of activity.

Impairment losses for the year are recorded in the “Allowance to the asset impairment provision” and the reversal under “Reversal of the asset impairment provision” in the consolidated income statement.

The market value of real estate investment and of real estate for own use basically represents the value determined by an independent appraiser that uses appraisal techniques based on the variables observed in the market (Level 2).

The appraisal methods commonly used are the cost method, the comparison method, the future rental income method and the abbreviated residual method, depending on the characteristics of the asset being appraised.

Moreover, most real estate corresponds to assets assigned to technical provisions and valuations are performed on a regular basis, as established for valuation reviews by the supervisory bodies of insurance activities.

Revenues and expenses derived from real estate investments in 2020 and 2019 are shown in the table below:

Item	Type of investment							
	Operating investment		Equity		Other Activities		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
REVENUE FROM REAL ESTATE INVESTMENT								
From rentals	43.2	48.1	0.9	1.5	14.2	15.6	58.3	65.2
Other	0.4	1.5	0.1	–	1.8	1.9	2.3	3.3
Gains on disposals	17.7	9.3	16.3	0.4	–	2.7	34.0	12.3
TOTAL REVENUE FROM REAL ESTATE INVESTMENT	61.3	58.8	17.3	1.9	16.0	20.1	94.6	80.9
EXPENSES FROM REAL ESTATE INVESTMENT								
Direct operating expenses	19.1	21.9	–	–	0.5	0.6	19.6	22.5
Other expenses	5.3	2.8	–	0.2	7.1	8.5	12.4	11.4
Losses on disposals	18.0	5.3	–	–	–	–	18.0	5.3
TOTAL EXPENSES FROM REAL ESTATE INVESTMENT	42.4	29.9	–	0.2	7.6	9.1	50.1	39.2

Figures in million euros.

6.3. LEASING

The information regarding lease contracts for 2020 and 2019 have been prepared in line with EU-IFRS 16, the regulation in effect as of January 1, 2019.

The Group is the lessee of right-of-use property and other intangible assets. These lease terms have an average duration of between 5 and 18 years, without renewal clauses stipulated in the agreements. There is no restriction on the lessee whatsoever regarding the prerogative to sign these leases.

The financial statements at the close of 2020 and 2019 include the following amounts

Item	Real estate for own use		Other fixed assets		Total	
	2020	2019	2020	2019	2020	2019
ASSET						
Right-of-use (net book value)	247.8	285.1	4.8	1.4	252.5	286.5
LIABILITY						
Other financial liabilities (paymentobligations)	269.2	309.7	5.0	5.7	274.2	315.4
INCOME STATEMENT						
Depreciation	(42.1)	(43.1)	(3.3)	(1.9)	(45.4)	(45.0)
Interest expenses	(14.3)	(16.9)	(0.6)	(0.4)	(15.0)	(17.2)

Figures in million euros.

Expenses from interests are recorded in the consolidated income statement in the headings “operating investment expenses” for the insurance business and “financial expenses” for other activities. The expenses for depreciation recorded are reclassified by purpose in line with the criteria indicated in note 5.21.

Expenses for short-term leases or leases with underlying assets with little value, not included in the above chart, stand at 26.7 million euros at the close of the 2020 financial year (35.1 million euros in 2019).

Total payments for the period reached 67.0 million euros at the close of 2020 (59.8 million euros in 2019).

The future minimum payments for noncancellable leases at the close of 2020 and 2019, not considering the financial discount, are as follows:

Item	Real estate for own use		Other fixed assets		Total	
	2020	2019	2020	2019	2020	2019
Less than one year	48.0	56.0	1.4	3.2	49.4	59.2
More than one year but less than five	138.4	166.4	1.0	3.2	139.4	169.5
More than five years	158.3	200.1	0.1	–	158.4	200.1
TOTAL	344.8	422.5	2.5	6.4	347.2	428.8

Figures in million euros.

The rate applied for calculating debt follows a methodology based on interest rate curves by country and currency, applied individually.

The average weighted rate for real estate and other fixed assets reached 4.7 and 8.1 percent, respectively (5.2 and 8.8 percent in 2019).

The Group has made use of the application deferral of EU-IFRS 16 for those short term lease contracts and/or those containing underlying assets with little value.

The Group is lessor of operating leases covering real estate. These lease terms have an average duration of 7.6 years, without renewal clauses stipulated in the agreements. There is no restriction on the lessee whatsoever regarding the prerogative to sign these leases.

The following chart shows the amounts corresponding to operating lease contract as a lessor at the close of the last two years:

Type of assets	Net book value	
	2020	2019
Real estate investments	839.1	765.1

Figures in million euros.

Payments from operating leases for the last two years is as follows:

Item	2020	2019
Less than one year	54.2	55.6
More than one year but less than five	149.6	147.3
More than five years	78.3	98.5
TOTAL	282.1	301.4

Figures in million euros.

6.4. FINANCIAL INVESTMENTS

At December 31, 2020 and 2019 the composition of financial investments was as follows:

Item	Book value	
	2020	2019
HELD-TO-MATURITY PORTFOLIO		
Fixed income	1,556.9	1,949.7
Other investments	27.4	23.7
TOTAL HELD TO MATURITY PORTFOLIO	1,584.4	1,973.4
AVAILABLE-FOR-SALE PORTFOLIO		
Shares	1,890.3	2,021.1
Fixed income	27,759.1	34,312.4
Mutual Funds	431.8	726.0
Other	19.6	25.8
TOTAL AVAILABLE FOR SALE PORTFOLIO	30,100.7	37,085.2
TRADING PORTFOLIO		
Derivatives (not for hedging):		
Financial swaps	501.4	494.5
Options	1.1	—
Other investments:		
Shares	804.7	739.9
Fixed income	2,215.7	3,181.6
Mutual Funds	982.8	1,100.1
Hybrids	315.5	392.7
Deposits	—	0.4
Other	5.0	28.0
TOTAL TRADING PORTFOLIO	4,826.0	5,937.3

Figures in million euros.

The fall in financial investments in 2020 is mainly due to the reclassification to Non-current assets held for sale of financial investments from the bancassurance business with Bankia, for the amount of 7.4 billion euros (Note 6.9).

The process for the valuation of financial assets is as follows:

- a. When the asset is acquired, it is assigned to a specific portfolio (held-to-maturity, available for sale, or trading) depending on the characteristics of the liabilities to which it is going to be assigned and on the local and international legislation on accounting and insurance.
- b. The accounting nature of the portfolios dictates the type of valuation performed. However, at least once a month all assets are valued against the market using the valuation methods mentioned in Note 5.5 “Financial investments” (Level 1, Level 2 and Level 3).
- c. The valuations are performed directly by the Group’s companies, although in some countries an independent financial institution carries them out in line with the local regulations.

The valuation policy is decided by the Investment Committees and/or Risk Committees, and is reviewed at least once a quarter.

Furthermore, the MAPFRE S.A. Executive Committee analyzes the value of all investments, gains and losses on a regular basis.

With regard to the sensitivity of fair value measurements, changes in the non-observable variables used in the aforementioned individual valuations would not significantly alter the fair value obtained.

Quoted prices are monitored and verified on a regular basis in order to decide whether any transfers between levels are required:

- 1. If the quotation source for a particular asset is no longer representative, it is transferred from Level 1 to Level 2.
- 2. Assets are transferred from Levels 2 and 3 to Level 1 if a reasonable quotation source is verified.
- 3. Assets are transferred to Level 3 when there are no longer any observable market data.

SPPI Test

At the close of 2020 and 2019, the Group carried out an analysis of fixed-income securities classified in the held to maturity and available for sale portfolios, with the aim of determining which securities receive cash flows solely from payments of principal and interest, i.e. if they pass the SPPI test.

The results of said analysis is shown below, with a breakdown of Book and Fair values at December 31, 2020 and 2019, and the variation of the fair value during said periods.

Result	Book Value		Fair value			
	2020	2019	Amount		Variation	
			2020	2019	2020	2019
Pass SPPI test	28,505.0	35,317.5	28,643.0	35,521.0	1,634.6	1,897.8
Do not pass SPPI test	811.0	944.6	825.9	945.3	29.7	46.8
TOTAL	29,316.0	36,262.1	29,468.9	36,466.3	1,664.3	1,944.6

Figures in million euros.

Additionally, the following chart provides a breakdown of the credit rating of the financial assets that pass the SPPI test:

Rating	Amount passing SPPI test			
	Book value		Fair value	
	2020	2019	2020	2019
AAA	2,309.8	2,076.9	2,398.7	2,176.3
AA	2,978.9	2,993.6	2,974.6	2,994.5
A	14,529.7	20,265.8	14,527.1	20,265.8
BBB	6,597.8	7,971.0	6,614.4	7,983.1
BB OR LESS	1,561.5	1,427.9	1,600.7	1,520.0
NO CREDIT RATING	527.4	582.4	527.5	581.3
TOTAL	28,505.0	35,317.5	28,643.0	35,521.0

Figures in million euros.

Held-to-maturity portfolio

The investments allocated to the held-to-maturity portfolio at December 31, 2020 and 2019 are shown below:

Item	Book value		Fair value						Revenue from interest		Impairment			
			Level 1. Quotation price		Level 2. Observable data		Level 3. Other measurements				Recorded loss		Reversal gains	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Fixed income	1,556.9	1,949.7	1,516.4	1,943.9	152.3	167.2	41.1	42.9	152.2	177.3	—	—		
Other investments	27.4	23.7	20.2	15.5	0.1	0.2	7.1	8.0	2.0	3.1	—	—	--	--
TOTAL	1,584.4	1,973.4	1,536.6	1,959.4	152.4	167.4	48.2	50.8	154.2	180.4	—	—	--	--

Figures in million euros.

In relation to Level 3 financial assets in the heldto-maturity portfolio, no significant transactions were carried out in 2020 and 2019.

Available-for-sale portfolio

The investments allocated to the available-for-sale portfolio, at December 31, 2020 and 2019 are shown below:

Item	Book value (Fair value)								Impairment				
	Level 1. Quotation price		Level 2. Observable data		Level 3. Other measurements		Total		Recorded loss		Reversal gains		
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2019
Shares	1,819.1	1,956.1	71.0	62.6	0.2	2.5	1,890.3	2,021.1	(5.6)	(1.9)	—	—	
Fixed income	21,530.6	28,594.6	6,224.0	5,708.8	4.5	9.0	27,759.1	34,312.4	(4.3)	(11.5)	—	—	
Mutual Funds	212.7	381.9	36.9	37.3	182.2	306.9	431.8	726.0	(4.5)	(0.3)	—	—	
Other	19.6	25.8	—	—	—	—	19.6	25.8	—	—	—	—	
TOTAL	23,581.9	30,958.3	6,332.0	5,808.7	186.9	318.3	30,100.7	37,085.2	(14.4)	(13.6)	—	—	

Figures in million euros.

The valuation adjustments of portfolio investments, including the bancassurance business with Bankia reclassified to Non-current assets held for sale, amounted to 6.2 and 5.5 billion euros at December 31, 2020 and 2019 respectively, which have been recorded net of the tax effect on equity.

Transfers to the consolidated income statement of valuation adjustments of portfolio investments in previous years, undertaken during 2020 and 2019, amount to 120.4 and 440.2 million euros, respectively.

In 2020 and 2019, there were asset transfers from Levels 1 to Level 2 for the amount of 1.4 billion and 873.0 million euros, respectively.

There were no variations in valuation techniques at Levels 2 and 3.

A reconciliation of the opening and closing balances at the close of period for Level 3 financial assets in the available-for-sale portfolio is shown below:

Available-for-sale portfolio	Equity instruments and mutual funds		Debt securities		Other financial assets		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
Opening balance	309.3	113.7	9.0	13.6	—	—	318.3	127.3
Acquisitions	157.7	225.8	1.6	8.6	—	—	159.3	234.4
Disposals	(25.0)	(30.3)	(1.7)	(8.6)	—	—	(26.6)	(38.9)
Transfer from Level 1 or 2	—	—	—	—	—	—	—	—
Transfer to Level 1 or 2	—	—	—	—	—	—	—	—
Amortization	—	—	—	—	—	—	—	—
Gains and losses	1.5	2.4	(4.3)	(4.5)	—	—	(2.7)	(2.1)
Other	(261.2)	(2.2)	(0.1)	—	—	—	(261.4)	(2.3)
Closing balance	182.3	309.3	4.5	9.0	—	—	186.9	318.3

Figures in million euros.

At the close of 2020 and 2019, the impairment analyses performed for each security in the equity portfolios concluded that there was no significant impairment, or any signs of such, in any of the investments measured at their stock market quoted price as none of the objective situations determining this eventuality had occurred.

With respect to investments in unlisted assets, in 2020 and 2019, losses of 4.3 million euros were for the SAREB convertible bonds recognized in each year. No provisions were made during the periods 2020 and 2019 for significant impairment to investments in unquoted assets analyzed individually.

At the close of 2020 and 2019, the Group had fixedincome assets as guarantees for financial swap operations with a market value of 585.3 and 496.5 million euros, respectively. These financial assets are classified in the available-for-sale portfolio. At the close of these years, the guaranteed assets amounted to 555.1 and 516.9 million euros, respectively. In both cases the guarantee matures on a daily basis, at which time a new guarantee is established or the existing guarantee is maintained or canceled. The existence of these guarantees mitigated the counterparty risk (CVA/ DVA) on a large portion of the Group’s derivatives.

Trading portfolio

The investments allocated to the trading portfolio at December 31, 2020 and 2019 are shown below:

Item	Book value (Fair value)							
	Level 1. Quotation price		Level 2. Observable data		Level 3. Other measurements		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
Derivatives (not for hedging)								
Financial swaps	–	–	501.4	494.5	–	–	501.4	494.5
Options	–	–	1.1	–	–	–	1.1	–
TOTAL DERIVATIVES (NOT FOR HEDGING)	-	-	502.5	494.5	-	-	502.5	494.5
Other investments								
Shares	800.4	738.6	-	0.1	4.3	1.3	804.7	739.9
Fixed income	1,779.9	2,610.7	435.7	570.9	–	–	2,215.7	3,181.6
Mutual Funds	884.6	1,058.9	90.0	41.2	8.2	–	982.8	1,100.1
Hybrids	45.3	93.8	270.2	298.9	–	–	315.5	392.7
Deposits	–	0.4	–	–	–	–	–	0.4
Other	3.64	–	1.3	1.1	–	26.9	5.0	28.0
TOTAL OTHER INVESTMENTS	3,513.9	4,502.4	797.2	912.2	12.5	28.2	4,323.6	5,442.8
TOTAL TRADING PORTFOLIO	3,513.9	4,502.4	1,299.7	1,406.7	12.5	28.2	4,826.0	5,937.3

Figures in million euros.

During 2020 and 2019 no significant transactions were carried out involving Level 3 financial assets held for trading, and no transfers were made from/to this level.

Gains and losses recognized in the 2020 and 2019 results are as follows:

Item	Gains (Losses) allocated to results			
	Unrealized		Realized	
	2020	2019	2020	2019
Derivatives (not for hedging)				
Financial swaps	14.2	(4.8)	–	14.0
Options	–	–	(0.5)	(0.8)
TOTAL DERIVATIVES (NOT FOR HEDGING)	14.2	(4.8)	(0.5)	14.0
Other investments				
Shares	23.3	64.1	(4.9)	18.3
Fixed income	10.5	44.9	12.6	19.7
Mutual Funds	36.1	76.6	(6.3)	20.6
Hybrids	(2.1)	17.4	–	–
Deposits	–	–	–	–
Other	(5.8)	0.4	(1.0)	(6.0)
TOTAL OTHER INVESTMENTS	62.0	203.5	0.3	52.6
TOTAL TRADING PORTFOLIO	76.2	198.7	(0.1)	66.5

Figures in million euros.

The main derivative instruments correspond to financial swaps of certain or predefined flows in which a Group company assumes the obligation to pay certain fixed or predefined amounts, usually stated in euros. The sum of 501.4 million euros was recorded in the trading portfolio for this item in 2020 (494.5 million euros in 2019).

Note 7 “Risk Management” provides a breakdown of the maturity of fixed-income securities.

6.5. INVESTMENTS ON BEHALF OF LIFE INSURANCE POLICYHOLDERS BEARING THE INVESTMENT RISK

The following table shows the breakdown for the “Investments on behalf of Life insurance policyholders bearing investment risk” heading at December 31, 2020 and 2019:

Item	Book value (Fair value)						Total		Earnings			
	Level 1. Quotation price		Level 2. Observable data		Level 3. Other measurements				Unrealized		Realized	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Shares	590.0	670.6	14.3	–	–	–	604.2	670.6	(107.8)	11.4	0.3	–
Fixed income	198.7	262.3	933.2	563.0	–	–	1,131.9	825.3	3.6	63.0	11.3	21.2
Mutual funds holdings	765.7	1,014.3	0.59	–	–	–	766.3	1,014.3	19.5	45.3	0.9	37.4
TOTAL	1,554.4	1,947.2	948.0	563.0	–	–	2,502.4	2,510.2	(84.7)	119.6	12.4	58.5

Figures in million euros.

In the balance of “Mutual funds”, the amount of Group company majority shareholdings in mutual funds linked to Life insurance where the policyholder bears the investment risk is included, for a total of 321.6 and 295.4 million euros to December 31, 2020 and 2019, respectively. The breakdown of the assets this appears in is the following:

Item	2020	2019
Fixed income	101.1	193.2
Mutual funds	185.3	83.9
Other	35.2	18.4
TOTAL	321.6	295.4

Figures in million euros.

6.6. RECEIVABLES

The breakdown of the “Receivables” heading at December 31, 2020 and 2019, as well as impairment losses and gains on reversals recorded in the last two years are as follows:

Item	Gross amount		Impairment		Net balance on balance sheet		Impairment			
							Recorded losses		Reversal gains	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Receivables on direct insurance and coinsurance operations	3,524.4	4,002.3	(47.1)	(57.2)	3,477.3	3,945.1	(14.5)	(11.3)	6.7	7.0
Receivables on reinsurance operations	1,047.8	971.8	(35.5)	(37.4)	1,012.2	934.3	(16.1)	(16.4)	15.6	15.9
Tax receivables	331.5	409.2	–	–	331.5	409.2	–	–	–	–
Corporate and other receivables	557.1	798.4	(19.0)	(17.6)	538.1	780.8	(2.8)	(10.5)	1.4	2.4
TOTAL	5,460.7	6,181.6	(101.6)	(112.2)	5,359.2	6,069.4	(33.4)	(38.2)	23.6	25.3

Figures in million euros.

The heading “Receivables on direct insurance and co-insurance operations” includes premiums pending collection from policyholders and mediators, while the heading “Receivables on reinsurance operations” includes outstanding balances from ceded, retroceded and accepted reinsurance operations.

Impairment is calculated and, where necessary, recognized, as described in the accounting policy 5.9 “Receivables” in this annual report.

The breakdown for the “Corporate and other receivables” heading at the close of the last two years is as follows:

The balances included in the “Receivables” heading do not accrue interest and generally their liquidation is executed the following year.

Corporate and other receivables	Amount	
	2020	2019
Debtors of sales or provision of services	94.1	95.6
Receivables for claim recovery (including collaboration agreements with other insurance companies)	39.4	19.5
Advance payment of policies (Life insurance)	20.5	28.5
Legal deposits	269.8	376.1
Receivables with Public Administrations	11.6	3.0
Balance receivables from personnel	28.2	25.4
Other debtors	74.6	232.8
TOTAL	538.1	780.8

Figures in million euros.

6.7 ASSET IMPAIRMENT

The following tables show asset impairment for the last two periods:

2020

Impairment in:	Opening balance	Adjustments to the opening balance	Changes to the scope	Recorded in results		Write-off of asset	Closing
				Increase	Decrease		
Intangible assets	329.9	(18.5)	–	167.2	–	(32.5)	456.0
I. Goodwill	339.9	(18.1)	–	127.5	–	–	438.7
II. Other intangible assets	10.6	(0.4)	–	39.7	–	(32.5)	17.3
Property, plant and equipment	12.0	–	–	1.0	(2.7)	(2.4)	7.9
I. Real estate for own use	10.0	–	–	1.0	(2.7)	(2.4)	5.8
II. Other property, plant and equipment	2.0	–	–	–	–	–	2.0
Investments	354.6	(0.3)	(2.1)	38.1	(6.2)	(82.7)	301.3
I. Real estate investments	242.6	(0.3)	(2.1)	23.6	(6.2)	(73.2)	184.6
II. Financial investments							
Held-to-maturity portfolio	–	–	–	–	–	–	–
Available-for-sale portfolio	93.2	–	–	14.4	–	(1.7)	105.9
Trading portfolio	–	–	–	–	–	–	–
III. Investments recorded by applying the equity method	10.1	–	–	–	–	–	10.1
IV. Deposits established for accepted reinsurance	–	–	–	–	–	–	–
V. Other investments	8.6	–	–	0.1	–	(7.9)	0.8
Inventories	80.8	–	–	11.9	(0.9)	–	91.7
Receivables	112.2	(18.5)	–	33.4	(23.6)	(1.8)	101.6
I. Receivables on direct insurance and coinsurance operations	57.2	(16.5)	–	14.5	(6.7)	(1.4)	47.1
II. Receivables on reinsurance operations	37.4	(2.0)	–	16.1	(15.6)	(0.5)	35.5
III. Tax receivables	–	–	–	–	–	–	–
IV. Social security and other receivables	17.6	–	–	2.8	(1.4)	–	19.0
Other assets	–	0.1	–	–	–	–	0.1
TOTAL IMPAIRMENT	899.5	(37.3)	(2.1)	251.5	(33.5)	(119.5)	958.6

Figures in million euros.

2019

Impairment in:	Opening balance	Adjustments to the opening balance	Changes to the scope	Recorded in results		Write-off of asset	Closing
				Increase	Decrease		
Intangible assets	272.9	3.1	–	65.6	–	(1.7)	339.9
I. Goodwill	262.3	3.1	–	65.6	–	(1.7)	329.3
II. Other intangible assets	10.6	–	–	–	–	–	10.6
Property, plant and equipment	13.4	–	–	2.1	(3.5)	–	12.0
I. Real estate for own use	11.4	–	–	2.1	(3.5)	–	10.0
II. Other property, plant and equipment	2.0	–	–	–	–	–	2.0
Investments	395.1	(0.6)	–	24.2	(7.2)	(56.8)	354.6
I. Real estate investments	248.5	0.2	–	4.4	(7.2)	(3.2)	242.7
II. Financial investments							
Held-to-maturity portfolio	–	–	–	–	–	–	–
Available-for-sale portfolio	108.9	(0.8)	–	13.6	–	(28.5)	93.2
Trading portfolio	–	–	–	–	–	–	–
III. Investments recorded by applying the equity method	18.6	–	–	–	–	(8.5)	10.1
IV. Deposits established for accepted reinsurance	–	–	–	–	–	–	–
V. Other investments	19.0	–	–	6.3	–	(16.6)	8.6
Inventories	80.8	–	–	1.2	(1.2)	–	80.8
Receivables	119.3	3.0	–	38.2	(25.3)	(23.0)	112.2
I. Receivables on direct insurance and coinsurance operations	65.2	(1.8)	–	11.3	(7.0)	(10.5)	57.2
II. Receivables on reinsurance operations	36.2	4.6	–	16.4	(15.9)	(3.9)	37.4
III. Tax receivables	–	–	–	–	–	–	–
IV. Corporate and other receivables	17.9	0.3	–	10.5	(2.4)	(8.6)	17.6
Other assets	–	–	–	–	–	–	–
TOTAL IMPAIRMENT	881.5	5.5	–	131.3	(37.3)	(81.5)	899.5

Figures in million euros.

6.8. CASH FLOW

Expenditure

During 2020 and 2019 several disbursements were made related to investments in Group companies and the acquisition of businesses. The most significant acquisitions were as follows:

Acquiring company	Details of acquisition			
	Company	Percentage	Activity	Amount disbursed
2020				
MAPFRE SEGUROS GERAIS	MAPFRE SANTANDER PORTUGAL	50.1%	Insurance	14.4
MAPFRE DOMINICANA	MAPFRE SALUD ARS	51.00%	Insurance	36.2
2019				
MAPFRE VIDA	CAJA GRANADA VIDA	51.00%	Insurance	61.8
MAPFRE VIDA	CAJAMURCIA VIDA	51.00%	Insurance	48.6
MAPFRE ESPAÑA	SANTANDER MAPFRE	50.01%	Insurance	82.3

Figures in million euros.

The aforementioned investments were financed using shareholders' equity and bank loans.

On October 27, 2020, the sale of 100 percent of the shares of MAQUAVIT INMUEBLES, for the consideration of 50.3 million euros, was formalized and payment was received in full at said date. This sale generated a gain of 14.1 million euros.

Commitments

Non-controlling interests of the MAPFRE RE subsidiary have a put option on the shares of this company. If exercised, MAPFRE S.A. or a Group company would have to acquire the shares from the selling non-controlling shareholder. The purchase price for the MAPFRE RE shares will be calculated using the previously agreed formula. At December 31, 2020 and 2019, considering the variables included in the aforementioned formula, the commitment assumed by the Group if this option were exercised would amount to a total of approximately 110.3 and 108.8 million euros, respectively.

No significant non-monetary transactions related to investment and financing activities have been excluded from the cash flow statement.

6.9. NON-CURRENT ASSETS HELD FOR SALE, ASSOCIATED LIABILITIES AND DISCONTINUED OPERATIONS

At December 31, 2020 and 2019 the main noncurrent assets held for sale, discontinued operations and associated liabilities were as follows:

Item	Non-current assets classified as held-for-sale		Discontinued operations		Total	
	2020	2019	2020	2019	2020	2019
Assets						
Intangible assets	281.4	50.8	–	–	281.4	50.8
Property, plant and equipment	65.2	63.5	–	–	65.2	63.5
Investments	7,656.0	80.1	–	–	7,656.0	80.1
Credits	24.2	7.7	–	–	24.2	7.7
Cash	83.7	28.3	–	–	83.7	28.3
Other assets	49.0	33.8	–	–	49.0	33.8
Total assets	8,159.5	264.2	–	–	8,159.5	264.2
Related liabilities						
Technical provisions	6,599.6	69.0	–	–	6,599.6	69.0
Provision for risks and expenses	–	1.6	–	–	–	1.6
Deferred tax liabilities	48.4	1.2	–	–	48.4	1.2
Other debts	615.9	64.1	–	–	615.9	64.1
Total liabilities	7,263.9	135.8	–	–	7,263.9	135.8

Figures in million euros.

Non-current assets classified as held-for-sale and associated liabilities

The following is a description of the key transactions that generated assets and liabilities included in the above chart.

2020

- Bancassurance business with Bankia

In September, the Boards of Directors of Bankia and Caixabank approved the merger project for the two entities, which will be carried out via the absorption of Bankia by Caixabank. In line with the public information, all legal and regulatory aspects are expected to be completed during the first quarter of 2021.

MAPFRE and Bankia have an contract-bound exclusive bancassurance alliance.

Bankia’s absorption by Caixabank will activate the application of the Bankia change of control clause. The change of control gives the unaffected party - MAPFRE - the right to exercise an exit option. The contract itself establishes all the steps to determine the exit value.

At December 31, 2020, the merger of BANKIA MAPFRE VIDA and the entities CAJA GRANADA VIDA and CAJAMURCIA VIDA was completed.

The Life business is managed through the Bankia MAPFRE Vida entity. The following chart shows the key economic figures for this entity, included in the Iberia segment:

Item	2020	2019 ⁽¹⁾	Δ%
Written premiums	178.9	267.3	-33.1%
Result before tax	167.5	138.1	21.3%
Attributable result	125.8	103.9	21.1%
Shareholders' equity	482.8	399.2	21.0%
Financial investments	7,429.4	7,813.0	-4.9%
Technical provisions	6,599.6	7,059.1	-6.5%

Figures in million euros.

(1) The 2019 information is pro-forma for comparison, taking into account the above-mentioned fusion.

The Non-Life business is managed and recorded via the entity MAPFRE ESPAÑA.

In 2020, written Life and Non-Life premiums contributed from Bankia reached 392.0 million euros and imply 1.9 percent of total MAPFRE Group premiums. As such, at December 31, 2020, Valuation change adjustments includes 58.1 million euros from the Bankia bancassurance business.

- Sale of INDUSTRIAL RE

On December 15, the Group received a binding offer for the entity INDUSTRIAL RE, a company that has not had relevant activity for several years. This transaction is currently in the process of obtaining the corresponding administrative authorizations, and is expected to take place during 2021.

At December 31, 2020 INDUSTRIAL RE assets classified as held for sale and associated liabilities reached 35.1 and 7.7 million euros, respectively.

- Sale of Rastreator and Preminen

This past December 29, Admiral Group Plc announced the sale of Penguin Portals Group and the comparison site Preminen to RVU. Penguin Portal Group holds control of the online price comparison site Rastreator.

MAPFRE Group continues to hold 25 percent of Rastreator and 50 percent of Preminen, which are included in this transaction. The value of this transaction will be paid in cash. This operation is subject to the corresponding administrative authorizations and is expected to take place in the first half of 2021.

At December 31, 2020, the assets from Rastreator and Preminen classified as held for sale reached 8.0 and 7.7 million euros, respectively.

- Sale of MAPFRE INMUEBLES land

In December 2020, MAPFRE INMUEBLES signed an agreement for the sale of land intended for residential development, with said sale expected to be carried out in 2021. At December 31, 2020, the net accounting value of land classified as held for sale reached 106.5 million euros.

- Funeral service business in Spain

In 2019, MAPFRE España and Santa Lucia S.A. signed a strategic alliance for the joint development of their respective funeral service businesses in Spain. The result of this alliance will be a leading group in the Spanish funeral business market, with direct and indirect access to 100 percent of the territory.

Once the definitive valuations are set, currently underway, it has been agreed that MAPFRE, through its subsidiary FUNESPAÑA, will own 25 percent of the share capital and Santa Lucía the remaining 75 percent.

While relevant authorizations are still pending, the non-current assets held for sale and the associated liabilities from the businesses contributed to this alliance reached 202.8 and 69.0 million euros, respectively, at the close of 2020; and 193.1 and 65.9 million euros, respectively, at the close of 2019.

2019

In addition to the alliance with Santa Lucia S.A. mentioned above, in 2019, the assets and liabilities included in the previous table were generated by the following operation:

- Cession of long-term Complementary High-Risk Workers’ Compensation Insurance in Peru

This has implied, in 2020, the transfer of assets and liabilities linked to this insurance, valued at 69.0 million euros, at December 31, 2019.

6.10. EQUITY

Share capital

The share capital is recorded by the face value of disbursed shares or whose disbursement was demanded.

The controlling company’s share capital at December 31, 2020 and 2019 was represented by 3,079,553,273 shares, with a face value of 0.10 euros each, fully subscribed and paid-up. All shares carry identical voting and dividend rights.

The Annual General Meeting of March 9, 2018 authorized the directors of the controlling company to increase the capital up to a maximum of 153,977,663.65 euros, equivalent to 50 percent of the share capital at the time. This authorization was granted for a period of five years. Furthermore, the directors were authorized to issue analogous fixed-income securities or debentures, convertible or not, for a maximum amount of 2 billion euros.

CARTERA MAPFRE directly held 69.7 and 67.6 percent of the share capital at December 31, 2020 and 2019, respectively.

All shares representing the share capital of the controlling company are admitted to official trading on the Madrid and Barcelona stock markets.

Treasury Stock

In 2020, 203,905 shares were given to directors of subsidiaries as part of variable remuneration schemes (1,839,387 in 2019), for the amount of 0.3 million euros (4.6 million in 2019). The difference between the price at which the shares were given to directors and their acquisition price, which reached (0.1) million euros in 2020 and 0.9 million euros in 2019 was included in the “Reserves” heading. Additionally, in 2019, 7,897,336 shares of treasury stock were bought on the market for the amount of 19.3 million euros. December 31, 2020 and 2019, the controlling company owned 30,285,934 and 30,489,839 treasury stock respectively, representing 0.98 and 0.99 percent of the capital, for the amount of 63.4 and 63.8 million euros, respectively.

At December 31, 2020 and 2019, no other Group company held shares in the controlling company.

Valuation change adjustments

This includes the equity reserves arising as a consequence of revenues and expenses recognized in each year which, pursuant to IFRS, must be recorded in the Group’s equity accounts.

The following table shows the nature of the “Valuation change adjustments” recorded under that Equity heading at the close of the last two financial years:

Item	Amount	
	2020	2019
Fixed income		
Capital gains	5,396.6	4,791.1
Capiyal losses	(1,523.9)	(1,987.0)
Equity and Mutual Funds		
Capital gains	276.5	795.2
Capital losses	(63.3)	(18.6)
Shadow accounting	(2,787.0)	(2,558.9)
Other adjustments	(28.1)	(18.1)
TOTAL	1,270.7	1,003.7

Figures in million euros.

Restrictions on the availability of reserves

The heading “Reserves” includes the controlling company’s legal reserve, amounting to 61.6 million euros at December 31, 2020 and 2019, which may not be distributed to shareholders, except in the event of the controlling company’s liquidation, and may only be used to offset potential losses. The same restriction applies to the legal reserves established by the subsidiaries and reflected in their balance sheets.

There are no other restrictions on the availability of reserves for any significant amount, except for those described in the section regarding “Tax incentives” in Note 6.20.

Capital management

Capital management is focused on ensuring stability and maintaining adequate remuneration, which are achieved through robust solvency margins, financial flexibility, the generation of cash flows, and the creation of value for shareholders.

Managed capital refers to the shareholders’ equity permitted by the regulations currently in force and other management models used. The Group Solvency ratio offers great stability, backed by a high level of diversification and strict asset and liability management and investment policies.

In line with the Group’s risk appetite, which corresponds to the level of risk that the Group is prepared to assume to attain its business objectives without any significant deviations (even in adverse circumstances), each business unit operates according to a series of risk tolerance levels based on the capital assigned.

MAPFRE has an internal capitalization and dividend policy that is designed to provide the business units with the capital necessary to cover the risks that have been assumed, all in a rational and objective way.

The volume of dividends for distribution is established in line with the estimated results and shareholders’ equity. If actual performance deviates from the estimates made, the assigned capital is revised.

Remuneration for shareholders is linked to the Group’s profits, solvency, liquidity and investment plans, as well as shareholders’ expectations.

As a general rule, the Board of Directors recommends a distribution of dividends to the Annual General Meeting based on between 50 percent and 65 percent of the result for the period attributable to the controlling company in its consolidated annual accounts.

The risk estimates and assignment of capital to each business unit are described in Note 7 of the annual report, “RISK MANAGEMENT”.

The items that form part of the Group’s available equity conform to the requirements of current regulations.

6.11. SUBORDINATED LIABILITIES

At December 31, 2020 and 2019, the balance of this account included the amortized cost of the subordinated debt issued by the controlling company, corresponding to the issuances in September 2018 and March 2017. The most relevant terms and conditions of these are described below:

Terms and Conditions	Issuance	
	September 2018	March 2017
Nominal amount	500.0	600.0
Issue date	9/7/2018	3/31/2017
Maturity	9/7/2048	3/31/2047
First call option	9/7/2028	3/31/2027
Interest rate		
Until 1st call option	4.125%	4.375%
After 1st call option	Euribor 3M + 4.30%	Euribor 3M + 4.543%
Listing market	AIAF	AIAF
Rating	BBB-	BBB
Accrued unpaid interest at December 31, 2020 and 2019	6,5	19,8
Price at close of period		
2020	116.3%	116.6%
2019	117.9%	117.7%

Figures in million euros.

Both issuances, issued under Spanish jurisdiction, contemplate::

- A. Redemption in special cases: due to reform or modification of tax regulations, non-classification as issuer’s own funds, and change in treatment granted by the credit rating agencies.
- B. Interest deferral, where the issuer is obligated to defer interest payment should any Solvency Capital Requirement or Minimum Capital Requirement breach exist, or should the Relevant Regulator prohibit the issuer from making interest payments, or should the issuer be unable to meet regularly its due and payable liabilities.

6.12. FINANCIAL LIABILITIES

The following table shows the fair value breakdown of the financial liabilities:

Item	Book value		Fair value	
	2020	2019	2020	2019
Issue of debentures and other negotiable securities	1,005.6	1,004.8	1,088.1	1,087.2
Due to credit institutions	866.4	847.8	866.4	847.8
Other financial liabilities	1,596.7	1,913.1	1,594.4	1,903.4
TOTAL	3,468.7	3,765.7	3,548.9	3,838.4

Figures in million euros.

At December 31, 2020 and 2019 the fair value of the issue of debentures and other negotiable securities corresponded to the quoted price at the close of the period (Level 1), including the accrued interest.

Issuance of debentures and other negotiable securities

At December 31, 2020 and 2019 the balance of this account included the amortized cost of the simple debentures issued by MAPFRE S.A. The most relevant terms and conditions governing issuing activity are described below.

- a. Issue type: simple debentures represented by book entries
- b. Nominal amount: 1 billion euros
- c. Issuance date: May 19, 2016
- d. Issuance period: 10 years
- e. Maturity: May 19, 2026
- f. Redemption: single payment on maturity and at par, with no expense for the holder
- g. Listing: Fixed-income AIAF market
- h. Coupon: annual fixed 1.625 percent, payable on the anniversaries of the issue date up to and including the end maturity date
- i. Issue rating: A-

The accrued interest outstanding at December 31, 2020 and 2019 amounted to 10.1 million euros. At December 31, 2020 and 2019 the securities were listed at 109.8 percent and 107.7 percent of their face value, respectively.

Debt payable to lending institutions

The breakdown of the amounts due to credit institutions at December 31, 2020 and 2019 is shown below:

Class of debt	Book value		Average interest rate %		Guarantees granted	
	2020	2019	2020	2019	2020	2019
Finance lease	0.1	0.2	5.96	5.16	–	–
Credits	611.9	639.8	0.49	0.52	–	–
Loans	254.4	161.6	0.87	0.53	–	–
Other	–	46.2	–	1,00	–	–
TOTAL	866,4	847,8	–	–	–	–

Figures in million euros.

- Credits

At December 31, 2020 and 2019 the main line o the credit was as follows:

Bank	Maturity	Limit		Drawn down	
		2020	2019	2020	2019
MAPFRE S.A.	2/26/2025	1,000.0	1,000.0	600.0	610.0
TOTAL		1,000.0	1,000.0	600.0	610.0

Figures in million euros.

The line of credit indicated above is a syndicated loan granted by a group of ten banking companies and which accrues interest at a rate pegged to market variables and in 2018, was novated, modifying the conditions and extending its maturity. Among the conditions modified, it is worth pointing out that it became sustainable financing, also linking its interest to the Group sustainability parameters.

• Loans

The breakdown of the main loans in force at December 31, 2020 and 2019 is as follows:

Bank	Period	Amount	
		2020	2019
MAPFRE VIDA	04/1/2026	110.0	110.0
MAPFRE ESPAÑA	02/21/2024	51.0	51.0
MAPFRE DOMINICANA	03/11/2027	28.9	–
TOTAL		189.9	161.0

Figures in million euros.

The MAPFRE VIDA and MAPFRE ESPAÑA loans accrue an interest rate linked to the Euribor, amortizing via flat, annual payments, the first being made two years from the date of the formalization of the loan in 2019.

The MAPFRE DOMINICANA loan accrues an interest rate linked to market variables and to Group sustainability parameters, amortizing via flat quarterly payments.

Other financial liabilities

The heading “Other financial liabilities” includes the outstanding amount for financial obligations not included in any other items. The following table shows the breakdown at December 31, 2020 and 2019:

Other financial liabilities	Amount	
	2020	2019
Financial liabilities held for trading	5.5	471.1
Other financial liabilities measured at fair value with changes in P&L	529.4	498.9
Non-controlling interests in mutual funds (Note 3.2)	708.9	584.1
Financial liabilities from leases (Note 6.3)	273.1	315.4
Other financial liabilities	79.9	43.6
TOTAL	1,596.7	1,913.1

Figures in million euros.

The fall in Financial liabilities held for sale in 2020 is primarily due to the reclassification to Noncurrent liabilities held for sale of the liabilities from the bancassurance business with Bankia, for the amount of 480.7 million euros (Note 6.9).

Additionally, there is a line of credit granted by CARTERA MAPFRE with a limit of 400.0 million euros, accruing interest at a variable rate linked to the quarterly Euribor, which matures September 10, 2021, and is renewable for successive annual periods. In 2020 and 2019, no drawdowns have been made on this loan.

At December 31, 2020 and 2019 the fair value of these liabilities did not differ significantly from their book value.

Regarding the fair value level, the fair value measurements of these liabilities are classified at Level 2, with the exception of the balance of “Noncontrolling interests in mutual funds”, valued at liquid value (mostly Level 1).

In 2020 and 2019 no financial liabilities were transferred between Levels 1, 2 and 3. Items are transferred between levels when they no longer meet the criteria for classification under a given level but meet those of one of the other levels. No adjustments were made for own credit risk in connection with the financial liabilities deriving from financial swap transactions, given that they are cash flow exchange operations whose current net value leads to a balance in favor of the counterparty. In any event, the application of adjustments for own credit risk in these transactions would not have a material effect on the income statement or on the company’s equity.

6.13. TECHNICAL PROVISIONS

1. Breakdown of the composition of technical provisions

The following table shows the balance composition of each of the technical provisions listed on the balance sheet of the last two years.

Item	Direct insurance		Accepted reinsurance		Ceded and retroceded reinsurance	
	2020	2019	2020	2019	2020	2019
Provisions for Non-Life unearned premiums and unexpired risks						
1.1 Provision for unearned premiums	6,253.8	7,255.6	915.7	949.6	1,582.0	2,010.4
1.2 Provision for unexpired risks	25.9	38.1	–	–	–	–
Life insurance provisions						
2.1 Provisions for unearned premiums and unexpired risks						
2.1.1. Provision for unearned premiums	1,194.8	1,419.9	328.2	239.3	16.0	6.5
2.1.2. Provision for unexpired risks	19.8	24.9	–	–	–	–
2.2 Mathematical reserves	17,976.9	24,826.2	69.2	73.9	39.6	50.5
Provisions for outstanding claims						
3.1 Pending settlement or payment	7,514.3	8,691.1	2,458.8	2,441.0	3,404.6	3,890.9
3.2 Claims incurred but not reported (IBNR)	1,000.6	1,206.8	97.3	106.1	311.1	400.8
3.3 For claim settlement internal expenses	136.1	176.8	3.4	2.3	22.6	22.1
Other technical provisions						
4.1 Burial	1,117.9	1,002.2	–	–	2.2	1.5
4.2 Other	77.6	67.8	–	–	0.5	3.3
TOTAL	35,317.6	44,709.3	3,872.5	3,812.1	5,378.6	6,386.1

Figures in million euros.

2. Movement of each of the technical provisions

2.1. Provisions for unearned premiums, unexpired risks, claims, profit-sharing and other technical provisions

A. DIRECT INSURANCEAND ACCEPTED REINSURANCE

2020

Item	Opening balance	Adjustments to the opening balance	Changes to the scope	Provisions	Reversals	Closing balance
PROVISIONS FOR NON-LIFE UNEARNED PREMIUMS AND UNEXPIRED RISKS						
1.1 Provision for unearned premiums	8,205.2	(713.8)	(5.7)	8,965.8	(9,282.0)	7,169.5
1.2 Provision for unexpired risks	38.1	(0.7)	(0.1)	13.8	(25.2)	25.9
LIFE INSURANCE PROVISIONS						
2.1 Provisions for unearned premiums and unexpired risks						
2.1.1. Provision for unearned premiums	1,659.1	(374.3)	(40.4)	2,067.8	(1,789.2)	1,523.0
2.1.2. Provision for unexpired risks	24.9	(5.3)	(0.2)	4.2	(3.7)	19.8
2.2 Mathematical provisions	24,900.1	(204.2)	(6,208.5)	2,195.2	(2,636.6)	18,046.1
2.3 Provision for profit sharing	–	–	–	–	–	–
PROVISIONS FOR OUTSTANDING CLAIMS						
3.1 Life Direct Insurance	1,292.6	(188.5)	(263.5)	1,067.5	(976.7)	931.4
3.2 Non-Life Direct Insurance	8,782.1	(829.0)	24.9	6,649.3	(6,907.7)	7,719.7
3.3 Accepted reinsurance	2,549.3	(73.0)	–	4,613.8	(4,530.7)	2,559.4
OTHER TECHNICAL PROVISIONS	1,069.9	(5.54)	(2.78)	1,176.4	(1,042.5)	1,195.5
TOTAL	48,521.4	(2,394.4)	(6,496.3)	26,753.8	(27,194.4)	39,190.2

Figures in million euros.

The amounts reflected as changes in scope in 2020 primarily come from the reclassification of Liabilities associated with non-current assets held for sale of the technical provisions of the bancassurance business with Bankia (Note 6.9).

2019

Item	Opening balance	Adjustments to the opening balance	Changes to the scope	Provisions	Reversals	Closing balance
PROVISIONS FOR NON-LIFE UNEARNED PREMIUMS AND UNEXPIRED RISKS						
1.1 Provision for unearned premiums	7,902.3	67.1	0.3	8,188.6	(7,953.0)	8,205.2
1.2 Provision for unexpired risks	49.1	2.7	–	11.9	(25.7)	38.1
LIFE INSURANCE PROVISIONS						
2.1 Provisions for unearned premiums and unexpired risks						
2.1.1. Provision for unearned premiums	1,759.1	(7.1)	11.2	2,411.8	(2,515.8)	1,659.1
2.1.2. Provision for unexpired risks	25.8	(3.7)	–	7.7	(4.9)	24.9
2.2 Mathematical provisions	23,053.7	(73.9)	265.2	3,963.2	(2,308.0)	24,900.1
PROVISIONS FOR OUTSTANDING CLAIMS						
3.1 Life Direct Insurance	1,155.0	(7.0)	21.8	2,388.8	(2,266.0)	1,292.6
3.2 Non-Life Direct Insurance	9,095.0	(49.5)	0.1	9,182.7	(9,446.2)	8,782.1
3.3 Accepted reinsurance	2,464.2	95.3	–	4,567.7	(4,577.8)	2,549.3
OTHER TECHNICAL PROVISIONS	977.1	–	–	1,058.4	(965.6)	1,069.9
TOTAL	46,481.2	24.0	298.5	31,780.7	(30,063.0)	48,521.4

Figures in million euros.

The amounts of the provisions and reversals of technical provisions shown in the tables above are recorded in headings “Changes in provisions for unearned premiums and unexpired risks” “Claims paid and variation in provision for claims, net”, and “Variation in other technical provision” on the consolidated income statement.

B. CEDED AND RETROCEDED REINSURANCE

2020

Item	Opening balance	Adjustments to the opening balance	Changes to the scope	Additions	Reversals	Closing balance
Provision for unearned premiums	2,010.4	(243.7)	(0.2)	2,805.0	(2,989.5)	1,582.0
Provisions for Life insurance	57.0	(4.5)	(0.7)	56.1	(52.3)	55.6
Provision for outstanding claims	4,313.9	(479.6)	(3.1)	5,658.7	(5,751.5)	3,738.4
Other technical provisions	4.8	(2.9)	–	0.7	–	2.6
TOTAL	6,386.0	(730.7)	(4.0)	8,520.5	(8,793.3)	5,378.6

Figures in million euros.

2019

Item	Opening balance	Adjustments to the opening balance	Changes to the scope	Additions	Reversals	Closing balance
Provision for unearned premiums	1,522.7	100.7	0.1	3,834.7	(3,447.8)	2,010.4
Provisions for Life insurance	56.0	(0.1)	1.1	87.0	(86.9)	57.0
Provision for outstanding claims	4,303.1	82.7	2.9	10,223.1	(10,297.9)	4,313.9
Other technical provisions	1.5	2.8	–	0.5	–	4.8
TOTAL	5,883.2	186.2	4.1	14,145.3	(13,832.7)	6,386.0

Figures in million euros.

2.2. Mathematical provisions

Item	Direct insurance and accepted reinsurance		Ceded and retroceded reinsurance	
	2020	2019	2020	2019
Mathematical provisions at beginning of year	24,900.1	23,053.7	50.5	50.3
Adjustments to the opening balance	(204.2)	(73.9)	(10.5)	0.8
Business combinations	–	265.2	–	0.5
Premiums	1,335.5	1,689.2	2.6	0.1
Technical interests and related investment yields	452.5	908.9	3.8	2.2
Claim payments/collections	(2,636.6)	(2,308.0)	(6.5)	(3.0)
Provision adequacy test	–	–	–	–
Shadow accounting adjustments	402.8	1,353.1	–	–
Other	4.4	12.0	0.2	(0.3)
Deconsolidation (balance of provision on deconsolidation date)	(6,208.5)	–	(0.5)	–
Mathematical provisions at end of year	18,046.1	24,900.1	39.6	50.5

Figures in million euros.

The exit from scope in 2020 is entirely a result of the previously mentioned reclassification of the mathematical provisions from the bancassurance business with Bankia.

2.3. Burial provision

Item	Direct insurance and accepted reinsurance	
	2020	2019
Provisions at beginning of year	1,002.2	909.9
Adjustments to the opening balance	–	–
Consolidation (balance of provision on consolidation date)	–	–
Premiums	94.9	97.1
Technical interest	25.0	9.5
Claim payments	(14.5)	(10.6)
Provision adequacy test	–	–
Other	10.3	(3.6)
Deconsolidation (balance of provision on deconsolidation date)	–	–
Provisions at end of year	1,117.9	1,002.2

Figures in million euros.

The increase in technical interest compared to the previous year is mainly due to the fall in benchmark rates in Spain, from 0.98 percent in 2019 to 0.59 percent in 2020.

3. Other information

3.1. Technical provisions for Life insurance where policyholders bear the investment risk

Item	Direct insurance and accepted reinsurance	
	2020	2019
Provision at beginning of year	2,510.2	2,242.5
Adjustments to the opening balance	(177.5)	(7.2)
Consolidation (balance of provision on consolidation date)	–	12.9
Premiums	603.3	856.9
Payment of claims	(250.1)	(807.5)
Asset valuation changes	(106.5)	211.0
Other	(9.5)	1.7
Deconsolidation (balance of provision on deconsolidation date)	(67.5)	–
Provision at end of year	2,502.4	2,510.2

Figures in million euros.

3.2. Provision for unexpired risks

The provision for unexpired risks has been made by the Group's insurance companies in line with the criteria explained in Note 5.15.

3.3. Information related to Life insurance

No additional provisions for Life insurance deriving from the liability adequacy test were necessary.

The characteristics of the main Life insurance types sold by the Group's companies in 2020 and 2019 are listed below.

• Spain

Format	Coverage	Biometric tables		Technical	Profit sharing	
		First order	Second order (*)		Amount	Distribution
MAPFRE VIDA						
Single premium group insurance contracts, with and without profit sharing:						
Mod. 342. Group annuity	Longevity	PERM/F-2000P	% PER2012 COL ORDEN 2	2.28%	--	MAPFRE network
Mod. 308. Group Flexinvida with interest and premium reimbursement	Longevity / Death	PASEM2010	PASEM2019 COL ORDEN 2 (%MEN, %WOMEN)	2.49%	2.7	MAPFRE network
Mod. 517. Group Flexinvida without reimbursement single premium	Longevity	PER2012 COL ORDEN 1	PASEM2019 COL ORDEN 2 (%MEN, %WOMEN)	1.29%	0.1	MAPFRE network
Single or regular premium, individual insurance contracts, where the policyholder bears the investment risk:						
Mod. 447. Dividendo Vida II	Longevity / Death	PASEM 2010 MEN	PASEM2019 IND ORDEN 2 (%MEN, %WOMEN)	-%	--	MAPFRE network
Mod. 502. Seguro Puente Garantía	Longevity / Death	PASEM 2010 MEN	PASEM2019 IND ORDEN 2 (%MEN, %WOMEN)	-%	--	MAPFRE network

Format	Coverage	Biometric tables		Technical	Profit sharing	
		First order	Second order ^(*)		Amount	Distribution
BANKINTER SEGUROS DE VIDA						
Single premium individual contracts without profit sharing - B629	Annuity insurance with counterinsuranc e	85% PASEM2010	% PERP12	1.36%	—	Bank channel
Single premium individual contracts without profit sharing - Riesgo B3000/Riesgo B664	Life Protection insurance	95% - 94% PASEM2010	% PASEM19	0.00% - 2.00%	—	Bank channel
Single premium individual contracts without profit sharing - B284	Life Protection insurance	100% GK95	% PASEM19	2.00%	—	Bank channel
Regular or single premium individual contracts with profit sharing Ahorro 3649	Guaranteed Savings insurance	PASEF2010	% PASEM19 I2	0.05%	0.2	Bank channel
Regular or single premium individual contracts with profit sharing Ahorro 3678	Guaranteed Savings insurance	PASEF2010	% PASEM19 I2	0.05%	0.3	Bank channel
Regular premium individual contracts without profit sharing. Ahorro 3715	Life Protection insurance	GKM80	% PASEM19 I2	-%	—	Bank channel

(*)The second order tables in which use is indicted in % is because they are based on own experience.

The first order Biometric Tables used for “Pricing” in 2021 will be the new tables published in the Resolution from the General Directorate for Insurance and Pension Funds on December 17, 2020, regarding the mortality and longevity tables to be used by insurance and reinsurance companies.

Life-Protection insurance uses the PASEM 2020 tables (Rel and Non R), and for Longevity insurance, depending on the type of business, own experience tables or PER 2020 (Ind. and Col.) are used.

The first order Biometric Tables used for the calculation of “Provisions” are tables based on the company’s own experience, in those businesses in which there is sufficient data. Where there is not sufficient data, the new published tables are used. In any case, if the tables originally used in “Pricing” are more conservative, these same tables are used for the provision.

The Group is making use of the transitional period for adaptation of provisions to the new tables. These tables are considered sufficient based on the analysis of the Group’s own experience. The additional provision to be made as a result of this adaptation is 14.2 million euros, which is immaterial on the Group equity and results. This provision will be adapted in the next four years against results, as shown in the following chart:

Annual close	2020	2021	2022	2023	2024
Provision	0%	25%	50%	75%	100%

In all cases the tables currently used by the Group are sufficient, based on the analysis of own experience, either because the tariff tables are still sufficient or because said tables have been reinforced in recent years according to the requirements in force, without relevant changes in the year.

The analysis of the Group own experience tables were based on the historic archives of the policies in force and the claims from the subsidiaries, and in the case of the Annuity business the National Death Index consultations.

The period of reference used was 2015-2019, and the technical surcharge applied are the same as those included in the published first order tables.

The second order Biometric Tables used for solvency calculations are based on the company’s own experience in each type of business. The data sources and reference periods are generally the same as those indicated the preceding paragraph. These tables are “best estimates” and do not include charges for uncertainty or risks.

- Other countries

Format	Coverage	Biometric tables	Technical interest	Profit sharing	
				Amount	Distribution
COMPANHIA DE SEGUROS ALIANÇA DO BRASIL					
Ouro vida / Ouro vida revisado / BB seguro vida	Death / Disability	AT-49	--	--	Bank channel
Ouro vida 2000 / Ouro vida grupo especial / Ouro vida estilo / BB seguro vida mulher / Other individual Life products	Death / Disability	AT-83	--	--	Bank channel
Other group Life products / Credit Life	Death / Disability	AT-83 y AT-49	--	--	Bank channel
MAPFRE MSV LIFE					
Without profit sharing	Death	61.1% AMC00	Variable	--	Bank channel / broker
With profit sharing	Longevity / Death	--	Variable	18.5	Bank channel / broker
Unit-linked	Longevity / Death	63.5% AMC00	Variable	--	Bank channel / broker
MAPFRE COLOMBIA VIDA					
Pensiones Ley 100	Longevity / Death /Funeral Assistance	Male/Female annuitants mortality tables (RV08) - Colombian disability mortality table (MI85)	--%	--	MAPFRE network
Disability and Longevity Annuity	Death / Disability / Temporary Disability / Funeral Assistance	Male/Female annuitants mortality tables (RV08) - Colombian disability mortality table (MI85)	--%	--	MAPFRE network

3.4. Progression of claims

The following table shows the progression of claims related to Non-Life direct insurance since the year of occurrence until the close of 2020 and 2019. It also shows the breakdown per year of occurrence of the provision for outstanding claims related to this insurance for the two periods.

2020

Year of occurrence of claims	Item	Year of occurrence	Trends in claim costs in the years after year of occurrence										More than 9 years later
			1 year later	2 years later	3 years later	4 years later	5 years later	6 years later	7 years later	8 years later	9 years later		
2010 and anteriores	Pending provision	7,514.7	3,844.1	2,325.3	1,450.6	951.5	695.3	548.2	460.7	509.2	359.5	293.3	
	Cumulative payments	44,827.1	49,056.2	50,374.9	51,248.5	51,724.3	51,983.5	52,201.4	52,339.6	52,470.6	52,628.5	52,710.1	
	TOTAL COST	52,341.8	52,900.3	52,700.2	52,699.2	52,675.8	52,678.7	52,749.6	52,800.3	52,979.8	52,988.0	53,003.4	
2011	Pending provision	2,016.3	703.9	438.5	279.9	205.3	148.1	119.7	109.7	73.6	63.9		
	Cumulative payments	4,402.7	5,724.1	6,035.4	6,201.0	6,281.7	6,369.0	6,383.2	6,433.8	6,455.2	6,465.2		
	TOTAL COST	6,419.0	6,427.9	6,474.0	6,480.9	6,487.0	6,517.1	6,502.9	6,543.4	6,528.8	6,529.1		
2012	Pending provision	2,157.9	739.9	431.8	288.1	223.5	170.6	148.4	97.0	80.5			
	Cumulative payments	4,139.8	5,494.0	5,823.1	5,987.5	6,095.8	6,155.9	6,195.5	6,232.4	6,229.9			
	TOTAL COST	6,297.6	6,233.9	6,254.9	6,275.6	6,319.3	6,326.5	6,343.9	6,329.4	6,310.4			
2013	Pending provision	2,221.7	789.9	478.3	311.9	223.4	186.4	136.6	100.6				
	Cumulative payments	4,355.2	5,777.5	6,141.7	6,335.3	6,417.8	6,488.1	6,549.3	6,549.3				
	TOTAL COST	6,576.9	6,567.4	6,620.0	6,647.2	6,641.2	6,674.5	6,685.9	6,650.0				
2014	Pending provision	2,331.5	883.8	498.1	340.4	266.0	197.3	133.9					
	Cumulative payments	4,601.6	6,139.3	6,500.6	6,656.7	6,771.4	6,860.1	6,937.9					
	TOTAL COST	6,933.0	7,023.0	6,998.6	6,997.2	7,037.3	7,057.3	7,071.7					
2015	Pending provision	2,462.1	958.1	684.9	464.7	293.1	220.5						
	Cumulative payments	4,944.9	6,469.9	6,781.8	7,012.1	7,204.6	7,288.6						
	TOTAL COST	7,407.0	7,428.0	7,466.6	7,476.7	7,497.7	7,509.0						
2016	Pending provision	2,607.9	1,222.9	826.4	460.0	325.8							
	Cumulative payments	4,934.4	6,561.6	7,005.8	7,314.4	7,466.9							
	TOTAL COST	7,542.3	7,784.5	7,832.2	7,774.4	7,792.7							
2017	Pending provision	3,630.6	2,051.6	1,274.5	883.5								
	Cumulative payments	5,190.8	7,703.6	8,490.0	8,899.3								
	TOTAL COST	8,821.5	9,755.3	9,764.5	9,782.8								
2018	Pending provision	3,853.3	2,158.2	1,668.4									
	Cumulative payments	5,303.3	7,349.6	7,889.6									
	TOTAL COST	9,156.6	9,507.8	9,557.9									
2019	Pending provision	2,952.8	1,203.9										
	Cumulative payments	5,246.1	6,906.2										
	TOTAL COST	8,199.0	8,110.1										
2020	Pending provision	2,745.6											
	Cumulative payments	4,627.9											
	TOTAL COST	7,373.4											

Figures in million euros.

		Year of occurrence											
December 31, 2020	Item	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010 and previous	Total
	Provision for outstanding claims Non-Life direct insurance	2,745.6	1,203.9	1,668.4	883.5	325.8	220.5	133.9	100.6	80.5	63.9	293.3	7,719.7

Figures in million euros.

2019

		Trends in claim costs in the years after year of occurrence											
Year of occurrence of claims	Item	Year of occurrence	1 year later	2 years later	3 years later	4 years later	5 years later	6 years later	7 years later	8 years later	9 years later	More than 9 years later	
2009 and anteriores	Pending provision	7,965.8	3,598.6	2,187.4	1,388.9	968.2	628.1	500.9	406.3	372.7	423.4	309.0	
	Cumulative payments	40,672.4	44,604.8	45,797.2	46,533.6	46,992.0	47,259.4	47,389.9	47,529.3	47,617.4	47,776.2	47,876.6	
	TOTAL COST	48,638.2	48,203.4	47,984.6	47,922.5	47,960.2	47,887.5	47,890.8	47,935.5	47,990.1	48,199.6	48,185.6	
2010	Pending provision	2,491.9	905.5	515.3	291.4	194.7	148.0	117.9	87.4	79.6	62.7		
	Cumulative payments	4,780.9	6,313.4	6,668.7	6,924.5	7,026.0	7,087.8	7,169.8	7,191.6	7,220.7	7,252.5		
	TOTAL COST	7,272.8	7,218.9	7,184.0	7,215.9	7,220.7	7,235.8	7,287.7	7,279.0	7,300.3	7,315.1		
2011	Pending provision	2,137.2	745.7	474.7	301.7	225.6	163.1	127.9	115.4	82.6			
	Cumulative payments	4,717.0	6,126.4	6,458.4	6,637.0	6,724.5	6,820.7	6,854.3	6,892.6	6,940.2			
	TOTAL COST	6,854.2	6,872.1	6,933.1	6,938.7	6,950.0	6,983.8	6,982.2	7,008.0	7,022.8			
2012	Pending provision	2,311.0	792.3	460.4	312.9	243.5	183.0	157.5	107.6				
	Cumulative payments	4,401.6	5,864.5	6,219.5	6,394.6	6,511.5	6,574.9	6,618.9	6,667.9				
	TOTAL COST	6,712.7	6,656.8	6,679.9	6,707.5	6,755.1	6,757.9	6,776.4	6,775.5				
2013	Pending provision	2,404.3	860.0	522.4	338.2	234.3	191.5	151.7					
	Cumulative payments	4,657.8	6,211.8	6,610.7	6,827.9	6,917.1	6,994.3	7,059.1					
	TOTAL COST	7,062.1	7,071.8	7,133.0	7,166.1	7,151.3	7,185.8	7,210.9					
2014	Pending provision	2,539.5	961.1	546.9	357.2	276.9	228.2						
	Cumulative payments	4,963.3	6,661.7	7,045.8	7,215.9	7,341.5	7,434.9						
	TOTAL COST	7,502.7	7,622.9	7,592.7	7,573.1	7,618.4	7,663.2						
2015	Pending provision	2,688.7	1,043.6	729.5	472.9	326.0							
	Cumulative payments	5,341.9	7,038.5	7,369.7	7,621.5	7,814.3							
	TOTAL COST	8,030.7	8,082.2	8,099.2	8,094.4	8,140.3							
2016	Pending provision	2,862.2	1,309.6	822.0	531.6								
	Cumulative payments	5,290.8	7,063.0	7,541.3	7,864.5								
	TOTAL COST	8,153.0	8,372.6	8,363.3	8,396.1								
2017	Pending provision	3,908.6	2,167.5	1,376.9									
	Cumulative payments	5,512.9	8,259.6	9,081.3									
	TOTAL COST	9,421.5	10,427.1	10,458.2									
2018	Pending provision	4,211.7	2,351.2										
	Cumulative payments	5,710.5	7,849.6										
	TOTAL COST	9,922.2	10,200.8										
2019	Pending provision	3,254.6											
	Cumulative payments	5,334.7											
	TOTAL COST	8,589.3											

The increase in 2019 of the total cost of claims occurring in 2018 comes primarily from the a claim at a hydroelectric dam in

The increase in 2019 of the total cost of claims occurring in 2018 comes primarily from the a claim at a hydroelectric dam in Colombia, fully allocated to reinsurance.

Figures in million euros.

		Year of occurrence											
December 31, 2019	Item	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009 and previous	Total
	Provision for outstanding claims Non-Life direct insurance	3,254.6	2,351.2	1,376.9	531.6	326.0	228.2	151.7	107.6	82.6	62.7	309.0	8,782.1

Figures in million euros.

As shown in the tables above, the overall percentage of claims attributable to ceded reinsurance is 26.3 percent and 28.0 percent for 2020 and 2019, respectively.

Information about the progression in accepted reinsurance claims per year of occurrence is not provided since as a general rule the ceding companies use accounting methods other than the year of occurrence. In accordance with the studies undertaken for accepted reinsurance, the technical provisions are adequate.

6.14. PROVISIONS FOR RISKS AND EXPENSES

The following tables show the movements of provisions for risks and expenses in the last two years.

2020

Item	Opening balance	Adjustments to the opening balance	Changes to the scope	Inflows		Outflows		Closing balance
				Allocated provisions	Increased value on discount	Applied provisions	Reversed provisions	
Provision for tax to be paid	316.3	(89.3)	(0.1)	2.7	2.9	(4.1)	(4.3)	224.1
Provision for payments of liquidation agreements	14.2	(0.3)	–	9.5	–	(9.6)	–	13.8
Provisions for restructuring	10.5	–	–	25.1	–	(10.0)	–	25.6
Other provisions for staff-related commitments	220.6	(5.8)	(0.8)	191.7	0.1	(187.7)	(0.1)	218.0
Other provisions	147.7	(22.0)	–	44.8	3.7	(57.9)	(15.1)	101.1
TOTAL	709.3	(117.4)	(0.9)	273.7	6.6	(269.3)	(19.5)	582.6

Figures in million euros.

2019

Item	Opening balance	Adjustments to the opening balance	Changes to the scope	Inflows		Outflows		Closing balance
				Allocated provisions	Increased value on discount	Applied provisions	Reversed provisions	
Provision for tax to be paid	321.7	(4.8)	–	5.3	8.1	(5.0)	–	316.3
Provision for payments of liquidation agreements	21.3	(0.10)	–	10.0	–	(15.1)	(1.9)	14.2
Provisions for restructuring	3.7	–	–	10.5	–	(3.7)	–	10.5
Other provisions for staff-related commitments	200.9	1.5	–	114.3	0.38	(96.1)	(0.4)	220.6
Other provisions	102.9	(6.1)	–	94.8	3.4	(42.3)	(5.0)	147.7
TOTAL	641.5	(9.5)	–	235.0	11.9	(162.2)	(7.3)	709.3

Figures in million euros.

The provisions for risks and expenses include the estimated amounts of tax debts, settlement agreement payments, restructuring, employee incentives and others derived from the activities and inherent risks of the Group companies, which will be paid in the coming years.

The estimates of the amount provided and the period in which the provisions will be liquidated are affected by uncertainties regarding the ruling on filed appeals and performance of other parameters. It was not necessary to design assumptions regarding future events in order to determine the value of the provision. Potential provision reimbursement is not expected.

Provision for taxes

This heading includes, at December 31, 2020 and 2019, tax liabilities amounting to 214.6 and 310.8 million euros, respectively, related to the tax contingencies that the Brazilian insurance companies have with the tax authorities in that country, which are being discussed on a judicial and administrative level. These contingencies primarily refer to the taxes known as COFINS (tax contribution used to fund social security) amounting to 197.4 million euros (273.9 million euros at December 31, 2019) and the PIS (Social Integration Program) amounting to 4.4 million euros (6.1 million euros at December 31, 2019). These contingencies have arisen due to discrepancies in the interpretation by the Brazilian government and the business sector regarding the justification of applying said taxes to the companies’ turnover.

From said discussion, the Group is currently involved in legal proceedings with the tax authorities in Brazil in connection with the enforceability of the aforementioned COFINS and PIS taxes, regarding non-operating financial income, for the amounts of 121.7 and 166.6 million Brazilian reals at December 31, 2020 and 2019, respectively. Given the current uncertainty in case law regarding whether the PIS and COFINS calculation base should be extended to include non-operating financial income, as well as the existence of a ruling by the “Procuradoria Geral da Fazenda (the Brazilian General Attorney’s Office for the National Treasury) that is favorable to the insurance companies, both the Group and its advisors classify the risk of loss as possible.

Further, the current proceedings are currently ongoing in Brazil:

- Appeal contesting the 45.1 million euro liquidation, with regard to an inspection initiated by the tax authorities against BRASILSEG COMPANHIA DE SEGUROS, relating to 2014 corporate taxes, questioning the extension applied to revenue from Agricultural insurance operations.
- Appeal regarding the inspection initiated by the tax administration against BRASILVEÍCULOS COMPANHIA DE SEGUROS (absorbed in 2019 by MAPFRE SEGUROS GERAIS),

relating to corporate tax corresponding to the years 2014 to 2016, questioning the deductibility of certain expenses and incentives for the sales network, as well as the amortization of the goodwill generated in a corporate restructuring prior to MAPFRE’s agreement with Banco do Brasil. The owed taxes included in the inspection for said concepts reaches 71.9 million euros, which, if settled unfavorably would trigger the application of the compensation clause set out in the agreements signed with Banco do Brasil.

Both appeals were heard in the court of first instance (BRASILSEG unfavorable and BRASILVEÍCULOS partially favorable) and are awaiting sentencing in the second administrative level. Both the Group and its advisors classify the risk of loss as possible in both cases.

Other provisions

This heading includes, for 2020 and 2019, the contingent payments arising from business combinations, which include the variable part of the price of the business combination that directly depends on the achievement of certain targets linked to the performance of each of the businesses acquired, amounting to 25.3 million euros at the close of 2020 (24.4 million euros in 2019).

At each reporting date, the amount of contingent payments with the interest established in the contract is updated in the financial statements, and their permanence is analyzed according to fulfillment of the business plan. Payment would occur if the business plan were fulfilled, as of the reference date for the calculation of the Embedded Value, for the financial statements closed at December 31, 2020, in line with the contracts signed with the sellers in each business combination.

6.15. DEPOSITS RECEIVED ON CEDED AND RETROCEDED REINSURANCE

Deposits on ceded and retroceded reinsurance represent guarantees received from reinsurers in line with the reinsurance coverage contracts entered into pursuant to usual business practices. These deposits accrue interest to be paid and the average renewal period is usually quarterly. The liquidation of the aforementioned interest is performed quarterly.

6.16. DEBT

The balances included in the headings “Due on direct insurance and co-insurance operations”, “Due on reinsurance operations”, “Tax liabilities” and “Other debts” do not accrue payable interest and generally their liquidation is performed in the following year.

6.17. REVENUES AND EXPENSES FROM INVESTMENTS

The breakdown of revenues and expenses from investments for financial years 2020 and 2019 is shown below:

Revenues from investments

Item	Revenues from investments from:				Financial revenues from other activities		Total	
	Operations		Equity		2020	2019	2020	2019
	2020	2019	2020	2019				
REVENUES FROM INTEREST, DIVIDENDS AND SIMILAR								
Real estate investment								
Rentals	43.2	48.1	0.9	1.5	14.2	15.6	58.3	65.2
Other	0.4	1.5	0.1	–	1.8	1.9	2.3	3.3
Revenues from the held-to-maturity portfolio								
Fixed income	149.0	173.5	1.2	1.9	2.0	1.9	152.2	177.3
Other investments	1.9	2.9	0.1	0.2	–	–	2.0	3.1
Revenue from the available-for-sale portfolio:	1,019.0	1,115.6	62.2	71.0	2.8	2.7	1,084.9	1,189.3
Revenue from the trading portfolio:	245.3	342.0	0.3	1.0	3.3	6.7	248.8	349.7
Other financial returns	100.5	167.6	26.9	37.0	27.2	6.7	154.5	211.2
TOTAL REVENUE	1,560.1	1,851.2	91.8	112.7	51.2	35.3	1,703.0	1,999.1
REALIZED AND UNREALIZED GAINS								
Net realized gains:								
Real estate investment	17.7	9.3	16.3	0.4	–	2.7	34.0	12.3
Held-to-maturity portfolio financial investments	-	-	-	-	-	-	-	-
Financial investments available for sale portfolio	300.5	577.2	28.8	42.2	2.1	6.3	331.3	625.6
Financial investments trading portfolio	60.3	107.2	3.6	10.6	0.1	0.3	64.0	118.1
Other	–	0.4	–	6.4	0.1	–	0.1	6.8
Unrealized gains:								
Increase in fair value of the trading portfolio and earnings from derivatives	114.8	208.9	26.7	58.9	0.7	0.1	142.1	268.0
Other	5.8	9.0	–	–	5.4	3.0	11.2	12.0
TOTAL GAINS	499.2	912.1	75.3	118.5	8.3	12.3	582.7	1,042.8
TOTAL REVENUES FROM INVESTMENT	2,059.2	2,763.2	167.1	231.1	59.5	47.7	2,285.7	3,042.0

Figures in million euros.

The increase in other financial returns from other activities comes from the gain obtained from the sale of MAQUAVIT INMUEBLES, for the amount of 14.1 million euros.

Expenses from investments

Item	Expenses from investments from:				Financial expenses from other activities		Total	
	Operations		Equity		2020	2019	2020	2019
	2020	2019	2020	2019				
FINANCIAL EXPENSES								
Real estate investment								
Direct operational expenses	19.1	21.9	—	—	0.5	0.6	19.6	22.5
Other expenses	5.3	2.8	—	0.2	7.1	8.5	12.4	11.4
Expenses from held-to-maturity portfolio								
Fixed income	6.8	3.8	—	—	—	—	6.8	3.8
Other investments	0.4	0.7	—	—	0.1	—	0.5	0.7
Expenses from the available for sale portfolio	152.8	145.4	18.4	48.1	—	0.4	171.2	193.8
Expenses from the trading portfolio:	132.8	157.4	0.7	—	—	—	133.5	157.4
Other financial expenses	119.2	165.7	5.6	3.0	84.9	77.5	209.8	246.2
TOTAL EXPENSES	436.4	497.5	24.8	51.3	92.6	87.0	553.8	635.8
REALIZED AND UNREALIZED LOSSES								
Net realized losses								
Real estate investment	18.0	5.3	—	—	—	—	18.0	4.3
Financial investments available for sale portfolio	223.6	108.4	8.6	5.6	1.4	0.3	233.5	114.3
Financial investments trading portfolio	57.0	48.4	7.1	2.3	—	0.9	64.1	51.6
Other	7.5	4.3	0.6	0.1	0.2	—	8.2	4.4
Unrealized losses								
Decrease in fair value of trading portfolio and losses in derivatives	55.9	47.4	10.0	21.9	—	—	66.0	69.3
Other	0.9	0.1	—	—	0.4	0.1	1.3	0.2
TOTAL LOSSES	362.9	213.9	26.2	29.9	2.0	1.2	391.1	245.0
TOTAL EXPENSES FROM INVESTMENT	799.4	711.4	51.0	81.2	94.6	88.2	945.0	880.8

Figures in million euros.

A large part of profits and losses, both realized and unrealized, correspond to assets related to mathematical provisions (see Note 6.13), and as such both effects are compensated on the income statement.

The expenses arising from investment portfolios mainly stem from financial swaps related to insurance operations.

6.18. OPERATING EXPENSES

A breakdown of net operating expenses by purpose and nature, for the last two financial years, is shown below.

Operating expenses by purpose

Item	2020	2019
Claims-related expenses	775.3	814.5
Acquisition expenses	4,610.2	5,020.1
Administration expenses	746.8	723.9
Expenses from investments	850.4	792.6
Other technical expenses	205.0	155.1
Other non-technical expenses	145.7	165.2
Operating expenses from other activities	437.0	515.7
TOTAL	7,770.4	8,187.2

Figures in million euros.

Operating expenses by nature

Item	2020	2019
Commissions and other portfolio expenses	3,668.3	3,957.1
Personnel expenses External services	1,696.8	1,761.4
Leasing (shops and buildings)	26.7	35.1
Repairs and upkeep (shops and buildings)	70.0	79.4
Leasing and repairs (computer equipment)	36.3	33.8
Leasing and repairs (computer applications)	164.5	159.3
Other services (computer applications)	221.4	222.0
Supplies (communications)	37.6	30.7
Advertising and marketing	126.3	172.4
Public relations	22.6	48.2
Independent professional services	206.8	180.6
Other services	331.9	361.3
Taxes	150.0	185.1
Provision for amortization	320.6	330.4
Expenses posted directly to purpose	690.5	630.6
TOTAL	7,770.4	8,187.2

Figures in million euros.

The income statement reflects expenses by purpose, i.e., based on the function the expenses fulfill in the operational cycle of the insurance activity (claims-related expenses, the acquisition of insurance contracts, administration, investments or other technical items).

Expenses are initially recognized according to their nature, and are reclassified according to their purpose in those cases in which the nature and purpose are not the same. The reclassification performed in the following subject headings is as follows:

1. Claims-related expenses. Includes expenses for personnel assigned to claims management, amortization and depreciation of fixed assets assigned to this activity, fees paid for claims management and expenses incurred for other services necessary for processing claims.

2. Net operating expenses. Included in this heading are:

- Acquisition expenses. Includes commissions, expenses for personnel assigned to production, amortization and depreciation of fixed assets assigned to this activity, expenses for analyzing and processing policy applications and formalizations, as well as advertising, publicity and commercial organization expenses directly related to the acquisition of insurance contracts.
- Administration expenses. These primarily include expenses for personnel assigned to these functions and amortization and depreciation of fixed assets assigned to this activity, as well as expenses deriving from contentious matters related to premiums, from processing refunds and from ceded and accepted reinsurance.
- Commissions and participations in reinsurance. Includes compensation from reinsurers to the ceding companies for acquisition and administration expenses incurred by the latter, as well as their participation in the profits of the reinsurer.

3. Investment expenses. Includes expenses for personnel assigned to managing investments, charges to amortization and depreciation allowance for fixed assets assigned to this activity, and other internal and external expenses for managing investments, with external expenses including fees, commissions and brokerage fees accrued.

Expenses from investments are classified as from operations or from equity depending on whether they derive from investments corresponding to technical provisions (operating investments) or from investments corresponding to the company’s equity (equity investments).

6.19. RESULT FROM CEDED AND RETROCEDED REINSURANCE

The result from ceded and retroceded reinsurance for years 2020 and 2019 is the following:

Item	Non-Life		Life		Total	
	2020	2019	2020	2019	2020	2019
Premiums	(3,458.4)	(3,959.6)	(190.0)	(177.8)	(3,648.4)	(4,137.4)
Change in the provision for unearned premiums and unexpired risks	(184.5)	386.3	3.7	0.6	(180.8)	386.9
Claims paid and change in the provision for claims	1,723.4	2,371.1	112.0	104.5	1,835.4	2,475.6
Change in mathematical provision and other technical provisions	–	–	(14.4)	(2.2)	(14.4)	(2.2)
Participation of reinsurance in commissions and expenses	630.1	600.7	39.8	35.1	669.9	635.8
Result of ceded and retroceded reinsurance	(1,289.4)	(601.5)	(48.8)	(39.8)	(1,338.2)	(641.2)

Figures in million euros.

The decrease in “Claims paid and change in the provision for claims” in 2020 for ceded and retroceded reinsurance is fundamentally due to the increase last year in the provision for the claim in a hydroelectric dam in Colombia, fully allocated to reinsurance, which occurred in 2018 (see note 6.13).

6.20. FISCAL SITUATION

Fiscal consolidation regulations

- Tax on profits

Since the financial year 1985, some of the consolidated companies with registered offices in Spain have been included for corporate tax purposes in Fiscal Group 9/85. This Group is made up of the controlling company and those of its subsidiaries that are eligible for this tax regime. A list of the main subsidiaries included in this fiscal Group in 2020 is provided in Annex 2 of this report.

- Value Added Tax

Since the financial year 2010, and for the purposes of value added tax, some of the consolidated companies with registered offices in Spain have been included in the VAT Group 87/10. This Group comprises MAPFRE S.A. as the controlling company and those of its controlled companies that agreed to join the Group when it was created. A list of the main subsidiaries that form part of this Group in 2020 is provided in Annex 2 of this report.

Components of tax on profits expenses and reconciliation of the accounting profit with the tax cost for ongoing activities

The main components of the tax on profits expenses from ongoing activities and the reconciliation between the tax on profits expenses and the result of multiplying the accounting profit by the applicable tax rate for the financial years ending December 31, 2020 and 2019 are shown below. The Group has reconciled the amounts by aggregating reconciliations made separately using the national rates of each country.

Item	Amount	
	2020	2019
Tax expense		
Result before taxes from ongoing operations	1,118.5	1,279.3
25 percent of result before taxes from ongoing operations	279.6	319.8
Tax effect of the permanent differences	(58.4)	(22.4)
Tax incentive for the financial year	(36.8)	(20.2)
Tax effect of tax rates other than 25 percent	118.1	72.7
Total expense from current tax originating in the financial year	302.5	349.9
Expense from current tax originating in previous years	10.8	(25.8)
Receivables from negative taxable income not recognized from previous periods, deductions pending application or temporary differences	(15.5)	–
TOTAL TAX EXPENSES OF ONGOING OPERATIONS	297.7	324.0
Tax on profits to be paid		
Withholdings and advance payments	(367.0)	(427.3)
Temporary differences and currency conversion differences	26.3	22.0
Tax receivables and incentives applied, registered in previous years	(37.1)	(13.2)
Tax on earnings for discontinued operations	–	–
TOTAL TAX ON PROFITS TO BE PAID (RECEIVABLE) ORIGINATING IN THE YEAR	(80.1)	(94.5)
Tax on profits receivable from previous financial years	(43.1)	(49.8)
NET TOTAL TAX ON PROFITS TO BE PAID (RECEIVABLE)	(123.1)	(144.3)

Figures in million euros.

Deferred tax assets and liabilities

At December 31, 2020 and 2019 deferred tax assets and liabilities were shown on the consolidated balance sheet for the net amount corresponding to each of the Group's tax-paying companies. They currently stand as follows:

Item	2020	2019
Deferred tax assets	221.7	307.0
Deferred tax liabilities	(670.6)	(703.1)
ASSET (LIABILITY) NET	(448.9)	(396.1)

Figures in million euros.

In addition to the deferred tax assets recorded in 2020 and 2019, shown in the above table, there are other deferred tax assets deriving from tax loss carryforwards pending offset, amounting to 22.7 and 29.7 million euros, respectively. These assets were not recognized, in accordance with the criteria established under EU-IFRS.

The following tables show the movements in the net balance of deferred taxes in the financial years 2020 and 2019, with a breakdown of the amounts related to items directly debited or credited to equity accounts in each financial year.

2020

Item	Opening balance	Adjustments to the opening balance	Changes to the scope	From			Closing balance
				Results	Equity	Settled	
Portfolio acquisition expenses and other intangibles	(254.4)	55.1	10.9	14.8	(51.1)	–	(224.7)
Valuation difference in financial investments	(1,526.8)	(24.1)	414.2	29.3	(195.7)	–	(1,303.1)
Other comprehensive revenue and expenses	(12.2)	(2.8)	–	(0.3)	–	0.3	(15.1)
Valuation difference in mathematical provisions by shadow accounting	1.133.4	26.7	(387.9)	(11.4)	93.8	–	854.6
Stabilization and catastrophe provision	(174.6)	5.5	–	(10.8)	–	28.5	(151.5)
Other technical provisions	63.9	(3.3)	(0.4)	(6.4)	–	–	53.8
Tax receivables on negative taxable income	261.3	(63.4)	–	19.0	–	(29.3)	187.6
Receivables on tax incentives	11.5	(0.2)	–	48.7	–	(42.2)	17.9
Pension supplements and other staff-related commitments	55.7	–	(0.20)	5.7	–	(1.0)	60.1
Provisions for uncollected premiums	19.7	(2.0)	(0.07)	5.5	–	(5.4)	17.7
Provisions for liabilities and others	51.6	(3.2)	0.05	16.4	–	(8.2)	56.6
IFRS 16 application	6.0	(0.7)	0.99	(0.9)	–	–	5.4
Other items	(31.2)	(9.8)	(2.57)	43.5	–	(8.2)	(8.2)
TOTAL	(396.1)	(22.3)	35.0	153.0	(153.0)	(65.5)	(448.9)

Figures in million euros.

The amount recorded in the year in the year in the heading for “Portfolio acquisition expenses intangibles” coming from the equity i the assignation of the final acquisition price of the stake in SANTANDER MAPFRE carrie (Note 4.24)

2019

Item	Opening balance	Adjustments to the opening balance	Changes to the scope	From			Closing balance
				Results	Equity	Settled	
Portfolio acquisition expenses and other intangibles	(264.4)	8.1	(17.9)	19.8	–	–	(254.4)
Valuation difference in financial investments	(1,016.1)	(8.5)	(1.9)	108.8	(609.2)	–	(1,526.8)
Other comprehensive revenue and expenses	(17.4)	(0.1)	–	5.0	–	0.2	(12.2)
Valuation difference in mathematical provisions by shadow accounting	867.8	(3.1)	–	(64.6)	333.3	–	1.133.4
Stabilization and catastrophe provision	(168.1)	4.7	–	(19.6)	–	8.3	(174.6)
Other technical provisions	72.7	0.9	0.4	(10.2)	–	–	63.9
Tax receivables on negative taxable income	221.1	(13.9)	–	67.3	–	(13.2)	261.3
Receivables on tax incentives	12.0	–	–	20.2	–	(20.6)	11.5
Pension supplements and other staff-related commitments	48.1	1.9	–	7.9	–	(2.2)	55.7
Provisions for uncollected premiums	19.0	0.4	–	7.2	–	(6.9)	19.7
Provisions for liabilities and others	43.8	0.9	–	10.9	–	(4.1)	51.6
IFRS 16 application	–	–	–	1.1	4.9	–	6.0
Other items	15.8	(4.8)	–	(39.6)	–	(2.6)	(31.2)
TOTAL	(165.7)	(13.3)	(19.2)	114.2	(271.0)	(41.1)	(396.1)

Figures in million euros.

At the close of 2020, deferred tax assets and liabilities maturing in less than 12 months amounted to 45.0 and 40.3 million euros, respectively (54.4 and 50.3 million euros, respectively, in 2019).

Tax loss carryforwards

The tax loss carryforwards pending offset in fully consolidated companies at the close of the last two periods is shown below:

Year generated	Tax loss carryforwards				Deferred tax assets			
	Applied in the financial year		Pending application		Amount recognized		Amount not recognized	
	2020	2019	2020	2019	2020	2019	2020	2019
2012 and previous	3.0	0.7	14.9	21.2	0.8	–	2.1	4.4
2013	15.7	11.8	156.0	240.2	59.4	93.0	2.0	1.9
2014	–	5.8	10.1	12.3	–	0.1	2.2	2.6
2015	5.0	3.8	16.1	26.7	0.5	5.8	4.3	2.5
2016	4.4	5.1	124.6	162.5	35.7	47.7	2.5	4.3
2017	50.7	8.3	38.8	116.7	7.3	25.6	2.5	8.5
2018	17.4	14.8	193.9	252.8	57.4	77.9	2.8	3.9
2019	–	–	58.2	60.7	11.1	11.3	0.9	1.7
2020	–	–	79.0	–	15.4	–	3.4	–
TOTAL	96.2	50.3	691.6	893.1	187.5	261.3	22.7	29.7

Figures in million euros.

Assets recognized in relation to deferred taxes on tax loss carryforwards pending offset in consolidated companies represent negative tax bases generated as a result of unusual management events, and future tax profits are likely to exist against which they may be offset.

Tax incentives

The tax incentives of the companies consolidated by global integration for 2020 and 2019 are as follows:

Module	Amount applied in the financial year		Amount pending application		Amount not recorded	
	2020	2019	2020	2019	2020	2019
Double taxation deduction	9.1	6.6	0.8	–	0.8	–
Job creation	–	–	–	–	–	–
Other	33.0	14.1	17.9	23.5	–	12.0
TOTAL	42.2	20.6	18.7	23.5	0.8	12.0

Figures in million euros.

The consolidated tax group no. 9/85 made use in previous years of the reduction from capitalization reserve contemplated in Article 25 of the Corporate Income Tax Act 27/2014, giving rise to a decrease in the consolidated tax payable each year. To enjoy this tax benefit, there must be an increase in shareholders' equity in the period and this increase must be maintained for a period of five years, and a reserve must be created equivalent to the amount of the reduction, equivalent to at least 10 percent of said increase and which will be restricted for the same five-year period.

The breakdown of increases in shareholders' equity and allocated reserves in the last periods, subject to maintenance requirement, is as follows:

Year	Increase in Shareholders' Equity	Restricted reserve
2015	324.9	35.0
2016	94.7	12.0
2017	18.6	1.9

Figures in million euros.

Verification by tax authorities

In Spain in 2019 and 2020, checks and verifications begun in 2017 are still being carried out regarding Fiscal Group number 9/85, affecting MAPFRE, S.A. as the controlling company and MAPFRE ESPAÑA, MAPFRE VIDA, MAPFRE INTERNACIONAL, MAPFRE RE, MAPFRE ASISTENCIA, MAPFRE GLOBAL RISKS, and other Group subsidiaries regarding Corporate Tax for the financial years 2013 to 2016, and other taxes from the financial years 2014 to 2016.

As a result of above-mentioned activities, acts of partial conformity have been signed regarding retentions and income against Personal Income Tax (IRPF in Spanish), the liquidations of which are deposited at the date of preparation of the annual accounts. Regarding the acts signed in partial disagreement, the liquidations are being contested before the Economic-Administrative Court (TEAC).

Regarding Corporate tax for 2013 to 2016, acts of agreement and disagreement were signed on March 11, 2020. The acts of agreement, the liquidation of which is deposited with Hacienda Publica at December 31, 2020, have notable deductions for double taxation, in line with Article 30.6 of Royal Decree 4/2004, which approved the Recast Text of the Corporate Tax Law (in force in 2013 and 2014), and Transitory Disposition n. 23 of Law 27/2014 Regarding Corporate Tax (in force in 2015), as well as the regulation of non-deductible provisions that revert to subsequent years. As for the acts of disagreement, they primarily refer to the deductibility of certain personnel expenses, of the technical provision for claims and stabilization reserve, the deduction for technological innovation expenses and the repercussions for subsidiaries of canons from the the use of the MAPFRE brand. On May 30, 2020, allegations were made against the acts of disagreement, which have been denied by the Large Contributors Central Delegation Technical Office, which decisions haves been appealed before the TEAC).

Regarding Value Added tax in 2014 to 2016, On June 3, 2020, acts of agreement were signed n reference to the application of the pro-rata rule for the Group of Entities (REGE) number 87/2010, of which MAPFRE, S.A. is the controlling company, and they were paid, at the date of preparation of the annual accounts, and an act of disagreement regarding the impact of canons for the use of the MAPFRE brand has been appealed before TEAC.

Regarding fiscal debt being disputed resulting from the above mentioned verification activity, MAPFRE considers, based on the criteria of its fiscal advisors, that there are solid defense arguments in the administrative and legal proceedings, and therefore has not made specific provisions for this concept.

In accordance with current legislation, the statements made for the different taxes may not be considered final until they have been inspected by the tax authorities or until the statute of limitations has passed (four years for Spanish companies).

At December 31, 2020 the view of the Directors and advisors of the consolidated companies regarding the possibility of tax liabilities arising and significantly affecting the financial position of the consolidated companies was remote.

6.21 REMUNERATION FOR EMPLOYEES AND ASSOCIATED RETIRED EMPLOYEES

Personnel expenses

The personnel expenses breakdown for the last two years is shown in the table below:

Item	Amount	
	2020	2019
Short-term remuneration Wages and salaries		
Social security	1,215.9	1,251.1
Other remuneration	240.8	257.0
Post-employment benefits	130.2	153.6
Other long-term remuneration	36.2	38.2
Termination payments	3.9	8.8
TOTAL	69.8	52.7
TOTAL	1,696.8	„761.4

Figures in million euros.

Main post-employment benefits

Defined benefit plans

The commitments from defined benefit plans still on the balance sheet correspond exclusively to retired employees. The most relevant of the plans are instrumented through insurance policies, are measured pursuant to the provisions described in the accounting policies.

In relation to the amounts recognized on the balance sheet, the obligations regarding defined benefit plans amounted to 41.8 and 43.5 million euros at December 31, 2020 and 2019, respectively, fully externalized through written policies with MAPFRE VIDA. Consequently, no assets allocated to these plans are recognized and the liability recognized on the consolidated balance sheet is recorded under the heading “Provisions for life insurance”.

There are also obligations relating to pension commitments, externalized through allocated insurance policies, amounting to 11.8 and 12.1 million euros at December 31, 2020 and 2019, respectively. These amounts coincide with the value of the assets allocated to the plan.

The main actuarial hypothesis used at the close of the last two years have been the following: PERM/ F-2000 mortality tables, annual CPI of 3 percent in both years, with identical discount rates and expected returns of the related assets as the products have matched flows.

The net effect on equity and results of the actuarial loss and gains, interest expenses and return of the assets allocated to the plan is null, as the amounts corresponding to commitments and the assets allocated to the plan or reimbursement right are netted.

Other post-employment benefits

In 2020 and 2019 the personnel expenses correspond to Life insurance covering death between ages 65 and 77, amounting to 2.1 and 1.5 million euros, respectively.

Other medium-term remuneration and sharebased payments

In 2019, the Board of Directors approved a new medium-term incentive plan valued and recognized in the consolidated income statement in line with the valuation rule in Note 5.19 “Personnel expenses”. No amounts for this concept were provisioned, as the established objectives were not reached.

In 2019 the previous medium-term incentive plan approved in 2016 was partially cancelled, with payment of 0.7 million euros in cash and 0.4 million euros in equity instruments pending until the 2020-2022 period, which are included in liabilities and equity, respectively, at December 31, 2020 (1.1 and 1.2 million euros, respectively, at December 31. 2019).

Number of employees

The following table shows the average number and final number of employees for the last two years, classified by category and gender, and distributed by segment.

• Average number of employees:

2020 Segment	Board of Directors and Executive Management		Senior Management		Advisors		Associates		Total	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
IBERIA	6	–	1,177	590	2,892	2,832	650	1,884	4,725	5,306
LATAM NORTH	7	3	334	363	806	920	457	663	1,604	1,949
LATAM SOUTH	7	2	421	353	1,087	988	592	716	2,107	2,059
BRAZIL	3	–	309	208	1,078	1,784	592	1,312	1,982	3,304
NORTH AMERICA	4	–	272	282	616	961	176	572	1,068	1,815
EURASIA	4	–	271	242	729	802	365	616	1,369	1,660
ASISTENCIA	–	1	431	263	470	459	856	1,382	1,757	2,105
GLOBAL RISKS	1	–	24	20	52	64	3	17	80	101
REINSURANCE	2	–	70	36	153	161	9	30	234	227
CORPORATE AREAS	19	4	207	105	395	291	17	77	638	477
AVERAGE TOTAL NUMBER OF EMPLOYEES	53	10	3,516	2,462	8,278	9,262	3,717	7,269	15,564	19,003

2019 Segment	Board of Directors and Executive Management		Senior Management		Advisors		Associates		Total	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
IBERIA	6	--	1,154	535	2,763	2,617	665	1,873	4,588	5,025
LATAM NORTH	5	3	295	278	769	785	295	441	1,364	1,507
LATAM SOUTH	7	2	417	303	1,168	1,085	573	773	2,165	2,163
BRAZIL	3	--	313	223	1,074	1,727	609	1,346	1,999	3,296
NORTH AMERICA	3	--	285	302	632	1,014	200	647	1,120	1,963
EURASIA	6	1	284	240	774	833	387	688	1,451	1,762
ASISTENCIA	--	2	391	236	544	541	1,045	1,715	1,980	2,494
GLOBAL RISKS	1	--	35	21	69	74	4	19	109	114
REINSURANCE	2	--	65	34	144	148	8	37	219	219
CORPORATE AREAS	21	4	212	99	384	282	21	84	638	469
AVERAGE TOTAL NUMBER OF EMPLOYEES	54	12	3,451	2,271	8,321	9,106	3,807	7,623	15,633	19,012

• Number of employees at the end of the year:

2020 Segment	Board of Directors and Executive Management		Senior Management		Advisors		Associates		Total	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
IBERIA	6	–	1,174	592	2,866	2,838	647	1,878	4,693	5,308
LATAM NORTH	7	3	327	357	794	920	431	634	1,559	1,914
LATAM SOUTH	7	2	414	340	1,056	955	574	703	2,051	2,000
BRAZIL	2	–	310	205	1,075	1,362	523	1,630	1,910	3,197
NORTH AMERICA	4	–	274	273	614	943	155	555	1,047	1,771
EURASIA	4	1	258	231	719	791	361	616	1,342	1,639
ASISTENCIA	–	2	403	253	431	439	765	1,256	1,599	1,950
GLOBAL RISKS	1	–	24	21	52	63	2	17	79	101
REINSURANCE	2	–	68	36	154	161	9	29	233	226
CORPORATE AREAS	18	4	208	105	396	290	13	77	635	476
TOTAL NUMBER OF EMPLOYEES	51	12	3,460	2,413	8,157	8,762	3,480	7,395	15,148	18,582

2019 Segment	Board of Directors and Executive Management		Senior Management		Advisors		Associates		Total	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
IBERIA	6	–	1,154	544	2,768	2,644	670	1,874	4,598	5,062
LATAM NORTH	5	3	311	286	746	781	291	431	1,353	1,501
LATAM SOUTH	7	2	435	343	1,107	1,019	556	746	2,105	2,110
BRAZIL	3	–	317	235	1,017	1,680	687	1,435	2,024	3,350
NORTH AMERICA	4	–	281	289	623	962	192	639	1,100	1,890
EURASIA	6	1	274	237	764	857	365	599	1,409	1,694
ASISTENCIA	–	2	422	279	510	482	1,002	1,652	1,934	2,415
GLOBAL RISKS	1	–	33	24	61	67	2	18	97	109
REINSURANCE	2	–	67	33	147	157	8	36	224	226
CORPORATE AREAS	20	4	216	100	390	291	21	81	647	476
TOTALNUMBER OF EMPLOYEES	54	12	3,510	2,370	8,133	8,940	3,794	7,511	15,491	18,833

The following table shows the number of employees in Spain with a degree of disability equal to or higher than 33 percent at the close of the last two years and the average during those years, indicating the categories to which they belong:

Item	2020		2019	
	Year-end close	Average	Year-end close	Average
Senior Management	16	16	14	13
Advisors	104	103	100	98
Associates	92	92	89	90
TOTAL	212	211	203	201

6.22. EARNINGS ON FOREIGN EXCHANGE DIFFERENCES

Foreign exchange gains other than those arising from financial instruments measured at fair value, allocated to the consolidated income statement, amounted to 2.0 and 1.6 billion euros in 2020 and 2019, respectively.

Negative foreign exchange differences other than those arising from financial instruments measured at fair value, allocated to the consolidated income statement, amounted to 2.0 and 1.6 billion euros in 2020 and 2019, respectively.

The settlement of the currency conversion differences recognized in equity at the beginning and end of the year in 2020 and 2019 is shown below.

Description	Amount	
	2020	2019
FOREIGN EXCHANGE DIFFERENCES AT THE BEGINNING OF THE YEAR	(1,240.2)	(1,265.9)
Net foreign exchange differences on valuation of non-monetary items	(0.9)	0.4
Net foreign exchange differences on conversion of financial statements	(674.6)	25.3
FOREIGN EXCHANGE DIFFERENCES AT THE END OF THE YEAR	(1,915.7)	(1,240.2)

Figures in million euros.

At December 31, 2020 and 2019 the net foreign exchange differences arising from the translation into euros of the financial statements of those Group companies whose functional currency is not the euro were as follows:

Company/Subgroup	Geographic Area	Currency conversion differences					
		Gains		Losses		Net	
		2020	2019	2020	2019	2020	2019
Companies consolidated by global integration:							
MAPFRE RE	Europe, America and rest of world	22.7	22.5	(46.5)	(29.5)	(23.8)	(7.0)
MAPFRE INTERNACIONAL	Europe, America and rest of world	300.0	488.3	(2,071.5)	(1,616.4)	(1,771.5)	(1,128.1)
OTHER	--	25.9	29.0	(128.7)	(117.4)	(102.8)	(88.4)
TOTAL		348.6	539.8	(2,246.7)	(1,763.2)	(1,898.1)	(1,223.5)

Figures in million euros.

6.23. CONTINGENT ASSETS AND LIABILITIES

At the end of 2020 and 2019, and at the time of preparing these consolidated annual accounts, there was no evidence of the existence of contingent assets and liabilities for significant amounts, other than those disclosed in these notes.

6.24. BUSINESS COMBINATIONS

In February 2020, MAPFRE reached an agreement with the León BHD Financial Center by means of which the Spanish company acquired 51 percent of the Health insurance company, ARS Palic, which has changed its name to MAPFRE Salud ARS (a benchmark in the Dominican health market with more than 900,000 clients), with the León BHD Financial Center maintaining the remaining 49 percent. With this transaction, MAPFRE consolidates its position as one of the top insurers in the Dominican Republic, with close to 350 million euros in premiums a year.

In June 2020, MAPFRE and Banco Santander reached an agreement to jointly distribute NonLife insurance products in Portugal, with the acquisition of 50.01 percent of the existing company, Popular Seguros, by the MAPFRE subsidiary in Portugal. The agreement implies signing a contract for the exclusive distribution of new business of certain Non-Life products (Auto, Multirisk SME and TPL insurance) through the bank's network in Portugal, until December 31, 2037. This agreement is reinforced with the acquisition of 100 percent of a run-off Life Protection portfolio currently owned by Santander Totta Seguros.

In 2019, MAPFRE and Bankia reached an agreement to restructure their bancassurance alliance, through the acquisition of 51 percent of the share capital of the insurance entities CAJA GRANADA VIDA, and CAJAMURCIA VIDA (absorbed in 2020 by BANKIA MAPFRE VIDA) for a total consideration of 110.3 million euros, with the aim of notably increasing MAPFRE Life insurance distribution in the southeast of Spain. Additionally, in 2019, 50.01 percent of the company SANTANDER MAPFRE was acquired for a consideration of 82.3 million euros, which makes it possible to exclusively distribute Auto, Commercial Multirisk, SME Multirisk and TPL insurance in the Banco Santander network in Spain. The final assignation of the acquisition price of these business combinations carried out in 2019 took place in 2020

The table below shows the fair value of the identifiable assets and liabilities related to the acquisition of these businesses:

Item	2020		2019		
	MAPFRE SALUD ARS	MAPFRE SANTANDER PORTUGAL	CAJA GRANADA VIDA	CAJAMURCIA VIDA	SANTANDER GLOBAL
ASSETS					
Portfolio acquisition expenses and other intangibles	65.5		26.7	38.6	211.0
Investments	47.8		235.7	127.4	11.3
Deferred tax assets	0.5	0.1	5.2	1.0	—
Participation of reinsurance in technical provisions	—	0.9	2.1	2.0	—
Receivables	8.0	0.8	0.5	0.4	—
Cash	8.9	13.3	4.5	12.3	—
Other assets	15.0	—	0.4	0.7	—
TOTAL ASSETS	145.7	15.0	275.1	182.4	222.4
LIABILITIES					
Technical provisions	44.0	4.4	193.4	118.0	—
Deferred tax liabilities	17.0		12.9	11.0	51.1
Debt	7.5	0.7	9.7	4.0	6.8
Other Liabilities	6.3	0.6	0.9	0.5	—
TOTAL LIABILITIES	74.8	5.6	216.8	133.6	57.9
Fair value of net assets	70.9	9.4	58.2	48.8	164.5
Interest acquired	51.00%	50.01%	51.00%	51.00%	50.01%
Fair value of the percentage of net assets acquired	36.2	4.7	29.7	24.9	82.3
First consolidation difference	—	9.7	32.1	23.7	—
Business combination costs	36.2	14.4	61.8	48.6	82.3

Figures in million euros.

The fair values of the MAPFRE SANTANDER PORTUGAL business combinations are provisional as the adequate identification and determination of such is currently being studied, based on projections that are under review.

The above stated fair values differ from the book values of the company prior to the combination, mainly due to portfolio acquisition expenses and corresponding deferred tax liabilities, which are not recorded on their books.

The amounts defined for the business combinations in 2019 differ from the provisional amounts recorded in that year, from the final acquisition price being assigned in 2020. The main differences have been from the combination of SANTANDER MAPFRE, and has implied an increase in value of the intangible assets (exclusive distribution agreement in the Santander network in Spain) for 204.2 million euros, as well as the deferred tax liabilities and non-controlling interests for 51.1 and 76.6 million euros, respectively. With this, the difference compared to the first consolidation has been reduced to zero. As the impact of these differences on the Controlling company's results and shareholders' equity is null, the 2019 comparative figures have not been restated.

The acquisition costs of all the combinations in 2020 and 2019 have been met in full, and at December 31, 2020 and 2019 there were no outstanding amounts pending payment.

The expenses directly attributable to the above mentioned combinations, corresponding to independent professional, legal and financial advisory fees, were not material and were recorded as expenses in the consolidated income statement.

The aforementioned combinations acquired this year were incorporated into the consolidated group on January 1, 2020; for the entities CAJA GRANADA VIDA and CAJAMURCIA VIDA, March 1, 2019; and June 30, 2019 for SANTANDER MAPFRE. In 2020 and 2019, said business combinations contributed the following amounts to Group premiums and the attributable result of the Controlling company:

- 2020. The business combinations from this year contributed 196.6 million euros to premiums and 5.8 million euros to the net result.
- 2019. The business combinations from this year contributed 28.2 million euros to premiums and 3.6 million euros to the net result. If these combinations had taken place at the beginning of the year, they would have contributed 37.5 million euros to the Group's premiums, and 4.7 million euros to the net result attributable to the controlling Company the year.

The business combinations with an insignificant cost that took place during 2020 and 2019 are listed in Annex 1.

6.25. TRANSACTIONS WITH RELATED PARTIES

All transactions with related parties have been conducted under market conditions.

In addition to the transactions described in the other notes accompanying the consolidated annual accounts, the balances and transactions between Group companies are explained below.

Operations with Group companies

The operations conducted between Group companies, with a zero effect on results because they have been eliminated in the consolidation process, are shown below:

Item	2020	2019
Received/provided services and other expenses/revenue	539.8	499.7
Expenses/revenue from real estate investment	23.5	24.2
Expenses/revenues from investments and financial accounts	25.8	23.4
Dividends distributed	1,134.7	1,668.7

Figures in million euros.

Reinsurance and co-insurance operations

Reinsurance and co-insurance activities conducted between Group companies, which have been eliminated in the consolidation process, are shown below:

Item	2020	2019
Ceded/accepted premiums	2,560.9	2,741.7
Benefits and services	1,527.7	1,536.2
Changes in technical provisions	5.8	319.2
Commissions	541.7	481.3

Figures in million euros.

The following table shows the balances with reinsurers and ceding companies, deposits given, and technical provisions on reinsurance activities with Group companies, all of which have been eliminated in the consolidation process:

Item	2020	2019
Receivables and payables	286.2	320.1
Deposits	57.8	56.7
Technical provisions	3,020.3	3,113.4

Figures in million euros.

Information related to controlled companies

The following table shows the dividends distributed by the controlled companies with significant non-controlling interests and the result for the period of these individually considered companies (prior to intercompany eliminations), attributable to the non-controlling interests:

Controlled company	Dividends distributed				Earnings attributable to non-controlling interests	
	Controlling company	Non-controlling company				
	2020	2019	2020	2019	2020	2019
BB MAPFRE PARTICIPAÇÕES, S.A.	47.9	90.2	144.6	270.4	144.5	284.7
BANKINTER SEGUROS DE VIDA, S.A.	48.5	12.2	48.5	12.2	29.2	30.4
BANKIA MAPFRE VIDA, S.A. DE SEGUROS Y REASEGUROS	26.0	54.6	25.0	52.5	61.6	47.4
CAJA CASTILLA LA MANCHA VIDA Y PENSIONES, S.A.	9.9	12.0	9.9	12.0	9.2	8.7
MAPFRE PERÚ VIDA, COMPAÑÍA DE SEGUROS, S.A.	7.4	9.2	3.3	4.5	5.3	5.9
MAPFRE RE COMPAÑÍA DE REASEGUROS, S.A.	—	67.9	—	4.9	0.7	3.3
M.S.V. LIFE P.L.C.	—	17.6	—	17.6	7.9	9.1

Figures in million euros.

In March 2019, administrative authorization was received to carry out the business restructuring operation for MAPFRE GLOBAL RISKS, by means of which:

- The purely insurance and reinsurance activities of MAPFRE GLOBAL RISKS, along with the assets and liabilities related to them, were transferred to MAPFRE ESPAÑA and MAPFRE RE, respectively.
- An entity was created that will continue with MAPFRE GLOBAL RISK's activity of analysis and underwriting of large industrial and commercial risks, and it acts on behalf of MAPFRE ESPAÑA and MAPFRE RE.

The execution of this restructuring has not had a significant impact on the consolidated financial statements of the Group.

The key figures for controlled companies and significant joint arrangements related to insurance activities are shown below:

Balance sheet

Entity	Investments		Credits		Total assets		Equity		Technical Provisions	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Controlled company										
MAPFRE VIDA SOCIEDAD ANÓNIMA DE SEGUROS Y REASEGUROS SOBRE LA VIDA HUMANA	14,064.1	13,866.8	208.5	192.3	16,637.7	16,217.0	1,534.0	1,414.3	12,567.8	12,509.4
MAPFRE ESPAÑA COMPAÑÍA DE SEGUROS Y REASEGUROS S.A.	6,367.7	6,192.2	886.4	851.5	9,663.2	9,560.1	2,575.0	2,486.6	5,812.0	5,783.4
MAPFRE RE COMPAÑÍA DE REASEGUROS, S.A.	4,720.6	4,467.2	813.5	846.6	8,601.4	8,467.4	1,726.6	1,696.4	5,924.8	5,864.1
M.S.V. LIFE P.L.C.	2,281.0	2,244.4	1.2	2.2	2,563.6	2,497.1	161.3	147.3	2,249.0	2,202.0
BANKINTER SEGUROS DE VIDA, S.A.	1,800.8	1,820.3	37.7	32.9	2,126.2	2,110.8	130.2	169.7	1,383.7	1,371.6
THE COMMERCE INSURANCE COMPANY	1,347.3	1,327.8	325.3	415.7	2,358.6	2,570.6	783.5	765.6	1,302.9	1,547.3
COMPANHIA DE SEGUROS ALIANÇADO BRASIL, S.A.	1,063.1	1,473.1	805.9	746.8	2,548.4	3,024.2	243.8	278.5	1,656.9	2,035.3
Subtotal controlled companies	31,644.6	37,565.1	3,078.5	2,685.3	44,499.1	49,543.6	7,154.4	6,526.9	30,897.1	36,477.9
Joint Arrangement										
SOLUNION SEGUROS DE CREDITO S.A.	79.7	79.8	70.3	80.7	472.4	439.1	118.8	121.0	241.2	204.0
SUBTOTAL JOINT ARRANGEMENTS	79.7	79.8	70.3	80.7	472.4	439.1	118.8	121.0	241.2	204.0

Figures in million euros.

Income statement

Entity	Revenue				Results					
	From insurance business		Totals		From insurance business		From operations		From global account	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Controlled company										
MAPFRE VIDA SOCIEDAD ANÓNIMA DE SEGUROS Y REASEGUROS SOBRE LA VIDA HUMANA	2,094.9	2,786.4	2,118.0	2,808.9	210.7	202.6	206.8	224.5	241.0	297.8
MAPFRE ESPAÑA COMPAÑÍA DE SEGUROS REASEGUROS, S.A.	4,569.1	4,659.3	5,347.7	5,412.3	349.4	320.2	266.3	244.2	365.6	552.7
MAPFRE RE COMPAÑÍA DE REASEGUROS, S.A.	5,103.0	4,999.8	7,366.5	6,829.7	15.1	70.2	10.9	52.4	30.4	134.5
M.S.V. LIFE P.L.C.	436.9	564.9	440.5	568.8	15.0	14.5	10.3	11.8	10.3	11.8
BANKINTER SEGUROS DE VIDA, S.A.	341.1	476.2	353.0	486.0	78.4	81.4	58.4	60.8	57.5	63.8
THE COMMERCE INSURANCE COMPANY	1,014.4	1,195.5	1,350.8	1,579.4	95.5	46.3	76.4	36.2	76.4	36.2
COMPANHIA DE SEGUROS ALIANÇADO BRASIL, S.A.	1,213.4	1,539.2	1,673.1	2,035.6	310.9	446.1	231.1	314.2	228.7	312.5
Subtotal controlled companies	14,772.8	15,805.2	18,649.6	18,925.6	1,075.0	1,263.8	860.2	1,004.6	1,009.9	1,472.7
Joint Arrangement										
SOLUNION SEGUROS DE CREDITO S.A.	33.1	37.0	254.8	244.0	11.8	16.2	6.2	7.8	3.4	8.9
SUBTOTAL JOINT ARRANGEMENTS	33.1	37.0	254.8	244.0	11.8	16.2	6.2	7.8	3.4	8.9

Figures in million euros.

The key figures for controlled companies and significant joint arrangements related to noninsurance activities are shown below:

Balance sheet

Entity	Current assets		Total assets		Equity		Current liabilities	
	2020	2019	2020	2019	2020	2019	2020	2019
Controlled company								
FUNESPAÑA, S.A.	213.4	202.6	214.6	204.0	132.3	127.8	77.4	73.0
MAPFRE INMUEBLES, S.G.A.	151.6	54.0	625.6	650.4	478.2	501.4	146.5	148.6
MAPFRE INVERSIÓN SOCIEDAD DE VALORES S.A.	63.7	64.4	196.5	222.3	144.1	169.8	46.7	45.8
MAPFRE TECH	33.5	37.1	78.4	73.1	18.8	18.1	52.0	45.8
Subtotal controlled companies	462.2	358.1	1,115.1	1,149.8	773.4	817.1	322.6	313.2

Figures in million euros.

Income statement

Entity	Revenue		Earnings			
			From operations		From overall account	
	2020	2019	2020	2019	2020	2019
Controlled company						
FUNESPAÑA, S.A.	77.6	78.1	5.5	6.1	5.5	6.1
MAPFRE INMUEBLES, S.G.A.	20.5	25.0	(23.2)	5.4	(23.2)	5.4
MAPFRE INVERSIÓN SOCIEDAD DE VALORES S.A.	83.5	83.4	36.1	37.2	37.6	40.9
MAPFRE TECH	199.2	193.1	0.8	(2.6)	0.8	(2.6)
Subtotal controlled companies	380.8	379.6	19.2	46.1	20.7	49.8

Figures in million euros.

Information relating to joint arrangements and associated undertakings

In 2020 and 2019 MAPFRE PARTICIPACIONES and MAPFRE GLOBAL RISKS did not receive any dividends from SOLUNION.

The cost and fair value of the shareholding in the SOLUNION joint venture at the close of the year were 37.1 and 59.4 million euros, respectively (37.1 and 60.5 million euros respectively in 2019).

The following table contains the supplementary information for the joint ventures:

Joint Arrangement	Cash and cash equivalents		Financial liabilities		Repayment		Interest				Expenses or income after tax on profit	
							Revenue		Expenses			
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
SOLUNION SEGUROS DE CREDITO S.A.	10.4	7.2	–	–	0.6	3.3	1.8	2.6	1.5	1.7	(3.3)	(2.8)
TOTAL	10.4	7.2	–	–	0.6	3.3	1.8	2.6	1.5	1.7	(3.3)	(2.8)

Figures in million euros.

The information relating to the key figures of the most relevant associated undertakings is included in Annex 2 of the annual report.

Remuneration of key management personnel

Board of Directors and other steering Committeess

The following table shows the paid remuneration received in the last two years by members of the Board of Directors of the controlling company:

Item	Amount	
	2020	2019
Short-term remuneration Salary		
Short-term variable remuneration	2.6	2.6
Fixed allowance	2.2	2.0
Travel allowance	2.8	2.8
Other items	–	0.1
Medium-term variable remuneration	0.2	0.1
TOTAL REMUNERATION	–	1.3
TOTAL REMUNERATION	7.8	8.7
Other remuneration		
Life insurance	0.1	0.1

Figures in million euros.

The basic remuneration for external directors consists of an annual fixed amount for membership to the Board of Directors, which was 110,000 euros in 2020 and 2019. The ViceChairman-Coordinating Director had a fixed annual allowance of 220,000 euros in 2020 and 2019. The members of the Steering Committee received 10,000 euros in 2020 and 2019 and also have a travel, subsistence and accommodation allowance of 3,000 euros. Said amount reached 68,000 euros in the case of the Chair of the Audit and Compliance Committee in 2020 and 2019, and 60,000 euros in the case of people who chair other Steering Committees in 2020 and 2019. Other members of the Audit and Compliance Committee received 48,000 euros in 2020 and 2019, and other members of other sub-steering committees received 39,000 euros in 2020 and 2019.

Members of the Boards of Directors of Spanish insurance companies receive a fixed allowance of 48,000 euros in 2020 and 2019. The external vicechairmen of the Boards of Directors of Spanish companies received 59,000 euros in 2020 and 2019. Members of Management Committees received 11,000 euros in 2020 and 2019.

Life insurance is also established in case of death, with an insured capital of 150,253 euros, as well as some of the staff benefits like medical insurance.

Executive directors (who are deemed to be executives of the controlling company as well as those who perform executive functions in other MAPFRE GROUP companies) receive the remuneration established in their contracts, which includes a fixed salary, incentives with varying amounts linked to results, life and disability insurance, and other general benefits established for the Group’s staff. They also receive certain pension supplements for retirement, externalized through a life insurance policy. All of these payments are in line with the compensation policy established by the Group for its senior managers, whether or not they are directors. In 2020 and 2019, contributions to defined benefit plans amounted to 4.6 million euros each year, recognized as expenses for the year, with the accumulated rights reaching 32.1 and 26.8 million euros at December 31 2020 and 2019, respectively.

Executive directors do not receive the fixed amount established for external directors.

Regarding variable short-term remuneration accrued in the current and previous years, in 2020 3.3 million euros are pending payment (3.1 million euros in 2019).

On February 11, 2020, the Board of Directors of MAPFRE S.A. approved, for a key group in the company, an additional short-term component for 2020 tied to both the Return on Equity (ROE) and the Global Non-Life Combined Ratio for the year, for the amount of 0.6 million euros, proposed by the Appointments and Remuneration Committee.

The basic remuneration for external directors is approved by the Annual General Meeting at the recommendation of the Board of Directors and in keeping with the report drawn up by the Appointments and Remuneration Committee. The amount of the contractual remuneration for executive directors and the fixed allowance for membership to the Boards or Steering Committees are approved by the Board of Directors, subject to a report by the committee.

Senior Management

Remuneration paid in the last two years is shown below:

Item	Amount	
	2020	2019
No. of senior management members	9	8
Fixed remuneration	2.6	2.2
Variable remuneration	1.5	1.3
Other concepts	0.3	0.2
TOTAL REMUNERATION	4.4	3.7
Life insurance	0.04	0.03

Figures in million euros.

Additionally, an expense of 1.3 million euros was recorded in 2020 (1.1 million euros in 2019) as a contribution to defined benefit plans, with the accumulated rights reaching the amount of 8.8 and 6.9 million euros at December 31, 2020 and 2019, respectively.

Regarding short-term variable remuneration accrued in the current and previous years, at the close of 2020, 2.3 million euros are pending payment (1.8 million euros in 2019).

On February 11, 2020, the Board of Directors of MAPFRE S.A. approved, for a key group in the company, an additional short-term component for 2020 tied to both the Return on Equity (ROE) and the Global Non-Life Combined Ratio for the year, for the amount of 0.6 million euros, proposed by the Appointments and Remuneration Committee.

6.26. COVID-19

2020 is marked by the coronavirus (COVID-19) outbreak. This health crisis was declared a pandemic by the WHO, and its spread, along with the measures aimed at containing and mitigating its effects, has caused a slowdown of economic activity, the final impact of which is difficult to quantify. In these circumstances, from the very beginning, MAPFRE carried out several initiatives focused on two main priorities: guaranteeing the health and safety of all its collaborators, and ensuring business continuity in a way that makes it possible to continue to provide the highest quality service to our clients. The most relevant activity was:

- The roll out of our business continuity plan in all countries and units, adapting it to the special nature of the COVID-19 crisis, with nearly 90 percent of employees worldwide working from home, and guaranteeing essential services (tow trucks, repair shops, home repairs, medical centers, funeral homes...).
- The evaluation of the risks that have emerged from the crisis and adoption of a strategy aimed at protecting our balance sheet, especially the investment portfolio, and preserving the Group’s capital position, ensuring we have the liquidity and financing necessary to neutralize any financial tension, especially in operations in emerging countries.
- The mobilization of resources and transfer of funds to the economy, through aid and additional financing for agents, direct providers and clients, with a special focus on the self-employed and SMEs.

The coronavirus crisis has implied a strong reduction in worldwide economic activity as a result of the confinement of the population, with an important impact on business volume and the company’s results, increased volatility in the financial markets and strong currency depreciation in emerging countries.

Impacts on the Consolidated Income Statement

The following is a breakdown of the most relevant impacts on Group results, as a result of COVID-19:

Written premiums

As a result of the confinement of the population, there has been a reduction in new insurance policies being issued, which has caused a fall in written premiums, with a relevant impact on the Auto, Life Savings and Travel Assistance lines. However, this fall was partially offset by growth in issuing in Health. At December 31, 2020 premiums were down 11.1 percent, with a big impact on the Auto business, which went down 15.6 percent. This decline is explained both by lower car sales as well as by very relevant currency depreciation in various countries where MAPFRE operates.

In Spain, support measures for clients were adopted, including the noteworthy premium discount for SMEs and the self-employed, the accumulated amount of which reached 55.5 million euros at the close of the year. In the United States, a financial assistance program was also established for clients, equivalent to 15 percent of the monthly premium and effective in April and May. This program had a total impact of 31.8 million euros on premiums, and was applied in all states where MAPFRE USA has Retail Auto business. Additionally, several countries in Latin America recorded premium returns or extensions in insurance coverage periods for an accumulated amount of 7.6 million euros.

Losses

Non-Life reported claims have significantly gone down in Auto, due to the reduction in the use of vehicles, and in Health, from the postponement of non-urgent treatment and surgery during the health crisis. On the other hand, there has been a relevant increase in Burial, in line with the increase in deaths.

Accumulated direct losses reported and incurred at the close of the year s a result of claims directly allocated to COVID-19 is as follows:

Lines	Amount
Health	58.8
Burial	30.0
Life Protection	83.5
Travel Assistance (Travel insurance)	23.2
Other lines (Homeowners, Multirisk...)	13.7
IBNR	44.1
TOTAL INSURANCE	253.3
Accepted Reinsurance	113.4
TOTAL	366.7

Figures in million euros.

The line of business with the greatest impact is accepted reinsurance, underwritten by the Reinsurance Unit. Gross accepted reinsurance losses at December 31, 2020 reached 113.4 million euros, which primarily correspond to business interruption coverage.

MAPFRE has adopted measures to adapt IBNR reserves with the aim of recognizing the economic impact from clients' delays in reporting claims as a result of the mobility limitations on the population. The amount of these reserves reached 44.1 million euros and primarily affects the Health line.

Expenses

MAPFRE has mobilized resources and adopted measures aimed at guaranteeing the protection of its staff against the COVID-19 pandemic, as well as ensuring business continuity. The incurred expenses related to these measures reached 30.4 million euros at the close of the year.

Results

The previously mentioned effects on premiums, losses and expenses have had a relevant impact on Group consolidated results, with a relevant effect on the combined ratio of the following lines:

Lines	Combined Ratio		
	2020	2019	Variación
Auto	91.7 %	100.5 %	-8,8 p.p.
Health & Accident	94.1 %	98.5 %	-4,4 p.p.
General P&C	95.0 %	89.0 %	6,0 p.p.
Burial	112.1 %	96.3 %	15,8 p.p.
Travel Assistance	102.3 %	102.9 %	-0,6 p.p.
Life Protection	85.4 %	84.2 %	1,2 p.p.

As can be seen, there has been a relevant decline in the combined ratio in the Auto and Health lines, due, respectively, to the lower use of vehicles from confinement, and to the postponement of nonurgent treatment and surgery. On the other hand, there has been a significant increase in the combined ratio in the Burial line, from the increase in mortality from the coronavirus, as well as in the General P&C line from the increase in Homeowners and Condominium claims.

Economic effects on the Group Consolidated Balance Sheet and Solvency

From the very beginning, MAPFRE adopted a strategy aimed at protecting its balance sheet and its insurance entities' solvency. To this end, the necessary liquidity and appropriate financing were made available to Group insurance companies to neutralize any financial tension, especially MAPFRE companies in emerging countries. As a result, throughout the year, the Group has maintained high levels of liquidity in all its entities, having handled quickly and appropriately payment obligations with clients, providers and real estate lessors (none of the Group companies have negotiated modifications in leases). There have been no relevant changes in credit ratings for the Group financial

investment portfolio (see Note 7, Credit risk), and there has been no evidence of relevant delays in premium payments from clients or collections from reinsurers, nor of the recoverability of deferred tax assets.

However, at the close of the year, indications have been identified of impairment in some Group intangible assets associated with insurance operations in Italy, Indonesia and Turkey, which have implied attributable losses for the controlling Company from goodwill and portfolio acquisition expenses of 127.5 and 4.1 million euros, respectively (Note 6.1).

The Group's shareholders' equity has been primarily impacted by the strong depreciation of the currencies in several Latin American countries, the Turkish lira, and the US dollar. The negative impact of this effect on the Group's consolidated shareholders' equity to December 31, 2020 reached 675.5 million euros, with a significant part of this coming from the coronavirus crisis.

MAPFRE updated the calculation of its Solvency II position to September 30, 2020, following the request from the Directorate General for Insurance, and in line with EIOPA's (the European Insurance Supervisory Authority) recommendations. This solvency position update implies the estimation, in the first nine months of 2020, of both the solvency capital requirement (SCR), which is usually calculated on an annual basis, as well as the eligible own funds (EOF), which are usually calculated on a quarterly basis. Despite the impact of the crisis, the Solvency II ratio is within the tolerance limits set by the Board of Directors, which has a lower limit of 175 percent, which is proof of the solidity and resilience of MAPFRE's balance sheet, as well as its continued management capacity.

6.27. EVENTS SUBSEQUENT TO CLOSING

Abante Agreement

On January 22, 2021 MAPFRE and Abante agreed that MAPFRE increasing its stake in Abante by 10 percent of the share capital take place immediately, via capital increase. In the agreement signed between the two partners in July 2019, a three-year period had been stipulated for this option; MAPFRE has decided to implement it in advance, precisely because of the good progress of the alliance. With this operation, MAPFRE has increased its stake in Abante capital to 18.77 percent.

Weather-related event

At the beginning of January, large areas of the interior of the Iberian peninsula were affected by heavy snow and an intense cold wave (storm Filomena) which are considered historic due to the the amount of snow accumulated, with historic depth, and minimum temperatures lower than historic records since their existence in several meteorological observatories. As a result, claims are being filed for the weight of the snow on roofs, structures, etc, leaks from the melting water, damage caused by fallen trees, freezing, and third party liability. All of this has led to the government of Spain to declare the central and northern communities of the peninsula a catastrophic area. The damage is causing there to be a very high number of claims to date, in the retail sector (Homeowners and Condominiums), the corporate sector, and third party liability. Based on the first assessments performed, this loss event is expected to have an impact for MAPFRE Group, net of taxes, of between 20 and 25 million euros.

7. RISK MANAGEMENT

The Board of Directors of MAPFRE S.A. establishes the risk level that the Group would be ready to assume to attain its business objectives with no significant deviations, even in adverse situations. That level, which establishes limits and sub-limits per risk type, configures the MAPFRE Group's risk appetite.

MAPFRE's structure is based on Units and Companies that are highly autonomous insofar as their management. The governing and management bodies of the Group approve the Units' and Companies' lines of action regarding continuous risk management and supervision through indicators and risk exposure ratios.

To guarantee the effective administration of risks, the Group has developed a series of policies. The Risk Management policy establishes a framework for risk management and, at the same time, for the development of policies regarding specific risks. These are:

- A. They establish general guidelines, basic principles and a general framework of action for the type of risk, ensuring coherent application within the Group.
- B. Assign responsibilities and define strategies, processes and procedures regarding the information needed to identify, measure, monitor, manage and notify about the risks referred to.
- C. Establish reporting chains of command and communication responsibilities of the risk supervisor.

The Group Risk Management Area handles all significant aspects related to risk management corresponding to the Group as well as relevant aspects of the different legal undertakings belonging to it, establishing benchmark directives and criteria to be taken on, with any adaptations necessary, by the risk areas of the individual undertakings.

The Governing Bodies receive information relating to the quantification of the main risks to which the Group is exposed and the capital resources available to cover them, as well as information relating to compliance with the established risk appetite limits.

Assigned capital is established in general based on estimates based on the budgets for the following year and it is periodically reviewed throughout the year in line with the development of risks in order to ensure compliance with the established risk appetite limits.

Exposure to the types of risk coming from the Group financial instruments and insurance contracts, as well as the processes and methods used for their management and measurement are explained in sections A), B), C) and D) of this Note.

A. INSURANCE RISK

1. SENSITIVITY TO INSURANCE RISK

This sensitivity analysis measures the effect on capital fluctuations upward and downward of the determining factors of insurance risk (number of insured risks, average premium value, frequency and cost of claims). One measure of the sensitivity to the Non-Life insurance risk is the impact that a 1 percentage point change in the combined ratio would have on the annual results and, consequently, on equity. The following table shows this effect and the volatility index of the ratio, calculated according to the standard deviation in a five-year time horizon:

Business Units	Impact on results of 1% variation in the combined ratio		Combined ratio volatility index
	2020	2019	
Insurance			
-IBERIA	33.7	34.7	1.75%
-LATAM	20.3	24.7	3.05%
-INTERNACIONAL	18.8	20.7	2.10%
Reinsurance	18.9	18.2	2.68%
Assistance	4.1	6.0	2.03%
Global Risks	1.5	1.4	21.04%
CONSOLIDATED	93.2	100.1	0.24%

Figures in million euros.

In the case of the Life business, MAPFRE uses the standard formula to measure and manage the conditioning factors of insurance risk with the standard formula, which contemplates the following aspects:

- Mortality
- Morbidity
- Revision
- Expenses
- Lapse
- Catastrophe

Based on the sensitivity analysis carried out regarding the main technical variables (mortality, disability, expenses and lapses) in the Group's main Life insurers, there are no relevant deviations from Life insurance provisions and, therefore, from the own funds of these entities or the Group.

Adequate allocation of technical provisions is one of the basic principles of the Group's insurance management. The technical provisions are calculated by the companies' actuarial teams and the amounts are validated by an independent party that did not participate in the calculation. The establishment of technical provisions is regulated by a specific policy.

The main actuarial methodologies considered to be adequate, applicable and relevant for the calculation of technical provisions under Solvency II for MAPFRE Group are: •

For Non-Life insurance:

- Combinations of generally accepted deterministic methods to determine the ultimate loss ratio based on the selection of factors to determine average cost and frequency.
- Stochastic methods to determine the loss ratio assuming a probability distribution function.

For Life insurance:

- Policy by policy calculation of the current expected value of acquired commitments based on existing statistical information regarding mortality, longevity, disability, etc.

- Projections based on groupings of homogenous policies or 'model points' where the policy by policy cash flow calculations are disproportionate in relation to the nature and complexity of the company's risks, as long as the projection does not distort the results obtained.

- Stochastic calculations, where relevant, to recognize the temporary value of the options and guarantees.

2. CONCENTRATIONS OF INSURANCE RISK

The Group has a high degree of insurance risk diversification since it operates in virtually all insurance lines in Spain and has a wide presence in the international markets.

The Group has implemented a system of procedures and limits which allows it to control the level of concentrated insurance risk.

It is standard practice to use reinsurance contracts to mitigate the insurance risk arising from the concentration or accumulation of guarantees exceeding the maximum acceptance levels.

2.a) Premiums by risk

The following tables show the breakdown for the last two years of written direct insurance and accepted reinsurance premiums classified according to the type of business underwritten:

2020

Item	Accepted reinsurance					Direct insurance			
	Life	Non-Life		Total	Catastrophe risk	Other risks			Total
		Catastrophe risk	Other risk			Life	Non-Life		
							Automobile	Other	
Written premiums, direct insurance	—	—	—	—	467.7	3,813.9	5,542.9	6,942.9	16,767.3
Premiums from accepted reinsurance	553.7	333.7	2,827.5	3,714.9	—	—	—	—	—

Figures in million euros.

2019

Item	Accepted reinsurance					Direct insurance			
	Life	Non-Life		Total	Catastrophe risk	Other risks			Total
		Catastrophe risk	Other risk			Life	Non-Life		
							Automobile	Other	
Written premiums, direct insurance	—	—	—	—	351.6	4,877.7	6,565.6	7,743.8	19,538.8
Premiums from accepted reinsurance	593.7	266.9	2,644.5	3,505.2	—	—	—	—	—

Figures in million euros.

2.b) Premiums by product and segment

The following tables show premiums issued for direct insurance and accepted reinsurance by product and segment, in the last two years:

2020

Product	IBERIA	LATAM NORTH	LATAM SOUTH	BRAZIL	NORTH AMERICA	EURASIA	ASISTENCIA	GLOBAL RISKS	REINSURANCE	CORPORATE AREAS AND CONSOLIDATION ADJUSTMENTS	TOTAL
Life	1,676.9	AREAS AND	226.3	1,209.5	2.3	279.7	–	–	–	0.1	3,818.8
Automobile	2,234.6	CONSOLI-DATION	345.4	443.5	1,350.7	928.0	68.0	–	–	(67.6)	5,533.3
Homeowners and commercial risks	1,013.4	ADJUSTMENTS	Total	322.7	626.7	84.4	–	–	–	(10.1)	2,339.9
Health	611.7	443.3	72.7	0.4	48.5	111.4	–	–	–	1.6	1,289.6
Accident	103.0	12.6	75.0	–	1.7	5.7	–	–	–	0.1	198.0
Other Non-Life	1,359.3	345.4	546.8	1,109.3	68.0	74.2	551.0	–	–	(330.4)	3,723.6
Reinsurance	–	–	–	–	–	–	–	1,255.8	4,430.7	(2,107.5)	3,579.0
TOTAL	6,998.9	1,574.6	1,450.5	3,085.4	2,097.9	1,483.4	618.9	1,255.8	4,430.7	(2,514.0)	20,482.2

Figures in million euros.

2019

Product	IBERIA	LATAM NORTH	LATAM SOUTH	BRAZIL	NORTH AMERICA	EURASIA	ASISTENCIA	GLOBAL RISKS	REINSURANCE	CORPORATE AREAS AND CONSOLIDATION ADJUSTMENTS	TOTAL
Life	2,425.1	AREAS AND	241.3	1,502.5	4.4	292.3	–	–	–	0.10	4,891.1
Automobile	2,313.6	CONSOLI-DATION	427.9	842.7	1,550.5	1,101.6	103.8	–	–	(103.4)	6,535.3
Homeowners and commercial risks	973.1	ADJUSTMENTS	Total	426.9	666.0	86.7	–	–	–	0.3	2,467.4
Health	580.3	230.3	75.8	0.9	54.3	126.2	–	–	–	1.7	1,069.6
Accident	111.9	18.1	95.3	–	2.0	8.0	–	–	–	0.1	235.4
Other Non-Life	1,313.7	881.5	561.0	1,204.5	54.7	80.8	757.2	–	–	(375.8)	4,477.6
Reinsurance	–	–	–	–	–	–	–	1,060.1	4,520.4	(2,212.8)	3,367.7
TOTAL	7,717.78	1,973.1	1,596.7	3,977.5	2,331.7	1,695.5	861.0	1,060.1	4,520.4	(2,690.0)	23,043.9

Figures in million euros.

2.c) Premiums by currency

The following tables show the breakdown for the last two years of written direct insurance premiums.

Currency	Financial Year	
	2020	2019
Euro	8,000.5	8,878.0
US dollar	3,439.6	4,148.0
Brazilian real	3,085.4	3,977.5
Mexican peso	534.8	633.3
Argentine peso	99.9	128.4
Venezuelan bolivar	5.8	4.2
Turkish lira	230.5	340.8
Colombian peso	238.7	276.5
Chilean peso	136.9	134.7
Pound sterling	125.6	249.7
Peruvian sol	290.3	284.7
Indonesian rupiah	34.7	48.9
Other currencies	544.8	434.1
TOTAL	16,767.3	19,538.8

Figures in million euros.

3. CLAIMS

Section 3.4 of Note 6.13 of the annual report, “Technical Provisions”, offers information about the progression of claims.

B. CREDIT RISK

1. CREDIT RISK ARISING FROM REINSURANCE CONTRACTS

The following table shows the breakdown of receivables against reinsurers in the last two years:

Ceded and retroceded reinsurance	Book value	
	2020	2019
Provision for Life insurance	55.6	57.0
Provision for outstanding claims	3,738.4	4,313.9
Other technical provisions	2.6	4.8
Receivables on ceded and retroceded reinsurance transactions	394.4	390.5
Due on ceded and retroceded reinsurance transactions	(690.1)	(868.9)
TOTAL NET POSITION	3,500.9	3,897.3

Figures in million euros.

The following table shows the breakdown of credits against reinsurers based on the financial solvency margin:

Rating	Book value	
	2020	2019
AAA	1,166.9	1,244.1
AA	994.1	1,009.4
A	363.6	574.5
BBB	317.4	294.8
BB OR LESS	82.4	125.5
WITHOUT CREDIT RATING	576.4	649.1
TOTAL NET POSITION	3,500.9	3,897.3

Figures in million euros.

The following table shows the type and amount of the guarantees granted by reinsurers in the last two years:

Type of surety	Amount	
	2020	2019
Letters of credit	2.0	1.1
Guarantees	–	–
Pledging of assets	–	–
Other guarantees	17.0	16.6
TOTAL	19.1	17.7

Figures in million euros.

The balances corresponding to receivables on direct insurance and co-insurance operations amounted to 3.5 and 4.0 billion euros at December 31, 2020 and 2019, respectively. Estimated losses due to impairment are recorded in the income statement as specified in accounting policy 5.9.

2. CREDIT RISK ARISING FROM OTHER FINANCIAL INSTRUMENTS

The breakdown for the last two years of the portfolio of fixed-income securities, hybrid securities, deposits and cash, based on the payment capacity of issuers of fixed-income securities and financial institutions, is shown below:

Credit rating	Book value							
	Held-to-maturity portfolio		Available-for-sale portfolio		Trading portfolio		Cash	
	2020	2019	2020	2019	2020	2019	2020	2019
AAA	1,107.2	1,462.9	3,081.4	2,322.7	788.4	1,896.6	177.7	142.7
AA	47.6	46.3	3,164.4	3,169.6	316.4	225.1	173.1	240.9
A	184.7	33.9	14,761.9	20,743.0	456.1	499.7	1,208.1	1,212.2
BBB	29.6	211.4	6,223.1	7,421.1	848.5	817.6	546.5	631.1
BB OR LESS	42.8	79.9	257.8	256.9	25.2	22.5	83.8	98.9
WITHOUT CREDIT RATING	145.2	115.2	270.5	399.1	96.5	113.3	229.8	211.7
TOTAL	1,556.9	1,949.7	27,759.1	34,312.4	2,531.2	3,574.7	2,418.9	2,537.5

Figures in million euros.

3. FIXED-INCOME SECURITIES IN DEFAULT

There were no fixed-income securities in default for significant amounts at December 31, 2020 and 2019.

4. RECEIVABLES

The following table shows the composition of the receivables heading at December 31, 2020 and 2019, as well as impairment losses, gains on recorded impairment reversals, and received amounts for guarantees in the last two years:

Item	Net balance on balance sheet		Impairment				Guarantees Received	
	2020	2019	Recorded losses		Reversal gains		2020	2019
Receivables on direct insurance and co-insurance operations	3,477.3	3,945.1	(14.5)	(11.3)	6.7	7.0	–	–
Receivables on reinsurance operations	1,012.2	934.3	(16.1)	(16.4)	15.6	15.9	–	–
Tax receivables	331.5	409.2	–	–	–	–	–	–
Corporate and other receivables	538.1	780.8	(2.8)	(10.5)	1.4	2.4	–	–
TOTAL	5,359.2	6,069.4	(33.4)	(38.2)	23.6	25.3	–	–

Figures in million euros.

C. LIQUIDITY RISK

With respect to liquidity risk, MAPFRE has a Liquidity Risk Management Policy and an Asset and Liability Management Policy, which together comprise the benchmark framework for acting in this regard. In MAPFRE, the general practice is based on maintaining sufficient cash balances to comfortably cover the commitments arising from its obligations to insured parties and creditors. Thus, at December 31, 2020, the cash and cash equivalent balance amounted to 2.4 billion euros (2.5 billion euros the previous year), equivalent to 6.2 percent of total financial investments and cash (5.3 percent at the close of 2019).

For Life and Savings insurance, the investment criteria applied consists in matching the maturities of investments with obligations entered into under the terms of insurance contracts in order to mitigate the long-term liquidity risk. In addition, most fixed-income investments have an investment grade and are traded in organized markets, providing ample capacity to act against potential liquidity stress.

Assets with maturity exceeding one year are described in the “Interest rate risk” section.

Lastly, MAPFRE’s low level of debt as regards shareholders’ equity, combined with the amount not drawn down from the syndicated loan taken out by the controlling company, provides additional liquidity through financing operations. Note 6.12 “Financial liabilities” provides information on the Group’s debt with credit institutions and its other financial liabilities.

1. LIQUIDITY RISK ARISING FROM INSURANCE CONTRACTS

The table below shows the estimated schedule of disbursements for insurance liabilities recorded at December 31, 2020 and 2019 (non-financial discount amounts).

Item	Estimated cash outflows in years							Total
	2021	2022	2023	2024	2025	2026 to 2030	Subsequent	
Provisions for Life insurance	2,491.4	1,625.3	1,392.1	1,212.1	1,100.7	4,286.1	7,094.5	19,202.1
Provision for outstanding claims	5,135.0	2,301.5	1,116.3	738.4	492.7	890.0	536.5	11,210.5
Other technical provisions	100.6	40.0	40.6	41.0	42.0	223.2	708.1	1,195.5
Due on direct insurance and coinsurance operations	894.4	17.8	10.9	8.1	4.6	9.3	5.8	951.0
Due on reinsurance operations	1,277.0	9.7	5.7	4.0	2.3	4.6	2.8	1,305.9
TOTAL	9,898.4	3,994.3	2,565.6	2,003.5	1,642.3	5,413.2	8,347.7	33,864.9

Figures in million euros.

Item	Estimated cash outflows in years							Total
	2020	2021	2022	2023	2024	2025 to 2029	Subsequent	
Provisions for Life insurance	2,934.9	2,143.4	2,040.9	1,709.0	1,583.4	6,447.2	10,085.3	26,944.0
Provision for outstanding claims	5,762.9	2,519.0	1,361.7	769.3	523.5	1,071.5	616.2	12,624.1
Other technical provisions	87.3	41.6	39.6	40.8	41.6	224.5	594.5	1,069.9
Due on direct insurance and coinsurance operations	879.9	14.7	11.2	6.0	4.2	7.4	4.6	928.1
Due on reinsurance operations	1,501.4	11.1	8.4	4.6	3.1	5.5	6.9	1,541.1
TOTAL	11,166.5	4,729.7	3,461.7	2,529.7	2,155.8	7,756.1	11,307.6	43,107.1

Figures in million euros.

2. LIQUIDITY RISK ARISING FROM SUBORDINATED LIABILITIES AND FINANCIAL LIABILITIES

The breakdown for the last two years of disbursement maturities for subordinated and financial liabilities, excluding the financial discount, is shown below:

Item	Maturity in						Total
	2021	2022	2023	2024	2025	Subsequent	
Subordinated liabilities	46.9	46.9	46.9	46.9	46.9	1,214.4	1,448.8
Issue of debentures and other negotiable securities	16.3	16.3	16.3	16.3	16.3	1,016.3	1,097.5
Due to credit institutions	53.8	39.9	39.8	48.7	636.4	66.0	884.5
Other financial liabilities (excluding for trading, others at fair value and w/o maturity)	603.2	1.0	1.0	0.9	0.2	3.0	609.2
TOTAL	720.1	104.0	103.9	112.7	699.7	2,299.6	4,040.0

Figures in million euros.

Item	Maturity in						Total
	2020	2021	2022	2023	2024	Subsequent	
Subordinated liabilities	46.9	46.9	46.9	46.9	46.9	1,261.3	1,495.7
Issue of debentures and other negotiable securities	16.3	16.3	16.3	16.3	16.3	1,032.5	1,113.8
Due to credit institutions	62.1	32.9	32.8	32.8	642.8	52.9	856.2
Other financial liabilities (excluding for trading, others at fair value and w/o maturity)	532.7	1.2	1.4	1.1	0.9	7.1	544.3
TOTAL	658.0	97.2	97.3	96.9	706.8	2,353.7	4,009.9

Figures in million euros.

D. MARKET RISK

The MAPFRE Risk Management Area carries out resilience and sensitivity tests regarding the impact of financial variables from the market on its solvency position.

The Group’s Investment Area regularly conducts analyses of the sensitivity of the investment portfolio’s value to market risk.

Among others, the most usual indicators are the modified duration, for fixed-income securities, and the VaR, or value at risk, for equity instruments.

1. INTEREST RATE RISK

The following tables show the significant information of the last two years regarding the level of exposure to interest rate risk of the financial assets and liabilities:

Portfolio	Amount of assets exposed to interest rate risk at fair value					
	Fixed interest rate		Not exposed to risk		Total	
	2020	2019	2020	2019	2020	2019
To maturity	1,470.9	1,830.4	113.4	143.0	1,584.4	1,973.4
Available for sale	25,317.9	31,452.4	4,782.8	5,632.8	30,100.7	37,085.2
Trading	4,048.3	4,748.7	777.7	1,188.6	4,826.0	5,937.3
TOTAL	30,837.1	38,031.5	5,674.0	6,964.4	36,511.1	44,995.9

Figures in million euros.

The assets with a fixed interest rate include the immunized portfolios, which amounted to16.5 and 16.5 billion euros at December 31, 2020 and 2019 respectively, thus reducing the interest rate risk.

Item	Amount of liabilities exposed to interest rate risk at fair value					
	Fixed interest rate		Not exposed to risk		Total	
	2020	2019	2020	2019	2020	2019
Subordinated liabilities	1,121.6	1,121.1	–	–	1,121.6	1,121.1
Issue of debentures and other negotiable securities	1,005.6	1,004.8	–	–	1,005.6	1,004.8
Due to credit institutions	72.4	28.4	794.0	819.4	866.4	847.8
Other financial liabilities	828.2	735.2	768.5	1,177.9	1,596.7	1,913.1
TOTAL	3,027.9	2,889.5	1,562.5	1,997.3	4,590.4	4,886.8

Figures in million euros.

The following tables show the breakdown of financial investments by maturity for 2020 and 2019.

December 31, 2020

Item	Closing balance	Maturity in:					Subsequent or without maturity
		1 year	2 year	3 year	4 year	5 year	
HELD TO MATURITY PORTFOLIO							
Fixed income	1,556.9	262.8	289.1	212.0	103.8	60.4	628.8
Other investments	27.4	18.9	0.9	—	0.3	0.1	7.3
TOTAL HELD TO MATURITY PORTFOLIO	1,584.4	281.7	290.0	212.0	104.0	60.4	636.1
AVAILABLE FOR SALE PORTFOLIO							
Fixed income	27,759.1	1,716.2	2,167.8	2,291.0	2,284.9	2,342.2	16,957.0
Other investments	19.6	11.6	1.2	0.8	1.0	0.3	4.8
TOTAL AVAILABLE FOR SALE PORTFOLIO	27,778.7	1,727.8	2,169.0	2,291.8	2,286.0	2,342.4	16,961.7
TRADING PORTFOLIO							
Financial swaps	501.4	(93.1)	(164.0)	(108.8)	(139.6)	(139.6)	1,146.5
Options	1.0	0.3	—	—	—	—	0.8
Fixed income	2,215.7	739.7	175.7	194.3	167.8	197.8	740.4
Hybrids	315.5	114.8	70.1	65.3	—	3.6	61.8
Deposits	—	—	—	—	—	—	—
TOTAL TRADING PORTFOLIO	3,033.6	761.7	81.8	150.8	28.2	61.8	1,949.4

Figures in million euros.

December 31, 2019

Item	Closing balance	Maturity in:					Subsequent or without maturity
		1 year	2 year	3 year	4 year	5 year	
HELD TO MATURITY PORTFOLIO							
Fixed income	1,949.7	343.6	163.9	295.4	179.0	93.4	874.4
Other investments	23.7	14.6	1.3	0.2	—	0.1	7.6
TOTAL HELD TO MATURITY PORTFOLIO	1,973.4	358.1	165.2	295.6	179.0	93.5	882.0
AVAILABLE FOR SALE PORTFOLIO							
Fixed income	34,312.4	2,335.6	2,157.3	2,933.4	2,781.7	3,649.9	20,454.4
Other investments	25.8	10.8	4.8	1.4	0.9	5.9	1.9
TOTAL AVAILABLE FOR SALE PORTFOLIO	34,338.1	2,346.3	2,162.2	2,934.9	2,782.7	3,655.8	20,456.3
TRADING PORTFOLIO							
Financial swaps	494.5	-128.9	-72.3	-145.0	-77.5	-107.0	1,025.2
Options	—	—	—	—	—	—	—
Fixed income	3,181.6	1,425.6	282.4	288.6	122.8	232.1	830.2
Hybrids	392.7	109.0	129.4	122.9	—	4.3	27.1
Deposits	0.4	—	—	—	—	—	0.4
TOTAL TRADING PORTFOLIO	4,069.2	1,405.8	339.4	266.5	45.2	129.5	1,882.8

Figures in million euros.

The average interest rate and modified duration of fixed-income investments in 2020 and 2019 are shown below:

Item	2020	2019
Average interest rate (%)	3.34	3.68
Modified duration (%)	7.55	7.26

The modified duration reflects the sensitivity of the value of the assets to movements in interest rates and represents an approximation of the percentage variation that the value of financial assets would experience for every percentage point (100 bp) of variation of interest rates.

The balances included in the “Receivables” heading under the assets on the balance sheet and in the “Due on direct insurance and co-insurance operations”, “Due on reinsurance operations”, “Tax liabilities” and “Other debts” accounts under the liabilities on the balance sheet do not accrue interest and they are usually settled the following year. Liabilities with a maturity exceeding one year are covered in the section “Liquidity risk arising from subordinated liabilities and financial liabilities”.

2. EXCHANGE RATE RISK

The following table shows the breakdown of assets and liabilities regarding the currencies in which they are recorded at the end of the last two years.

Currency	Assets		Liabilities		Net Total	
	2020	2019	2020	2019	2020	2019
Euro	43,021.6	42,783.7	39,292.4	39,072.5	3,729.2	3,711.2
US dollar	12,877.0	14,069.0	9,496.3	10,705.4	3,380.7	3,363.6
Mexican peso	1,212.1	1,307.2	899.6	980.4	312.6	326.8
Brazilian real	6,195.5	8,196.1	4,968.1	6,618.7	1,227.4	1,577.5
Turkish lira	523.4	815.3	508.5	709.3	14.9	106.0
Chilean peso	348.6	349.0	271.6	218.7	77.0	130.3
Venezuelan sovereign bolivar	13.0	14.7	12.5	5.1	0.5	9.6
Argentine peso	246.8	276.1	160.5	214.5	86.4	61.5
Colombian peso	1,367.1	1,478.6	1,247.4	1,397.5	119.7	81.0
Pound sterling	587.0	646.3	468.2	521.6	118.8	124.7
Canadian dollar	86.6	59.4	20.9	14.8	65.8	44.7
Philippine peso	103.7	105.1	78.1	77.5	25.7	27.7
Peruvian sol	746.0	742.3	594.5	556.3	151.5	185.9
Indonesian rupiah	148.9	242.8	69.0	89.2	80.0	153.5
Other currencies	1,675.3	1,424.6	1,227.6	1,222.5	447.7	202.1
TOTAL	69,152.6	72,509.9	59,314.8	62,403.9	9,837.8	10,106.0

Figures in million euros.

The sensitivity of the Group’s equity to changes in euro exchange rates against the different currencies in which assets are stated is determined by the net total amount shown in the previous table, having deducted the amount for the non-monetary items. Similarly, the effect of these exchange rate variations on the Group’s future results is determined by the volume of earnings obtained in each currency. In this regard, Annex 1 provides a breakdown of the country in which the operations of each Group company are located, and Annex 2 provides the result obtained by the most relevant companies in the Group.

3. STOCK MARKET RISK

The VaR or value at risk (maximum variation expected in a one-year time horizon and at a confidence level of 99 percent) of equities and mutual funds exposed to stock market risk amounted to 1.4 billion and 721.0 million euros at December 31, 2020 and 2019, respectively.

4. PROPERTY RISK

At December 31, 2020 the Group had property assets representing approximately 5.0 percent of total investments and cash (4.5 percent at December 31, 2019), of which approximately 46.4 percent corresponds to its own offices (45.7 percent at December 31, 2019). This equity serves the dual function of providing administrative and sales support as well as generating revenues from investments and diversifying investments. The breakdown of these property assets is shown in the following table:

Item	Net book value		Market value	
	2020	2019	2020	2019
Real estate investments	1,199.5	1,323.4	1,698.7	1,787.4
Real estate for own use	1,040.4	1,111.6	1,414.5	1,515.1
TOTAL	2,239.9	2,435.0	3,113.2	3,302.5

Figures in million euros.

Unrealized gains would offset a fall in the price of the properties equivalent to approximately 28.1 percent of their market value at the close of 2020 (26.3 percent at the close of 2019).

8. OTHER INFORMATION

8.1. INFORMATION RELATED TO THE GOVERNING BODY

In the last two years, there have not been any conflicts of interest, either direct or indirect, between the directors or the people connected to them and the Group.

In the last two years, the controlling company’s directors did not carry out any operations with the controlling company itself or with any other Group company either outside the scope of the companies’ ordinary trading activities or outside normal market conditions.

The insurance premium paid on behalf of the administrators for damages liability was 0.8 million euros in 2020 and 2019, in each year.

8.2. FEES EARNED BY THE AUDITORS

The annual accounts of the controlling company and of the main Group companies for the financial year 2020 have been audited by the firm KPMG, with the main exception of the subsidiaries with registered offices in Indonesia and Paraguay, whose auditors are PKF and AYCA, respectively.

The remuneration accrued by the main auditor is shown below. It is deemed that these fees do not compromise the independence of the auditors.

Item	Amount	
	2020	2019
Audit services	7.5	7.7
Other verification services	1.5	1.6
Tax services	–	–
Other services	0.1	–
TOTAL SERVICES OF MAIN AUDITOR	9.1	9.3

Figures in million euros.

The abovementioned amounts include those paid to the company KPMG Auditores, S.L. to the Group in 2019 for the amount of 2.4 million euros for audit services (2.3 million euros in 2019) and 0.7 million euros for Other verification services (0.6 million in 2019).

These include, most notably, other required reviews (by regulation or requirement of external partners), as well as services regarding regulatory compliance, the most relevant of which are those corresponding to the review of the Solvency Reports (0.4 million euros).

Other entities associated with KPMG International (KPMG Asesores, S.L.) have invoiced 0.1 million euros corresponding to a Due Diligence service, and 0.1 million euros for an independent review of the Non Financial Information Report.

Fees related to account auditing services provided by auditors other than the main auditor amounted to 0.1 million euros in 2020 and 2019, in each year.

8.3. ENVIRONMENTAL INFORMATION

The Group companies do not have any environment-related item in the last two financial years that might be significant or specifically included in these consolidated annual accounts.

8.4. INFORMATION ON AVERAGE PROVIDER PAYMENT PERIOD

Details of the payments made by the Group’s fully consolidated Spanish companies to providers in the financial years 2020 and 2019:

Item	Days	
	2020	2019
Average provider payment period	5.7	5.4
Ratio of paid operations	5.3	5.2
Ratio of operations pending payment	30.4	24.8

Item	2020	2019
TOTAL PAYMENTS MADE	1,581.0	1,989.0
TOTAL PENDING PAYMENTS EXCEEDING THE MAXIMUM STATUTORY TERM	21.9	20.4

Figures in million euros.

Appendices

APPENDIX 1: SUBSIDIARIES, ASSOCIATED UNDERTAKINGS AND JOINT VENTURE AT DECEMBER 31, 2020 AND 2019

Name	Address	Participation in Capital			Consolidation method	Integration method for Solvency
		Holder	Percentage			
			2020	2019		
IBERIA						
MAPFRE ESPAÑA COMPAÑÍA DE SEGUROS Y REASEGUROS S.A.	Ctra. Pozuelo, 50. Majadahonda.Madrid (Spain)	MAPFRE, S.A	83.5168	83.5168	(A)	(1)
		MAPFRE PARTICIPACIONES, S.A.	16.4825	16.4825		
CLUB MAPFRE, S.A.	Ctra. Pozuelo, 50. Majadahonda. Madrid (Spain)	MAPFRE ESPAÑA, S.A.	99.9875	99.9875	(A)	(1)
		MAPFRE AUTOMOCIÓN S.A.U	0.0125	0.0125		
CENTRO DE EXPERIMENTACIÓN Y SEGURIDAD VIAL MAPFRE,S.A.	Ctra.Valladolid, km 1 Ávila (Spain)	MAPFRE ESPAÑA, S.A.	99.9982	99.9982	(A)	(1)
		MAPFRE, S.A.	0.0018	0.0018		
MAPFRE AUTOMOCIÓN S.A.U	Ctra. Pozuelo, 50. Majadahonda.Madrid (Spain)	MAPFRE ESPAÑA, S.A.	100.0000	100.0000	(A)	(1)
VERTI ASEGURADORA COMPAÑÍA DE SEGUROS Y REASEGUROS, S.A	Ctra. Pozuelo, 50. Majadahonda.Madrid (Spain)	MAPFRE ESPAÑA, S.A.	99.9991	99.9991	(A)	(1)
		CLUB MAPFRE, S.A.	0.0009	0.0009		
VERTI MEDIACION DE SOCIEDAD DE AGENCIA DE VALORES	Doctor Esquerdo, 138. Madrid (Spain)	VERTI ASEGURADORA S.A.	98.0000	0.0000	(G)(A)	(G)(1)
		CLUB MAPFRE, S.A.	2.0000	0.0000		
RASTREATOR.COM LTD	Greyfriars House Greyfriars Road Cardiff Cardiff. South Wales CF10 3AL (United Kingdom)	MAPFRE ESPAÑA, S.A.	25.0000	25.0000	(C)	(3)
MAPFRE CONSULTORES DE SEGUROS Y REASEGUROS,S.A.	Ctra. Pozuelo, 50. Majadahonda.Madrid (Spain)	MAPFRE ESPAÑA, S.A.	50.0000	50.0000	(A)	(1)
		MAPFRE, S.A.	50.0000	50.0000		
MULTISERVICIOS MAPFRE MULTIMAP, S.A.	Ctra. Pozuelo, 50. Majadahonda.Madrid (Spain)	MAPFRE ESPAÑA, S.A.	97.5000	97.5000	(A)	(1)
		CENTROS MÉDICOS S.A.	2.5000	2.5000		
FUNESPAÑA, S.A.	C/ Doctor Esquerdo, 138 5°. Madrid (Spain)	MAPFRE ESPAÑA, S.A.	99.7760	99.7711	(A)	(1)
FUNESPAÑA DOS, S.L	C/ Doctor Esquerdo, 138 5°. Madrid (Spain)	FUNESPAÑA, S.A.	100.0000	0.0000	(G)(A)	(G)(1)
POMPES FÚNEBRES DOMINGO, S.L.	C/ Mercaderes, 5 Bajo Tortosa. Tarragona (Spain)	FUNESPAÑA, S.A.	0.0000	75.0000	(A)	(1)
		FUNESPAÑA DOS, S.L.	100.0000	0.0000		

Name	Address	Participation in Capital			Consolidation method	Integration method for Solvency
		Holder	Percentage			
			2020	2019		
SERVICIOS FUNERARIOS FUNEMADRID, S.A.U.	C/ Doctor Esquerdo, 138 5º Plta Madrid (Spain)	FUNESPAÑA, S.A.	0.0000	100.0000	(A)	(1)
		FUNESPAÑA DOS, S.L.	100.0000	0.0000		
CEMENTERIO JARDÍN DE ALCALA DE HENARES, S.A.	Carretera de Pastrana,Km 3 Alcala de Henares. Madrid (Spain)	FUNEMADRID	49.0000	49.0000	(C)	(3)
EMPRESA MIXTA SERVEIS MUNICIPALS DE TARRAGONA, S.L.	Carretera Villa de Valencia, 2 Tarragona (Spain)	FUNESPAÑA, S.A.	0.0000	49.0000	(C)	(3)
		FUNESPAÑA DOS, S.L.	49.0000	0.0000		
CEMENTERIO PARQUE ANDUJAR, S.A.	C/ Cementerio, 4 Andujar. Jaén (Spain)	FUNESPAÑA, S.A.	0.0000	72.8200	(A)	(1)
		FUNESPAÑA DOS, S.L.	72.8200	0.0000		
SERVICIOS FUNERARIOS DE ZARAGOZA, S.L.	C/ Doctor Esquerdo, 138 5º Plta Madrid (Spain)	FUNESPAÑA, S.A.	0.0000	70.0000	(A)	(1)
		FUNESPAÑA DOS, S.L.	70.0000	0.0000		
GAB MANAGEMENT & CONSULTING , S.R.L. (Liquidated in 2020)	C/ Coso, 66 2ºC Zaragoza (Spain)	FUNESPAÑA, S.A.	0.0000	77.6000	(H)	(H)
TANATORIUM ZRT	Joseph Krt, 49 Budapest (Hungria)	FUNESPAÑA, S.A.	100.0000	100.0000	(A)	(1)
INICIATIVAS ALCAÉSAR, S.L	C / Viena, 2 1º A Cáceres (Spain)	FUNESPAÑA, S.A.	0.0000	40.0000	(C)	(3)
		FUNESPAÑA DOS, S.L.	40.0000	0.0000		
SALZILLO SERVICIOS FUNERARIOS, S.L.	C/ Doctor Esquerdo, 138 5º Plta Madrid (Spain)	FUNESPAÑA, S.A.	0.0000	45.0000	(C)	(1)
		FUNESPAÑA DOS, S.L.	45.0000	0.0000		
DE MENA SERVICIOS FUNERARIOS, S.L.	C/ Doctor Esquerdo, 138 5º Plta Madrid (Spain)	FUNESPAÑA, S.A.	0.0000	70.0000	(A)	(1)
		FUNESPAÑA DOS, S.L.	70.0000	0.0000		
ISABELO ALVAREZ MAYORGA S.A.	Carretera Ávila - Valladolid Km 08 Ávila (Spain)	FUNESPAÑA, S.A.	0.0000	50.0000	(C)	(3)
		FUNESPAÑA DOS, S.L.	50.0000	0.0000		
SERVICIOS FUNERARIOS DEL NERVIÓN, S.L.	Alameda de Recalde 10 Bilbao (Spain)	FUNESPAÑA, S.A.	0.0000	50.0000	(C)	(3)
		FUNESPAÑA DOS, S.L.	50.0000	0.0000		
NUEVO TANATORIO, S.L	Avenida Hermanos Bou, 251 Castellón (Spain)	FUNESPAÑA, S.A.	0.0000	50.0000	(C)	(3)
		FUNESPAÑA DOS, S.L.	50.0000	0.0000		

Name	Address	Participation in Capital			Consolidation method	Integration method for Solvency
		Holder	Percentage			
			2020	2019		
SERVICIOS FUNERARIOS LA CARIDAD, S.L.	Carretera Sanlúcar - Trebujena Km 1,5 Sanlúcar de Barrameda. Cádiz (Spain)	FUNESPAÑA, S.A.	0.0000	50.0000	(C)	(3)
		FUNESPAÑA DOS, S.L.	50.0000	0.0000		
TANATORIO DE ÉCIJA, S.L.	C / Camino del Valle Écija. Sevilla (Spain)	FUNESPAÑA, S.A.	0.0000	33.3300	(C)	(3)
		FUNESPAÑA DOS, S.L.	33.3300	0.0000		
TANATORIO SE-30 SEVILLA, S.L.	C/ San Juan Bosco, 58 Zaragoza (Spain)	FUNESPAÑA, S.A.	0.0000	10.0000	(C)	(3)
		FUNESPAÑA DOS, S.L.	10.0000	0.0000		
ALL FUNERAL SERVICES, S.L.	. C/ Doctor Esquerdo, 138 5º Plta Madrid (Spain)	FUNESPAÑA, S.A.	100.0000	100.0000	(A)	(1)
FUNESPAÑA CHILE, S.A.	Santiago de Chile (Chile)	FUNESPAÑA, S.A.	50.0000	50.0000	(B)	(9)
FUNEUROPA CHILE, S.A.	Santiago de Chile (Chile)	FUNESPAÑA, S.A.	50.0000	50.0000	(B)	(9)
FUNERARIAS REUNIDAS DEL BIERZO, S.A.	. C/ Doctor Esquerdo, 138 5º Plta Madrid (Spain)	FUNESPAÑA, S.A.	0.0000	85.8200	(A)	(1)
		FUNESPAÑA DOS, S.L.	85.8200	0.0000		
SERVICIOS FUNERARIOS LUCEM S.L.	C/ La Costera número 20, Polígono Industrial Bovalar 46970 Alaquás. Valencia (Spain)	FUNESPAÑA, S.A.	0.0000	50.0000	(C)	(3)
		FUNESPAÑA DOS, S.L.	50.0000	0.0000		
FUNERARIA SAN VICENTE,S.L.	C/ Restauración, número 2-bajo, Polígono Industrial y de Servicios “Matallana” 41440-Lora del Río. Sevilla (Spain)	FUNESPAÑA, S.A.	0.0000	50.0000	(C)	(3)
		FUNESPAÑA DOS, S.L.	50.0000	0.0000		
INVERSIONES FUNERARIAS ANDALUZAS, S.L.	C/Torredonjimeno s/n Martos. Jaén (Spain)	FUNESPAÑA, S.A.	0.0000	33.3300	(F)(C)	(F)(3)
		FUNESPAÑA DOS, S.L.	33.3300	0.0000		
FUNERARIA ALIANZA CANARIA S.L.	Luis Doreste Silva, 18B 35004 Las Palmas de Gran Canaria (Spain)	FUNESPAÑA, S.A.	0.0000	100.0000	(F)(A)	(F)(1)
		FUNESPAÑA DOS, S.L.	100.0000	0.0000		
MEDISEMAP, AGENCIA DE SEGUROS, S.L.	Ctra. Pozuelo, 52. Majadahonda Madrid (Spain)	MAPFRE ESPAÑA, S.A.	66.6667	66.6667	(A)	(1)
		MAPFRE VIDA, S.A.	33.3333	33.3333		
CENTROS MÉDICOS MAPFRE, S.A.	Ctra. Pozuelo, 50. Majadahonda Madrid (Spain)	MAPFRE ESPAÑA, S.A.	100.0000	100.0000	(A)	(1)

Name	Address	Holder	Participation in Capital		Consolidation method	Integration method for Solvency
			Percentage			
			2020	2019		
MAPFRE VIDEO Y COMUNICACIÓN S.A.	Ctra. Pozuelo, 50. Majadahonda Madrid (Spain)	MAPFRE ESPAÑA, S.A.	75.0000	75.0000	(A)	(1)
		MAPFRE VIDA, S.A.	25.0000	25.0000		
BANKINTER SEGUROS GENERALES COMPAÑIA DE SEGUROS Y REASEGUROS	Paseo de la Castellana, 29 Madrid (Spain)	MAPFRE ESPAÑA, S.A.	50.1000	50.1000	(A)	(1)
AUDATEX ESPAÑA, S.A.	Av de Barajas, 34 Parque Empresarial Omega 28108 Alcobendas. Madrid (Spain)	MAPFRE ESPAÑA, S.A.	12.5000	12.5000	(C)	(3)
TECNOLOGÍAS DE LA INFORMACION DE REDES PARA LAS ENTIDADES ASEGURADORAS S.A.	C/ García Paredes, 55 Madrid (Spain)	MAPFRE ESPAÑA, S.A.	22.9506	22.9506	(C)	(3)
MAPFRE QUINGDAO ENTERPRISE MANAGEMENT CONSULTING LIMITED COMPANY	Qingdao (China)	MAPFRE ESPAÑA, S.A.	100.0000	100.0000	(A)	(1)
AGRO SEGURO	C/ Gobelas, 23 Madrid (Spain)	MAPFRE ESPAÑA, S.A.	19.8100	19.8900	(C)	(3)
SALVADOR CAETANO AUTO (SGPS), S.A.	Avenida Vasco da Gama 14-10 4430-247 Vila Nova de Gaia (Portugal)	MAPFRE ESPAÑA, S.A.	24.6100	24.6100	(C)	(3)
SALUD DIGITAL MAPFRE S.A.	Ctra. Pozuelo, 50. Majadahonda Madrid (Spain)	MAPFRE ESPAÑA, S.A.	97.5000	97.5000	(A)	(1)
		CENTROS MÉDICOS MAPFRE, S.A.	2.5000	2.5000		
PUY DU FOU ESPAÑA,S.A.	C/ Cuesta de Carlos V, 9 45001 Toledo (Spain)	MAPFRE ESPAÑA, S.A.	19.3810	19.3810	(C)	(3)
SANTANDER MAPFRE SEGUROS Y REASEGUROS S.A	Ctra. Pozuelo, 50. Majadahonda Madrid (Spain)	MAPFRE ESPAÑA, S.A.	50.0100	50.0100	(F)(A)	(F)(1)
MAPFRE INMUEBLES, S.G.A.	Ctra. Pozuelo, 52. Majadahonda Madrid (Spain)	MAPFRE ESPAÑA, S.A.	82.9732	82.9732	(A)	(1)
		MAPFRE, S.A.	9.9979	9.9979		
		MAPFRE VIDA, S.A.	7.0279	7.0279		
DESARROLLOS URBANOS CIC. S.A.	Ctra. Pozuelo, 52. Majadahonda Madrid (Spain)	MAPFRE INMUEBLES, S.G.A.	99.9216	99.9216	(A)	(1)
		MAPFRE, S.A.	0.0784	0.0784		
SERVICIOS INMOBILIARIOS MAPFRE S.A.	Ctra. Pozuelo, 52. Majadahonda Madrid (Spain)	MAPFRE INMUEBLES, S.G.A.	99.9000	99.9000	(A)	(1)
		DESARROLLOS URBANOS CIC. S.A	0.1000	0.1000		
INMO ALEMANIA GESTIÓN DE ACTIVOS INMOBILIARIOS, S.L.	Pso. de la Castellana, 24 (Madrid) España	MAPFRE ESPAÑA, S.A.	20.0000	20.0000	(C)	(3)

Name	Address	Participation in Capital			Consolidation method	Integration method for Solvency
		Holder	Percentage			
			2020	2019		
MAPFRE TECH, S.A.	Ctra. Pozuelo, 52. Majadahonda Madrid (Spain)	MAPFRE ESPAÑA, S.A.	65.1574	65.1574	(A)	(1)
		MAPFRE VIDA, S.A.	11.6834	11.6834		
		MAPFRE RE, S.A.	0.8002	0.8002		
		MAPFRE ASISTENCIA, S.A.	1.5684	1.5684		
		MAPFRE INTERNACIONAL, S.A.	20.0000	20.0000		
		MAPFRE INVERSIÓN, S.A.	0.0160	0.0160		
		MAPFRE, S.A.	0.7746	0.7746		
MAPFRE SEGUROS GERAIS S.A.	Rua Doutor António Loureiro Borges 9 Algés (Portugal)	MAPFRE ESPAÑA, S.A.	100.0000	100.0000	(A)	(1)
MAPFRE PORTUGAL SEGUROS DE VIDA S.A.	Rua Doutor António Loureiro Borges 9 Algés (Portugal)	MAPFRE SEGUROS GERAIS S.A.	100.0000	100.0000	(A)	(1)
MAPFRE SANTANDER PORTUGAL COMPANHIA DE SEGUROS S.A.	Rua Castilho, 52 Lisboa (Portugal)	MAPFRE SEGUROS GERAIS S.A.	50.0100	---	(G)(A)	(G)(1)
MAPFRE VIDA SOCIEDAD ANÓNIMA DE SEGUROS Y REASEGUROS SOBRE LA VIDA HUMANA	Ctra. Pozuelo, 50. Majadahonda Madrid (Spain)	MAPFRE, S.A.	99.9225	99.9199	(A)	(1)
CONSULTORA ACTUARIAL Y DE PENSIONES MAPFRE VIDA S.A.	Ctra. Pozuelo, 50. Majadahonda Madrid (Spain)	MAPFRE VIDA, S.A.	99.9339	99.9339	(A)	(1)
		MAPFRE, S.A.	0.0661	0.0661		
GESTIÓN MODA SHOPPING S.A.	Avda.General Perón,40 Madrid (Spain)	MAPFRE VIDA, S.A.	99.8215	99.8215	(A)	(1)
		MAPFRE, S.A.	0.1785	0.1785		
MAPFRE INVERSIÓN SOCIEDAD DE VALORES S.A	Carretera de Pozuelo, 50-1, M-4. 2º Planta Módulo Sur. (28222) Majadahonda Madrid (Spain)	MAPFRE VIDA, S.A.	99.9991	99.9991	(A)	(4)
		MAPFRE, S.A.	0.0009	0.0009		
MAPFRE ASSET MANAGEMENT, S.G.I.I.C., S.A	Carretera de Pozuelo, 50-1, M-4. 2º Planta Módulo Norte (28222) Majadahonda Madrid (Spain)	MAPFRE INVERSIÓN, S.A.	99.9853	99.9853	(A)	(4)
		MAPFRE, S.A.	0.0147	0.0147		
MAPFRE VIDA PENSIONES, ENTIDAD GESTORA DE PENSIONES S.A.	Carretera de Pozuelo, 50-1, M-4. 2º Planta Módulo Norte. Madrid (Spain)	MAPFRE INVERSIÓN, S.A.	99.9971	99.9971	(A)	(4)
		MAPFRE, S.A.	0.0029	0.0029		
BANKIA MAPFRE VIDA, S.A. DE SEGUROS Y REASEGUROS	Ctra. Pozuelo, 50. Majadahonda Madrid (Spain)	MAPFRE VIDA, S.A.	51.0000	51.0000	(A)	(1)

Name	Address	Participation in Capital			Consolidation method	Integration method for Solvency
		Holder	Percentage			
			2020	2019		
MIRACETI S.A.	Ctra. Pozuelo, 50. 28222 (Majadahonda) Madrid (Spain)	MAPFRE VIDA, S.A.	99.9991	99.9991	(A)	(1)
		MAPFRE, S.A.	0.0009	0.0009		
BANKINTER SEGUROS DE VIDA, S.A. DE SEGUROS Y REASEGUROS	Avda. Bruselas, 12 Alcobendas. Madrid (Spain)	MAPFRE VIDA, S.A.	50.0000	50.0000	(A)	(1)
CAJA CASTILLA LA MANCHA VIDA Y PENSIONES S.A.	C/ Carretería, 5 Cuenca (Spain)	MAPFRE VIDA, S.A.	50.0000	50.0000	(A)	(1)
CAJA GRANADA VIDA COMPAÑÍA DE SEGUROS Y REASGUROS S.A. (Merger in 2020 with Bankia Mapfre Vida)	Ctra. Pozuelo, 50. Majadahonda Madrid (Spain)	MAPFRE VIDA, S.A.	0.0000	51.0000	(H)	(H)
CAJAMURCIA VIDA,COMPAÑÍA DE SEGUROS Y REASGUROS S.A. (Merger in 2020 with Bankia Mapfre Vida)	Ctra. Pozuelo, 50. Majadahonda Madrid (Spain)	MAPFRE VIDA, S.A.	0.0000	51.0000	(H)	(H)
MAPFRE AM- GOOD GOVERNANCE	60, avenue J.F. Kennedy L-1855 Luxembourg Grand Duchy of Luxembourg	MAPFRE VIDA, S.A.	35.1459	39.4976	(A)	(9)
		OTHER GROUP COMPANIES	39.9306	32.7567		
MAPFRE AM-IBERIAN EQUITIES	60, avenue J.F. Kennedy L-1855 Luxembourg Grand Duchy of Luxembourg	MAPFRE VIDA, S.A.	60.8408	62.0743	(A)	(9)
		OTHER GROUP COMPANIES	28.5132	21.1911		
MAPFRE AM-EUROPEAN EQUITIES	60, avenue J.F. Kennedy L-1855 Luxembourg Grand Duchy of Luxembourg	MAPFRE VIDA, S.A.	69.2616	59.2353	(A)	(9)
		OTHER GROUP COMPANIES	22.6746	30.0941		
MAPFRE AM-MULTI ASSET STRATEGY	60, avenue J.F. Kennedy L-1855 Luxembourg Grand Duchy of Luxembourg	MAPFRE ESPAÑA, S.A.	41.6139	41.6139	(A)	
		MAPFRE RE, S.A.	43.5891	43.5891		
		OTHER GROUP COMPANIES	14.7970	14.7970		
FONDMAPFRE ELECCION DECIDIDA	Ctra. Pozuelo, 50. Majadahonda Madrid (Spain)	MAPFRE VIDA, S.A.	41.6354	39.9917	(A)	(9)
		OTHER GROUP COMPANIES	14.1661	14.1711		
FONDMAPFRE ELECCION MODERADA	Ctra. Pozuelo, 50. Majadahonda Madrid (Spain)	MAPFRE VIDA, S.A.	46.8965	47.1962	(A)	(9)

Name	Address	Participation in Capital			Consolidation method	Integration method for Solvency
		Holder	Percentage			
			2020	2019		
FONDMAPFRE ELECCION PRUDENTE		OTHER GROUP COMPANIES	3.5363	3.8513		
	Ctra. Pozuelo, 50. Majadahonda Madrid (Spain)	MAPFRE VIDA, S.A.	54.5839	53.2904	(A)	(9)
FONDMAPFRE BOLSA AMERICA		OTHER GROUP COMPANIES	2.3995	2.5858		
	Ctra. Pozuelo, 50. Majadahonda Madrid (Spain)	MAPFRE VIDA, S.A.	26.0686	25.2414	(A)	
FONDMAPFRE RENTA DÓLAR		MAPFRE ESPAÑA, S.A.	22.9088	21.7388		
		OTHER GROUP COMPANIES	23.5396	23.1283		
	Ctra. Pozuelo, 50. Majadahonda Madrid (Spain)	MAPFRE RE, S.A.	23.8561	19.7353	(A)	(9)
		MAPFRE ESPAÑA, S.A.	23.7576	19.6538		
FONDMAPFRE GLOBAL F.I.		OTHER GROUP COMPANIES	21.9601	28.4332		
	Ctra. Pozuelo, 50. Majadahonda Madrid (Spain)	MAPFRE VIDA, S.A.	39.8869	36.9426	(A)	(9)
FONDMAPFRE BOLSA MIXTO F.I.		OTHER GROUP COMPANIES	5.6999	8.2548		
	Ctra. Pozuelo, 50. Majadahonda Madrid (Spain)	MAPFRE VIDA, S.A.	57.3166	54.9320	(A)	(9)
FONDMAPFRE BOLSA EUROPA F.I.		OTHER GROUP COMPANIES	5.7612	5.6224		
	Ctra. Pozuelo, 50. Majadahonda Madrid (Spain)	MAPFRE VIDA, S.A.	12.2512	16.2085	(A)	(9)
		MAPFRE RE, S.A.	21.5788	21.5721		
FONDMAPFRE BLUE CHIPS F.I.		OTHER GROUP COMPANIES	31.0829	34.2339		
	Ctra. Pozuelo, 50. Majadahonda Madrid (Spain)	MAPFRE VIDA, S.A.	100.0000	100.0000	(A)	(9)
MAPFRE AM-SHORT TERM EURO I	60, avenue J.F. Kennedy L-1855 Luxembourg Grand Duchy of Luxembourg	MAPFRE ESPAÑA, S.A.	35.0585	39.5452	(A)	(9)
		MAPFRE RE, S.A.	30.9254	27.9984		
		OTHER GROUP COMPANIES	4.3498	5.5979		
FONDMAPFRE GARANTIA F.I.	Ctra. Pozuelo, 50. Majadahonda Madrid (Spain)	MAPFRE VIDA, S.A.	99.9990	99.9990	(F)(A)	(F)(9)

Name	Address	Participation in Capital			Consolidation method	Integration method for Solvency
		Holder	Percentage			
			2020	2019		
FONDMAPFRE GARANTIA II, F.I.	Ctra. Pozuelo, 50. Majadahonda Madrid (Spain)	MAPFRE VIDA, S.A.	99.9971	99.9971	(F)(A)	(F)(9)
STABLE INCOME EUROPEAN REAL ESTATE FUND	60, avenue J.F. Kennedy L-1855 Luxembourg Grand Duchy of Luxembourg	MAPFRE ESPAÑA, S.A.	21.7000	25.8097	(F)(A)	(F)(9)
		MAPFRE RE, S.A.	20.8100	21.8305		
		OTHER GROUP COMPANIES	15.9900	19.8153		
MAPFRE AM-BEHAVORIAL FUND I	60, avenue J.F. Kennedy L-1855 Luxembourg Grand Duchy of Luxembourg	MAPFRE RE, S.A.	25.7672	23.0369	(F)(A)	(F)(9)
		OTHER GROUP COMPANIES	26.8929	22.2789		
MAPFRE AM-INCLUSION RESPONSABLE	60, avenue J.F. Kennedy L-1855 Luxembourg Grand Duchy of Luxembourg	MAPFRE ESPAÑA, S.A.	17.3322	42.4496	(F)(A)	(F)(9)
		MAPFRE RE, S.A.	24.0224	34.4592		
		OTHER GROUP COMPANIES	50.7728	22.9728		
MAPFRE AM-US FORGOTTEN VALUE	60, avenue J.F. Kennedy L-1855 Luxembourg Grand Duchy of Luxembourg	MAPFRE ESPAÑA, S.A.	43.7559	44.9995	(F)(A)	(F)(9)
		MAPFRE RE, S.A.	20.4195	20.9997		
		OTHER GROUP COMPANIES	19.2575	19.1664		
MAPFRE AM CAPITAL RESPONSABLE	60, avenue J.F. Kennedy L-1855 Luxembourg Grand Duchy of Luxembourg	MAPFRE AM INVESTMENT	4.1002	0.0000	(G)(A)	(G)(9)
		MAPFRE INVERSION, S..A.	3.3933	0.0000		
		OTHER GROUP COMPANIES	33.1958	0.0000		
MAPFRE AM GLOBAL BOND FUND	60, avenue J.F. Kennedy L-1855 Luxembourg Grand Duchy of Luxembourg	MAPFRE VIDA, S.A.	45.4957	0.0000	(G)(A)	(G)(9)
		MAPFRE ESPAÑA, S.A.	14.3550	0.0000		
		OTHER GROUP COMPANIES	20.1954	0.0000		
SWISSLIFE SPPICAV	60, avenue J.F. Kennedy L-1855 Luxembourg Grand Duchy of Luxembourg	MAPFRE ESPAÑA, S.A.	15.0675	0.0000	(G)(A)	(G)(9)
		MAPFRE RE, S.A.	17.0497	0.0000		

Name	Address	Holder	Participation in Capital		Consolidation method	Integration method for Solvency
			Percentage			
			2020	2019		
OLIFAN INMO 18 OPCI		OTHER GROUP COMPANIES	17.8828	0.0000		
	60, avenue J.F. Kennedy L-1855 Luxembourg Grand Duchy of Luxembourg	MAPFRE ESPAÑA, S.A.	32.8562	0.0000	(G)(A)	(G)(9)
		MAPFRE RE, S.A.	40.9394	0.0000		
		OTHER GROUP COMPANIES	7.3344	0.0000		
MAPFRE INFRAESTRUCTURAS FCR	Ctra. Pozuelo, 50. Majadahonda Madrid (Spain)	MAPFRE ESPAÑA, S.A.	8.0654	0.0000	(G)(C)	(G)(3)
		MAPFRE RE, S.A.	9.3366			
		OTHER GROUP COMPANIES	4.5148			
MAPFRE PRIVATE EQUITY I FCR	Ctra. Pozuelo, 50. Majadahonda Madrid (Spain)	MAPFRE ESPAÑA, S.A.	28.0800	0.0000	(G)(A)	(G)(9)
		MAPFRE RE, S.A.	35.7600	0.0000		
		OTHER GROUP COMPANIES	14.6400	0.0000		
BRAZIL						
MAPFRE SEGUROS GERAIS S.A.	Avd.Nações Unidas, 11711 16 Andar Brooklin São Paulo. (Brazil)	MAPFRE PARTICIPAÇÕES, S.A.	100.0000	100.0000	(A)	(7)
MAPFRE VERA CRUZ CONSULTORIA E ADMINISTRACAO DE FUNDOS LTDA.	Avd.Nações Unidas, 11711 16 Andar Brooklin São Paulo. (Brazil)	MAPFRE BRASIL PARTICIPAÇÕES, S.A.	100.0000	100.0000	(A)	(1)
BB MAPFRE PARTICIPAÇÕES, S.A.	Avd.Nações Unidas, 11711 16 Andar Brooklin São Paulo. (Brazil)	MAPFRE BRASIL PARTICIPAÇÕES, S.A.	25.0100*	25.0100*	(A)	(1)
MAPFRE CAPITALIZAÇÃO S.A.	Avd.Nações Unidas, 11711 16 Andar Brooklin São Paulo. (Brazil)	MAPFRE PARTICIPAÇÕES, S.A.	100.0000	100.0000	(A)	(1)
MAPFRE SERVIÇOS S.A (Absorbed by MAPFRE SEGUROS GERAIS, S.A. in 2020)	Avd.Mamoré 989, 3º Andar Allphaville Centro Industrial e Empresarial Barueri São Paulo (Brazil)	MAPFRE SEGUROS GERAIS,S.A.	0.0000	100.0000	(H)	(H)
MAPFRE PARTICIPAÇÕES,S.A.	Avd.Nações Unidas, 11711 16 Andar Brooklin São Paulo. (Brazil)	MAPFRE BRASIL PARTICIPAÇÕES, S.A.	100.0000	100.0000	(A)	(1)
MAPFRE BRASIL PARTICIPAÇÕES, S.A.	Avd.Nações Unidas, 11711 16 Andar Brooklin São Paulo. (Brazil)	MAPFRE INTERNACIONAL, S.A.	99.1700	99.1700	(A)	(1)
		MAPFRE INVESTMENT S.A.	0.8300	0.8300		
MAPFRE VIDA S.A.	Avd.Nações Unidas, 11711 16 Andar Brooklin São Paulo. (Brazil)	MAPFRE PARTICIPAÇÕES, S.A.	100.0000	100.0000	(A)	(7)
MAPFRE INVESTIMENTOS LTDA.	Avd.Nações Unidas, 11711 16 Andar Brooklin São Paulo. (Brazil)	MAPFRE INVESTIMENTOS E PARTICIPAÇÕES S.A.	99.9900	99.9900	(A)	(9)
		MAPFRE BRASIL PARTICIPAÇÕES, S.A.	0.1000	0.1000		

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			Percentage			
			2020	2019		
MAPFRE PREVIDENCIA S.A.	Avda.Mª Coelho Aguiar 215 Jardim São Luis Bloco F - 2º andar São Paulo (Brazil)	MAPFRE BRASIL PARTICIPAÇÕES, S.A.	100.0000	100.0000	(A)	(7)
MAPFRE INVESTIMENTOS E PARTICIPAÇÕES, S.A.	Avd.Nações Unidas, 11711 17 Andar Brooklin São Paulo. (Brazil)	MAPFRE BRASIL PARTICIPAÇÕES, S.A.	100.0000	100.0000	(A)	(1)
ALIANÇA DO BRASIL SEGUROS, S.A.	R.Manuel da Nobrega, 12809.Andar, Rio de Janeiro Sao Paulo (Brazil)	BB MAPFRE PARTICIPAÇÕES S.A.	100.0000	100.0000	(A)	(7)
BRASILSEG COMPANHIA DE SEGUROS S.A.	R.Senador Dantas, 105 29 parte, 30 e 31 Andares Sao Paulo (Brazil)	BB MAPFRE PARTICIPAÇÕES S.A.	100.0000	100.0000	(A)	(7)
MAC INVESTIMENTOS S.A	Avenida das Nações Unidas, 12.495 11º Andar Brooklin São Paulo-SP (Brazil)	MAPFRE INVESTIMENTOS E PARTICIPAÇÕES S.A.	100.0000	100.0000	(A)	(1)
MAPFRE SAUDE LTDA	Avenida das Nações Unidas, 12.495 11º Andar Brooklin São Paulo-SP (Brazil)	MAPFRE BRASIL PARTICIPAÇÕES, S.A.	99.9900	99.9900	(A)	(1)
PROTENSEG CORRETORA DE SEGUROS LTDA	Avenida das Nações Unidas, 12.495 11º Andar Brooklin São Paulo-SP (Brazil)	MAPFRE BRASIL PARTICIPAÇÕES, S.A.	100.0000	100.0000	(A)	(1)
LATAM NORTH						
MAPFRE TENEDORA DE ACC, S.A.	Costa del Este, diagonal al Business Park Panamá (Panama)	MAPFRE AMERICA CENTRAL, S.A	100.0000	100.0000	(A)	(9)
MAPFRE AMERICA CENTRAL S.A	Costa del Este, diagonal al Business Park Panamá (Panama)	MAPFRE INTERNACIONAL, S.A.	99.9000	99.9000	(A)	(1)
MAPFRE SEGUROS HONDURAS S.A.	Avenida Berlín y Calle Viena, piso 7 Lomas del Guijarro Sur. Edificio Plaza Azul Tegucigalpa, M.D.C. (Honduras)	MAPFRE TENEDORA DE ACC,S.A.	73.2569	73.2569	(A)	(9)
		MAPFRE AMERICA CENTRAL, S.A	25.1031	25.1031		
MAPFRE PANAMÁ S.A.	Costa del Este, diagonal al Business Park Panamá (Panama)	MAPFRE AMERICA CENTRAL, S.A	99.3772	99.3772	(A)	(1)
MAPFRE SEGUROS EL SALVADOR, S.A.	Alameda Roosevelt, 31-07 Nivel 7 San Salvador (El Salvador)	MAPFRE AMERICA CENTRAL, S.A.	78.1065	78.1065	(A)	(9)
INMOBILIARIA AMERICANA S.A.	Alameda Roosevelt, 31-07 Nivel 7 San Salvador (El Salvador)	MAPFRE AMERICA CENTRAL, S.A.	78.9000	78.9000	(A)	(9)

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		Holder	Percentage			
			2020	2019		
MAPFRE SEGUROS COSTA RICA S.A.	Barrio Tournón, Edificio Alvasa, 2do. Piso Diagonal al Periódico La República en intersección con Ctra de Guapiles (Ruta 32) San José (Costa Rica)	MAPFRE TENEDORA DE ACC, S.A.	100.0000	100.000	(A)	(9)
MAPFRE SEGUROS GUATEMALA S.A.	5ª Avenida 5-55 Zona 14 Europlaza Torre 4 Nivel 16 y PH. Ciudad de Guatemala (Guatemala)	MAPFRE TENEDORA DE ACC, S.A.	100.0000	100.0000	(A)	(9)
MAPFRE SEGUROS NICARAGUA S.A.	Edificio Invercasa, 1er. Piso Managua (Nicaragua)	MAPFRE TENEDORA DE ACC, S.A.	100.0000	100.0000	(A)	(9)
MAPFRE DOMINICANA S.A.	Ave Abraham Lincoln, 952 esq. José Amado Soler Ensanche Piantini, Santo Domingo (República Dominicana)	MAPFRE INTERNACIONAL, S.A.	99.9999	99.9999	(A)	(9)
		CREDIPRIMAS, S.A.	0.0001	0.0001		
MAPFRE BHD COMPAÑÍA DE SEGUROS, S.A.	Ave Abraham Lincoln, 952 esq. José Amado Soler Ensanche Piantini, Santo Domingo (República Dominicana)	MAPFRE DOMINICANA S.A.	51.0000	51.0000	(A)	(9)
CREDIPRIMAS, S.A	Ave Abraham Lincoln, 952 esq. José Amado Soler Ensanche Piantini, Santo Domingo (República Dominicana)	MAPFRE BHD COMPAÑÍA DE SEGUROS S.A.	100.0000	100.0000	(A)	(9)
MAPFRE SALUD ARS	Ave Abraham Lincoln, 952 esq. José Amado Soler Ensanche Piantini, Santo Domingo (República Dominicana)	MAPFRE DOMINICANA S.A.	51.0000	---	(G)(A)	(G)(9)
MAPFRE MÉXICO S.A.	Avenida Paseo de la Reforma 243 Colonia Cuauhtémoc Delegación Cuauhtémoc.Distrito Federal C.P. 06500	MAPFRE INTERNACIONAL, S.A.	55.6602	55.6602	(A)	(7)
		GRUPO CORPORATIVO LML S.A.	44.3398	44.3398		
GRUPO CORPORATIVO LML S.A. DE C.V.	Avenida Paseo de la Reforma 243 Colonia Cuauhtémoc Delegación Cuauhtémoc.Distrito Federal C.P. 06500	MAPFRE INTERNACIONAL, S.A.	100.0000	100.0000	(A)	(1)
MAPFRE UNIDAD DE SERVICIOS S.A. DE C.V.	Avenida Paseo de la Reforma 243 Colonia Cuauhtémoc Delegación Cuauhtémoc.Distrito Federal C.P. 06500	MAPFRE MÉXICO S.A.	99.9982	99.9982	(A)	(7)
MAPFRE DEFENSA LEGAL S.A. DE C.V.	Avenida Paseo de la Reforma 243 Colonia Cuauhtémoc Delegación Cuauhtémoc.Distrito Federal C.P. 06500	MAPFRE MÉXICO S.A.	100.0000	100.0000	(A)	(7)
MAPFRE TEPEYAC INC.	109 Este San Ysidro Blvd No. 65 San Isidro California, EEUU	MAPFRE MÉXICO S.A.	100.0000	100.0000	(A)	(7)

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		Holder	Percentage			
			2020	2019		
MAPFRE SERVICIOS MEXICANOS S.A.	Avenida Paseo de la Reforma 243 Colonia Cuauhtémoc Delegación Cuauhtémoc.Distrito Federal C.P. 06500	MAPFRE MÉXICO S.A.	99.9900	99.9900	(A)	(7)
CESVI MÉXICO, S.A.	Calle 1 Sur No. 101 Parque Industrial Toluca 2000 Toluca, Estado de México (Mexico)	MAPFRE MÉXICO S.A.	16.6700	16.6700	(D)	(9)
MAPFRE FIANZAS S.A.	Avenida Paseo de la Reforma 243 Colonia Cuauhtémoc Delegación Cuauhtémoc.Distrito Federal C.P. 06500	MAPFRE MÉXICO S.A.	100.0000	100.0000	(A)	(7)
LATAM SOUTH						
MAPFRE ARGENTINA HOLDING S.A.	Avda. Juana Manso, 205 C 1107CBE Puerto Madero Buenos Aires (Argentina)	MAPFRE INTERNACIONAL, S.A.	100.0000	99.9997	(A)	(1)
		APOINT S.A.	0.0000	0.0003		
MAPFRE ARGENTINA SEGUROS S.A.	Avda. Juana Manso, 205 C 1107CBE Puerto Madero Buenos Aires (Argentina)	MAPFRE ARGENTINA HOLDING S.A.	99.9988	99.9988	(A)	(1)
CLUB MAPFRE ARGENTINA S.A.	Avda. Juana Manso, 205 C 1107CBE Puerto Madero Buenos Aires (Argentina)	MAPFRE ARGENTINA HOLDING S.A.	97.0000	97.0000	(A)	(1)
			3.0000	3.0000		
MAPFRE ARGENTINA SEGUROS DE VIDA S.A	Avda. Juana Manso, 205 C 1107CBE Puerto Madero Buenos Aires (Argentina)	MAPFRE INTERNACIONAL, S.A.	64.0000	64.0000	(A)	(9)
		MAPFRE ARGENTINA HOLDING S.A.	36.0000	36.0000		
CESVI ARGENTINA, S.A.	Calle 9 y 17. Parque Ind.Pilar Buenos Aires (Argentina)	MAPFRE ARGENTINA HOLDING S.A.	60.6400	60.6400	(A)	(1)
MAPFRE CHILE SEGUROS S.A.	Isidora Goyenechea 3520 p 16 Las Condes Santiago de Chile (Chile)	MAPFRE INTERNACIONAL, S.A.	100.0000	100.0000	(A)	(1)
MAPFRE CHILE ASESORÍAS,S.A.	Isidora Goyenechea 3520 p 16 Las Condes Santiago de Chile (Chile)	MAPFRE CHILE SEGUROS S.A.	99.9999	99.9999	(A)	(1)
		MAPFRE INTERNACIONAL, S.A.	0.0001	0.0001		
MAPFRE COMPAÑÍA DE SEGUROS GENERALES DE CHILE S.A.	Isidora Goyenechea 3520 p 16 Las Condes Santiago de Chile (Chile)	MAPFRE CHILE SEGUROS S.A.	87.2900	87.2900	(A)	(1)

Name	Address	Participation in Capital			Consolidation method	Integration method for Solvency
		Holder	Percentage			
			2020	2019		
MAPFRE CHILE VIDA, S.A.		MAPFRE CHILE ASESORÍAS,S.A.	12.7100	12.7100		
	Isidora Goyenechea 3520 p 16 Las Condes Santiago de Chile (Chile)	MAPFRE INTERNACIONAL, S.A.	100.0000	100.0000	(A)	(9)
MAPFRE COMPAÑÍA DE SEGUROS GENERALES DE CHILE S.A.	Isidora Goyenechea 3520 p 16 Las Condes Santiago de Chile (Chile)	MAPFRE CHILE VIDA S.A.	99.9968	99.9968	(A)	(9)
MAPFRE SEGUROS GENERALES DE COLOMBIA S.A.		MAPFRE INTERNACIONAL, S.A.	0.0032	0.0032		
	Carrera, 14, n° 96-34 Santa Fé de Bogotá (Colombia)	MAPFRE INTERNACIONAL, S.A.	93.7178	93.7178	(A)	(1)
		APOINT S.A.	6.2768	6.2768		
CREDIMAPFRE S.A.		MAPFRE COLOMBIA VIDA SEGUROS S.A.	0.0021	0.0021		
	Carrera, 14, n° 96-34 Santa Fé de Bogotá (Colombia)	MAPFRE SEGUROS GENERALES DE COLOMBIA S.A.	100.0000	100.0000	(A)	(1)
MAPFRE COLOMBIA VIDA SEGUROS S.A.	Carrera, 14, n° 96-34 Santa Fé de Bogotá (Colombia)	MAPFRE INTERNACIONAL, S.A.	94.3541	94.3541	(A)	(1)
CESVI COLOMBIA, S.A.		APOINT S.A.	5.6459	5.6459		
	Carrera 87, Num. 15-87 Santa Fé de Bogotá(Colombia)	MAPFRE SEGUROS GENERALES DE COLOMBIA S.A.	67.7723	5.4434	(A)	(1)
		MAPFRE COLOMBIA VIDA SEGUROS S.A.	0	62.3309		
MAPFRE SERVICIOS EXEQUIALES SAS	Carrera, 14, n° 96-34 Santa Fé de Bogotá (Colombia)	CREDIMAPFRE S.A.	100.0000	100.0000	(A)	(1)
MAPFRE ATLAS COMPAÑÍA DE SEGUROS, S.A.	Kennedy e Norte, Justino Cornejo y Avda, Luis Orrantia. Edificio Torres Atlas Guayaquil (Ecuador)	MAPFRE INTERNACIONAL, S.A.	60.0000	60.0000	(A)	(9)
MAPFRE PARAGUAY COMPAÑÍA DE SEGUROS S.A.	Av.Mariscal López, 910 Asunción (Paraguay)	MAPFRE INTERNACIONAL, S.A.	89.5400	89.5400	(A)	(9)
MAPFRE PERÚ COMPAÑÍA DE SEGUROS Y REASEGUROS S.A.	Av.Veintiocho de Julio, 873 Miraflores- Lima 18 (Peru)	MAPFRE INTERNACIONAL, S.A.	99.2900	99.2900	(A)	(1)
MAPFRE PERÚ ENTIDAD PRESTADORA DE SALUD	Av.Veintiocho de Julio, 873 Miraflores- Lima 18 (Peru)	MAPFRE INTERNACIONAL, S.A.	98.5900	98.5900	(A)	(9)
MAFRE PERU VIDA COMPAÑÍA DE SEGUROS Y REASEGUROS S.A.		MAPFRE PERU CIA. SEGUROS Y REASEGUROS S.A.	1.4100	1.4100		
	Av.Veintiocho de Julio, 873 Miraflores- Lima 18 (Peru)	MAPFRE INTERNACIONAL, S.A.	67.4071	67.4071	(A)	(1)
	Av.Veintiocho de Julio, 873 Miraflores- Lima 18 (Peru)	MAPFRE PERÚ VIDA S.A.	100.0000	100.0000	(A)	(1)

Name	Address	Holder	Participation in Capital		Consolidation method	Integration method for Solvency
			Percentage			
			2020	2019		
APOINT S.A.	Col. 993 Piso 3 Montevideo (Uruguay)	MAPFRE INTERNACIONAL, S.A.	100.0000	100.0000	(A)	(9)
MAPFRE URUGUAY SEGUROS S.A.	Juncal 1385 piso 2 Montevideo (Uruguay)	MAPFRE INTERNACIONAL, S.A.	100.0000	100.0000	(A)	(9)
MAPFRE LA SEGURIDAD C.A.DE SEGUROS	Avenida Francisco de Miranda,Torre Financiera Caracas, piso 14, Urbanización La Castellana. Chacao, Estado Miranda (Venezuela)	MAPFRE INTERNACIONAL, S.A.	99.5159	99.5159	(A)	(9)
CENTRO DE FORMACION PROFESIONAL SEGUROS LA SEGURIDAD C.A.	Avenida Francisco de Miranda,Torre Financiera Caracas, piso 14, Urbanización La Castellana. Chacao, Estado Miranda (Venezuela)	MAPFRE LA SEGURIDAD C.A.DE SEGUROS	100.0000	100.0000	(A)	(9)
INVERSORA SEGURIDAD-FINANCIADORA DE PRIMAS, C.A.	Avenida Francisco de Miranda,Torre Financiera Caracas, piso 14, Urbanización La Castellana. Chacao, Estado Miranda (Venezuela)	MAPFRE LA SEGURIDAD C.A.DE SEGUROS	100.0000	100.0000	(A)	(9)
CLUB MAPFRE S.A.	Avenida Francisco de Miranda,Torre Financiera Caracas, piso 14, Urbanización La Castellana. Chacao, Estado Miranda (Venezuela)	MAPFRE LA SEGURIDAD C.A.DE SEGUROS	100.0000	100.0000	(A)	(9)
AUTOMOTRIZ MULTISERVICAR-VENEZUELA, C.A	Avenida Francisco de Miranda,Torre Financiera Caracas, piso 14, Urbanización La Castellana. Chacao, Estado Miranda (Venezuela))	MAPFRE LA SEGURIDAD C.A.DE SEGUROS	97.0000	97.0000	(A)	(9)
AMA-ASISTENCIA MEDICA ADMINISTRADA C.A.	Avenida Francisco de Miranda,Torre Financiera Caracas, piso 14, Urbanización La Castellana. Chacao, Estado Miranda (Venezuela)	MAPFRE LA SEGURIDAD C.A.DE SEGUROS	99.7000	99.7000	(A)	(9)
UNIDAD EDUCATIVA D.R. FERNANDO BRAVO PEREZ C.A.	Avenida Francisco de Miranda,Torre Financiera Caracas, piso 14, Urbanización La Castellana. Chacao, Estado Miranda (Venezuela)	MAPFRE LA SEGURIDAD C.A.DE SEGUROS	99.7000	99.7000	(A)	(9)

Name	Address	Holder	Participation in Capital		Consolidation method	Integration method for Solvency
			Percentage			
			2020	2019		
NORTH AMERICA						
MAPFRE INSURANCE COMPANY OF FLORIDA	5959 Blue Lagoon Drive, Suite 400, Miami (USA)	COMMERCE INSURANCE	100.0000	100.0000	(A)	(7)
MAPFRE INSURANCE COMPANY	100 Campus Drive New Jersey 07932-2007 (USA)	COMMERCE INSURANCE	100.0000	100.0000	(A)	(7)
MAPFRE INTERMEDIARIES	5959 Blue Lagoon Drive, Suite 400,Miami (USA)	COMMERCE INSURANCE	100.0000	100.0000	(A)	(7)
MAPFRE USA CORPORATION INC	211 Main Street,Webster, MA 01570 (USA)	MAPFRE INTERNACIONAL, S.A.	100.0000	100.0000	(A)	(1)
THE COMMERCE INSURANCE COMPANY	211 Main Street,Webster, MA 01570 (USA)	MAPFRE USA CORPORATION	100.0000	100.0000	(A)	(7)
THE CITATION INSURANCE COMPANY	211 Main Street,Webster, MA 01570 (USA)	MAPFRE USA CORPORATION	100.0000	100.0000	(A)	(7)
MAPFRE TECH USA CORPORATION	211 Main Street,Webster, MA 01570 (USA)	MAPFRE USA CORPORATION	100.0000	100.0000	(A)	(7)
ACIC HOLDINGS COMPANY, INC.	215 Main Street,Webster, MA 01570 (USA)	MAPFRE USA CORPORATION	100.0000	100.0000	(A)	(1)
AMERICAN COMMERCE INSURANCE COMPANY	3590 Twin Creeks Drive,Columbus,OH 43204 (EE.UU.)	ACIC HOLDINGS	100.0000	100.0000	(A)	(7)
MM REAL ESTATE, LLC	Blue Lagoon, Drive Suite, 200 Miami (EE.UU.)	COMMERCE INSURANCE	100.0000	100.0000	(A)	(7)
THE COMMERCE WEST INSURANCE COMPANY	4301 Hacienda Drive, Suite 200, Pleasanton CA 94588 (USA)	ACIC HOLDINGS	100.0000	100.0000	(A)	(7)
BIGELOW & OLD WORCESTER, LLC	211 Main Street,Webster, MA 01570 (USA)	COMMERCE INSURANCE	100.0000	100.0000	(A)	(1)
BFC HOLDING CORPORATION	211 Main Street,Webster, MA 01570 (USA)	MAPFRE USA CORPORATION	100.0000	100.0000	(A)	(1)
VERTI INSURANCE COMPANY	211 Main Street,Webster, MA 01570 (USA)	MAPFRE USA CORPORATION	100.0000	100.0000	(A)	(7)
MAPFRE PRAICO CORPORATION	Urb. Tres Monjitas Industrial 297 Avda.Carlos Chardón Hato Rey San Juan (Puerto Rico)	MAPFRE INTERNACIONAL, S.A.	100.0000	100.0000	(A)	(1)
MAPFRE PRAICO INSURANCE CORPORATION	Urb. Tres Monjitas Industrial 297 Avda.Carlos Chardón Hato Rey San Juan (Puerto Rico)	MAPFRE PRAICO CORPORATION	100.0000	100.0000	(A)	(1)
MAPFRE PAN AMERICAN INSURANCE CORPORATION	Urb. Tres Monjitas Industrial 297 Avda.Carlos Chardón Hato Rey San Juan (Puerto Rico)	MAPFRE PRAICO CORPORATION	100.0000	100.0000	(A)	(1)

Name	Address	Holder	Participation in Capital		Consolidation method	Integration method for Solvency
			Percentage			
			2020	2019		
MAPFRE INSURANCE E AGENCY OF PUERTO RICO, INC.	Urb. Tres Monjitas Industrial 297 Avda.Carlos Chardón Hato Rey San Juan (Puerto Rico)	MAPFRE PRAICO CORPORATION	100.0000	100.0000	(A)	(1)
MAPFRE FINANCE OF PUERTO RICO CORP.	Urb. Tres Monjitas Industrial 297 Avda.Carlos Chardón Hato Rey San Juan (Puerto Rico)	MAPFRE PRAICO CORPORATION	100.0000	100.0000	(A)	(1)
MAPFRE LIFE INSURANCE COMPANY OF PUERTO RICO	Urb. Tres Monjitas Industrial 297 Avda.Carlos Chardón Hato Rey San Juan (Puerto Rico)	MAPFRE PRAICO CORPORATION	100.0000	100.0000	(A)	(1)
MAPFRE SOLUTIONS, INC	Urb. Tres Monjitas Industrial 297 Avda.Carlos Chardón Hato Rey San Juan (Puerto Rico)	MAPFRE PRAICO CORPORATION	100.0000	100.0000	(A)	(1)
MULTISERVICAR INC	Calle Celestial Esq. Joaquina Bo. Cangrejo Arriba Carolina (Puerto Rico)	MAPFRE PRAICO CORPORATION	100.0000	100.0000	(A)	(1)
EURASIA						
VERTI VERSICHERUNG AG	Rheinstraße 7a 14513 Teltow (Germany)	MAPFRE INTERNACIONAL, S.A.	100.0000	100.0000	(A)	(1)
VERTI ASSICURIZIONI S.P.A.	Via Alessandro Volta, 16 20093 Cologno Monzese MI (Italy)	MAPFRE INTERNACIONAL, S.A.	100.0000	100.0000	(A)	(1)
MAPFRE MIDDLESEA P.L.C.	Middle Sea House Floriana JTL, 16 (Malta)	MAPFRE INTERNACIONAL, S.A.	54.5627	54.5627	(A)	(1)
MAPFRE M.S.V. LIFE P.L.C.	Middle Sea House Floriana FRN 9010 (Malta)	MAPFRE MIDDLESEA INSURANCE P.L.C.	50.0000	50.0000	(A)	(1)
BEE INSURANCE MANAGEMENT LTD	4th Floor Development House st.Anne Street Floriana FRN 9010 (Malta)	MAPFRE MIDDLESEA INSURANCE P.L.C.	100.0000	100.0000	(A)	(1)
GROWTH INVESTMENTS LIMITED	Pjazza Papa Giovanni XXIII, Floriana,FRN 1420,(Malta)	MAPFRE M.S.V. LIFE P.L.C.	100.0000	100.0000	(A)	(4)
CHURCH WARF PROPERTIES	Middle Sea House, St Publius Street Floriana FRN 1442 (Malta)	MAPFRE MIDDLESEA INSURANCE P.L.C.	50.0000	50.0000	(B)	(9)
		MAPFRE M.S.V. LIFE P.L.C.	50.0000	50.0000		
EURO GLOBE HOLDINGS LIMITED	Middle Sea House, St Publius Street Floriana FRN 1442 (Malta)	MAPFRE MIDDLESEA INSURANCE P.L.C.	100.0000	100.0000	(B)	(9)
EUROMED RISKS SOLUTIONS LIMITED	4th Floor Development House st.Anne Street Floriana FRN 9010 (Malta)	BEE INSURANCE MANAGEMENT LTD	100.0000	100.0000	(A)	(1)

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		Holder	Percentage			
			2020	2019		
MAPFRE SIGORTA, A.S.	Yenişehir Mah. Irmak Cad. No: 11.34435 Salipazari Istanbul (Turkey)	MAPFRE INTERNACIONAL, S.A.	99.7450	99.7450	(A)	(1)
MAPFRE YASAM SIGORTA, A.S.	Yenişehir Mah. Irmak Cad. No:11.34435 Salipazari Istanbul (Turkey)	MAPFRE SIGORTA, A.S.	99.7778	99.5000	(A)	(1)
GENEL SERVİS YEDEK PARÇA DAGITIM TİCARET A.S	Çevreyolu Caddesi No.2 34020 Bayrampasa Estambul (Turkey)	MAPFRE SIGORTA, A.S.	51.0000	51.0000	(A)	(1)
MAPFRE INSULAR INSURACE CORPORATION	Acacia Ave Mandrigal Business Park Ayala Alabarg MuntinlupaCity (Filipinas)	MAPFRE INTERNACIONAL, S.A.	74.9384	74.9384	(A)	(9)
PT ASURANSI BINA DANA ARTA TBK	Plaza ABDA 27 Th floor Jl. Jend. Sudirman Kav. 59 JAKARTA 12190 (Indonesia)	MAPFRE INTERNACIONAL, S.A.	62.3264	62.3264	(A)	(9)
ASSISTENCE						
MAPFRE ASISTENCIA COMPAÑIA INTERNACIONAL DE SEGUROS Y REASEGUROS, S.A.	Ctra. Pozuelo, 52 Majadahonda Madrid (Spain)	MAPFRE S.A.	99.9970	99.9970	(A)	(1)
		MAPFRE ESPAÑA S.A.	0.0030	0.0030		
IBERO ASISTENCIA, S.A.	Edificio Europa Av. José Malhoa, 16 F, 7º, 1070-159 Lisboa, (Portugal)	MAPFRE ASISTENCIA S.A.	100.0000	100.0000	(A)	(1)
MAPFRE ASISTENCIA LTDA.	Alameda Rio Negro 503, 24º andar Barueri/SP, CEP 06454-000 São Paulo (Brazil)	MAPFRE ASISTENCIA S.A.	99.9990	99.9990	(A)	(1)
		MAPFRE BRASIL PARTICIPAÇÕES, S.A.	0.0010	0.0010		
MAPFRE SOLUTIONS DO BRASIL LTDA (Merger wtih MAPFRE ASISTENCIA LTDA. in 2020)	Alameda Mamore 989 Alphaville Barueri São Paulo (Brazil)	MAPFRE ASSISTENCIA LTDA	0.0000	99.9990	(H)	(H)
		IBEROASISTENCIA S.A	0.0000	0.0010		
AFRIQUE ASSISTANCE, S.A.	Immeuble Tamayouz, 4ème Etage, 1082 Centre Urbain Nord Tunis 1002 (Tunisia)	MAPFRE ASISTENCIA S.A.	49.0000	49.0000	(A)	(1)
SERVICIOS GENERALES VENEASISTENCIA S.A.	4ta transversal de Motecristo, Edificio Axxa, Planta Baja, Los Dos Caminos, Caracas (Venezuela)	MAPFRE ASISTENCIA S.A.	99.9980	99.9980	(A)	(1)
		MAPFRE RE S.A.	0.0020	0.0020		

Name	Address	Participation in Capital			Consolidation method	Integration method for Solvency
		Holder	Percentage			
			2020	2019		
ANDIASISTENCIA COMPAÑÍA DE ASISTENCIA DE LOS ANDES S.A.S.	Carrera 14 N 96 -34 Piso 2 Bogotá (Colombia)	MAPFRE ASISTENCIA S.A.	98.0900	98.0900	(A)	(1)
		IBEROASISTENCIA S.A.	1.9100	1.9100		
FEDERAL ASSIST COMPANY	7300 Corporate Center Drive, Suite 601 Miami Florida 33126 (U.S.A.)	MAPFRE ASSISTANCE USA INC.	100.0000	100.0000	(A)	(1)
IBERO ASISTENCIA, ARGENTINA S.A.	Lavalle 344/346/348, PB y 3º Ciudad de Buenos Aires (Argentina)	MAPFRE ASISTENCIA, S.A.	98.4200	98.4200	(A) (1)	
		IBEROASISTENCIA S.A.	1.5800	1.5800		
SUR ASISTENCIA, S.A.	Av.Apoquindo 4499 Santiago de Chile (Chile)	MAPFRE ASISTENCIA, S.A.	99.0000	99.0000	(A)	(1)
		IBEROASISTENCIA S.A.	1.0000	1.0000		
IBEROASISTENCIA, S.A.	Ctra, Pozuelo, 52 Majadahonda. Madrid (Spain)	MAPFRE ASISTENCIA, S.A.	99.9300	99.9300	(A)	(1)
		MAPFRE ESPAÑA, S.A.	0.0700	0.0700		
IRELAND ASSIST, LTD	22-26 Prospect Hill Galway (Irlanda)	MAPFRE ASISTENCIA, S.A.	100.0000	100.0000	(A)	(1)
GULF ASSIST, B.S.C.	Manama Centre Building Manama (Barhain)	MAPFRE A SISTENCIA, S.A.	74.6250	74.6250	(A)	(1)
INSURE AND GO	1 Victoria Street, Bristol Bridge Bristol BS1 6AA (United Kingdom)	MAPFRE ASISTENCIA, S.A.	100.0000	100.0000	(A)	(1)
INSURE AND GO AUSTRALIA	Suite4 Level 1, 19 Harris Street, Pyrmont NSW 2009 Sydney, NSW 2000 (Australia)	MAPFRE ASISTENCIA, S.A.	100.0000	100.0000	(A)	(1)
TRAVEL CLAIMS SERVICES LIMITED	1 Victoria Street, Bristol Bridge Bristol BS1 6AA (United Kingdom)	INSURANCE AND GO	100.0000	100.0000	(A)	(1)
EUROSOS ASSISTANCE, S.A.	473 Messogion Avenue 15343 Agia Paraskevi. Atenas (Greece)	IBEROASISTENCIA S.A.	0.5000	0.5000	(A)	(1)
		MAPFRE ASISTENCIA, S.A.	99.5000	99.5000		
CARIBE ASISTENCIA, S.A.	Avda. Tiradentes Esq. Pres. González. Edif. La Cumbre.Ens. Naco. Domingo (República Dominicana)	MAPFRE ASISTENCIA, S.A.	83.5823	83.5823	(A)	(1)

Name	Address	Participation in Capital			Consolidation method	Integration method for Solvency
		Holder	Percentage			
			2020	2019		
ECUASISTENCIA, S.A.	Avda.Doce de Octubre, N42 -562 N42 -562 y Luis Cordero Quito (Ecuador)	MAPFRE ASISTENCIA, S.A.	99.2600	99.2600	(A)	(1)
		ANDIASISTENCIA S.A.	0.7399	0.7399		
CONSULTING DE SOLUCIONES Y TECNOLOGÍAS SIAM, S.A.	Ctra, Pozuelo, 52 Majadahonda. Madrid (Spain)	MAPFRE ASISTENCIA, S.A.	99.9259	99.9259	(A)	(1)
		IBEROASISTENCIA S.A.	0.0741	0.0741		
PERÚ ASISTENCIA, S.A.	Av. 28 de Julio No. 873 URB. Leuro Lima - Miraflores Lima (Peru)	MAPFRE ASISTENCIA, S.A.	99.9856	99.9856	(A)	(1)
		IBEROASISTENCIA S.A.	0.0144	0.0144		
MÉXICO ASISTENCIA, S.A.	Av. Insurgentes Sur no.2453 Piso 15, Col. Tizapán San Angel Deleg. Alvaro Obregon., Col. Tizapán San Angel Deleg. Alvaro Obregon.C.P. 01090 México D.F.(México)	MAPFRE ASISTENCIA, S.A.	99.9998	99.9998	(A)	(1)
ALLMAP ASSIST GESELLSCHAFT FUR BEISTANDSLEISTUNG EN MBH (Dissolved in 2020)	Im Rosengarten, 256 61118 Bal Vilbel (Germany)	MAPFRE ASISTENCIA, S.A.	0.0000	99.9500	(H)	(H)
		IBEROASISTENCIA S.A.	0.0000	0.0500		
PANAMÁ ASISTENCIA, S.A.	Costa del Este – Avenida la Rotonda, Torre GMT, Piso 1 – Edificio Mapfre Ciudad de Panamá (Panamá)	MAPFRE ASISTENCIA, S.A.	84.0000	84.0000	(A)	(1)
TUR ASSIST, LTD.	19 Mayıs Cd.İsmet Öztürk Sk.Şişli Plaza Ofis Blokları E Blok B-2 Şişli Estambul (Turkey)	MAPFRE ASISTENCIA, S.A.	99.6500	99.6500	(A)	(1)
		IBEROASISTENCIA S.A.	0.3500	0.3500		
URUGUAY ASISTENCIA,S.A.	Plaza Cagancha 1335, oficina 901 Montevideo (Uruguay)	MAPFRE ASISTENCIA, S.A.	97.9000	97.9000	(A)	(1)
		IBEROASISTENCIA S.A.	2.1000	2.1000		
QUETZAL ASISTENCIA, S.A.	8a. Ave. 3-80 Zona 14 Edificio La Rambla II nivel 5 Of. 5-2 (Guatemala)	MAPFRE ASISTENCIA, S.A.	99.9920	99.9920	(A)	(1)
EL SALVADOR ASISTENCIA,S.A.	Alameda Roosevelt No. 3107 Edificio La Centro Americana,Nivel 7. San Salvador (El Salvador)	MAPFRE ASISTENCIA, S.A.	99.9900	99.9900	(A)	(1)
		IBEROASISTENCIA S.A.	0.0100	0.0100		
LLC MAPFRE WARRANTY (Dissolved in 2020)	Denisovskiy Pereulok 26 105005, Moscú (Russia)	MAPFRE ASISTENCIA, S.A.	0.0000	100.0000	(H)	(H)

Name	Address	Participation in Capital			Consolidation method	Integration method for Solvency
		Holder	Percentage			
			2020	2019		
NICASSIST, S.A.	Edificio Invercasa,Torre II, 5to. piso, modulo # 501 Managua, (Nicaragua)	MAPFRE ASISTENCIA, S.A.	100.0000	100.0000	(A)	(1)
BENELUX ASSIST, S.A.(Dissolved in 2020)	Rue de Treves, 45 Bruselas, (Belgium)	MAPFRE ASISTENCIA, S.A.	0.0000	100.0000	(H)	(H)
MAPFRE WARRANTY S.P.A.	Strada Trossi 66 13971 Verrone (Italia)	MAPFRE ASISTENCIA, S.A.	100.0000	100.0000	(A)	(1)
MAPFRE WARRANTIES	Route des Trois Cantons 11 18399 Windhoj (Luxemburg)	MAPFRE ASISTENCIA, S.A.	100.0000	100.0000	(A)	(1)
NORASSIST, INC D/B/A ROAD CANADA	2445 Eagle Steet North Cambridge. ON N3H 4R7,(Canadá)	MAPFRE WARRANTY S.P.A.	100.0000	100.0000	(A)	(1)
D/B/A ROAD AMERICA MOTOR CLUB	7300 Corporate Center Drive,Suite 601 Miami Florida 33126 (USA)	MAPFRE ASISTENCIA, S.A.	100.0000	100.0000	(A)	(1)
ROAD CHINA A SSISTANCE Co, LTD	Suite 603, Zhongyu Plaza,A6 Gongti North Road, Chaoyang District, Beijing, PR (China)	MAPFRE ASISTENCIA, S.A.	100.0000	100.0000	(A)	(1)
MAPFRE ABRAXAS SOFTWARE . LTD	9, Blenheim Court Beaufort Park Almondsbury, Bristol BS32 4NE (United Kingdom)	MAPFRE ASISTENCIA, S.A.	100.0000	100.0000	(A)	(1)
ABRAXAS INSURANCE	1 Victoria Street, Bristol Bridge Bristol BS1 6AA (United Kingdom)	MAPFRE ABRAXAS SOFTWARE,LTD	100.0000	100.0000	(A)	(1)
MAPFRE WARRANTY UK LIMITED	1 Victoria Street, Bristol Bridge Bristol BS1 6AA (United Kingdom)	MAPFRE ABRAXAS SOFTWARE,LTD	100.0000	100.0000	(A)	(1)
HOME 3	1 Victoria Street, Bristol Bridge Bristol BS1 6AA (United Kingdom)	MAPFRE ABRAXAS SOFTWARE,LTD	100.0000	100.0000	(A)	(1)
INDIA ROADSIDE ASSISTANCE PRIVATE LIMITED	602, Thawar Apartment, Opp.Main Carter Road, Kasturba Rd, 400066-Maharashtra (India)	MAPFRE ASISTENCIA, S.A.	99.6300	99.6300	(A)	(1)
		IBEROASISTENCIA S.A.	0.3700	0.3700		
ARABA ASSIST FOR LOGISTIC SERVICES	Abdel Hamid Sharaf Street, The plenary Center, Bldg. No. 74,2nd floor P.O. Box 5906 Amman 11953 (Jordan)	MAPFRE ASISTENCIA, S.A.	100.0000	100.0000	(A)	(1)
ROADSIDE ASSIST ALGERIE SPA	45, Rue des Freres Adessalami 5eme étage. Vieux Kouba. Alger 16050 (Argelia)	MAPFRE ASISTENCIA, S.A.	60.3000	60.3000	(A)	(1)

Name	Address	Holder	Participation in Capital		Consolidation method	Integration method for Solvency
			Percentage			
			2020	2019		
NILE ASSIST		IBEROASISTENCIA S.A.	0.4000	0.4000		
		CONSULTING SOLY TEC. SIAM	0.3000	0.3000		
	18th Floor, Apartment No. 1804 of Holiday Inn Maadi Hotel building Comeish Maadi Cairo - (Egypt)	MAPFRE ASISTENCIA, S.A.	98.0000	98.0000	(A)	(1)
		IBEROASISTENCIA S.A.	1.0000	1.0000		
		CONSULTING SOLY TEC. SIAM	1.0000	1.0000		
MAPFRE ASISTENCIA LIMITED (Dissolved in 2020)	RM 1101-02 8 Jordan Road Yaumatei, Kowloon (Hong Kong)	MAPFRE ASISTENCIA, S.A.	0.0000	100.0000	(H)	(1)
MAPFRE ASISTENCIA COMPANY LIMITED	3F. No.43, Sec.1, Min-sheng E. Rd. Zhongshan District Taipei City 104 - (Taiwan)	MAPFRE ASISTENCIA, S.A.	100.0000	100.0000	(A)	(1)
MIDDLESEA ASSIST LIMITED	18ª, Europa Centre, John Lopez Str Floriana, FRN 1400, (Malta)	MAPFRE ASISTENCIA, S.A.	51.0000	51.0000	(A)	(1)
		MIDDLESEA INSURANCE P.L.C.	49.0000	49.0000		
INSURE & GO INSURANCE SERVICES USA CORP.	7300 Corporate Center Drive, Suite 601 Miami, FL 33126 (USA)	MAPFRE ASSISTANCE USA INC	100.0000	100.0000	(A)	(1)
MAPFRE ASSISTANCE USA INC	7300 Corporate Center Drive, Suite 601 Miami, FL 33126 (USA)	MAPFRE ASISTENCIA, S.A.	100.0000	100.0000	(A)	(1)
MAPFRE WARRANTY CORPORATION OF FLORIDA	5959 Blue Lagoon Drive, Suite 400 Miami, FL 33126 (USA)	MAPFRE ASSISTANCE USA INC	100.0000	100.0000	(A)	(1)
CENTURY AUTOMOTIVE SERVICES COMPANY	6565 Americas Parkway NE. Suite 1000. Albuquerque NM 87110 (USA)	MAPFRE ASSISTANCE USA INC	100.0000	100.0000	(A)	(1)
PT MAPFRE ABDA	Plaza Kelapa Gading (Ruko Inkopal) Blok A, nº 9 Jalan. Gading 14240 Jakarta Utara (Indonesia)	MAPFRE ASISTENCIA, S.A.	51.0000	51.0000	(A)	(1)
		PT ASURANSI BINA DANA	49.0000	49.0000		
PARAGUAY ASISTENCIA CIA.DE SERVICIOS S.A.	Av.Mariscal López, 930 Asunción (Paraguay)	MAPFRE ASISTENCIA, S.A.	98.9500	98.9500	(A)	(1)
		IBEROASISTENCIA S.A.	1.0500	1.0500		
REINSURANCE						
MAPFRE RE COMPAÑÍA DE REASEGUROS, S.A.	Paseo de Recoletos, 25 Madrid (Spain)	MAPFRE, S.A.	93.7719	93.7719	(A)	(1)
		MAPFRE ESPAÑA, S.A.	0.0003	0.0003		

Name	Address	Participation in Capital			Consolidation method	Integration method for Solvency
		Holder	Percentage			
			2020	2019		
MAPFRE CHILE REASEGUROS, S.A.	Avda.Apoquindo, 4499 Santiago de Chile (Chile)	MAPFRE RE, S.A.	99.9900	99.9900	(A)	(1)
CAJA REASEGURADORA DE CHILE S.A.	Avda.Apoquindo, 4499 Santiago de Chile (Chile)	MAPFRE CHILE REASEGUROS	99.8467	99.8467	(A)	(1)
C R ARGENTINA, S.A.	Bouchard 547 piso 14 Buenos Aires (Argentina)	MAPFRE CHILE REASEGUROS	99.9960	99.9960	(A)	(1)
MAPFRE RE DO BRASIL COMPAÑÍA DE REASEGUROS S.A.	Rua Olimpíadas, 242,5º andar conjunto 52 Vila Olímpia;S.A. São Paulo (Brazil)	MAPFRE RE, S.A.	99.9999	99.9999	(A)	(1)
		MAPFRE ASSISTENCIA LTDA	0.0001	0.0001		
MAPFRE RE ESCRITORIO DE REPRESENTACION COMPAÑÍA REASEGUROS	Rua Olimpíadas, 242,5º andar conjunto 52 Vila Olímpia;S.A. São Paulo (Brazil)	MAPFRE RE, S.A.	99.9999	99.9999	(B)	(9)
		MAPFRE RE DO BRASIL S.A.	0.0001	0.0001		
INMOBILIARIA PRESIDENTE FIGUEROA ALCORTA, S.A.	Bouchard 547 piso 14 Buenos Aires (Argentina)	MAPFRE RE, S.A.	99.9985	99.9985	(B)	(9)
MAPFRE MANDATOS Y SERVICIOS, S.A.	Bouchard 547 piso 14 Buenos Aires (Argentina)	MAPFRE RE, S.A.	95.0000	95.0000	(B)	(9)
		MAPFRE ARGENTINA HOLDING	5.0000	5.0000		
REINSURANCE MANAGAMENT INC.	100 Campus Drive 07932 New Jersey (USA)	MAPFRE RE, S.A.	100.0000	100.0000	(A)	(1)
MAPFRE EURO BONDS FUND	Ctra. Pozuelo, 50. Majadahonda (Madrid)	MAPFRE RE, S.A.	100.0000	100.0000	(A)	(1)
MAPFRE RE VERMONT CORPORATION	122 Cherry Tree Hill Road 05651 East Montpelier Vermont (USA)	MAPFRE RE, S.A.	100.0000	100.0000	(A)	(1)
RISK MED SOLUTIONS, S.L.	Paseo de Recoletos, 25 Madrid (Spain)	MAPFRE RE, S.A.	100.0000	100.0000	(F)(A)	(F)(1)
OTHER						
MAPFRE INTERNACIONAL S.A.	Ctra. Pozuelo, 52. Majadahonda Madrid (Spain)	MAPFRE, S.A.	100.0000	100.0000	(A)	(1)
MAQUAVIT INMUEBLES, S.L (Sold in 2020)	Ctra. Pozuelo, 52. Majadahonda Madrid (Spain)	MAPFRE, S.A.	0.0000	100.0000	(H)	(H)

Name	Address	Holder	Participation in Capital		Consolidation method	Integration method for Solvency
			Percentage			
			2020	2019		
PROVITAE CENTROS ASISTENCIALES S.L.(Dissolved in 2020)	C/ Fuencarral, 123 Madrid (Spain)	MAQUAVIT INMUEBLES, S.L.	0.0000	50.0000	(H)	(H)
MAPFRE INVESTMENT S.A. (En 2019 FANCY INVESTMENT S.A.)	Avda. 18 de Julio, 841 Montevideo (Uruguay)	MAPFRE, S.A.	100.0000	100.0000	(A)	(1)
PREMINEN PRICE COMPARISON HOLDINGS LIMITED	Ty Admiral, David Street, Cardiff, CF10 2EH (United Kingdom)	MAPFRE, S.A.	50.0000	50.0000	(E)	(9)
MAPFRE AM INVESTMENT HOLDING, S.A.	Ctra. Pozuelo, 52. Majadahonda Madrid (Spain)	MAPFRE, S.A.	100.0000	100.0000	(A)	(1)
LA FINANCIERE RESPONSABLE	52, rue dePonthieu 75008 Paris (Francia)	MAPFRE AM INVESTMENT HOLDING S.A.	24.9500	24.9500	(C)	(4)
STABLE INCOME REAL STATE FUN GP S.A.R.I.	15, rue Bender L-1229 (Luxemburg)	MAPFRE AM INVESTMENT HOLDING S.A.	100.0000	100.0000	(A)	(1)
MAPFRE GLOBAL RISK AGENCIA DE SUSCRIPCION	Ctra. Pozuelo, 52. Majadahonda Madrid (Spain)	MAPFRE, S.A.	100.0000	100.0000	(A)	(1)
MAPFRE PARTICIPACIONES, S.A.	Ctra. Pozuelo, 52. Majadahonda Madrid (Spain)	MAPFRE, S.A.	100.0000	100.0000	(A)	(1)
INDUSTRIAL RE S.A.	23, Avenue Monterey L-2163 (Luxemburg)	MAPFRE PARTICIPACIONES,S.A.	100.0000	100.0000	(A)	(1)
SOLUNION SEGUROS DE CREDITO S.A.	Avda.General Perón,40 Madrid (Spain)	MAPFRE PARTICIPACIONES,S.A.	50.0000	50.0000	(E)	(3)

CONSOLIDATION METHOD OR PROCEDURE

- (A) Subsidiaries consolidated by global integration
- (B) Subsidiaries excluded from consolidation
- (C) Equity-accounted associated and investee companies
- (D) Associated and investee companies excluded from consolidation
- (E) Joint ventures consolidated using the equity method
- (G) Companies added to the scope of consolidation in 2020
- (H) Companies removed from the scope of consolidation in 2020

INTEGRATION METHOD FOR SOLVENCY CALCULATION

- (1) Full consolidation
- (3) Adjusted equity-accounting
- (4) Sectorial standards
- (7) Local standards
- (9) Exclusion from the scope of group supervision, pursuant to article 214 of Directive 2009/138/EC

(*) MAPFRE holds the majority voting rights inthe Annual General Shareholders' Meeting

APPENDIX 2. FINANCIAL INFORMATION FOR MAIN COMPANIES AT DECEMBER 31, 2020

Name	Effective tax rate	Activity	Year-end figures (thousand euros)			
			Assets	Equity	Revenue	Result for the year
IBERIA						
MAPFRE ESPAÑA COMPAÑÍA DE SEGUROS Y REASEGUROS S.A	25% (1)(2)	Insurance and reinsurance	9,663,218	2,575,003	5,347,713	266,323
VERTI ASEGURADORA, COMPAÑIA DE SEGUROS Y REASEGUROS, S.A	25% (1)(2)	Insurance and reinsurance	182,227	80,484	90,264	9,136
FUNESPAÑA, S.A	25% (1)	Burial services	88,203	86,422	1,203	906
FUNESPAÑA DOS, S.A.	25% (1)	Burial services	122,672	87,443	20,412	1,171
MAPFRE VIDEO Y COMUNICACIÓN S.A.	25% (1)	Asset Management	91,376	75,574	9,006	1,721
SALVADOR CAETANO AUTO (SGPS), S	25%	Agents and	348,800	348,800	17,070	17,070
MAPFRE INMUEBLES, S.G.A.	25% (1)	Real Estate	625,619	478,149	20,544	(23,215)
MAPFRE TECH, S.A.	25% (1)(2)	IT	78,382	18,845	199,236	779
MAPFRE SEGUROS GERAIS S.A.	25%	Insurance and reinsurance	282,620	103,358	107,944	5,807
MAPFRE PORTUGAL SEGUROS DE VIDA S.A.	25%	Insurance	332,809	50,209	48,390	2,885
MAPFRE VIDA SOCIEDAD ANÓNIMA DE SEGUROS Y REASEGUROS SOBRE LA VIDA HUMANA	25% (1)(2)	Insurance and reinsurance	16,637,687	1,534,008	2,118,038	206,832
MAPFRE INVERSIÓN SOCIEDAD DE VALORES S.A.	25% (1)(2)	Investment company	196,451	144,099	83,465	36,099
BANKIA MAPFRE VIDA, S.A. DE SEGUROS Y REASEGUROS	25% (2)	Insurance and reinsurance	7,669,229	482,814	606,343	125,750
BANKINTER SEGUROS DE VIDA, S.A.	25% (2)	Insurance and reinsurance	2,126,170	130,145	352,969	58,417
CAJA CASTILLA LA MANCHA VIDA	25% (2)	Insurance and reinsurance	867,881	73,624	80,780	18,393
BRAZIL						
MAPFRE SEGUROS GERAIS S.A. 45%	45%	Insurance	1,943,241	424,978	1,212,246	37,702
MAPFRE VIDA S.A. 45%	45%	Insurance	173,606	75,621	146,047	5,836
MAPFRE PREVIDENCIA S.A. 45%	45%	Insurance	517,904	26,810	119,159	330
ALIANÇA DO BRASIL SEGUROS, 45%	45%	Insurance	138,411	27,802	115,281	7,706
BRASILSEG COMPANHIA DE 45%	45%	Insurance	2,548,413	243,778	1,673,130	231,104
LATAM NORTH						
MAPFRE SEGUROS HONDURAS	30%	Insurance	131,683	29,458	76,541	3,927
MAPFRE PANAMÁ S.A.	25%	Insurance	320,098	89,980	249,478	11,473
MAPFRE SEGUROS EL SALVADOR S.A.	25%	Insurance	92,735	22,761	75,051	3,439
MAPFRE SEGUROS GUATEMALA S.A.	25%	Insurance	75,458	23,652	80,849	5,723
MAPFRE BHD COMPAÑÍA DE SEGUROS S.A.	27%	Insurance	206,743	57,952	148,255	17,786
MAPFRE SALUD ARS	27%	Insurance	94,279	35,421	201,700	15,324
MAPFRE MEXICO S.A.	30%	Insurance	1,450,446	212,885	829,273	29,624

Name	Year-end figures (thousand euros)					
	Effective tax rate	Activity	Assets	Equity	Revenue	Result for the year
LATAM SOUTH						
MAPFRE ARGENTINA SEGUROS S.A.	35%	Insurance	197,027	42,700	190,424	6,197
MAPFRE COMPAÑÍA DE SEGUROS GENERALES DE CHILE S.A.	27%	Insurance	589,082	68,292	304,549	3,901
MAPFRE SEGUROS GENERALES DE COLOMBIA S.A.	33%	Insurance	1,503,515	133,093	232,029	11,137
MAPFRE COLOMBIA VIDA SEGUROS S.A.	33%	Insurance	876,816	61,306	134,789	(1,156)
MAPFRE PARAGUAY COMPAÑÍA DE SEGUROS S.A.	10%	Insurance	92,074	37,713	65,887	8,092
MAPFRE PERÚ COMPAÑÍA DE SEGUROS Y REASEGUROS S.A.	30%	Insurance and reinsurance	580,035	108,776	308,207	15,402
MAPFRE PERÚ VIDA, COMPAÑÍA DE SEGUROS Y REASEGUROS S.A.	30%	Insurance	439,650	96,074	214,535	16,319
MAPFRE URUGUAY SEGUROS S.A.	25%	Insurance	144,023	26,335	99,596	4,710
NORTH AMERICA						
MAPFRE INSURANCE COMPANY OF FLORIDA	21%	Insurance	77,859	27,940	46,974	4,091
THE COMMERCE INSURANCE COMPANY	21%	Insurance	2,358,588	783,539	1,350,818	76,367
THE CITATION INSURANCE COMPANY	21%	Insurance	178,534	70,555	92,035	6,068
AMERICAN COMMERCE INSURANCE COMPANY	21%	Insurance	299,931	117,605	177,573	8,352
THE COMMERCE WEST INSURANCE COMPANY	21%	IT	154,226	60,296	92,185	7,634
MAPFRE PRAICO INSURANCE COMPANY	20%	Insurance	837,025	161,528	294,804	(4,914)
MAPFRE PAN AMERICAN INSURANCE COMPANY	20%	Insurance	86,134	28,198	42,318	139
EURASIA						
VERTI VERSICHERUNG AG	20%	Insurance	702,593	175,615	370,952	9,701
VERTI ASSICURIZIONI S.P.A.	27,50%	Insurance	1,353,330	325,853	400,236	897
MAPFRE MIDDLESEA P.L.C.	35%	Insurance	136,411	33,080	76,276	3,946
MAPFRE M.S.V. LIFE P.L.C.	35%	Insurance	2,563,591	161,316	440,522	10,282
MAPFRE SIGORTA, A.S.	22%	Insurance	530,401	99,550	371,715	16,461
MAPFRE INSULAR INSURANCE CORPORATION	30%	Insurance	81,104	27,134	26,707	229
PT ASURANSI BINA DANA ARTA TBK	25%	Insurance	143,978	78,849	43,105	8,022
ASSISTENCE						
MAPFRE ASISTENCIA COMPAÑÍA INTERNACIONAL DE SEGUROS Y REASEGUROS, S.A.	25% (1)(2)	Insurance and reinsurance	608,953	163,272	295,155	-9,343
CENTURY AUTOMOTIVE SERVICES COMPANY	21%	Special risks	280,382	15,914	186,034	1,912
REINSURANCE						
MAPFRE RE COMPAÑÍA DE REASEGUROS S.A.	25% (1)(2)	Reinsurance	8,601,370	1,726,578	7,366,475	10,924
CAJA REASEGURADORA DE CHILE S.A:	27%	Reinsurance	104,646	16,547	6,098	999
MAPFRE RE DO BRASIL COMPAÑÍA DE REASEGUROS S.A	455	Insurance and reinsurance	244,070	31,410	133,855	3,190
MAPFRE RE VERMONT CORPORATION	21%	Insurance and reinsurance				
OTHER						
SOLUNION SEGUROS DE CREDITO S.A.	25%	Insurance and reinsurance	414,316	110,445	220,757	4,941

TAX GROUP
(1) Company belonging to Tax Group 9/85
(2) Company belonging to VAT Group 87/10

Audit Report of the Consolidated Annual Accounts 2020



Audit Report on MAPFRE, S.A. and subsidiaries

(Together with the consolidated annual accounts and consolidated directors' report of MAPFRE, S.A. and subsidiaries for the year ended 31 December 2020)

(Translation from the originals in Spanish. In the event of discrepancy, the Spanish-language versions prevail)



KPMG Auditores, S.L.
Paseo de la Castellana, 259 C
28046 Madrid

Independent Auditor's Report on the Consolidated Annual Accounts

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

To the Shareholders of MAPFRE, S.A.

Report on the Consolidated Annual Accounts

Opinion

We have audited the consolidated annual accounts of MAPFRE, S.A. ("the Parent") and subsidiaries (the "Group"), which comprise the balance sheet at December 31, 2020, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the notes to the financial statements, all consolidated, for the year then ended.

In our opinion, the accompanying consolidated annual accounts give a true and fair view, in all material respects, of the equity and financial position of the Group as at 31 December 2020 and of its financial performance and cash flows, all consolidated, for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable in Spain.

Basis for Opinion

We conducted our audit in accordance with prevailing legislation regulating the audit of accounts in Spain. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Annual Accounts section of our report.

We are independent of the Group in accordance with the ethical requirements, including those regarding independence, that are relevant to our audit of the consolidated annual accounts in Spain pursuant to the legislation regulating the audit of accounts. We have not provided any non-audit services, nor have any situations or circumstances arisen which, under the aforementioned regulations, have affected the required independence such that this has been compromised.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Paseo de la Castellana, 259C 28046 Madrid

Entered into the Spanish Official Register of Auditors with number S0702, and the Spanish Institute of Registered Auditors' list of companies with reference No. 10.
Reg. Mer Madrid, T. 11.961, F. 90, Sec. 8, H. M -188.007, Inscrp. 9
Tax identification number (NIF): B-78510153



Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the consolidated annual accounts of the current period. These matters were addressed in the context of our audit of the consolidated annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of mathematical provisions for direct insurance and reinsurance accepted (18,046.1 million of Euros)
See notes 5.15 and 6.13 of the notes to the consolidated annual accounts

Key audit matter	How the issue was addressed in our audit
<p>The Group calculates mathematical provisions for commitments with its policyholders, including some very long-term. Estimating mathematical provisions requires the use of actuarial calculations and methods that employ key assumptions involving a high degree of judgement and uncertainty, among which are the future evolution of mortality, morbidity, administration costs, interest rates, etc.</p> <p>In addition, the IFRS-EU require that the adequacy of insurance contract liabilities be tested, including life insurance liabilities, in order to determine whether sufficient provision has been made on the basis of projected future cash flows associated with contracts in force, taking into account the most up-to-date assumptions available. These tests also require the use of actuarial methods, where the assumptions used have a significant impact.</p> <p>Due to the significance of the amount It is worth pointing out the reclassification as of December 2020 of the mathematical provisions of the bancassurance business with Bankia to the Non Current Assets Held For Sale caption (refer to note 6.9).</p> <p>The use of inadequate assumptions in actuarial methods can have a significant impact on the consolidated annual accounts, therefore it has been considered a key audit matter.</p>	<p>Our audit approach included testing the design and implementation of key controls established by the Group in the process of estimating mathematical provisions, including controls on the definition of key assumptions and on the completeness and accuracy of the data bases used when estimating these provisions.</p> <p>Our substantive procedures in relation to the mathematical provisions, which were carried out in collaboration with our actuarial specialists and for representative samples of contracts selected based on our risk assessment and their significance, consisted primarily of the following:</p> <p>Testing the completeness and accuracy of the data bases used in the actuarial calculations.</p> <p>Based on our knowledge and experience of the sector, we assessed the reasonableness of the actuarial models and the assumptions used in calculating the mathematical provisions, comparing them to best actuarial practices, regulatory requirements and market trends.</p> <p>Additionally, we perform recalculations and reasonability analysis over the amounts accounted for, considering the economic and technical conditions of the insurance contracts and those established in prevailing legislation.</p> <p>The procedures above mentioned were also performed over the mathematical provisions of the bancassurance business of Bankia, having also reviewed as of December 2020 the proper classification to the liabilities linked to non-current assets held for sale caption.</p> <p>We also assessed the adequacy of the information disclosed in the consolidated annual accounts regarding the mathematical provisions, considering the requirements of IFRS-EU.</p>

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)



Valuation of the provision for non-life direct insurance and reinsurance accepted claims (10,279.1 million of Euros)
See notes 5.15 and 6.13 of the notes to the consolidated annual accounts.

Key audit matter	How the issue was addressed in our audit
<p>The Group recognises the provision for non-life insurance claims to cover the estimated cost of events occurring up to the closing date. Estimating this provision is complex and requires actuarial methods and calculations based on judgement and significant assumptions, particularly for those lines of business where the claim settlement period can be very long, such as in motor, liability, fire, aviation and transport.</p> <p>When valuing the claims provision, estimates are used on a case-by-case basis, as well as actuarial projection methods based on past information and assumptions on their future evolution. These estimates include assumptions related to the amount of the expected settlement and claim payment patterns, and due to their nature, and this year in particular due to the COVID-19 impact (refer to note 6.26), there is a significant degree of uncertainty, and a change in assumptions could significantly impact the consolidated annual accounts, therefore it has been considered a key audit matter.</p>	<p>Our audit procedures included testing the design and implementation of key controls established by the Group in the process of estimating the claims provision, including controls on the definition of key assumptions, as well as on the completeness and accuracy of the data bases used when estimating these provisions.</p> <p>Our substantive procedures in relation to the claims provision, which were carried out in collaboration with our actuarial specialists and for a representative sample of lines of business selected based on our risk assessment and their significance, consisted primarily of the following:</p> <ul style="list-style-type: none">• Testing the completeness and accuracy of the data bases used in the actuarial calculations.• Based on our knowledge and experience of the sector, we assessed the reasonableness of the actuarial models and the assumptions used in calculating the claims provision, comparing them to best actuarial practices, regulatory requirements, market assumptions and historical trends.• We estimated the claims provision and, based on our experience, determined a range for assessing its reasonableness. <p>We also assessed the adequacy of the information disclosed in the annual accounts on the provisions for non-life insurance claims, considering the requirements of IFRS-EU.</p>

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)



Valuation of financial instruments not quoted on active markets and recognized at fair value (8,779.1 million of Euros) See notes 5.5, 5.6, 6.4 and 6.5 of the notes to the consolidated annual accounts.	
Key audit matter	How the issue was addressed in our audit
<p>The classification of the financial instruments in the different existing portfolios in the applicable financial standards determines the criteria to be applied in their subsequent valuation.</p> <p>The majority of the MAPFRE Group's financial instruments are valued using market prices in active markets. Nonetheless, where there is no quoted price in an active market, the fair value of financial instruments is determined using valuation techniques that consider factors such as non-observable market inputs or complex valuation models that require a high degree of judgement. Changes in the assumptions considered, market events or new regulations can also have a significant impact on valuation.</p> <p>We have considered that there is a significant inherent risk associated with the valuation of financial instruments accounted for at fair value and that are classified hierarchically for valuation purposes by the Group as financial instruments at level 3 (use of some significant input information that is not based on observable market data) and level 2 (significant input information based on directly or indirectly observable market data), in both cases, by the use of complex valuation models, which has been considered a key audit matter .</p>	<p>Our audit approach included assessing the key controls linked to the processes of valuing financial instrument portfolios and performing substantive testing thereon.</p> <p>In collaboration with our specialists in financial instruments, we selected representative samples of the population of the Group's financial instruments, for which its adequate valuation was evaluated, through the performance of various substantive procedures, which included the recalculation of fair value and the evaluation of the reasonableness of the market data used in the valuation models.</p> <p>Additionally, we assessed whether the information disclosed in the consolidated annual accounts on financial instruments adequately reflects the Group's exposure to the risk of valuing financial instruments, and whether it complies with the disclosure requirements of IFRS-EU.</p>

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)



Valuation of goodwill and portfolio acquisition costs (1,979.5 million of Euros) See notes 5.1 and 6.1 of the notes to the consolidated annual accounts.	
Key audit matter	How the issue was addressed in our audit
<p>The Group has recognised significant goodwill and portfolio acquisition costs from the acquisition of entities or businesses.</p> <p>Valuing these assets requires determination of the cash-generating units (CGUs), the calculation of carrying amount of each CGU, the estimation of the recoverable amount and the identification of facts that may determine the existence of impairment indicators in subsequent closings. Determining the recoverable amount of each CGU includes among other issues, financial projections that consider assumptions about macroeconomic developments, internal circumstances of the entity and competitors, discount rates or future business performance.</p> <p>The Group performs at least on an annual basis for goodwill, or when indications of impairment are identified for both goodwill and registered portfolio acquisition costs, an evaluation to determine if there is impairment in these assets. In this sense, our assessment has focused mainly on goodwill and portfolio acquisition costs of the most significance and those whose estimated recoverable value is closer to the carrying amount of the net assets. It is also worth pointing out the impairment loss registered for three CGU amounting 134.8 million euros.</p> <p>Given the complexity of the estimates and the use of assumptions that, in general, include uncertainty and judgment, we consider that the valuation of goodwill and portfolio acquisition costs has a significant inherent risk associated and, therefore, has been considered as a key audit matter.</p>	<p>Our audit procedures included testing the design and implementation of key controls established by the Group in the process of identifying CGUs, evaluating impairment indicators, having financial projections approved by the Management and defining the assumptions and calculation methods used to estimate the recoverable amount of CGUs.</p> <p>Based on our knowledge and experience, we assessed the reasonableness of the methods used by the Group to estimate the recoverable amounts of CGUs, considering IFRS-EU and best market practices.</p> <p>Our substantive procedures, which were performed for a sample of CGUs, including the most relevant ones, have consisted, basically, in the following:</p> <ul style="list-style-type: none">Evaluating the existence of goodwill and portfolio acquisition cost impairment indicators considering external and internal factors such as macroeconomic indicators, sector expectations, the financial performance of CGUs and management's expectations, including potential impacts of COVID-19 in said factors.In collaboration with our valuation specialists, analysing the discount and growth rates used by the Group to estimate the recoverable amount of CGUs.Assessing the reasonableness of the financial projections prepared by management, comparing them to the historical financial information of the CGUs, to business plans approved by the Group and to market expectations in the sectors in which they operate.Performing a sensitivity analysis of the key assumptions and financial projections used to estimate the recoverable amount of CGUs. <p>We also assessed the adequacy of the information disclosed in the annual accounts on goodwill and portfolio acquisition costs, considering the requirements of IFRS-EU.</p>

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)



Other Information. Consolidated Directors' Report

Other information solely comprises the 2020 consolidated directors' report, the preparation of which is the responsibility of the Parent's Directors and which does not form an integral part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not encompass the consolidated director's report. Our responsibility regarding the information contained in the consolidated director's report, in conformity with prevailing audit regulations in Spain, entails:

- a) Checking only that the consolidated non-financial information statement and certain information included in the Corporate Governance Report, to which the Audit Law refers, was provided as stipulated by applicable regulations and, if not, disclose this fact.
- b) Assessing and reporting on the consistency of the remaining information included in the consolidated director's report with the consolidated financial statements, based on the knowledge of the Group obtained during the audit, in addition to evaluating and reporting on whether the content and presentation of this part of the consolidated director's report are in conformity with applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to disclose this fact.

Based on the work performed, as described in the preceding paragraphs, we have verified that the information referred to in paragraph a) above is provided as stipulated by applicable regulations and that the remaining information contained in the consolidated director's report is consistent with that disclosed in the consolidated annual accounts for 2020 and its content and presentation are in accordance with applicable regulations.

Directors' and Audit and Compliance Committee's Responsibility for the Consolidated Annual Accounts

The Parent's directors are responsible for the preparation of the accompanying consolidated annual accounts in such a way that they give a true and fair view of the consolidated equity, consolidated financial position and consolidated financial performance of the Group in accordance with IFRS-EU and other provisions of the financial reporting framework applicable to the Group in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated annual accounts, the Parent's directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Parent's audit and compliance committee is responsible for overseeing the preparation and presentation of the consolidated annual accounts.

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)



Auditor's Responsibilities for the Audit of the Consolidated Annual Accounts

Our objectives are to obtain reasonable assurance about whether the consolidated annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with prevailing legislation regulating the audit of accounts in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence economic decisions of users taken on the basis of these consolidated annual accounts.

As part of an audit in accordance with prevailing legislation regulating the audit of accounts in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent's directors.
- Conclude on the appropriateness of the Parent's directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated annual accounts, including the disclosures, and whether the consolidated annual accounts represent the underlying transactions and events in a manner that achieves a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the audit and compliance committee of the Parent regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)



We also provide the Parent's audit and compliance committee with a statement that we have complied with the applicable ethical requirements, including those regarding independence, and to communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the audit and compliance committee of the Parent, we determine those that were of most significance in the audit of the consolidated annual accounts of the current period and which are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

European single electronic format

We have examined the digital files of the European single electronic format (ESEF) of MAPFRE, S.A. and subsidiaries for the 2020 financial year, which include the XHTML file containing the consolidated financial statements for the year, and the XBRL files as labeled by the entity, which will form part of the annual financial report.

The directors of MAPFRE, S.A. are responsible for submitting the annual financial report for the 2020 financial year, in accordance with the formatting and mark-up requirements set out in Delegated Regulation EU 2019/815 of 17 December 2018 of the European Commission (hereinafter referred to as the ESEF Regulation).

Our responsibility consists of examining the digital files prepared by the directors of the parent company, in accordance with prevailing audit regulations in Spain. These standards require that we plan and perform our audit procedures to obtain reasonable assurance about whether the contents of the consolidated financial statements included in the aforementioned digital files correspond in their entirety to those of the consolidated financial statements that we have audited, and whether the consolidated financial statements and the aforementioned files have been formatted and marked up, in all material respects, in accordance with the ESEF Regulation.

In our opinion, the digital files examined correspond in their entirety to the audited consolidated financial statements, which are presented and have been marked up, in all material respects, in accordance with the ESEF Regulation

Additional Report to the Audit and Compliance Committee of the Parent

The opinion expressed in this report is consistent with our additional report to the Parent's audit and compliance committee dated 10 February 2021.

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)



Contract Period

We were appointed as auditor of the Group by the shareholders at the ordinary general meeting on 9 March 2018 for a period of 3 years, from the year ended 31 December 2018.

Previously, we had been appointed as auditors by the shareholders of MAPFRE, S.A. for a period of 3 years, and have been auditing uninterrupted the Group's consolidated Annual Accounts since the year ended 31 December 2015.

KPMG Auditores, S.L.
On the Spanish Official Register of
Auditors ("ROAC") with No. S0702

(Signed on original in Spanish)

Jorge Segovia Delgado

On the Spanish Official Register of Auditors ("ROAC") with No. 21903

10 February 2021

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

