

CONSOLIDATED ANNUAL ACCOUNTS

AND

CONSOLIDATED MANAGEMENT REPORT

FISCAL YEAR 2019

MAPFRE S.A.



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, 2019, 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 2019 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.



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 (24,900.09 million of Euros)

See notes 5.15 and 6.13 of the notes to the consolidated annual accounts

<i>Key audit matter</i>	<i>How the issue was addressed in our audit</i>
<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>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> <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 mathematical provisions, comparing them to best actuarial practices, regulatory requirements and market trends. • 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>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>

**Valuation of the provision for non-life insurance claims
(11,331.46 million of Euros)**
See notes 5.15 and 6.13 of the notes to the consolidated annual accounts.

<i>Key audit matter</i>	<i>How the issue was addressed in our audit</i>
<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, 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 provision for claims 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>

**Valuation of goodwill and portfolio acquisition costs
(2,610.49 million of Euros)**

See notes 5.1 and 6.1 of the notes to the consolidated annual accounts.

<i>Key audit matter</i>	<i>How the issue was addressed in our audit</i>
<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>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>The Group performs on an annual basis, or when indications of impairment are identified, an evaluation to determine if there is impairment in the goodwill and registered portfolio acquisition costs. 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.</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. • 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>

Valuation of financial instruments not quoted on active markets and recognized at fair value (8,124.92 million of Euros)

See notes 5.5 and 6.4 of the notes to the consolidated annual accounts.

<i>Key audit matter</i>	<i>How the issue was addressed in our audit</i>
<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>

Other Information. Consolidated Directors' Report

Other information solely comprises the 2019 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 Directors' report. Our responsibility regarding the information contained in the consolidated Directors' report is defined in the legislation regulating the audit of accounts, which establishes two different levels for this information:



- a) A specific level applicable to non-financial consolidated information, as well as certain information included in the Annual Corporate Governance Report (ACGR), as defined in article 35.2. b) of the Audit Law 22/2015, which solely requires that we verify whether said information has been included in the Consolidated Director's report or, where applicable, that the director's report includes the corresponding reference to the separate non-financial report as stipulated by prevailing regulations and if not, report on this matter.
- b) A general level applicable to the rest of the information included in the consolidated directors' report, which consists of assessing and reporting on the consistency of this information with the consolidated annual accounts, based on knowledge of the Group obtained during the audit of the aforementioned accounts and without including any information other than that obtained as evidence during the audit. Also, assessing and reporting on whether the content and presentation of this part of the consolidated directors' report are in accordance with applicable legislation. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report them.

Based on the work carried out, as described above, we have verified that the specific non-financial information mentioned in a) above has been provided in a separate report – the “Integrated Report MAPFRE S.A. 2019” – to which the consolidated directors' report makes reference to, that the information of the ACGR, mentioned in this section is included in the directors' report, and that the rest of the information contained in the consolidated directors' report is consistent with that disclosed in the consolidated annual accounts for 2019 and the content and presentation of the report are in accordance with applicable legislation.

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.



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.



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

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 12 February 2020.

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. (S0702)

(Signed on original in Spanish)

Jorge Segovia Delgado

R.O.A.C: 21903

12 February 2020

CONSOLIDATED ANNUAL ACCOUNTS

2019

MAPFRE S.A.

CONSOLIDATED ANNUAL ACCOUNTS

2019

- A)** Consolidated balance sheet
- B)** Consolidated statement of income and comprehensive income
- C)** Consolidated statement of changes in equity
- D)** Consolidated cash flow statement
- E)** Financial information by segment
- F)** Complementary financial information by product and geographical area
- G)** Notes to the consolidated financial statements

MAPFRE S.A.

A) CONSOLIDATED BALANCE SHEET AS ON DECEMBER 31, 2019 AND 2018

ASSETS	Notes	2019	2018
A) INTANGIBLE ASSETS	6.1	3,300.10	3,072.36
I. Goodwill	6.1	1,773.21	1,689.03
II. Other intangible assets	6.1	1,526.89	1,383.33
B) PROPERTY, PLANT AND EQUIPMENT	6.2	1,377.14	1,112.34
I. Real estate for own use	6.2	1,111.63	852.66
II. Other property, plant and equipment	6.2	265.51	259.68
C) INVESTMENTS		47,363.30	43,976.95
I. Real estate investments	6.2	1,323.35	1,243.60
II. Financial investments			
1. Held-to-maturity portfolio	6.4	1,973.39	1,951.47
2. Available-for-sale portfolio	6.4	37,085.21	33,753.73
3. Trading portfolio	6.4	5,937.27	5,540.77
III. Investments recorded by applying the equity method		207.83	193.68
IV. Deposits established for accepted reinsurance		543.72	806.11
V. Other investments		292.53	487.59
D) INVESTMENTS ON BEHALF OF LIFE INSURANCE POLICYHOLDERS BEARING THE INVESTMENT RISK	6.5	2,510.24	2,242.49
E) INVENTORIES		60.48	60.87
F) PARTICIPATION OF REINSURANCE IN TECHNICAL PROVISIONS	6.13	6,386.05	5,883.18
G) DEFERRED TAX ASSETS	6.20	306.97	333.58
H) RECEIVABLES	6.6	6,069.39	5,761.20
I. Receivables on direct insurance and co-insurance operations	6.6	3,945.09	3,644.21
II. Receivables on reinsurance operations	6.6	934.33	903.08
III. Tax receivables			
1. Tax on profits receivable	6.20	245.53	192.05
2. Other tax receivables		163.67	144.65
IV. Corporate and other receivables	6.6	780.77	877.21
V. Shareholders, called capital		--	--
I) CASH		2,537.50	2,201.41
J) ACCRUAL ADJUSTMENTS	5.11	2,217.33	2,168.79
K) OTHER ASSETS		117.18	136.17
L) NON-CURRENT ASSETS HELD FOR SALE AND FROM DISCONTINUED OPERATIONS	6.9	264.24	341.48
TOTAL ASSETS		72,509.92	67,290.82

Figures in millions of euros

MAPFRE S.A. AND SUBSIDIARIES

A) CONSOLIDATED BALANCE SHEET AS ON DECEMBER 31, 2019 AND 2018

EQUITY AND LIABILITIES	Notes	2019	2018
A) EQUITY	6.10	10,106.02	9,197.58
I. Paid-up capital	6.10	307.95	307.95
II. Share premium		1,506.74	1,506.74
III. Reserves		6,377.57	6,323.63
IV. Interim dividend	4.2	(184.77)	(184.83)
V. Treasury Stock	6.10	(63.84)	(48.25)
VI. Result for the period attributable to controlling company	4.1	609.24	528.86
VII. Other equity instruments	6.21	--	4.49
VIII. Valuation change adjustments	6.10	1,003.68	293.12
IX. Currency conversion differences	6.22	(702.21)	(737.90)
Equity attributable to the controlling company's shareholders		8,854.36	7,993.81
Non-controlling interests		1,251.66	1,203.77
B) SUBORDINATED LIABILITIES	6.11	1,121.07	1,120.54
C) TECHNICAL PROVISIONS	6.13	48,521.39	46,481.15
I. Provisions for unearned premiums and unexpired risks	6.13	8,243.33	7,951.40
II. Provisions for life insurance	6.13	26,584.08	24,838.47
III. Provision for outstanding claims	6.13	12,624.05	12,714.15
IV. Other technical provisions	6.13	1,069.93	977.13
D) TECHNICAL PROVISIONS FOR LIFE INSURANCE WHERE POLICYHOLDERS BEAR THE INVESTMENT RISK	6.13	2,510.24	2,242.49
E) PROVISIONS FOR RISKS AND EXPENSES	6.14	709.28	641.49
F) DEPOSITS RECEIVED ON CEDED AND RETROCEDED REINSURANCE	6.15	68.13	79.50
G) DEFERRED TAX LIABILITIES	6.20	703.11	499.32
H) DEBT	6.16	8,318.94	6,596.44
I. Issue of debentures and other negotiable securities	6.12	1,004.82	1,004.05
II. Due to credit institutions	6.12	847.81	545.69
III. Other financial liabilities	6.12	1,913.08	1,262.80
IV. Due on direct insurance and co-insurance operations		928.06	1,094.78
V. Due on reinsurance operations	6.16	1,541.08	852.64
VI. Tax liabilities			
1. Tax on profits to be paid	6.20	101.19	130.14
2. Other tax liabilities	6.16	358.18	320.57
VII. Other debts	6.16	1,624.72	1,385.77
I) ACCRUAL ADJUSTMENTS	5.11	315.90	238.35
J) LIABILITIES LINKED TO NON-CURRENT ASSETS HELD FOR SALE AND FROM DISCONTINUED OPERATIONS	6.9	135.84	193.96
TOTAL EQUITY AND LIABILITIES		72,509.92	67,290.82

Figures in millions of euros

MAPFRE S.A. AND SUBSIDIARIES

B) CONSOLIDATED STATEMENT OF INCOME AND COMPREHENSIVE INCOME FOR YEARS ENDING DECEMBER 31, 2019 AND 2018

B.1) CONSOLIDATED INCOME STATEMENT

ITEM	Notes	2019	2018
I. REVENUE FROM INSURANCE BUSINESS			
1. Premiums earned, net			
a) Written premiums, direct insurance	7.A.2	19,538.76	19,102.23
b) Premiums from accepted reinsurance	7.A.2	3,505.16	3,434.87
c) Premiums from ceded reinsurance	6.19	(4,137.35)	(3,374.34)
d) Variations in provisions for unearned premiums and unexpired risks			
Direct insurance	6.13	(402.49)	35.43
Accepted reinsurance	6.13	281.94	172.54
Ceded reinsurance	6.19	386.90	(158.71)
2. Share in profits from equity-accounted companies		8.03	12.08
3. Revenue from investments			
a) From operations	6.17	2,763.20	2,176.09
b) From equity	6.17	231.12	214.03
4. Gains on investments on behalf of life insurance policyholders bearing the	6.5	233.04	88.09
5. Other technical revenue		68.57	61.01
6. Other non-technical revenue		60.45	69.53
7. Positive foreign exchange differences	6.22	1,589.20	959.39
8. Reversal of the asset impairment provision	6.7	28.25	41.11
TOTAL REVENUE FROM INSURANCE BUSINESS		24,154.78	22,833.35
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	(12,584.12)	(13,802.19)
Accepted reinsurance	5.15	(2,721.53)	(2,465.61)
Ceded reinsurance	6.19	2,475.59	3,677.06
b) Claims-related expenses	6.18	(814.51)	(815.84)
2. Variation in other technical provisions, net	5.15	(1,009.09)	(564.75)
3. Profit sharing and returned premiums		(45.88)	(38.70)
4. Net operating expenses			
a) Acquisition expenses	6.18	(5,020.14)	(4,810.80)
b) Administration expenses	6.18	(723.89)	(745.58)
c) Commissions and participation in reinsurance	6.19	635.79	567.66
5. Share in losses from equity-accounted companies		--	0.00
6. Investment expenses			
a) From operations	6.17	(711.41)	(710.82)
b) From equity and financial accounts	6.17	(81.16)	(92.91)
7. Losses on investments on behalf of life insurance policyholders bearing the	6.5	(54.91)	(146.16)
8. Other technical expenses	6.18	(155.11)	(139.13)
9. Other non-technical expenses	6.18	(165.24)	(149.69)
10. Negative foreign exchange differences	6.22	(1,589.46)	(946.70)
11. Allowance to the asset impairment provision	6.7	(55.94)	(229.26)
TOTAL EXPENSES FROM INSURANCE BUSINESS		(22,621.01)	(21,413.42)
RESULT FROM THE INSURANCE BUSINESS		1,533.77	1,419.93
III. OTHER ACTIVITIES			
1. Operating revenue		385.33	321.00
2. Operating expenses	6.18	(515.72)	(401.62)
3. Net financial income			
a) Financial income	6.17	47.65	82.58
b) Financial expenses	6.17	(88.19)	(85.29)
4. Results from non-controlling interests			
a) Share in profits from equity-accounted companies		4.45	2.29
b) Share in losses from equity-accounted companies		(0.02)	(0.03)
5. Reversal of asset impairment provision	6.7	9.04	25.41
6. Allowance to the asset impairment provision	6.7	(75.38)	(15.09)
7. Result from the disposal of non-current assets classified as held for sale, not included in discontinued operations		--	--
RESULT FROM OTHER ACTIVITIES		(232.84)	(70.75)
IV. RESULT ON RESTATEMENT OF FINANCIAL ACCOUNTS	3.3	(21.64)	(18.72)
V. RESULT BEFORE TAX FROM ONGOING OPERATIONS		1,279.29	1,330.46
VI. TAX ON PROFIT FROM ONGOING OPERATIONS	6.20	(324.03)	(452.94)
VII. RESULT AFTER TAX FROM ONGOING OPERATIONS		955.26	877.52
VIII. RESULT AFTER TAX FROM DISCONTINUED OPERATIONS		--	--
IX. RESULT FOR THE PERIOD		955.26	877.52
1. Attributable to non-controlling interests		346.02	348.66
2. Attributable to the controlling company	4.1	609.24	528.86

Figures in millions of euros

Earnings per share (Euros)			
Basic	4.1	0.20	0.17
Diluted	4.1	0.20	0.17

MAPFRE S.A. AND SUBSIDIARIES

B.2) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

ITEM	NOTES	GROSS AMOUNT		TAX ON PROFITS		ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		ATTRIBUTABLE TO CONTROLLING COMPANY	
		2019	2018	2019	2018	2019	2018	2019	2018
A) CONSOLIDATED RESULT FOR THE YEAR		1,279.29	1,330.46	(324.03)	(452.94)	346.02	348.66	609.24	528.86
B) OTHER RECOGNIZED REVENUE (EXPENSES)		1,009.82	(677.52)	(231.93)	122.72	31.64	(124.44)	746.25	(430.36)
1. Financial assets available for sale	6.4	2,079.77	(708.57)	(500.41)	185.97	144.27	(49.81)	1,435.09	(472.79)
a) Valuation gains (losses)		2,519.91	(564.26)	(609.18)	150.17				
b) Amounts transferred to the income statement		(440.24)	(144.29)	108.77	35.80				
c) Other reclassifications		0.10	(0.02)	--	--				
2. Currency conversion differences	6.22	29.78	(202.50)	(0.36)	(0.41)	(6.27)	(100.11)	35.69	(102.80)
a) Valuation gains (losses)		28.38	(215.62)	(0.36)	(0.41)				
b) Amounts transferred to the income statement		0.35	0.25	--	--				
c) Other reclassifications		1.05	12.87	--	--				
3. Shadow accounting		(1,094.73)	232.47	268.72	(63.34)	(106.41)	25.28	(719.60)	143.85
a) Valuation gains (losses)	6.10	(1,353.06)	211.95	333.30	(58.21)				
b) Amounts transferred to the income statement		258.33	20.52	(64.58)	(5.13)				
c) Other reclassifications		--	--	--	--				
4. Equity-accounted entities		0.09	(1.64)	0.12	0.50	0.05	0.03	0.16	(1.17)
a) Valuation gains (losses)		(0.01)	(1.33)	0.12	0.50				
b) Amounts transferred to the income statement		0.10	0.06	--	--				
c) Other reclassifications		--	(0.37)	--	--				
5. Other recognized revenue and expenses		(5.09)	2.72	--	0.00	0.00	0.17	(5.09)	2.55
TOTAL		2,289.11	652.94	(555.96)	(330.22)	377.66	224.22	1,355.49	98.50

Figures in millions of euros

All the items included in the consolidated statement of comprehensive income and expenses may be reclassified to the consolidated income statement in line with EU-IFRS.

MAPFRE S.A. AND SUBSIDIARIES

CJ CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS ON DECEMBER 31, 2019 AND 2018

ITEM	NOTES	EQUITY ATTRIBUTABLE TO CONTROLLING COMPANY									NON-CONTROLLING INTERESTS	TOTAL EQUITY
		SHAREHOLDERS' FUNDS										
		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, 2018		307.95	1,506.74	6,433.14	(184.77)	(52.36)	700.51	10.08	620.69	(730.70)	1,901.38	10,512.66
1. Changes in accounting policies (Note 2.4)		--	--	--	--	--	--	--	--	--	--	--
2. Correction of errors		--	--	--	--	--	--	--	--	--	--	--
ADJUSTED BALANCE AS ON JANUARY 1, 2018		307.95	1,506.74	6,433.14	(184.77)	(52.36)	700.51	10.08	620.69	(730.70)	1,901.38	10,512.66
I. TOTAL COMPREHENSIVE REVENUE (EXPENSES)		--	--	--	--	--	528.86	--	(327.57)	(102.80)	224.22	322.71
II. OPERATIONS WITH THE CONTROLLING COMPANY'S SHAREHOLDERS AND NON-CONTROLLING INTERESTS		--	--	(455.44)	(184.83)	4.11	--	--	--	--	(879.87)	(1,516.03)
1. Capital increases (decreases)	6.25	--	--	--	--	--	--	--	--	--	(71.39)	(71.39)
2. Distribution of dividends	4.2 and 6.25	--	--	(261.82)	(184.83)	--	--	--	--	--	(416.43)	(863.08)
3. Increases (decreases) from business combinations		--	--	0.79	--	--	--	--	--	--	7.99	8.78
4. Other operations with the controlling company's shareholders and non-controlling interests	6.8 and 6.25	--	--	(196.34)	--	--	--	--	--	--	(400.04)	(596.38)
5. Operations with treasury stock and own shares	6.10	--	--	1.93	--	4.11	--	--	--	--	--	6.04
III. OTHER VARIATIONS IN EQUITY		--	--	345.93	184.77	--	(700.51)	(5.59)	--	95.60	(41.96)	(121.76)
1. Transfers among equity items		--	--	515.74	184.77	--	(700.51)	--	--	--	--	--
2. Other variations	3.3 and 6.6	--	--	(169.81)	--	--	--	(5.59)	--	95.60	(41.96)	(121.76)
CLOSING BALANCE AS ON DECEMBER 31, 2018		307.95	1,506.74	6,323.63	(184.83)	(48.25)	528.86	4.49	293.12	(737.90)	1,203.77	9,197.58

OPENING BALANCE AS ON JANUARY 1, 2019		307.95	1,506.74	6,323.63	(184.83)	(48.25)	528.86	4.49	293.12	(737.90)	1,203.77	9,197.58
1. Changes in accounting policies	2.4	--	--	(8.36)	--	--	--	--	--	--	(4.73)	(13.09)
2. Correction of errors		--	--	--	--	--	--	--	--	--	--	--
ADJUSTED BALANCE AS ON JANUARY 1, 2019		307.95	1,506.74	6,315.27	(184.83)	(48.25)	528.86	4.49	293.12	(737.90)	1,199.04	9,184.49
I. TOTAL COMPREHENSIVE REVENUE (EXPENSES)		--	--	--	--	--	609.24	--	710.56	35.69	377.66	1,733.15
II. OPERATIONS WITH THE CONTROLLING COMPANY'S SHAREHOLDERS AND NON-CONTROLLING INTERESTS		--	--	(260.85)	(184.77)	(15.59)	--	--	--	--	(332.91)	(794.12)
1. Capital increases (decreases)		--	--	--	--	--	--	--	--	--	2.13	2.13
2. Distribution of dividends	4.2 and 6.25	--	--	(261.64)	(184.77)	--	--	--	--	--	(401.26)	(847.67)
3. Increases (decreases) from business combinations		--	--	--	--	--	--	--	--	--	61.78	61.78
4. Other operations with the controlling company's shareholders and non-controlling interests	6.8 and 6.25	--	--	(0.12)	--	--	--	--	--	--	4.44	4.32
5. Operations with treasury stock and own shares	6.10	--	--	0.91	--	(15.59)	--	--	--	--	--	(14.68)
III. OTHER VARIATIONS IN EQUITY		--	--	323.15	184.83	--	(528.86)	(4.49)	--	--	7.87	(17.50)
1. Transfers among equity items		--	--	344.03	184.83	--	(528.86)	--	--	--	--	--
2. Other variations	3.3	--	--	(20.88)	--	--	--	(4.49)	--	--	7.87	(17.50)
CLOSING BALANCE AS ON DECEMBER 31, 2019		307.95	1,506.74	6,377.57	(184.77)	(63.84)	609.24	--	1,003.68	(702.21)	1,251.66	10,106.02

MAPFRE S.A. AND SUBSIDIARIES

D) CONSOLIDATED CASH FLOW STATEMENT FOR YEARS ENDING DECEMBER 31, 2019 AND 2018

ITEM	NOTES	2019	2018
1. Insurance activity:		642.16	1,304.56
Cash received from insurance activity		25,380.35	24,550.51
Cash payments from insurance activity		(24,738.19)	(23,245.95)
2. Other operating activities:		(247.97)	(343.66)
Cash received from other operating activities		400.02	574.38
Cash payments from other operating activities		(647.99)	(918.04)
3. Receipt (payment) of income tax		(430.84)	(529.32)
NET CASH FLOWS FROM OPERATING ACTIVITIES		(36.65)	431.58
1. Proceeds from investment activities:		23,985.20	20,544.37
Property, plant and equipment		8.34	27.29
Real estate investments		35.51	107.76
Intangible fixed assets		1.21	3.17
Financial instruments		20,038.10	17,395.36
Equity instruments		2,659.82	1,695.10
Controlled companies and other business units		17.40	135.32
Interest collected		1,071.09	1,067.08
Dividends collected		120.87	71.00
Other proceeds related to investment activities		32.86	42.29
2. Payments from investment activities:		(22,918.17)	(19,674.60)
Property, plant and equipment	6.2	(69.49)	(65.69)
Real estate investments	6.2	(12.79)	(10.52)
Intangible fixed assets		(202.13)	(82.52)
Financial instruments		(19,303.55)	(17,275.56)
Equity instruments		(3,131.24)	(2,214.38)
Controlled companies and other business units	6.8 and 6.24	(175.79)	--
Other payments related to investment activities		(23.18)	(25.93)
NET CASH FLOWS FROM INVESTMENT ACTIVITIES		1,067.03	869.77
1. Proceeds from financing activities		819.29	1,515.92
Subordinated liabilities		--	496.95
Proceeds from issuing of equity instruments and capital increases		2.13	--
Proceeds from sale of treasury stock	6.10	4.24	6.05
Other proceeds related to financing activities		812.92	1,012.92
2. Payments from financing activities		(1,511.66)	(2,455.46)
Dividends paid to shareholders		(844.06)	(863.09)
Interest paid		(69.79)	(57.34)
Subordinated liabilities		--	--
Payments on return of shareholders' contributions		--	(123.38)
Purchase of treasury stock	6.10	(18.93)	--
Other payments related to financing activities	6.8	(578.88)	(1,411.65)
NET CASH FLOW FROM FINANCING ACTIVITIES		(692.37)	(939.54)
Conversion differences in cash flow and cash balances		(1.92)	(24.41)
NET INCREASE/(DECREASE) IN CASH FLOW		336.09	337.40
OPENING CASH BALANCE		2,201.41	1,864.01
CLOSING CASH BALANCE		2,537.50	2,201.41

Figures in millions of euros

MAPFRE S.A. AND SUBSIDIARIES

E) FINANCIAL INFORMATION BY SEGMENT - CONSOLIDATED INCOME STATEMENT FOR YEAR ENDING DECEMBER 31, 2019

ITEM	IBERIA	LATAM NORTH	LATAM SOUTH	BRAZIL	NORTH AMERICA
I. REVENUE FROM INSURANCE BUSINESS					
1. Premiums earned, net					
a) Written premiums, direct insurance	7,709.22	1,945.79	1,591.72	3,977.51	2,307.16
b) Premiums from accepted reinsurance	8.54	27.31	4.99	--	24.58
c) Premiums from ceded reinsurance	(969.84)	(989.08)	(663.87)	(616.55)	(629.03)
d) Variations in provisions for unearned premiums and unexpired risks, net					
Direct insurance	(8.49)	(263.76)	(0.85)	(138.37)	77.59
Accepted reinsurance	1.81	(0.58)	(1.72)	--	(1.04)
Ceded reinsurance	131.14	254.98	(1.28)	(4.86)	71.38
2. Share in profits from equity-accounted companies	12.95	--	--	--	--
3. Revenues from investments					
From operations	1,606.70	78.39	195.48	240.07	98.27
From equity	93.46	11.63	10.05	7.93	58.33
4. Unrealized gains on investments on behalf of life insurance policyholders bearing the investment risk	166.86	6.34	0.07	53.39	--
5. Other technical revenue	24.68	0.09	23.28	--	12.76
6. Other non-technical revenue	55.52	0.51	1.87	0.06	0.01
7. Positive foreign exchange differences	11.56	12.10	16.37	--	--
8. Reversal of the asset impairment provision	11.29	--	16.95	--	--
TOTAL REVENUE FROM INSURANCE BUSINESS	8,855.40	1,083.72	1,193.06	3,519.18	2,020.01
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	(6,031.93)	(651.55)	(1,260.29)	(1,963.40)	(1,451.16)
Accepted reinsurance	(13.64)	(13.48)	(0.44)	--	(19.73)
Ceded reinsurance	687.21	107.34	733.35	577.74	313.25
b) Claims-related expenses	(392.39)	(15.45)	(34.59)	(60.47)	(169.08)
2. Variation in other technical provisions, net	(415.88)	(75.16)	(88.80)	(158.23)	(0.32)
3. Profit sharing and returned premiums	(27.42)	(11.94)	(0.04)	(2.50)	--
4. Net operating expenses					
a) Acquisition expenses	(1,155.83)	(283.07)	(385.16)	(1,253.32)	(578.65)
b) Administration expenses	(152.69)	(63.45)	(59.83)	(180.54)	(115.91)
c) Commissions and participation in reinsurance	132.32	69.10	81.33	97.83	152.40
5. Share in losses from equity-accounted companies	--	--	--	--	--
6. Investment expenses					
a) From operations	(454.81)	(17.09)	(23.81)	(83.07)	(13.51)
b) From equity and financial accounts	(71.84)	(1.04)	(0.82)	--	(3.64)
7. Unrealized losses on investments on account of life insurance policyholders bearing investment risk	(54.65)	(0.26)	--	--	--
8. Other technical expenses	(84.62)	(15.01)	(22.70)	(1.72)	--
9. Other non-technical expenses	(131.53)	(0.60)	(2.10)	(1.92)	(8.55)
10. Negative foreign exchange differences	(9.77)	(12.33)	(23.48)	(5.58)	--
11. Allowance to the asset impairment provision	(17.72)	--	(17.55)	--	(15.93)
TOTAL EXPENSES FROM INSURANCE BUSINESS	(8,195.19)	(983.99)	(1,104.93)	(3,035.18)	(1,910.83)
RESULT FROM THE INSURANCE BUSINESS	660.21	99.73	88.13	484.00	109.18
III. OTHER ACTIVITIES					
1. Operating revenue	297.94	10.15	12.70	9.64	1.29
2. Operating expenses	(265.53)	(9.73)	(9.48)	(23.89)	(3.59)
3. Net financial income					
a) Financial income	11.74	0.36	1.61	8.14	0.06
b) Financial expenses	(2.53)	--	(1.35)	(1.54)	(0.07)
4. Result from non-controlling interests					
a) Share in profits from equity-accounted companies	0.14	--	--	--	--
b) Share in losses from equity-accounted companies	--	--	--	--	--
5. Reversal of asset impairment provision	2.28	--	--	--	--
6. Allowance to the asset impairment provision	(2.38)	--	--	--	--
7. Result from the disposal of non-current assets classified as held for sale, not included in discontinued operations	--	--	--	--	--
RESULT FROM OTHER ACTIVITIES	41.66	0.78	3.48	(7.65)	(2.31)
IV. RESULT ON RESTATEMENT OF FINANCIAL ACCOUNTS	--	--	(10.88)	--	--
V. RESULT BEFORE TAX FROM ONGOING OPERATIONS	701.87	100.51	80.73	476.35	106.87
VI. TAX ON PROFIT FROM ONGOING OPERATIONS	(121.57)	(24.90)	(18.76)	(149.67)	(28.23)
VII. RESULT AFTER TAX FROM ONGOING OPERATIONS	580.30	75.61	61.97	326.68	78.64
VIII. RESULT AFTER TAX FROM DISCONTINUED OPERATIONS	--	--	--	--	--
IX. RESULT FOR THE PERIOD	580.30	75.61	61.97	326.68	78.64
1. Attributable to non-controlling interests	82.54	12.48	7.18	229.69	--
2. Attributable to the controlling company	497.76	63.13	54.79	96.99	78.64

Figures in millions of euros

MAPFRE S.A. AND SUBSIDIARIES

E) FINANCIAL INFORMATION BY SEGMENT - CONSOLIDATED INCOME STATEMENT FOR YEAR ENDING DECEMBER 31, 2019

ITEM	EURASIA	ASISTENCIA	GLOBAL RISKS	REASEGURO	CORPORATE AREAS AND CONSOLIDATION ADJUSTMENTS	TOTAL
I. REVENUE FROM INSURANCE BUSINESS						
1. Premiums earned, net						
a) Written premiums, direct insurance	1,666.85	333.72	--	--	6.79	19,538.76
b) Premiums from accepted reinsurance	28.69	527.31	1,060.12	4,520.37	(2,696.75)	3,505.16
c) Premiums from ceded reinsurance	(458.57)	(240.87)	(883.80)	(1,379.51)	2,693.77	(4,137.35)
d) Variations in provisions for unearned premiums and unexpired risks, net						
Direct insurance	(43.43)	(21.11)	--	--	(4.07)	(402.49)
Accepted reinsurance	0.17	17.24	59.09	(109.96)	316.93	281.94
Ceded reinsurance	58.08	13.38	(43.05)	221.02	(313.89)	386.90
2. Share in profits from equity-accounted companies	0.36	--	--	--	(5.28)	8.03
3. Revenues from investments						
From operations	335.27	6.78	23.14	184.30	(5.20)	2,763.20
From equity	36.55	--	--	15.87	(2.70)	231.12
4. Unrealized gains on investments on behalf of life insurance policyholders bearing the investment risk	7.95	--	--	--	(1.57)	233.04
5. Other technical revenue	8.01	--	--	--	(0.25)	68.57
6. Other non-technical revenue	0.53	--	0.01	1.12	0.82	60.45
7. Positive foreign exchange differences	14.15	0.24	1,014.10	505.20	15.48	1,589.20
8. Reversal of the asset impairment provision	--	--	--	0.01	--	28.25
TOTAL REVENUE FROM INSURANCE BUSINESS	1,654.61	636.69	1,229.61	3,958.42	4.08	24,154.78
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	(1,070.47)	(135.94)	--	--	(19.38)	(12,584.12)
Accepted reinsurance	(36.31)	(243.37)	(782.50)	(3,194.80)	1,582.74	(2,721.53)
Ceded reinsurance	171.61	83.81	617.01	749.75	(1,565.48)	2,475.59
b) Claims-related expenses	(45.69)	(96.10)	--	(0.11)	(0.63)	(814.51)
2. Variation in other technical provisions, net	(273.58)	--	--	1.34	1.54	(1,009.09)
3. Profit sharing and returned premiums	(3.98)	--	--	--	--	(45.88)
4. Net operating expenses						
a) Acquisition expenses	(326.46)	(302.21)	(130.06)	(1,086.44)	481.06	(5,020.14)
b) Administration expenses	(116.53)	(23.64)	(1.89)	(14.35)	4.94	(723.89)
c) Commissions and participation in reinsurance	169.40	88.20	59.79	265.16	(479.74)	635.79
5. Share in losses from equity-accounted companies	--	--	--	--	--	--
6. Investment expenses						
a) From operations	(67.02)	(1.31)	(5.69)	(47.58)	2.48	(711.41)
b) From equity and financial accounts	(0.17)	--	--	(3.56)	(0.09)	(81.16)
7. Unrealized losses on investments on account of life insurance policyholders bearing investment risk	--	--	--	--	--	(54.91)
8. Other technical expenses	(6.54)	(21.34)	--	(2.78)	(0.40)	(155.11)
9. Other non-technical expenses	(3.96)	--	--	(9.31)	(7.27)	(165.24)
10. Negative foreign exchange differences	(9.53)	0.41	(1,012.14)	(512.96)	(4.08)	(1,589.46)
11. Allowance to the asset impairment provision	(4.31)	--	0.24	(0.42)	(0.25)	(55.94)
TOTAL EXPENSES FROM INSURANCE BUSINESS	(1,623.54)	(651.49)	(1,255.24)	(3,856.06)	(4.56)	(22,621.01)
RESULT FROM THE INSURANCE BUSINESS	31.07	(14.80)	(25.63)	102.36	(0.48)	1,533.77
III. OTHER ACTIVITIES						
1. Operating revenue	3.00	117.79	--	--	(67.18)	385.33
2. Operating expenses	(2.79)	(128.95)	--	--	(71.76)	(515.72)
3. Net financial income						
a) Financial income	0.40	4.88	--	--	20.46	47.65
b) Financial expenses	(0.29)	(2.74)	--	--	(79.67)	(88.19)
4. Result from non-controlling interests						
a) Share in profits from equity-accounted companies	--	--	--	--	4.31	4.45
b) Share in losses from equity-accounted companies	--	--	--	--	(0.02)	(0.02)
5. Reversal of asset impairment provision	--	(0.03)	--	--	6.79	9.04
6. Allowance to the asset impairment provision	--	(65.59)	--	--	(7.41)	(75.38)
7. Result from the disposal of non-current assets classified as held for sale, not included in discontinued operations	--	--	--	--	--	--
RESULT FROM OTHER ACTIVITIES	0.32	(74.64)	--	--	(194.48)	(232.84)
IV. RESULT ON RESTATEMENT OF FINANCIAL ACCOUNTS	--	(0.69)	--	--	(10.07)	(21.64)
V. RESULT BEFORE TAX FROM ONGOING OPERATIONS	31.39	(90.13)	(25.63)	102.36	(205.03)	1,279.29
VI. TAX ON PROFIT FROM ONGOING OPERATIONS	(6.57)	3.87	6.40	(25.63)	41.03	(324.03)
VII. RESULT AFTER TAX FROM ONGOING OPERATIONS	24.82	(86.26)	(19.23)	76.73	(164.00)	955.26
VIII. RESULT AFTER TAX FROM DISCONTINUED OPERATIONS	--	--	--	--	--	--
IX. RESULT FOR THE PERIOD	24.82	(86.26)	(19.23)	76.73	(164.00)	955.26
1. Attributable to non-controlling interests	9.75	1.73	--	--	2.65	346.02
2. Attributable to the controlling company	15.07	(87.99)	(19.23)	76.73	(166.65)	609.24

Figures in millions of euros

MAPFRE S.A. AND SUBSIDIARIES

E) FINANCIAL INFORMATION BY SEGMENT - CONSOLIDATED INCOME STATEMENT FOR YEAR ENDING DECEMBER 31, 2019

ITEM	IBERIA	LATAM NORTH	LATAM SOUTH	BRAZIL	NORTH AMERICA
I. REVENUE FROM INSURANCE BUSINESS					
1. Premiums earned, net					
a) Written premiums, direct insurance	7,645.30	1,292.55	1,605.75	3,972.20	2,402.41
b) Premiums from accepted reinsurance	12.61	16.80	--	--	22.87
c) Premiums from ceded reinsurance	(719.72)	(457.71)	(624.54)	(624.48)	(382.37)
d) Variations in provisions for unearned premiums and unexpired risks, net					
Direct insurance	(131.05)	186.23	(34.52)	(0.99)	17.89
Accepted reinsurance	(4.20)	1.58	1.41	--	(1.97)
Ceded reinsurance	77.30	(190.93)	6.52	(7.54)	(87.46)
2. Share in profits from equity-accounted companies	20.58	--	--	--	--
3. Revenues from investments					
From operations	1,286.58	68.04	175.75	234.23	76.70
From equity	101.66	10.48	12.30	10.16	40.82
4. Unrealized gains on investments on behalf of life insurance policyholders bearing the investment risk	49.46	0.44	0.01	50.02	--
5. Other technical revenue	21.90	0.29	19.84	0.39	13.50
6. Other non-technical revenue	58.84	0.38	3.85	3.83	0.29
7. Positive foreign exchange differences	16.08	11.68	13.14	--	--
8. Reversal of the asset impairment provision	22.81	--	18.18	--	--
TOTAL REVENUE FROM INSURANCE BUSINESS	8,458.15	939.83	1,197.69	3,637.82	2,102.68
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	(5,628.17)	(724.62)	(2,016.56)	(2,038.82)	(1,928.05)
Accepted reinsurance	(1.89)	(8.04)	(3.17)	--	(22.75)
Ceded reinsurance	440.28	202.88	1,489.31	502.33	670.31
b) Claims-related expenses	(358.45)	(12.87)	(35.54)	(84.12)	(174.85)
2. Variation in other technical provisions, net	(248.99)	(18.22)	(66.47)	(149.93)	(0.16)
3. Profit sharing and returned premiums	(25.06)	(7.97)	0.05	(1.57)	--
4. Net operating expenses					
a) Acquisition expenses	(1,102.56)	(260.56)	(395.46)	(1,183.88)	(571.40)
b) Administration expenses	(143.09)	(56.28)	(60.91)	(189.78)	(113.29)
c) Commissions and participation in reinsurance	121.29	61.16	82.00	74.48	114.45
5. Share in losses from equity-accounted companies	--	--	--	--	--
6. Investment expenses					
a) From operations	(398.73)	(17.68)	(13.39)	(86.17)	(8.96)
b) From equity and financial accounts	(86.17)	(1.06)	(0.70)	--	(3.24)
7. Unrealized losses on investments on account of life insurance policyholders bearing investment risk	(142.60)	(1.30)	--	--	--
8. Other technical expenses	(68.84)	(13.84)	(20.10)	(2.32)	--
9. Other non-technical expenses	(129.76)	(0.78)	(2.94)	(3.47)	(0.90)
10. Negative foreign exchange differences	(14.74)	(11.55)	(21.98)	--	--
11. Allowance to the asset impairment provision	(18.34)	--	(23.26)	--	(8.29)
TOTAL EXPENSES FROM INSURANCE BUSINESS	(7,805.82)	(870.73)	(1,089.12)	(3,163.25)	(2,047.13)
RESULT FROM THE INSURANCE BUSINESS	652.33	69.10	108.57	474.57	55.55
III. OTHER ACTIVITIES					
1. Operating revenue	261.25	9.83	13.96	17.45	1.48
2. Operating expenses	(213.16)	(12.42)	(14.18)	(31.50)	(3.26)
3. Net financial income					
a) Financial income	9.89	0.24	6.32	28.70	0.06
b) Financial expenses	(2.56)	--	(0.25)	(1.59)	0.25
4. Result from non-controlling interests					
a) Share in profits from equity-accounted companies	2.29	--	--	--	--
b) Share in losses from equity-accounted companies	--	--	--	--	--
5. Reversal of asset impairment provision	2.25	--	--	--	--
6. Allowance to the asset impairment provision	(3.72)	--	--	--	--
7. Result from the disposal of non-current assets classified as held for sale, not included in discontinued operations	--	--	--	--	--
RESULT FROM OTHER ACTIVITIES	56.24	(2.35)	5.85	13.06	(1.47)
IV. RESULT ON RESTATEMENT OF FINANCIAL ACCOUNTS	--	--	(16.89)	--	--
V. RESULT BEFORE TAX FROM ONGOING OPERATIONS	708.57	66.75	97.53	487.63	54.08
VI. TAX ON PROFIT FROM ONGOING OPERATIONS	(154.51)	(13.31)	(29.90)	(197.28)	(19.18)
VII. RESULT AFTER TAX FROM ONGOING OPERATIONS	554.06	53.44	67.63	290.35	34.90
VIII. RESULT AFTER TAX FROM DISCONTINUED OPERATIONS	--	--	--	--	--
IX. RESULT FOR THE PERIOD	554.06	53.44	67.63	290.35	34.90
1. Attributable to non-controlling interests	73.48	9.77	8.51	236.21	(0.08)
2. Attributable to the controlling company	480.58	43.67	59.12	54.14	34.98

Figures in millions of euros

MAPFRE S.A. AND SUBSIDIARIES

E) FINANCIAL INFORMATION BY SEGMENT - CONSOLIDATED INCOME STATEMENT FOR YEARS ENDING DECEMBER 31, 2019

ITEM	EURASIA	MAPFRE ASISTENCIA	MAPFRE GLOBAL RISKS	MAPFRE RE	CORPORATE AREAS AND CONSOLIDATION	TOTAL
I. REVENUE FROM INSURANCE BUSINESS						
1. Premiums earned, net						
a) Written premiums, direct insurance	1,732.74	327.23	117.23	--	6.82	19,102.23
b) Premiums from accepted reinsurance	33.02	583.79	1,056.68	3,787.13	(2,078.03)	3,434.87
c) Premiums from ceded reinsurance	(491.02)	(223.89)	(899.84)	(1,027.98)	2,077.21	(3,374.34)
d) Variations in provisions for unearned premiums and unexpired risks, net						
Direct insurance	(70.94)	(20.92)	94.78	--	(5.05)	35.43
Accepted reinsurance	(3.41)	(42.03)	(103.85)	404.35	(79.34)	172.54
Ceded reinsurance	25.46	13.18	36.12	(112.31)	80.95	(158.71)
2. Share in profits from equity-accounted companies	0.19	--	3.90	--	(12.59)	12.08
3. Revenues from investments						
From operations	132.76	5.66	28.85	172.61	(5.09)	2,176.09
From equity	33.47	--	--	7.65	(2.51)	214.03
4. Unrealized gains on investments on behalf of life insurance policyholders bearing the investment risk	--	--	--	--	(11.84)	88.09
5. Other technical revenue	5.03	--	0.54	--	(0.48)	61.01
6. Other non-technical revenue	0.47	--	--	1.98	(0.11)	69.53
7. Positive foreign exchange differences	33.89	0.34	88.24	790.95	5.07	959.39
8. Reversal of the asset impairment provision	(0.06)	--	--	0.18	--	41.11
TOTAL REVENUE FROM INSURANCE BUSINESS	1,431.60	643.36	422.65	4,024.56	(24.99)	22,833.35
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	(1,043.25)	(138.12)	(264.53)	--	(20.07)	(13,802.19)
Accepted reinsurance	(33.44)	(235.86)	(566.09)	(3,285.61)	1,691.24	(2,465.61)
Ceded reinsurance	212.87	79.33	656.76	1,096.64	(1,673.05)	3,677.06
b) Claims-related expenses	(42.56)	(102.84)	(4.44)	(0.11)	(0.06)	(815.84)
2. Variation in other technical provisions, net	(95.05)	--	--	2.26	11.81	(564.75)
3. Profit sharing and returned premiums	(3.97)	--	(0.18)	--	--	(38.70)
4. Net operating expenses						
a) Acquisition expenses	(292.09)	(285.34)	(136.43)	(1,014.76)	431.68	(4,810.80)
b) Administration expenses	(122.62)	(42.73)	(6.81)	(14.66)	4.59	(745.58)
c) Commissions and participation in reinsurance	195.31	83.89	51.91	214.88	(431.71)	567.66
5. Share in losses from equity-accounted companies	--	--	--	--	--	--
6. Investment expenses						
a) From operations	(147.28)	(1.12)	(15.57)	(22.65)	0.73	(710.82)
b) From equity and financial accounts	(0.14)	--	--	(1.55)	(0.05)	(92.91)
7. Unrealized losses on investments on account of life insurance policyholders bearing investment risk	(2.26)	--	--	--	--	(146.16)
8. Other technical expenses	(7.05)	(17.74)	(7.43)	(2.28)	0.47	(139.13)
9. Other non-technical expenses	(2.40)	--	(0.73)	(8.68)	(0.03)	(149.69)
10. Negative foreign exchange differences	(14.30)	(1.12)	(87.06)	(794.57)	(1.38)	(946.70)
11. Allowance to the asset impairment provision	(5.56)	--	--	--	(173.81)	(229.26)
TOTAL EXPENSES FROM INSURANCE BUSINESS	(1,403.79)	(661.65)	(380.60)	(3,831.69)	(159.64)	(21,413.42)
RESULT FROM THE INSURANCE BUSINESS	27.81	(18.29)	42.05	192.87	(184.63)	1,419.93
III. OTHER ACTIVITIES						
1. Operating revenue	2.96	71.67	0.37	--	(57.97)	321.00
2. Operating expenses	(6.08)	(62.45)	(0.01)	--	(58.56)	(401.62)
3. Net financial income						
a) Financial income	0.41	11.83	0.02	--	25.11	82.58
b) Financial expenses	(0.21)	(2.89)	--	--	(78.04)	(85.29)
4. Result from non-controlling interests						
a) Share in profits from equity-accounted companies	--	--	--	--	--	2.29
b) Share in losses from equity-accounted companies	--	--	--	--	(0.03)	(0.03)
5. Reversal of asset impairment provision	--	--	--	--	23.16	25.41
6. Allowance to the asset impairment provision	--	--	--	--	(11.37)	(15.09)
7. Result from the disposal of non-current assets classified as held for sale, not included in discontinued operations	--	--	--	--	--	--
RESULT FROM OTHER ACTIVITIES	(2.92)	18.16	0.38	--	(157.70)	(70.75)
IV. RESULT ON RESTATEMENT OF FINANCIAL ACCOUNTS	--	(0.52)	--	--	(1.31)	(18.72)
V. RESULT BEFORE TAX FROM ONGOING OPERATIONS	24.89	(0.65)	42.43	192.87	(343.64)	1,330.46
VI. TAX ON PROFIT FROM ONGOING OPERATIONS	(4.49)	(8.13)	(18.66)	(43.73)	36.25	(452.94)
VII. RESULT AFTER TAX FROM ONGOING OPERATIONS	20.40	(8.78)	23.77	149.14	(307.39)	877.52
VIII. RESULT AFTER TAX FROM DISCONTINUED OPERATIONS	--	--	--	--	--	--
IX. RESULT FOR THE PERIOD	20.40	(8.78)	23.77	149.14	(307.39)	877.52
1. Attributable to non-controlling interests	7.95	1.33	--	--	11.49	348.66
2. Attributable to the controlling company	12.45	(10.11)	23.77	149.14	(318.88)	528.86

Figures in millions of euros

F) SUPPLEMENTARY FINANCIAL INFORMATION BY PRODUCT AND GEOGRAPHICAL AREA

1. CONSOLIDATED ORDINARY REVENUES FROM EXTERNAL CLIENTS IN FINANCIAL YEARS ENDING DECEMBER 31, 2019 AND 2018

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) Information by product

Products	2019	2018
Life	4,891.08	4,875.70
Automobile	6,639.14	6,881.59
Homeowners and commercial risks	2,467.37	2,413.30
Health	1,069.55	1,032.42
Accidents	235.35	232.42
Other Non-Life	4,904.79	3,795.47
Reinsurance	5,581.59	5,429.72
Other Activities	899.94	882.22
Consolidation adjustments	(3,259.55)	(2,684.75)
TOTAL	23,429.25	22,858.10

Figures in millions of euros

1.b) Information by country

Geographic Area / Countries	2019	2018
IBERIA		
Spain	7,880.28	7,785.21
Portugal	135.42	133.95
LATAM NORTH		
Mexico	1,334.37	728.51
Panama	223.03	204.03
Other	425.85	386.64
LATAM SOUTH		
Argentina	179.92	209.96
Chile	276.01	289.41
Colombia	383.46	395.16
Peru	551.68	491.55
Other	218.35	233.63
BRAZIL	3,987.15	3,989.65
NORTH AMERICA		
United States of America	1,950.01	2,038.34
Puerto Rico	383.03	388.43
EURASIA		
Italy	470.91	474.15
Malta	358.53	391.05
Turkey	450.09	487.13
Other	419.01	416.39
MAPFRE ASISTENCIA	978.82	982.69
MAPFRE GLOBAL RISKS	1,060.12	1,174.28
MAPFRE RE	4,520.37	3,787.13
CORPORATE AREAS		
AND CONSOLIDATION ADJUSTMENTS	(2,757.16)	(2,129.19)
TOTAL	23,429.25	22,858.10

Figures in millions of 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, 2019 AND 2018

The breakdown of non-current assets in line with the segments broken down in Note 2.2, is as follows:

Geographic Area / Countries	2019	2018
IBERIA		
Spain	1,941.25	1,710.42
Portugal	22.64	14.03
LATAM NORTH		
Mexico	150.34	88.88
Panama	57.11	56.46
Other	44.44	37.27
LATAM SOUTH		
Argentina	32.81	35.75
Chile	24.38	22.26
Colombia	41.90	21.93
Peru	187.68	162.72
Other	20.18	23.38
BRAZIL	748.51	677.63
NORTH AMERICA		
United States of America	380.29	501.69
Puerto Rico	58.89	56.82
EURASIA		
Italy	57.00	51.55
Malta	208.78	184.40
Turkey	45.86	45.08
Other	44.59	39.98
MAPFRE ASISTENCIA	102.60	121.19
MAPFRE GLOBAL RISKS	--	9.49
MAPFRE RE	103.08	72.12
CORPORATE AREAS AND CONSOLIDATION ADJUSTMENTS	749.67	710.30
TOTAL	5,022.00	4,643.35

Figures in millions of 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.

No client contributes, on an individual basis, more than 10 percent of the Group's ordinary revenues.

G) 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.

The MAPFRE Group activities are carried out through 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, Dominican Republic, Panama, El Salvador, Nicaragua, Costa Rica, Honduras and Guatemala), LATAM SOUTH (Colombia, Venezuela, Ecuador, Peru, Chile, Argentina, Uruguay and Paraguay), NORTH AMERICA (United States, Puerto Rico and Canada), and EURASIA (Europe, Middle East, Africa and Asia-Pacific).

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 11, 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 2019. 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.

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 activity and other activities

- 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

As a result of EU-IFR 16 "Leases" entering into force on January 1, 2019, which repeals the previous EU-IAS 17 "Leases", there has been a change in the Group accounting policy effective in the current and future years. The main implications are related to leasing contracts in which the Group is the lessee.

In line with the transitory provision of the standard, the Group has applied the modified retroactive approach, recognizing the accumulated effect net of taxes as a negative adjustment on the reserves and non-controlling interest balances, for the amount of 8.36 and 4.73 million euros, respectively. The information from 2018 has not been restated on a like for like basis.

In addition, at the close of the year, the following effects were produced:

- An increase in assets and liabilities of 286.53 and 315.58 million euros, respectively.
- A decrease in operating expenses and an increase in financial expenses of 13.52 and 17.24 million euros, respectively. The amount of financial expenses will reduce gradually, with financial criteria, during the estimated term of the contracts.
- A fall of 2.42 million euros in the result for the period attributable to the controlling company. This amount will be offset entirely at the end of the estimated term of the contracts.

The adoption of IFRIC 23 “Uncertainty over Income Tax Treatments” which enters into force for years beginning as of January 1, 2019, has not had a significant impact on the financial situation or results of the Group.

No significant errors have been detected in the consolidated accounts from previous years.

2.5. COMPARISON OF INFORMATION

With the exception of the change in accounting policy described above in Note 2.4, which causes the information related to leases in 2018 included in these Notes to the Consolidated Financial Statements to not be comparative with the information for 2019, 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.

At the date when these annual accounts were prepared, the following information is noteworthy:

- The Group is analyzing the possible impact of IFRS 17 “Insurance Contracts”, which is expected to be applicable to reporting periods beginning on or after January 1, 2022, 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, 2022, 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 2019 and 2018 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 post-employment 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 equity-accounted 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, 2019 and 2018.

3.2. MUTUAL FUNDS

Mutual funds managed by Group companies in which the participation is greater than 20 percent (30 percent until 2018, and the amount of funds in which the Group's participation was between 20 and 30 percent at the close of said year was not relevant) were consolidated by global integration method.

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 non-controlling 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 reserves 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. While this accounting criteria has been accepted by market regulators in previous years, in response to a consultation presented in 2019, the IFRIC has tentatively considered that the above-described policy is not acceptable. The Group and other market players have requested a more thorough analysis from the IFRIC, providing solid arguments that support the Group accounting policy. At the date of preparation of the annual accounts, a decision has not been reached by the IFRIC, and thus the criteria indicated has been maintained; the adoption of the alternative accounting treatment would entail reclassifying the net amounts of the impacts of the restatement and the conversion to the heading “Currency conversion differences”.

The amounts recognized in Reserves in the last two years from these effects are the following:

Item	Balance 12.31.17	Variation 2018	Balance 12.31.18	Variation 2019	Balance 12.31.19
Restatement for inflation	517.30	25.51	542.81	21.99	564.80
Currency conversion differences	(889.90)	(180.90)	(1,070.80)	(31.99)	(1,102.79)
Net	(372.60)	(155.39)	(527.99)	(10.00)	(537.99)

Million euros

Variations in Currency conversion differences from 2018 include 95.60 million euros from subsidiaries in Argentina originating in previous periods and which were reclassified to Reserves in 2018, the year in which the country began to be considered hyperinflationary.

The following chart gives details about other data related to the conversion of the annual accounts from companies operating in hyperinflationary economies:

Country	Inflation (%)		Exchange rate (units of currency per euro)		Results from restatement		Equity	
	2019	2018	2019	2018	2019	2018	2019	2018
Argentina	54	48	67	43	(11.57)	(17.41)	49.12	47.03
Venezuela	5,790	702,404	150,636	4,699	(10.07)	(1.31)	6.34	3.54
Total (million euros)					(18.72)	(18.72)	55.46	50.57

Regarding the exchange rate shown for Venezuela (the Sovereign bolivar), given that there is not reliable official information, both at the close of 2019 and 2018, 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	2019	2018
Net profit attributable to controlling company's shareholders (million euros)	609.24	528.86
Weighted average number of ordinary shares outstanding (million)	3,051.88	3,054.26
Basic earnings per share (euros)	19.96	17.32

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)	
	2019	2018	2019	2018
Interim dividend	184.77	184.83	6.060	6.050
Final dividend	261.76	261.64	8.585	8.570
TOTAL	446.53	446.47	14.65	14.62

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.

The total dividend for 2019 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.

In 2019 the controlling company distributed an interim dividend equivalent to a total amount of 184,773,244.10 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 Sep. 28 2018
Cash available on date of the resolution	6.19
Increases in cash forecast within one year	804.61
(+) From expected current collection transactions	704.61
(+) From financial transactions	100.00
Decreases in cash forecast within one year	(401.64)
(-) From expected current payment transactions	(94.94)
(-) From expected financial transactions	(306.70)
Cash available within one year	409.16

Figures in millions of 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 acquiree 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 EU-IFRS 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	10%
Fittings	20-10	5%-10%
Data processing equipment	4-10	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 non-cancellable 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 passive 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 AreaProvision 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 reinsuranceProvision 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 [incurred but not reported] prior to the end of each financial period, based on past experience, are reported through the incurred but not reported claims provision (IBNR).

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, non-cumulative 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 and classification

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:

2019

Item	Opening balance	Adjustments to the opening balance	Changes to the scope	Additions or provisions	Disposals, cancellations or reductions	Closing balance
<u>COST</u>						
GOODWILL	1,951.37	20.53	132.32	--	(1.71)	2,102.51
OTHER INTANGIBLE FIXED ASSETS						
Portfolio acquisition expenses	1,346.33	(10.81)	71.42	--	--	1,406.94
Software	1,141.81	(0.50)	--	123.30	(11.51)	1,253.10
Other	134.64	(0.39)	6.80	123.41	(20.62)	243.84
TOTAL COST	4,574.15	8.83	210.54	246.71	(33.84)	5,006.39
<u>CUMULATIVE AMORTIZATION</u>						
OTHER INTANGIBLE FIXED ASSETS						
Portfolio acquisition expenses	(487.56)	4.29	--	(75.98)	--	(559.25)
Software	(701.96)	5.44	--	(75.26)	6.28	(765.50)
Other	(39.35)	(0.33)	--	(2.03)	0.05	(41.66)
TOTAL CUMULATIVE AMORTIZATION	(1,228.87)	9.40	--	(153.27)	6.33	(1,366.41)
<u>IMPAIRMENT</u>						
GOODWILL	(262.34)	(3.05)	--	(65.62)	1.71	(329.30)
OTHER INTANGIBLE ASSETS						
Portfolio acquisition expenses	(10.41)	--	--	--	--	(10.41)
Software	(0.12)	--	--	--	--	(0.12)
Other	(0.05)	--	--	--	--	(0.05)
TOTAL IMPAIRMENT	(272.92)	(3.05)	--	(65.62)	1.71	(339.88)
TOTAL GOODWILL	1,689.03	17.48	132.32	(65.62)	--	1,773.21
TOTAL OTHER INTANGIBLE ASSETS	1,383.33	(2.30)	78.22	93.44	(25.80)	1,526.89
TOTAL INTANGIBLE ASSETS	3,072.36	15.18	210.54	27.82	(25.80)	3,300.10

Figures in millions of euros

The amounts shown as changes in scope in 2019 are 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 Global de Seguros y Reaseguros, S.A. (hereinafter SANTANDER GLOBAL) (Note 6.24).

The main additions in Other intangible assets correspond to:

- 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 51.40 million euros.
- The payment of 24.84 million euros for the exclusivity agreement, for an undefined time period, for sale of all MAPFRE Mexico insurance products in the Actinver channel.

2018

Item	Opening balance	Adjustments to the opening balance	Changes to the scope	Additions or provisions	Disposals, cancellations or reductions	Closing balance
<u>COST</u>						
GOODWILL	2,024.91	10.36	(22.02)	--	(61.88)	1,951.37
OTHER INTANGIBLE FIXED ASSETS						
Portfolio acquisition expenses	1,527.22	(107.61)	--	32.44	(105.72)	1,346.33
Software	1,075.33	(11.78)	(5.18)	101.25	(17.81)	1,141.81
Other	167.42	1.17	(37.24)	38.79	(35.50)	134.64
TOTAL COST	4,794.88	(107.86)	(64.44)	172.48	(220.91)	4,574.15
<u>CUMULATIVE AMORTIZATION</u>						
OTHER INTANGIBLE FIXED ASSETS						
Portfolio acquisition expenses	(506.38)	26.22	--	(70.10)	62.70	(487.56)
Software	(614.82)	8.15	4.32	(102.79)	3.18	(701.96)
Other	(50.92)	(0.59)	14.20	(2.06)	0.02	(39.35)
TOTAL CUMULATIVE AMORTIZATION	(1,172.12)	33.78	18.52	(174.95)	65.90	(1,228.87)
<u>IMPAIRMENT</u>						
GOODWILL	(141.95)	2.18	--	(173.45)	50.88	(262.34)
OTHER INTANGIBLE ASSETS						
Portfolio acquisition expenses	(57.75)	3.28	--	--	44.06	(10.41)
Software	(0.11)	(0.01)	--	--	--	(0.12)
Other	(0.05)	--	--	--	--	(0.05)
TOTAL IMPAIRMENT	(199.86)	5.45	--	(173.45)	94.94	(272.92)
TOTAL GOODWILL	1,882.96	12.54	(22.02)	(173.45)	(11.00)	1,689.03
TOTAL OTHER INTANGIBLE ASSETS	1,539.94	(81.17)	(23.90)	(2.47)	(49.07)	1,383.33
TOTAL INTANGIBLE ASSETS	3,422.90	(68.63)	(45.92)	(175.92)	(60.07)	3,072.36

Figures in millions of euros

The amounts shown as changes in scope in 2018 were primarily the result of the reclassification to the caption "Non-current assets held for sale" of assets from funeral service businesses in Spain (Note 6.9.)

Portfolio acquisition expense entries in 2018 come from final price allocation for the acquisition of the business combinations carried out in 2017.

The main disposals in 2018 primarily came from the cancellation of totally amortized and/or deteriorated assets on the balance sheet.

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:

MAPFRE S.A. AND SUBSIDIARIES

Item	Book value	
	12/31/19	12/31/18
Goodwill on consolidation	1,763.17	1,679.00
Goodwill on merger	10.04	10.03
Other intangible assets	76.24	--

Figures in millions of 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 12.31.2017	2018		Initial 12.31.2018	2019		Initial 12.31.2019
		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)	258.40	EUR	212.57	--	--	212.57	--	--	212.57
MAPFRE GLOBAL RISKS	Insurance for Companies	40.75	EUR	40.17	--	--	40.17	--	--	40.17
GRUPO CORPORATIVO, L.M.L.	Non-Life Insurance (Mexico)	407.93	MXN	17.29	0.83	--	18.12	1.11	--	19.23
BRICKELL FINANCIAL SERVICES	Travel assistance (USA)	19.58	USD	15.46	0.73	--	16.19	0.39	(16.58)	--
MAPFRE WARRANTY	Extended Warranty	11.40	EUR	11.08	--	--	11.08	--	--	11.08
BB MAPFRE	Non-Life Insurance (Brazil)	350.29	BRL	88.10	(9.33)	--	78.77	(1.17)	--	77.60
ABRAXAS	Travel assistance (United Kingdom)	11.26	GBP	12.68	(0.15)	--	12.53	0.27	(12.80)	--
GENEL SIGORTA	Insurance (Turkey)	156.83	TRY	34.45	(8.62)	--	25.83	(2.33)	--	23.50
BANKINTER VIDA	Life insurance (Spain)	160.45	EUR	160.45	--	--	160.45	--	--	160.45
CCM VIDA Y PENSIONES	Life and Pensions insurance (Spain)	90.51	EUR	81.34	--	--	81.34	--	--	81.34
MAPFRE USA	Non-Life Insurance (USA)	882.40	USD	735.23	31.32	(129.64)	636.91	13.74	--	650.65
ASEGURADORA MUNDIAL	Insurance (Central America)	8.98	PAB	7.50	0.34	--	7.84	0.17	--	8.01
INSURANCE AND GO	Insurance (United Kingdom)	30.72	GBP	35.37	(0.38)	--	34.99	0.63	(35.62)	--
CENTURY AUTOMOTIVE	Insurance and reinsurance (USA)	30.35	USD	20.72	0.97	--	21.69	0.47	--	22.16
BANKINTER SEGUROS GENERALES	Non-Life Insurance (Spain)	12.72	EUR	12.46	--	--	12.46	--	--	12.46
BANKIA MAPFRE VIDA	Life insurance (Spain)	18.69	EUR	18.69	--	--	18.69	--	--	18.69
SOCIEDAD DE SEGUROS Y REASEGUROS S.A.	Funeral services (Spain)	17.88	EUR	17.88	(0.68)	--	17.20	--	--	17.20
VERTI VERSICHERUNG AG	Non-Life insurance (Germany)	125.47	EUR	125.47	--	--	125.47	--	--	125.47
VERTI ASSICURAZIONI S.P.A.	Non-Life Insurance (Italy)	101.30	EUR	68.27	--	(21.60)	46.67	--	--	46.67
ABDA	Insurance (Indonesia)	1,384,263.79	IDR	96.94	(13.49)	(22.21)	61.24	3.96	--	65.20
Other	--	--	--	38.33	0.46	--	38.79	0.23	(0.62)	38.40
TOTAL GOODWILL ON CONSOLIDATION				1,850.45	2.00	(173.45)	1,679.00	149.79	(65.62)	1,763.17
Goodwill on merger										
BANKINTER VIDA (branch in Portugal)	Life and Pensions insurance (Portugal)	5.34	EUR	5.34	--	--	5.34	--	--	5.34
GRUPO FUNESPAÑA	Funeral services (Spain)	41.09	EUR	22.01	(22.01)	--	--	--	--	--
Other	--	--	--	5.6	(0.47)	--	4.69	0.01	--	4.70
TOTAL GOODWILL ON MERGER				32.51	(22.48)	--	10.03	0.01	--	10.04
TOTAL GOODWILL				1,882.96	(20.48)	(173.45)	1,689.03	149.80	(65.62)	1,773.21
Goodwill in associated and multi-group undertakings										
SALVADOR CAETANO AUTO (SGPS), S.A.	Services (Portugal)	11.31	EUR	11.31	--	--	11.31	--	--	11.31
ABDA	Insurance (Indonesia)	4.55	EUR	--	--	--	--	4.55	--	4.55
SOLUNION SEGUROS DE CREDITO, S.A.	Insurance (Spain)	12.87	EUR	12.87	--	--	12.87	--	--	12.87
Otros	--	--	--	4.63	0.44	--	5.07	(0.31)	--	4.76
TOTAL GOODWILL IN ASSOCIATED AND MULTI-GROUP UNDERTAKINGS (EQUITY-ACCOUNTED) (*)				28.81	0.44	--	29.25	4.24	--	33.49

Figures in millions of euros

(*) Goodwill related to acquisitions of associated and multi-group undertakings is included as the greater value of investments recorded by the equity method.

• **Portfolio acquisition expenses**

Cash-generating unit	Business and Geographic Area	Gross amount at source		Initial 12.31.2017	2018		Initial 12.31.2018	2019		Initial 12.31.2019
		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)	200.89	EUR	138.05	--	(10.12)	127.93	--	(10.13)	117.80
BANKIA MAPFRE VIDA SOCIEDAD DE SEGUROS Y REASEGUROS S.A.	Life insurance (Spain)	89.59	EUR	63.10	--	(6.67)	56.43	--	(6.11)	50.32
CCM VIDA Y PENSIONES	Life and Pensions insurance (Spain)	82.55	EUR	43.50	--	(4.03)	39.47	--	(3.99)	35.48
MAPFRE USA	Non-Life Insurance (USA)	48.26	USD	--	--	--	--	--	--	--
BB MAPFRE	Life Insurance (Brazil)	3,461.42	BRL	643.45	(67.30)	(318.1)	544.34	(7.33)	(32.44)	504.57
GENEL SIGORTA	Insurance (Turkey)	95.40	TRY	5.59	(132)	(0.82)	3.45	(0.28)	(0.59)	2.58
MAPFRE FINISTERRE	Non-Life Insurance (Spain)	87.94	EUR	40.27	--	(2.53)	37.74	--	(2.47)	35.27
VERTI VERSICHERUNG AG	Non-Life insurance (Germany)	23.52	EUR	18.74	--	(4.09)	14.65	--	(3.29)	11.36
ABDA	Insurance (Indonesia)	48194.146	IDR	--	23.60	(7.82)	15.78	0.91	(6.60)	10.09
Other	--	--	--	10.39	0.39	(2.21)	8.57	0.18	(2.30)	6.45
TOTAL PORTFOLIO ACQUISITION EXPENSES				963.09	(44.63)	(70.10)	848.36	64.90	(75.98)	837.28

Figures in millions of 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 main cash-generating units at the close of the last two periods:

Cash-generating unit	Contrast value		Recoverable value	
	2019	2018	2019	2018
MAPFRE VIDA	1,875.12	1,781.21	6,118.15	4,424.07
BB MAPFRE	230.55	251.14	1,442.47	850.11
BANKINTER VIDA (Spain)	260.42	270.84	754.85	584.39
CCM VIDA Y PENSIONES	147.90	143.81	254.27	193.74
MAPFRE USA	1,763.61	1,612.18	2,524.65	1,612.18
MAPFRE SIGORTA	143.26	149.80	145.03	158.07
VERTI ASSICURAZIONI S.P.A.	370.81	410.01	388.45	410.01
VERTI VERSICHERUNG AG	301.21	289.79	436.23	295.49
ABDA	119.19	117.52	120.00	117.52

Figures in millions of 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 cash-generating 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 cash-generating unit operates.

The risk-free rate applied varied between 0.19 percent and 12.00 percent in 2019, and between 0.25 percent and 15.83 in 2018.

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 following discount rates applied to the discounted cash flows were used to calculate the recoverable value of the main cash-generating units:

Cash-generating unit	After tax		Before tax	
	2019	2018	2019	2018
MAPFRE USA	6,52%	8,10%	7.70%	9.55%
MAPFRE VIDA, BANKINTER VIDA (Spain) and CCM VIDA Y PENSIONES	5,44%	6,44%	6.89%	7.89%
BB MAPFRE	10,14%	13,60%	11.85%	15.86%
MAPFRE SIGORTA	16,90%	19,25%	18.97%	21.13%
VERTI ASSICURAZIONI S.P.A.	6,29%	6,95%	7.92%	8.33%
VERTI VERSICHERUNG AG	4,29%	5,05%	5.53%	5.69%
ABDA	10,74%	11,60%	12.97%	15.36%

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)	
	2019	2018	2019	2018
Spain	1.77%	1.94%	1.77%	1.94%
United States	2.29%	2.12%	2.29%	2.12%
Turkey	11.00%	13.00%	11.50%	13.50%
Brazil	3.49%	3.97%	3.99%	4.47%
Italy	1.50%	1.71%	1.50%	1.71%
Germany	2.13%	2.56%	2.13%	2.56%
Indonesia	2.98%	2.99%	3.48%	3.49%

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 Brazil, Indonesia and Italy, a time horizon of longer than five years has been 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 cases of Indonesia and the reorganization from the Italy branch transformation plan.

The most relevant hypotheses used to determine cash flows from the main cash-generating units are as follows:

Cash-generating unit	Average net premium growth		Average net result growth		Average premium capital requirement ratio	
	2019	2018	2019	2018	2019	2018
MAPFRE USA	0.22%	0.31%	13.37%	21.89%	15.02%	12.84%
MAPFRE VIDA	1.78%	(2.97%)	1.15%	(0.65%)	45.73%	39.63%
BANKINTER VIDA	3.50%	7.04%	3.95%	3.64%	21.74%	7.46%
CCM VIDA Y PENSIONES	0.66%	2.41%	(0.27%)	0.23%	63.26%	28.06%
BB MAPFRE	10.82%	6.58%	11.18%	5.94%	10.81%	11.00%
MAPFRE SIGORTA	11.17%	15.58%	32.09%	17.07%	29.43%	27.07%
VERTI ASSICURAZIONI S.P.A.	2.56%	6.02%	20.45%	38.48%	45.71%	33.97%
VERTI VERSICHERUNG AG	6.07%	5.63%	8.12%	11.67%	31.28%	38.14%
ABDA	7.39%	12.69%	24.76%	20.19%	35.00%	22.06%

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, VERTI ASSICURAZIONI, and ABDA).

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 cash-generating unit would imply reductions in the recoverable values of between 10.57 and 31.82 percent in 2019, and between 9.40 and 41.74 percent in 2018, 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.
- 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 1.28 and 6.56 percent in 2019, and between 0.94 and 13.99 percent in 2018, 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 2019 from goodwill for de MAPFRE ABRAXAS, INSURE & GO y BRICKEL FINANCIAL SERVICES, for the total amount of 65.00 million euros, originates 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.

The impairment loss recorded in 2018 for goodwill in MAPFRE USA, VERTI ITALY and ABDA, for the total amount of 173.45 million euros, originates in the update, carried out by the Group at the end of 2018, of the macroeconomic environment and other risk factors that could affect the insurance business in the future. As such, the low-interest rate environment in various regions that is creating lower financial income, pressure on emerging economies and their currencies, and the unusual frequency of catastrophic claims in recent years in multiple geographies, marked a change in predictive models, and were risk factors that can condition future results growth patterns. In this context, the Group updated the projections of results for the areas of business, with improvements in countries whose business model is well-grounded, and slightly moderating medium and long-term profit growth expectations in the countries with greater exposure to these risks. This update of projections led to the previously mentioned extraordinary goodwill writedown of direct insurance operations in the United States, Italy and Indonesia.

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:

2019

Item	Opening balance	Adjustments to the opening balance	Changes to the scope	Additions or provisions	Disposals, cancellations or reductions	Closing balance	Market value
<u>COST</u>							
REAL ESTATE FOR OWN USE							
Land and natural resources	46.88	2.54	--	1.60	(16.79)	34.23	85.05
Buildings and other structures	1,035.52	0.14	--	17.56	(14.67)	1,038.55	1,144.99
Lease right of use							
OTHER PROPERTY, PLANT AND EQUIPMENT							
Vehicles	31.44	(0.09)	--	3.95	(3.46)	31.84	10.86
Furniture and fittings	470.12	(4.02)	--	51.04	(20.65)	496.49	159.41
Other property, plant and equipment	262.76	1.41	--	16.56	(24.80)	255.93	87.21
Advances and fixed assets in progress	9.82	(0.25)	--	10.30	(13.28)	6.59	6.59
Lease right of use							
TOTAL COST	1,856.54	(0.27)	--	432.55	(93.66)	2,195.16	1,780.64
<u>CUMULATIVE DEPRECIATION</u>							
REAL ESTATE FOR OWN USE	(218.34)	(0.77)	--	(62.45)	2.17	(279.39)	--
OTHER FIXED ASSETS	(512.42)	3.13	--	(57.95)	40.64	(526.60)	--
TOTAL CUMULATIVE DEPRECIATION	(730.76)	2.36	--	(120.40)	42.81	(805.99)	--
<u>IMPAIRMENT</u>							
REAL ESTATE FOR OWN USE							
Land and natural resources	--	--	--	--	--	--	--
Buildings and other structures	(11.40)	--	--	(2.11)	3.52	(9.99)	--
OTHER FIXED ASSETS							
Vehicles	--	--	--	--	--	--	--
Furniture and fittings	--	--	--	--	--	--	--
Other property, plant and equipment	(2.04)	--	--	--	--	(2.04)	--
TOTAL IMPAIRMENT	(13.44)	--	--	(2.11)	3.52	(12.03)	--
TOTAL REAL ESTATE FOR OWN USE	852.66	1.91	--	282.84	(25.78)	1,111.63	1,515.13
TOTAL OTHER FIXED ASSETS	259.68	0.18	--	27.20	(21.55)	265.51	265.51
TOTAL PROPERTY, PLANT & EQUIPMENT	1,112.34	2.09	--	310.04	(47.33)	1,377.14	1,780.64

The main additions in 2019 come from the change in accounting policy regarding leases, explained in Notes 2.4, 5.4 and 6.3.

2018

Item	Opening balance	Adjustments to the opening balance	Changes to the scope	Additions or provisions	Disposals, cancellations or reductions	Closing balance	Market value
<u>COST</u>							
REAL ESTATE FOR OWN USE							
Land and natural resources	56.89	(10.57)	(0.23)	5.97	(5.18)	46.88	89.47
Buildings and other structures	1,095.17	(5.33)	(50.51)	18.89	(22.70)	1,035.52	1,143.52
Lease right of use							
OTHER PROPERTY, PLANT AND EQUIPMENT							
Vehicles	35.33	(1.22)	(5.36)	7.54	(4.85)	31.44	12.40
Furniture and fittings	469.94	(2.63)	(10.41)	40.63	(27.41)	470.12	169.97
Other property, plant and equipment	270.59	(8.21)	(0.19)	27.51	(26.94)	262.76	73.59
Advances and fixed assets in progress	7.85	(0.09)	(0.26)	24.16	(21.84)	9.82	9.82
Lease right of use							
TOTAL COST	1,935.77	(28.05)	(66.96)	124.70	(108.92)	1,856.54	1,498.77
<u>CUMULATIVE DEPRECIATION</u>							
REAL ESTATE FOR OWN USE	(213.97)	2.76	8.64	(19.66)	3.89	(218.34)	--
OTHER FIXED ASSETS	(510.01)	7.70	13.25	(60.11)	36.75	(512.42)	--
TOTAL CUMULATIVE DEPRECIATION	(723.98)	10.46	21.89	(79.77)	40.64	(730.76)	--
<u>IMPAIRMENT</u>							
REAL ESTATE FOR OWN USE							
Land and natural resources	--	--	--	--	--	--	--
Buildings and other structures	(17.45)	--	0.18	(2.22)	8.09	(11.40)	--
OTHER FIXED ASSETS							
Vehicles	0.21	(0.21)	--	--	--	--	--
Furniture and fittings	0.28	(0.28)	--	--	--	--	--
Other fixed assets	(3.10)	1.00	--	--	0.06	(2.04)	--
TOTAL IMPAIRMENT	(20.06)	0.51	0.18	(2.22)	8.15	(13.44)	--
TOTAL REAL ESTATE FOR OWN USE	920.64	(13.14)	(41.92)	2.98	(15.90)	852.66	1,232.99
TOTAL OTHER FIXED ASSETS	271.09	(3.94)	(2.97)	39.73	(44.23)	259.68	265.78
TOTAL PROPERTY, PLANT & EQUIPMENT	1,191.73	(17.08)	(44.89)	42.71	(60.13)	1,112.34	1,498.77

Figures in millions of euros

The amounts shown as changes in scope in 2018 are primarily the result of the reclassification to the caption "Non-current assets held for sale" of assets from funeral service businesses in Spain (Note 6.9).

Real estate investment

The following tables show the movements under this heading in the last two years:

2019

Item	Opening balance	Adjustments to the opening balance	Changes to the scope	Additions or provisions	Disposals, cancellations or reductions	Closing balance	Market value
<u>COST</u>							
INVESTMENT IN REAL ESTATE							
Land and natural resources	597.19	0.60	--	0.03	(79.62)	518.20	363.25
Buildings and other structures	1,176.65	4.75	--	182.34	(20.79)	1,342.95	1,424.14
TOTAL COST	1,773.84	5.35	--	182.37	(100.41)	1,861.15	1,787.39
<u>CUMULATIVE DEPRECIATION</u>							
INVESTMENT IN REAL ESTATE	(281.71)	(0.14)	--	(18.55)	5.30	(295.10)	--
TOTAL CUMULATIVE DEPRECIATION	(281.71)	(0.14)	--	(18.55)	5.30	(295.10)	--
<u>IMPAIRMENT</u>							
INVESTMENT IN REAL ESTATE							
Land and natural resources	(203.17)	(0.01)	--	(1.81)	7.99	(197.00)	--
Buildings and other structures	(45.36)	(0.22)	--	(2.55)	2.43	(45.70)	--
TOTAL IMPAIRMENT	(248.53)	(0.23)	--	(4.36)	10.42	(242.70)	--
TOTAL REAL ESTATE INVESTMENT	1,243.60	4.98	--	159.46	(84.69)	1,323.35	1,787.39

Figures in millions of euros

The main additions in 2019 correspond to real estate acquired by the real estate investment fund Stable Income European Real Estate Fund in the course of its regular course of activity.

2018

Item	Opening balance	Adjustments to the opening balance	Changes to the scope	Additions or provisions	Disposals, cancellations or reductions	Closing balance	Market value
<u>COST</u>							
INVESTMENT IN REAL ESTATE							
Land and natural resources	616.57	(5.31)	--	0.39	(14.46)	597.19	442.16
Buildings and other structures	1,167.48	7.24	--	25.18	(23.25)	1,176.65	1,242.13
TOTAL COST	1,784.05	1.93	--	25.57	(37.71)	1,773.84	1,684.29
<u>CUMULATIVE DEPRECIATION</u>							
INVESTMENT IN REAL ESTATE	(266.08)	(0.15)	--	(19.47)	3.99	(281.71)	--
TOTAL CUMULATIVE DEPRECIATION	(266.08)	(0.15)	--	(19.47)	3.99	(281.71)	--
<u>IMPAIRMENT</u>							
INVESTMENT IN REAL ESTATE							
Land and natural resources	(218.76)	--	--	(6.80)	22.39	(203.17)	--
Buildings and other structures	(48.50)	(0.04)	--	(4.98)	8.16	(45.36)	--
TOTAL IMPAIRMENT	(267.26)	(0.04)	--	(11.78)	30.55	(248.53)	--
TOTAL REAL ESTATE INVESTMENT	1,250.71	1.74	--	(5.68)	(3.17)	1,243.60	1,684.29

Figures in millions of euros

The main disposals in 2019 correspond to the sale of a building in Santiago de Chile, for a sale price of 57.85 million euros and a profit, net of taxes, of 24.70 million euros.

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 2019 and 2018 are shown in the table below:

Item	Type of investment							
	Operating investment		Equity		Other Activities		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
<u>Revenue from real estate investment</u>								
From rentals	48.07	42.16	1.52	2.13	15.58	13.70	65.17	57.99
Other	1.45	31.88	0.01	0.05	1.88	2.33	3.34	34.26
Gains on disposals	9.27	25.64	0.40	0.36	2.67	6.32	12.34	32.32
Total revenue from real estate investment	58.79	99.68	1.93	2.54	20.13	22.35	80.85	124.57
<u>Expenses from real estate investment</u>								
Direct operating expenses	21.85	23.01	--	--	0.61	--	22.46	23.01
Other expenses	2.75	4.69	0.15	0.04	8.52	8.45	11.42	13.18
Losses on disposals	5.28	5.70	--	--	--	0.05	5.28	5.75
Total expenses from real estate investment	29.88	33.40	0.15	0.04	9.13	8.50	39.16	41.94

Figures in millions of euros

6.3. LEASING

The information regarding lease contracts for 2019 have been prepared in line with EU-IFRS 16, the regulation in effect as of January 1 this year.

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 opening balances at January 1, 2019 from the application of EU-IFRS 16 for lease contracts in which the Group is the lessee stood at 312.44 million euros of right-of-use assets and 328.30 million in liabilities for payment obligations.

The financial statements at the close of 2019 include the following amounts:

Item	Real estate for own use	Other fixed assets	Total
ASSET			
Right-of-use (net book value)	285.09	1.44	286.53
LIABILITY			
Other financial liabilities (payment obligations)	309.67	5.72	315.39
INCOME STATEMENT			
Depreciation	-43.14	-1.86	-45
Interest expenses	-16.87	-0.37	-17.24

Figures in millions of 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 35.14 million euros.

Total payments for the period reach 59.75 million euros.

The future minimum payments for non-cancellable leases at the close of 2019, not considering the financial discount, are as follows:

Item	Real estate for own use	Other fixed assets	Total
Less than one year	55.98	3.20	59.18
More than one year but less than five	166.38	3.15	169.53
More than five years	200.09	--	200.09
TOTAL	422.45	6.35	428.80

Figures in millions of 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 5.18 and 8.83 percent, respectively.

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.

In 2018, operating lease Operations were recorded according to EU-IAS 17 “Leases”, in force at the close of the period, and said information has not been restated, as permitted by EU_IFRS 16.

The future minimum payments payable for non-cancellable operating leases at December 31, 2018 according to EU-IAS 17 were as follows:

Item	2018
Less than one year	42.09
More than one year but less than five	157.24
More than five years	232.30
TOTAL	431.63

Figures in millions of euros

The Group is lessor of operating leases covering real estate. These lease terms have an average duration of between five and six 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	
	2019	2018
Real estate investments	1,002.15	849.58

Figures in millions of euros

Payments from operating leases for the last two years is as follows:

Item	2019	2018
Less than one year	55.60	53.18
More than one year but less than five	147.30	143.82
More than five years	98.52	96.48
TOTAL	301.42	293.48

Figures in millions of euros

6.4. FINANCIAL INVESTMENTS

At December 31, 2019 and 2018 the composition of financial investments was as follows:

Item	Book value	
	2019	2018
<u>HELD-TO-MATURITY PORTFOLIO</u>		
Fixed income	1,949.70	1,939.60
Other investments	23.69	11.87
TOTAL HELD TO MATURITY PORTFOLIO	1,973.39	1,951.47
<u>AVAILABLE-FOR-SALE PORTFOLIO</u>		
Shares	2,021.12	1,799.94
Fixed income	34,312.36	31,487.88
Mutual Funds	725.98	432.38
Other	25.75	33.53
TOTAL AVAILABLE FOR SALE PORTFOLIO	37,085.21	33,753.73
<u>TRADING PORTFOLIO</u>		
Derivatives (not for hedging):		
Financial swaps	494.47	453.00
Options	0.03	0.70
Other investments:		
Shares	739.91	607.21
Fixed income	3,181.59	3,090.04
Mutual Funds	1,100.11	898.05
Hybrids	392.72	413.13
Deposits	0.42	--
Other	28.02	78.64
TOTAL TRADING PORTFOLIO	5,937.27	5,540.77

Figures in millions of euros

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 2019 and 2018, 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. In 2018, only those securities from the most relevant Units and Regional Areas were analyzed. The results of said analysis is shown below, with a breakdown of Book and Fair values at December 31, 2019 and 2018, and the variation of the fair value during said periods.

2019

Result	Book Value	Fair value	
		Amount	Variation
Pass SPPI test	35,317.45	35,521.03	1,897.80
Do not pass SPPI test	944.61	945.25	46.75
Total	36,262.06	36,466.28	1,944.55

Figures in millions of 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
AAA	2,076.86	2,176.27
AA	2,993.55	2,994.51
A	20,265.76	20,265.77
BBB	7,970.96	7,983.14
BB OR LESS	1,427.90	1,520.00
NO CREDIT RATING	582.42	581.34
Total	35,317.45	35,521.03

Figures in millions of euros

2018

Result	Book value	Fair value	
		Amount	Variation
Pass SPPI test	29,750.01	29,928.39	(178.38)
Do not pass SPPI test	445.29	443.87	(19.20)
Inconclusive	1,671.10	1,682.60	(19.05)
Total analyzed	31,866.40	32,054.86	(216.63)

Figures in millions of euros

Of the securities that pass the SPPI test, 99 percent correspond to instruments with low credit risk, classified as investment grade.

Held-to-maturity portfolio

The investments allocated to the held-to-maturity portfolio at December 31, 2019 and 2018 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	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Fixed income	1,949.70	1,939.60	1,943.85	1,845.18	167.18	131.63	42.88	37.53	177.29	183.12	--	--	--	--
Other investments	23.69	11.87	15.51	5.83	0.23	0.04	7.95	5.99	3.11	1.58	--	--	--	--
TOTAL	1,973.39	1,951.47	1,959.36	1,851.01	167.41	131.67	50.83	43.52	180.40	184.70	--	--	--	--

Figures in millions of euros

In relation to Level 3 financial assets in the held-to-maturity portfolio, no significant transactions were carried out in 2019 and 2018.

Available-for-sale portfolio

The investments allocated to the available-for-sale portfolio, at December 31, 2019 and 2018 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	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Shares	1,956.11	1,745.91	62.55	49.50	2.46	4.53	2,021.12	1,799.94	(1.85)	(4.19)	--	0.12
Fixed income	28,594.55	26,702.47	5,708.84	4,771.83	8.97	13.58	34,312.36	31,487.88	(11.45)	(10.53)	0.01	0.05
Mutual Funds	381.85	322.73	37.27	0.52	306.86	109.13	725.98	432.38	(0.26)	--	--	--
Other	25.75	29.16	--	4.35	--	0.02	25.75	33.53	--	--	--	--
TOTAL	30,958.26	28,800.27	5,808.66	4,826.20	318.29	127.26	37,085.21	33,753.73	(13.56)	(14.72)	0.01	0.17

Figures in millions of euros

The valuation adjustments of portfolio investments amounted to 5.50 and 3.42 billion euros at December 31, 2019 and 2018 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 2019 and 2018, amount to 440.24 and 144.29 million euros, respectively.

In 2019 and 2018, there were asset transfers from Levels 1 to Level 2 for the amount of 872.98 and 975.67 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	
	2019	2018	2019	2018	2019	2018	2019	2018
Opening balance	113.66	32.00	13.58	16.18	0.02	--	127.26	48.18
Acquisitions	225.82	72.94	8.57	12.85	--	--	234.39	85.79
Disposals	(30.34)	(4.73)	(8.60)	(12.91)	--	--	(38.94)	(17.64)
Transfer from Level 1 or 2	--	24.66	--	0.49	--	--	--	25.15
Transfer to Level 1 or 2	--	--	--	--	--	--	--	--
Amortization	--	--	--	--	--	--	--	--
Gains and losses	2.41	(2.91)	(4.54)	(3.03)	--	--	(2.13)	(5.94)
Other	(2.23)	(8.30)	(0.04)	--	(0.02)	0.02	(2.29)	(8.28)
Closing balance	309.32	113.66	8.97	13.58	--	0.02	318.29	127.26

Figures in millions of euros

At the close of 2019 and 2018, 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 2019 and 2018, losses of 4.28 and 3.38 million euros, respectively, were recognized for the equity investment in SAREB. No provisions were made during the periods 2019 and 2018 for significant impairment to investments in unquoted assets analyzed individually.

At the close of 2019 and 2018, the Group had fixed-income assets as guarantees for financial swap operations with a market value of 496.49 and 425.26 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 516.90 and 465.16 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, 2019 and 2018 are shown below:

Item	Book value (fair value)							
	Level 1. Quotation price		Level 2. Observable data		Level 3. Other measurements		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Derivatives (not for hedging)								
Financial swaps	--	--	494.47	453.00	--	--	494.47	453.00
Options	--	--	0.03	0.70	--	--	0.03	0.70
TOTAL DERIVATIVES (NOT FOR HEDGING)	--	--	494.50	453.70	--	--	494.50	453.70
Other investments								
Shares	738.56	605.86	0.05	0.05	1.30	1.30	739.91	607.21
Fixed income	2,610.66	2,900.95	570.93	189.09	--	--	3,181.59	3,090.04
Mutual Funds	1,058.91	895.16	41.20	2.89	--	--	1,100.11	898.05
Hybrids	93.79	10.59	298.93	402.54	--	--	392.72	413.13
Deposits	0.42	--	--	--	--	--	0.42	--
Other	0.01	0.41	1.07	78.23	26.94	--	28.02	78.64
TOTAL OTHER INVESTMENTS	4,502.35	4,412.97	912.18	672.80	28.24	1.30	5,442.77	5,087.07
TOTAL TRADING PORTFOLIO	4,502.35	4,412.97	1,406.68	1,126.50	28.24	1.30	5,937.27	5,540.77

Figures in millions of euros

During 2019 and 2018 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 2019 and 2018 results are as follows:

Item	Gains (Losses) allocated to results			
	Unrealized		Realized	
	2019	2018	2019	2018
Derivatives (not for hedging)				
Financial swaps	(4.79)	(41.89)	14.79	(5.80)
Options	--	--	(0.82)	(0.28)
TOTAL DERIVATIVES (NOT FOR HEDGING)	(4.79)	(41.89)	13.97	(6.08)
Other investments				
Shares	64.11	(22.47)	18.31	(1.27)
Fixed income	44.86	(12.17)	19.68	(6.16)
Mutual Funds	76.64	(55.96)	20.60	(3.30)
Hybrids	17.44	(9.60)	--	--
Deposits	--	--	--	--
Other	0.42	(0.08)	(6.04)	0.10
TOTAL OTHER INVESTMENTS	203.47	(100.28)	52.55	(10.63)
TOTAL TRADING PORTFOLIO	198.68	(142.17)	66.52	(16.71)

Figures in millions of 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 494.47 million euros was recorded in the trading portfolio for this item in 2019 (453.00 million euros in 2018).

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, 2019 and 2018:

Item	Book value (fair value)								Earnings			
	Level 1. Quotation price		Level 2. Observable data		Level 3. Other measurements		Total		Unrealized		Realized	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Shares	670.61	414.99	--	--	--	--	670.61	414.99	11.39	(44.92)	--	0.05
Fixed income	262.30	803.76	563.01	260.41	--	--	825.31	1,064.17	62.98	(47.52)	21.15	16.95
Mutual funds holdings	1,014.28	763.25	0.04	0.08	--	--	1,014.32	763.33	45.26	(16.12)	37.35	33.49
TOTAL	1,947.19	1,982.00	563.05	260.49	--	--	2,510.24	2,242.49	119.63	(108.56)	58.50	50.49

Figures in millions of 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 295.44 and 134.43 million euros to December 31, 2019 and 2018, respectively. The breakdown of the assets this appears in is the following:

Item	2019	2018
Fixed income	193.17	33.42
Mutual funds	83.86	88.19
Other	18.41	12.82
TOTAL	295.44	134.43

Figures in millions of euros

6.6. RECEIVABLES

The breakdown of the “Receivables” heading at December 31, 2019 and 2018, 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			
	2019	2018	2019	2018	2019	2018	Recorded losses		Reversal gains	
							2019	2018	2019	2018
Receivables on direct insurance and co-insurance operations	4,002.28	3,709.38	(57.19)	(65.17)	3,945.09	3,644.21	(11.29)	(10.82)	6.97	9.93
Receivables on reinsurance operations	971.75	939.29	(37.42)	(36.21)	934.33	903.08	(16.44)	(21.95)	15.89	15.64
Tax receivables	409.20	336.70	--	--	409.20	336.70	--	--	--	--
Corporate and other receivables	798.38	895.11	(17.61)	(17.90)	780.77	877.21	(10.47)	(3.02)	2.43	2.28
TOTAL	6,181.61	5,880.48	(112.22)	(119.28)	6,069.39	5,761.20	(38.20)	(35.79)	25.29	27.85

Figures in millions of 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. In 2018 two Brazilian subsidiaries wrote off unrecoverable balances in “Receivables on direct insurance and co-insurance operations” for the amounts of 35.11 and 38.83 million euros, respectively. As the unrecoverable amounts came from prior years, they were included, net of taxes, in other variations in Reserves and Non-controlling interests in the Consolidated statement of changes in equity, for the total amount, including other minor adjustments in Debt and Technical Provisions, of 26.67 and 27.17 million euros, respectively.

The breakdown for the "Corporate and other receivables" heading at the close of the last two years is as follows:

Corporate and other receivables	Amount	
	2019	2018
Debtors of sales or provision of services	95.55	236.38
Receivables for claim recovery (including collaboration agreements with other insurance companies)	19.47	33.68
Advance payment of policies (Life insurance)	28.53	29.30
Legal deposits	376.05	326.03
Receivables with Public Administrations	2.99	0.55
Balance receivables from personnel	25.37	27.70
Other debtors	232.81	223.57
TOTAL	780.77	877.21

Figures in millions of euros

Impairment is calculated and, where necessary, recognized, as described in the accounting policy 5.9 "Receivables" in this annual report.

The balances included in the "Receivables" heading do not accrue interest and generally their liquidation is executed the following year.

6.7 ASSET IMPAIRMENT

The following tables show asset impairment for the last two periods:

2019

Impairment in:	Opening balance	Adjustments to the opening balance	Changes to the scope	Recorded in results		Write-off of asset	Closing balance
				Increase	Decrease		
Intangible assets	272.92	3.05	--	65.62	--	(1.71)	339.88
I. Goodwill	262.34	3.05	--	65.62	--	(1.71)	329.30
II. Other intangible assets	10.58	--	--	--	--	--	10.58
Property, plant and equipment	13.44	--	--	2.11	(3.52)	--	12.03
I. Real estate for own use	11.40	--	--	2.11	(3.52)	--	9.99
II. Other property, plant and equipment	2.04	--	--	--	--	--	2.04
Investments	395.05	(0.59)	--	24.17	(7.24)	(56.82)	354.57
I. Real estate investments	248.53	0.23	--	4.36	(7.23)	(3.19)	242.70
II. Financial investments	--	--	--	--	--	--	--
-Held-to-maturity portfolio	--	--	--	--	--	--	--
- Available-for-sale portfolio	108.94	(0.78)	--	13.56	(0.01)	(28.50)	93.21
-Trading portfolio	--	--	--	--	--	--	--
III. Investments recorded by applying the equity method	18.62	--	--	--	--	(8.53)	10.09
IV. Deposits established for accepted reinsurance	--	--	--	--	--	--	--
V. Other investments	18.96	(0.04)	--	6.25	--	(16.60)	8.57
Inventories	80.77	--	--	1.22	(1.24)	--	80.75
Receivables	119.28	3.03	--	38.20	(25.29)	(23.00)	112.22
I. Receivables on direct insurance and co-insurance operations	65.17	(1.81)	--	11.29	(6.97)	(10.49)	57.19
II. Receivables on reinsurance operations	36.21	4.56	--	16.44	(15.89)	(3.90)	37.42
III. Tax receivables	--	--	--	--	--	--	--
IV. Social security and other receivables	17.90	0.28	--	10.47	(2.43)	(8.61)	17.61
Other assets	--	--	--	--	--	--	--
TOTAL IMPAIRMENT	881.46	5.49	--	131.32	(37.29)	(81.53)	899.45

Figures in millions of euros

2018

Impairment in:	Opening balance	Adjustments to the opening balance	Changes to the scope	Recorded in results		Write-off of asset	Closing balance
				Increase	Decrease		
Intangible assets	199.86	(5.45)	--	173.45	--	(94.94)	272.92
I. Goodwill	141.95	(2.18)	--	173.45	--	(50.88)	262.34
II. Other intangible assets	57.91	(3.27)	--	--	--	(44.06)	10.58
Property, plant and equipment	20.06	(0.51)	(0.18)	2.22	(8.09)	(0.06)	13.44
I. Real estat for own use	17.45	--	(0.18)	2.22	(8.09)	--	11.40
II. Other property, plant and equipment	2.61	(0.51)	--	--	--	(0.06)	2.04
Investments	450.82	(39.28)	--	28.81	(28.68)	(16.62)	395.05
I. Real estate investments	267.26	0.04	--	11.78	(28.51)	(2.04)	248.53
II. Financial investments	--	--	--	--	--	--	--
-Held-to-maturity portfolio	--	--	--	--	--	--	--
- Available-for-sale portfolio	155.94	(46.97)	--	14.72	(0.17)	(14.58)	108.94
-Trading portfolio	--	--	--	--	--	--	--
III. Investments recorded by applying the equity method	18.62	--	--	--	--	--	18.62
IV. Deposits established for accepted reinsurance	--	--	--	--	--	--	--
V. Other investments	9.00	7.65	--	2.31	--	--	18.96
Inventories	78.59	--	--	4.08	(1.90)	--	80.77
Receivables	142.07	(11.03)	--	35.79	(27.85)	(19.70)	119.28
I. Receivables on direct insurance and co-insurance operations	78.35	(13.66)	--	10.82	(9.93)	(0.41)	65.17
II. Receivables on reinsurance operations	46.81	2.38	--	21.95	(15.64)	(19.29)	36.21
III. Tax receivables	--	--	--	--	--	--	--
IV. Corporate and other receivables	16.91	0.25	--	3.02	(2.28)	--	17.90
Other assets	--	--	--	--	--	--	--
TOTAL IMPAIRMENT	891.40	(56.27)	(0.18)	244.35	(66.52)	(131.32)	881.46

Figures in millions of euros

6.8. CASH

Expenditure

During 2019 and 2018 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
2019				
MAPFRE VIDA S.A.	CAJA GRANADA VIDA S.A.	51.00%	Insurance	61.76
MAPFRE VIDA S.A.	CAJA MURCIA VIDA AND PENSIONES S.A.	51.00%	Insurance	48.55
MAPFRE ESPAÑA S.A.	SANTANDER MAPFRE S.A.	50.01%	Insurance	82.27
2018				
MAPFRE BRASIL PARTICIPAÇÕES S.A.	MAPFRE BB SH2 PARTICIPAÇÕES S.A.	50.00%	Holdings from insurance entities	519.44

Figures in millions of euros

The aforementioned investments were financed using shareholders' equity, the issue of bonds, bank loans and drawdowns on the long-term line of credit.

Acquisitions in 2018 are framed by the reorganization of the business in the strategic alliance between MAPFRE and Banco do Brasil, by means of which the Group became shareholder of 100 percent of the business coming from the agent network and the auto and large risk business from the bank channel. The acquisition generated a reduction in non-controlling interests and in reserves for the amount of 331.62 and 196.34 million euros respectively.

No significant non-monetary transactions related to investment and financing activities have been excluded from the cash flow statement.

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, 2019 and 2018, 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 108.75 and 98.09 million euros, respectively.

6.9. NON-CURRENT ASSETS HELD FOR SALE, ASSOCIATED LIABILITIES AND DISCONTINUED OPERATIONS

At December 31, 2019 and 2018 the main non-current assets held for sale, discontinued operations and associated liabilities were as follows:

Item	Non-current assets classified as held-for-sale		Discontinued operations		Total	
	2019	2018	2019	2018	2019	2018
Assets						
Intangible assets	50.84	40.66	--	--	50.84	40.66
Property, plant and equipment	63.54	43.06	--	--	63.54	43.06
Investments	80.08	201.81	--	--	80.08	201.81
Credits	7.68	16.44	--	--	7.68	16.44
Cash	28.26	31.48	--	--	28.26	31.48
Other assets	33.84	8.03	--	--	33.84	8.03
Total assets	264.24	341.48	--	--	264.24	341.48
Related liabilities						
Technical provisions	69.02	63.28	--	--	69.02	89.96
Provision for risks and expenses	1.56	89.96	--	--	1.56	1.08
Deferred tax liabilities	1.18	1.08	--	--	1.18	1.08
Other debts	64.08	39.64	--	--	64.08	39.64
Total liabilities	135.84	193.96	--	--	135.84	193.96

Figures in millions of 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.

2019

- Funeral service business in Spain

In the last quarter of 2018, MAPFRE España and Santa Lucía S.A. signed a non-binding memorandum of understanding by virtue of which both parties reflected the preliminary agreements reached with the aim of establishing a strategic alliance for the joint development of their respective funeral service businesses in Spain. This alliance was formalized in 2019. 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 have been 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 193.13 and 65.88 million euros, respectively, at the close of 2019; and 135.74 and 39.04 million euros, respectively, at the close of 2018.

- Cession of long-term Complementary High-Risk Workers' Compensation Insurance in Peru

This will imply the transfer of assets and liabilities linked to this insurance, for the amount of 69.02 million euros.

2018

- Reorganization of activity in the United States

In 2018, MAPFRE has reorganized its activity in the United States, selling its Life operation and exiting five states where it was operating primarily in the Auto line, due to not having sufficient scale there to make them profitable.

This restructuring was based on the following three transactions:

- a) The sale during the second quarter of 2018 of MAPFRE Life Insurance Company to the Swiss reinsurer Swiss Re. The sale transaction was limited to assets and liabilities, as well as the license MAPFRE had in all states in the U.S. to operate in the Life insurance line.
- b) The sale to the US insurer Plymouth Rock of the business in New York and New Jersey. In the case of New York, MAPFRE sold its subsidiary, MAPFRE Insurance Company, while in New Jersey, the operation was structured as a business portfolio transfer to various entities of the Plymouth Rock group. Both operations, which closed simultaneously, received approval from the regulatory bodies and were closed on January 2, 2019.
- c) The transfer, in April, of the Non-Life business portfolios in the states of Tennessee, Kentucky and Indiana to the entity Safeco Insurance, a subsidiary of the Liberty Mutual Group.

At the close of 2018 the fair value of the assets from these operations was recorded in the heading “Non-current assets held for sale” for the amount of 112.76 million euros, with associated liabilities reaching 90.91 million euros.

The reorganization of all these businesses in the United States implied recording losses, net of taxes, of approximately 8.60 million dollars (7.20 million euros) at the close of December 2018, and a cash inflow in MAPFRE USA of 68.9 million dollars.

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, 2019 and 2018 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 67.60 percent of the share capital at December 31, 2019 and 2018.

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 2019, 7,897,336 shares of treasury stock were bought on the market and 1,839,387 were given to directors of subsidiaries as part of variable remuneration schemes, resulting in a net increase of 6,057,949 shares of treasury stock, representing 0.1967 percent of the capital, for the amount of 15.59 million euros. In the previous year, 2,079,216 shares of treasury stock were sold, representing 0.0675 percent of the capital, for the amount of 4.11 million euros. At December 31, 2019 and 2018, the controlling company owned 30,489,839 and 24,431,890 treasury stock respectively, representing 0.9901 and 0.7934 percent of the capital, for the amount of 63.84 and 48.25 million euros, respectively.

At December 31, 2019 and 2018, 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	
	2019	2018
<u>Fixed income</u>		
Capital gains	4,791.11	3,834.87
Capital losses	(1,987.00)	(1,772.05)
<u>Equity and Mutual Funds</u>		
Capital gains	795.17	142.45
Capital losses	(18.56)	(114.17)
Shadow accounting	(2,558.91)	(1,839.32)
Other adjustments	(18.13)	41.34
TOTAL	1,003.68	293.12

Figures in millions of euros

Restrictions on the availability of reserves

- The heading "Reserves" includes the controlling company's legal reserve, amounting to 61.59 million euros at December 31, 2019 and 2018, 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, 2019 and 2018, 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	500.00	600.00
Issue date	09.07.2018	03.31.2017
Maturity	09.07.2048	03.31.2047
First call option	09.07.2028	03.31.2027
Interest rate		
- Until 1st call option	4.125%	4.375%
- After 1st call option	Euribor 3M + 4,30%	Euribor 3M + 4,543%
Listing	AIAF market	AIAF market
Rating	BBB-	BBB
Accrued unpaid interest		
December 31, 2019 and 2018	6.50	19.78
Price at close of period		
-2019	117.91%	117.74%
-2018	99.84%	102.49%

Figures in millions of euros

Both issuances, issued under Spanish jurisdiction, contemplate:

- 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.
- Interest deferral: 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	
	2019	2018	2019	2018
Issue of debentures and other negotiable securities	1,004.82	1,004.05	1,087.20	997.32
Due to credit institutions	847.81	545.69	847.81	545.69
Other financial liabilities	1,913.08	1,262.80	1,903.41	1,256.84
TOTAL	3,765.71	2,812.54	3,838.42	2,799.85

Figures in millions of euros

At December 31, 2019 and 2018 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, 2019 and 2018 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.

- Issue type: simple debentures represented by book entries
- Nominal amount: 1 billion euros
- Issuance date: May 19, 2016
- Issuance period: 10 years
- Maturity: May 19, 2026
- Redemption: single payment on maturity and at par, with no expense for the holder
- Listing: Fixed-income AIAF market
- Coupon: annual fixed 1.625 percent, payable on the anniversaries of the issue date up to and including the end maturity date
- Issue rating: A-

The accrued interest outstanding at December 31, 2019 and 2018 amounted to 10.06 million euros. At December 31, 2019 and 2018 the securities were listed at 107.71 percent and 98.73 percent of their face value, respectively.

Debt payable to lending institutions

The breakdown of the amounts due to credit institutions at December 31, 2019 and 2018 is shown below:

Class of debt	Book value		Average interest rate %		Guarantees granted	
	2019	2018	2019	2018	2019	2018
Finance lease	0.17	0.40	5.16	5.28	--	--
Credits	639.80	502.82	0.52	0.50	--	--
Loans	161.62	0.59	--	--	--	--
Other	46.22	41.88	1.00	1.00	--	--
TOTAL	847.81	545.69	--	--	--	--

Figures in millions of euros

- **Credits**

At December 31, 2019 and 2018 the main line of credit was as follows:

Bank	Maturity	Limit		Drawn down	
		2019	2018	2019	2018
MAPFRE, S.A.	02.26.2024	1,000.00	1,000.00	610.00	490.00
TOTAL		1,000.00	1,000.00	610.00	490.00

Figures in millions of euros

The line of credit indicated above is a syndicated loan granted by a group of 10 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. As set out in the contract, in January 2019 its maturity was extended from February 2024 to February 2025.

- **Loans**

The breakdown of the main loans in force at December 31, 2019 is as follows:

Bank	Period	Amount
MAPFRE VIDA	01.31.2026	110.00
MAPFRE ESPAÑA	02.21.2024	51.00
TOTAL		161.00

Figures in millions of euros

Both 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.

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, 2019 and 2018:

Other financial liabilities	Amount	
	2019	2018
Financial liabilities held for trading	471.05	322.36
Other financial liabilities measured at fair value with changes in P&L	498.94	469.60
Non-controlling interests in mutual funds (Note 3.2)	584.07	428.15
Financial liabilities from leases (Note 6.3)	315.39	--
Other financial liabilities	43.63	42.69
TOTAL	1,913.08	1,262.80

Figures in millions of euros

Additionally, there is a line of credit granted by CARTERA MAPFRE with a limit of 400.00 million euros, accruing interest at a variable rate linked to the quarterly Euribor, and maturing on September 10, 2020, extendable for successive periods of one year. In 2019 and 2018, no drawdowns were made on this line of credit.

At December 31, 2019 and 2018 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 "Non-controlling interests in mutual funds", valued at liquid value (mostly Level 1).

In 2019 and 2018 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	
	2019	2018	2019	2018	2019	2018
<u>Provisions for Non-Life unearned premiums and unexpired risks</u>						
1.1 Provision for unearned premiums	7,255.60	6,939.18	949.64	963.08	2,010.38	1,522.70
1.2 Provision for unexpired risks	38.09	48.06	--	1.08	--	--
<u>Life insurance provisions</u>						
2.1 Provisions for unearned premiums and unexpired risks						
2.1.1. Provision for unearned premiums	1,419.89	1,248.19	239.25	510.86	6.48	5.68
2.1.2. Provision for unexpired risks	24.85	25.76	--	--	--	--
2.2 Mathematical reserves	24,826.18	22,973.80	73.91	79.86	50.52	50.27
<u>Provisions for outstanding claims</u>						
3.1 Pending settlement or payment	8,691.10	8,884.91	2,440.95	2,298.95	3,890.94	3,762.77
3.2 Claims incurred but not reported (IBNR)	1,206.80	1,183.15	106.10	160.98	400.79	526.03
3.3 For claim settlement internal expenses	176.81	181.93	2.29	4.23	22.13	14.26
<u>Other technical provisions</u>						
4.1 Burial	1,002.15	909.89	--	--	1.47	1.08
4.2 Other	67.78	67.24	--	--	3.34	0.39
TOTAL	44,709.25	42,462.11	3,812.14	4,019.04	6,386.05	5,883.18

Figures in millions of 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 INSURANCE AND ACCEPTED REINSURANCE

2019

Item	Opening balance	Adjustments to the opening balance	Changes to the scope	Provisions	Reversals	Closing balance
<u>Provisions for Non-Life unearned premiums and unexpired risks</u>						
1.1 Provision for unearned premiums	7,902.26	67.09	0.30	8,188.61	(7,953.02)	8,205.24
1.2 Provision for unexpired risks	49.14	2.73	--	11.88	(25.66)	38.09
<u>Life insurance provisions</u>						
2.1 Provisions for unearned premiums and unexpired risks						
2.1.1. Provision for unearned premiums	1,759.05	(7.13)	11.22	2,411.82	(2,515.82)	1,659.14
2.1.2. Provision for unexpired risks	25.76	(3.65)	--	7.65	(4.91)	24.85
2.2 Mathematical provisions	23,053.66	(73.92)	265.15	3,963.15	(2,307.95)	24,900.09
<u>Provisions for outstanding claims</u>						
3.1 Life Direct Insurance	1,155.00	(6.95)	21.75	2,388.83	(2,266.04)	1,292.59
3.2 Non-Life Direct Insurance	9,094.99	(49.46)	0.08	9,182.68	(9,446.17)	8,782.12
3.3 Accepted reinsurance	2,464.16	95.28	--	4,567.74	(4,577.84)	2,549.34
<u>Other technical provisions</u>						
	977.13	(0.03)	0.04	1,058.36	(965.57)	1,069.93
TOTAL	46,481.15	23.96	298.54	31,780.72	(30,062.98)	48,521.39

Figures in millions of euros

2018

Item	Opening balance	Adjustments to the opening balance	Changes to the scope	Provisions	Reversals	Closing balance
<u>Provisions for Non-Life unearned premiums and unexpired risks</u>						
1.1 Provision for unearned premiums	8,324.52	(236.25)	--	9,121.87	(9,307.88)	7,902.26
1.2 Provision for unexpired risks	50.58	3.93	--	27.25	(32.62)	49.14
<u>Life insurance provisions</u>						
2.1 Provisions for unearned premiums and unexpired risks						
2.1.1. Provision for unearned premiums	1,771.28	(123.26)	--	2,039.48	(1,928.45)	1,759.05
2.1.2. Provision for unexpired risks	158.21	(4.83)	--	8.26	(135.88)	25.76
2.2 Mathematical provisions	23,063.43	(102.74)	--	2,182.55	(2,089.58)	23,053.66
<u>Provisions for outstanding claims</u>						
3.1 Life Direct Insurance	1,134.11	(52.52)	--	2,152.24	(2,078.83)	1,155.00
3.2 Non-Life Direct Insurance	7,903.21	(127.43)	--	9,002.80	(7,683.59)	9,094.99
3.3 Accepted reinsurance	2,185.77	(113.36)	--	4,517.05	(4,125.30)	2,464.16
<u>Other technical provisions</u>						
	902.85	(3.69)	--	955.65	(877.68)	977.13
TOTAL	45,493.96	(760.15)	--	30,007.15	(28,259.81)	46,481.15

Figures in millions of 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

2019

Item	Opening balance	Adjustments to the opening balance	Changes to the scope	Additions	Reversals	Closing balance
Provision for unearned premiums	1,522.70	100.72	0.06	3,834.74	(3,447.84)	2,010.38
Provisions for Life insurance	55.95	(0.10)	1.06	87.02	(86.93)	57.00
Provision for outstanding claims	4,303.06	82.72	2.94	10,223.07	(10,297.93)	4,313.86
Other technical provisions	1.47	2.81	0.04	0.48	0.01	4.81
TOTAL	5,883.18	186.15	4.10	14,145.31	(13,832.69)	6,386.05

Figures in millions of euros

2018

Item	Opening balance	Adjustments to the opening balance	Change to the scope	Additions	Reversals	Closing balance
Provision for unearned premiums	1,747.58	(66.17)	--	2,596.42	(2,755.13)	1,522.70
Provisions for Life insurance	68.70	(7.81)	--	53.64	(58.58)	55.95
Provision for outstanding claims	3,171.76	(201.33)	--	11,787.77	(10,455.14)	4,303.06
Other technical provisions	1.58	(0.05)	--	0.42	(0.48)	1.47
TOTAL	4,989.62	(275.36)	--	14,438.25	(13,269.33)	5,883.18

Figures in millions of euros

2.2. Mathematical provisions

Item	Direct insurance and accepted reinsurance		Ceded and retroceded reinsurance	
	2019	2018	2019	2018
Mathematical provisions at beginning of year	23,053.66	23,063.43	50.27	56.75
Adjustments to the opening balance	(73.92)	(102.74)	0.76	(5.63)
Business combinations	265.15	--	0.50	1.27
Premiums	1,689.17	2,014.35	0.12	0.13
Technical interests	908.88	427.23	2.22	2.05
Claim payments/collections	(2,307.95)	(2,089.58)	(3.04)	(4.74)
Provision adequacy test	--	(0.01)	--	--
Shadow accounting adjustments	1,353.06	(211.95)	--	--
Other	12.04	(47.07)	(0.31)	0.44
Deconsolidation (balance of provision on deconsolidation date)	--	--	--	--
Mathematical provisions at end of year	24,900.09	23,053.66	50.52	50.27

Figures in millions of euros

2.3. Burial provision

Item	Direct insurance and accepted reinsurance	
	2019	2018
Provisions at beginning of year	909.89	829.06
Adjustments to the opening balance	(0.04)	(0.06)
Consolidation (balance of provision on consolidation date)	--	--
Premiums	97.08	87.20
Technical interest	9.47	16.07
Claim payments	(10.64)	(9.19)
Provision adequacy test	--	--
Other	(3.61)	(13.19)
Deconsolidation (balance of provision on deconsolidation date)	--	--
Provisions at end of year	1,002.15	909.89

Figures in millions of euros

3. Other information

3.1. Technical provisions for Life insurance where policyholders bear the investment risk

Item	Direct insurance and accepted reinsurance	
	2019	2018
Provision at beginning of year	2,242.49	2,320.14
Adjustments to the opening balance	(7.23)	(85.80)
Consolidation (balance of provision on consolidation date)	12.90	--
Premiums	856.89	837.70
Payment of claims	(807.48)	(582.97)
Asset valuation changes	211.00	(45.92)
Other	1.67	(200.66)
Deconsolidation (balance of provision on deconsolidation date)	--	--
Provision at end of year	2,510.24	2,242.49

Figures in millions of 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 2019 and 2018 are listed below.

• Spain

LIFE INSURANCE TECHNICAL CONDITIONS						
Format	Coverage	Biometric tables		Technical Interest	Profit sharing	
		First order	Second order		Amount (million euros)	Distribution method
MAPFRE VIDA						
Single premium group insurance contracts, with and without profit sharing: - Mod. 342. Group annuity - Mod. 308. Group Flexivida with interest and premium reimbursement - Mod. 517. Group Flexivida without reimbursement single premium	Longevity	PERM/F-2000P	117.14% PER2012 COL ORDEN 2	2.28%	--	MAPFRE network
	Longevity / Death	PASEM 2010	PASEM2019 COL ORDEN 2 (97.60% MEN, 85.26% WOMEN)	2.49%	2.66	MAPFRE network
	Longevity	PER2012 COL ORDEN1	PASEM2019 COL ORDEN 2 (97.60% MEN, 85.26% WOMEN)	1.29%	0.06	MAPFRE network
Single or regular premium, individual insurance contracts, where the policyholder bears the investment risk: - Mod. 447. Dividendo Vida II - Mod. 502. Seguro Puente Garantía	Longevity / Death	PASEM 2010 MEN	PASEM2019 IND ORDEN 2 (72.26% MEN, 82.02% WOMEN)	--	--	MAPFRE network
	Longevity / Death	PASEM 2010 MEN	PASEM2019 IND ORDEN 2 (72.26% MEN, 82.02% WOMEN)	--	--	MAPFRE network
BANKIA MAPFRE VIDA						
Single premium individual contracts, without profit sharing: - Combined insurance - Combined insurance - Combined insurance	Longevity: fixed annuity / Death: 103% premium	GRM/F-95	M:109.37%PERP12-Orden2-M / F:105.93%PERP12-Orden2-F	3.62%	--	Bank channel
	Longevity: fixed annuity / Death 105% or 85% or 75% premium	80% PERM 200P / 70% PERF2000P	M:74.75%PASEM2019-Orden2-M / F:70.29%PASEM2019-Orden2-F	3.26%	--	Bank channel
	Longevity: Life annuity / Death: 105% premium	GRM/F-95	M:109.37%PERP12-Orden2-M / F:105.93%PERP12-Orden2-F	5% - 3%	--	Bank channel
Single premium group contracts without profit sharing - Annuity	Annuity and Reversionary Annuity 102%	PER2012-COL-Orden1-MF/85% PASEM 2010 MEN	M:100.37%PER2012-COL-Orden2-M / F:97.19%PER2012-COL-Orden2-F	3.27% / 0.82%	--	Bank channel
Temporary renewable annual and supplementary risk individual contracts without profit sharing: - Protection Insurance - Protection Insurance - Protection Insurance	Death / TPD / Accidental Death	Death: 95%PASEM 2010 (V) APD: 90% PEAIM / Acc. Death OM 77	M:91.44%PASEM2019-Orden2-M / F:85.99%PASEM2019-Orden2-F/ 39.12%PEAIMF 7.37 per thousand	0.00%	--	Bank channel
	Death / TPD / Accidental Death	Death: 95%PASEM 2010 (V) APD: 90% PEAIM / Acc. Death OM 77	M:91.44%PASEM2019-Orden2-M / F:85.99%PASEM2019-Orden2-F/ 39.12%PEAIMF 7.37 per thousand	0.00%	--	Bank channel
	Death	131.67% (60% PASEM 2010 men + 40% PASEM 2010 women)	M:109.38%PASEM2019-Orden2-M / F:115.51%PASEM2019-Orden2-F	0.00%	--	Bank channel
Individually handled single premium group contracts for loan amortization - Protection Insurance	Death / APD TPD	Death: 95%PASEM 2010 (V) TPD: 90% PEAIM	M:91.44%PASEM2019-Orden2-M / F:85.99%PASEM2019-Orden2-F/ 39.12%PEAIMF	0.00%	--	Bank channel
BANKINTER SEGUROS DE VIDA						
Single premium individual contracts without profit sharing	Annuity insurance with counterinsurance	PASEM 2010	124.79% PERP12	1.38%	--	Bank channel
Single premium individual contracts without profit sharing	Life Protection insurance	PASEM 2010	62.94% PASEM19	0.00%	--	Bank channel
Regular or single premium individual contracts with profit sharing Ahorro 3649	Guaranteed Savings insurance	PASEF 2010	Men 67.81% / Women 74% PASEM19	0.35%, 0.30%, 0.25%, 0.275%	1.07	Bank channel
Regular or single premium individual contracts with profit sharing Ahorro 3678	Guaranteed Savings insurance	PASEF 2010	Men 67.81% / Women 74% PASEM19	0.30%	0.18	Bank channel

The first order biometric tables used for pricing and for the calculation of accounting provisions are tables published in the market. The sources of the data used in their calibration, the period of reference, and the technical charges applied are broken down in the corresponding published reports.

The second order biometric tables used for solvency calculations are based on the company's own experience in each type of business. The period of reference depends in each case on the volume of data available, varying between 5 and 10 years. It is recalculated annually and the latest update was on September 30, 2019. These tables are "best estimates" and do not include charges for uncertainty or risks.

As a result of the review process of the Mortality tables in Spain that the General Directorate for Insurance and Pension Funds is carrying out, the Group is assessing the impact of the new tables published in December 2019, regardless of the fact that the possibility of using tables based on own experience is being analyzed, which would be applied once the required authorization from the General Directorate for Insurance was received, and based on the transitional period that is established.

- **Other countries**

LIFE INSURANCE TECHNICAL CONDITIONS					
Format	Coverage	Biometric tables	Technical interest	Profit sharing	
				Amount (million euros)	Distribution method
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 and AT-49	--	--	Bank channel / broker
MAPFRE MSV LIFE					
Without profit sharing	Death	75% AMC00	Variable	--	Bank channel / broker
With profit sharing	Longevity / Death	75% AMC00	Variable	42.4	Bank channel / broker
Unit-linked	Longevity / Death	75% 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)	1.50% - 4.00%	--	MAPFRE network
Disability and Longevity Annuity	Death / Disability / Temporary Disability / Funeral Assistance	Male/Female annuitants mortality tables (RV08) - Colombian disability mortality table (MI85)	1.50% - 4.00%	--	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 2019 and 2018. It also shows the breakdown per year of occurrence of the provision for outstanding claims related to this insurance for the two periods.

2019

Year of occurrence of claims	Item	Year of occurrence	Trends in claim costs in the years after 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 previous	Pending provision	7,965.76	3,598.59	2,187.40	1,388.91	968.17	628.14	500.94	406.27	372.73	423.39	308.98
	Cumulative payments	40,672.41	44,604.77	45,797.18	46,533.59	46,992.01	47,259.35	47,389.89	47,529.27	47,617.35	47,776.19	47,876.59
	TOTAL COST	48,638.17	48,203.36	47,984.58	47,922.50	47,960.18	47,887.49	47,890.83	47,935.54	47,990.08	48,199.58	48,185.57
2010	Pending provision	2,491.85	905.49	515.26	291.36	194.66	147.98	117.92	87.44	79.63	62.67	
	Cumulative payments	4,780.90	6,313.36	6,668.74	6,924.53	7,026.00	7,087.79	7,169.76	7,191.58	7,220.70	7,252.47	
	TOTAL COST	7,272.75	7,218.85	7,184.00	7,215.89	7,220.66	7,235.77	7,287.68	7,279.02	7,300.33	7,315.14	
2011	Pending provision	2,137.16	745.69	474.72	301.70	225.56	163.13	127.89	115.43	82.61		
	Cumulative payments	4,717.03	6,126.42	6,458.39	6,637.01	6,724.46	6,820.65	6,854.28	6,892.58	6,940.22		
	TOTAL COST	6,854.19	6,872.11	6,933.11	6,938.71	6,950.02	6,983.78	6,982.17	7,008.01	7,022.83		
2012	Pending provision	2,311.02	792.28	460.38	312.86	243.54	182.96	157.49	107.57			
	Cumulative payments	4,401.64	5,864.52	6,219.53	6,394.60	6,511.53	6,574.89	6,618.88	6,667.91			
	TOTAL COST	6,712.66	6,656.80	6,679.91	6,707.46	6,755.07	6,757.85	6,776.37	6,775.48			
2013	Pending provision	2,404.31	859.99	522.35	338.18	234.28	191.48	151.73				
	Cumulative payments	4,657.81	6,211.83	6,610.68	6,827.89	6,917.05	6,994.30	7,059.13				
	TOTAL COST	7,062.12	7,071.82	7,133.03	7,166.07	7,151.33	7,185.78	7,210.86				
2014	Pending provision	2,539.48	961.13	546.88	357.19	276.92	228.23					
	Cumulative payments	4,963.25	6,661.73	7,045.79	7,215.86	7,341.45	7,434.94					
	TOTAL COST	7,502.73	7,622.86	7,592.67	7,573.05	7,618.37	7,663.17					
2015	Pending provision	2,688.74	1,043.61	729.46	472.90	326.02						
	Cumulative payments	5,341.91	7,038.54	7,369.70	7,621.53	7,814.25						
	TOTAL COST	8,030.65	8,082.15	8,099.16	8,094.43	8,140.27						
2016	Pending provision	2,862.17	1,309.55	821.96	531.60							
	Cumulative payments	5,290.84	7,063.04	7,541.33	7,864.50							
	TOTAL COST	8,153.01	8,372.59	8,363.29	8,396.10							
2017	Pending provision	3,908.57	2,167.50	1,376.86								
	Cumulative payments	5,512.89	8,259.55	9,081.33								
	TOTAL COST	9,421.46	10,427.05	10,458.19								
2018	Pending provision	4,211.65	2,351.21									
	Cumulative payments	5,710.52	7,849.63									
	TOTAL COST	9,922.17	10,200.84									
2019	Pending provision	3,254.64										
	Cumulative payments	5,334.67										
	TOTAL COST	8,589.31										

Figures in millions of euros

The increase in 2019 of the cost of claims occurring in 2018 comes primarily from the claim at a hydroelectric dam in Colombia, entirely allocated to reinsurance.

December 31, 2019

Item	Year of occurrence											2009 and previous	Total
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010			
Provision for outstanding claims Non-Life direct insurance	3,254.64	2,351.21	1,376.86	531.60	326.02	228.23	151.73	107.57	82.61	62.67	308.98	8,782.12	

Figures in millions of euros

2018

Year of occurrence of claims	Item	Year of occurrence	Trends in claim costs in the years after 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
2008 and previous	Pending provision	7,951.29	4,027.97	2,462.04	1,604.43	1,114.25	798.05	569.51	478.31	426.18	391.41	332.35
	Cumulative payments	37,281.45	40,830.56	42,209.14	42,910.85	43,365.28	43,627.02	43,795.79	43,874.02	43,939.02	44,054.19	44,119.00
	TOTAL COST	45,232.74	44,858.53	44,671.18	44,515.28	44,479.53	44,425.07	44,365.30	44,352.33	44,365.20	44,445.60	44,451.35
2009	Pending provision	2,453.78	881.52	521.63	315.25	235.80	162.56	139.35	110.92	88.74	76.07	
	Cumulative payments	3,730.83	5,072.51	5,386.61	5,565.71	5,651.36	5,716.35	5,759.44	5,813.41	5,835.58	5,857.98	
	TOTAL COST	6,184.61	5,954.03	5,908.24	5,880.96	5,887.16	5,878.91	5,898.79	5,924.33	5,924.32	5,934.05	
2010	Pending provision	2,815.09	1,088.29	643.04	373.59	251.53	178.84	140.13	105.99	84.03		
	Cumulative payments	4,555.28	6,227.04	6,635.03	6,931.56	7,058.66	7,138.26	7,224.63	7,250.37	7,277.20		
	TOTAL COST	7,370.37	7,315.33	7,278.07	7,305.15	7,310.19	7,317.10	7,364.76	7,356.36	7,361.23		
2011	Pending provision	2,291.11	818.99	499.91	320.47	237.20	172.18	134.63	121.38			
	Cumulative payments	4,424.89	5,888.57	6,253.68	6,435.69	6,525.02	6,621.85	6,659.08	6,696.20			
	TOTAL COST	6,716.00	6,707.56	6,753.59	6,756.16	6,762.22	6,794.03	6,793.71	6,817.58			
2012	Pending provision	2,490.93	899.95	497.63	329.74	255.91	190.80	163.03				
	Cumulative payments	4,154.45	5,712.68	6,114.25	6,317.49	6,437.35	6,504.73	6,547.92				
	TOTAL COST	6,645.38	6,612.63	6,611.88	6,647.23	6,693.26	6,695.53	6,710.95				
2013	Pending provision	2,554.07	965.26	569.12	361.75	246.44	198.87					
	Cumulative payments	4,351.47	5,950.93	6,398.03	6,626.42	6,722.14	6,796.34					
	TOTAL COST	6,905.54	6,916.19	6,967.15	6,988.17	6,968.58	6,995.21					
2014	Pending provision	2,721.45	1,046.91	583.42	377.23	285.24						
	Cumulative payments	4,696.27	6,515.00	6,934.10	7,117.39	7,243.29						
	TOTAL COST	7,417.72	7,561.91	7,517.52	7,494.62	7,528.53						
2015	Pending provision	2,848.91	1,127.47	767.26	484.70							
	Cumulative payments	5,058.99	6,818.06	7,187.10	7,433.70							
	TOTAL COST	7,907.90	7,945.53	7,954.36	7,918.40							
2016	Pending provision	3,016.63	1,401.13	841.32								
	Cumulative payments	5,004.52	6,837.32	7,295.03								
	TOTAL COST	8,021.15	8,238.45	8,136.35								
2017	Pending provision	4,087.49	2,215.66									
	Cumulative payments	5,216.68	7,881.00									
	TOTAL COST	9,304.17	10,096.66									
2018	Pending provision	4,292.34										
	Cumulative payments	5,363.51										
	TOTAL COST	9,655.85										

Figures in millions of euros

The increase in 2018 of the total cost of claims occurring in 2017 come primarily from the catastrophic claims from said year (hurricanes in the Caribbean and earthquakes in Mexico), the estimated cost of which for direct insurance increased throughout 2018 by approximately 712 million euros, and which increase is wholly allocated to reinsurance, as the attributable net cost for the Group decreased by approximately 2 million euros between December 31, 2017 and 2018.

December 31, 2018

Item	Year of occurrence											Total
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008 and previous	
Provision for outstanding claims Non-Life direct insurance	4,292.34	2,215.66	841.32	484.70	285.24	198.87	163.03	121.38	84.03	76.07	332.35	9,094.99

Figures in millions of euros

As shown in the tables above, the overall percentage of claims attributable to ceded reinsurance is 28.01 percent and 35.50 percent for 2019 and 2018, 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.

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	312.69	(4.81)	--	5.31	8.10	(5.01)	--	316.28
Provision for payments of liquidation agreements	21.30	(0.10)	--	10.02	--	(15.14)	(1.88)	14.20
Provisions for restructuring	3.65	--	--	10.51	--	(3.65)	--	10.51
Other provisions for staff-related commitments	200.91	1.54	--	114.31	0.38	(96.14)	(0.44)	220.56
Other provisions	102.94	(6.13)	--	94.81	3.39	(42.26)	(5.02)	147.73
TOTAL	641.49	(9.50)	--	234.96	11.87	(162.20)	(7.34)	709.28

Figures in millions of euros

2018

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	332.49	(38.70)	(0.04)	22.69	11.24	(4.28)	(10.71)	312.69
Provision for payments of liquidation agreements	16.49	(0.04)	--	17.02	--	(12.17)	--	21.30
Provisions for restructuring	4.11	--	--	3.65	--	(4.11)	--	3.65
Other provisions for staff-related commitments	199.01	4.12	--	97.46	0.01	(99.00)	(0.69)	200.91
Other provisions	109.66	(12.60)	(2.09)	63.08	--	(37.69)	(17.42)	102.94
TOTAL	661.76	(47.22)	(2.13)	203.90	11.25	(157.25)	(28.82)	641.49

Figures in millions of 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.

Additionally, in the case of indications of possible irregularities committed by any Group company, the probability of occurrence and its possible impact are evaluated, and it was not necessary to provision for any of these concepts.

Provision for taxes

This heading includes, at December 31, 2019 and 2018, tax liabilities amounting to 310.76 and 307.42 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 273.87 million euros (270.84 million euros at December 31, 2018) and the PIS (Social Integration Program) amounting to 6.09 million euros (6.07 million euros at December 31, 2018). 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.

Further, in Brazil, the Group is currently involved in the following:

- Legal proceedings with the tax authorities in connection with the enforceability of the aforementioned COFINS and PIS taxes, regarding non-operating financial income, for the amount of 166.64 and 163.85 million euros at December 31, 2019 and 2018, respectively. The current uncertainty in case law regarding whether the PIS and COFINS calculation base should be extended to include non-operating financial income is noteworthy, 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.
- Appeal contesting liquidation for the amount of 61.05 million euros, with regard to the inspection act initiated by the tax authority against BRASILSEG COMPANHIA DE SEGUROS, related to corporate tax from 2014, questioning the exemption applied to operating revenue from agricultural insurance.
- Appeal contesting the inspection activity initiated by the tax authority against BRASIL VEICULOS COMPANHIA DE SEGUROS (absorbed in 2019 by MAPFRE SEGUROS GERAIS), regarding corporate tax corresponding to the years 2015 to 2017, questioning the deductibility of certain expenses and incentives in the commercial network, as well as the amortization of the goodwill generated in a corporate restructuring prior to MAPFRE's agreement with Banco do Brasil. The tax liabilities included in this action for the abovementioned concepts reaches 100.53 million euros and, in the case of unfavorable resolution, MAPFRE would apply the compensation clause set out in the agreements signed with Banco do Brasil.

Both the Group and its advisors classify the risk of loss as possible in all three cases.

Other provisions

This heading includes, for 2019 and 2018, 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 24.40 and 23.51 million euros at December 31, 2019 and 2018, respectively. 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 given to 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 2019 and 2018 is shown below:

Revenues from investments

Item	Revenues from investments from:				Financial revenues from other activities		Total	
	Operations		Equity		2019	2018	2019	2018
	2019	2018	2019	2018				
REVENUES FROM INTEREST, DIVIDENDS AND SIMILAR								
Real estate investment								
Rentals	48.07	42.16	1.52	2.13	15.58	13.70	65.17	57.99
Other	1.45	31.88	0.01	0.05	1.88	2.33	3.34	34.26
Revenues from the held-to-maturity portfolio								
Fixed income	173.51	180.32	1.93	0.86	1.85	1.94	177.29	183.12
Other investments	2.91	1.48	0.20	0.10	--	--	3.11	1.58
Revenue from the available-for-sale portfolio:	1,115.58	1,117.69	71.01	128.49	2.68	4.19	1,189.27	1,250.37
Revenue from the trading portfolio:	342.01	315.39	1.04	1.11	6.67	28.26	349.72	344.76
Other financial returns	167.62	172.19	36.95	42.75	6.66	17.81	211.23	232.75
TOTAL REVENUE	1,851.15	1,861.11	112.66	175.49	35.32	68.23	1,999.13	2,104.83
REALIZED AND UNREALIZED GAINS								
Net realized gains:								
Real estate investment	9.27	25.64	0.40	0.36	2.67	6.32	12.34	32.32
Financial investments available for sale portfolio	577.21	221.55	42.16	18.15	6.27	7.85	625.64	247.55
Financial investments trading portfolio	107.22	21.04	10.56	4.03	0.29	0.07	118.07	25.14
Other	0.39	0.69	6.44	15.98	0.01	0.06	6.84	16.73
Unrealized gains:								
Increase in fair value of the trading portfolio and earnings from derivatives	208.94	39.57	58.90	0.02	0.14	0.02	267.98	39.61
Other	9.02	6.49	--	--	2.95	0.03	11.97	6.52
TOTAL GAINS	912.05	314.98	118.46	38.54	12.33	14.35	1,042.84	367.87
TOTAL REVENUES FROM INVESTMENT	2,763.20	2,176.09	231.12	214.03	47.65	82.58	3,041.97	2,472.70

Figures in millions of euros

Expenses from investments

Item	Expenses from investments from:				Financial expenses from other activities		Total	
	Operations		Equity		2019	2018	2019	2018
	2019	2018	2019	2018				
FINANCIAL EXPENSES								
Real estate investment								
Direct operational expenses	21.85	23.01	--	--	0.61	--	22.46	23.01
Other expenses	2.75	4.69	0.15	0.04	8.52	8.45	11.42	13.18
Expenses from held-to-maturity portfolio								
Fixed income	3.76	0.93	0.02	0.01	--	--	3.78	0.94
Other investments	0.67	1.73	--	--	--	--	0.67	1.73
Expenses from the available for sale portfolio	145.36	110.79	48.11	29.71	0.36	1.22	193.83	141.72
Expenses from the trading portfolio:	157.41	153.37	--	--	--	0.40	157.41	153.77
Other financial expenses	165.74	148.81	3.00	2.97	77.46	74.48	246.20	226.26
TOTAL EXPENSES	497.54	443.33	51.28	32.73	86.95	84.55	635.77	560.61
REALIZED AND UNREALIZED LOSSES								
Net realized losses								
Real estate investment	5.28	5.70	--	--	--	0.05	5.28	5.75
Financial investments available for sale portfolio	108.39	72.51	5.63	5.88	0.25	0.58	114.27	78.97
Financial investments trading portfolio	48.37	37.49	2.32	4.36	0.86	--	51.55	41.85
Other	4.32	3.54	0.06	15.50	--	0.06	4.38	19.10
Unrealized losses								
Decrease in fair value of trading portfolio and losses in derivatives	47.43	147.34	21.87	34.44	--	--	69.30	181.78
Other	0.08	0.91	--	--	0.13	0.05	0.21	0.96
TOTAL LOSSES	213.87	267.49	29.88	60.18	1.24	0.74	244.99	328.41
TOTAL EXPENSES FROM INVESTMENT	711.41	710.82	81.16	92.91	88.19	85.29	880.76	889.02

Figures in millions of 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	2019	2018
Claims-related expenses	814.51	815.84
Acquisition expenses	5,020.14	4,810.80
Administration expenses	723.89	745.58
Expenses from investments	792.57	803.73
Other technical expenses	155.11	139.12
Other non-technical expenses	165.24	149.69
Operating expenses from other activities	515.72	401.62
TOTAL	8,187.18	7,866.38

Figures in millions of euros

Operating expenses by nature

Item	2019	2018
Commissions and other portfolio expenses	3,957.07	3,812.37
Personnel expenses	1,761.37	1,729.03
External services		
- Leasing (shops and buildings)	35.14	94.16
- Repairs and upkeep (shops and buildings)	79.40	74.80
- Leasing and repairs (computer equipment)	33.76	64.11
- Leasing and repairs (computer applications)	159.26	184.51
- Other services (computer applications)	221.98	149.34
- Supplies (communications)	30.67	21.11
- Advertising and marketing	172.36	170.98
- Public relations	48.24	45.25
- Independent professional services	180.55	146.19
- Other services	361.27	365.99
Taxes	185.05	193.51
Provision for amortization	330.44	274.18
Expenses posted directly to purpose	630.62	540.85
TOTAL	8,187.18	7,866.38

Figures in millions of 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 2019 and 2018 is the following:

Item	Non-Life		Life		Total	
	2019	2018	2019	2018	2019	2018
Premiums	(3,959.55)	(3,206.04)	(177.80)	(168.30)	(4,137.35)	(3,374.34)
Change in the provision for unearned premiums and unexpired risks	386.29	(155.90)	0.61	(2.81)	386.90	(158.71)
Claims paid and change in the provision for claims	2,371.10	3,587.13	104.49	89.93	2,475.59	3,677.06
Change in mathematical provision and other technical provisions	--	5.39	(2.16)	(15.63)	(2.16)	(10.24)
Participation of reinsurance in commissions and expenses	600.68	531.57	35.11	36.09	635.79	567.66
Result of ceded and retroceded reinsurance	(601.48)	762.15	(39.75)	(60.72)	(641.23)	701.43

Figures in millions of euros

The decrease in "Claims paid and change in the provision for claims" in 2019 for ceded and retroceded reinsurance is due to the increase last year in provisions for the catastrophic events occurring in 2018 and 2017 (see note 6.13). The 2018 events include, significantly, the impact of a claim at a hydroelectric dam in Colombia, for the amount of 1.025 billion euros, which did not have a relevant effect on the "Result for the period attributable to controlling company" in said year because of the participation of reinsurance.

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 2019 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 a registered address in Spain have been included in the VAT Group 87/10, formed by 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 2019 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, 2019 and 2018 are shown below. The Group has reconciled the amounts by aggregating reconciliations made separately using the national rates of each country.

Item	Amount	
	Year 2019	Year 2018
<u>Tax expense</u>		
Result before taxes from ongoing operations	1,279.29	1,330.46
25 percent of result before taxes from ongoing operations	319.82	332.62
Tax effect of the permanent differences	(22.43)	(44.29)
Tax incentive for the financial year	(20.20)	(25.80)
Tax effect of tax rates other than 25 percent	72.67	166.28
Total expense from current tax originating in the financial year	349.86	428.81
Expense from current tax originating in previous years	(25.83)	24.13
Receivables from negative taxable income not recognized from previous periods, deductions pending application or temporary differences	--	--
TOTAL TAX EXPENSES OF ONGOING OPERATIONS	324.03	452.94
<u>Tax on profits to be paid</u>		
Withholdings and advance payments	(427.34)	(404.90)
Temporary differences and currency conversion differences	21.96	(29.32)
Tax receivables and incentives applied, registered in previous years	(13.20)	(44.37)
Tax on earnings for discontinued operations	--	--
TOTAL TAX ON PROFITS TO BE PAID (RECEIVABLE) ORIGINATING IN THE YEAR	(94.55)	(25.65)
Tax on profits receivable from previous financial years	(49.79)	(36.26)
NET TOTAL TAX ON PROFITS TO BE PAID (RECEIVABLE)	(144.34)	(61.91)

Figures in millions of euros

Deferred tax assets and liabilities

At December 31, 2019 and 2018 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:

MAPFRE S.A. AND SUBSIDIARIES

Item	2019	2018
Deferred tax assets	306.97	333.58
Deferred tax liabilities	(703.11)	(499.32)
Asset (Liability) net	(396.14)	(165.74)

Figures in millions of euros

In addition to the deferred tax assets recorded in 2019 and 2018, shown in the above table, there are other deferred tax assets deriving from tax loss carryforwards pending offset, amounting to 29.66 and 32.40 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 2019 and 2018, with a breakdown of the amounts related to items directly debited or credited to equity accounts in each financial year.

2019

Item	Opening balance	Adjustments to the opening balance	Changes to the scope	From		Settled	Closing balance
				Results	Equity		
Portfolio acquisition expenses and other acquisition expenses	(264.35)	8.06	(17.85)	19.76	--	--	(254.38)
Valuation difference in financial investments	(1,016.13)	(8.45)	(1.85)	108.77	(609.18)	--	(1,526.84)
Other comprehensive revenue and expenses	(17.44)	(0.06)	--	5.04	--	0.23	(12.23)
Valuation difference in mathematical provisions by shadow accounting	867.76	(3.09)	--	(64.58)	333.30	--	1,133.39
Stabilization and catastrophe provision	(168.10)	4.74	--	(19.55)	--	8.27	(174.64)
Other technical provisions	72.73	0.92	0.43	(10.15)	--	--	63.93
Tax receivables on negative taxable income	221.07	(13.87)	--	67.32	--	(13.20)	261.32
Receivables on tax incentives	11.96	--	--	20.20	--	(20.62)	11.54
Pension supplements and other staff-related commitments	48.11	1.94	0.01	7.87	--	(2.24)	55.69
Provisions for uncollected premiums	19.04	0.36	--	7.17	--	(6.86)	19.71
Provisions for liabilities and others	43.80	0.93	--	10.87	--	(4.05)	51.55
Tax receivables derived from PIS, COFINS and REFIS (Note 6.15)	--	--	--	1.12	4.86	--	5.98
Other items	15.81	(4.75)	0.02	(39.63)	--	(2.61)	(31.16)
TOTAL	(165.74)	(13.27)	(19.24)	114.21	(271.02)	(41.08)	(396.14)

Figures in millions of euros

2018

Item	Opening balance	Adjustments to the opening balance	Changes to the scope	From		Settled	Closing balance
				Results	Equity		
Portfolio acquisition expenses and other acquisition expenses	(315.10)	26.92	--	23.83	--	--	(264.35)
Valuation difference in financial investments	(1,196.78)	(25.73)	--	35.80	150.17	20.41	(1,016.13)
Other comprehensive revenue and expenses	(16.30)	(0.36)	--	(1.56)	--	0.78	(17.44)
Valuation difference in mathematical provisions by shadow accounting	931.29	10.24	--	(5.13)	(58.21)	(10.43)	867.76
Stabilization and catastrophe provision	(156.29)	(5.66)	--	(19.15)	--	13.00	(168.10)
Other technical provisions	70.35	2.64	--	(0.26)	--	--	72.73
Tax receivables on negative taxable income	68.11	(7.96)	(2.03)	190.20	--	(27.25)	221.07
Receivables on tax incentives	27.79	1.29	--	25.81	--	(42.93)	11.96
Pension supplements and other staff-related commitments	51.39	(5.37)	(0.52)	4.43	--	(1.82)	48.11
Provisions for uncollected premiums	19.01	(0.51)	--	6.76	--	(6.22)	19.04
Provisions for liabilities and others	38.01	3.77	--	6.00	--	(3.98)	43.80
Tax receivables derived from PIS, COFINS (Note 6.15)	139.81	(14.78)	--	(149.23)	--	--	(24.20)
Other items	47.48	(19.23)	(0.11)	9.71	--	2.16	40.01
TOTAL	(291.23)	(34.74)	(2.66)	127.21	91.96	(56.28)	(165.74)

Figures in millions of euros

The Results column in 2018 includes a transfer from Tax receivables from PIS, COFINS and REFIS to Tax receivables for negative taxable income for the amount of 132.28 million euros.

At the close of 2019, deferred tax assets and liabilities maturing in less than 12 months amounted to 54.35 and 50.34 million euros, respectively (52.82 and 50.07 million euros, respectively, in 2018).

Negative taxable income

The negative taxable income pending offset in fully consolidated companies at the close of the last two periods is shown below:

Year generated	Amount of negative tax bases				Deferred tax assets			
	Applied in the financial year		Pending application		Amount recognized		Amount not recognized	
	2019	2018	2019	2018	2019	2018	2019	2018
2011 and previous	0.71	--	12.78	17.74	--	0.08	2.65	3.74
2012	--	--	8.42	8.28	--	--	1.72	1.70
2013	11.84	6.96	240.19	253.46	93.00	98.99	1.85	1.11
2014	5.82	10.03	12.29	10.13	0.13	0.02	2.64	2.14
2015	3.83	5.56	26.70	32.36	5.84	5.32	2.45	3.87
2016	5.05	35.57	162.51	165.97	47.69	47.78	4.25	5.56
2017	8.29	40.51	116.70	90.23	25.57	13.74	8.45	7.17
2018	14.75	--	252.83	158.03	77.85	55.14	3.91	7.11
2019	--	--	60.72	--	11.25	--	1.74	--
Total	50.29	98.63	893.14	736.20	261.33	221.07	29.66	32.40

Figures in millions of euros

Assets recognized in relation to deferred taxes on negative tax bases 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.

The booked amounts of deferred tax assets generated in 2013 and 2016 include the transfer from the abovementioned Tax receivables from PIS, COFINS and REFIS, for the amount of 98.99 and 33.29 million euros, respectively.

Tax incentives

The tax incentives of the fully consolidated companies for 2019 and 2018 are as follows:

Module	Amount applied in the financial year		Amount pending application		Amount not recorded	
	2019	2018	2019	2018	2019	2018
Double taxation deduction	6.56	7.45	--	--	--	--
Creation of employment	--	--	--	--	--	--
Other	14.06	35.48	23.5	11.96	11.96	--
Total	20.62	42.93	23.50	11.96	11.96	--

The consolidated tax group no. 9/85 made use in previous years of the reduction for 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	324.90	35.00
2016	94.70	12.00
2017	18.57	1.86

Figures in millions of euros

Verification by tax authorities

In Spain, checks and verifications begun in 2017 are still being carried out regarding MAPFRE, S.A., 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.

In 2019 and to date in said activities, notices of partial conformity have been presented regarding retentions and income against Personal Income Tax, cancelling a fiscal debt for various aspects of individual work remuneration (primarily, regarding the exemption from compensation for dismissal and for irregular income reduction).

The verification activity underway regarding other taxes is in the final phase, having brought before Inspection the next notices and the main concepts that are expected to be the focus of regularization and which will liquidate the corresponding fiscal debt (primarily related to the deductibility of technical provisions, the deductibility of personal expenses, brand right of use, compensation for tax loss carryforwards, deductions for technological innovation activity, and exemption of Spanish subsidiary dividends, this last regularization favorable to the Group and accepted by the Inspection in the course of the activity). Based on the information available at the date the accounts were prepared, the proceedings corresponding to partial conformity are also expected to be accepted.

Additionally, in 2019, inspection activity carried out in relation to FUNESPAÑA and some of its subsidiaries with regard to Corporate Tax and other taxes for the years 2013 and 2014 has been finalized, with notices signed in agreement.

Regarding fiscal debt being disputed resulting from 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 as such it has not recorded provisions for them.

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).

In some remaining consolidated companies there are ongoing verifications with tax authorities; the amounts subject to discussion in these verifications are not significant.

At December 31, 2018 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	
	2019	2018
Short-term remuneration		
Wages and salaries	1,251.13	1,257.80
Social security	256.97	237.15
Other remuneration	153.63	163.97
Post-employment benefits	38.16	36.90
Other long-term remuneration	8.81	(3.63)
Termination payments	52.67	36.84
TOTAL	1,761.37	1,729.03

Figures in millions of 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 43.47 and 44.63 million euros at December 31, 2019 and 2018, 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 12.11 and 12.40 million euros at December 31, 2019 and 2018, 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 2019 and 2018 the personnel expenses correspond to Life insurance covering death between ages 65 and 77, amounting to 1.52 and 1.46 million euros, respectively.

Other medium-term remuneration and share-based 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 1.06 million euros in cash and 1.24 million euros in equity instruments pending until the 2020-2022 period, which are included in liabilities and equity, respectively, at December 31, 2019 (4.92 and 4.49 million euros, respectively, at December 31, 2018). In 2018, lower expenses were recorded for this item, for the amount of 11.51 million euros, and the number of shares related to this incentive plan reached 2,295,522.

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:**

2019

Segment	Board of Directors and Senior Management		Management		Technicians		Administrative staff		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
BRASIL	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

2018

Segment	Board of Directors and Senior Management		Management		Technicians		Administrative staff		Total	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
IBERIA	5	--	1,146	564	2,742	2,494	677	1,837	4,570	4,895
LATAM NORTH	5	2	294	275	766	744	338	461	1,403	1,482
LATAM SOUTH	6	2	432	295	1,203	1,092	604	803	2,245	2,192
BRASIL	--	--	378	261	898	2,024	814	1,218	2,090	3,503
NORTH AMERICA	4	--	296	309	671	1,091	226	694	1,197	2,094
EURASIA	4	--	239	208	657	794	552	772	1,452	1,774
ASISTENCIA	2	1	406	268	577	566	1,210	1,905	2,195	2,740
GLOBAL RISKS	2	--	46	20	95	93	4	26	147	139
REINSURANCE	2	--	56	32	119	127	12	37	189	196
CORPORATE AREAS	19	2	215	98	416	289	23	93	673	482
Average total number of employees	49	7	3,508	2,330	8,144	9,314	4,460	7,846	16,161	19,497

• Number of employees at the end of the year:

2019

Segment	Board of Directors and Senior Management		Management		Technicians		Administrative staff		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
BRASIL	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
Total number of employees	54	12	3,510	2,370	8,133	8,940	3,794	7,511	15,491	18,833

2018

Segment	Board of Directors and Senior Management		Management		Technicians		Administrative staff		Total	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
IBERIA	5	--	1,138	557	2,757	2,535	679	1,867	4,579	4,959
LATAM NORTH	5	2	326	302	756	750	318	454	1,405	1,508
LATAM SOUTH	7	2	462	360	1,148	1,029	598	802	2,215	2,193
BRASIL	--	--	413	312	842	1,933	787	1,265	2,042	3,510
NORTH AMERICA	4	--	302	337	648	1,067	219	678	1,173	2,082
EURASIA	4	--	258	224	648	786	549	761	1,459	1,771
ASISTENCIA	1	1	497	336	457	459	1,121	1,830	2,076	2,626
GLOBAL RISKS	2	--	42	20	87	89	4	25	135	134
REINSURANCE	2	--	55	32	127	129	11	37	195	198
CORPORATE AREAS	21	2	212	97	390	296	21	91	644	486
Total number of employees	51	7	3,705	2,577	7,860	9,073	4,307	7,810	15,923	19,467

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	2019		2018	
	Year-end close	Average	Year-end close	Average
Management	14	13	11	12
Technicians	100	98	95	96
Administrative staff	89	90	93	90
Total	203	201	199	198

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 1.59 billion and 959.39 million euros in 2019 and 2018, respectively.

Negative foreign exchange differences other than those arising from financial instruments measured at fair value, allocated to the consolidated income statement, amounted to 1.59 billion and 946.70 million euros in 2019 and 2018, respectively.

The settlement of the currency conversion differences recognized in equity at the beginning and end of the year in 2019 and 2018 is shown below.

Description	Amount	
	2019	2018
FOREIGN EXCHANGE DIFFERENCES AT THE BEGINNING OF THE YEAR	(737.90)	(730.70)
Net foreign exchange differences on valuation of non-monetary items	0.38	1.59
Net foreign exchange differences on conversion of financial statements	35.31	(8.79)
FOREIGN EXCHANGE DIFFERENCES AT THE END OF THE YEAR	(702.21)	(737.90)

Figures in millions of euros

At December 31, 2019 and 2018 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	
		2019	2018	2019	2018	2019	2018
<u>Companies consolidated by global integration:</u>							
MAPFRE RE	Europe, America and rest of world	22.48	21.88	(29.49)	(26.67)	(7.01)	(4.79)
MAPFRE INTERNACIONAL	Europe, America and rest of world	488.30	439.20	(1,123.56)	(1,109.04)	(635.26)	(669.84)
OTHER	--	28.98	27.54	(72.19)	(73.70)	(43.21)	(46.16)
TOTAL		539.76	488.62	(1,225.24)	(1,209.41)	(685.48)	(720.79)

Figures in millions of euros

6.23. CONTINGENT ASSETS AND LIABILITIES

At the end of 2019 and 2018, 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 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 for a total consideration of 110.3 million euros, which will make it possible to notably increasing MAPFRE Life insurance distribution in the southeast of Spain. Additionally, in the first half of 2019, 50.01 percent of the company SANTANDER GLOBAL was acquired for a consideration of 82.27 million euros, which will make it possible to exclusively distribute Auto, Commercial Multirisk, SME Multirisk and TPL insurance in the Banco Santander network in Spain.

The table below shows the fair value of the identifiable assets and liabilities related to the acquisition of these businesses:

ITEM	CAJA GRANADA VIDA	CAJAMURCIA VIDA	SANTANDER GLOBAL
ASSETS			
Portfolio acquisition expenses and other intangibles	30.46	40.96	6.80
Investments	235.67	127.43	11.33
Receivables	0.53	0.36	--
Cash	4.47	12.32	--
Other assets	0.42	0.68	--
TOTAL ASSETS	278.78	184.80	18.13
LIABILITIES			
Technical provisions	193.40	118.04	--
Deferred tax liabilities	13.78	11.64	--
Debt	12.47	5.80	6.80
Other Liabilities	0.92	0.50	--
TOTAL LIABILITIES	220.57	135.98	6.80
Fair value of net assets	58.21	48.82	11.33
Interest acquired	51%	51%	50%
Fair value of the percentage of net assets acquired	29.69	24.90	5.67
First consolidation difference	32.07	23.65	76.60
Business combination costs	61.76	48.55	82.27

Figures in millions of euros

The fair values of the abovementioned 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 tax liabilities, which are not recorded on their books.

The net acquisition costs of all the combinations in 2019 have been met in full, and at December 31, 2019 there were no outstanding amounts pending payment.

The expenses directly attributable to the abovementioned combinations, corresponding to independent professional, legal and financial advisory fees, were not material and were recorded as expenses in the consolidated income statement.

The dates that the aforementioned combinations were incorporated into the consolidated group in the first half of 2019 were March 1, 2019 for the entities CAJA GRANADA VIDA and CAJAMURCIA VIDA, and June 30, 2019 for SANTANDER GLOBAL. Said business combinations contributed, in the period, 28.24 million euros to the Group's premiums, and 3.60 million euros to the net result attributable to the controlling company. If these combinations had taken place at the beginning of 2019, it would have contributed 37.45 million euros to the Group's premiums, and 4.71 million euros to the net result attributable to the controlling Company.

The business combinations with an insignificant cost that took place during 2019 and 2018 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	2019	2018
Received/provided services and other expenses/revenue	499.73	547.50
Expenses/revenue from real estate investment	24.22	24.42
Expenses/revenues from investments and financial accounts	23.36	25.93
Dividends distributed	1,668.71	1,826.36

Figures in millions of 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:

MAPFRE S.A. AND SUBSIDIARIES

Item	2019	2018
Ceded/accepted premiums	2,741.68	2,120.20
Benefits and services	1,536.20	1,955.02
Changes in technical provisions	319.23	(79.73)
Commissions	481.26	432.99

Figures in millions of 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	2019	2018
Receivables and payables	320.14	464.20
Deposits	56.69	81.25
Technical provisions	3,113.39	2,728.75

Figures in millions of 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		2019	2018
	2019	2018	2019	2018		
BB MAPFRE PARTICIPAÇÕES, S.A.	90.24	81.82	270.41	246.14	284.72	269.35
BANKIA MAPFRE VIDA, S.A. DE SEGUROS Y REASEGUROS	54.63	97.51	52.49	93.86	47.47	39.05
MAPFRE RE COMPAÑÍA DE REASEGUROS, S.A.	67.93	92.62	4.92	7.79	3.26	10.92
BANKINTER SEGUROS DE VIDA, S.A.	12.15	29.18	12.15	29.18	30.41	28.82
M.S.V. LIFE P.L.C.	17.65	6.15	17.65	6.15	8.68	8.96
MAPFRE PERÚ VIDA, COMPAÑÍA DE SEGUROS, S.A.	9.18	6.95	4.50	3.88	5.91	6.85
CAJA CASTILLA LA MANCHA VIDA Y PENSIONES, S.A.	11.99	4.80	11.99	4.80	8.68	8.91

Figures in millions of euros

Additionally, in 2018, non-controlling interests in the companies BB MAPFRE PARTICIPAÇÕES, S.A., BANKIA MAPFRE VIDA, S.A. DE SEGUROS Y REASEGUROS and BANKINTER SEGUROS DE VIDA, S.A. received funds for the following items and amounts:

Controlled company	Item	Amount
BB MAPFRE PARTICPAÇÕES, S.A.	Capital reduction	71.39
BANKIA MAPFRE VIDA, S.A. DE SEGUROS Y REASEGUROS	Share premium	35.86
BANKINTER SEGUROS DE VIDA, S.A.	Share premium	18.21

Figures in millions of euros

The distribution of share premiums is included in the Consolidated statement of changes in equity as “Other operations with the controlling company’s shareholders and non-controlling interests”

Additionally, in 2019 and 2018, the following restructuring was carried out:

In March 2019, administrative authorization was received to carry out the business restructuring operation for MAPFRE GLOBAL RISKS, by means of which:

- a) 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.
- b) 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 will act 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.

On November 30, 2018, the business reorganization of the strategic alliance between MAPFRE and Banco do Brasil came into effect. This alliance was initially formed in 2011 and was implemented through the holding companies BB MAPFRE SH1, focused primarily on the Life business, and MAPFRE BB SH2, owner of the insurers operating in other lines. The reorganization was set out in the following terms:

- a) Partial spin-off of BB MAPFRE SH1 by means of the segregation of the shareholding in MAPFRE Vida (Brazil), which will be absorbed by MAPFRE BB SH2.
- b) Partial spin-off of MAPFRE BB SH2 by means of the segregation of the shareholding in Aliança do Brasil Seguros (ABS), which will be absorbed by BB MAPFRE SH1.
- c) BB Seguros sells to MAPFRE BRASIL the whole of its shareholding in BB MAPFRE SH2.

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	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Controlled company										
MAPFRE VIDA SOCIEDAD ANÓNIMA DE SEGUROS Y REASEGUROS SOBRE LA VIDA HUMANA	13,866.80	12,625.52	192.28	148.11	16,216.97	14,664.52	1,414.27	1,307.68	12,509.42	11,468.37
BANKIA MAPFRE VIDA, S.A. DE SEGUROS Y REASEGUROS	7,501.13	7,374.07	12.99	12.49	7,667.17	7,551.49	334.05	312.05	6,712.04	6,752.66
MAPFRE ESPAÑA COMPAÑÍA DE SEGUROS Y REASEGUROS S.A.	6,192.24	5,668.82	851.48	937.18	9,560.06	8,027.50	2,486.60	2,216.15	5,783.39	4,983.15
MAPFRE RE COMPAÑÍA DE REASEGUROS, S.A.	4,467.20	3,918.58	846.56	392.39	8,467.38	5,838.83	1,696.41	1,223.30	5,864.14	4,167.42
M.S.V. LIFE P.L.C.	2,244.40	1,982.78	2.23	2.48	2,497.08	2,213.36	147.34	159.98	2,202.00	1,927.91
BANKINTER SEGUROS DE VIDA, S.A.	1,820.29	1,608.24	32.93	26.68	2,110.80	1,837.73	169.67	130.15	1,371.62	1,177.64
COMPANHIA DE SEGUROS ALIANÇADO BRASIL, S.A.	1,473.08	1,362.51	746.83	712.50	3,024.18	2,773.18	278.54	329.95	2,035.27	1,832.08
Subtotal controlled companies	37,565.14	34,540.52	2,685.30	2,231.83	49,543.64	42,906.61	6,526.88	5,679.26	36,477.88	32,309.23
Joint Arrangement										
SOLUNION SEGUROS DE CREDITO S.A.	79.77	73.08	80.70	78.10	439.05	407.82	121.04	111.29	204.03	179.95
Subtotal Joint Arrangements	79.77	73.08	80.70	78.10	439.05	407.82	121.04	111.29	204.03	179.95

Figures in millions of euros

- Income statement

Entity	Revenue				Results					
	From insurance business		Totals		From insurance business		From operations		From global account	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Controlled company										
MAPFRE VIDA SOCIEDAD ANÓNIMA DE SEGUROS Y REASEGUROS SOBRE LA VIDA HUMANA	2,786.37	2,485.53	2,808.90	2,507.19	202.64	299.48	224.48	287.93	272.86	283.30
BANKIA MAPFRE VIDA, S.A. DE SEGUROS Y REASEGUROS	779.38	898.60	784.27	903.36	128.81	105.88	96.80	79.63	129.14	59.66
MAPFRE ESPAÑA COMPAÑÍA DE SEGUROS Y REASEGUROS S.A.	4,659.33	4,483.67	5,412.31	5,172.78	320.23	315.12	244.24	232.77	550.94	150.27
MAPFRE RE COMPAÑÍA DE REASEGUROS, S.A.	4,999.83	3,950.61	6,829.68	4,676.61	70.18	181.81	52.35	140.87	131.65	57.89
M.S.V. LIFE P.L.C.	564.89	405.57	568.80	409.23	14.54	13.72	11.77	10.94	11.77	10.94
BANKINTER SEGUROS DE VIDA, S.A.	476.24	519.11	486.00	532.88	81.37	77.13	60.77	57.60	63.82	52.70
COMPANHIA DE SEGUROS ALIANÇADO BRASIL, S.A.	1,539.15	1,537.98	2,035.61	1,805.49	446.07	550.53	314.21	354.26	312.50	357.10
Subtotal controlled companies	15,805.19	14,281.07	18,925.57	16,007.54	1,263.84	1,543.67	1,004.62	1,164.00	1,472.68	971.86
Joint Arrangement										
SOLUNION SEGUROS DE CREDITO S.A.	36.96	30.94	243.97	224.79	16.24	13.35	7.82	6.10	8.91	4.60
Subtotal Joint Arrangements	36.96	30.94	243.97	224.79	16.24	13.35	7.82	6.10	8.91	4.60

Figures in millions of euros

The key figures for controlled companies and significant joint arrangements related to non-insurance activities are shown below:

- Balance sheet

Entity	Current assets		Total assets		Equity		Current liabilities	
	2019	2018	2019	2018	2019	2018	2019	2018
Controlled company								
FUNESPAÑA, S.A.	202.61	166.58	203.98	167.69	127.80	118.79	72.99	45.76
MAPFRE INVERSIÓN SOCIEDAD DE VALORES S.A.	64.37	71.28	222.29	209.87	169.82	165.85	45.80	37.38
MAPFRE TECH	37.06	48.34	73.12	64.54	18.08	20.85	45.77	35.35
CREDIMAPFRE	24.02	27.98	24.48	28.13	3.41	3.16	21.08	24.98
Subtotal controlled companies	328.06	314.18	523.87	470.23	319.11	308.65	185.64	143.47

Figures in millions of euros

• Income statement

Entity	Revenue		Earnings			
			From operations		From overall account	
	2019	2018	2019	2018	2019	2018
Controlled company						
FUNESPAÑA, S.A.	78.07	113.48	6.10	5.52	6.10	5.51
MAPFRE INVERSIÓN SOCIEDAD DE VALORES S.A.	83.39	104.26	37.24	57.35	40.88	51.60
MAPFRE TECH	193.14	180.88	(2.55)	0.73	(2.55)	0.73
CREDIMAPFRE	4.45	3.37	0.21	0.14	0.21	0.14
Subtotal controlled companies	359.05	401.99	41.00	63.74	44.64	57.98

Figures in millions of euros

Information relating to joint arrangements and associated undertakings

In 2019 and 2018 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 37.12 and 60.52 million euros, respectively (37.12 and 64.01 million euros respectively in 2017).

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			
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
SOLUNION SEGUROS DE CREDITO S.A.	7.18	4.70	--	--	3.27	2.24	2.61	2.57	1.73	2.44	(2.83)	(2.49)
TOTAL	7.18	4.70	--	--	3.27	2.24	2.61	2.57	1.73	2.44	(2.83)	(2.49)

Figures in millions of 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

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	
	2019	2018
Short-term remuneration		
Salary	2.59	3.00
Short-term variable remuneration	1.95	2.09
Fixed allowance	2.75	2.75
Other items	0.06	0.91
Medium-term variable remuneration	1.28	1.13
TOTAL REMUNERATION	8.69	9.88
Other remuneration		
Life insurance	0.08	0.09

Figures in millions of 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 2019 and 2018. In 2018, The Vice-Chairman-Coordinating Director has an additional fixed annual allowance of 110,000 euros. The members of the Steering Committee receive 10,000 euros in 2019 and also have a travel, subsistence and accommodation allowance of 3,000 euros. In 2018 they received 20,000 euros. Said amount reaches 68,000 euros (65,000 in 2018), in the case of people who chair the Audit and Compliance Committee, and 60,000 euros (57,000 in 2018) in the case of people who chair other Steering Committees. Other members of the Audit and Compliance Committee receive 48,000 euros (45,000 in 2018) and other members of other sub-steering committees receive 39,000 euros (37,000 euros in 2018).

Members of the Boards of Directors of Spanish insurance companies receive a fixed allowance of 48,000 euros (47,000 in 2018). The external vice-chairmen of the Boards of Directors of Spanish companies receive an additional 11,000 euros (10,000 euros in 2018), and those who are members of Management Committees receive 11,000 euros (10,000 in 2018).

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 2019, contributions to defined benefit plans amounted to 4.57 million euros, recognized as expenses for the year (5.12 million euros in 2018), with the amount for accumulated rights reaching 26.81 and 21.37 million euros at December 31 2019 and 2018, respectively.

Executive directors do not receive the fixed assignment established for external directors.

As indicated in the table in this Note regarding medium-term incentive plans, in the current period 1.28 million euros has accrued (1.02 million in cash and 26 million in equity instruments), of which 0.14 million euros in cash and 0.16 million euros in equity instruments are pending payment. Said amounts were fully provisioned. In 2018, a provision was made for 0.10 million euros corresponding to remuneration in cash, and a provision for 0.92 million euros to remuneration to be settled through equity instruments was cancelled. At the close of 2018, the amount of the provision for these plans reached 1.55 million euros.

Regarding variable short-term remuneration accrued in the current and previous years, in 2019 3.05 million euros are pending payment (3.25 million euros in 2018).

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.

The insurance premium paid on behalf of the administrators for damages liability was 0.79 million euros (0.67 million euros in 2018).

In reference to senior management, remuneration paid in the last two years is shown below:

Item	Amount	
	2019	2018
No. of senior management members	8	7
Fixed remuneration	2.21	2.12
Variable remuneration	1.26	1.19
Other concepts	0.18	0.08
TOTAL REMUNERATION	3.65	3.39
Life insurance	0.03	0.03

Figures in millions of euros

Regarding medium-term incentive plans, in the current year, 0.23 million euros have accrued (0.17 in cash and 0.06 in equity instruments), of which 0.05 million euros in cash and 0.02 million euros in equity instruments are pending payment. Said amounts were fully provisioned. In 2018 part of a provision for the amount of 1.02 million euros was cancelled.

Additionally, an expense of 1.05 million euros was recorded in 2019 (0.83 million euros in 2018) as a contribution to defined benefit plans.

6.26. EVENTS SUBSEQUENT TO CLOSING

There have been no significant events subsequent to the close of the year.

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:

- They establish general guidelines, basic principles and a general framework of action for the type of risk, ensuring coherent application within the Group.
- Assign responsibilities and define strategies, processes and procedures regarding the information needed to identify, measure, monitor, manage and notify about the risks referred to.

- 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
	2018	2017	
Insurance			
- IBERIA	34.65	34.10	1.24%
- LATAM	24.70	22.81	1.23%
- INTERNATIONAL	20.73	19.22	1.89%
Reinsurance	18.24	19.07	1.93%
Assistance	6.02	4.78	1.12%
Global Risks	1.44	2.40	24.27%
CONSOLIDATED	100.05	90.62	0.44%

Figures in millions of 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

The following chart shows the Life insurance risk sensitivity analysis, of the main Life insurers of the Group as a whole, by variations of the main sources of doubt, and their impact on Solvency II Eligible Own Funds for the Group:

Item	Sensitivity range (typical deviation)	
	2019	2018
Mortality ratio (5% increase) (products without longevity risk)	(1.6%) to (0.8%)	(1.5%) to (0.8%)
Mortality ratio (5% decline) (only products with longevity risk)	(2.0%) to (1.1%)	(1.6%) to (0.9%)
Disability ratio (5% increase)	--	--
Expenses (10% increase)	(1.9%) to (1.3%)	(1.2%) to (0.9%)
Lapses (10% increase)	(1.0%) to (0.6%)	(1.3%) to (0.7%)

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.

Their 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:

2019

Item	Accepted reinsurance				Direct insurance				
	Life	Non-Life		Total	Catastrophe risk	Other risks			Total
		Catastrophe risk	Other risks			Life	Non-Life		
							Automobile	Other	
Written premiums, direct insurance	--	--	--	--	351.64	4,877.67	6,565.61	7,743.84	19,538.76
Premiums from accepted reinsurance	593.74	266.92	2,644.50	3,505.16	--	--	--	--	--

Figures in millions of euros

2018

Item	Accepted reinsurance				Direct insurance				
	Life	Non-Life		Total	Catastrophe risk	Other risks			Total
		Catastrophe risk	Other risks			Life	Non-Life		
							Automobile	Other	
Written premiums, direct insurance	--	--	--	--	382.95	4,870.58	6,812.94	7,035.76	19,102.23
Premiums from accepted reinsurance	600.47	461.55	2,372.85	3,434.87	--	--	--	--	--

Figures in millions of 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:

2019

Product	IBERIA	LATAM NORTH	LATAM SOUTH	BRAZIL	NORTH AMERICA	EURASIA	MAPFRE ASISTENCIA	MAPFRE GLOBAL RISK	MAPFRE RE	CORPORATE AREAS AND CONSOLIDATION ADJUSTMENTS	Total
Life	2,425.09	425.44	241.28	1,502.53	4.36	292.28	--	--	--	0.10	4,891.08
Automobile	2,313.61	298.64	427.93	842.70	1,550.45	1,101.56	103.83	--	--	(103.42)	6,535.30
Homeowners and	973.13	119.09	195.35	426.88	665.95	86.72	--	--	--	0.25	2,467.37
Health	580.33	230.32	75.84	0.93	54.31	126.15	--	--	--	1.67	1,069.55
Accident	111.86	18.14	95.29	--	2.02	7.99	--	--	--	0.05	235.35
Other Non-Life	1,313.74	881.47	561.02	1,204.47	54.65	80.84	757.20	--	--	(375.79)	4,477.60
Reinsurance	--	--	--	--	--	--	--	1,060.12	4,520.37	(2,212.83)	3,367.66
	--	--	--	--	--	--	--	--	--	--	--
TOTAL	7,717.76	1,973.10	1,596.71	3,977.51	2,331.74	1,695.54	861.03	1,060.12	4,520.37	(2,689.96)	23,043.92

Figures in millions of euros

2018

Product	IBERIA	LATAM NORTH	LATAM SOUTH	BRAZIL	NORTH AMERICA	EURASIA	MAPFRE ASISTENCIA	MAPFRE GLOBAL RISK	MAPFRE RE	CORPORATE AREAS AND CONSOLIDATION ADJUSTMENTS	Total
Life	2,582.56	343.77	261.45	1,355.71	4.03	328.09	--	--	--	0.09	4,875.70
Automobile	2,282.91	279.65	449.96	1,013.52	1,639.70	1,123.71	90.70	--	--	(89.25)	6,790.90
Homeowners and	921.08	101.53	194.39	435.30	673.90	86.73	--	--	--	0.36	2,413.29
Health	554.65	211.03	72.02	1.52	63.96	125.75	--	--	--	3.49	1,032.42
Accident	109.36	15.21	95.83	--	1.95	10.00	--	--	--	0.06	232.41
Other Non-Life	1,207.35	358.16	532.10	1,166.15	41.74	91.48	820.32	117.23	--	(930.85)	3,403.68
Reinsurance	--	--	--	--	--	--	--	1,056.68	3,787.13	(1,055.11)	3,788.70
	--	--	--	--	--	--	--	--	--	--	--
TOTAL	7,657.91	1,309.35	1,605.75	3,972.20	2,425.28	1,765.76	911.02	1,173.91	3,787.13	(2,071.21)	22,537.10

Figures in millions of 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	
	2019	2018
Euro	8,877.98	9,023.42
US dollar	4,147.99	3,622.32
Brazilian real	3,977.51	3,972.20
Mexican peso	633.26	489.88
Argentine peso	128.43	168.90
Venezuelan bolivar	4.15	5.56
Turkish lira	340.83	380.58
Colombian peso	276.50	309.74
Chilean peso	134.74	154.05
Pound sterling	249.65	226.91
Peruvian sol	284.74	268.55
Indonesian rupiah	48.90	61.89
Other currencies	434.08	418.22
TOTAL	19,538.76	19,102.22

Figures in millions of 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	
	2019	2018
· Provision for Life insurance	57.00	55.95
· Provision for outstanding claims	4,313.86	4,303.06
· Other technical provisions	4.82	1.46
· Receivables on ceded and retroceded reinsurance transactions	390.51	484.16
· Due on ceded and retroceded reinsurance transactions	(868.87)	(423.21)
TOTAL NET POSITION	3,897.32	4,421.42

Figures in millions of euros

The following table shows the breakdown of credits against reinsurers based on the financial solvency margin:

Rating	Book value	
	2019	2018
AAA	1,244.10	1,040.09
AA	1,009.39	1,028.92
A	574.46	1,457.50
BBB	294.85	389.84
BB OR LESS	125.48	10.35
WITHOUT CREDIT RATING	649.05	494.73
TOTAL NET POSITION	3,897.32	4,421.42

Figures in millions of euros

The following table shows the type and amount of the guarantees granted by reinsurers in the last two years:

Type of surety	Amount	
	2019	2018
Letters of credit	1.10	2.15
Guarantees	--	--
Pledging of assets	--	--
Other guarantees	16.56	476.79
TOTAL	17.66	478.94

Figures in millions of euros

The balances corresponding to receivables on direct insurance and co-insurance operations amounted to 3.95 and 3.64 billion euros at December 31, 2019 and 2018, 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	
	2019	2018	2019	2018	2019	2018	2019	2018
AAA	1,462.92	1,437.93	2,322.65	1,941.84	1,896.58	1,082.78	142.71	151.86
AA	46.33	83.45	3,169.58	3,936.23	225.06	1,076.59	240.92	299.43
A	33.92	32.38	20,742.99	18,686.11	499.70	482.56	1,212.17	938.24
BBB	211.40	151.00	7,421.12	6,265.73	817.60	715.47	631.08	505.91
BB OR LESS	79.93	156.67	256.88	463.70	22.52	142.84	98.94	128.88
WITHOUT CREDIT RATING	115.20	78.17	399.14	194.27	113.27	2.93	211.68	177.09
TOTAL	1,949.70	1,939.60	34,312.36	31,487.88	3,574.73	3,503.17	2,537.50	2,201.41

Figures in millions of euros

3. Fixed-income securities in default

There were no fixed-income securities in default for significant amounts at December 31, 2019 and 2018.

4. Receivables

The following table shows the composition of the receivables heading at December 31, 2019 and 2018, 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	
			Recorded losses		Reversal gains			
	2019	2018	2019	2018	2019	2018	2019	2018
Receivables on direct insurance and co-insurance operations	3,945.09	3,644.21	(11.29)	(10.82)	6.97	9.93	--	--
Receivables on reinsurance operations	934.33	903.08	(16.44)	(21.95)	15.89	15.64	--	--
Tax receivables	409.20	336.70	--	--	--	--	--	--
Corporate and other receivables	780.77	877.21	(10.47)	(3.02)	2.43	2.28	--	--
TOTAL	6,069.39	5,761.20	(38.20)	(35.79)	25.29	27.85	--	--

Figures in millions of 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, 2019, the cash and cash equivalent balance amounted to 2.54 billion euros (2.20 billion euros the previous year), equivalent to 5.34 percent of total financial investments and cash (5.07 percent at the close of 2018). 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, 2019 and 2018 (non-financial discount amounts).

2019

Item	Estimated cash outflows in years							Closing balance
	2020	2021	2022	2023	2024	2025 a 2029	Subsequent	
Provisions for Life insurance	2,934.93	2,143.36	2,040.86	1,708.99	1,583.40	6,447.15	10,085.30	26,943.99
Provision for outstanding claims	5,762.93	2,519.01	1,361.65	769.26	523.53	1,071.47	616.20	12,624.05
Other technical provisions	87.33	41.55	39.57	40.81	41.62	224.52	594.53	1,069.93
Due on direct insurance and coinsurance	879.89	14.74	11.21	6.04	4.16	7.42	4.60	928.06
Due on reinsurance operations	1,501.41	11.07	8.44	4.61	3.10	5.53	6.92	1,541.08
TOTAL	11,166.49	4,729.73	3,461.73	2,529.71	2,155.81	7,756.09	11,307.55	43,107.11

Figures in millions of euros

2018

MAPFRE S.A. AND SUBSIDIARIES

Item	Estimated cash outflows in years							Closing balance
	2019	2020	2021	2022	2023	2024 a 2028	Subsequent	
Provisions for Life insurance	2,733.10	2,105.46	1,985.52	1,871.39	1,502.78	6,253.93	10,105.60	26,557.78
Provision for outstanding claims	6,161.41	2,433.37	1,223.84	756.87	516.69	1,151.78	470.19	12,714.15
Other technical provisions	87.57	36.65	38.35	40.36	42.45	245.84	485.91	977.13
Due on direct insurance and coinsurance	1,047.43	14.72	10.25	6.61	4.25	8.71	2.81	1,094.78
Due on reinsurance operations	841.49	2.24	2.09	1.03	0.67	1.38	3.74	852.64
TOTAL	10,871.00	4,592.44	3,260.05	2,676.26	2,066.84	7,661.64	11,068.25	42,196.48

Figures in millions of 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:

2019

Item	Maturity in						Total
	2020	2021	2022	2023	2024	Subsequent	
Subordinated liabilities	46.88	46.88	46.88	46.88	46.88	1,261.25	1,495.65
Issue of debentures and other negotiable securities	16.25	16.25	16.25	16.25	16.25	1,032.50	1,113.75
Due to credit institutions	62.13	32.88	32.79	32.76	642.76	52.86	856.18
Other financial liabilities (excluding for trading, others at fair value and w/o maturity)	532.72	1.15	1.35	1.05	0.94	7.11	544.32
TOTAL	657.98	97.16	97.27	96.94	706.83	2,353.72	4,009.90

Figures in millions of euros

2018

Item	Maturity in						Total
	2019	2020	2021	2022	2023	Subsequent	
Subordinated liabilities	46.88	46.88	46.88	46.88	46.88	1,308.13	1,542.53
Issue of debentures and other negotiable securities	16.25	16.25	16.25	16.25	16.25	1,048.75	1,130.00
Due to credit institutions	55.59	0.11	0.06	0.04	490.00	0.01	545.81
Other financial liabilities (excluding for trading, others at fair value and w/o maturity)	503.75	3.42	0.34	0.30	0.25	625.38	1,133.44
TOTAL	622.47	66.66	63.53	63.47	553.38	2,982.27	4,351.78

Figures in millions of 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	
	2019	2018	2019	2018	2019	2018
To maturity	1,830.38	1,641.07	143.01	310.40	1,973.39	1,951.47
Available for sale	31,452.44	28,969.30	5,632.77	4,784.43	37,085.21	33,753.73
Trading	4,748.66	4,413.85	1,188.61	1,126.92	5,937.27	5,540.77
TOTAL	38,031.48	35,024.22	6,964.39	6,221.75	44,995.87	41,245.97

Figures in millions of euros

The assets with a fixed interest rate include the immunized portfolios, which amounted to 16.48 and 15.25 billion euros at December 31, 2019 and 2018 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	
	2019	2018	2019	2018	2019	2018
Subordinated liabilities	1,121.07	1,120.54	--	--	1,121.07	1,120.54
Issue of debentures and other negotiable securities	1,004.82	1,004.05	--	--	1,004.82	1,004.05
Due to credit institutions	28.37	12.86	819.44	532.83	847.81	545.69
Other financial liabilities	735.19	468.52	1,177.89	794.28	1,913.08	1,262.80
TOTAL	2,889.45	2,605.97	1,997.33	1,327.11	4,886.78	3,933.08

Figures in millions of euros

The following tables show the breakdown of financial investments by maturity for 2019 and 2018.

December 31, 2019

MAPFRE S.A. AND SUBSIDIARIES

Item	Closing balance	Maturity in:					Subsequent or without maturity
		1 year	2 years	3 years	4 years	5 Years	
HELD TO MATURITY PORTFOLIO							
Fixed income	1,949.70	343.56	163.92	295.44	178.97	93.43	874.38
Other investments	23.69	14.57	1.31	0.17	0.02	0.05	7.57
TOTAL HELD TO MATURITY PORTFOLIO	1,973.39	358.13	165.23	295.61	178.99	93.48	881.95
AVAILABLE FOR SALE PORTFOLIO							
Fixed income	34,312.36	2,335.57	2,157.33	2,933.44	2,781.74	3,649.88	20,454.40
Other investments	25.75	10.76	4.84	1.42	0.92	5.92	1.89
TOTAL AVAILABLE FOR SALE PORTFOLIO	34,338.11	2,346.33	2,162.17	2,934.86	2,782.66	3,655.80	20,456.29
TRADING PORTFOLIO							
Financial swaps	494.47	(128.85)	(72.34)	(145.02)	(77.52)	(106.95)	1,025.15
Options	0.03	0.03	--	--	--	--	--
Fixed income	3,181.59	1,425.61	282.37	288.58	122.75	232.12	830.16
Hybrids	392.72	109.04	129.37	122.89	--	4.33	27.09
Deposits	0.42	--	--	--	--	--	0.42
TOTAL TRADING PORTFOLIO	4,069.23	1,405.83	339.40	266.45	45.23	129.50	1,882.82

Figures in millions of euros

December 31, 2018

Item	Closing balance	Maturity in:					Subsequent or without maturity
		1 year	2 years	3 years	4 years	5 Years	
HELD TO MATURITY PORTFOLIO							
Fixed income	1,939.60	257.49	198.63	110.19	265.12	231.06	877.11
Other investments	11.87	5.97	0.02	--	0.19	2.01	3.68
TOTAL HELD TO MATURITY PORTFOLIO	1,951.47	263.46	198.65	110.19	265.31	233.07	880.79
AVAILABLE FOR SALE PORTFOLIO							
Fixed income	31,487.88	2,308.96	1,934.73	2,287.65	2,863.52	2,764.01	19,329.01
Other investments	33.53	27.06	--	0.50	4.06	--	1.91
TOTAL AVAILABLE FOR SALE PORTFOLIO	31,521.41	2,336.02	1,934.73	2,288.15	2,867.58	2,764.01	19,330.92
TRADING PORTFOLIO							
Financial swaps	453.00	(104.23)	(122.18)	(60.31)	(111.15)	(97.92)	948.78
Options	0.70	--	0.70	--	--	--	--
Fixed income	3,090.04	1,556.55	176.29	353.52	188.82	139.78	675.08
Hybrids	413.13	16.51	--	135.78	120.89	67.22	72.73
Deposits	--	--	--	--	--	--	--
TOTAL TRADING PORTFOLIO	3,956.87	1,468.83	54.81	428.99	198.56	109.08	1,696.59

Figures in millions of euros

The average interest rate and modified duration of fixed-income investments in 2019 and 2018 are shown below:

Item	2019	2018
Average interest rate (%)	3.68	4.05
Modified duration (%)	7.26	6.75

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	
	2019	2018	2019	2018	2019	2018
Euro	42,783.68	39,127.49	39,072.47	36,278.29	3,711.21	2,849.20
US dollar	14,068.98	13,100.62	10,705.40	10,088.00	3,363.58	3,012.62
Mexican peso	1,307.20	1,000.87	980.42	739.42	326.78	261.45
Brazilian real	8,196.13	8,068.41	6,618.67	6,413.87	1,577.46	1,654.54
Turkish lira	815.26	845.15	709.25	719.28	106.01	125.87
Chilean peso	348.96	402.63	218.68	287.37	130.28	115.26
Venezuelan sovereign bolivar	14.65	4.42	5.05	2.71	9.60	1.71
Argentine peso	276.07	304.44	214.53	226.71	61.54	77.73
Colombian peso	1,478.55	1,575.45	1,397.54	1,270.87	81.01	304.58
Pound sterling	646.30	606.93	521.58	413.53	124.72	193.40
Canadian dollar	59.44	52.64	14.76	14.06	44.68	38.58
Philippine peso	105.10	109.66	77.45	87.24	27.65	22.42
Peruvian sol	414.11	327.77	347.12	266.61	66.99	61.16
Indonesian rupiah	242.78	272.10	89.24	97.73	153.54	174.37
Other currencies	1,752.71	1,492.24	1,431.74	1,187.55	320.97	304.69
TOTAL	72,509.92	67,290.82	62,403.90	58,093.24	10,106.02	9,197.58

Figures in millions of 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 720.99 and 638.52 million euros at December 31, 2019 and 2018, respectively.

4. Property risk

At December 31, 2019 the Group had property assets representing approximately 4.55 percent of total investments and cash (4.25 percent at December 31, 2018), of which approximately 45.65 percent corresponds to its own offices (40.68 percent at December 31, 2018). 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	
	2019	2018	2019	2018
Real estate investments	1,323.35	1,243.60	1,787.39	1,684.29
Real estate for own use	1,111.63	852.66	1,515.13	1,232.99
TOTAL	2,434.98	2,096.26	3,302.52	2,917.28

Figures in millions of euros

Unrealized gains would offset a fall in the price of the properties equivalent to approximately 26.27 percent of their market value at the close of 2019 (28.14 percent at the close of 2018).

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.

8.2. FEES EARNED BY THE AUDITORS

The annual accounts of the controlling company and of the main Group companies for the financial year 2019 have been audited by the firm KPMG, with the main exception of the subsidiaries with registered offices in Indonesia, whose auditor is PKF. In 2018, the subsidiaries with registered offices in Chile were audited by EY.

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	
	2019	2018
Audit services	7.71	7.53
Other verification services	1.58	2.22
Tax services	0.02	--
Other services	0.01	0.02
Total services of main auditor	9.32	9.77

Figures in millions of euros

The abovementioned amounts include those paid to the company KPMG Auditores, S.L. to the Group in 2019 for the amount of 2.27 million euros for audit services (2.20 million euros in 2018) and 0.58 million euros for Other verification services (0.92 million in 2018). 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 (0.45 million euros).

Fees related to account auditing services provided by auditors other than the main auditor amounted to 0.06 million euros in 2019 (0.26 million euros in 2018).

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 2019 and 2018:

Item	Days	
	2019	2018
Average provider payment period	5.44	6.66
Ratio of paid operations	5.24	6.49
Ratio of operations pending payment	24.76	19.43

Item	Million euros	
	2019	2018
Total payments made	1,989.00	1,693.75
Total pending payments exceeding the maximum statutory term	20.43	21.60

APPENDIX 1: SUBSIDIARIES, ASSOCIATED UNDERTAKINGS AND JOINT VENTURE AT DECEMBER 31, 2019 AND 2018

Name	Address	Participation in Capital			Consolidation method	Integration method for Solvency
		Holder	Percentage			
			2019	2018		
IBERIA						
MAPFRE ESPAÑA COMPAÑÍA DE SEGUROS Y REASEGUROS S.A.	Ctra. Pozuelo, 50. Majadahonda. Madrid. (Spain)	<ul style="list-style-type: none"> ■ MAPFRE, S.A. ■ MAPFRE GLOBAL RISK, S.A. ■ MAPFRE PARTICIPACIONES S.A. 	83.5168	83.5168	(A)	(1)
			---	16.4825		
			16.4825	---		
CLUB MAPFRE, S.A.	Ctra. Pozuelo, 50. Majadahonda. Madrid (Spain)	<ul style="list-style-type: none"> ■ MAPFRE ESPAÑA, S.A. ■ MAPFRE AUTOMOCIÓN S.A.U 	99.9875	99.9875	(A)	(1)
			0.0125	0.0125		
CENTRO DE EXPERIMENTACIÓN Y SEGURIDAD VIAL MAPFRE, S.A.	Ctra.Valladolid, km 1 Ávila (Spain)	<ul style="list-style-type: none"> ■ MAPFRE ESPAÑA, S.A. ■ MAPFRE, S.A. 	99.9982	99.9982	(A)	(1)
			0.0018	0.0018		
MAPFRE AUTOMOCIÓN S.A.U	Crta. De Pamplona a Zaragoza Polígono Ind. Cordovilla Navarra (Spain)	<ul style="list-style-type: none"> ■ MAPFRE ESPAÑA, S.A. 	100.0000	100.0000	(A)	(1)
VERTI ASEGURADORA, COMPAÑÍA DE SEGUROS Y REASEGUROS, S.A	Ctra. Pozuelo, 52. Majadahonda. Madrid (Spain)	<ul style="list-style-type: none"> ■ MAPFRE ESPAÑA, S.A. ■ CLUB MAPFRE S.A. 	99.9991	99.9991	(A)	(1)
			0.0009	0.0009		
RASTREATOR.COM LTD	Greyfriars House Greyfriars Road Cardiff Cardiff. South Wales CF10 3AL (United Kingdom)	<ul style="list-style-type: none"> ■ MAPFRE ESPAÑA, S.A. 	25.0000	25.0000	(C)	(3)
MAPFRE CONSULTORES DE SEGUROS Y REASEGUROS, S.A.	Paseo de Recoletos, 25 Madrid (Spain)	<ul style="list-style-type: none"> ■ MAPFRE ESPAÑA, S.A. ■ MAPFRE, S.A. 	50.0000	50.0000	(A)	(1)
			50.0000	50.0000		
MULTISERVICIOS MAPFRE MULTIMAP, S.A.	Ctra. Pozuelo, 52. Majadahonda. Madrid (Spain)	<ul style="list-style-type: none"> ■ MAPFRE ESPAÑA, S.A. ■ CENTROS MÉDICOS S.A. 	97.5000	97.5000	(A)	(1)
			2.5000	2.5000		
FUNESPAÑA, S.A.	C/ Doctor Esquerdo, 138 5º Madrid (Spain)	<ul style="list-style-type: none"> ■ MAPFRE ESPAÑA, S.A. 	99.7711	99.5567	(A)	(1)
POMPES FÚNEBRES DOMINGO, S.L.	C/ Mercaderes, 5 Bajo Tortosa. Tarragona. (Spain)	<ul style="list-style-type: none"> ■ FUNESPAÑA, S.A. 	75.0000	75.0000	(A)	(1)
SERVICIOS FUNERARIOS FUNEMADRID, S.A	C/ Doctor Esquerdo, 138 5º Pita Madrid (Spain)	<ul style="list-style-type: none"> ■ FUNESPAÑA, S.A. 	100.0000	100.0000	(A)	(1)
CEMENTERIO JARDÍN DE ALCALA DE HENARES, S.A.	Carretera de Pastrana, Km 3 Alcala de Henares. Madrid (Spain)	<ul style="list-style-type: none"> ■ FUNEMADRID 	49.0000	49.0000	(C)	(3)
EMPRESA MIXTA SERVEIS MUNICIPALS DE TARRAGONA, S.L.	Carretera Villa de Valencia, 2 Tarragona (Spain)	<ul style="list-style-type: none"> ■ FUNESPAÑA, S.A. 	49.0000	49.0000	(C)	(3)
CEMENTERIO PARQUE ANDUJAR, S.L.	C/ Cementerio, 4 Andujar. Jaén (Spain)	<ul style="list-style-type: none"> ■ FUNESPAÑA, S.A. 	72.8200	68.6200	(A)	(1)
SERVICIOS FUNERARIOS DE ZARAGOZA, S.L.	C/ Doctor Esquerdo, 138 5º Pita Madrid (Spain)	<ul style="list-style-type: none"> ■ FUNESPAÑA, S.A. 	70.0000	70.0000	(A)	(1)
GAB MANAGEMENT & CONSULTING, S.R.L.	C/ Coso, 66 2ºC Zaragoza (Spain)	<ul style="list-style-type: none"> ■ FUNESPAÑA, S.A. 	77.6000	77.6000	(A)	(1)
TANATORIUM ZRT	Joseph Krt, 49 Budapest (Hungary)	<ul style="list-style-type: none"> ■ FUNESPAÑA, S.A. 	100.0000	100.0000	(A)	(1)
TANATORI DAMA D'ELX, S.L. (Salida en 2019 por venta)	C/ Apareguda, 2 El Campello. Alicante (Spain)	<ul style="list-style-type: none"> ■ FUNESPAÑA, S.A. 	---	97.1400	(H)	(H)
ZACARIAS NUÑO, S.L. (Salida en 2019 por extinción)	Avenida de los mártires, 3 Sta. Cruz de Mudela. C.Real (Spain)	<ul style="list-style-type: none"> ■ FUNESPAÑA, S.A. 	---	50.0000	(H)	(H)
INICIATIVAS ALCAÉSAR, S.L.	C / Viena, 2 1º A Cáceres (Spain)	<ul style="list-style-type: none"> ■ FUNESPAÑA, S.A. 	40.0000	40.0000	(C)	(3)
SALZILLO SERVICIOS FUNERARIOS, S.L.	C/ Doctor Esquerdo, 138 5º Pita Madrid (Spain)	<ul style="list-style-type: none"> ■ FUNESPAÑA, S.A. 	45.0000	45.0000	(C)	(1)
DE MENA SERVICIOS FUNERARIOS, S.L.	C/ Doctor Esquerdo, 138 5º Pita Madrid (Spain)	<ul style="list-style-type: none"> ■ FUNESPAÑA, S.A. 	70.0000	70.0000	(A)	(1)
ISABELO ALVAREZ MAYORGA, S.A.	Carretera Ávila - Valladolid Km 08 Ávila (Spain)	<ul style="list-style-type: none"> ■ FUNESPAÑA, S.A. 	50.0000	50.0000	(C)	(3)
SERVICIOS FUNERARIOS DEL NERVIÓN, S.L.	Alameda de Recalde 10 Bilbao (Spain)	<ul style="list-style-type: none"> ■ FUNESPAÑA, S.A. 	50.0000	50.0000	(C)	(3)
NUEVO TANATORIO, S.L.	Avenida Hermanos Bou, 251 Castellón (Spain)	<ul style="list-style-type: none"> ■ FUNESPAÑA, S.A. 	50.0000	50.0000	(C)	(3)
SERVICIOS FUNERARIOS LA CARIDAD, S.L.	Carretera Sanlúcar - Trebujena Km 1,5 Sanlúcar de Barrameda. Cádiz (Spain)	<ul style="list-style-type: none"> ■ FUNESPAÑA, S.A. 	50.0000	50.0000	(C)	(3)
TANATORIO DE ÉCJJA, S.L.	C / Camino del Valle Écija. Sevilla (Spain)	<ul style="list-style-type: none"> ■ FUNESPAÑA, S.A. 	33.3300	33.3300	(C)	(3)
TANATORIO SE-30 SEVILLA, S.L.	C/ San Juan Bosco, 58 Zaragoza (Spain)	<ul style="list-style-type: none"> ■ FUNESPAÑA, S.A. 	10.0000	10.0000	(C)	(3)
ALL FUNERAL SERVICES, S.L.	C/ Doctor Esquerdo, 138 5º Pita Madrid (Spain)	<ul style="list-style-type: none"> ■ FUNESPAÑA, S.A. 	100.0000	100.0000	(A)	(1)
FUNESPAÑA CHILE, S.A.	Santiago de Chile (Chile)	<ul style="list-style-type: none"> ■ FUNESPAÑA, S.A. 	50.0000	50.0000	(B)	(9)
FUNEUROPEA CHILE, S.A.	Santiago de Chile (Chile)	<ul style="list-style-type: none"> ■ FUNESPAÑA, S.A. 	50.0000	50.0000	(B)	(9)
FUNERARIAS REUNIDAS EL BIERZO, S.A.	C/ Doctor Esquerdo, 138 5º Pita Madrid (Spain)	<ul style="list-style-type: none"> ■ FUNESPAÑA, S.A. 	85.8200	85.8200	(A)	(1)
SERVICIOS FUNERARIOS LUCEM S.L.	C/ La Costera número 20, Polígono Industrial Bovalar 46970 Alaquás. Valencia (Spain)	<ul style="list-style-type: none"> ■ FUNESPAÑA, S.A. 	50.0000	50.0000	(F)(C)	(F)(3)
FUNERARIA SAN VICENTE, S.L.	C/ Restauración, número 2-bajo, Polígono Industrial y de Servicios "Mataliana" 41440-Lora del Río. Sevilla (Spain)	<ul style="list-style-type: none"> ■ FUNESPAÑA, S.A. 	50.0000	50.0000	(F)(C)	(F)(3)
INVERSIONES FUNERARIAS ANDALUZAS, S.L.	C/Torredonjimeno s/n Martos. Jaén (Spain)	<ul style="list-style-type: none"> ■ FUNESPAÑA, S.A. 	33.3300	---	(G)(C)	(G)(3)

Name	Address	Participation in Capital		Consolidation method	Integration method for Solvency	
		Holder	Percentage			
			2019			2018
FUNERARIA ALIANZA CANARIA, S.L.	C/ León y Castillo nº167 35004 Las Palmas de Gran Canaria (Spain)	■ FUNESPAÑA, S.A.	100.0000	--	(G)(A)	(G)(1)
MEDISEMAP, AGENCIA DE SEGUROS, S.L.	Ctra. Pozuelo, 52. Majadahona Madrid (Spain)	■ MAPFRE ESPAÑA, S.A. ■ MAPFRE VIDA, S.A.	66.6667 33.3333	66.6667 33.3333	(A)	(1)
CENTROS MÉDICOS MAPFRE, S.A.	C/ Castelló 56 Madrid (Spain)	■ MAPFRE ESPAÑA, S.A.	100.0000	100.0000	(A)	(1)
MAPFRE VIDEO Y COMUNICACIÓN S.A.	Ctra. Pozuelo, 50. Majadahonda Madrid (Spain)	■ MAPFRE ESPAÑA ■ MAPFRE VIDA, S.A.	75.0000 25.0000	75.0000 25.0000	(A)	(1)
BANKINTER SEGUROS GENERALES, CÍA DE SEGUROS Y REASEGUROS S.A.	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 Y REDES PARA LAS ENTIDADES ASEGURADORAS, S.A	C/ García Paredes, 55 Madrid (Spain)	■ MAPFRE ESPAÑA, S.A.	22.9506	22.9506	(C)	(3)
MAPFRE QINGDAO ENTERPRISE MANAGEMENT CONSULTING LIMITED COMPANY	Qingdao (China)	■ MAPFRE ESPAÑA, S.A.	100.0000	100.0000	(A)	(1)
AGROSEGURO	C/ Gobelos, 23 Madrid (Spain)	■ MAPFRE ESPAÑA, S.A.	19.8900	20.1700	(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. ■ CENTROS MÉDICOS MAPFRE, S.A.	97.5000 2.5000	97.5000 2.5000	(F)(A)	(1)
PUY DU FOU ESPAÑA, S.A.	C/ Cuesta de Carlos V, 9 45001 Toledo (Spain)	■ MAPFRE ESPAÑA, S.A.	19.3810	19.3810	(F)(C)	(F)(3)
SANTANDER MAPFRE SEGUROS Y REASEGUROS, S.A.	Ctra. Pozuelo, 50. Majadahonda Madrid (Spain)	■ MAPFRE ESPAÑA, S.A.	50.0100	---	(G)(A)	(G)(1)
MAPFRE INMUEBLES, S.G.A.	Ctra. Pozuelo, 52 Majadahonda Madrid (Spain)	■ MAPFRE ESPAÑA, S.A. ■ MAPFRE, S.A. ■ MAPFRE VIDA, S.A. ■ MAPFRE GLOBAL RISK S.A.	82.9732 9.9979 7.0279 ---	76.8430 9.9977 7.0279 6.1302	(A)	(1)
DESARROLLOS URBANOS CIC. S.A.	Ctra. Pozuelo, 52. Majadahonda Madrid (Spain)	■ MAPFRE INMUEBLES, S.G.A. ■ MAPFRE, S.A.	99.9216 0.0784	99.9216 0.0784	(A)	(1)
SERVICIOS INMOBILIARIOS MAPFRE S.A.	Ctra. Pozuelo, 52. Majadahonda Madrid (Spain)	■ MAPFRE INMUEBLES, S.G.A. ■ DESARROLLOS URBANOS CIC. S.A.	99.9000 0.1000	99.9000 0.1000	(A)	(1)
INMO ALEMANIA GESTIÓN DE ACTIVOS INMOBILIARIOS, S.L.	Pso. De la Castellana, 24 (Madrid) España	■ MAPFRE ESPAÑA, S.A. ■ MAPFRE GLOBAL RISK S.A.	20.0000 ---	10.0000 10.0000	(C)	(3)
MAPFRE TECH, S.A	Ctra. Pozuelo, 52 Majadahonda Madrid (Spain)	■ MAPFRE ESPAÑA, S.A. ■ MAPFRE GLOBAL RISK S.A. ■ MAPFRE VIDA, S.A. ■ MAPFRE RE, S.A. ■ MAPFRE ASISTENCIA, S.A. ■ MAPFRE INTERNACIONAL, S.A. ■ MAPFRE INVERSIÓN, S.A. ■ MAPFRE, S.A.	65.1574 --- 11.6834 0.8002 1.5684 20.0000 0.0160 0.7746	63.4693 1.6881 11.6834 0.8002 1.5684 20.0000 0.0160 0.7746	(A)	(1)
MAPFRE SEGUROS GERAIS S.A.	Rua Castilho, 52 Lisbon (Portugal)	■ MAPFRE ESPAÑA, S.A. ■ MAPFRE GLOBAL RISK S.A.	100.0000 ---	99.9994 0.0006	(A)	(1)
MAPFRE PORTUGAL SEGUROS DE VIDA S.A.	Rua Castilho, 52 Lisbon (Portugal)	■ MAPFRE SEGUROS GERAIS S.A.	100.0000	100.0000	(A)	(1)
MAPFRE VIDA SOCIEDAD ANÓNIMA DE SEGUROS Y REASEGUROS SOBRE LA VIDA HUMANA	Carretera de Pozuelo, 50. (28222) Majadahonda. Madrid (Spain)	■ MAPFRE, S.A.	99.9199	99.9121	(A)	(1)
CONSULTORA ACTUARIAL Y DE PENSIONES MAPFRE VIDA S.A.	Carretera de Pozuelo, 50 (28222) Majadahonda Madrid (Spain)	■ MAPFRE VIDA, S.A. ■ MAPFRE, S.A.	99.9339 0.0661	99.9339 0.0661	(A)	(1)
GESTION MODA SHOPPING S.A.	Avda.General Perón,40 Madrid (Spain)	■ MAPFRE VIDA, S.A. ■ MAPFRE, S.A.	99.8215 0.1785	99.8215 0.1785	(A)	(1)
MAPFRE INVERSIÓN SOCIEDAD DE VALORES S.A.	Carretera de Pozuelo, 50-1, M-4. 2ª Planta Módulo Sur. (28222) Majadahonda Madrid (Spain)	■ MAPFRE VIDA, S.A. ■ MAPFRE, S.A.	99.9991 0.0009	99.9991 0.0009	(A)	(4)
MAPFRE ASSET MANAGEMENT, S.G.I.I.C., S.A	Carretera de Pozuelo, 50-1, M-4. 2ª Planta Módulo Norte. (28222) Majadahonda. Madrid (Spain)	■ MAPFRE INVERSIÓN, S.A. ■ MAPFRE, S.A.	99.9853 0.0147	99.9853 0.0147	(A)	(4)
MAPFRE VIDA PENSIONES, ENTIDAD GESTORA DE FONDOS DE PENSIONES S.A.	Carretera de Pozuelo, 50-1, M-4. 2ª Planta Módulo Norte. (28222) Majadahonda. Madrid (Spain)	■ MAPFRE INVERSIÓN, S.A. ■ MAPFRE, S.A.	99.9971 0.0029	99.9971 0.0029	(A)	(4)
BANKIA MAPFRE VIDA, S.A. DE SEGUROS Y REASEGUROS	Ctra. Pozuelo, 50 28222 (Majadahonda) Madrid (Spain)	■ MAPFRE VIDA, S.A.	51.0000	51.0000	(A)	(1)
MIRACETI S.A.	Carretera de Pozuelo, 50 28222 (Majadahonda) Madrid (Spain)	■ MAPFRE VIDA, S.A. ■ MAPFRE, S.A.	99.9991 0.0009	99.9991 0.0009	(A)	(1)
BANKINTER SEGUROS DE VIDA, S.A.	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	Avenida Fernando de los Ríos, 6, 2ª planta Granada (Spain)	■ MAPFRE VIDA, S.A.	51.0000	---	(G)(A)	(G)(1)

Name	Address	Participation in Capital			Consolidation method	Integration method for Solvency
		Holder	Percentage			
			2019	2018		
CAJAMURCIA VIDA	Plaza Fuensanta, 2. Edificio Hispania Murcia (Spain)	■ MAPFRE VIDA, S.A.	51.0000	---	(G)(A)	(G)(1)
MAPFRE AM- GOOD GOVERNANCE	Ctra. Pozuelo, 50. Majadahonda Madrid (Spain)	■ MAPFRE VIDA, S.A. ■ OTRAS SOCIEDADES DEL GRUPO	39.4976 32.7567	100.0000	(A)	(9)
MAPFRE AM- IBERIAN EQUITIES	Ctra. Pozuelo, 50. Majadahonda Madrid (Spain)	■ MAPFRE VIDA, S.A. ■ OTRAS SOCIEDADES DEL GRUPO	62.0743 21.1911	100.0000	(A)	(9)
MAPFRE AM-EUROPEAN EQUITIES	Ctra. Pozuelo, 50. Majadahonda Madrid (Spain)	■ MAPFRE VIDA, S.A. ■ OTRAS SOCIEDADES DEL GRUPO	59.2353 30.0941	100.0000	(A)	(9)
MAPFRE AM-MULTI ASSETS STRATEGY	Ctra. Pozuelo, 50. Majadahonda Madrid (Spain)	■ MAPFRE ESPAÑA, S.A. ■ MAPFRE RE, S.A. ■ OTRAS SOCIEDADES DEL GRUPO	41.6139 43.5891 14.7970	100.0000	(A)	(9)
FONDMAPFRE ELECCION DECIDIDA	Ctra. Pozuelo, 50. Majadahonda Madrid (Spain)	■ MAPFRE VIDA, S.A. ■ OTRAS SOCIEDADES DEL GRUPO	39.9917 14.1711	40.0701 13.8699	(A)	(9)
FONDMAPFRE ELECCION MODERADA	Ctra. Pozuelo, 50. Majadahonda Madrid (Spain)	■ MAPFRE VIDA, S.A. ■ OTRAS SOCIEDADES DEL GRUPO	47.1962 3.8513	47.5247 4.0512	(A)	(9)
FONDMAPFRE ELECCION PRUDENTE	Ctra. Pozuelo, 50. Majadahonda Madrid (Spain)	■ MAPFRE VIDA, S.A. ■ OTRAS SOCIEDADES DEL GRUPO	53.2904 2.5858	61.6890 3.2958	(A)	(9)
FONDMAPFRE BOLSA AMERICA	Ctra. Pozuelo, 50. Majadahonda Madrid (Spain)	■ MAPFRE VIDA, S.A. ■ MAPFRE ESPAÑA, S.A. ■ OTRAS SOCIEDADES DEL GRUPO	25.2414 21.7388 23.1283	28.5234 23.4213 23.0218	(A)	(9)
FONDMAPFRE RENTA DÓLAR	Ctra. Pozuelo, 50. Majadahonda Madrid (Spain)	■ MAPFRE RE, S.A. ■ MAPFRE ESPAÑA, S.A. ■ OTRAS SOCIEDADES DEL GRUPO	19.7353 19.6538 28.4332	16.2513 21.7469 28.9505	(A)	(9)
FONDMAPFRE GLOBAL F.I.	Ctra. Pozuelo, 50. Majadahonda Madrid (Spain)	■ MAPFRE VIDA, S.A. ■ OTRAS SOCIEDADES DEL GRUPO	36.9426 8.2548	35.6864 9.8342	(A)	(9)
FONDMAPFRE BOLSA F.I.	Ctra. Pozuelo, 50. Majadahonda Madrid (Spain)	■ MAPFRE VIDA, S.A. ■ OTRAS SOCIEDADES DEL GRUPO	54.9320 5.6224	49.3213 8.0557	(A)	(9)
FONDMAPFRE BOLSA EUROPA F.I	Ctra. Pozuelo, 50. Majadahonda Madrid (Spain)	■ MAPFRE VIDA, S.A. ■ MAPFRE RE, S.A. ■ OTRAS SOCIEDADES DEL GRUPO	16.2085 21.5721 34.2339	26.8234 --- 20.0225	(F)(A)	(F)(9)
FONDMAPFRE BLUE CHIPS, F.I.	Ctra. Pozuelo, 50. Majadahonda Madrid (Spain)	■ MAPFRE VIDA, S.A.	100.0000	100.0000	(F)(A)	(F)(9)
MAPFRE AM- SHORT TERM EURO I	Ctra. Pozuelo, 50. Majadahonda Madrid (Spain)	■ MAPFRE ESPAÑA, S.A. ■ MAPFRE RE, S.A. ■ MAPFRE VIDA, S.A. ■ OTRAS SOCIEDADES DEL GRUPO	39.5452 27.9984 --- 5.5979	100.0000	(F)(A)	(F)(9)
FONDMAPFRE GARANTIA, F.I	Ctra. Pozuelo, 50. Majadahonda Madrid (Spain)	■ MAPFRE VIDA, S.A.	99.9990	---	(G)(A)	(G)(9)
FONDMAPFRE GARANTIA II, F.I	Ctra. Pozuelo, 50. Majadahonda Madrid (Spain)	■ MAPFRE VIDA, S.A.	99.9971	---	(G)(A)	(G)(9)
STABLE INCOME EUROPEAN REAL ESTATE FUND	Ctra. Pozuelo, 50. Majadahonda Madrid (Spain)	■ MAPFRE ESPAÑA, S.A. ■ MAPFRE RE, S.A. ■ OTRAS SOCIEDADES DEL GRUPO	25.8097 21.8305 19.8153	---	(G)(A)	(G)(9)
MAPFRE AM-BEHAVORIAL FUND I	Ctra. Pozuelo, 50. Majadahonda Madrid (Spain)	■ MAPFRE RE, S.A. ■ OTRAS SOCIEDADES DEL GRUPO	23.0369 22.2789	---	(G)(A)	(G)(9)
MAPFRE AM-INCLUSION RESPONSABLE	Ctra. Pozuelo, 50. Majadahonda Madrid (Spain)	■ MAPFRE ESPAÑA, S.A. ■ MAPFRE RE, S.A. ■ OTRAS SOCIEDADES DEL GRUPO	42.4496 34.4592 22.9728	---	(G)(A)	(G)(9)
MAPFRE AM-US FORGOTTEN VALUE	Ctra. Pozuelo, 50. Majadahonda Madrid (Spain)	■ MAPFRE ESPAÑA, S.A. ■ MAPFRE RE, S.A. ■ OTRAS SOCIEDADES DEL GRUPO	44.9995 20.9997 19.1664	---	(G)(A)	(G)(9)
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. ■ MAPFRE HOLDING DO BRASIL LTDA	100.0000 ---	---	(A)	(1)
BB MAPFRE PARTICIPAÇÕES, S.A. (En 2018 BB MAPFRE SH1 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. ■ MAPFRE BRASIL PARTICIPAÇÕES, S.A.	100.0000 ---	---	(A)	(1)
MAPFRE SERVIÇOS S.A (En 2018 MAPFRE ASSISTENCIA, S.A.)	Avd.Mamoré 989, 3º Andar Alphaville Centro Industrial e Empresarial Barueri, São Paulo (Brazil)	■ MAPFRE SEGUROS GERAIS, S.A.	100.0000	100.0000	(A)	(1)

Name	Address	Participation in Capital		Consolidation method	Integration method for Solvency	
		Holder	Percentage			
			2019			2018
MAPFRE PARTICIPAÇÕES, S.A. (En 2018 MAPFRE BB SH2 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. ■ MAPFRE HOLDING DO BRASIL LTDA ■ FANCY INVESTIMENT, S.A.	99.1700 --- 0.8300	93.3797 5.7651 0.8552	(A) (1)	
MAPFRE HOLDING DO BRASIL LTDA (Absorbida en 2019 por MAPFRE BRASIL PARTICIPAÇÕES S.A.)	Avda. dos Autonomistas, 701 Vila- Yara – Osasco SP CEP 06020-000 (Brazil)	■ MAPFRE INTERNACIONAL, S.A. ■ MAPFRE, S.A. ■ FANCY INVESTIMENT, S.A.	--- --- ---	98.7993 0.3314 0.8693	(H) (H)	
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. (En 2018 MAPFRE DISTRIBUIDORA DE TÍTULOS E VALORES MOBILIARIOS, S.A.)	Avd.Nações Unidas, 11711 16. Andar Brooklin São Paulo (Brazil)	■ MAPFRE INVESTIMENTOS E PARTICIPAÇÕES SA ■ MAPFRE HOLDING DO BRASIL LTDA ■ MAPFRE BRASIL PARTICIPAÇÕES, S.A.	100.0000 --- 0.1000	99.9000 0.1000	(A) (9)	
MAPFRE PREVIDENCIA S.A.	Avda.Mº Coelho Aguiar 215 Jardim São Luis Bloco F - 2º andar, São Paulo (Brazil)	■ MAPFRE PARTICIPAÇÕES, S.A. ■ 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. ■ MAPFRE HOLDING DO BRASIL LTDA	100.0000 ---	--- 100.0000	(A) (1)	
ALIANÇA DO BRASIL SEGUROS, S.A.	R.Manuel da Nobrega, 12809. Andar, Rio de Janeiro São Paulo (Brazil)	■ BB MAPFRE PARTICIPAÇÕES S.A.	100.0000	100.0000	(A) (7)	
BRASIL VEICULOS COMPANHIA DE SEGUROS, S.A. (Absorbida en 2019 por MAPFRE SEGUROS GERAIS S.A.)	(R.Senador Dantas, 105 29 parte, 30 e 31. Andares São Paulo-SP (Brazil)	■ MAPFRE PARTICIPAÇÕES, S.A.	---	100.0000	(H) (H)	
BRASILSEG COMPANHIA DE SEGUROS S.A. (En 2018 COMPANHIA DE SEGUROS ALIANÇA DO BRASIL, S.A.)	R.Senador Dantas, 105 29 parte, 30 e 31. Andares. São Paulo-SP (Brazil)	■ BB MAPFRE PARTICIPAÇÕES S.A.	100.0000	100.0000	(A) (7)	
MAC INVESTIMENTOS S.A (En 2019 MAPFRE ADMINISTRAÇÕES DE CONSORCIO 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. ■ MAPFRE HOLDING DO BRASIL LTDA	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. ■ MAPFRE HOLDING DO BRASIL LTDA	100.0000 ---	--- 100.0000	(A) (1)	
LATAM NORTH						
MAPFRE TENEDORA DE ACC, S.A.	Costa del Este, diagonal al Business Park Panama (Panama)	■ MAPFRE AMERICA CENTRAL, S.A.	100.0000	100.0000	(A) (9)	
MAPFRE AMERICA CENTRAL S.A	Costa del Este, diagonal al Business Park Panama (Panama)	■ MAPFRE INTERNACIONAL, S.A.	99.9000	99.9000	(A) (1)	
MAPFRE SEGUROS HONDURAS S.A.	Avenida Berlin y Calle Viena, piso 7 Lomas del Guijarro Sur. Edificio Plaza Azul Tegucigalpa, M.D.C. (Honduras)	■ MAPFRE TENEDORA DE ACC, S.A. ■ MAPFRE AMERICA CENTRAL, S.A.	73.2569 25.1031	73.2569 25.1031	(A) (9)	
MAPFRE PANAMÁ S.A.	Costa del Este, diagonal al Business Park Panama (Panama)	■ MAPFRE AMERICA CENTRAL, S.A.	99.3772	99.3772	(A) (1)	
MAPFRE SEGUROS EL SALVADOR, S.A.	Alameda Roosevelt, 3107 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 San Salvador (El Salvador)	■ MAPFRE AMERICA CENTRAL, S.A.	78.9000	78.9000	(A) (9)	
MAPFRE SEGUROS COSTA RICA S.A.	Barrio Tournón, Edificio Alvasa, 2do. Piso Diagonal al Periodico La República en intersección con Ctra de Guapiles (Ruta 32) San José (Costa Rica)	■ MAPFRE TENEDORA DE ACC, S.A.	100.0000	100.0000	(A) (9)	
MAPFRE SEGUROS GUATEMALA S.A.	5a Avenida 5-55 Zona 14 Europlaza Europlaza Torre 4 Nivel 16 y PH. Guatemala City (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 (Dominican Republic)	■ MAPFRE INTERNACIONAL, S.A. ■ CREDIPRIMAS, S.A.	99.9999 0.0001	99.9999 0.0001	(A) (9)	
MAPFRE BHD COMPAÑIA DE SEGUROS, S.A.	Ave Abraham Lincoln, 952 esq. José Amado Soler Ensanche Piantini, Santo Domingo (Dominican Republic)	■ 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 (Dominican Republic)	■ MAPFRE BHD COMPAÑIA DE SEGUROS S.A.	100.0000	100.0000	(A) (9)	
MAPFRE MÉXICO S.A. (En 2018 MAPFRE TEPEYAC S.A.)	Avenida Paseo de la Reforma 243 Colonia Cuauhtémoc Delegación Cuauhtémoc. Mexico City, 06500 (Mexico)	■ MAPFRE INTERNACIONAL, S.A. ■ GRUPO CORPORATIVO LML S.A.	55.6602 44.3398	55.6602 44.3398	(A) (7)	
GRUPO CORPORATIVO LML S.A. DE C.V.	Avenida Paseo de la Reforma 243 Colonia Cuauhtémoc Delegación Cuauhtémoc. Mexico City, 06500 (Mexico)	■ MAPFRE INTERNACIONAL, S.A.	100.0000	100.0000	(A) (1)	

Name	Address	Participation in Capital			Consolidation method	Integration method for Solvency
		Holder	Percentage			
			2019	2018		
MAPFRE UNIDAD DE SERVICIOS S.A. DE C.V.	Avenida Paseo de la Reforma 243 Colonia Cuauhtémoc Delegación Cuauhtémoc. Mexico City, 06500 (Mexico)	■ MAPFRE MÉXICO S.A.	99.9982	99.9982	(A)	(7)
MAPFRE DEFENSA LEGAL S.A. DE C.V. (En 2018 MAPFRE ASSET DEFENSA LEGAL MEXICANA S.A. DE C.V.)	Avenida Paseo de la Reforma 243 Colonia Cuauhtémoc Delegación Cuauhtémoc. Mexico City, 06500 (Mexico)	■ MAPFRE MÉXICO S.A.	100.0000	100.0000	(A)	(7)
MAPFRE TEPEYAC INC.	109 Este San Ysidro Blvd No. 65 San Isidro California, (U.S.A)	■ MAPFRE MÉXICO S.A.	100.0000	100.0000	(A)	(7)
MAPFRE SERVICIOS MEXICANOS S.A.	Avenida Paseo de la Reforma 243 Colonia Cuauhtémoc Delegación Cuauhtémoc. Mexico City, 06500 (Mexico)	■ MAPFRE MÉXICO S.A.	99.9900	99.9900	(A)	(7)
CESVI MÉXICO, S.A.	Calle 1 Sur No. 101 Parque Industrial Toluca 2000 Toluca Mexico, State of Mexico (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. Mexico City, 06500 (Mexico)	■ 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. ■ APOINT S.A.	99.9997 0.0003	99.9997 0.0003	(A)	(1)
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. ■ MAPFRE ARGENTINA VIDA S.A.	97.0000 3.0000	97.0000 3.0000	(A)	(1)
MAPFRE ARGENTINA SEGUROS DE VIDA S.A.	Avda. Juana Manso, 205 C 1107CBE Puerto Madero Buenos Aires (Argentina)	■ MAPFRE INTERNACIONAL S.A. ■ MAPFRE ARGENTINA HOLDING S.A.	64.0000 36.0000	64.0000 36.0000	(A)	(9)
CESVI ARGENTINA, S.A.	Calle 9 y 17. Parque Ind.Pilar Buenos Aires (Argentina)	■ MAPFRE ARGENTINA SEGUROS 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 ASESORIAS, S.A	Isidora Goyenechea 3520 p 16 Las Condes Santiago de Chile (Chile)	■ MAPFRE CHILE SEGUROS S.A. ■ MAPFRE INTERNACIONAL S.A.	99.9999 0.0001	99.9999 0.0001	(A)	(1)
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. ■ MAPFRE CHILE ASESORIAS, S.A	87.2900 12.7100	87.2900 12.7100	(A)	(1)
MAPFRE CHILE VIDA, S.A.	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 DE VIDA DE CHILE S.A.	Isidora Goyenechea 3520 p 16 Las Condes Santiago de Chile (Chile)	■ MAPFRE CHILE VIDA S.A. ■ MAPFRE INTERNACIONAL S.A.	99.9968 0.0032	99.9968 0.0032	(A)	(9)
MAPFRE SEGUROS GENERALES DE COLOMBIA S.A.	Carrera, 14, nº 96-34 Santa Fé de Bogotá (Colombia)	■ MAPFRE INTERNACIONAL, S.A. ■ APOINT S.A. ■ MAPFRE COLOMBIA VIDA SEGUROS S.A.	93.7178 6.2768 0.0021	93.7178 6.2768 0.0021	(A)	(1)
CREDIMAPFRE S.A.	Carrera, 14, nº 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. (En 2018 MAPFRE COLOMBIA VIDA S.A.)	Carrera, 14, nº 96-34 Santa Fé de Bogotá (Colombia)	■ MAPFRE INTERNACIONAL, S.A. ■ APOINT S.A.	94.3541 5.6459	94.3541 5.6459	(A)	(1)
CESVI COLOMBIA, S.A.	Carrera 87, Num.15-87 Santa Fé de Bogotá (Colombia)	■ MAPFRE SEGUROS GENERALES DE COLOMBIA S.A. ■ MAPFRE COLOMBIA VIDA SEGUROS S.A.	5.4434 62.3309	5.4434 62.3309	(A)	(1)
MAPFRE SERVICIOS EXEQUIALES SAS	Carrera, 14, nº 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. ■ MAPFRE PERÚ CIA. SEGUROS Y REASEGUROS S.A.	98.5900 1.4100	98.5900 1.4100	(A)	(9)
MAPFRE PERÚ VIDA, COMPAÑÍA DE SEGUROS Y REASEGUROS, S.A.	Av.Veintiocho de Julio, 873 Miraflores- Lima 18 (Peru)	■ MAPFRE INTERNACIONAL S.A.	67.4071	67.4071	(A)	(1)
CORPORACIÓN FUNERARIA, S.A. (En 2018 CORPORACIÓN FINISTERRE, S.A.)	Av.Veintiocho de Julio, 873 Miraflores- Lima 18 (Peru)	■ MAPFRE PERÚ VIDA S.A.	100.0000	100.0000	(A)	(1)
APOINT S.A.	Col. 993 Piso 3 Montevideo (Uruguay)	■ MAPFRE INTERNACIONAL S.A.	100.0000	100.0000	(A)	(9)
MAPFRE URUGUAY SEGUROS S.A. (En 2018 MAPFRE LA URUGUAYA S.A.)	Juncal 1385 piso 2 Montevideo (Uruguay)	■ MAPFRE INTERNACIONAL S.A.	100.0000	100.0000	(A)	(9)

Name	Address	Participation in Capital		Consolidation method	Integration method for Solvency	
		Holder	Percentage			
			2019			2018
MAPFRE LA SEGURIDAD C.A. DE SEGUROS (En 2018 MAPFRE LA SEGURIDAD S.A.)	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. (En 2018 CEFOPROSEG 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. (En 2018 INVERSORA 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)
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. (En 2018 AUTOMOTRIZ MULTISERVICAR, 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 INTERNACIONAL S.A.	99.7000	99.7000	(A)	(9)
UNIDAD EDUCATIVA D.R FERNANDO BRAVO PEREZ CA	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)
NORTH AMERICA						
MAPFRE INSURANCE COMPANY OF FLORIDA	5959 Blue Lagoon Drive, Suite 400, Miami (U.S.A.)	■ COMMERCE INSURANCE	100.0000	100.0000	(A)	(7)
MAPFRE INSURANCE COMPANY	100 Campus Drive New Jersey 07932-2007 (U.S.A.)	■ COMMERCE INSURANCE	100.0000	100.0000	(A)	(7)
MAPFRE INTERMEDIARIES	5959 Blue Lagoon Drive, Suite 400, Miami (U.S.A.)	■ COMMERCE INSURANCE	100.0000	100.0000	(A)	(7)
MAPFRE USA CORPORATION INC	211 Main Street, Webster, MA 01570 (U.S.A)	■ MAPFRE INTERNACIONAL, S.A.	100.0000	100.0000	(A)	(1)
THE COMMERCE INSURANCE COMPANY	211 Main Street, Webster, MA 01570 (U.S.A)	■ MAPFRE USA CORPORATION	100.0000	100.0000	(A)	(7)
THE CITATION INSURANCE COMPANY	211 Main Street, Webster, MA 01570 (U.S.A)	■ MAPFRE USA CORPORATION	100.0000	100.0000	(A)	(7)
MAPFRE TECH USA CORPORATION	211 Main Street, Webster, MA 01570 (U.S.A)	■ MAPFRE USA CORPORATION	100.0000	100.0000	(A)	(7)
ACIC HOLDINGS COMPANY, INC.	215 Main Street, Webster, MA 01570 (U.S.A)	■ MAPFRE USA CORPORATION	100.0000	100.0000	(A)	(1)
AMERICAN COMMERCE INSURANCE COMPANY	3590 Twin Creeks Drive, Columbus, OH 43204 (U.S.A)	■ ACIC HOLDINGS	100.0000	100.0000	(A)	(7)
MM REAL ESTATE, LLC	Blue Lagoon, Drive Suite, 200 Miami (U.S.A)	■ COMMERCE INSURANCE	100.0000	100.0000	(A)	(7)
THE COMMERCE WEST INSURANCE COMPANY	4301 Hacienda Drive, Suite 200, Pleasanton, CA 94588 (U.S.A)	■ ACIC HOLDINGS	100.0000	100.0000	(A)	(7)
MAPFRE INSURANCE COMPANY OF NEW YORK (Salida en 2019 por venta)	20 Main Street Hempstead, NY 11550 (U.S.A)	■ ACIC HOLDINGS	---	100.0000	(H)	(H)
BIGELOW & OLD WORCESTER, LLC	211 Main Street, Webster, MA 01570 (U.S.A)	■ COMMERCE INSURANCE	100.0000	100.0000	(A)	(1)
BFC HOLDING CORPORATION	211 Main Street, Webster, MA 01570 (U.S.A)	■ MAPFRE USA CORPORATION	100.0000	100.0000	(A)	(1)
VERTI INSURANCE COMPANY	211 Main St, Webster, MA 01570 (U.S.A)	■ 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 COMPANY	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 COMPANY	Urb. Tres Monjitas Industrial 297 Avda.Carlos Chardón Hato Rey San Juan (Puerto Rico)	■ MAPFRE PRAICO CORPORATION	100.0000	100.0000	(A)	(1)
MAPFRE INSURANCE 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 (En 2018 MAPFRE LIFE INSURANCE COMPANY)	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	Participation in Capital			Consolidation method	Integration method for Solvency
		Holder	Percentage			
			2019	2018		
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	Piazza 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)
EURO GLOBE HOLDINGS LIMITED	Middle Sea House, St Publius Street Floriana FRN 1442 (Malta)	■ MAPFRE M.S.V. LIFE P.L.C.	50.0000	50.0000	(B)	(9)
EUROMED RISKS SOLUTIONS LIMITED	4th Floor Development House st. Anne Street Floriana FRN 9010 (Malta)	■ MAPFRE MIDDLESEA INSURANCE P.L.C.	100.0000	100.0000	(B)	(9)
MAPFRE SIGORTA, A.S.	Yenişehir Mah. Irmak Cad. No:11. 34435 Salıpazarı İstanbul (Turkey)	■ BEE INSURANCE MANAGEMENT LTD	100.0000	100.0000	(A)	(1)
MAPFRE YASAM SIGORTA, A.S.	Yenişehir Mah. Irmak Cad. No:11. 34435 Salıpazarı İstanbul (Turkey)	■ MAPFRE INTERNACIONAL, S.A.	99.7450	99.7450	(A)	(1)
GENEL SERVIS YEDEK PARCA DAGITIM TICARET A.S. (En 2018 GENEL SERVIS A.S.)	Çevreyolu Caddesi No.2 34020 Bayrampaşa İstanbul (Turkey)	■ MAPFRE SIGORTA, A.S.	99.5000	99.5000	(A)	(1)
MAPFRE INSULAR INSURANCE CORPORATION	Acacia Ave Mandrigal Business Park Ayala Alabarg Muntinlupa City (Philippines)	■ MAPFRE INTERNACIONAL, S.A.	51.0000	51.0000	(A)	(1)
PT ASURANSI BINA DANA ARTA TBK	Plaza ABDA 27 Th floor Jl. Jend. Sudirman Kav. 59 JAKARTA 12190 (Indonesia)	■ MAPFRE INTERNACIONAL, S.A.	74.9384	74.9384	(A)	(9)
ASSISTANCE						
MAPFRE ASISTENCIA COMPAÑIA INTERNACIONAL DE SEGUROS Y REASEGUROS, S.A.	Ctra. Pozuelo, 52 Majadahonda Madrid (Spain)	■ MAPFRE, S.A. ■ MAPFRE ESPAÑA, S.A.	99.9970 0.0030	99.9970 0.0030	(A)	(1)
IBERO ASISTENCIA, S.A.	Edificio Europa, Av. José Malhoa, 16 F, 7º, 1070-159 Lisbon, (Portugal)	■ MAPFRE ASISTENCIA, S.A.	100.0000	100.0000	(A)	(1)
MAPFRE ASISTENCIA LTDA	Alameda Ásia, 42. Tamboré Santana de Parnaíba São Paulo (Brazil)	■ MAPFRE ASISTENCIA, S.A. ■ MAPFRE HOLDING DO BRASIL LTDA ■ MAPFRE BRASIL PARTICIPAÇÕES, S.A.	99.9990 --- 0.0010	99.9990 0.0010 ---	(A)	(1)
MAPFRE SOLUTIONS DO BRASIL LTDA	Alameda Mamore 989. Alphaville Barueri São Paulo (Brazil)	■ MAPFRE ASISTENCIA LTDA ■ IBEROASISTENCIA S.A.	99.9990 0.0010	99.9990 0.0010	(A)	(1)
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. ■ MAPFRE RE, S.A.	99.9980 0.0020	99.9980 0.0020	(A)	(1)
ANDIASISTENCIA COMPAÑIA DE ASISTENCIA DE LOS ANDES, S.A.	Carrera 14 N 96 -34 Piso 2 Bogotá (Colombia)	■ MAPFRE ASISTENCIA, S.A. ■ IBEROASISTENCIA S.A.	98.0900 1.9100	98.0900 1.9100	(A)	(1)
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)
IBEROASISTENCIA, ARGENTINA S.A.	Lavalle 344/346/348, PB y 3º Ciudad de Buenos Aires (Argentina)	■ MAPFRE ASISTENCIA, S.A. ■ IBEROASISTENCIA S.A.	98.4200 1.5800	98.4200 1.5800	(A)	(1)
SUR ASISTENCIA, S.A.	Av. Apoquindo 4499 Santiago de Chile (Chile)	■ MAPFRE ASISTENCIA, S.A. ■ IBEROASISTENCIA S.A.	99.0000 1.0000	99.0000 1.0000	(A)	(1)
IBEROASISTENCIA, S.A.	Ctra. Pozuelo, 52 Majadahonda. Madrid (Spain)	■ MAPFRE ASISTENCIA, S.A. ■ MAPFRE ESPAÑA, S.A.	99.9300 0.0700	99.9300 0.0700	(A)	(1)
IRELAND ASSIST, LTD	22-26 Prospect Hill Galway (Ireland)	■ MAPFRE ASISTENCIA, S.A.	100.0000	100.0000	(A)	(1)
GULF ASSIST, B.S.C.	Manama Centre Building Manama (Bahrain)	■ MAPFRE ASISTENCIA, 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)

Name	Address	Participation in Capital			Consolidation method	Integration method for Solvency
		Holder	Percentage			
			2019	2018		
INSURE AND GO AUSTRALIA	Suite4 Level 1, 19 Harris Street, Pymont 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, Athens (Greece)	■ IBEROASISTENCIA S.A. ■ MAPFRE ASISTENCIA, S.A.	0.5000 99.5000	0.5000 99.5000	(A)	(1)
CARIBE ASISTENCIA, S.A.	Avda. Tiradentes Esq.Pres. Gonzalez. Edif.La Cumbre. Ens. Naco.Domingo (Dominican Republic)	■ MAPFRE ASISTENCIA, S.A.	83.5823	83.5823	(A)	(1)
ECUASISTENCIA, S.A.	Avda.Doce de Octubre, N42 -562 N42 -562 y Luis Cordero Quito (Ecuador)	■ MAPFRE ASISTENCIA, S.A. ■ ANDIASISTENCIA S.A.	99.2600 0.7399	99.2600 0.7399	(A)	(1)
CONSULTING DE SOLUCIONES Y TECNOLOGÍAS SIAM, S.A.	Ctra, Pozuelo, 52 Majadahonda Majadahonda. Madrid (Spain)	■ MAPFRE ASISTENCIA, S.A. ■ IBEROASISTENCIA S.A.	99.9259 0.0741	99.9259 0.0741	(A)	(1)
PERÚ ASISTENCIA, S.A.	Av. 28 de Julio No. 873 URB. Leuro Lima - Miraflores Lima (Peru)	■ MAPFRE ASISTENCIA, S.A. ■ IBEROASISTENCIA S.A.	99.9856 0.0144	99.9856 0.0144	(A)	(1)
MÉXICO ASISTENCIA, S.A.	Av. Insurgentes Sur no.2453 Piso 15, Col. Tizapán San Angel Deleg. Alvaro Obregon. 01090 Mexico City (Mexico)	■ MAPFRE ASISTENCIA, S.A.	99.9998	99.9998	(A)	(1)
ALLMAP ASSIST GESELLSCHAFT FUR BEISTANDSLEISTUNGEN MBH	Im Rosengarten, 256 61118 Bai Vilbel (Germany)	■ MAPFRE ASISTENCIA, S.A. ■ IBEROASISTENCIA S.A.	99.9500 0.0500	99.9500 0.0500	(A)	(1)
PANAMÁ ASISTENCIA, S.A.	Costa del Este – Avenida la Rotonda, Torre GMT, Piso 1 – Edificio Mapfre Panama City (Panama)	■ MAPFRE ASISTENCIA	84.0000	82.0700	(A)	(1)
TUR ASSIST, LTD.	19 Mayıs Cd.İsmet Öztürk Sk.Şişli Plaza Ofis Blokları E Blok B-2 Şişli İstanbul (Turkey)	■ MAPFRE ASISTENCIA, S.A. ■ IBEROASISTENCIA S.A.	99.6500 0.3500	99.6500 0.3500	(A)	(1)
URUGUAY ASISTENCIA,S.A.	Plaza Cagancha 1335, oficina 901 Montevideo (Uruguay)	■ MAPFRE ASISTENCIA, S.A. ■ IBEROASISTENCIA S.A.	97.9000 2.1000	97.9000 2.1000	(A)	(1)
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. ■ IBEROASISTENCIA S.A.	99.9900 0.0100	99.9900 0.0100	(A)	(1)
LLC MAPFRE WARRANTY	Denisovskiy Pereulok 26 105005, Moscow (Russia)	■ MAPFRE ASISTENCIA, S.A.	100.0000	100.0000	(A)	(1)
NICASSIT, 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.	Rue de Treves, 45 Brussels, (Belgium)	■ MAPFRE ASISTENCIA, S.A.	100.0000	100.0000	(A)	(1)
MAPFRE WARRANTY S.P.A.	Strada Trossi 66 13971 Verone (Italy)	■ MAPFRE ASISTENCIA, S.A.	100.0000	100.0000	(A)	(1)
MAPFRE WARRANTIES	Route des Trois Cantons 11 18399 Windhoj (Luxembourg)	■ MAPFRE WARRANTY S.P.A.	100.0000	100.0000	(A)	(1)
NORASSIST, INC D/B/A ROAD CANADA	2445 Eagle Steet North Cambridge. ON N3H 4R7, (Canada)	■ MAPFRE ASISTENCIA, S.A.	100.0000	100.0000	(A)	(1)
D/B/A ROAD AMERICA MOTOR CLUB	7300 Corporate Center Drive, Suite 601 Miami Florida 33126 (U.S.A.)	■ MAPFRE ASISTENCIA, S.A.	100.0000	100.0000	(A)	(1)
ROAD CHINA ASSISTANCE Co, LTD	RM 603, Zhongyu Plaza, A6 North Gongti 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	205,Hyde Park, Sakivihar road Andheri East Munbai Maharashtra (India)-400072	■ MAPFRE ASISTENCIA, S.A. ■ IBEROASISTENCIA S.A.	99.6300 0.3700	99.6300 0.3700	(A)	(1)
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)

Name	Address	Participation in Capital		Consolidation method	Integration method for Solvency	
		Holder	Percentage			
			2019			2018
ROADSIDE ASSIST ALGERIE SPA	45, Rue des Freres Adessalami 5eme étage. Vieux Kouba. Algiers 16050 (Algeria)	■ MAPFRE ASISTENCIA, S.A. ■ IBEROASISTENCIA S.A. ■ CONSULTING SOL. Y TEC. SIAM S.A.	60.3000 0.4000 0.3000	60.3000 0.4000 0.3000	(A)	(1)
NILE ASSIST	18th Floor, Apartment No. 1804 of Holiday Inn Maadi Hotel building Comeish Maadi Cairo - (Egypt)	■ MAPFRE ASISTENCIA, S.A. ■ IBEROASISTENCIA S.A. ■ CONSULTING SOL. Y TEC. SIAM S.A.	98.0000 1.0000 1.0000	98.0000 1.0000 1.0000	(A)	(1)
MAPFRE ASISTENCIA LIMITED	RM 1101-02 8 Jordan Road Yaumatei, Kowloon (Hong Kong)	■ MAPFRE ASISTENCIA, S.A.	100.0000	100.0000	(A)	(1)
MAPFRE ASISTENCIA COMPANY LIMITED	10F., No.73, Zhouzi St., Neihu Dist., Taipei City 114 - (Taiwan)	■ MAPFRE ASISTENCIA, S.A.	100.0000	100.0000	(A)	(1)
MIDDLESEA ASSIST LIMITED	18 ^a , Europa Centre, John Lopez Str Floriana, FRN 1400, (Malta)	■ MAPFRE ASISTENCIA, S.A. ■ MIDDLESEA INSURANCE P.L.C.	51.0000 49.0000	51.0000 49.0000	(A)	(1)
INSURE & GO INSURANCE SERVICES USA CORP.	7300 Corporate Center Drive, Suite 601 Miami, FL 33126 (U.S.A)	■ MAPFRE ASSISTANCE USA INC	100.0000	100.0000	(A)	(1)
MAPFRE ASSISTANCE USA INC.	7300 Corporate Center Drive, Suite 601 Miami, FL 33126 (U.S.A)	■ MAPFRE ASISTENCIA, S.A.	100.0000	100.0000	(A)	(1)
MAPFRE WARRANTY CORPORATION OF FLORIDA	5959 Blue Lagoon Drive, Suite 400 Miami, FL 33126 (U.S.A)	■ MAPFRE ASSISTANCE USA INC	100.0000	100.0000	(A)	(1)
CENTURY AUTOMOTIVE SERVICES COMPANY	6565 Americas Parkway NE. Suite 1000. Albuquerque NM 87110 (U.S.A.)	■ MAPFRE ASSISTANCE USA INC	100.0000	100.0000	(A)	(1)
PT MAPFRE ABDA ASSISTANCE	Plaza Kelapa Gading (Ruko Inkopal) Blok A, n° 9 Jalan. Raya Boulevard Barat Kelapa Gading 14240 Jakarta Utara (Indonesia)	■ MAPFRE ASISTENCIA, S.A. ■ PT ASURANSI BINA DANA ARTA TBK	51.0000 49.0000	51.0000 49.0000	(A)	(1)
PARAGUAY ASISTENCIA CIA. DE SERVICIOS S.A.	Av.Mariscal López, 930 Asunción (Paraguay)	■ MAPFRE ASISTENCIA, S.A. ■ IBEROASISTENCIA S.A.	98.9500 1.0500	98.9500 1.0500	(A)	(1)
REINSURANCE						
MAPFRE RE COMPANIA DE REASEGUROS, S.A.	Paseo de Recoletos, 25 Madrid (Spain)	■ MAPFRE, S.A. ■ MAPFRE ESPAÑA, S.A.	93.7719 0.0003	92.2454 0.0003	(A)	(1)
CIAR INVESTMENT (Salida en 2019 por venta)	45, Rue de Trèves Brussels (Belgium)	■ MAPFRE RE, S.A. ■ MAPFRE INTERNACIONAL, S.A.	---	99.9900 0.0100	(H)	(H)
MAPFRE CHILE REASEGUROS, S.A.	Avda.Apoquindo, 4499 Santiago de Chile (Chile)	■ MAPFRE RE, S.A.	99.9900	100.0000	(A)	(1)
CAJA REASEGURADORA DE CHILE S.A.	Avda.Apoquindo, 4499 Santiago de Chile (Chile)	■ MAPFRE CHILE REASEGUROS S.A.	99.8467	99.8467	(A)	(1)
INMOBILIARIA COSTA DE MONTEMAR, S.A. (Salida en 2019 por liquidación)	Avda.Apoquindo, 4499 Santiago de Chile (Chile)	■ MAPFRE CHILE REASEGUROS S.A.	---	31.4400	(H)	(H)
C R ARGENTINA, S.A.	Bouchard 547 piso 14 Buenos Aires (Argentina)	■ MAPFRE CHILE REASEGUROS S.A.	99.9960	99.9960	(A)	(1)
MAPFRE RE DO BRASIL COMPANHIA DE REASEGUROS	Rua Olimpíadas, 242,5º andar conjunto 52 Vila Olímpia; São Paulo (Brazil)	■ MAPFRE RE, S.A. ■ MAPFRE ASSISTENCIA LTDA	99.9999 0.0001	99.9999 0.0001	(A)	(1)
MAPFRE RE ESCRITORIO DE REPRESENTACION COMPANHIA DE REASEGUROS	Rua Olimpíadas, 242,5º andar conjunto 52 Vila Olímpia; São Paulo (Brazil)	■ MAPFRE RE, S.A. ■ MAPFRE RE DO BRASIL	99.9999 0.0001	99.9999 0.0001	(B)	(9)
INMOBILIARIA PRESIDENTE FIGUEROA ALCORTA, S.A.	Bouchard 547 piso 14 B. Aires (Argentina)	■ MAPFRE RE, S.A.	99.9985	99.9985	(B)	(9)
MAPFRE MANDATOS Y SERVICIOS, S.A.	Bouchard 547 piso 14 B. Aires (Argentina)	■ MAPFRE RE, S.A. ■ MAPFRE ARGENTINA HOLDING	95.0000 5.0000	95.0000 5.0000	(B)	(9)
REINSURANCE MANAGAMENT INC.	100 Campus Drive 07932 New Jersey (U.S.A.)	■ MAPFRE RE, S.A.	100.0000	100.0000	(A)	(1)
MAPFRE EURO BONDS FUND	Ctra. Pozuelo, 50. Majadahonda. Madrid. (Spain)	■ MAPFRE RE, S.A.	100.0000	100.0000	(A)	(1)
MAPFRE RE VERMONT CORPORATION	122 Cherry Tree Hill Road 05651 East Montpelier Vermont (U.S.A.)	■ MAPFRE RE, S.A.	100.0000	100.0000	(F)(A)	(F)(1)
RISK MED SOLUTIONS, S.L.	Paseo de Recoletos, 25 Madrid (Spain)	■ MAPFRE RE, S.A.	100.0000	---	(G)(A)	(G)(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.	Ctra. Pozuelo, 52. Majadahonda. Madrid (Spain)	■ MAPFRE, S.A.	100.0000	100.0000	(A)	(1)
PROVITAE CENTROS ASISTENCIALES S.L.	C/ Fuencarral, 123 Madrid (Spain)	■ MAQUAVIT INMUEBLES, S.L.	50.0000	50.0000	(C)	(3)
BIOINGENIERIA ARAGONESA, S.L. (Salida en 2019 por disolución)	C/ Monasterio de las Huelgas, nº 2 Nave 6 P.I. Alcalde Caballero 50014 Zaragoza (Spain)	■ MAQUAVIT INMUEBLES, S.L.	---	100.0000	(H)	(H)
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 (France)	■ MAPFRE AM INVESTMENT HOLDINGS, S.A.	24.9500	24.9500	(C)	(4)

Name	Address	Participation in Capital		Consolidation method	Integration method for Solvency	
		Holder	Percentage			
			2019			2018
STABLE INCOME REAL STATE FUN GP S.A.R.L.	15, rue Bender L-1229 (Luxembourg)	■ MAPFRE AM INVESTMENT HOLDINGS, S.A.	100.0000	100.0000	(F)(A) (F)(1)	
MAPFRE GLOBAL RISK AGENCIA DE SUSCRIPCION	Ctra. Pozuelo, 52. Majadahonda. Madrid (Spain)	■ MAPFRE, S.A.	100.0000	100.0000	(F)(A) (F)(1)	
MAPFRE PARTICIPACIONES, S.A. (En 2018 SERVIFINANZAS, S.A. SOCIEDAD UNIPERSONAL)	Ctra. Pozuelo, 52. Majadahonda. Madrid (Spain)	■ MAPFRE, S.A.	100.0000	100.0000	(A) (1)	
MAPFRE GLOBAL RISKS (Salida en 2019 por Escisión - Nota 6.25)	Ctra. Pozuelo, 52. Majadahonda. Madrid (Spain)	■ MAPFRE, S.A.	---	100.0000	(H) (H)	
INDUSTRIAL RE S.A.	23, Avenue Monterey L-2163 (Luxembourg)	■ MAPFRE PARTICIPACIONES S.A. ■ MAPFRE GLOBAL RISKS S.A.	100.0000 ---	--- 100.0000	(A) (1)	
SOLUNION SEGUROS DE CREDITO S.A.	Avda.General Perón,40 Madrid (Spain)	■ MAPFRE PARTICIPACIONES S.A. ■ MAPFRE GLOBAL RISKS 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
- (F) Companies added to the scope of consolidation in 2018
- (G) Companies added to the scope of consolidation in 2019
- (H) Companies removed from the scope of consolidation in 2018

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 in the Annual General Shareholders' Meeting

APPENDIX 2. FINANCIAL INFORMATION FOR MAIN COMPANIES AT DECEMBER 31, 2019

Name	Effective tax rate	Activity	Year-end figures (thousand euros)				
			Assets	Equity	Revenue	Result for the year	
IBERIA							
MAPFRE ESPAÑA COMPAÑIA DE SEGUROS Y REASEGUROS S.A.	25% (1)(2)	Insurance and reinsurance	9,560,060	2,486,604	5,412,307	244,240	
VERTI ASEGURADORA, COMPAÑIA DE SEGUROS Y REASEGUROS, S.A	25% (1)(2)	Insurance and reinsurance	177,721	72,190	86,674	(1,638)	
FUNESPAÑA, S.A.	25% (1)	Burial services	108,041	71,533	2,148	2,859	
MAPFRE VIDEO Y COMUNICACIÓN S.A.	25% (1)	Asset Management	94,553	73,854	8,967	1,340	
PUY DU FOU ESPAÑA,S.A.	25%	Theme park and related activities	72,187	72,187	---	---	
MAPFRE INMUEBLES, S.G.A.	25% (1)	Real Estate	650,389	501,370	25,034	5,440	
MAPFRE TECH, S.A.	25% (1)(2)	IT	73,125	18,082	193,136	(2,552)	
MAPFRE SEGUROS GERAIS S.A.	25%	Insurance and reinsurance	259,500	95,460	104,321	5,550	
MAPFRE PORTUGAL SEGUROS DE VIDA S.A.	25.00%	Insurance	341,673	48,562	53,775	3,555	
MAPFRE VIDA SOCIEDAD ANÓNIMA DE SEGUROS Y REASEGUROS SOBRE LA VIDA HUMANA	25% (1)(2)	Insurance and reinsurance	16,216,965	1,414,266	2,808,896	224,478	
MAPFRE INVERSIÓN SOCIEDAD DE VALORES S.A.	25% (1)(2)	Investment company	222,289	169,822	83,387	37,235	
BANKIA MAPFRE VIDA, S.A. DE SEGUROS Y REASEGUROS	25% (1)(2)	Insurance and reinsurance	7,667,170	334,045	784,267	96,797	
BANKINTER SEGUROS DE VIDA, S.A.	25%(2)	Insurance	2,110,801	169,666	486,004	60,767	
CAJA CASTILLA LA MANCHA VIDA Y PENSIONES, S.A.	25%(2)	Insurance	932,344	74,406	105,527	17,341	
CAJA GRANADA VIDA	25%(2)	Insurance	231,868	40,191	23,386	2,882	
CAJAMURCIA VIDA	25%(2)	Insurance	130,616	24,936	24,011	4,174	
BRAZIL							
MAPFRE SEGUROS GERAIS S.A.	45.00%	Insurance	2,797,356	533,049	1,698,021	20,054	
MAPFRE VIDA S.A.	45.00%	Insurance	280,010	99,374	214,827	14,240	
MAPFRE PREVIDENCIA S.A.	45.00%	Insurance	739,961	18,326	175,216	(3,625)	
ALIANÇA DO BRASIL SEGUROS, S.A.	45.00%	Insurance	191,031	42,234	137,562	12,938	
BRASILSEG COMPANHIA DE SEGUROS S.A.	45.00%	Insurance	3,024,177	278,542	2,035,614	314,213	
LATAM NORTH							
MAPFRE SEGUROS HONDURAS S.A.	30.00%	Insurance	104,809	27,427	82,841	6,263	
MAPFRE PANAMÁ S.A.	25.00%	Insurance	338,320	91,409	234,025	7,839	
MAPFRE SEGUROS EL SALVADOR, S.A.	25.00%	Insurance	82,936	24,220	75,069	3,968	
MAPFRE SEGUROS GUATEMALA S.A.	25.00%	Insurance	72,635	23,574	78,155	6,311	
MAPFRE BHD COMPAÑIA DE SEGUROS, S.A.	27.00%	Insurance	223,997	66,703	163,625	23,181	
MAPFRE MEXICO S.A.	30.00%	Insurance	2,062,345	209,703	1,383,448	23,940	
LATAM SOUTH							
MAPFRE ARGENTINA SEGUROS S.A.	35.00%	Insurance	219,035	36,887	244,401	3,753	
MAPFRE COMPAÑIA DE SEGUROS GENERALES DE CHILE S.A.	27.00%	Insurance	624,771	67,744	274,578	3,729	
MAPFRE SEGUROS GENERALES DE COLOMBIA S.A.	33.00%	Insurance	1,717,025	132,210	303,678	14,411	
MAPFRE COLOMBIA VIDA SEGUROS S.A.	33.00%	Insurance	936,634	35,258	175,251	(10,758)	
MAPFRE PARAGUAY COMPAÑIA DE SEGUROS S.A.	10.00%	Insurance	97,242	41,471	78,423	7,731	
MAPFRE PERÚ COMPAÑIA DE SEGUROS Y REASEGUROS S.A.	30.00%	Insurance and reinsurance	650,633	114,603	345,960	16,586	
MAPFRE PERÚ VIDA, COMPAÑIA DE SEGUROS, S.A.	30.00%	Insurance	487,537	95,035	228,271	18,127	
MAPFRE URUGUAY SEGUROS S.A.	25.00%	Insurance	151,176	28,893	101,454	3,692	

Name	Effective tax rate	Activity	Year-end figures (thousand euros)				
			Assets	Equity	Revenue	Result for the year	
NORTH AMERICA							
MAPFRE INSURANCE COMPANY OF FLORIDA	21.00%	Insurance	92,821	33,003	53,310	915	
THE COMMERCE INSURANCE COMPANY	21.00%	Insurance	2,570,552	765,563	1,579,385	36,168	
THE CITATION INSURANCE COMPANY	21.00%	Insurance	206,450	71,866	125,082	872	
AMERICAN COMMERCE INSURANCE COMPANY	21.00%	Insurance	311,750	121,523	163,312	3,751	
MAPFRE TECH USA CORPORATION	21.00%	IT	76,204	61,564	6,849	(6,399)	
THE COMMERCE WEST INSURANCE COMPANY	21.00%	Insurance	167,725	61,077	102,117	5,703	
MAPFRE PRAICO INSURANCE COMPANY	20.00%	Insurance	980,791	173,573	312,716	13,390	
EURASIA							
VERTI VERSICHERUNG AG	20.00%	Insurance	632,790	169,646	355,989	9,637	
VERTI ASSICURIZIONI S.P.A.	27.50%	Insurance	1,488,154	323,824	499,567	2,139	
MAPFRE MIDDLESEA P.L.C.	35.00%	Insurance	131,765	28,935	93,675	20,698	
MAPFRE M.S.V. LIFE P.L.C.	35.00%	Insurance	2,497,078	147,337	568,795	11,773	
MAPFRE SIGORTA, A.S.	22.00%	Insurance	721,638	120,261	507,126	7,166	
MAPFRE INSULAR INSURANCE CORPORATION	30.00%	Insurance	83,961	27,107	30,085	(1,011)	
PT ASURANSI BINA DANA ARTA TBK	25.00%	Insurance	163,412	78,212	60,442	5,304	
ASSISTANCE							
MAPFRE ASISTENCIA COMPANÍA INTERNACIONAL DE SEGUROS Y REASEGUROS, S.A.	25% (1)(2)	Insurance and reinsurance	812,122	177,538	497,764	(112,771)	
CENTURY AUTOMOTIVE SERVICES COMPANY	21.00%	Special risks	301,340	13,605	159,429	672	
REINSURANCE							
MAPFRE RE COMPANÍA DE REASEGUROS, S.A.	25% (1)(2)	Reinsurance	8,467,376	1,696,414	6,829,683	52,352	
CAJA REASEGURADORA DE CHILE S.A.	27.00%	Reinsurance	106,890	13,083	10,502	(377)	
MAPFRE RE DO BRASIL COMPANÍA DE REASEGUROS S.A.	45.00%	Insurance and reinsurance	212,461	41,930	83,178	2,632	
MAPFRE RE VERMONT CORPORATION	21.00%	Insurance and reinsurance	336,322	53,390	400,837	3,400	
OTHER							
SOLUNION SEGUROS DE CREDITO S.A.	25.00%	Insurance and reinsurance	381,382	111,080	205,549	4,516	

TAX GROUP

(1) Company belonging to Tax Group 9/85

(2) Company belonging to VAT Group 87/10

CONSOLIDATED MANAGEMENT REPORT

MAPFRE S.A.

FISCAL YEAR 2019

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 (APMs) used in the report, which refer to financial measures not defined or specified in the applicable financial reporting framework, along with their definition and method of calculation, can be found on our website at the following address: <https://www.mapfre.com/corporate/institutional-investors/financial-information/>

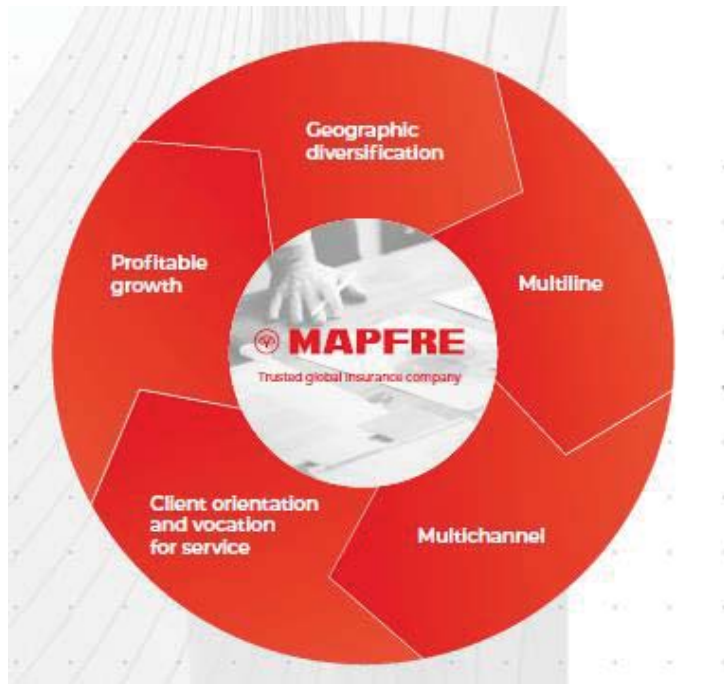
Some of the figures included in this Report have been rounded. Therefore, discrepancies may occur in the tables between the totals and the amounts listed due to this rounding.

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, 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 ready to act 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 adequate and sufficient profitability from its activities.
- Manages its business in an efficient manner and constantly improves productivity, reducing structural costs on a continuing basis 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.

MAPFRE's stated mission is to be a multinational team that strives to constantly improve services and develop the best possible relationships with 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 results and full capacity to meet all obligations to stakeholders.
- Integrity: ethical conduct as a core element in how everyone (senior 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 aspect of continuous growth and improvement, using technology to service the different businesses and their objectives.
- Committed team: full engagement of employees, senior 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 across five continents.

The Group's parent company is MAPFRE S.A., whose shares are listed on the Madrid and Barcelona Stock Exchanges. MAPFRE S.A. is also a component of the IBEX 35, IBEX Top Dividend, Stoxx Europe 600 Insurance, Euro Stoxx Insurance, MSCI Spain, FTSE All-World, FTSE Developed Europe, FTSE4Good, FTSE4Good IBEX, Dow Jones Sustainability World and Ethibel Sustainability Index- Excellence Europe indices.

MAPFRE S.A. is a subsidiary of CARTERA MAPFRE, S.L. a single-member company that is wholly controlled by Fundación MAPFRE.

The Group pursues 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 and the subregion comprising Central America and the Dominican Republic), LATAM South, North America and EURASIA (Europe, Middle East, Africa and Asia-Pacific).

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 merged within MAPFRE RE.

The activities of the different 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, and IT and Processes), which have jurisdiction over all MAPFRE companies worldwide in terms of the definition, 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).

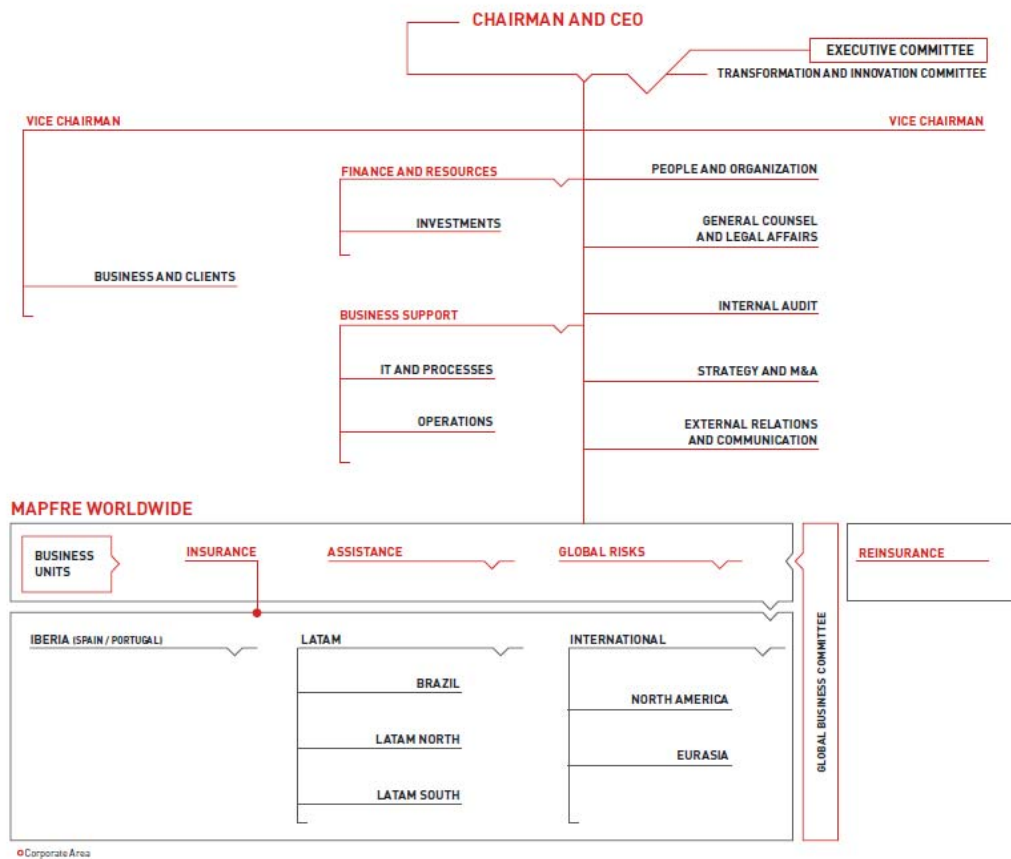
The Executive Committee is the body that exercises direct supervision over management of the Business Units and coordinates the various Areas and Units in the Group. The Transformation and Innovation Committee reports to the Executive Committee and has decision-making powers in relation to all transformation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

The Global Business Committee is also responsible for analyzing the development of MAPFRE's insurance business and services throughout the world, its compliance with approved plans, and for proposing measures to correct or improve them.

The management, coordination and supervision of the activities of the different Units and Areas are carried out, according to their respective remit, by the local, regional and business unit management committees as well as 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 feature 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:



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 policies¹.

MAPFRE complies fully with 93.75 percent, and fully or partially with 98.44 percent, of the recommendations set out in the CNMV Good Governance Code for listed companies at December 31, 2019.

The 2019 Annual Corporate Governance Report offers a detailed explanation of the structure of MAPFRE's governance system and its operation in practice², providing the minimum content established by Article 540 of the Recast Text of the Spanish Companies Act.

OPERATIONAL FRAMEWORK

The Group's activities are carried out through its Business Units.

The Insurance Business Unit is organized in line with the structure of the Territorial and Regional Areas.

The IBERIA Territorial Area overlaps 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 comprises the Regional Areas of North America (Canada, United States and Puerto Rico) and EURASIA (which includes operations in Europe – except Spain and Portugal –, the Middle East, Africa, Australia, China, Philippines, Indonesia, Japan, Malaysia and Singapore).

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.

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.

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

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 2019, MAPFRE's global distribution network consisted of 13,024 offices.

The breakdown is shown below:

OFFICES	2019	2018
IBERIA		
Direct and Delegate	3,136	3,084
Bancassurance	2,519	2,329
Subtotal IBERIA	5,655	5,413
LATAM		
Direct and Delegate	1,419	1,629
Bancassurance	5,354	4,941
Subtotal LATAM	6,773	6,570
INTERNATIONAL		
Direct and Delegate	555	543
Bancassurance	41	--
Subtotal INTERNATIONAL	596	543
TOTAL OFFICES	13,024	12,526

At fiscal year-end, MAPFRE's presence in Spain consisted of 3,030 offices, as well as Brazil, which has 647 offices, and Turkey, with 427 offices.

In 2019, more than 79,000 intermediaries, including agents, delegates and brokers, collaborated in the distribution of our products. The following table shows the breakdown of this group:

SALES NETWORK		2018
IBERIA		
Agents	10,231	9.850
Delegates	2,791	2.753
Brokers	4,541	5.311
Subtotal IBERIA	17,563	17.914
LATAM		
Agents	13,623	18.106
Delegates	3,824	3.952
Brokers	34,737	34.624
Subtotal LATAM	52,184	56.682
INTERNATIONAL		
Agents	7,212	9.786
Delegates	198	121
Brokers	2,082	2.061
Subtotal INTERNATIONAL	9,492	11.968
TOTAL SALES NETWORK	79,239	86.564

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, Bankinter, CCM, Banco do Brasil, Bhd Leon and Bank of Valleta, among others). MAPFRE distributed its products in 2019 through 7,914 bancassurance offices (2,519 in Spain, 5,140 in Brazil, 214 in the Dominican Republic and 41 in Malta).

Within the insurance business, MAPFRE is the largest Spanish insurer in the world, with 14.1 percent of the Non-Life insurance and 7.9 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 7.2 percent (according to the figures for 2018, the latest available). Furthermore, the Group's reinsurance business (MAPFRE RE) holds position 16 in the global reinsurance ranking³, while in the Assistance sector, MAPFRE is the fourth largest company in the world by revenue.

³ Source: S&P Global Ratings

BUSINESS PERFORMANCE AND RESULTS

ECONOMIC CONTEXT AND DEVELOPMENT OF INSURANCE MARKETS

Economic context

General aspects

In 2019, the world economy experienced estimated modest growth of 3.0 percent. The G7 group of economies grew by 1.6 percent, with the United States at 2.3 percent and the eurozone at 1.2 percent. As for emerging economies, while they grew at a different level, they were not free of deceleration; China grew by 6.1 percent (compared to 6.6 percent in the previous year), the emerging and developing group dropped to 3.9 percent from 4.5 percent, and emerging Asiatic economies fell to 5.9 percent from 6.4 percent.

Several factors burdening manufacturing and investment contributed to this deceleration in activity: trade tensions between the United States and China; the prospect of increased tariffs on other US sales partners; the uncertainty over Brexit; and from a structural perspective, the point in the economic cycle in which the global economy found itself.

In this atmosphere of weakening economic activity and decline in inflation expectations, the majority of central banks worldwide changed their monetary policy, lowering interest rates at the pace that the drop in US Federal Reserve interest rates, low inflation and exchange rates against the dollar allowed them.

Without doubt, the drop in interest rates worldwide will have a mitigating effect on the slowdown, but it cannot be expected to provide the basis for a solid, strong recovery in and of itself. To achieve this, governments also need to implement fiscal policies, as monetary policy is losing its effectiveness and may be feeding asset bubbles.

Many uncertainties need to be dispelled for a rapid recovery to occur, which is unlikely; therefore, the central scenario in the outlook for the next two years is slower growth.

Regarding the economy of the United States, markets are concerned over the possibility of a recession, but the strength of the labor market and the service sector would not indicate that this is imminent.

In the case of China, its economy grew by 6.1 percent, manifesting a certain resilience in the global context. A successful package of measures (lowering taxes and encouraging private sector borrowing) was implemented to stimulate internal demand and counteract deceleration in the export sector caused by the trade war. All the same, confirmation as to whether the minimum trade agreement between China and the United States announced in October will materialize is yet to be confirmed.

In Europe, 2019 was marked by elections in several countries, leadership renewals in the European Commission and the European Central Bank (ECB) and Brexit. With the European economy decelerating, the ECB lowered deposit rates to -0.50 percent in September, and resumed asset purchasing.

A more detailed analysis of the most important markets in which MAPFRE operates is presented below:

Eurozone

The eurozone is slowing down, with GDP growth at 1.2 percent. Inflation, for its part, has been falling for a year and moving further away from the 2 percent objective. The ECB, in light of the extent of the fall in deposit rates, announced the reactivation of the purchase program in the amount of 20 billion per month starting in November, with no defined end. Moreover, it reiterated that governments must also act with fiscal stimuli, reflecting that monetary stimuli are reaching the limits of their effectiveness.

The Euro Stoxx 50 index ended the year with a rally of 24.8 percent, to 3,745 points spurred on by corporate earnings and new monetary stimuli.

Spain

The Spanish economy grew by 2.0 percent in 2019, confirming the announced slowdown. The economy is expected to grow by 1.7 percent in 2020, meaning the slowdown will gain traction, albeit smoothly, in particular as the ECB's monetary stimulus and accommodative policies from the central banks begin to take effect.

However, year-on-year inflation for 2019 dropped to 0.8 percent, with fuel, food and non-alcoholic beverage prices showing stability compared to the declines posted in 2018.

The unemployment rate fell to 13.8 percent, but the pace of job creation, an aspect that shapes consumption growth, is slowing.

The IBEX 35 Index was up 11.8 percent for the year, closing at 9,549 points.

United States

The average growth forecast for 2019 is 2.2 percent, dropping from the 2.9 percent recorded in the previous year. Leading indicators confirm the slowdown and how this translates into confidence with economic agents.

Inflation rebounded slightly in November to 2.1 percent, with the closing estimate at 1.8 percent. The Federal Reserve decided to lower interest rates three times to the range of 1.50-1.75 percent, and announced that it will continue to inject liquidity into the interbank market.

The dollar closed the year at 1.12 USD/EUR (an increase of 2.2 percent), partly due to the persistent growth and interest rate differential between the United States and the eurozone.

The S&P 500 index showed an increase of 29 percent and ended the year at 3,231 points, spurred on by the drop in interest rates and the resumption of the expansion of the balance sheet of the Federal Reserve, in a stronger economic environment than that of Europe.

Brazil

In Brazil, the projected growth of the economy for 2019 is 0.8 percent. With fewer inflationary pressures (3.3 percent in 2019), and in line with the drop in interest rates worldwide, the Central Bank lowered interest rates on four occasions in 2019, from 6.50 percent to 4.50 percent.

Following the approval of the social security reform, the Brazilian real recovered to a level close to 4.0 BRL/USD, where it finished out the year.

In the stock market, the BOVESPA Index ended the year at 115,645 points, an increase of 31.6 percent for the year.

Mexico

In Mexico, the economy is stagnating and GDP growth in 2019 is estimated to be close to zero.

Inflation, for its part, is estimated to reach 3.2 percent in 2019. Taking advantage of the lack of inflationary pressures, the Bank of Mexico, along with many central banks worldwide, lowered its interest rates four times in 2019, from 8.25 percent to 7.25 percent.

The exchange rate has ended the year at 18.93 MXN/USD. The Mexican Stock Exchange rose by 4.6 percent in the year, ending at 43,541 points.

Turkey

Turkey's economy strung together three quarters of contraction until the second quarter of 2019. It grew 0.9 percent in the third quarter and a growth of 0.2 percent is expected for the year's average.

Inflation in 2019 stood at 10.5 percent, falling from last year's highs of 25.2 percent, enabling the Central Bank to reduce interest rates aggressively, from 24 percent in June to 12 percent by year-end.

2019 saw a slight recovery in the Turkish economy, assisted by the low interest rate environment, both locally and in the United States.

The exchange rate appeared to have found stability in the range 5.60-5.80 TRY/USD, although at year-end it reached 6.0 TRY/USD.

The Istanbul BIST30 Index dropped by 21.4 percent for the year to 138,830 (10.1 percent in euro terms).

Development of Insurance Markets

Spanish market⁴

Written premiums in the Spanish insurance market reached 64.16 billion euros to December 2019, a figure quite close to that for last year, with a slight increase of 0.4 percent. While the Life line showed negative performance (-5.1 percent), Non-Life lines grew 3.4 percent.

Item			% Var. 19/18
	Dec-19	Dec-18	
Life	27,526	28,995	-5.1%
Non-Life	36,629	35,430	3.4%
TOTAL Direct Insurance	64,155	64,425	-0.4%

Figures in million euros

Health and Multirisk insurance continued to drive Non-Life business, with increases of 4.8 percent and 4.0 percent respectively, while automobile insurance continued to show moderate increases (1.5 percent). Within the larger volume lines, the increases in Burial (3.9 percent) and Third-party responsibility (4.25 percent) should also be noted. Another line that showed solid performance in 2019 was Transport, with an increase of 8.93 percent in premium income and positive variations in all lines.

⁴ Source: ICEA.

Item			% Var. 19/18
	Dec-19	Dec-18	
Automobile	11,307	11,138	1.5%
Health	8,923	8,516	4.8%
Multirisk	7,521	7,234	4.0%
Other Non-Life lines	8,879	8,542	3.9%
TOTAL NON-LIFE	36,630	35,430	3.4%

Figures in million euros

As far as Life insurance premiums go, Life Protection volume by rose 3.0 percent, well down on the 12.1 percent recorded in 2018. Savings insurance continued to perform poorly in this period, with a 6.6 percent decrease in premiums to December 2019.

September 2019 data showed that the technical profitability of the Non-Life lines improved by 0.6 percentage points (pp) compared to the same period for the previous year, due to a drop in the loss ratio of 1 pp and an increase in the expense ratio of 0.3 pp. Multirisk insurance in particular contributed to this improvement, with a 5 pp improvement in its combined ratio in the period.

	TOTAL NON-LIFE		AUTOMOBILE		MULTIRISK		HEALTH	
	Sept-19	Sept-18	Sept-19	Sept-18	Sept-19	Sept-18	Sept-19	Sept-18
Loss ratio	70.1%	71.1%	75.8%	75.9%	60.7%	65.6%	79.5%	79.4%
Expense ratio	22.1%	21.8%	18.9%	18.5%	31.2%	31.2%	12.5%	12.0%
Combined ratio	92.3%	92.9%	94.7%	94.4%	91.9%	96.9%	92.0%	91.4%

Although Life premium growth was negative over the last two years, technical provisions have continued to increase, reaching 19.47 billion euros by the end of 2019, 3.3 percent greater than for the previous year. Mutual fund assets in turn grew by 7.4 percent in 2019, reaching 27.66 billion euros, due principally to the returns generated by fund portfolios. According to Inverco, the favorable performance of the stock markets allowed the variable income fund portfolios to deliver considerable growth. Finally, the volume of assets managed by pension plans amounted to 11.64 billion euros in December 2019, which represents an increase of 8.9 percent compared to 2018. The pension plans finished 2019 with the best profitability of the historical series at year-end, with an average of 8.8% for the year.

Item			% Var. 19/18
	Dec-19	Dec-18	
Life insurance	194,685	188,467	3.3%
Mutual funds	276,557	257,551	7.4%
Pension funds	116,419	106,886	8.9%
TOTAL	587,661	552,904	6.3%

Latin American markets

The latest data published by the Latin American supervisors referring to 2019 (latest official information available) shows that all countries in the region increased premium volume in nominal terms, with the exception of Nicaragua. Again with the exception of Nicaragua, all the markets saw increases in Non-Life lines over the previous 12 months, many of which were double digit, such as in Argentina, Colombia and Mexico. As for the Life business lines, Paraguay saw decreases, while the rest of the countries showed very positive performances, most notably the 17.9 percent increase registered in Brazil, the largest market in the region in this segment.

COUNTRY	DATE	NON-LIFE	LIFE	TOTAL
Argentina	Sept-19	35.1%	26.2%	33.9%
Brazil	Nov-19	2.3%	17.9%	11.9%
Chile	Sept-19	8.7%	2.6%	11.5%
Colombia	Oct-19	12.3%	9.0%	11.2%
Mexico	Sept-19	11.6%	12.0%	11.9%
Peru	Nov-19	7.4%	12.4%	9.6%
Puerto Rico	Dec-18	8.2%	17.7%	9.1%

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

Brazil and Mexico, the two largest markets in the region, recorded positive variations in premium volume over the course of 2019. Brazil recovered from the decrease in 2018 due to the drop in Life premiums, while the Non-Life lines showed some moderation in their performance, with a variation of 2.3 percent to November (5.4 percent for November 2018), with a drop in Automobile (-6.2 percent). Rates for compulsory personal damage insurance caused by land motor vehicles dropped significantly for 2019, after the release of a new resolution by the National Council of Private Insurers with new rates for the year. Furthermore, in November 2019 the country's supervisory body, SUSEP, announced the submission of Provisional Measure No. 904/19, which terminates this insurance, commencing January 1, 2020 because it is not deemed to have been effective. Subsequently, the Supreme Court suspended the effectiveness of said Provisional Measure.

In addition, SUSEP also ceased to regulate the insurance broker profession under its Provisional Measure No. 905/19, issued by the President of the Republic, as published

in the Official Gazette of the Union on November 12. This measure was justified by the fact that brokers are prepared to operate in a more flexible environment without the presence of the regulator, and self-regulation will result in more efficiency and freedom in the insurance industry.

Mexico delivered double-digit growth in both Life (12 percent) and Non-Life (11.6 percent) premiums, the latter being affected by the renewal of the comprehensive insurance policy for Petróleos Mexicanos (PEMEX) in June 2019, which covers a 24-month period.

Other markets

United States

Based on data from the National Association of Insurance Commissioners (NAIC) for the first six months of 2019, direct Property & Casualty insurance premiums experienced an increase of 4.3 percent compared to the same period last year, with positive performance across all business lines (personal, commercial and combined lines). Rates continued to strengthen in 2019 due to two years of severe losses and a low interest-rate environment. Life insurance in turn showed an increase of 5 percent, with good performance in annuities, which grew by 10 percent. Finally, Health insurance also performed well, increasing 5.8 percent in the first six months of 2019 due mainly to public protection programs, Medicare and Medicaid.

Turkey

Based on data from the Turkish Insurance Association, the Turkish insurance market closed the third quarter of 2019 with a nominal increase of 21.8 percent, although it should be borne in mind that year-on-year inflation was 13.5 percent in September 2019. Life insurance premiums experienced an extraordinary increase of 35.6 percent, with significant stimulus for loan-related Life insurance. As for the Non-Life segment, it increased 19.3 percent, with significant increases in all major lines. Automobile insurance, with the largest volume, recorded growth of 17.3 percent, and the Health, Homeowners and Commercial lines also performed well, with increases of 34.3 percent and 22.4 percent respectively. Finally, it should be noted that Presidential Decree no. 47 was published in October 2019 in the country's Official Bulletin, creating an independent institution responsible for regulating the insurance industry, the Pension and Private Insurance Supervision and Regulation Agency. Supervision of the insurance industry previously came under the Ministry of the Treasury and Finance.

BUSINESS PERFORMANCE

Revenues on operations

ITEM	DECEMBER 2019	DECEMBER 2018	Δ%
Total written and accepted premiums	23,043.9	22,537.1	2.2%
Investments financial income	3,287.5	2,575.2	27.7%
Revenue from non-insurance companies and other revenue	2,140.8	1,477.5	44.9%
Total consolidated revenue	28,472.2	26,589.7	7.1%

Figures in million euros

The consolidated revenues of the Group reached 28.47 billion euros, up 7.1 percent, mainly due to the increase in premium issuing and higher financial income.

Accepted direct insurance and reinsurance premiums, which represent the vast majority of business volume, amounted to 23,0 billion euros, with an increase of 2.2 percent.

Gross investment income amounted to just under 3.30 billion euros, 27.7% higher than the same period last year.

Other income, which primarily includes non-insurance activities and non-technical income, was up 44.9 percent, mainly due to an increase in positive currency conversion differences.

Earnings

The chart below gives a summary of the consolidated income statement as on December 2019, showing the various elements of MAPFRE's earnings and the comparison with the same period of the previous year.

ITEM	DECEMBER 2019	DECEMBER 2018	Δ %
INSURANCE BUSINESS REVENUE	24,154.8	22,833.4	5.8%
Premiums earned, net	19,172.9	19,212.0	
Investment income	3,235.4	2,490.3	
Positive currency conversion differences	1,589.2	959.4	
Other income	157.3	171.7	
INSURANCE BUSINESS EXPENSES	(22,621.1)	(21,413.4)	-5.6%
Incurred claims for the period, net	(14,699.5)	(14,010.0)	
Net operating expenses	(5,108.3)	(4,988.7)	
Investment expenses	(847.5)	(949.9)	
Negative currency conversion differences	(1,589.5)	(946.7)	
Other expenses	(376.3)	(518.1)	
INSURANCE BUSINESS RESULT	1,533.7	1,420.0	8.0%
OTHER ACTIVITIES	(232.9)	(70.7)	
RESULT ON RESTATEMENT OF FINANCIAL ACCOUNTS	(21.6)	(18.7)	
RESULT	1,279.2	1,330.5	-3.9%
TAX ON PROFITS	(323.9)	(453.0)	
RESULT AFTER TAX	955.3	877.5	8.9%
RESULT AFTER TAX FROM DISCONTINUED OPERATIONS	0.0	0.0	
RESULT FOR THE PERIOD	955.3	877.5	8.9%
Attributable to non-controlling interests	346.0	348.7	
Attributable to the controlling Company	609.2	528.9	15.2%

Figures in million euros

The increase shown under the heading of Investment income is mainly due to the revaluations of investment portfolios. These investments are linked to Life Savings policies, and so the increase in income is reflected in an increase in expenses, as shown in claims for the period.

The increase in the positive currency conversion differences heading is reflected symmetrically in the negative currency conversion differences heading.

The result of the insurance business is 1.53 billion euros, 8.0 percent higher than the previous year.

The result deriving from other non-insurance activities equates to a loss of 233 million euros and the result before tax stands at 1.28 billion euros, 3.9 percent less than the last financial year.

Tax on profits reached 323.9 million euros, 28.5 percent down on the previous year. The lower tax expense stems principally from Brazil and companies registered in Spain. The attributable profit accrued as of December 2019 amounted to 609.2 million euros, an increase of 15.2 percent. It must be taken into account that the year 2018 is affected by the extraordinary deterioration of goodwill amounting to 173.5 million euros, (recorded in the Non-Life result), while, in fiscal 2019, the extraordinary deterioration of goodwill and the provision for restructuring expenses in MAPFRE ASISTENCIA investee companies, which have had an overall impact of 75.6 million euros on the Group's attributable result, (recorded in the result for Other activities).

Non-Life

Non-Life results reached 919.6 million euros, up 24.5% on the previous year.

MAPFRE ESPAÑA continues to be the largest contributor to Group earnings, maintaining its leadership position in the Spanish market.

The positive rate of contribution to the earnings of the Non-Life business in BRAZIL, LATAM NORTH and NORTH AMERICA is also noteworthy, while EURASIA presented positive Non-Life business results in excess of those recorded last year.

MAPFRE RE's result deteriorated due to the adverse evolution of the non-catastrophic loss experience, with several incidents of relevant intensity during the year, such as the damages resulting from the drought in Brazil, the extraordinary damages caused by typhoons Faxai and Hagibis and the riots in the fourth quarter in Chile.

Life

The Life result amounted to 614.1 million euros, a decrease of 9.9 positive over the previous year. On the positive side, the solid evolution of the business of Spain should be highlighted, where the results show sustained growth. Brazil showed a deterioration, due to, on the one hand, the fact that in 2018 there was an extraordinary positive effect of 130.0 million euros as a result of the reduction in

technical provisions in the Life business in order to adapt them to more accurate actuarial estimations. In addition, the Life Protection business in Brazil was affected by the increase in acquisition costs in the bancassurance channel.

Other activities

The increase in the loss of the result of Other Activities has its origin in MAPFRE ASISTENCIA, coming on the back of the extraordinary provision of 75.6 million euros already mentioned, as well as expenses related to innovation, digitalization and other strategic initiatives developed by the most relevant units.

Balance sheet

ITEM	DECEMBER 2019	DECEMBER 2018	Δ %
Goodwill	1,773.2	1,689.0	5.0%
Other intangible assets	1,526.9	1,383.3	10.4%
Other fixed assets	265.5	259.7	2.2%
Cash	2,537.5	2,201.4	15.3%
Real estate	2,435.0	2,096.2	16.2%
Financial investments	44,995.9	41,246.0	9.1%
Other investments	1,044.1	1,487.4	-29.8%
Unit-Linked investments	2,510.2	2,242.5	11.9%
Participation of reinsurance in technical provisions	6,386.1	5,883.2	8.5%
Receivables on insurance and reinsurance operations	4,879.4	4,547.3	7.3%
Deferred taxes	307.0	333.6	-8.0%
Assets held for sale	264.2	341.5	-22.6%
Other assets	3,585.0	3,579.7	0.1%
TOTAL ASSETS	72,509.9	67,290.8	7.8%
Equity attributable to the Controlling company	8,850.3	7,993.8	10.8%
Non-controlling interests	1,251.7	1,203.8	4.0%
Equity	10,106.0	9,197.6	9.9%
Financial debt	2,973.7	2,670.3	11.4%
Technical provisions	51,031.6	48,723.6	4.7%
Provisions for risks and expenses	709.3	641.5	10.6%
Debt due on insurance and reinsurance operations	2,469.1	1,947.4	26.8%
Deferred taxes	703.1	499.3	40.8%
Liabilities held for sale	135.9	194.0	-29.9%
Other liabilities	4,381.2	3,417.1	28.2%
TOTAL LIABILITIES	72,509.9	67,290.8	7.8%

Figures in million euros

Assets reached 72.51 billion euros as on December 31, 2019, rising 7.8 percent compared to the end of the previous year. The most relevant fluctuations are analyzed below:

1. The increase in the financial year 2019 of the Financial Investments and Technical Provisions sections includes, in addition to own growth derived from insurance activity, the effect of the increase in the valuation of the financial investment portfolios due to the drop in interest rates and the improvement of stock markets. In addition, the inclusion of Caja Granada Vida and Cajamurcia Vida in the Group scope has led, as at December 2019, an increase in financial investments of 324.2 million euros and in technical provisions of 273.8 million euros. The increase in the valuation of the financial investment portfolio also has its accounting reflection in the equity and deferred taxes of the Group.
2. The increase in the Goodwill and Intangible Assets sections originates from the inclusion in the Group scope of Caja Granada Vida and Cajamurcia Vida Group, as well as the inclusion in the Group of the company acquired from Santander Bank which, as a whole, represent an increase of 210.5 million euros. This increase has been reduced by 65.6 million euros due to the extraordinary deterioration of the goodwill at MAPFRE ASISTENCIA subsidiaries.
3. The entry into force on January 1, 2019 of IFRS-EU 16 regulations on leases has led to an increase in the Assets/Real Estate heading amounting to 285 million euros and other liabilities amounting to 310 million euros. As of December 2019, the impact on the Group's result due to the application of this new standard translates into costs rising by 4.1 million euros.
4. As of December 31, 2019, the Assets held for Sale heading mainly includes the valuation of Funespaña's businesses in the amount of 127.9 million euros.
5. Variations in the Assets and Liabilities headings for insurance and reinsurance operations have come about as 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	DECEMBER 2019	DECEMBER 2018	Δ%
Life technical provisions	30,547.8	28,536.5	7.0%
Pension funds	5,479.1	4,874.7	12.4%
Mutual funds and other	4,636.0	4,336.4	6.9%
Subtotal	40,663.0	37,747.6	7.7%

Figures in million euros

The variation in managed savings in relation to December of last year reflects the growth of Life technical provisions, of managed savings in pension funds and investment funds.

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, and which shows growth of 8.8 percent:

ITEM	DECEMBER 2019	DECEMBER 2018	Δ%
Investment portfolio	53,522.7	49,273.5	8.6%
Pension funds	5,479.1	4,874.7	12.4%
Mutual funds and other	4,636.0	4,336.4	6.9%
TOTAL	63,637.8	58,484.6	8.8%

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 non-controlling interests) and average shareholders' equity, was 7.2 percent (6.4 percent in 2018).

Management ratios

The combined ratio measures the impact on premiums of management costs and the loss ratio for the period. In both 2019 and 2018, this ratio was 97.6 percent.

The following table shows how the main management ratios performed, by business unit:

	EXPENSE RATIO ⁽¹⁾		LOSS RATIO ⁽²⁾		COMBINED RATIO ⁽³⁾	
	2019	2018	2019	2018	2019	2018
IBERIA	21.2%	21.0%	73.1%	72.8%	94.4%	93.8%
LATAM NORTH	31.2%	32.2%	63.5%	65.9%	94.7%	98.1%
LATAM SOUTH	36.8%	36.2%	63.2%	61.1%	100.0%	97.3%
BRAZIL	37.0%	37.0%	55.1%	61.5%	92.2%	98.5%
NORTH AMERICA	28.5%	28.1%	71.8%	74.0%	100.4%	102.1%
EURASIA	26.1%	22.2%	80.0%	84.4%	106.1%	106.7%
MAPFRE RE ⁽⁴⁾	30.5%	27.8%	70.5%	67.8%	101.0%	95.6%
Reinsurance	30.0%	27.2%	69.3%	68.8%	99.2%	96.1%
Global Risks	37.5%	32.8%	86.0%	59.3%	123.5%	92.1%
MAPFRE ASISTENCIA	41.1%	41.1%	62.2%	62.4%	103.3%	103.5%
MAPFRE S.A.	28.6%	27.8%	69.0%	69.8%	97.6%	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.

(4) For comparison purposes, the 2018 data includes Global Risks.

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.

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

Key figures

AREA/BUSINESS UNIT	Premiums			Attributable result			Combined ratio	
	DECEMBER 2019	DECEMBER 2018	Δ%	DECEMBER 2019	DECEMBER 2018	Δ%	DECEMBER 2019	DECEMBER 2018
IBERIA	7,717.8	7,657.9	0.8%	497.8	480.6	3.6%	94.4%	93.8%
LATAM	7,547.3	6,887.3	9.6%	214.9	156.9	36.9%	94.4%	98.2%
INTERNATIONAL	4,027.3	4,191.0	-3.9%	93.7	47.4	97.6%	102.3%	103.5%
TOTAL INSURANCE	19,292.4	18,736.2	3.0%	806.4	684.9	17.7%	96.5%	97.8%
REINSURANCE AND GLOBAL RISKS*	5,580.5	4,960.9	12.5%	57.5	168.7	-65.9%	101.0%	95.6%
ASISTENCIA	861.0	911.0	-5.5%	(88.0)	(10.1)	--	103.3%	103.5%
Holding, eliminations and other	(2,690.0)	(2,071.2)	-29.9%	(166.7)	(314.6)	47.0%	--	--
MAPFRE S.A.	23,043.9	22,537.1	2.2%	609.2	528.9	15.2%	97.6%	97.6%

Figures in million euros

* For comparison purposes, the 2018 data includes Global Risks.

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	
	DECEMBER 2019	DECEMBER 2018	Δ%	DECEMBER 2019	DECEMBER 2018	Δ%	DECEMBER 2019	DECEMBER 2018
IBERIA	7,717.8	7,657.9	0.8%	497.8	480.6	3.6%	94.4%	93.8%
SPAIN	7,582.3	7,524.0	0.8%	488.7	466.7	4.7%	94.4%	93.7%
PORTUGAL	135.4	133.9	1.1%	9.1	13.9	34.4%	95.9%	96.5%

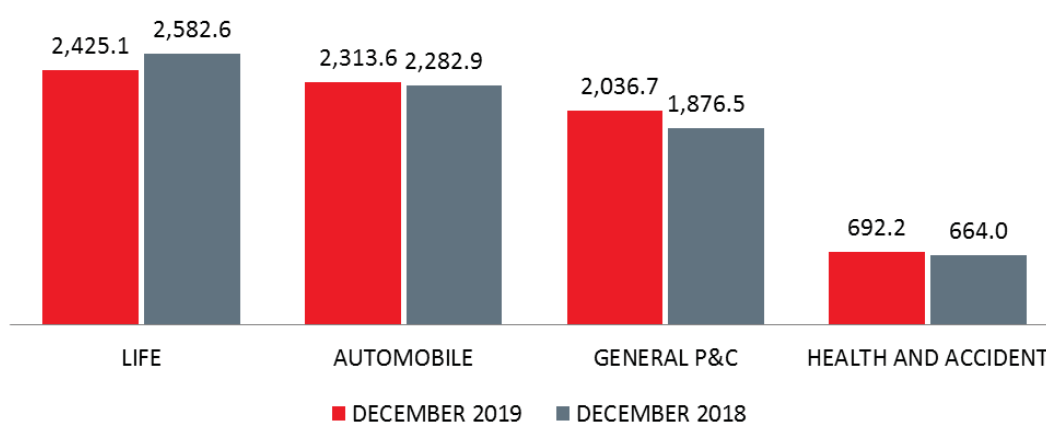
Figures in million euros

IBERIA premiums grew by 0.8 percent. Non-Life business premiums rose 4.3 percent and reflect the good evolution of the Automobile, Health, Condominium and Homeowners businesses. Life business premiums fell by 6.1 percent due mainly to the low interest rate environment, which makes it difficult to sell savings insurance, and to lower bancassurance issuing by banks, who in 2018 underwrote certain group business and launched savings products, activity that was not repeated with the same intensity in 2019.

Attributable earnings amounted to 497.8 million euros, an increase of 3.6 percent over the previous year.

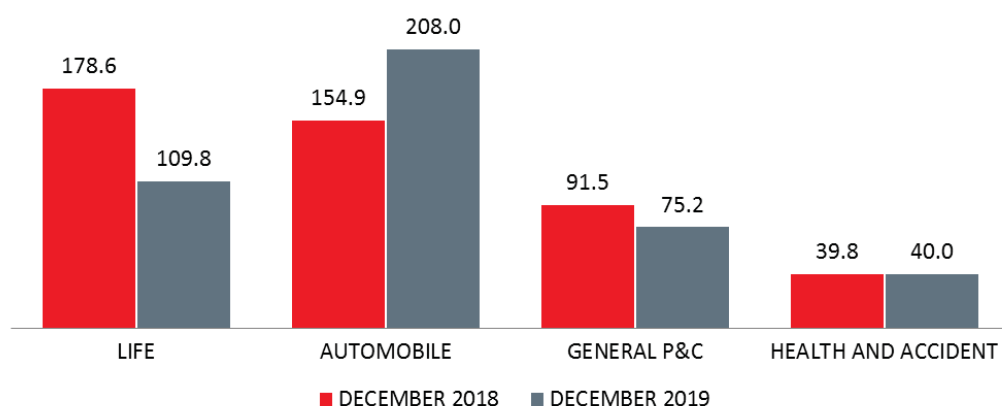
The heavy rainfall and storm that hit Spain in the second half of the year cost an estimated 23 million euros.

Written premiums in key lines



Figures in million euros

Earnings



Figures in million euros

The fall in Automobile earnings illustrates the intense competition in this line in Spain, with growing vehicle repair costs and significant rate pressure. This effect is offset by the improvement of the General P&C result, and above all by the growth in earnings of the Life line, especially Life Savings.

The market shares in Spain* and Portugal as at December and September of 2019, respectively, are shown here:

SPAIN	Dec-19	Dec-18
Automobile	20.0%	20.0%
Health	6.5%	6.5%
Other Non-Life	14.2%	14.2%
Total Non-Life	14.1%	14.2%
Total Life	7.9%	7.9%
TOTAL	11.4%	11.3%

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

PORTUGAL	Sept-19	Sept-18
Automobile	2.2%	2.4%
Total Non-Life	2.0%	2.1%
Total Life	0.5%	0.4%
TOTAL	1.1%	1.1%

Source: Portuguese Association of Insurance Companies

LATAM

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

Information by region

REGION	Premiums			Attributable result			Combined ratio	
	DECEMBER 2019	DECEMBER 2018	Δ%	DECEMBER 2019	DECEMBER 2018	Δ%	DECEMBER 2019	DECEMBER 2018
BRAZIL	3,977.5	3,972.2	0.1%	97.0	54.1	79.1%	92.2%	98.5%
LATAM NORTH	1,973.1	1,309.3	50.7%	63.1	43.7	44.6%	94.7%	98.1%
LATAM SOUTH	1,596.7	1,605.7	-0.6%	54.8	59.1	-7.3%	100.0%	97.3%

Figures in million euros

In Brazil, issued premiums remained stable in euro terms, while in Brazilian reals the increase amounts to 2.1 percent. This is due to the depreciation of the Brazilian real by 1.9 percent in the year-on-year comparison.

The evolution of the attributable result in Brazil has been very satisfactory, reaching the figure of 97.0 million euros, with growth of 79.1 percent. The improvement of the result has its origin in the favorable evolution of the Automobile business, where the combined ratio improved from 114.7 percent to 107.5 percent and General P&C Insurance, where the combined ratio improved from 80.8 percent to an excellent 77.9 percent.

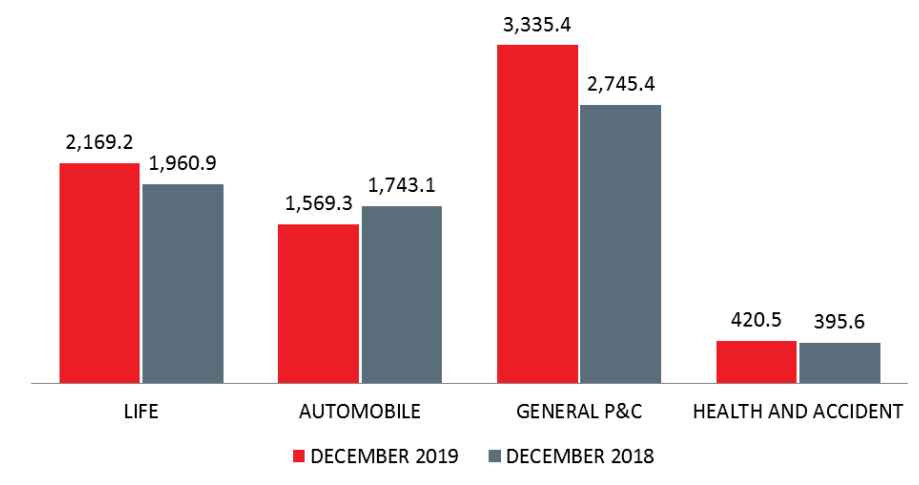
In LATAM North, the positive performance of Mexico, the Dominican Republic and Guatemala, together with the appreciation of the main currencies in the region, are the main reasons behind premium growth. The exceptional growth of 50.7 percent is partly due to the fact that during the month of June, the PEMEX comprehensive multiannual damages policy (two years) was renewed for the amount of 502.9 million dollars (449.8 million euros).

There was a significant improvement in results in the LATAM North region, supported by the favorable evolution of the business in Mexico, where earnings increased by 38.9 percent and the combined ratio of 101.8 percent went to 98.1 percent, thanks to the falling Automobile combined ratio, which ended the year at 94.7 percent.

Premiums in LATAM South slipped by 0.6 percent, with the drop stemming mainly from lower issuing in Colombia, Chile, Uruguay and Argentina, although Peru was up, with premiums 12.3 percent better. The fall in Argentina's premiums by 14.7 percent is mainly due to the strong depreciation of the Argentine peso.

LATAM South produced earnings of 54.8 million euros, down 7.3 percent, mainly explained by the extraordinary capital gain of 25 million euros recorded in 2018, deriving from the sale of a property in Chile. The combined Non-Life ratio stood at 100.0 percent and is higher than the previous year, due to an unfavorable evolution in claims.

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-2018)	Market share ⁽¹⁾	Market share date
Argentina	17	1.9%	Sept-19
Brazil	2	12.8%	Nov-19
Chile	7	5.1%	Sept-19
Colombia	7	5.3%	Oct-19
Honduras	3	16.4%	Sept-19
Mexico	9	8.3%	Sept-19
Panama	3	16.2%	Sept-19
Peru	3	19.0%	Nov-19
Dominican Republic	4	11.5%	Nov-19

⁽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	
	Δ%	DECEMBER 2019	DECEMBER 2018	Δ%	DECEMBER 2019	DECEMBER 2018	Δ%	DECEMBER 2019
NORTH AMERICA	2,331.7	2,425.3	-3.9%	78.6	35.0	124.8%	100.4%	102.1%
EURASIA	1,695.5	1,765.8	-4.0%	15.1	12.5	21.0%	106.1%	106.7%

Figures in million euros

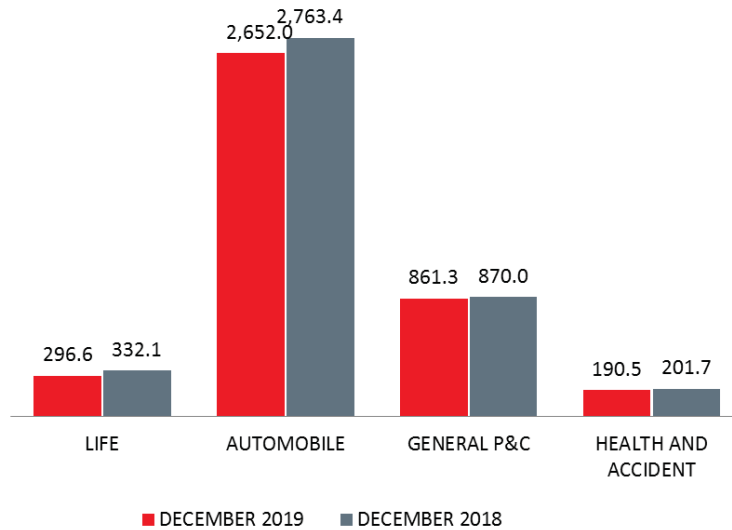
In North America, premiums registered a drop of 3.9 percent. The lower issuing is mainly due to the technical measures adopted in the underwriting of the businesses in the states outside the Northeast region and in the exit from five states, which took place at the end of last year.

Earnings show very positive progress with respect to the previous year, due to an improvement in the technical result and the drop in the Automobile claim rate, where the combined ratio went from 105.3 percent to 104.0 percent, as well as to the absence of economically significant adverse atmospheric phenomena.

In EURASIA, premiums registered a fall of 4.0 percent as a result of the strong depreciation of the Turkish lira (13.1 percent) and the unfavorable evolution of issuing in Malta, Indonesia and Italy. Germany showed premium growth of 4.7 percent and the Philippines was up 0.8 percent.

EURASIA recorded an attributable result of 15.1 million euros, which represents a rise of 21 percent over the result for the previous year.

Written premiums in key lines



Figures in million euros

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

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

LINE	MASSACHUSETTS	
	Dec-18	Dec-17
Automobile	22.0%	22.6%
Total Non-Life	11.5%	11.8%
Total Life	0.0%	0.0%
TOTAL	3.3%	3.3%

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

In Puerto Rico:

LINE	PUERTO RICO	
	Dec-18	Dec-17
Automobile	14.6%	13.9%
Non-Life (w/o Health)	16.7%	15.2%
Total Non-Life	3.5%	3.0%
Total Life	0.3%	0.4%
TOTAL	3.2%	2.8%

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

In the EURASIA region:

LINE	GERMANY		ITALY		MALTA		TURKEY	
	Dec-18	Dec-17	Sept-19	Sept-18	Dec-18	Dec-17	Sept-19	Sept-18
Automobile	1.2%	1.1%	3.0%	2.9%	36.2%	36.9%	4.7%	5.0%
Total Non-Life	0.3%	0.3%	1.5%	1.5%	33.5%	32.9%	5.2%	5.7%
Total Life	0.0%	0.0%	0.0%	0.0%	77.8%	74.4%	0.4%	0.4%
TOTAL	0.2%	0.2%	0.4%	0.4%	63.3%	61.3%	4.4%	4.9%

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

LINE	PHILIPPINES	
	Dec-18	Dec-17
Automobile	3.0%	4.0%
Total Non-Life	2.0%	2.9%
Total Life	0.0%	0.0%
TOTAL	5.0%	0.8%

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. The 2018 full-year figures have been expressed in comparative terms, including in same the relevant data for the Global Risks Unit.

Key figures

ITEM	DECEMBER 2019	DECEMBER 2018	Δ %
Written and accepted premiums	5,580.5	4,960.9	12.5%
- Non-Life	4,986.8	4,360.5	14.4%
- Life	593.7	600.5	-1.1%
Premiums earned, net	3,444.3	3,352.2	2.7%
Gross profit	76.7	230.9	-66.8%
Tax on profits	(19.2)	(62.2)	--
Non-controlling interests	57.5	168.7	-65.9%
Attributable net result	101.0%	95.6%	5.4 p.p.
Combined ratio	30.5%	27.8%	2.7 p.p.
Expense ratio	70.5%	67.8%	2.7 p.p.

Figures in million euros

ITEM	DECEMBER 2019	DECEMBER 2018	Δ %
Written and accepted premiums	5,580.5	4,960.9	12.5%
Reinsurance business	4,520.4	3,787.1	19.4%
Global Risks business	1,060.1	1,173.8	-9.7%
Net attributable result	57.5	168.7	-65.9%
Reinsurance business	76.7	149.1	-48.5%
Global Risks business	(19.2)	19.5	-198.5%
Combined ratio	101.0%	95.6%	5.4 p.p.
Reinsurance business	99.2%	96.1%	3.2 p.p.
Global Risks business	123.5%	92.1%	31.5 p.p.
Expense ratio	30.5%	27.8%	2.7 p.p.
Reinsurance business	30.0%	27.2%	2.8 p.p.
Global Risks business	37.5%	32.8%	4.8 p.p.
Loss ratio	70.5%	67.8%	2.7 p.p.
Reinsurance business	69.3%	68.8%	0.4 p.p.
Global Risks business	86.0%	59.3%	26.7 p.p.

Figures in million euros

(*) 2018 Global Risks figures are restated for comparison effect.

Total premium issuing at MAPFRE RE grew by 12.5 percent compared to the same period of the previous year.

Premiums for the Reinsurance business amounted to 4.52 billion euros, which represents 19.4 percent growth over the previous year, thanks to an increase in Reinsurance participation with important clients. In addition, issuing for this period grew due to the new reinsurance structure, through the MAPFRE RE subsidiary in Vermont (USA).

Premiums at the Global Risks Unit, integrated in MAPFRE RE, amounted to 1.06 billion euros, down 9.7 percent on the previous year, mainly as a consequence of the transfer of the facultative business underwritten in the European branches to MAPFRE RE and the non-renewal of some unprofitable businesses.

MAPFRE RE's net earnings totaled 57.5 million euros, 65.9 percent worse than the previous year. This lower attributable result is due to:

- The catastrophic impact of typhoons Faxai and Hagibis in Japan, for a net amount of 106.5 million euros.
- The damages caused by the riots in Chile, which have had a net impact of 20.1 million euros.
- The effect of large claims, for a net amount of 56.2 million euros.
- Damages arising from drought in Brazil, for a net amount of 10.4 million euros.
- An increase in attritional claims.

The combined Non-Life ratio stood at 101.0 percent, 5.4 percentage points higher than the previous year.

The attributable result of the Global Risks business showed a loss of 19.2 million euros due to the fall in the retention rate of the Global Risks businesses and net earned premiums and to the occurrence of several distinct claims that had a net impact of 27.1 million euros.

Composition of premiums

The breakdown of premium weight distribution to December 2019 is as follows:

ITEM	%
By Type of business:	
Pro-rata	65.5%
Non-proportional	11.2%
Facultative	23.3%
By Region:	
IBERIA	1.3%
EURASIA	51.1%
LATAM	28.0%
NORTH AMERICA	19.6%

ITEM	%
By Ceding company:	
MAPFRE	47.0%
Other cedents	53.0%
By Line:	
General P&C	41.4%
Life and Accident	13.7%
Automobile	18.8%
Global Risks Business	19.0%
Transport	2.4%
Other Lines	4.8%

MAPFRE ASISTENCIA

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

Key figures

ITEM	DECEMBER 2019	DECEMBER 2018	Δ %
Operating revenue	978.8	982.7	-0.4%
- Written and accepted premiums	861.0	911.0	-5.5%
- Other revenue	117.8	71.7	64.3%
Premiums earned, net	629.7	637.4	-1.2%
Result from other activities	(74.6)	18.2	--
Gross profit	(90.2)	(0.7)	--
Tax on profits	3.9	(8.1)	--
Non-controlling interests	(1.7)	(1.3)	--
Attributable net result	(88.0)	(10.1)	--
Combined ratio	103.3%	103.5%	-0.1 p.p.
Expense ratio	41.1%	41.1%	0.0 p.p.
Loss ratio	62.2%	62.4%	-0.2 p.p.

Figures in million euros

MAPFRE ASISTENCIA's operating revenues reduced by 0.4 percent after exiting some loss-making businesses last year. The attributable result of the Unit stands at a loss of 88.0 million euros as at the end of December 2019.

MAPFRE ASISTENCIA's result is strongly determined by the goodwill impairment of several investee companies, following a review of business expectations in the operations in the United Kingdom, the United States and Canada.

The extraordinary goodwill impairment and the provision for restructuring expenses in investee companies of MAPFRE ASISTENCIA have had a joint impact of 75.6 million.

SIGNIFICANT ECONOMIC AND CORPORATE EVENTS

Significant economic events.

Impairment of goodwill in MAPFRE ASISTENCIA investee companies.

The Group has updated its business forecast for assistance, travel insurance and specialty risks in the United Kingdom and North America as part of its strategic planning. Due to the drop in expected profits in the United Kingdom as a result of the complex socioeconomic environment and predictable slowdown of its economy due to the uncertainty over Brexit, it was decided to recognize a total impairment of goodwill for the MAPFRE ASISTENCIA companies in that country, in the amount of 48.4 million euros. Also, as part of a decrease in unprofitable business in the United States and Canada, goodwill attributed to those countries was revised, resulting in an impairment of goodwill in the amount of 17.2 million euros.

This impairment of goodwill has no effect whatsoever on the liquid assets generated by the Group in the fiscal year, and it does not affect its financial strength or flexibility, or the capital models supporting current ratings and the high solvency margin of the Group and its subsidiaries, as the goodwill is excluded in their calculation, and thus maintains its important dividend generating capacity.

Extraordinary catastrophic events.

The typhoons Faxai and Hagibis that occurred in Japan in the months of September and October, as well as the damages produced in the recent riots in Chile, have meant that MAPFRE's attributable result for the 2019 fiscal year, mainly via the reinsurance business, will be impacted in the amount of 130.3 million euros.

Significant corporate events.

Operational restructuring.

- **Restructuring of business in MAPFRE ASISTENCIA's affiliated companies.**

MAPFRE is in the middle of an ongoing process of geographic reorganization of its activities in several of the countries where MAPFRE ASISTENCIA operates. The decision to speed up the geographic reorganization process for the Asistencia Unit has involved including in the result to December a provision for restructuring expenses, for an attributed amount of 10.0 million euros.

- **MAPFRE's new configuration for the large industrial and commercial risk insurance business.**

Administrative authorization was obtained in March 2019 to complete the business restructuring operation of MAPFRE GLOBAL RISKS, whereby:

1. Purely insurance or reinsurance activities of MAPFRE GLOBAL RISKS and the assets and liabilities related to them were transferred to MAPFRE ESPAÑA and MAPFRE RE, respectively.
2. A company was constituted that will continue the operations of MAPFRE GLOBAL RISKS, involving the analysis and underwriting of large industrial and commercial risks, and acting as an agent of MAPFRE ESPAÑA and MAPFRE RE.

Execution of the restructuring has had no significant impact on the consolidated financial statements of the Group.

- **Reorganizing VERTI Italy as a branch office.**

The management of MAPFRE S.A. and the Group companies involved agreed to convert VERTI Italy into a branch of VERTI Spain. This will be handled via a cross-border merger, with VERTI Spain absorbing VERTI Italy and creating a branch office in Italy to which the insurance portfolio of that company will be assigned. A spin-off transaction will later take place, with MAPFRE INTERNACIONAL spinning off the shares that it receives from the contribution of VERTI Italy, so that MAPFRE ESPAÑA will again become the sole holder of the shares in VERTI Spain. Both the merger and the subsequent spin-off will be subject to the fiscal neutrality regime in force in Spain.

Underway at the end of 2019, this operation is in the process of obtaining the respective administrative authorizations.

- **MAPFRE and SantaLucía partnership for joint development of its business in Spain.**

On June 5, 2019, MAPFRE and SantaLucía formed a strategic partnership for the joint development of their respective funeral businesses in Spain. 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 is agreed that MAPFRE will hold 25 percent of the share capital through its branch FUNESPAÑA, and SantaLucía the remaining 75 percent, for which payment will be made in cash between the parties for the amount required to reach the indicated swap.

MAPFRE ESPAÑA and SantaLucía will contribute the funeral business that they have in our country from the companies FUNESPAÑA and Albia, both leading companies in the sector. An authorization request has been submitted for this partnership with the National Commission on Markets and Competition (CNMC); the authorization is expected to be granted shortly.

- **Rastreator insurance comparison tool.**

The transaction between MAPFRE, Admiral and Oackley Capital that was intended to unify their Spanish insurance comparison engine businesses, Rastreator Spain and Acierto, was canceled as a result of the delay in obtaining the corresponding administrative authorizations.

Business development. Acquisitions and disposals.

- **Purchase from Bankia of 51 percent of Caja Granada Vida and Cajamurcia Vida y Pensiones and Bankia network Non-Life insurance distribution agreement.**

In December of 2018 MAPFRE and Bankia reached an agreement for the reorganization of its bancassurance partnership, with MAPFRE VIDA acquiring 51 percent of the share capital of the insurance companies Caja Granada Vida, Compañía de Seguros y Reaseguros, S.A. and Cajamurcia Vida y Pensiones de Seguros y Reaseguros, S.A., for a total price of 110.3 million euros.

The corresponding administrative authorizations were obtained in the first quarter of 2019, thereby finalizing the acquisitions mentioned. Consequently, the financial statements of these companies were included in the consolidated statements of the Group starting from March.

A partial, non-extinguishing, modifying novation agreement of the agency contract for the exclusive distribution of Non-Life insurance was signed with Bankia in December 2018 to expand the exclusive sale of MAPFRE general P&C solutions to the entire network arising from BMN, which would convert MAPFRE into an exclusive distributor of Non-Life insurance for the entire Bankia network. This agreement took effect on January 14, 2019, the date on which the fixed initial commission for 51.4 million euros became effective.

– **MAPFRE – Banco Santander agreement.**

On January 21, 2019, MAPFRE and Banco Santander, S.A. reached a partnership agreement whereby the financial institution will market and distribute Automobile, Multirisk Commercial, Multirisk SME and Third-Party Liability insurance exclusively via its network in Spain through December 2037.

Based on this binding agreement, in June 2019 MAPFRE S.A. acquired 50.01 percent of a newly created company in the amount of 82.3 million euros from Banco Santander through its MAPFRE ESPAÑA subsidiary. This company will manage the exclusive marketing of the insurance lines indicated, via the Banco Santander network.

During the month of November 2019, operational authorization was received from the Directorate General for Insurance. The new company is expected to commence activities in the first quarter of 2020.

– **Bancassurance agreement with Actinver in Mexico.**

MAPFRE concluded a strategic partnership with the financial institution Actinver in Mexico in 2019. The agreement involves exclusivity of sale via the Actinver channel in any manner of all MAPFRE Mexico insurance products, and also includes a partnership agreement to share the results obtained by MAPFRE as a business product on the Actinver channel. The agreement involved an upfront payment amounting to 24.8 million euros, plus a variable amount depending on the evolution of the business.

The agreement went into effect in March, immediately after signing.

– **Acquisition of 10 percent of the capital of Abante.**

MAPFRE and Abante signed a strategic partnership related to asset management and insurance in the Spanish market. The insurance group took a 10 percent share of Abante via a capital expansion involving a payment of 14.4 million euros, and holds an option to acquire an additional 10 percent, up to a maximum of 20 percent, within three years. This payment was made on October 22, 2019.

– **Transfer of the MAPFRE INVERSION business to BNP.**

During the year, MAPFRE INVERSIÓN, SOCIEDAD DE VALORES, S.A. concluded the sale of its group investment institutional custodian and voluntary social protection entities business to BNP Paribas Securities Services, S.C.A., Sucursal en España, for a price of 4 million euros in cash plus a variable amount related to the performance of the business transferred.

– **Sale of MAPFRE RE shares.**

On June 21, 2019, MAPFRE sold shares representing 1.07 percent of the capital of MAPFRE RE to non-controlling interests in the amount of 18.3 million euros, as part of the business restructuring of MAPFRE GLOBAL RISKS.

Additionally, on November 13, 2019, MAPFRE proceeded to purchase shares representing 0.76 percent of MAPFRE RE's capital from non-controlling interests for an amount of 13.2 million euros.

As a result of these transactions, MAPFRE S.A.'s participation in MAPFRE RE stood at 93.77 percent at the end of fiscal year 2019.

– **Sale of occupational risk insurance portfolio in Peru.**

In the fourth quarter of 2019, MAPFRE PERÚ sold the long-term occupational risk portfolio in force as of January 31, 2018, classified in the balance sheet as an asset held for sale, for an amount of 69 million euros. This transaction generated a surplus of 3.8 million euros, net of taxes.

ISSUES RELATING TO THE ENVIRONMENT, SECURITY AND EMPLOYEES

Environment

MAPFRE is committed to environmentally sustainable development, and notably distinguishes itself in this regard in 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 in place, approved by the Board of Directors of MAPFRE S.A., which is implemented in all Group companies and which is currently being reviewed to incorporate new commitments undertaken toward a circular economy.

During 2019, MAPFRE worked to redesign its environmental strategic model to manage all aspects associated with environmental and energy sustainability, greenhouse gas emissions and the circular economy. The model enables plans and programs to be defined, minimizing the risks identified and promoting the exploitation of opportunities that arise.

In terms of environmental aspects, certifications have already been issued to 37 Group company locations in Spain, Brazil, Mexico, Colombia, Puerto Rico, Paraguay, Portugal, Argentina, Chile and Turkey, to which can be added the 20 office complexes located in Spain with energy management certification.

As for the Company's Carbon Footprint, the expansion of the scope of UNE-EN-ISO 14064 continues to progress, and the carbon footprint of the Group companies located in Spain, Italy, Puerto Rico, Colombia, Peru, Portugal and Mexico has been verified.

In relation to mitigation and adaptation to Climate Change, the implementation of the measures defined in the Energy Efficiency and Climate Change Strategic Plan 2020 continues, having achieved the established goals ahead of schedule.

In addition, and as our leadership in climate issues shows, MAPFRE has established new and ambitious objectives:

- Over the medium-term, MAPFRE is committed to being a carbon-neutral company by 2030.
- In the short-term, it is committed to achieving neutrality in its activities in Spain and Portugal by 2021.

The adoption of the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) of the Financial Stability Board (FSB) continues to be analyzed to determine the financial impact of climate change. For this reason, MAPFRE along with 21 insurers and reinsurers worldwide are part of the Work Group coordinated with the UNEP-FI of the United Nations, whose principal objective is to develop metrics and financial models for dealing with possible implications of climate change in business in a sound manner.

Furthermore, bearing in mind the conditions that climate change provokes in the biological diversity of our planet, specific programs will continue to be developed for conservation, including those that continue to sponsor the project for reforestation of

the Doñana National Park through the “100 Companies for Forests” initiative of WWF Spain, as well as the annual protection of an endangered species and its habitat, with the species selected in 2019 being the tiger.

Regarding promotion of environmental responsibility in society, the corporate volunteering day “Everyone for the Environment” was held for the third year in a row with more than 2,300 volunteers, including employees from 70 different cities in 25 countries around the world, undertaking reforestation tasks in degraded areas, planting more than 1,800 trees and collecting more than 14 tons of garbage on riverbanks and beaches, demonstrating once again the commitment and involvement of our employees in this area.

Security

Work continued throughout 2019 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. This all takes place in a continuously more complex context characterized by more and more frequent cyber attacks and extreme weather phenomena, increasing regulatory pressure and growing instability in countries and regions in which the Group has a significant presence, particularly in Latin America.

In dealing with protection against cyber risks, MAPFRE has continued to improve its existing protection, detection and response mechanisms. The development of consistent criteria and the application of rigorous mechanisms, controls and procedures for responding to cyber threats designed to facilitate the secure adoption of cloud computing technologies are prominent in this regard. In the event of a possible cyber incident, it is important to note that MAPFRE provides insurance protections specifically designed to reduce the economic impact of such an event.

The capacity for monitoring and responding to cyber attacks was also certified in 2019 by MAPFRE’s CCG-CERT under ISO standard 27001, the worldwide standard in cyber security and data security. This certification is combined with ISO 9001, which this Center has.

Regarding the privacy and protection of data, separate projects have been implemented designed to automate and optimize processes related to compliance with the General Data Protection Regulation (GDPR). Various efforts have also been launched to take advantage of possible existing synergies with the GDPR related to MAPFRE’s adaption with local regulations that have been implemented; of note are

the adaptation with the Brazilian Data Protection Act (LGPD), which will enter in force in August 2020, and the specific regulations regarding Cyber Security in Colombia.

MAPFRE continued to work on the updating and improvement of crisis management and business continuity procedures, as well as the verification of their effectiveness, by testing the various strategies that have been implemented in accordance with the Business Continuity Policy approved by the Board of Directors of MAPFRE S.A.

Situations have arisen during the reporting period requiring the implementation of defined plans in several countries such as the USA, Brazil, Chile, Ecuador, Colombia or Spain, where an effective and appropriate response was provided to our clients during difficult moments.

In the area of Business Continuity, the granting by AENOR of ISO 22301 Certification to the Business Continuity Management Systems of MAPFRE INVERSIÓN and MAPFRE VIDA should be noted, combined with those previously obtained by GLOBAL RISKS, MAPFRE RE and the Benefits and Provider Areas, the scope of which was expanded this year with the Non-Life Technical Area and MULTIMAP, and the Operations area of MAPFRE ESPAÑA.

Regarding personal security, work is ongoing on improving the capacity to provide reliable information in real time, allowing for a proactive response to risks that may affect personal integrity and operational and movement capacity, using tools that allow the sharing of information, remote access and the development of agile and flexible processes.

MAPFRE continues its commitment to talent and delivering constantly more specialized training to its workforce so they can perform to the best of their abilities in an increasingly complex and challenging environment. Consequently, the number of professional certifications in security-related areas surpassed 400 in 2019.

Employees

The chart below shows the headcount at the end of 2019, compared with the headcount for the previous fiscal year.

CATEGORIES	TOTAL NUMBER	
	2019	2018
BOARD DIRECTORS (*)	18	18
EXECUTIVES	48	40
SENIOR MANAGEMENT	1,627	1,508
MANAGERS	4,253	4,774
ADVISORS	17,073	16,933
ASSOCIATES	11,305	12,117
TOTAL	34,324	35,390

(*) 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 working 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 MAPFRE Group applies policies approved by the Board of Directors of MAPFRE S.A. covering all Group employees.

In implementing its Diversity and Equal Opportunities Policy, MAPFRE has undertaken a series of public commitments in gender diversity and functional diversity.

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 of the selection and mobility processes for managerial positions will require action to be taken to promote the representation of women. In 2019, 48.3 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 2019, 2.9 percent of the workforce was comprised by people with some form of disability.

MAPFRE operates worldwide and has employees of 84 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. As such, over the past few years, the Knowledge Management project has been developed, which was concluded this year with the creation of a knowledge repository on the corporate Intranet called Eureka, a distinctive taxonomy with over 530 terms and the identification of 1,572 knowledge references in the Group. At the end of 2019, 510 pieces of knowledge had been added to the repository. Meanwhile, as part of the comprehensive management of knowledge, the monitoring programs have continued to be developed, with 211 mentor employees and 247 mentees; and self-learning with 231 actions.

MAPFRE's employees span five generations, and in 2019, a new project was designed, the objective of which is to consolidate a workplace in which all the available talent is leveraged in the company, regardless of age, which focuses on creating a culture that favors generational integration in terms of the organization, professional development, job flexibility, social protection, health and well-being of senior talent.

The Respect for People Policy guarantees a workplace that does not tolerate any manifestation of harassment or violent or offensive behavior against the rights and dignity of others. The Group expressly opposes, and does not tolerate, any harassment in the workplace, regardless of the identity of the victim or the harassing person. This commitment must be present in relationships among employees and in relationships between employees and providers, clients, collaborators and other stakeholders. It also extends to all organizations with which MAPFRE is involved.

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 2019, functional mobility, our main development tool, reached 14.9 percent of the workforce and international mobility led 129 employees to switch their job position to one of 25 different countries.

The company has introduced new behaviors and habits in order to promote an environment of collaboration, innovation, agility, respect and communication. Over the year, 133,661 hours of training were imparted, geared toward communicating the

new behaviors, and the MAPFRE innova intrapreneurship program was carried out, involving 3,300 employees.

The Compensation Policy is intended to set appropriate remuneration levels for each function and job position and performance by professionals, and to serve 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 internal development of employees. In 2019, the criteria for variable remuneration by objectives were updated, and new recognition programs were launched in 21 countries with 16,592 employees.

A new performance evaluation system was defined and implemented that reinforces the development of the new behaviors, allowing activities that facilitate compliance with the objectives to be defined and monitored regularly. This system offers continuous feedback and 360° evaluation. In 2019, evaluations were completed on 26,416 employees, representing 84 percent of the workforce.

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 within and beyond the workplace.

To facilitate well-being and a satisfactory work-life balance, MAPFRE offers its employees a wide range of social benefits, which accounted for an investment of 178.3 million euros in 2019.

In 2019, a new measurement model was introduced that allows the company to constantly deepen our analysis of the employee experience. This model is based on three types of measurements that streamline the implementation of improvement actions.

RECOMMENDATION, SATISFACTION AND ENGAGEMENT: through a survey carried out twice yearly that generates various indications, including the following:

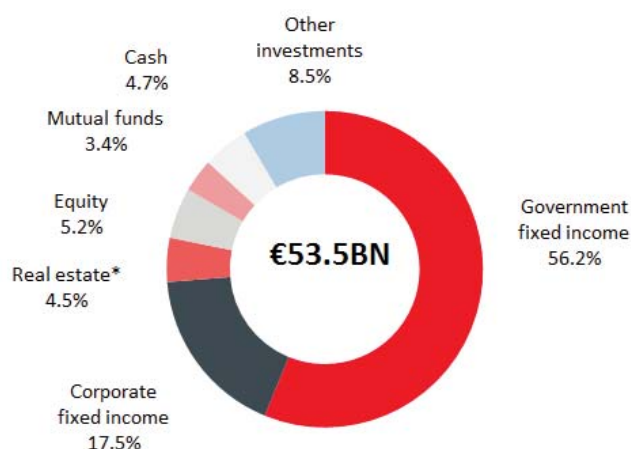
- Relational eNPS®: Employee net promoter score, measures the likelihood that employees will recommend MAPFRE as a company to work for. In 2019, measurements were taken in 11 countries, and in 86 percent of the workforce assessed, a very good or excellent result was obtained.
- Engagement Survey (Employee 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 Quality Feedback, Opportunities for Development,

Collaboration, Working Tools, Care for People, Pride in the Social Footprint. In 2019, the result was 68 percent.

LIQUIDITY AND CAPITAL RESOURCES

INVESTMENTS AND LIQUID FUNDS

The breakdown of the investment portfolio by asset type as at December 31 of each fiscal year is shown below (the figures for the previous year are written in a smaller font):



ITEM	DECEMBER 2019	DECEMBER 2018	Δ %
Government fixed income	30,088.8	27,595.9	9.0%
Corporate fixed income	9,354.9	8,921.6	4.9%
Real estate*	2,435.0	2,096.2	16.2%
Equity	2,761.0	2,407.1	14.7%
Mutual funds	1,826.1	1,330.4	37.3%
Cash	2,537.5	2,201.4	15.3%
Other investments	4,519.4	4,720.8	-4.3%
TOTAL	53,522.7	49,273.5	8.6%

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:

ITEM	Government	Total corporate debt	Total
Spain	18,181.8	2,378.6	20,560.4
Rest of Europe	5,015.8	3,802.6	8,818.4
United States	1,588.7	2,133.3	3,721.9
Brazil	3,020.6	2.0	3,022.5
Latin America - Other	1,828.3	778.1	2,606.3
Other countries	453.7	260.4	714.1
TOTAL	30,088.8	9,354.9	39,443.7

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 + GLOBAL RISKS)				
12/31/2018	7,162.7	2.11%	1.42%	6.75%
03/31/2019	7,007.3	1.99%	1.09%	7.12%
06/30/2019	7,403.2	2.02%	0.74%	8.06%
09/30/2019	7,485.6	1.89%	0.50%	8.18%
12/31/2019	7,271.9	1.95%	0.78%	8.25%
Life (IBERIA)				
12/31/2018	6,238.8	3.91%	1.05%	6.60%
03/31/2019	6,389.1	3.72%	0.74%	6.68%
06/30/2019	6,740.3	3.69%	0.32%	7.01%
09/30/2019	6,871.9	3.64%	0.14%	7.03%
12/31/2019	6,821.6	3.53%	0.33%	6.89%

Figures in million euros

As on December 31, 2019, the freely actively managed portfolios in IBERIA and MAPFRE RE had unrealized net gains in assets and mutual funds of 47 million euros.

Real estate

In 2019, the MAPFRE Group real estate investments strategy was in line with the previous year in terms of indirect and direct investments; that is focused on office buildings, in central areas within the eurozone, profitable assets and first-rate tenants and long-term contracts. The market continues to experience a strong compression in yields, particularly in the top European cities. As Brexit has caused some corporate headquarters to be moved from London to Paris or Frankfurt and other cities, demand has risen, which led to an increase in rents in certain downtown areas. In addition, the market changes as a result of the activity of coworking companies has driven prices up in certain areas and cities, such as Berlin, Paris, Barcelona and Madrid.

The backdrop of low interest rates significantly hinders the search for direct investment opportunities, particularly in Madrid and Barcelona, where SOCIMIs (Sociedades Anónimas Cotizadas de Inversión Inmobiliaria – listed limited real estate investment companies) are very active, as they can leverage more debt (due to their tax breaks and unlimited tax deductibility in the financial expenses generated) and therefore be more aggressive in offering a greater ROE.

As for direct investment, activity focused on making improvements to buildings and modernizing facilities in profitable buildings as well as those for own use. Noteworthy among the profitable buildings are the works on Avenida General Perón 40 in Madrid and Torre MAPFRE in Barcelona. MAPFRE's real estate portfolio now includes more than 139,000 square meters with the LEED Gold, BREEAM or Energy Star rating.

In the own-use buildings, efficiency and optimization work is still being done on the space in the central headquarters, regional headquarters and offices in the sales network. This policy is universal for MAPFRE in every country in which it operates.

In indirect investments, also with the objective of operating in the eurozone, a special-purpose vehicle (SPV) was established in Luxembourg, in addition to the two from 2018. In 2019, the acquisitions that stood out were those in Hamburg, Paris and Milan. These investments were made with local manager partners and a low level of leverage. The increase in net asset value (NAV) in 2019 compared to some of the operations carried out in 2018 and 2019 was significant.

Notable among divestments in 2019 was the sale of the Brussels building, Rue de Treves 45 in Belgium. With regard to land, the sale of the El Cantizal residential plot in Laz Rozas, Madrid, stands out.

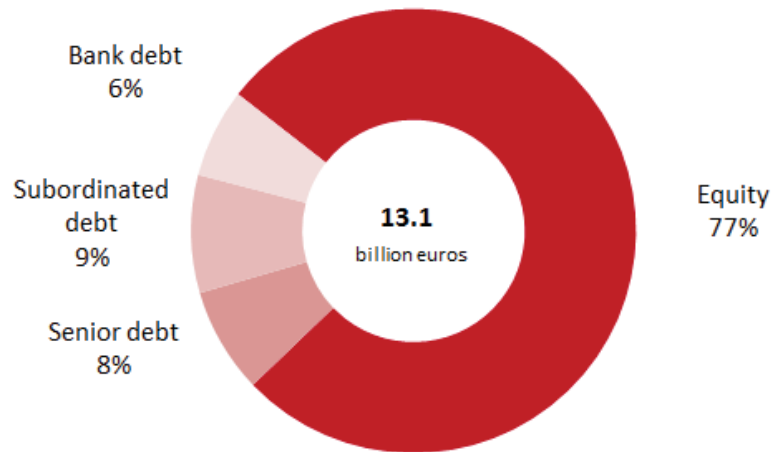
At the end of the 2019 fiscal year, MAPFRE's real estate investments at market value amounted to 3.3 billion euros, with a net book value equal to 4.6 percent of total investments.

The occupancy level of buildings rented to third parties was 92 percent, and the return on the appraisal value was 4.16 percent.

CAPITAL RESOURCES

Capital structure

The accompanying chart shows the composition of the capital structure at the 2019 fiscal year-end:



The capital structure amounts to 13.1 billion euros, of which 77 percent corresponds to equity. The Group has a leverage ratio of 22.7 percent, up by 0.2 percentage points compared to the end of 2018. The increase in debt as of December 2019 stems mainly from the acquisition of the BMN Bankia and Banco Santander businesses.

Debt instruments and leverage ratios

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

ITEM	DECEMBER 2019	DECEMBER 2018
Total equity	10,106.9	9,197.6
Total debt	2,973.7	2,670.3
- of which: senior debt - 5/2026	1,004.8	1,004.0
- of which: subordinated debt - 3/2047 (First Call 3/2027)	617.8	617.6
- of which: subordinated debt - 9/2048 (First Call 9/2028)	503.3	503.0
- of which: syndicated loan 02/2023 (1 billion euros)	610.0	490.0
- of which: bank debt	237.8	55.6
Earnings before tax	1,279.2	1,330.5
Financial expenses	78.5	76.5
Earnings before tax and financial expenses	1,357.7	1,407.0
Leverage	22.7%	22.5%
Equity / Debt coverage	3.4	3.4
Earnings before tax and financial expenses / financial expenses (x)	17.3	18.4

Figures in million euros

Equity developments

Consolidated equity reached the figure of 10.11 billion euros as on December 31, 2019, compared to 9.2 billion euros as on December 31, 2018. As on December 31, 2019, 1.25 billion euros corresponded to non-controlling interests' participation in subsidiaries, mainly financial companies in Spain and Brazil with which MAPFRE maintains bancassurance agreements. Consolidated equity attributable to the controlling Company per share was 2.87 euros as on December 31, 2019 (2.60 euros as on December 31, 2018).

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

ITEM	DECEMBER 2019	DECEMBER 2018
BALANCE AT 12/31 PREVIOUS FISCAL YEAR	7,993.8	8,611.3
Adjustments for changes in accounting criteria	(8.4)	0.0
Additions and deductions recognized directly in equity:		
Financial assets available for sale	1,435.1	(472.7)
Currency conversion differences	35.8	(102.8)
Shadow accounting	(719.6)	143,9
Other	(4.9)	1,4
TOTAL	737.9	(430,2)
Result for the period	609.2	528,9
Dividends	(446.5)	(446,5)
Other changes in equity	(40.1)	(269,7)
BALANCE AS AT PERIOD END	8,854.3	7,993,8

Figures in million euros

The evolution of the equity attributable to the controlling Company at the end of fiscal year 2019 includes:

- An increase of 1.44 billion euros in the market value of the portfolio of financial assets available for sale due to the drop in interest rates in Europe and the United States, as well as the rise in European and North American stock markets, which is reflected to the corresponding amount in shadow accounting.
- A net increase of 35.7 million euros due to currency conversion differences, mainly due to the appreciation of the dollar and other Latin American currencies.
- Earnings as at December 2019.
- A reduction of 446.5 million euros comprising the final dividend for the 2018 fiscal year, approved at the Annual General Meeting of March 2019 and paid in the month of June 2019, in the amount of 261.7 million euros, and the interim dividend for the fiscal year 2019 approved during the third quarter and paid during the month of December 2019, in the amount of 184.8 million euros.

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

ITEM	DECEMBER 2019	DECEMBER 2018
Capital, retained earnings and reserves	8,616.7	8,482.3
Treasury stock and other adjustments	(66.4)	(41.4)
Net capital gains	1,006.3	290.8
- Unrealized capital gains (Available-for-sale portfolio)	3,565.2	2,130.1
- Shadow accounting	(2,558.4)	(1,839.3)
Currency conversion differences	(704.2)	(737.9)
Attributable equity	8,854.3	7,993.8

Figures in million euros

The financial statements of companies domiciled in countries with high inflation rates or hyperinflationary economies are adjusted or restated so as to take account of the effects of changes in prices before their conversion into euros. The Group's accounting policy for recording transactions in hyperinflationary economies consists in recording in Reserves both the revaluation of non-monetary items and the currency conversion differences generated by converting the restated financial statements of the subsidiaries in these countries to euros.

The amounts recognized in Reserves in the last two years deriving from both effects are as follows:

ITEM	DECEMBER 2019	DECEMBER 2018	Variation
Restatement for inflation	564.8	542.8	22.0
Currency conversion differences	(1,102.8)	(1,070.8)	(32.0)
TOTAL	(538.0)	(528.0)	(10.0)

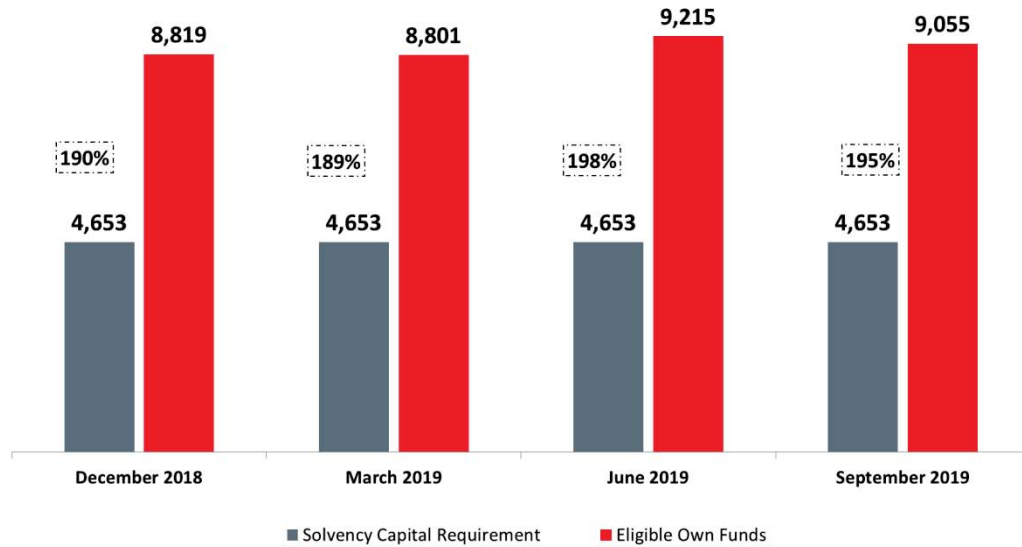
Figures in million euros

SOLVENCY II

The Solvency II ratio for the MAPFRE Group was 194.6 percent in September 2019, compared to 198.0 percent at the close of June 2019, including transitional measures. Excluding the effects of said measures, this ratio would have been 179.3 percent. Eligible own funds reached 9.06 billion euros in the same period, of which 86.7 percent are high-quality funds (Tier 1).

The ratio shows a high level of solidity and stability, backed by high diversification and strict investment and Asset and liability management (ALM) policies, as can be seen in the charts below.

Solvency margin breakdown (Solvency II)



Figures in million euros

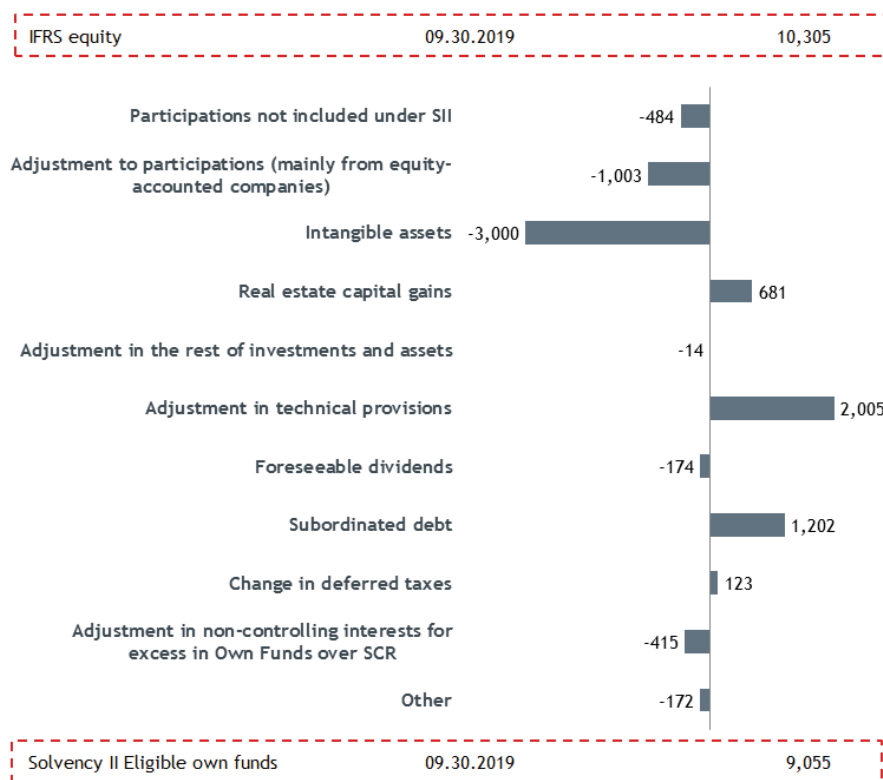
The amount of SCR is calculated annually, as recalculation is not required during the year unless there has been a significant change in the risk profile.

Impact of transitional measures and matching and volatility adjustments

Ratio at 09/30/2019	194.6%
Impact of transitional measures on technical provisions	-14.3%
Impact of transitional measures on equity	-1.0%
Impact of transitional measures on non-euro currency assets	0.0%
Total ratio without transitional measures	179.3%

Ratio at 09/30/2019	194.6%
Impact of matching adjustment	1.8%
Impact of volatility adjustment	-1.4%
Total ratio without reconciliation and volatility adjustments	194.9%

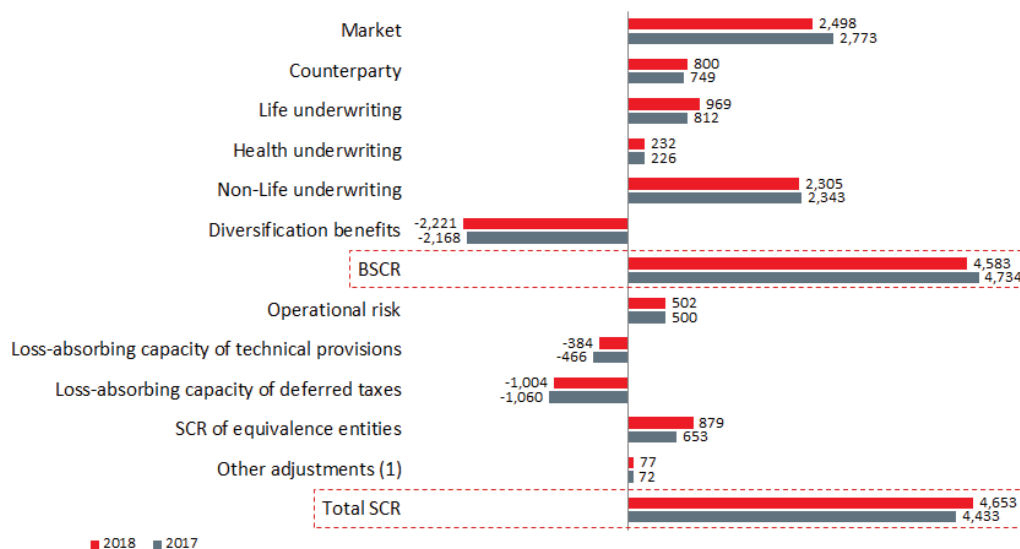
IFRS and Solvency II Capital Reconciliation



Figures in million euros

Breakdown of Solvency Capital Requirement (SCR)

The SCR for the last two fiscal years calculated for December 2018 and 2017 is indicated below.



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

Figures in million euros

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 MAPFRE-CAJA 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 Laitana Vida and 100 percent of shares in Laitana Generales, for an overall price of 151.7 million euros.

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

In addition, an agreement was reached in December 2018 with MAPFRE VIDA acquiring 51 percent of Caja Granada Vida and Cajamurcia Vida y Pensiones for a total price of 110.3 million euros. The definitive closing of this transaction took place in March 2019, once approval was obtained from the corresponding regulatory and supervisory authorities.

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

- 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 sum of 4.5 million euros was paid to Caja de Ahorros Castilla La Mancha (now Banco Castilla-La Mancha), and at the end of the year there was a provision for possible payments amounting to 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 in the 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 and Homeowners insurance) for 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 Non-Life 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 period 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 amounts to 82.2 million euros, came to a close in June 2019 upon receiving the approval of the corresponding authorities.

In November 2019, a Ministerial Order was issued by the Ministry of Economy and Enterprise allowing the new company known as SANTANDER MAPFRE SEGUROS Y REASEGUROS S.A. to operate in the stated lines.

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 in which 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 minority shareholder. The purchase price for the MAPFRE RE shares will be calculated using the previously agreed formula. At December 31, 2019, 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 109 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.

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 represent 88.7 percent of the entire financial investment portfolio in 2019 (88.5 percent in 2018). The market price of the securities may fluctuate as a result of changes in interest rates (interest-rate risk), the exposure to which is mitigated by searching for an adequate matching level between assets and liabilities. The market price of fixed income securities may also fluctuate

due to changes in the perception of the solvency margin of issuers (spread risk), the treatment of which is explained in the section on Credit Risk.

Investments in equity instruments and mutual funds have a limited weight in the portfolio, accounting for approximately 10.2 percent of total financial investments in 2019 (9.1 percent in 2018).

During 2019, 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 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 the shareholders' equity attributable to the controlling Company implied the positive recognition of 35.7 million euros in 2019 (a negative recognition of 102.8 million euros in 2018).

While most governments of the countries in which MAPFRE operates have not imposed bans on repatriating dividends or capital divestment, restrictive exchange control policies may be established in the future.

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 risks 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 sets limits by issuer in accordance with the risk profile of the counterparty or the investment instrument, as well as exposure limits in relation 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 entities 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.

Operational risk

Operational risk is inherent in the execution of any activity, and its occurrence may give rise to a loss and/or an adverse impact on results. Among the main risks are cyber risks, the impact of which can affect both the operation of IT equipment as well as the private data stored on it.

MAPFRE has systems in place to monitor and control the risk of potential losses due to failures or unsuitability of the internal processes, people and/or systems. While the result of the evaluations and analyses carried out in the 2019 fiscal year does not show any process to be at a critical level, the possibility of suffering operational losses cannot be ruled out, given how hard it is to forecast and quantify this type of risk.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) RISKS

The concept of sustainability is founded on three fundamental pillars: economic, social and environmental development. For this reason, managing risks and business opportunities associated with environmental, social and governance (ESG) issues plays a key role in sustainable development.

Proper monitoring of these aspects provides the organization with additional information about these potential risks as well as a clearer insight into social movements and transformations and the expectations of its stakeholders. In this context, MAPFRE's business model and strategy are an example of how the company faces the global challenges regarding sustainability; how it manages ESG risks; and how it innovates in developing insurance products and solutions for the benefit of its clients and the community.

The management of ESG risks helps in decision-making on important issues such as underwriting, investment, innovation in products and services, sustainability, the environment and reputation management, the latter being essential to gaining the trust of our stakeholders. Consequently, ESG risks are naturally incorporated into the management and control processes implemented by the Group.

Climate change is part of the MAPFRE sustainability strategy. As a global insurance company, MAPFRE is participating in the commitment to contribute to defining a standard of technical and financial action for the entire sector that will help the insurance industry to manage the risks and opportunities of the transition toward a low-carbon economy, and to reduce the impact of climate change for society as a whole. The increase in frequency and severity of natural disasters and MAPFRE's presence in countries with a high exposure to this risk can impact the Group's results. To forecast these events and minimize their economic impact, MAPFRE companies are working on a variety of aspects: i) efficient control of exposure to catastrophic risks; ii) ensuring proper loss assessment; and iii) coordinating a sufficient response and service to the affected clients.

ADDITIONAL INFORMATION

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

SIGNIFICANT EVENTS AFTER THE FISCAL YEAR-END

No significant events materialized after the year-end.

INFORMATION ON EXPECTED PERFORMANCE

OUTLOOK

The world economy in general remains stable, although with a rather modest performance. For 2020, average global growth in the range of 3 percent is expected, possibly accelerating during subsequent quarters, converging toward the average of the second half of the last decade, around the global potential. Recession is ruled out at the moment unless as-yet unforeseen risks emerge, provoking an adjustment in a systemic economy.

Within the projected growth scenario, a significant contribution is not expected from advanced countries, which will slow down and veer away from their potential, growing 2 percent or less on average during the next two years. Emerging economies, meanwhile, are set to make more significant contributions to global activity, growing steadily by about 4.5% on average over the coming years thanks to more benign financial conditions, improving terms of trade for commodity-producing countries, a recovery for some important economies (Brazil, Mexico and Turkey), as well as a likely easing of sociopolitical issues that are triggering uncertainty and disruption in several emerging economies (Andean countries, Hong Kong, etc.).

The cyclical moment is the stabilization of activity at low levels, which has forced a rethink of the design and implementation of public policy. In the United States, GDP growth looks set to stabilize at below 2 percent, based primarily on domestic demand, thanks to Federal Reserve (Fed) support. The Economic and Monetary Union (EMU) has re-registered a stubborn recession, which has forced the extension of a lax monetary position, while the need to complement it with significant fiscal impulses is also discussed.

China maintains activity levels with the inertia of the past, and despite the fact that high-frequency data show some loss of dynamism, growth (in official data) remains at high levels.

In emerging markets, although many of the vulnerabilities are softened with the about turn made in American monetary policy, their dependence on external savings makes them very sensitive to external corrections, and their financial woes run the risk of spreading across the region. As such, while the cyclical moment will be more dynamic, its fragility will also be more pronounced.

A recession would be the alternative scenario, which needs to be considered, in that it would accelerate geopolitical tendencies (such as the globalization backlash and growing current social discontent) that are again a sign of the times in the third decade of this century.

The expected risks are essentially the same as last year, although in some ways exacerbated by the most recent events:

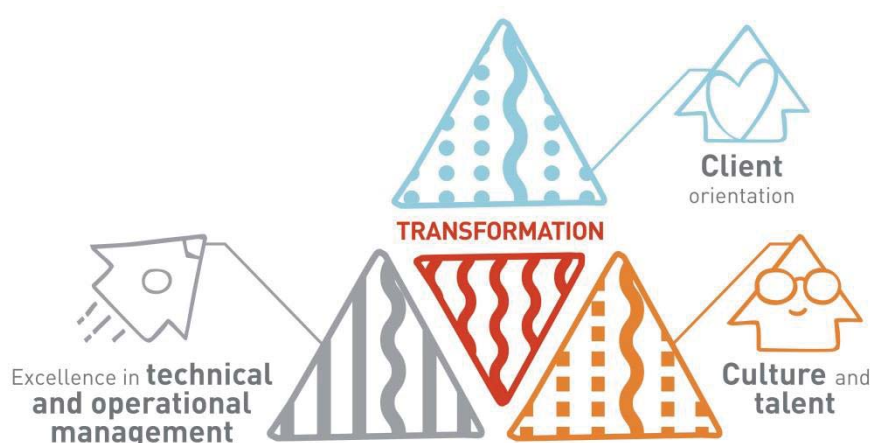
- Eurozone governance: the European challenge continues to depend on greater internal cohesion and the search for broad consensus with which to face the sum of geopolitical risks facing the eurozone. The new configuration of the European institutions (European Commission, Council of Europe, European Central Bank, etc.) eliminates doubts about the future institutional path of the Union.
- The risk deriving from economic policy in the United States: with the reduction of 75 bps in the benchmark rate, the Federal Reserve considers the risk of recession has waned sufficiently, while consensus among members of the Federal Open Market Committee (FOMC) means stronger visibility for the rate path throughout 2020 at least.
- The macro-financial adjustment in China: The Chinese economic model continues to shift toward internal equilibrium supported by domestic sources of growth and external equilibrium driven by flexibilization and the opening up of the country's economy. The ability to offer stimulus via economic policy could become pro-cyclical and prove inadequate in the face of high debt levels accumulated by the country and liquidity transmission mechanisms that remain insufficient.
- Debt: the vulnerability associated with global debt levels remains on the rise, with debt reaching over 250 trillion dollars (220% GDP). Prolonged low interest rates have buoyed risk-taking and debt accumulation while problems in repo markets and indications of illiquidity in certain sectors and products are beginning to trigger warning signs and caution with regard to credit ratings, which have deteriorated further.
- Geopolitics: although the outcome of the UK election and progress in trade negotiations between China and the US have eased the geopolitical tensions that had been shaping the international landscape, global growth remains

threatened by political uncertainty, rising protectionist sentiment and instability in the Persian gulf.

If some of the risks were activated, and these gave rise to confidence and/or supply shocks (on the liquidity, productive or raw material side), the foreseeable recovery could be transformed into a recession, although this hypothesis does not constitute the central scenario.

STRATEGIC PLANNING

At MAPFRE, we are transforming ourselves to grow profitably. Digitalization and innovation are key components of this evolution. Transformation will be ever present in all that we do, acting as a veritable driver across the entire company. Our strategy is based on three pillars:



The first year of the Strategic Plan 2019-2021 **“Transforming ourselves for growth and improved profitability”** was a year marked by environmental catastrophes (typhoons such as Faxai and Habbis are some examples of catastrophes that have had a high impact on the attributable result of MAPFRE) and by the political, economic and social volatility and uncertainty in the different markets where MAPFRE operates. In light of these circumstances, the public aspirational objectives for the period 2019-2021 have been adjusted, focusing on six of them and aligning them to the reality of the markets, without foregoing the ambition that has always characterized MAPFRE

The main developments in the aspirational objectives and initiatives that drive each of the plan’s pillars are:

1. Profitable growth

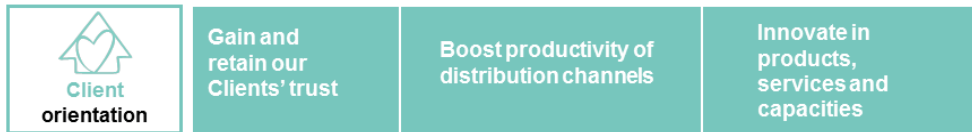
Objectives from a profitable growth perspective:

Profitable Growth	Create sustainable value for Shareholders	Grow sustainably above market levels	Profitably drive Life business
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- At the close of 2019, the Group's ROE stood at 8.0 percent (without goodwill adjustments).
- With regard to the objective of achieving sustainable growth, revenue at the close of the year was 28.47 billion euros.
- Digital business revenue reached 1.33 billion euros, growing 16.7 percent compared to 2018.
- On the objective of profitably boosting the Life business, at the end of 2019 the growth in Life Protection premiums at constant value was 9.2 percent.

2. Client orientation

The objectives in this pillar are:



- In measuring the quality perceived by the client, the number of markets in which MAPFRE has an **NPS**[®] greater than its competitors at the close of the year was 86.3 percent. In this first year, various activities have been carried out to improve the client experience, which it is hoped will positively impact the indicator.
- In order to innovate in products and services applying solutions originating in our *MAPFRE Open Innovation* platform, at the close of 2019, products and services have been developed that have reached a little over 244,700 clients.

3. Excellence in technical and operational management

The objectives in this pillar are:



- With regard to the objective of rigorously managing risks, at the close of 2019, the Non-Life combined ratio stood at 97.6 percent.
- Concerning operational management, work continued on carrying out activities to improve efficiency and automation during key client touchpoints. At the close of 2019, the increase in automated transactions was 5.3 million, reaching a total of 18.7 million transactions.

4. Culture and talent

The objectives in this pillar are:



- MAPFRE continues to strive to increase the commitment and development of employees and collaborators. At the close of 2019, the culture and talent index stood at 80.8 percent.

- In our efforts to boost gender equality in the Group, the percentage of new positions of responsibility occupied by women was 48.3 percent at the close of the half-year.
- As another objective, the company has undertaken to position MAPFRE as a benchmark in sustainability. The Board of Directors of MAPFRE S.A. has approved the lines of action, projects and objectives of the Global Sustainability Plan 2019-2021.
- With regard to diversity, the percentage of the workforce with a disability at the close of 2019 was 2.9 percent.

Future prospects for the Strategic Plan 2019-2021

The fiscal year 2019 has been marked by the impact of catastrophic events and social uncertainty in the different markets in which MAPFRE operates. Therefore, it has been necessary to adjust the aspirational public objectives for the 2019-2021 period, which are to be presented at the Annual General Meeting.

R&D+i ACTIVITIES

INNOVATION

MAPFRE has a long history of being an innovative company, and innovation is one of its main levers in driving organic growth and projecting its strategic horizon, constantly generating differential value propositions for clients from a transversal and integrated vision that allows it to respond to the challenges the business faces.

In 2018, the MAPFRE innovation model was designed around the proven internal strategic capabilities and digitalization of models and solutions for clients, but also organizing an open relationship model that connects external agents and the innovation ecosystem (technology-based startups and other market players who are able to offer disruptive solutions at some link in the insurance value chain - Insurtechs). This model is called MAPFRE Open Innovation.

During 2019, firm steps were taken to accelerate the transformation at MAPFRE and strengthen the leadership position, adapting faster and moving toward new business models and innovative solutions that arise from the digital and technological changes that are being experienced, in order to offer the best solutions and services to clients.

Of the relevant actions carried out during the fiscal year, the following are of note:

- Launch of two *insur_space* calls, with the participation of different startups in the two program modules available: Acceleration and Adoption.
- MAPFRE's participation as an anchor investor in the venture capital fund "Alma Mundi Insurtech Fund, FCRE," exclusively focused on the insurtech space and which has taken stakes in seven startups in the sector.
- Consolidation of #innova, MAPFRE's intrapreneurship program.

DIGITAL TRANSFORMATION

During 2019, work continued on digitalization in countries where MAPFRE operates with a clear objective, responding quickly to clients (consumer clients, distributor clients, providers and internal clients).

More than 130 projects have been undertaken, with more than 445 digital assets deployed and more than 80 million digital transactions completed in major markets by the end of 2019, resulting in annual growth above the established target.

All of this effort has made it possible to make significant achievements in the digitalization of client relationships and operations:

- For consumer clients, attraction has improved, increasing the number of quotes generated in the countries (Spain, Brazil, USA, Peru and Turkey) by more than 14.4 percent, thanks to the smart pricing calculator strategy.
In addition, new processes have continued to be promoted and made available to clients on both web and mobile self-direction platforms, which saw usage rise by more than 32 percent.
- In the case of distributor clients, the commitment to provide them with mobility solutions to facilitate and improve overall relations and management was maintained. New implementations of corporate CRM have been deployed, totaling 17 implementations.
In addition, and given the importance of intermediaries for MAPFRE, a new operational model and self-direction platform for intermediaries was developed during 2019 and is expected to be completed in 2020, with a view to being rolled out in different countries.
- With regard to service providers, thanks to solutions that facilitate the automatic processing and assignment of services in Automobiles (Digital Dispatch), more than 80 percent of the services requested from providers were managed through this platform. In the case of Homeowners, over 86 percent of repairs in Spain were managed via mobility solutions made available to repair workers, which saved them over 270,000 hours in the last year.

- With respect to internal clients or employees, the Digital Challenge corporate strategic initiative continued, which is driving knowledge management and collaborative, flexible and agile work through the use of collaborative tools and agile work methodologies. This new working model has already been deployed in major countries. This process of transformation involves assimilating new technologies, but, above all, understanding that the key to success lies in people and their transformation.
- Finally, significant advances were made in the digitalization of operations, with over 17 million automated transactions completed in 2019.

In addition, MAPFRE has made significant progress in providing an advanced analytics solution that enables more sophisticated models to be built that can help improve the company's internal processes and those related to client relationships. This solution has already been implemented in Spain and is in the process of being deployed in Brazil and the USA.

In the field of Artificial Intelligence, additional models for predictive valuation of vehicle damages have been evaluated and chat bot assistants have seen further development, with the aim of improving customer service agility and progressing further along the road to operational excellence.

MAPFRE continues to transform and digitize itself so as to provide an agile response to client needs.

QUALITY

To evaluate the quality perceived by clients, the MAPFRE Quality Observatory applies a global client experience measurement model, through client surveys in all countries where the Group operates, covering lines of insurance and assistance services on a twice-yearly basis. This is done through the analysis of the Net Promoter Score (NPS®) that evaluates client satisfaction and critical client touchpoints, and recommendations are drawn up regarding the main areas that could be improved.

In 2019, the eighth and ninth NPS® measurement waves were carried out, involving a representative sample of MAPFRE's portfolios. These waves, with over 140,000 respondents, cover 81.9 percent of the total private Non-Life premiums of the Group.

In addition, once a year, the Observatory measures the client experience level of MAPFRE's major competitors in each country/line of business, analyzing approximately 120 companies around the world. This analysis reveals that the objective set for 2019 was met, namely, to obtain an NPS® from the MAPFRE's clients greater than the average NPS of competitors analyzed for in excess of 71 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 perception after interacting with the company. This model is currently in place in Brazil and Spain.

Likewise, in 2019 the Quality Observatory carried out the second measurement on the experience of internal clients (iNPS[®]) and on the cedents and brokers for the reinsurance services provided by MAPFRE RE.

ACQUISITION AND DISPOSAL OF TREASURY STOCK

MAPFRE SA treasury stock transactions have been adjusted to reflect established the regulations in force, the relevant agreements adopted at the Annual General Meeting, and the current 2019 MAPFRE Group Treasury Stock Policy, which regulates the handling of transactions which involve the company's own shares.

In 2019, a total of 7,897,336 treasury stocks were purchased in the market and 1,889,387 shares were delivered to executives of subsidiaries as part of their variable remuneration, representing an increase of 6,057,949 treasury stocks, equivalent to 0.1967 percent of capital and amounting to 15,585,821.85 euros. In the previous fiscal year, 2,079,216 treasury stocks were sold, representing 0.0675 percent of capital and amounting to 4,106,350.17 euros. At December 31, 2019 and 2018 the total treasury stock balance was 30,489,839 and 24,431,890, respectively, representing 0.9901 and 0.7934 percent of the capital, amounting to 63,835,547.24 and 48,249,725.39 euros, respectively.

The treasury stock transactions referred have a legitimate purpose, and always fully respect the recommendations on treasury stock discretionary transactions issued by the Spanish National Securities and Exchange Commission (the CNMV), "legitimate purpose" being understood to mean transactions including, but not limited to, the following:

- Favoring trading liquidity and regularity in the purchase of MAPFRE shares.
- Allowing MAPFRE to access the securities it requires in order to meet potential obligations to deliver treasury stock, for example as a result of shareholder, executive or employee remuneration or loyalty schemes, or issues of corporate stock or operations.

In all cases, treasury stock transactions have always been executed under conditions that ensure neutrality in the price setting of MAPFRE shares in the market and complete transparency in relationships with market supervisors and governing bodies.

Furthermore, these transactions have never been carried out on the basis of privileged information.

Following the publication on January 13, 2020 of the communiqué from the National Securities and Exchange Commission, overruling the criteria on discretionary treasury stock operations of 2013, the Board of Directors of the Company, at its meeting of February 11, 2020, agreed to cancel the Company's treasury stock policy. By virtue of the foregoing, hereinafter, transactions for purchase and sale of MAPFRE SA shares, where appropriate, will be executed in accordance with the provisions of the Market Abuse Regulation and Circular 1/2017 of the National Securities and Exchange Commission.

OTHER RELEVANT INFORMATION

THE MAPFRE SHARE

The table below shows the key information relating to MAPFRE shares at the 2019 fiscal year-end:

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)
Stock market index membership	<ul style="list-style-type: none"> – IBEX 35; IBEX Top Dividend – STOXX Europe 600 Insurance; EURO STOXX Insurance – MSCI Spain – FTSE All-World; FTSE Developed Europe; – FTSE4Good⁵ and FTSE4Good IBEX⁵ – DJSI World⁵ – Ethibel Sustainability Index- Excellence Europe⁵
ISIN code	ES0124244E34

In 2019 MAPFRE S.A. shares traded for 253 days on the continuous market with a frequency index of 100 percent. According to data published by the Spanish Stock Exchanges and Markets (BME), an average of 5,128,636 shares were traded daily on this platform compared to 5,515,638 in 2018, a decrease of 7.02 percent. The effective

⁵ Indices that measure the outcome of a company's actions to uphold and support sustainable development and human rights.

average daily transactions totaled 12.9 million euros, compared to 14.6 million euros in the previous year, a decrease of 11.4 percent.

At the end of 2019, four Spanish and international investment banks had "buy" recommendations for the Company's shares, compared to seven who held "hold" recommendations, while six had the stock on their "sell" lists.

VALUE AND RETURN

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

	1 YEAR	3 YEARS	5 YEARS
MAPFRE	1.7%	-18.6%	-16.1%
STOXX Europe 600 Insurance	24.4%	19.7%	28.8%
IBEX 35	11.8%	2.1%	-7.1%

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

	2019	2018	2017	2016	2015
EPS (euros)	0.20	0.17	0.23	0.25	0.23
INCREASE	14.4%	-24.5%	-9.7%	9.4%	-16.1%

SHAREHOLDER STRUCTURE AND REMUNERATION

At 2019 fiscal year-end, Fundación MAPFRE held 67.7 percent of the Company's shares, excluding treasury stock, which represented 1 percent of the shareholding. Spanish institutional shareholders accounted for 3.8 percent and institutional shareholders in other countries accounted for 19.5 percent. The remaining 8 percent is for non-institutional shareholders.

The dividend policy establishes that shareholder remuneration must be linked to the Company's profits, 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 is adequate shareholder remuneration.

On December 23, 2019, the interim dividend against the 2019 results was paid, amounting to 0.0606 euros gross per share, after applying the amount corresponding to treasury stock in proportion to the remaining shares. The total dividend paid out in the year was 0.145 euros per share, giving a total remuneration of 446.5 million euros.

The final dividend for fiscal year 2019 to be proposed at the Annual General Meeting is a dividend of 0.085 euros per share (before tax). Consequently, the total dividend against the 2019 results amounts to 0.145 euros per share before tax, representing a payout ratio of 73.3 percent.

Dividend payments paid in the fiscal year and the dividend yield, calculated on an average share price basis, are indicated below:

	2019	2018	2017	2016	2015
DIVIDEND PER SHARE (euros)	0.145	0.145	0.145	0.13	0.14
DIVIDEND YIELD	5.7%	5.5%	4.9%	5.8%	4.9%

CREDIT RATING MANAGEMENT

In January 2019, Fitch confirmed the credit rating of MAPFRE S.A. and raised its subsidiaries' financial strength rating. These same ratings were ratified in September.

In November, S&P raised the rating of MAPFRE S.A. credit issuer from "BBB" to "A-." It also raised MAPFRE RE's financial strength rating from "A" to "A+." Both ratings have a stable outlook.

In August, Moody's ratified MAPFRE ASISTENCIA's rating as an "A2" with stable outlook. In October, A.M. Best reaffirmed the financial strength credit ratings of MAPFRE RE and MAPFRE ESPAÑA as "A" with stable outlook.

Furthermore, following the total spin-off of GLOBAL RISKS as a result of the business reorganization of the large industrial and commercial risks insurance business during the first half of the year, the S&P, Fitch, Moody's and A.M. Best agencies withdrew the credit rating of MAPFRE GLOBAL RISKS.

The current status of credit ratings for the companies headquartered in Spain is provided below, with positive updates during the 2019 fiscal year highlighted.

	S&P ⁽¹⁾	Fitch ⁽²⁾	Moody's ⁽³⁾	A.M. Best ⁽⁴⁾
MAPFRE S.A. - Debt issuer	A- (Stable)	A- (Stable)	-	-
MAPFRE S.A. - Senior debt	A-	BBB+	-	-
MAPFRE S.A. - Subordinate debt	BBB	BBB-	-	-
Fortaleza Financiera				
- MAPFRE RE	A+ (Stable)	A+ (Stable)	-	A (Stable)
- MAPFRE ESPAÑA	-	A+ (Stable)	-	A (Stable)
- MAPFRE VIDA	-	A+ (Stable)	-	-
- MAPFRE ASISTENCIA	-	A+ (Stable)	A2 (Stable)	-

In May 2019, A.M. Best declared the financial strength rating of the main MAPFRE U.S.A. Corp. members as "A" with stable outlook.

In August 2019, Fitch raised the financial strength rating of MAPFRE SIGORTA to "AA+ (tur)" from "AA (tur)" with stable outlook.

In December 2019, A.M. Best confirmed MAPFRE MEXICO's rating as "A" with stable outlook.

The current situation of the credit ratings of the main Group companies domiciled outside Spain is as follows, with the positive updates during the 2019 fiscal year highlighted in green.

Company	Country	Rating type	Rating	Outlook
Fitch				
MAPFRE SIGORTA A.S.	Turkey	Financial strength	AA+ (tur)	Stable
MAPFRE SEGUROS GENERALES DE COLOMBIA	Colombia	Financial strength	AA (col)	Stable
A.M. Best				
MAPFRE U.S.A. Group	USA	Financial strength	A	Stable
MAPFRE PRAICO	Puerto Rico	Financial strength	A	Stable
MAPFRE MÉXICO	Mexico	Financial strength	A	Stable

TRANSPARENCY PLAN

In 2019, work began to redesign the corporate website, simplifying its structure and combining the corporate information with other informative content. This will bring the actions, strategy and attributes for which MAPFRE wants to be known even closer to all stakeholders.

Meetings, discussions and interventions by directors have also continued to be broadcast live across the different channels and social networks (Twitter, Facebook, YouTube, etc.) in order to further raise awareness.

All precontractual documents (Prior Information Notices and Product Information Documents (PIDs) for Non-Life insurance), as well as the general product terms and conditions, are managed via the Document Manager, which automatically updates the mapfre.es website and retains the previous versions, although not visibly.

The mapfre.es website has a section named “Information of interest,” which has been redesigned so that the precontractual documents are presented by product. This provides clients with the location of the documents and the client will shortly receive a personalized electronic notification with a link to the website.

In addition, the Document Manager is also operational for large agreements, bancassurance operators and brokers so that they can connect via the website and have the most up-to-date information on their systems at all times.

In Life, work has begun to replace paper versions of the Prior Information Notice and the Key Information Documents (KID) with electronic notifications, or specific mention in the suitability test. MAPFRE VIDA has also begun using the Document Manager to manage various document versions and to update them on the website.

The corporate Intranet is the internal communication channel for employees, where there are new spaces available for each of the Group's companies. There is a space called “Organization chart and Appointments,” where employees can view MAPFRE's organization chart and the most senior representatives, the governing bodies, and stay up to date on any appointments that take place in the companies and countries.

Throughout 2019, the People Space on the Intranet was continuously developed. This space incorporates both global and local content and news on people management that is of interest to employees, and the new design has involved a complete change in the structure, content and form in which the information is presented to employees, as well as the browser, which is now simpler and more intuitive.

The Intranet also has specific spaces for each of the companies and areas of the business that are used to share knowledge: news, documents, best practices, audiovisual material, links, etc.

This year, the number of channels through which information is disseminated to employees has increased, such as the People app, a tool that 5,000 employees are

already using and which aims to make life easier for the people who work at MAPFRE via a series of features.

Throughout 2019, the support communities have continued to grow on the Intranet. There are 452 active communities in which 6,310 employees participate. At the end of the year, all employees were given access to a knowledge repository known as eureka, available in all three corporate languages, which already has 510 knowledge items stored on it. Employees can look up documents, news articles and best practices using the search engine and also contribute anything they deem worth sharing.

A Strategy space was also created and a very comprehensive campaign has been launched so that all employees are familiar with the objectives, global goals, change agenda and strategic initiatives.

There is also a corporate magazine (*The World of MAPFRE*) distributed quarterly around the world that keeps the entire team informed regarding the latest developments and the current status of the company. It is published in print and digital format.

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

In terms of attracting and managing talent, 2019 saw the rollout of SuccessFactors, a new global selection and mobility system, in the majority of the group's companies, which has led to improvements in this process. It is an automated process whereby all participants are duly notified of any progress. MAPFRE received a prize at the SAP Quality Awards in recognition of the quality and innovation of the design and rollout of this tool.

As part of the Digital Challenge strategic initiative, momentum is being given to new ways of working with technological tools used to work in an open, transparent and collaborative way.

A new 360° feedback model has been rolled out worldwide for all employees, with continuous feedback on objectives, activities and behavior, not only between supervisors and collaborators, but also between internal peers and clients.

Plans have executed to publicly recognize employees for their work and achievements in relation to the new behavior and habits of the organization (be agile, collaborate and innovate), as well as other specific plans.

The learning management tool has already been defined and implemented at a global level, which is used to manage on-site and online training for every employee in the

world. Furthermore, it helps promote the “self-learning” feature, a space where each employee can access MAPFRE’s catalog of training content.

With a view to ensuring ongoing comprehensive monitoring of the processes that impact the commitment and development of employees, in 2019 an internal indicator was defined and implemented called Culture and Talent. This indicator measures employee satisfaction via an EMPLOYEE SATISFACTION INDEX (ESI) survey, which assesses ten specific aspects, the turnover and seniority of employees, in addition to functional mobility, the percentage of employees with assigned development plans and the internal promotion rate for positions of responsibility.

In 2019, a new model was introduced to measure the employee experience, which facilitates a more in-depth analysis of the employee experience on a continuous basis. This model is based on three measurement types:

- Relational eNPS®: measures the probability that employees would recommend MAPFRE as a company to work for.
- Employee life cycle: an analysis model of the different moments in the employee's life cycle has been designed, and will be launched in 2020. This model includes using focus groups and questionnaires to measure the experience of the employees in their interaction in each of the different moments of the life cycle: selection, onboarding, performance evaluation, recognition, mobility and change, among others.
- Human resources Perceived Quality Index: a perceived quality survey that analyzes how employees perceive the quality of service provided by the Human Resources areas. The result was 7.2 points on a scale of 1 to 10.

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 related to the economic and social development of the environment in which the company operates.

Of the consolidated revenues of 28.47 billion euros generated in the fiscal year (26.59 billion euros in 2018), MAPFRE has made economic contributions to society in general via multiples payment types, which are detailed below.

Item	2019	2018	% 19/18
Benefits paid ⁽¹⁾	16,120.2	17,083.6	-5.6%
Payments to providers ⁽²⁾	7,761.6	5,588.5	38.9%
Wages and salaries, and other ⁽³⁾	1,504.4	1,491.9	0.8%
Activity subtotal	25,386.2	24,164.0	5.1%
Dividends ⁽⁴⁾	844.1	863.1	-2.2%
Shareholders subtotal	844.1	863.1	-2.2%
Net income tax payment	430.8	529.3	-18.6%
Social security	257.0	237.2	8.3%
Public administrations subtotal	687.8	766.5	-10.3%
Interest paid	69.8	57.3	21.8%
Financing subtotal	69.8	57.3	21.8%
Total	26,987.8	25,850.9	4.4%

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 1,251.1 million euros in 2019 (1,257.8 million euros in 2018).
- ⁽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	2019	2018	% 19/18
THIRD-PARTY FUNDS UNDER MANAGEMENT ⁽⁵⁾	40,663.0	37,747.6	7.7
TOTAL INVESTMENTS	47,363.4	43,977.0	7.7
Financial investments	44,995.9	41,246.0	9.1
Fixed income	39,443.7	36,517.5	8.0
- Issued by governments	30,088.8	27,595.9	9.0
- Other fixed income securities	9,354.9	8,921.6	4.9
Other financial investments	5,552.2	4,728.5	17.4
Real estate investments ⁽⁶⁾	1,323.4	1,243.6	6.4
Other investments	1,044.1	1,487.4	-29.8

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 2019 and 2018 are shown below.

Item	Days	
	2019	2018
Average provider payment period	5.44	6.66
Ratio of paid operations	5.24	6.49
Ratio of operations pending payment	24.76	19.43

Item	Figures in million euros	
	2019	2018
Total payments made	1,989.00	1,693.75
Total pending payments exceeding the maximum statutory term	20.43	21.60

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:

NON-FINANCIAL INFORMATION STATEMENT		GRI reporting standards (See GRI Contents Index in Section 7 of the MAPFRE Integrated Report 2019)
Contents of Law 11/2018		
General topics		
Business model	A brief description of the group's business model	GRI 102-2 GRI 102-7
	Markets served	GRI 102-3 GRI 102-4 GRI 102-6
	Organizational objectives and strategies	GRI 102-14
	Main factors and trends that may affect their future evolution	GRI 102-14 GRI 102-15
General	Reporting framework	GRI 102-54
Management approach	Description of the policies that apply	GRI 103-2
	The results of these policies	GRI 103-2
	The main risks related to these issues linked to the activities of the group	GRI 102-15
Issues relating to the environment		
Environmental management	Current and foreseeable effects of the company's activities on the environment and, where appropriate, health and safety	GRI 102-15 GRI 103-2
	Environmental assessment or certification procedures	GRI 103-2
	Resources devoted to the prevention of environmental risks	GRI 103-2
	Application of the precautionary principle	GRI 102-11
	Quantity of provisions and guarantees for environmental risks	GRI 103-2
Pollution	Measures to prevent, reduce or repair carbon emissions (also includes noise and light pollution)	GRI 103-2
Circular economy and waste prevention and management	Prevention, recycling, reuse, other forms of waste recovery and disposal measures	GRI 103-2 GRI 306-1 GRI 306-2
	Actions to combat food waste	GRI 103-2 GRI 306-2
Sustainable use of resources	Water consumption and water supply in accordance with local limitations	GRI 303-5 (Version GRI 2018)
	Consumption of raw materials and measures taken to improve the efficiency of their use	GRI 301-1 GRI 301-2 GRI 301-3
	Direct and indirect consumption of energy	GRI 302-1 GRI 302-3
	Measures taken to improve energy efficiency	GRI 302-4
	Use of renewable energies	GRI 302-1

Climate change	Significant elements of greenhouse gas emissions generated as a result of the company's activities	GRI 305-1 GRI 305-2 GRI 305-3 GRI 305-4
	Measures taken to adapt to the consequences of climate change	GRI 201-2
	Voluntary medium- and long-term reduction targets for reducing greenhouse gas emissions and the means implemented for this purpose	GRI 305-5
Protection of biodiversity	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		
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 contract of employment modalities	GRI 102-8
	Annual average by type of contract (permanent, temporary, and partial), gender, age, and professional classification	GRI 102-9
	Number of layoffs by gender, age and professional categories	GRI 103-2
	Salary gap	GRI 103-2 GRI 405-2
	Average remuneration and its evolution disaggregated by gender, age and professional classification or equal value	GRI 103-2 GRI 405-2
	Average remuneration of board directors and executives, including variable remuneration, travel, subsistence and accommodation allowances, compensation, payment to long-term savings schemes and any other categories broken down by gender	GRI 103-2 GRI 405-2
	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 GRI 2018)
	Measures aimed at facilitating a work-life balance and encouraging both parents to adopt such measures	GRI 401-3
Health and safety	Occupational health and safety conditions	GRI 403-1 GRI 403-2 GRI 403-3 GRI 403-7 (Version GRI 2018)
	Accidents at work, in particular their frequency and severity, broken down by gender	GRI 403-9 GRI 403-10 (Version GRI 2018)
	Occupational diseases, broken down by gender	GRI 403-9 GRI 403-10 (Version GRI 2018)
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 GRI 2018)
Training	Policies implemented in the field of training	GRI 103-2 GRI 404-2
	Total number of training hours per professional category	GRI 404-1
Accessibility	Universal accessibility of people with disabilities	GRI 103-2

Equality	Measures taken to promote equal treatment and equal opportunities for women and men	GRI 103-2
	Equality plans (Chapter III of Organic Law 3/2007, of March 22, for the effective equality of women and men)	GRI 103-2
	Measures adopted to promote employment, protocols against sexual and gender-based harassment, integration and universal accessibility of people with disabilities	GRI 103-2
	Policy against all forms of discrimination and, where appropriate, the management of diversity	GRI 103-2
Information on respect for human rights		
Human Rights	Implementation of human rights due diligence procedures, prevention of risks of human rights violations and, where appropriate, measures to mitigate, manage and redress possible abuses committed	GRI 102-16 GRI 102-17 GRI 410-1 GRI 412-1 GRI 412-2 ; 412-3
	Complaints about cases of human rights violations	GRI 103-2 GRI 406-1
	Promotion of and compliance with the provisions of the fundamental conventions of the International Labor Organization relating 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		
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
	Measures to combat money laundering	GRI 103-2 GRI 102-16 GRI 102-17 GRI 205-2 GRI 205-3
	Contributions to foundations and non-profit entities	GRI 102-13 GRI 201-1 GRI 415-1
Información sobre la sociedad		
The company's commitments 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 with them	GRI 102-43 GRI 413-1
	Association or sponsorship actions	GRI 103-2 GRI 201-1
Subcontracting and providers	Inclusion of social, gender equality and environmental issues in the purchasing policy	GRI 103-2
	Consideration in relationships with suppliers and subcontractors of their social and environmental responsibility	GRI 102-9 GRI 308-1 GRI 414-1
	Supervision systems and audit and their results	GRI 102-9 GRI 308-2 GRI 414-1

Consumers	Measures for the health and safety of consumers	GRI 103-2 GRI 416-1 GRI 417-1
	Complaints systems, grievances received and their resolution	GRI 103-2 GRI 418-1
Tax information	Profits obtained country-by-country	GRI 207-4 (2019)
	Tax on profits paid	GRI 207-4 (2019)
	Public subsidies received	GRI 201-4

CORPORATE GOVERNANCE REPORT

The company's Annual Corporate Governance Report, issued pursuant to the provisions of Article 49.4 of the Spanish Code of Commerce can be found below.



ANNUAL REPORT ON THE CORPORATE GOVERNANCE OF PUBLICLY TRADED

ISSUER'S IDENTITY DATA

End date of the reference fiscal year:

[12/31/2019]

Tax ID:

[A08055741]

Company Name:

[**MAPFRE S.A.**]

Registered office:

[CARRETERA DE POZUELO A MAJADAHONDA, 52 EDIF.1 (MAJADAHONDA) MADRID]



**ANNUAL REPORT ON THE CORPORATE GOVERNANCE OF
PUBLICLY TRADED COMPANIES**

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 shares		% voting rights through financial instruments		% total voting rights
	Direct	Indirect	Direct	Indirect	
FUNDACIÓN MAPFRE	0.00	67.71	0.00	0.00	67.71

Detail of indirect interests:

Name or company name of the indirect holder	Name or company name of the direct holder	% voting rights attributed to shares	% voting rights through financial instruments	% total voting rights
FUNDACIÓN MAPFRE	CARTERA MAPFRE, S.L. SINGLE-MEMBER COMPANY	67.60	0.00	67.60
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:



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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	% of voting rights <u>that can be transferred</u> through financial instruments	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
MR. ANTONIO HUERTAS MEJÍAS	0.01	0.00	0.00	0.00	0.01	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	0.03	0.00	0.00	0.03	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



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Total % of voting rights held by the Board of Directors	0.05
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Detail of indirect interests:

Name or company name of the board director	Name or company name of the direct holder	% voting rights attributed to shares	% voting rights through financial instruments	% total voting rights	% of voting rights that <u>can be transferred</u> through financial instruments
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		



ANNUAL REPORT ON THE CORPORATE GOVERNANCE OF PUBLICLY TRADED COMPANIES

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. In particular, the existence, identity and position of members of the board, or representatives of board directors, of the listed company, who are, in turn, members of the administrative body, or its representatives, in companies that hold significant interests in the listed company or in companies of the group of said significant shareholders:

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



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A.7. Indicate if any shareholder agreements have been disclosed to the company that affect it under art. 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 4 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 indirect shares (*)	Total % of the share capital
30,489,839		0.99

(*) Through:

Name or company name of the direct holder of the interests	Number of direct shares
No data	



ANNUAL REPORT ON THE CORPORATE GOVERNANCE OF PUBLICLY TRADED COMPANIES

Explain the significant variations during the fiscal year:

Explain significant changes

In 2019, a total of 6,057,949 treasury stocks were added, representing 0.20 percent of capital and amounting to 15,585,821.85 euros.

A.10. Describe the terms and conditions of the current Annual 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 Annual General Meeting so that the Company can increase the share capital once or several times by up to a maximum of 153,977,663.65 euros, 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 Friday, 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 acquisition price: 90% and 110%, 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	31.25

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



ANNUAL REPORT ON THE CORPORATE GOVERNANCE OF PUBLICLY TRADED COMPANIES

A.13. Indicate whether the Annual 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. ANNUAL 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 Annual 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

	Reinforced majority different from that established in art. 201.2 of the Companies Act for the cases cited in art.	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.



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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's 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's 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		
3/10/2017	68.88	13.42	0.00	0.90	83.20	
Of which floating capital	1.15	13.42	0.00	0.90	15.47	
3/9/2018	68.73	13.10	0.00	0.24	82.07	
Of which floating capital	1.26	13.10	0.00	0.24	14.60	
3/8/2019	68.64	12.69	0.00	1.05	82.38	
Of which floating capital	0.12	12.69	0.00	1.05	13.86	

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 been approved by the shareholders:

- Yes
- No

B.6. Indicate if there are any statutory restrictions that establish a minimum number of shares required to attend the Annual General Meeting, or to vote remotely:

- Yes
- No

Number of shares necessary to attend the Annual General Meeting	1,000
Number of shares required to vote remotely	1



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B.7. Indicate whether it has been established that certain decisions, other than those established by law, involving an acquisition, transfer, contribution to another company of essential assets or other similar corporate operations, must be submitted for approval by the Annual General Meeting:

- 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 Annual 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.



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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 board directors	20
Minimum number of board 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 board 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	3/9/2018	ANNUAL GENERAL MEETING RESOLUTION
MR. IGNACIO BAEZA GÓMEZ		Executive	FIRST VICE CHAIRMAN	3/8/2008	3/11/2016	ANNUAL GENERAL MEETING RESOLUTION
MS. CATALINA MIÑARRO BRUGAROLAS		Independent	SECOND VICE CHAIRMAN	10/30/2013	3/9/2018	ANNUAL GENERAL MEETING RESOLUTION
MR. JOSE MANUEL INCHAUSTI PÉREZ		Executive	THIRD VICE CHAIRMAN	7/18/2018	3/8/2019	ANNUAL GENERAL MEETING RESOLUTION
MR. JOSE ANTONIO COLOMER GUIU		Independent	BOARD DIRECTOR	2/9/2016	3/11/2016	ANNUAL GENERAL MEETING RESOLUTION
MS. ANA ISABEL FERNÁNDEZ ALVAREZ		Independent	BOARD DIRECTOR	7/26/2016	3/10/2017	ANNUAL GENERAL MEETING RESOLUTION



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Name or company name of the board director	Representative	Category of the board director	Position on the Board	Date of first appointment	Date of last appointment	Election procedure
MS. MARÍA LETICIA DE FREITAS COSTA		Independent	BOARD DIRECTOR	7/23/2015	3/11/2016	ANNUAL GENERAL MEETING RESOLUTION
MS. ROSA MARÍA GARCÍA GARCÍA		Independent	BOARD DIRECTOR	9/26/2019	9/26/2019	CO-OPTING
MR. ANTONIO GÓMEZ CIRIA		Independent	BOARD DIRECTOR	1/1/2019	3/8/2019	ANNUAL GENERAL MEETING RESOLUTION
MR. LUIS HERNANDO DE LARRAMENDI MARTÍNEZ		Nominee	BOARD DIRECTOR	4/17/1999	3/8/2019	ANNUAL GENERAL MEETING RESOLUTION
MR. FRANCISCO JOSÉ MARCO ORENES		Executive	BOARD DIRECTOR	3/10/2017	3/10/2017	ANNUAL GENERAL MEETING RESOLUTION
MR. FERNANDO MATA VERDEJO		Executive	BOARD DIRECTOR	1/1/2017	3/10/2017	ANNUAL GENERAL MEETING RESOLUTION
MR. ANTONIO MIGUEL-ROMERO DE OLANO		Nominee	BOARD DIRECTOR	4/17/1999	3/8/2019	ANNUAL GENERAL MEETING RESOLUTION
MS. MARÍA DEL PILAR PERALES VISCASILLAS		Independent	BOARD DIRECTOR	1/1/2018	3/9/2018	ANNUAL GENERAL MEETING RESOLUTION
MR. ALFONSO REBUELTA BADÍAS		Nominee	BOARD DIRECTOR	4/17/1999	3/8/2019	ANNUAL GENERAL MEETING RESOLUTION

Total number of board directors	15
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Indicate the changes that, whether due to resignation, dismissal or for any other reason, have taken place in the board of directors during the informed 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
MR. GEORG DASCHNER	Independent	3/8/2019	8/18/2019	Steering Committee (member) Risk Committee (Chairman)	YES

Causes of the change and other observations

D. Georg Daschner resigns from his duties on the grounds of having reached the maximum age provided for in the Company's bylaws. Mr. Daschner explained the reasons for his resignation in a letter addressed to all members of the Board of Directors.

C.1.3 Complete the following tables on the Board members and their different kinds of board 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 Director of MAPFRE MUTUALIDAD, 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. 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	A Law graduate from the Complutense University of Madrid who also completed the Senior Management Program at IESE He has spent a large part of his professional career at MAPFRE, holding several senior executive positions since he joined. CEO of the IBERIA Territorial Area since 2015. For more information on the current positions, please see sections A.6 and C.1.10.
MR. FRANCISCO JOSÉ MARCO ORENES	GROUP CHIEF BUSINESS SUPPORT OFFICER AND MEMBER OF THE BOARD	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. Group Chief Business Support Officer



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EXECUTIVE DIRECTORS		
Name or company name of the board director	Position within company organization	Profile
		since 2015. For more information on the current positions, please see section C.1.10.
MR. FERNANDO MATA VERDEJO	CFO AND MEMBER OF THE BOARD	Has a degree in Business Science from the Universidad Autónoma de Madrid (Autonomous University of Madrid). He has spent much of his professional career in MAPFRE, holding different senior management positions since he started. CFO of the Corporate Finance and Resources Area since 2017. For more information on the current positions, please see sections A.6 and C.1.10.

Total number of executive board directors	5
% of total board	33.33

NOMINEE 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 graduate from the Polytechnic University of Madrid. Also holds a Masters in Business Administration (MBA) from the Madrid Business Institute. From 1986 to 2005 he was 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 of JP Morgan and Vice Chairman of Citibank until 1991, a partner at Heidrick & Struggles and consultant partner at Asset Executive. He has been a partner at Signium International since 2004. For more information on the current positions, please see sections A.6, C.1.10 and C.2.1.

Total number of nominee board directors	3
% of total board	20.00



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INDEPENDENT EXTERNAL BOARD 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 (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	Has a Degree and Doctorate in Economics and Business Science from the Universidad de Oviedo (Oviedo University). Member of the Board of Directors of BME Bolsas y Mercados Españoles, S.A., member of the corporate reporting consultative committee of the European Securities Authority, General Director of CUNEF and member of the Board of Directors of the Princesa de Asturias Foundation and the Banco de Sabadell Foundation. 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 section C.1.10.
MS. ROSA MARÍA GARCÍA GARCÍA	Has a degree in Law from the Autonomous University of Madrid. She has been non-executive Chairman of the SIEMENS GAMESA Board of Directors, Chairman 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 section C.1.10.
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. 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 Board 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 from the Autonomous University of Madrid and PhD in law from 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 board directors	7
% of total board	46.67



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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 board director may perform his functions as an independent board director.

Name or company name of the board director	Relationship description	Reasoned statement
No data		

No board director classified as independent receives, from the Company or the Group, any amount or benefit for an item other than board director's remuneration.

OTHER EXTERNAL BOARD 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 board 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 board 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 female board directors				% of the total of board directors of each category			
	Fiscal year 2019	Fiscal year 2018	Fiscal year 2017	Fiscal year 2016	Fiscal year 2019	Fiscal year 2018	Fiscal year 2017	Fiscal year 2016
Executives					0.00	0.00	0.00	0.00
Nominees					0.00	0.00	0.00	0.00



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	Number of female board directors				% of the total of board directors of each category			
	Fiscal year 2019	Fiscal year 2018	Fiscal year 2017	Fiscal year 2016	Fiscal year 2019	Fiscal year 2018	Fiscal year 2017	Fiscal year 2016
Independent	5	4	4	4	71.43	66.67	66.67	57.14
Other External					0.00	0.00	0.00	0.00
Total	5	4	4	4	33.33	28.57	26.67	23.53

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 board 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 Institutional, Business and Organizational Principles of the MAPFRE Group, approved by the MAPFRE Board of Directors on June 24, 2015, expressly state that the MAPFRE Board of Directors will develop a plan for filling vacancies that guarantees the suitability of the applicants to these vacancies, based on their skills and professional and geographical backgrounds as well as on a sufficient presence of members of both genders.

Likewise, MAPFRE has established a Policy for the Selection of Board Directors that establishes that in the selection process any type of implicit bias that may involve discrimination and, in particular, that hinders the selection of persons from gender or the other will be avoided and that in 2020 the number of female board directors will represent at least thirty percent of the total members of the Board of Directors. On September 26, 2019, Mrs. Rosa María García García was appointed as an independent board director, the percentage of women's representation on the Board of Directors consequently reaching 33 percent.

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 board directors of both genders.

The Board of Directors currently consists of fifteen members, who as a whole possess knowledge, qualifications and experience relating to the following areas: insurance and financial markets, business strategy and business models, governance systems, financial and actuarial analysis and regulatory framework. 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 Chairman 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; and iii) 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.



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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 profile among the candidates for Board seats, and achieve a balanced presence of women and men:

Explanation of the measures

The Appointments and Remuneration Committee must ensure that during the candidate selection process any kind of implicit biases are always avoided, which may involve discrimination and, in particular, those biases that interfere with the selection of persons of either gender.

In 2015 the Appointments and Remuneration Committee approved a renewal plan for the Board of Directors establishing the steps to follow in the period 2015-2020 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.

When, in spite of the measures which, where applicable, have been adopted, there are few or no female board directors, 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 with the Board of Directors Selection Policy. In particular, explain how this policy is promoting the objective that by 2020 the number of female board directors represents at least 30 percent of the total of members 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 Board of Directors needs, and to promote a diversity of knowledge, experiences and gender on the Board. It expressly sets out the commitment to ensure that in the year 2020 the number of female board directors shall represent at least 30 percent of the total of members of the Board of Directors.

As indicated in section C.1.6 above, with the appointment of Ms. Rosa Maria Garcia Garcia 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 Board of Directors renewal plan, this participation will be maintained or increased, depending on the suitability of the proposed candidates.

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.

In particular, the Appointments and Remuneration Committee verified compliance with the Board of Directors Selection Policy during fiscal year 2019 when preparing the proposals for the appointment of Mrs. Rosa Maria Garcia Garcia and the re-election of Mr. José Manuel Inchausti Pérez, Mr. Antonio Gómez Ciria, Mr. Georg Daschner (who resigned as a board director on August 18, 2019), Mr. Luis Hernando de Larramendi Martínez, Mr. Antonio Miguel-Romero de Olano and Mr. Alfonso Rebuella Badias.

C.1.8 Explain, where applicable, the reasons why nominee board 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 shareholder	Justification
No data	



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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 board directors were appointed. Where applicable, explain why these petitions have been ignored:

- [] Yes
- [v] No

C.1.9 Indicate, if any, the powers delegated by the board of directors on board directors or committees of the board:

Name or company name of the board director or committee	Brief description
STEERING COMMITTEE	The Steering Committee is the delegate body of the Board of Directors for the executive management and permanent supervision of the everyday management of the Company and its subsidiaries in strategic and operational aspects and for the adoption of decisions necessary for their proper functioning. It has general decision-making capacity, with express delegation in its favor of all the powers that correspond to the Board of Directors except those that are not delegable by the Law, the Company's Bylaws or the Board of Directors Regulations. 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 ASISTENCIA, COMPAÑÍA INTERNACIONAL DE SEGUROS Y REASEGUROS, S.A.	CHAIRMAN	NO
MR. IGNACIO BAEZA GÓMEZ	MAPFRE PARTICIPATIONS, S.A.U.	ADMINISTRATOR	NO
MR. IGNACIO BAEZA GÓMEZ	MAPFRE INTERNACIONAL, S.A.	BOARD DIRECTOR	NO
MS. CATALINA MIÑARRO BRUGAROLAS	MAPFRE ESPAÑA, COMPAÑÍA DE SEGUROS Y REASEGUROS, S.A.	BOARD DIRECTOR	NO
MS. CATALINA MIÑARRO BRUGAROLAS	MAPFRE VIDA SOCIEDAD ANÓNIMA DE SEGUROS Y RESASEGUROS SOBRE LA VIDA HUMANA	BOARD DIRECTOR	NO



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Name or company name of the board director	Company name of the Group company	Position	Do they have executive functions?
MS. CATALINA MIÑARRO BRUGAROLAS	MAPFRE INTERNACIONAL, S.A.	BOARD DIRECTOR	NO
MR. JOSÉ MANUEL INCHAUSTI PÉREZ	MAPFRE ESPAÑA, COMPAÑÍA DE SEGUROS Y REASEGUROS, S.A.	FIRST VICE CHAIRMAN AND MANAGING DIRECTOR	YES
MR. JOSÉ MANUEL INCHAUSTI PÉREZ	MAPFRE VIDA SOCIEDAD ANÓNIMA DE SEGUROS Y RESASEGUROS SOBRE LA VIDA HUMANA	BOARD DIRECTOR	NO
MR. JOSÉ MANUEL INCHAUSTI PÉREZ	MAPFRE INTERNACIONAL, S.A.	BOARD DIRECTOR	NO
MR. JOSÉ MANUEL INCHAUSTI PÉREZ	MAPFRE GLOBAL RISKS, AGENCIA DE SUSCRIPCIÓN, S.A.	BOARD 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.	ADMINISTRATOR	NO
MR. JOSÉ MANUEL INCHAUSTI PÉREZ	SANTANDER MAPFRE SEGUROS Y REASEGUROS, S.A.	CHAIRMAN	NO
MR. JOSÉ MANUEL INCHAUSTI PÉREZ	MAPFRE RE, COMPAÑÍA DE REASEGUROS, S.A.	BOARD DIRECTOR	NO
MR. JOSÉ ANTONIO COLOMER GUIU	MAPFRE ESPAÑA, COMPAÑÍA DE SEGUROS Y REASEGUROS, S.A.	BOARD DIRECTOR	NO
MR. JOSÉ ANTONIO COLOMER GUIU	MAPFRE VIDA SOCIEDAD ANÓNIMA DE SEGUROS Y RESASEGUROS SOBRE LA VIDA HUMANA	BOARD DIRECTOR	NO
MS. ANA ISABEL FERNÁNDEZ ÁLVAREZ	MAPFRE GLOBAL RISKS, AGENCIA DE SUSCRIPCIÓN, S.A.	BOARD DIRECTOR	NO
MS. ANA ISABEL FERNÁNDEZ ÁLVAREZ	MAPFRE RE, COMPAÑÍA DE REASEGUROS, S.A.	BOARD DIRECTOR	NO
MS. MARÍA LETICIA DE FREITAS COSTA	BB MAPFRE PARTICIPAÇÕES, S.A.	BOARD DIRECTOR	NO
MS. MARÍA LETICIA DE FREITAS COSTA	MAPFRE PARTICIPAÇÕES, S.A.	VICE CHAIRMAN	NO



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



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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.	BOARD DIRECTOR	NO
MR. ANTONIO MIGUEL-ROMERO DE OLANO	MAPFRE ESPAÑA, COMPAÑÍA DE SEGUROS Y REASEGUROS, S.A.	BOARD DIRECTOR	NO
MR. ANTONIO MIGUEL-ROMERO DE OLANO	MAPFRE VIDA SOCIEDAD ANÓNIMA DE SEGUROS Y RESASEGUROS SOBRE LA VIDA HUMANA	BOARD DIRECTOR	NO
MS. MARÍA DEL PILAR PERALES VISCASILLAS	MAPFRE ASISTENCIA, COMPAÑÍA INTERNACIONAL DE SEGUROS Y REASEGUROS, S.A.	VICE CHAIRMAN	NO
MS. MARÍA DEL PILAR PERALES VISCASILLAS	MAPFRE GLOBAL RISKS, AGENCIA DE SUSCRIPCIÓN, S.A.	BOARD 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.	BOARD 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 official securities 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.	BOARD DIRECTOR
MS. ANA ISABEL FERNÁNDEZ ÁLVAREZ	BOLSAS Y MERCADOS ESPAÑOLES, SOCIEDAD HOLDING DE MERCADOS Y SISTEMAS FINANCIEROS, S.A.	BOARD DIRECTOR
MS. ROSA MARÍA GARCÍA GARCÍA	TUBACEX, S.A.	BOARD DIRECTOR
MR. ANTONIO GÓMEZ CIRIA	RED ELÉCTRICA CORPORACIÓN, S.A.	BOARD DIRECTOR



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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 board director can simultaneously be a member of more than five Boards of board 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 fiscal year in favor of the board of directors (thousands of euros)	10,252
Amount corresponding to the rights accumulated by current board directors regarding pensions (thousands of euros)	26,809
Amount corresponding to the rights accumulated by former board 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	
MR. JOSÉ LUIS JIMÉNEZ GUAJARDO-FAJARDO	GROUP CHIEF INVESTMENT OFFICER	
MS. EVA PIERA ROJO	GROUP CHIEF EXTERNAL RELATIONS AND COMMUNICATION OFFICER	
MS. MARÍA ELENA SÁNZ ISLA	GROUP CHIEF PEOPLE OFFICER	
MR. JOSÉ MANUEL CORRAL VÁZQUEZ	GROUP CHIEF BUSINESS OFFICER	
MR. JOSÉ LUIS GURTUBAY FRANCIA	GROUP CHIEF STRATEGY AND M&A OFFICER	
MS. MARÍA LUISA GORDILLO GUTIÉRREZ	GROUP CHIEF INTERNAL AUDIT OFFICER	
MR. JOSÉ ANTONIO ARIAS BERMÚDEZ	GROUP CHIEF OPERATIONS OFFICER	
Total remuneration of executive management employees (in thousands of euros)		4,391

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 13, 2019, approved the following amendments to the Rules of Procedure of the Board of Directors:



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- Amendment of article 2 in order to include the new non-delegable jurisdiction of the Board of Directors introduced by Law 11/2018, of December 28, which amends the Commercial Code, the Recast Text of the Spanish Companies Law approved by Royal Legislative Decree 1/2010, of July 2, and Law 22/2015, of July 20, on Account Auditing, regarding non-financial information and diversity.
- Amendment of section 3 of article 9 in order to eliminate a minimum annual number of meetings to be held by the Steering Committee.
- Amendment of sections 1 and 3 of article 12 in order to eliminate references to the former functions of the Compliance Risk Committee.

C.1.16 Indicate procedures for selection, appointment, re-election and removal of board 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.

- Proposals for the appointment or reappointment of Independent Board Directors must be preceded by a proposal from the Appointments and Remuneration Committee. The proposed reappointment of such board directors must include an assessment of the performance of their positions by board 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.

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

- a) In the case of Nominee Board Directors, by a suitable proposal of the shareholder backing their appointment or reappointment.
- b) In the case of Executive Board Directors, as well as the Secretary, whether or not a Board 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 Board Directors must be subject to a prior report issued by the Appointments and Remuneration Committee, which must include an assessment of the performance of their positions by board 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.



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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 line with international best practices, 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. Based on the result of the annual self-assessment, the Board of Directors resolved to take the following measures for 2020:

- Introduce executive summaries to accompany documentation presented to facilitate the understanding thereof, where appropriate.
- Publish documentation from meetings in advance.
- Assess the possibility of incorporating new profiles, when there are future vacancies, with sectoral knowledge and experience in other companies or businesses of an international nature.
- Develop basic MAPFRE terminology (acronyms, etc.) that also facilitates the onboarding of new board directors.
- To evaluate the incorporation to the Appointments and Remuneration Committee of a third independent board director, in line with recommendation 47, pertaining to a majority of independent directors, of the Code of Good Governance of the CNMV.
- To develop the program of training of Board Directors and to complete the planning schedule for this in the medium-term (one year), so as to facilitate adequate planning on the part of the Board Directors.
- Continue developing programs to update the knowledge of board directors on matters related to their specific needs.
- To develop a competency matrix that defines the skills and knowledge that members of the Board of Directors should cover based on the characteristics of the MAPFRE Group, so as to facilitate the Committee with the definition of the adequate profiles required for future Board incorporation.
- To promote a succession protocol for the Chairman and CEO, which contemplates a succession plan that would allow the Group to be sufficiently prepared to tackle unforeseen situations and guarantee the project's long-term stability.

Describe the assessment process and the areas assessed by the board of directors with the assistance, where applicable, of 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.

For this fiscal year we relied on the collaboration of Deloitte Legal, S.L.P. and it has been based on a questionnaire and personal interviews with the board directors, including the Chairman, and the best practices of corporate governance at a national and international level. The process has focused on the following matters: structure, composition and operation of the Board and its Committees during the 2019 fiscal year.

The report containing the conclusions was submitted to the Board of Directors on December 13, 2019. Based on the report, the Board undertook the evaluation of its composition and operation during fiscal year 2019, as well as that of its Committees and Steering Committee.

C.1.18 Itemize, in those fiscal 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.

Deloitte, a group to which Deloitte Legal S.L.P. belongs, has participated throughout the fiscal year by providing other consulting services for the Company. The Appointments and Remuneration Committee favorably reported on the independence of Deloitte Legal S.L.P. as an external advisor in the evaluation process of the Board of Directors of MAPFRE S.A. and its delegated bodies in 2019 considering that the relationships between the Company and Deloitte are not significant.

C.1.19 Indicate the circumstances under which board 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, for the purposes of which they must submit the corresponding resignation. The Chairman, Vice Chairmen and Board 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



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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 board directors.

All Board 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 board 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 Board 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. Board 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 Board 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 Board Directors that it has appointed must resign.

MAPFRE's Independent Board 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 Board 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 board directors:

- Yes
- No



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	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 board 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 fiscal 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	10
Number of board meetings not attended by the chairman	0

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

Number of meetings	0
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Indicate the number of meetings the board's different committees have held during the fiscal year.

Number of meetings of the STEERING COMMITTEE	5
Number of meetings of the AUDIT AND COMPLIANCE COMMITTEE	10
Number of meetings of the APPOINTMENTS AND REMUNERATION COMMITTEE	6
Number of meetings of the RISK COMMITTEE	6



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C.1.26 Indicate the number of meetings the board of directors has held during the fiscal year and the attendance information of its members:

Number of meetings with in person attendance of at least 80 percent of board directors	10
% of attendance over total votes during the year	100.00
Number of meetings with in person attendance, or representations made with specific instructions, from all board directors	10
% of votes cast with in person attendance and representations made with specific instructions, on total votes during the fiscal 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

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

Name	Position
MR. FERNANDO MATA VERDEJO	FINANCIAL GENERAL DIRECTOR
MS. MARÍA LUISA GORDILLO GUTIÉRREZ	GENERAL DIRECTOR OF THE CORPORATE AREA OF INTERNAL AUDIT
MR. CARLOS BARAHONA TORRIJOS	ASSISTANT GENERAL DIRECTOR OF CONTROL AND FINANCIAL INFORMATION

C.1.28 Explain the mechanisms, if any, established by the board of directors to prevent the individual and consolidated accounts that it draws up from being presented to the Annual General Meeting with reservations in the audit report.

The company has never issued financial statements with reservations in the auditor's report.

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.



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According to article 25 of the Regulation of the Board of Directors of MAPFRE, 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 board director?

- Yes
- No

If the secretary does not have the status of board 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 relevant information, the financial analysts will not be provided with any relevant information that is not available to the public at large.

C.1.31 Indicate whether the Company changed its external auditor during the fiscal year. If so, identify the incoming and outgoing auditors:

- Yes
- No



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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 of such fees in 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)	173	1,438	1,611
Amount from jobs other than audit / Amount audit jobs (in percentage)	35.03	19.94	20.91

C.1.33 Indicate whether the audit report on the annual financial statements for the previous fiscal year contained reservations or 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 reservations or 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 fiscal years underway	5	5

	Individual	Consolidated
Number of fiscal years audited by current audit firm/number of fiscal years the company or its group has been audited (in percentage)	16.66	16.66

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



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Details of the procedure

In accordance with the provisions of the Regulations of the Board of Directors, the meeting shall always include the agenda, which shall be established by the Chairman, and shall be accompanied by the appropriate information on the matters to be discussed, and duly prepared.

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 board 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 in those cases that may harm the company's credit and reputation:

- Yes
 No

Explain the rules

The board directors must place their office(s) at the disposal of the Board of Directors, both as board 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 board 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 board director.
- If the reasons (if any expressly exist) for which they were appointed cease to apply.

C.1.37 Indicate whether any member of the Board of Directors has informed the company of being sued or having any court proceedings opened against him or her for any of the offenses listed in article 213 of the Companies Act.

- Yes
 No



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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.

Number of beneficiaries	0
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 directors must have an exclusive relationship with the company, and there are no contractual conditions relating to post-contractual non-competition agreements or continuity of service. Early termination of the previous relationship entails indemnification under the terms established in the workers' statute in relation to unfair dismissal, except where there is good cause for dismissal. In the event of an early termination decided by the Company, the latter must notify the board director of the termination with a notice period of three (3) months with respect 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 signing 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	Annual General Meeting
Body authorizing the clauses	√	
	Yes	No
Is the Annual General Meeting informed of the clauses?		√



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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 CHAIRMAN	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 board directors	33.33
% of nominee board directors	33.33
% of independent board directors	33.33
% of other external board directors	0.00

Explain the functions 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.

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 10 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 2019 fiscal year, the Steering Committee was responsible for being familiar with the economic information of the Company and its Group, authorizing the acquisition and disposal transactions of subsidiary and investee companies, approving the Group's real estate transactions, being familiar with relationships with official bodies and the main contentious issues of 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	CHAIRWOMAN	Independent
MR. JOSÉ ANTONIO COLOMER GUIU	MEMBER	Independent
MR. ANTONIO MIGUEL-ROMERO DE OLANO	MEMBER	Nominee
MS. MARÍA DEL PILAR PERALES VISCASILLAS	MEMBER	Independent



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% of executive board directors	0.00
% of nominee board directors	25.00
% of independent board 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 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 information and role that the Committee had in said process.
- b) To supervise the efficacy of internal controls at the Company, internal audits and risk management systems, as well as discussing with the External Auditor any significant weaknesses identified in the internal control system in the course of audits.
- c) To supervise the process for drawing up and presenting the mandatory financial information, and present recommendations or proposals to the Board of Directors with a view to safeguarding its integrity.
- d) Bringing before the Board of Directors the proposals for the selection, appointment, re-election and substitution of the External Auditor, being accountable for the selection process as contemplated in the pertinent legislation in force, as well as the conditions of his/her hiring and regularly gather from him/her information regarding the audit plan and its execution.
- e) To establish appropriate relationships with the External Auditor in order to receive information concerning those issues which 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.
- 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.
- 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; to propose the selection, appointment, reappointment and removal of its most senior management, as well as its annual budget; to receive regular information on its activities; and to check that the executive management takes the conclusions and recommendations of its reports into account.
- i) To inform the Board of Directors in advance on all matters provided in the law, the Corporate Bylaws and Board of Directors Regulations.
- j) To establish and supervise a mechanism that enables employees to communicate confidentially any irregularities they notice within the company that may be of potential importance, especially financial and accounting irregularities.
- k) To verify the application of the established good governance regulations at all times.
- l) To supervise 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.
- m) To supervise the adoption of actions and measures resulting from inspection reports or actions taken by administrative supervision and control authorities.
- n) Any other responsibilities which may be assigned by the Board of Directors or attributed to it in the Regulations of the said body.

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, 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, only to be reelected to the post one year after leaving that position. The Secretary of this Committee will be the secretary to the Board of Directors. The Group Chief Internal Audit Officer shall attend the meetings as a guest.

In 2019 the Audit and Compliance Committee was responsible for, among other things, issuing an opinion on the Annual Accounts for fiscal year 2018, 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 Spanish National Securities and Exchange Commission, and ensuring the correct application



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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 2019, available on the Company's website, which is made available to shareholders for the Annual General Meeting.

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 ÁLVARE / MR. JOSÉ ANTONIO COLOMER GUIU
Date of appointment of the chairman in the position	8/18/2019

APPOINTMENTS AND REMUNERATION COMMITTEE		
Name	Position	Category
MS. CATALINA MIÑARRO BRUGAROLAS	CHAIRWOMAN	Independent
MR. JOSÉ ANTONIO COLOMER GUIU	MEMBER	Independent
MR. LUIS HERNANDO DE LARRAMENDI MARTÍNEZ	MEMBER	Nominee
MR. ALFONSO REBUELTA BADÍAS	MEMBER	Nominee

% of executive board directors	0.00
% of nominee board directors	50.00
% of independent board directors	50.00
% 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 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 Board 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.



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- 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 executive management 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 members, all of whom must be non-executive, and at least two of whom must be Independent Directors. The Chairman must be an Independent Board Director. The Secretary of the Board of Directors will also be the secretary of the Committee.

In 2019 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 2018, bringing before the Board of Directors the re-election proposals concerning the independent board directors, proposing to the Board of Directors the Compensation Policy for Directors and the Medium-Term Incentive Plan 2019-2021, approving the salary remuneration of Senior Management for fiscal year 2019, authorizing the granting of pension commitments, approving the granting of management contracts and proposing to the Board of Directors candidates for the appointment of Fundación MAPFRE Trustees.

For more information, please check the Report on the Composition and Functioning of the Committee during fiscal year 2019, available on the Company's website, which is made available to shareholders for the Annual General Meeting.

RISK COMMITTEE

Name	Position	Category
MR. JOSÉ ANTONIO COLOMER GUIU	CHAIRMAN	Independent
MS. ANA ISABEL FERNÁNDEZ ÁLVAREZ	MEMBER	Independent
MR. ANTONIO MIGUEL-ROMERO DE OLANO	MEMBER	Nominee
MR. ANTONIO GÓMEZ CIRIA	MEMBER	Independent

% of executive board directors	0.00
% of nominee board directors	25.00
% of independent board directors	75.00
% of other external board directors	0.00

Explain the functions 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.

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

It has the following functions:

a) Provides support and advice to the Board of Directors 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 strategy.

c) To be familiar with and assess the risk management methods and tools, monitoring the models applied 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 Board Directors. The chairman must be an Independent Board Director. The Board of Directors must designate a Secretary, a position which need not be filled by a Board Director. The Senior Director who oversees the Group's risk area will attend the Committee as a guest.

During fiscal year 2019, 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 female board directors							
	Fiscal year 2019		Fiscal year 2018		Fiscal year 2017		Fiscal year 2016	
	Number	%	Number	%	Number	%	Number	%
STEERING COMMITTEE	1	16.67	1	16.67	1	12.50	1	10.00
AUDIT AND COMPLIANCE COMMITTEE	2	50.00	2	50.00	2	40.00	2	40.00
APPOINTMENTS AND REMUNERATION COMMITTEE	1	25.00	1	25.00	2	50.00	2	50.00
RISK COMMITTEE	1	25.00	1	25.00	1	20.00	0	0.00

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.

In fiscal year 2019, Article 9 of the Regulations for the Board of Directors was modified in order to eliminate the minimum number of annual meetings to be held by the Steering Committee.

The Steering Committee submitted a report on its own functioning to the Board of Directors in fiscal year 2019.

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 fiscal year 2019, article 2 of the Regulations for the Board of Directors was modified in order to include the new non-delegable competence of the Board of Directors introduced by Law 11/2018, of December 28, which modifies the Commercial Code, the



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Recast Text of the Companies Law approved by Royal Legislative Decree 1/2010, of July 2, and Law 22/2015, of July 20, on Account Auditing, regarding non-financial information and diversity.

The Audit and Compliance Committee submitted a report on its functioning in fiscal year 2019 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 2019 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.

In fiscal year 2019, article 12 of the Regulations for the Board of Directors was modified in order to eliminate references to the Committee's old functions in terms of compliance.

The Risk Committee submitted a report on the functioning of the Risk Committee for fiscal year 2019 to the Board of Directors.



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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.

D.2. List any significant transactions between the company or its Group companies and the company's significant shareholders which are relevant due to their amount or subject matter:

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	304,568

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 associates or executives	Name or company name of the related party	Link	Nature of the transaction	Amount (thousands of euros)
No data				N/R



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- 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 with 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 board directors and executives must make a Prior Declaration with regard to these matters at the time of their appointment. 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 board director in question must refrain from attending or participating in these decisions.

- D.7. Is there more than one of the Group's companies listed in Spain as a publicly traded company?

Yes
 No



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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 Risks and Corporate Governance: 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, personnel 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 staff of the organization are assigned responsibilities for the 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's 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 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.



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- 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 is an element of particular importance and its determination is supported by specific computer applications. The adequacy of premiums and provisions are an element of special importance and are basic principles of 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.



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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. [THE 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.

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:

During fiscal year 2019, a large industrial accident has been registered in MAPFRE RE (19.6 million euros net of reinsurance) and risks of the insurance activity have materialized as a result of catastrophic events, for example, typhoons in Japan and heavy rains on the east coast of Spain. While these events have had a significant effect on the profit attributable for the fiscal year (147.5 million euros), it should be noted that the reinsurance protection for this type of event has been effective, so that the Group maintains its compliance with the legal solvency requirements and remains within the limits of tolerance foreseen in the risk appetite.

In addition, within the Financial and Credit Risks, there was an appreciation of the euro during fiscal year 2019 with respect to the currencies of some of the main subsidiaries, such as the Brazilian real and the Turkish lira, with the subsequent negative effect on the Group's shareholders' equity (through negative currency conversion differences) and operating results and cash flows in euros from the said subsidiaries.

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 which 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.



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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 division 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.



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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. The MAPFRE Internal Control System is implemented across the organization through the three-lines-of-defense model, as indicated in the latest update to the Group's Internal Control Policy, approved by the Board of Directors on February 6, 2019.

The Regulation of the Board of Directors, which was amended and approved on December 13, 2019 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 the executive management, and reserves the approval of risk control and management policies and approval of the periodic monitoring of both internal information and control systems and financial 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 ensures the coordinated actions of the same.

On the other hand, the Audit and Compliance Committee, in its capacity as Delegate Body of the Board of Directors, has - in relation to the information and internal control systems - the power to, among other things: supervise the process of preparation and presentation of mandatory financial information and submit recommendations or proposals to the Board of Directors aimed at safeguarding their integrity; supervise the effectiveness of internal control, internal auditing and risk management systems and provide information, in advance, to the Board of Directors particularly in terms of financial information that the Company must publish periodically.

The document titled "Internal Audit Policy and Charter," in force in fiscal year 2019, was updated and approved by the Audit and Compliance Committee on December 11, 2018 and by the Board of Directors on February 6, 2019, and sets out the main Internal Control System supervisory activities as well as those relating to the Solvency II Directive, conducted by the Audit and Compliance Committee through the Corporate Internal Audit Area, which are listed 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 diffusion 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. During fiscal year 2019 there were only changes in the denomination of some corporate areas, which were approved in the Executive Committee of July 22, 2019, effective September 1, 2019. The new Management Organization Chart entered into force on that date.



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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.

As at December 31, 2019, 20,875 employees worldwide have completed the one-hour e-learning course on the Code of Ethics and Conduct.

The content of the online course on the Code of Ethics and Conduct is currently being updated and will be finalized by 2020. However, this Code is public both on the Intranet and on the Group's website, and can be consulted by anyone who wishes to do so.

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. 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 Ethics Committee Whistleblower Channel indicated in the previous section, there is a Financial and Accounting Whistleblower Channel which allows Group employees to report any potentially significant financial and accounting irregularities they observe to the Audit and Compliance Committee confidentially, via an electronic general queries mailbox or written correspondence to a specific address.

The operating standards of the Financial and Accounting Whistleblower Channel of the MAPFRE Group, with its last update approved by the Audit Committee in 2016, are published on the Intranet or internal portal of the Group.

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.



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The parties involved in the Channel have controls for restricting access to the information, and the confidentiality of the whistleblower's identity is assured through the collection of personal data provided 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 Global Training Model, and a learning strategy that is implemented globally. All our training knowledge and actions designed and deployed are associated with specific objectives of the BSC (MAPFRE's strategy map). All knowledge, depending on its nature, is channeled through Schools within the framework of the MAPFRE Corporate University.

MAPFRE has set a goal so that in 2019 77% of the training effort worldwide will have technical and sales content and programs. In this area of technical knowledge is financial training, which is channeled through the School of Finance, the objective of which is to provide all professionals in all areas of MAPFRE with financial knowledge in risk management, management control and accounting, to become more effective and competitive within this function.

In 2019 MAPFRE organized several training programs in Spain on financial, risk and internal control issues, representing a total of 3,314.8 training hours delivered to 1,239 participants.

Additionally, the Iberia Regional Area has continued to develop the financial certification training plan for the MAPFRE Sales Network taught by the FEF School (Fundación Estudios Financieros).

The agreement signed by MAPFRE and FEF grants a wide group of professionals from the Commercial Organization throughout Spain to have access to a high level program that qualifies them as Financial Advisors approved by the Spanish National Securities and Exchange Commission (the "CNMV") as required by MiFID II standard. 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.

At the close of 2019, 512 employees and 677 brokers had received certification.

The program has a minimum duration of 280 hours and uses a blended system: in-person, video training, website and forums.

In the e-learning training modality, it is worth mentioning the course on "Internal Control Standards," which has been renewed in our three corporate languages in 2019. In MAPFRE, the Internal control model is represented with a three-dimensional cube-shaped matrix, in which each face represents a dimension. In this online program these dimensions are detailed, as well as the lines of defense and who supervises the internal control. As at December 31, 2019, 3,887 employees have completed said program at the GLOBAL level.

MAPFRE also offers an e-learning course on the Regulatory Compliance Function, the objective of which is to advertise this function, objectives and responsibilities and the importance acquired by the implementation thereof in organizations to minimize the risk of legal and regulatory non-compliance to which they are exposed. As at the close of 2019, 1,039 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. As at the close of 2019, 738 employees have completed this program since it was launched in 2017.

The global online training program "Management of Risks in Insurance Matters" continued in 2019, with a duration of 280 hours, resulting in certification in this area, aimed at 28 employees, in 6 countries.

Internal Audit training also continued in 2019, aiming to provide all professionals in MAPFRE audit areas around the world with the knowledge necessary to perform internal audits and to share established management tools and best practices.

In December 2019, a training seminar was held for the auditors of Spain and Portugal for an approximate duration of 12 hours, in which 65 employees participated, and the content of which focused on deepening business knowledge and areas directly related to Internal Audit, in addition to learning about the evolution and status of the implementation of IFRS 17 in MAPFRE, the new version of Auditmap, the Map of insurance within MAPFRE and the current IT situation and technological positioning within MAPFRE, among others.



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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.

Regarding the Risk Control System, risk factors are identified for each of the processes that the Group considers to be critical, which are classified into 24 risk types. Among the risk factors considered for each process, one is always included regarding 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 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 procedure was reviewed in the first quarter of 2018, the main change being the increase in the number of controls in each of the four above-mentioned processes, from a total of 105 in the last quarter of 2017 to 234 controls in the questionnaire of the first quarter of 2018. This procedure remained operational during 2019.

- 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 Assistant 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 Assistant 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.



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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 in 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, in regards to the information and internal control systems, has the competence, among other tasks, to periodically review the internal control systems and the risk identification and management systems, an ongoing task undertaken throughout the year 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.

In the case of individual and consolidated annual accounts, the Chief Financial Officer, the Chief Internal Audit Officer and the executive responsible for preparing these accounts certify their accuracy and integrity to the Board of Directors.

The closing calendar, prepared by the Procedures and Supervision Assistant 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 supervises 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 information that MAPFRE S.A. sends to the Spanish National Securities and Exchange Commission (the "CNMV") every quarter.



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- The information prepared by MAPFRE S.A. for investors and analysts, which is reviewed and analyzed by the Audit and Compliance Committee before publication.
- Documents relating to Pillar II and Pillar III of Solvency II: ORSA (Own Risk and Solvency Assessment) and SFCR (Solvency and Financial Condition Report).

Additionally, as indicated in the previous section, each quarter the companies complete the questionnaire on internal controls of financial information. This questionnaire includes documented evidence of the activities and controls performed with regard to the main financial information processes.

Control activities are performed through the risk control process. 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 which are mainly related to technical provisions; losses due to deterioration of 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; and the fair value of certain non-listed assets.

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.3.2 Internal 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 and Environmental Division (DISMA), which until July 18, 2018, was dependent on the Corporate Resources and Institutional Coordination Area, becomes dependent from that date on the Corporate Business Support Area, which is managed by the General Director of Business Support. These changes were approved by the Board of Directors of MAPFRE S.A. on June 18, 2018. The DISMA 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 corrective, 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 also has an e-learning Security course, developed and integrated in the eCampus platform, whose purpose is to raise awareness and train its employees in this area, its objectives and responsibilities and the importance that this acquires in organizations to minimize risks and fulfill their responsibilities in this regard. During 2019 a new updated and improved version of this course has been distributed, which also provides a recurring process to update awareness in this area.

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.

Additionally, every year the Corporate Security and Environment Division 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.



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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.

Currently under development by the Purchase and Resources Division is a project to be deployed in the countries of the Purchase and Contracting Services Global Model (which is already present in 15 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.

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 Purchasing Procedure is also defined and approved internally that completes the Purchasing Standard, which was 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 Purchase Standard and General Procedure.

In general, providers are approved and contracted by the Procurement Area, and once the contract has been formalized it is the requester who ensures that the service is delivered correctly and in line 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.

Currently, the main providers that are contracted repeatedly (those with an annual turnover of more than thirty thousand euros) have been approved and, in line with the Procurement Procedure, the objective is to approve all recurring providers or providers with special relevance for the MAPFRE Group as stated in the Purchase Procedure.



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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 Assistant Management, which reports to the Corporate Area of Finance and Resources, 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 Assistant Management and the Procedures and Supervision Assistant Management.

The Procedures and Supervision Assistant 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 Assistant 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.

- 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 MAPFRE Group companies is managed through the corporate consolidation application, a tool that represents a centralized database (common and 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 Assistant Management, the Consolidation Assistant Management prepares the consolidated annual accounts and other financial statements.

The Internal Accounting Control Assistant 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.



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F.5. Supervision of the system's operation.

Report on the following, indicating the main characteristics:

- F.5.1 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 will communicate 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 consisting of six Internal Audit Services located in Spain (Seguros Iberia, Seguros Latam, Seguros Internacional, Reinsurance, Assistance and Global Risks, and Information Technologies), a Continuous Internal Audit Unit in Spain and 27 internal audit units and departments abroad that are fully independent, and which review and assess the suitability and correct functioning 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 (Delegated 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 own experience. The plan is managed uniformly through a single Group-wide technological platform that allows the information to be processed in line with the access levels established for the different responsibilities. The 2019 Internal Audit Plan was approved by the Audit and Compliance Committee in the session held on February 5, 2019.

The MAPFRE Group Internal Audit Statute and Policy in force in fiscal year 2019, which was approved by the Board of Directors on February 6, 2019, states that the Corporate Area of Internal Audit has the following exclusive functions, among others:

- To supervise the suitability and efficacy of the Internal Control System and other elements of the Governance System, which is centered on:
 - * Evaluating the suitability, sufficiency and efficacy of elements of the Internal Control System.
 - * Evaluating the Risk Management System (RMS), based on the integrated management of all the business processes and suitability of the risk level to MAPFRE's strategic objectives by reviewing, as a minimum requirement, the quantification and qualification processes for the types of risks provided for in the Solvency II Directive.
 - * Evaluating the suitability and performance of the key Functions set out in the Governance System provided for in the Solvency II Directive.
- Contributing to good Corporate Governance by verifying compliance with the rules established by the MAPFRE Group's Institutional, Corporate and Organizational Principles and the Solvency II Directive.
- In accordance with the Annual Audit Plan or as specified, evaluating the reliability and integrity of accounting and individual and consolidated information and other economic information prepared by MAPFRE S.A., its Subsidiaries, Business Units, Territorial Areas, Regional Areas and Corporate Areas, as well as the validity, sufficiency and application of the accounting and legal principles and rules.

The evaluation and assessment of the MAPFRE Internal Control System conducted by the Internal Audit Corporate Area follows a methodology based on variables such as the review of the IT internal control, the assessments of the audits conducted during the year and compliance with recommendations, which are first approved by the Audit and Compliance Committee. The result of this review is reflected 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.



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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 detected. 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.



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G. DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the extent to which the company follows the recommendations of the Good Governance Code 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 [X] Explain []

2. When a parent and a subsidiary company are publicly traded, both should provide detailed disclosure on:

- a) The respective areas of activity and possible business relationships between them, as well as those of the dependent subsidiary listed with the other companies in the group.
- b) The mechanisms in place to resolve possible conflicts of interest.

Complies [] Complies in part [] Explain [] Not applicable [X]

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 Annual 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 [X] Complies in part [] Explain []

4. The company shall define and promote a new policy on communication and contact with shareholders, institutional investors and 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.

Complies [X] Complies in part [] Explain []



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5. At the Annual 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 [X] 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.
- d) Report on the corporate social responsibility policy.

Complies [X] Complies in part [] Explain []

7. The company shall broadcast the Annual General Meeting live on its website.

Complies [X] Explain []

8. The audit committee shall ensure that the board of directors seeks to present accounts to the Annual General Meeting without limitations or reservations in the audit report. When this is not possible, both the chairman of the audit committee and the auditors must clearly explain the content and scope of these limitations or reservations.

Complies [X] 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 [X] Complies in part [] Explain []



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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 [] Not applicable [X]

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 [X] Complies in part [] Explain [] Not applicable []

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 good 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 [X] 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 [X] Explain []



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14. The board of directors shall approve a board director selection policy which:
- a) Is specific and verifiable.
 - b) Ensures that the appointment or reappointment proposals are based on a prior analysis of the needs of the board of directors.
 - c) Promotes diversity of knowledge, experience and gender.

The results of the prior analysis of the needs 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 board director selection policy shall promote the objective for the number of directors in 2020 to represent at least 30 percent of the total members of the board of directors.

The appointments committee shall verify the compliance with the board director selection policy annually and shall inform on this in the annual corporate governance report.

Complies Complies in part Explain

15. The nominee and independent board directors shall constitute a large majority of the board of directors, and the number of executive board 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 board directors.

Complies Complies in part Explain

16. The percentage of nominee board directors of the total number of non-executive board directors should not be greater than the ratio between the company capital represented by these board 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



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17. Independent directors should account for at least half of the total number of board directors.

However, when the company is not large 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 board directors should represent at least a third of all board directors.

Complies [X] Explain []

18. Companies shall publish the following board director particulars on their website and keep them permanently updated:

- a) 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 board directors, stating the shareholder they represent or to whom they are affiliated.
- d) The date of first and subsequent appointments as a company board director, as well as later reappointments.
- e) Company shares, and share options, of those which are held.

Complies [X] 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 [] Not applicable [X]

20. Nominee board 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 board directors, the number of such nominee board directors should be reduced accordingly.

Complies [] Complies in part [] Explain [] Not applicable [X]



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21. The board of directors must not propose the removal of independent board 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 board 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 board 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 board 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 as the case may be, with particular mention of any criminal charges brought against them and the progress of any subsequent proceedings.

If a board director is indicted or tried for any of the crimes stated in corporate law, the board of directors should examine the matter as soon as possible and, in view of the particular circumstances, decide whether or not he/she should be called on to resign. The board of directors should also disclose all of this in the annual corporate governance report.

Complies Complies in part Explain

23. The board 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 board director.

Complies Complies in part Explain Not applicable



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24. If leaving office before the end of his/her term, whether due to resignation or other reasons, the board director should explain the reasons in a letter sent to all members of the board of directors. Whether or not such resignation is filed as a significant event, the reasons for leaving must be explained in the annual corporate governance report.

Complies [X] Complies in part [] Explain [] Not 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 board directors.

Complies [X] 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 [X] 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 [X] 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 [X] Complies in part [] Explain [] Not applicable []

29. The company must establish the appropriate channels for the board 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 [X] Complies in part [] Explain []

30. Irrespective of the knowledge demanded of the board directors to perform their functions, companies also offer refresher programs, when the circumstances so dictate.

Complies [X] Explain [] Not applicable []



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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 board 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 [X] 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 [X] 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 [X] Complies in part [] Explain []

34. When there is a lead board 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 board 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 [X] Explains [] Not applicable []

The company complies with the entire recommendation, except with respect to assigning the Lead Board 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 Board 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, to coordinate and bring together the non-executive Board 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 board director is called upon to chair the meeting. However, the Lead female Director is also the Second Vice Chairwoman 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 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.



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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 Good Governance Code.

Complies [X] 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 board 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 [X] Complies in part [] Explain []

37. When there is an executive committee, the breakdown of its members by board director category should be similar to that of the board of directors. The secretary of the board should also act as secretary to the executive committee.

Complies [X] Complies in part [] Explain [] Not 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 [X] Complies in part [] Explain [] Not applicable []



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39. All members of the audit committee, particularly its chairman, should be appointed with regard to their knowledge and background in accounting, auditing and risk management. The majority of these members should be independent board directors.

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 manager of the unit that assumes the internal audit function must present an annual work program to the audit committee, report to it directly about any incidents arising during its implementation, and present an activity report at the end of each fiscal year.

Complies Complies in part Explain Not applicable



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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 supervise the process of preparing the financial information and its integrity for the company and group, reviewing compliance with regulatory requirements, checking the scope of the consolidation perimeter and making sure that the accounting principles are applied properly.
 - b) To ensure the independence of the unit that assumes the internal audit function; to propose the selection, appointment, reappointment and removal of the internal audit officer; to propose the budget for the internal audit department; to approve the guidance and work programs, ensuring that the unit's activity primarily focuses on risks relevant to the company; to receive periodic information on its activities; and to check that the executive management takes the conclusions and recommendations of its reports into account.
 - c) To establish and supervise a mechanism that enables employees to confidentially and, if this is deemed possible and appropriate, anonymously report any irregularities they notice within the company which may be of potential importance, especially financial and accounting irregularities.
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 auditor to the Spanish National Securities and Exchange Commission (the "CNMV") as a significant event, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons for these.
 - 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 [X]

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 [X]

Complies in part []

Explain []



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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 [X] Complies in part [] Explain [] Not applicable []

45. The risk control and management policy should specify at least the following:

- a) The different types of risk, both financial and non-financial (operational, technological, legal, social, environmental, political and reputational), faced by the company. In the case of financial or economic risks, the contingent liabilities and other off-balance-sheet risks must be identified.
- b) The fixing of the risk level that the company considers acceptable.
- c) The measures established to mitigate the impact of the risks identified, should they materialize.
- d) 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 [X] 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) To ensure that the risk control and management systems mitigate the risks properly and in accordance with the policy defined by the board of directors.

Complies [X] 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 board directors.

Complies [X] Complies in part [] Explain []



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48. The large cap companies have a separate appointments committee and a remuneration committee.

Complies []

Explain [X]

Not 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 director may ask the appointments committee to take into consideration any candidates he/she deems suitable to fill a board director vacancy.

Complies [X]

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 compensation policy set by the company.
- c) To periodically review the compensation policy applicable to board directors and top executives, including compensation systems with shares and the application thereof, as well as to guarantee that individual remuneration is proportional to that paid to the rest of the board 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 [X]

Complies in part []

Explain []

51. The remuneration committee must consult with the chief executive, especially with respect to matters related to executive board directors and senior managers.

Complies [X]

Complies in part []

Explain []



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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 board directors, with a majority of independent board directors.
 - b) Their chairmen are independent board directors.
 - c) The Board of Directors appoints the members of these committees based on their knowledge, skills and experience and the terms of reference of each committee; discusses its proposals and reports; and reports on and defends its activity at the first plenary board of directors meeting held after its own meetings.
 - 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 board directors.

Complies [X]

Complies in part []

Explain []

Not applicable []



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53. The supervision of compliance with corporate governance rules, internal codes of conduct and the corporate social responsibility policy must be attributed to one or distributed among several committees of the board of directors, which may be the audit commission, the appointments committee, the corporate social responsibility committee, if these exist, or a specialized commission that the board of directors, in the exercise of its powers of self-organization, decides to create for this purpose, to which the following minimum functions are specifically attributed:
- a) Supervision of the company's compliance with its internal codes of conduct and rules of corporate governance.
 - b) Supervision of the communication strategy and relationship with shareholders and investors, including small and medium shareholders.
 - c) Periodic assessment of the suitability of the company's corporate governance system to fulfill its mission of promoting the corporate interest and bearing in mind, as applicable, the legitimate interests of the remaining stakeholders.
 - d) Review of the company's corporate responsibility policy to ensure that it is aimed at the creation of value.
 - e) Monitoring of the corporate social responsibility strategy and practices and evaluation of the degree of compliance.
 - f) Supervision and evaluation of the relational processes with other stakeholders.
 - g) Evaluation of everything relating to the non-financial risks of the company, including operational, technological, legal, social, environmental, political and reputational.
 - h) Coordination of the report process for non-financial and diversity information, in line with the applicable regulations and international reference standards.

Complies []

Complies in part [X]

Explain []

Functions a) and c) expressly correspond to the Audit and Compliance Committee and function g) to the Risk Committee.

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.

With regard to the responsibilities relating to corporate social responsibility, the company has a Corporate Social Responsibility Committee. This permanent internal body has executive functions and is responsible, among other things, for approving the Social Responsibility 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 Social Responsibility Policy and strategy.



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54. The corporate social responsibility policy shall include the principles and commitments which the company assumes voluntarily in its relationship with other stakeholders and it should identify at least the following:

- a) The objectives of the corporate social responsibility policy and development of support instruments.
- b) The corporate strategy related to sustainability, the environment and social issues.
- c) Specific practices on matters relating to: shareholders, employees, clients, providers, social issues, the environment, diversity, fiscal responsibility, respect for human rights, and the prevention of illegal conduct.
- d) Methods or systems for monitoring the results of the application of the specific practices indicated above, as well as the associated risks and their management.
- e) Mechanisms for supervising non-financial risk, ethics and corporate conduct.
- f) Channels of communication, participation and dialog with stakeholders.
- g) Responsible communication practices that prevent information manipulation and protect honor and integrity.

Complies Complies in part Explain

55. The company reports on matters relating to corporate social responsibility in a separate document or within the management report, using one of the internationally accepted methodologies.

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 non-executive board directors is compromised.

Complies Explain

57. The executive board 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 board directors on condition that the shares are held for the duration of the directorship. This does not apply to the shares that a board director needs to transfer, if necessary, to meet the costs related to their acquisition.

Complies Complies in part Explain



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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 elements of the remuneration:

- a) Are linked to performance criteria that are predetermined and measurable, 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 period of sufficient 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 [X] Complies in part [] Explain [] Not applicable []

59. The payment of a significant portion of the variable components of remuneration is deferred for a minimum period that is sufficient to verify compliance with the previously established performance conditions.

Complies [X] Complies in part [] Explain [] Not 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 [X] Complies in part [] Explain [] Not 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 [X] Complies in part [] Explain [] Not applicable []



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62. Once shares, or options or rights to corresponding shares, are allocated to the remuneration system, board directors cannot transfer ownership of a number of shares equivalent to twice their fixed annual remuneration, or exercise any options or rights until after a period of at least three years from their allocation.

This does not apply to the shares that a board director needs to transfer, if necessary, to meet the costs related to their acquisition.

Complies Complies in part Explain Not applicable

63. The contractual agreements include a clause that allows the company to file a claim for re-payment of variable elements 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 Not applicable

64. Payments for contract termination do not exceed a fixed amount equivalent to two years' total annual remuneration, and shall not be paid until the company has confirmed that the board director has met the pre-established performance criteria.

Complies Complies in part Explains Not applicable

For external board directors, there is no indemnification for leaving the position.

Regarding executive board directors, leaving the position means lifting the suspension of the relationship prior to the appointment as executive board director.

The early termination of the previous relationship (prior, in all cases, to the approval of the Good Governance Code 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.



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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 will be identified as well as the date of accession. In particular, it shall mention whether it has adhered to the Code of Good Taxation Practices, of July 20, 2010.

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 recommend having some 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:

- The Ethical Channel, which allows any employee of the Group who has doubts about the application of the code of ethics and conduct or who observes a situation that could lead to a breach or violation of the established norms of conduct, can communicate this to the Ethics Committee in a confidential manner.
- The Whistleblower Channel enables Group employees to confidentially report any potentially significant financial and accounting irregularities they observe to the Audit and Compliance Committee of MAPFRE S.A.

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.

In October 2019, news about a complaint of alleged irregular action by MAPFRE in Brazil in 2009/2010 in relation to its alliance with Banco do Brasil were published in some digital media. In spite of the months that have elapsed since the publication, the Company has not received any additional news on the matter, nor has it received notification or requirement from the competent administrative or judicial authorities in relation to the aforementioned alleged action. Nonetheless, an exhaustive internal investigation process has been initiated and is currently underway, and to date, no irregularity whatsoever has been unearthed.



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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 Good 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 on:

[02/11/2020]

Indicate whether any board directors voted against the report or abstained.

[] Yes
[v] No



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Auditor's Report on the "Information concerning the System of Internal Control over Financial Reporting (ICFR)" of MAPFRE, S.A. for 2019

(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 9 January 2020, 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 2019, which summarises the Company's internal control procedures for annual financial reporting.

The 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.

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 2019 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 and CNMV Circular 2/2018 of 12 June 2018 (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 and compliance 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

12 February 2020