



Madrid, March 12, 2021

**SPANISH SECURITIES AND EXCHANGE COMMISSION (CNMV)**

Please find attached the report presented by the Chairman of the Board of Directors, Mr. Antonio Huertas Mejías, to the Annual General Meeting held today, so that it is made available to shareholders and the public in general.

Ángel L. Dávila Bermejo  
General Counsel

**CLOSING SPEECH by ANTONIO HUERTAS - AGM 2021**

Ladies and gentlemen,

I begin my closing statement of this Annual General Meeting by reminding you that, on this same occasion last year, we announced the beginning of the pandemic, of which we knew practically nothing, in Spain and in the Americas, but which, only two days later, led to a lockdown being imposed in this country and in many others, as we began to suffer the effects of the enormous tragedy in which we are still immersed today.

Taking stock now, we can see that the consequences have been even more far-reaching than we could have imagined possible. The number of infected people worldwide has exceeded 115 million, and the coronavirus has already caused more than 2.5 million deaths. Fortunately, vaccination programs are underway intensively around the world and we will soon return to a state of relative normalcy, at least from a health and social point of view. This is probably the first time in history when all peoples, throughout the world and at the same time, have lost family, co-workers, friends and neighbors. There is no doubt that we are experiencing a huge global calamity.

However, we have to continue with our lives, with all possible precautions and care and attention. MAPFRE, as you have seen from what we have presented to you so far today, has continued to develop its activities around the world throughout 2020 and our strategic deployment has continued to progress, despite the complications that we have all been involved in.

I would therefore now like to start off with a brief **overview** of **MAPFRE's strategic development during the year 2020**, the second year within the current 2019–2021 three-year plan:

With respect to **PROFITABLE GROWTH** objectives, although the main data have already been commented on by our CFO and board director, I would like to point out to you the figure of **the Group's consolidated revenues, which reached €25.42 billion**, with a fall of 10.7% compared to 2019. At constant exchange rates and in comparable terms, premiums would have fallen only by 2.2%.

As for the **creation of sustainable value for the shareholder, the Group's adjusted ROE**, without considering goodwill impairment, reached **7.6%**, a very reasonable level given the context.

To support our growth, we have strengthened the development of **our digital business**, improving our **digital customer management processes**. Throughout 2020, the development and implementation of strategies and tools to improve the company's capacity to attract, convert and retain digital clients has continued, as has the evolution of client knowledge through digital data management. Work also continues to optimize the

technical management of Digital Business for the VERTI and MAPFRE.com brands and to expand distribution agreements. **Premiums for the digital business already amount to €1.13 billion euros, around 7% of the total. And 4.8 million clients around the world use digital self-directed features and processes with some frequency.**

In **2021**, we intend to continue to increase our number of digital clients, through the implementation of an advanced model of customer attention, the expansion of the digital offer and the standardization and systematization of digital partners.

MAPFRE must also diversify its portfolio more, which is why we intend to further expand our **Life business**. We have finalized the definition of the new management model for underwriting, issuing and claims processes.

In 2020, with regard to the **quality perceived by the client**, as measured through the NPS® system, MAPFRE beat its competitors in 82% of markets measured, comfortably exceeding **the annual objective**.

In 2020, the introduction of NPS® Transactional monitoring was completed, which measures this perceived quality at key client touchpoints, mainly for the automobile line, in the United States, Brazil, Mexico, Chile, Peru, Puerto Rico and Spain.

The analysis of the "**Client Experience**" is facilitating the development and execution of actions that strengthen clients' links to the company, through the improvement of retention and cross-selling.

Thanks to the company's high level of digitization, in 2020, we were able to maintain a **superb quality of client service** through **our intermediaries**; and we launched a project to evolve **our own network toward a hybrid digital and face-to-face model**.

In 2021, we will continue to work in the same direction, with the idea of bringing the introduction of this client strategy on a massive scale to all geographic locations, focusing on increasing retention levels and increasing our growth.

In relation to **automobile insurance**, our main line in the world, during 2020 we developed solutions in areas such as the following:

- the incorporation of **ADAS** or "Advanced Driver Assistance Systems" into pricing calculator models
- **Pay-as-you-go** propositions, depending on driving styles and differentiated offers for electric vehicles, among other actions.
- Meanwhile, functionalities are being developed in the **ON/OFF insurance** segment, based on activating and deactivating coverages, cybersecurity in **connected vehicles** or developing integrated mobility and safe driving platforms.

In **2021** we will continue to develop solutions in this line, combining new technologies with rigorous technical management.

The momentum of **innovation** at MAPFRE remains key in our strategy. To date, almost 700,000 clients have benefited from solutions originating from the open innovation platform, **MAPFRE OPEN INNOVATION**.

We have analyzed more than 2,500 startups since 2018, of which 36 have gone through the acceleration and adoption programs, thus consolidating MAPFRE's relationship with entrepreneurs in our sector, having already become benchmarks for the insurtech world.

During the course of 2020, among others, we developed projects based on the application of artificial intelligence to document management and the processing of P&C claims.

In **TERMS OF TECHNICAL AND OPERATIONAL MANAGEMENT**, the **combined ratio of Non-Life lines** enjoyed an **excellent performance of 94.8%**, due both to reduced mobility and lower general economic activity during the pandemic as well as to the technical and business control improvements implemented in many countries.

To improve **efficiency and productivity**, in 2020 we achieved highly positive results in terms of performance, digitization and flexibility that allowed us to offer very agile responses to the challenges of the pandemic. Our client service centers achieved teleworking rates above 90% and handled over 60 million client calls in the year, offering a high level of service.

All this was possible thanks to more standardized and better integrated processes within the technological solutions we have available, and the

advances made in recent years in self-direction, shared service centers and automation.

In **2021**, we will continue to focus on improving productivity and reducing operational costs, further driving **digital self-direction**.

The management of **advanced data analytics** evolved very positively in 2020, through the development and implementation of a greater number of predictive models and a substantial increase in their economic impact.

In the United States and Spain, algorithms were developed, with very satisfactory results, in the detection of fraud in claims, the identification of risks that facilitate safer driving, the optimization of the workforce at contact centers and in the improvement of scripts and protocols aimed at attending to and retaining clients.

In **Technology**, new platforms are already in use in the United States, Italy, Germany, Turkey and Malta. Our new Life management software in Peru and Reinsurance software in Brazil are also in operation. In **2021**, Brazil and Mexico will launch new products within the framework of this new corporate insurance solution.

In addition, I must mention that our **security and technology teams** made a huge effort this year, at the start of the legal lockdown periods, enabling remote work in all countries for more than 90% of employees, a challenge that was achieved in just a few weeks. This success was the result of the strategy of globalization and technological transformation carried out in

recent years, which enabled us to react to and manage this crisis in a flexible, agile and coordinated manner.

In the area of **cybersecurity**, I must also highlight the enormous achievement of our technical teams in paralyzing and repelling the cyberattack we suffered last August, and which was the biggest we have ever experienced. It was possible to minimize the impact thanks to the preparatory work that enabled the rapid response of the teams involved and the implementation of our business continuity plans, which, in the face of attack, amply proved their effectiveness.

Yesterday we received the result of the investigation conducted by the Spanish Data Protection Agency into this attack. The report not only ratifies and underscores the preparedness of MAPFRE against this type of risk, it also highly values the company's diligent action and the its commitment to transparency in the communication of the cyberattack from the outset to all of its stakeholder groups.

**In 2021**, the new Cyber Resilience Plan will be implemented, which will integrate and update the action plans incorporating lessons learned, and with which we will be better prepared in the face of increasingly worrying threats.

As far as the development of **culture and internal talent** is concerned, we are promoting a **more inclusive, more diverse and more prepared organization** to address the new challenges facing us. With regard to **gender equality**, during 2020, **46.3%** of the vacancies in positions of



responsibility were occupied by women, exceeding the objective of 45% set for the triennium.

With regard to our constant commitment to diversity and inclusion, MAPFRE signed in 2020 its global commitment to the **principles of UN Women**, and as a partner of the Spanish network of the UN Global Compact we have joined the Target Gender Equality accelerator program.

In addition, the internal indicator, which measures **the degree of cultural transformation and talent development**, exceeded **84%** in 2020, improving all objectives widely, thanks to the implementation of professional development plans, the promotion of mobility and internal promotion and the overall measurement of employee satisfaction.

Furthermore, MAPFRE is a very inclusive company, generating employment opportunities for people with disabilities, with **1,025** such people already working for MAPFRE, accounting for **3.3% of our workforce** worldwide, beating the objective of 3% set for the triennium.

The **Digital Challenge** initiative has been part of our lives for five years now, and was instrumental in preparing us to be ready to work from home during the long periods of lockdown, as new ways of working in entirely digital and collaborative environments have been implemented.

**In 2020**, we entered a new phase that will allow us to increase productivity, agility and commitment and to enjoy better management of our

capabilities, with flexible structures, multi-purpose job positions and project management, while improving employee experience.

In our constant commitment to diversity and inclusion, we have begun to develop the **Ageing** Project, with the aim of establishing a workplace in which all available talent is put to its best use, regardless of the age of the worker. The first initiatives aimed at older employees will be implemented in **2021**.

Now let's look at our **business perspectives** in the **regions and business units** in which we operate.

Let's start with **IBERIA**.

In our country, economic activity will be highly dependent on the process of general **vaccination** and immunization of the population. Once this happens, the European Union's aid program makes it possible to foresee a **fairly rapid recovery**, although this will not be the case in all sectors.

As for the insurance business, over the past year premiums for Non-Life business slowed growth and Life premiums fell significantly, mainly due to the loss of client appeal for savings products, due to low interest rates.

In order to assist our **clients, intermediaries and providers** during the last year, we launched 10 action plans with more than 200 measures, regarding payment facilities, repayment of premiums and prepayment lines to help them maintain their cash flow and collection and payment chain.

It is quite remarkable that the concern for health has gained many converts within Spanish families and companies during the health crisis and our online health services platform, **SAVIA**, developed strongly during 2020 by offering its services and products openly to hundreds of thousands of people and to many companies and their workers.

As part of our constant concern to continue to improve our relationship with our clients, we continue to strengthen projects to offer the best coverage and the best attention, increasing cross-selling and strengthening customer loyalty with new advantages added to the MAPFRE teCuidamos ("MAPFRE takes care of you") program. All of these actions have allowed us to exceed the total of **seven million clients** in MAPFRE ESPAÑA, and to have more than **two hundred and eighty thousand families identified** and already enjoying the benefit programs for integrated family offers. We must also highlight the value proposition for **SMEs and the self-employed**, precisely in the year in which these groups suffered the most from the economic and legal consequences of the pandemic. Very relevant advantages were given to these client segments, such as the loyalty discount, the launch of TeCuidamos services and the first version of the client area in the Internet office.

In addition, our **network of agents and delegates** continues to be the company's great asset, because of its size, capacity and quality of service, which allow MAPFRE to continue to grow each year and gain the trust of our insureds.

**For 2021**, the big challenge will continue to be to grow more than the market and our main competitors. The client will always be at the heart of the strategy and we will continue to provide the service and support that sets us apart.

**In BRAZIL**, the economic crisis has had less impact than initially expected, and good growth prospects remain for 2021.

In MAPFRE BRAZIL, we expanded in terms of local currency despite the economic situation and obtained a higher-than-expected attributed result, with a great improvement in technical indicators. We must highlight the excellent performance of the business that comes from our partner, the Bank of Brazil. We are committed to continuing to grow together and to being at the forefront of the country's insurance market.

**The year 2021** presents great challenges, motivated by the worsening of the COVID situation and the speed of the vaccination process, the drop in interest rates and the need to continue improving the business's technical result, mainly in the automobile line, and the development of products and channels of greater profitability.

**In LATAM NORTH** in 2020, we largely met the profitability targets in all countries.

For 2021 in **Mexico**, we have more ambitious **growth targets** in products with more premium retention, **productivity** improvement and process **digitization**. We will continue to develop our management network and

take advantage of the opportunities of new banking agreements, big brokers, and digital business.

In **Central America**, the priority will be to develop synergies through the implementation of a common technology platform and the optimization of the **shared services center**. The development of regional life and health operations and the drive of own networks will help strengthen our business model and balance the weight of distribution channels in the result. In **the Dominican Republic**, we will advance the integration of common areas and support between MAPFRE BHD and MAPFRE Salud ARS, the company we acquired last year in conjunction with our partner, Grupo Financiero BHDL.

In **LATAM SOUTH** in 2020, we met the earnings target, thanks to a demanding cost adjustment plan and the technical improvements implemented, which made it possible to compensate for the business drop resulting from the COVID-19 crisis.

In **2021**, we will base growth on greater momentum in the **digital business**, and gain penetration in the **broker channel and in bancassurance** by developing the new distribution agreements. We will work to improve profitability, supported by **adapting structures** to the new business reality of countries.

In **the United States**, we achieved great results in the Northeast region, mainly in the state of Massachusetts. In addition, **in 2020**, we successfully completed the deployment of the **new technology platform**, which is helping us better serve intermediaries and clients and improve technical control of the business.

The challenge in **2021** is to grow again with a good level of profitability. To do this, we will continue to focus on a **limited number of states** and strengthen our relationship with the **Triple A Motor Club**. In addition, VERTI will cease operations in the state of Pennsylvania, in order to strengthen our digital presence in Massachusetts.

In the case of **Puerto Rico**, the result was greatly affected by the two earthquakes that affected the island. This company should have no problems this year to grow again and achieve strong results.

The most notable developments in **2020** in **EURASIA** were:

- In **Turkey**, we continue to implement a demanding technical improvement plan.
- In **Germany** we grew with good financial results and expanded our distribution routes with agreements with new car manufacturers.
- In **Italy** we continue to improve technically, with positive earnings last year.
- **Malta** showed strong results for yet another year, and began marketing corporate pension plans, together with our local partner Banco de Valleta, and is immersed in an ambitious technological transformation project.
- Our insurance operations in **Asia**, where we have a very low appetite for growth, continue to gradually improve in terms of performance and results.

The main lines of action in the region **in 2021** will be:

- In **Turkey** we will continue to prioritize **technical profitability**, mainly in the **automobile and health** lines.
- In **Germany**, we will have to continue with the growth pattern of previous years and complete the process of technological transformation.
- In **Italy** we will focus on purely digital business development, continuous improvement of operations and cost reduction.

Let's move on now to the other **BUSINESS UNITS**:

**In 2020, MAPFRE RE** had to deal with the important economic impacts of the earthquakes in Puerto Rico and loss experience deriving from COVID-19 in its income statement. Volatility is one of the essential characteristics of the reinsurance activity and the company has once again demonstrated its ability **to absorb extraordinary events**. By this year, we hope that it will be a **major contributor to the group's results** again. Recent treaty renewals have incorporated adjustments to pricing and coverage conditions in most markets, which will help meet that goal.

**MAPFRE GLOBAL RISKS** consolidated its new business model for **MAPFRE's large industrial client** in 2020, achieving good results. The portfolio expanded in an environment of improved market conditions, which is expected to continue in 2021.

**MAPFRE ASISTENCIA** in 2020 continued its **restructuring** process, and ceased operations in the United States, Canada and Taiwan, bringing to 13 the number of countries that the business has exited since 2016.

This year, it will intensify its focus on the **strategic MAPFRE markets**, complementing our insurance offering and advance the development of simple, client-focused products and high digitization and usability.

**SOLUNION**, our credit and surety insurance joint venture with Euler Hermes, closed a **magnificent 2020**, with a very healthy loss experience thanks to a **prudent control of risks**.

**Ladies and gentlemen,**

**In summary**, I would like to point out that **2020** was marked by the development of the pandemic, with lockdowns and restrictions to mobility throughout the world, which conditioned **revenues** from the reduction of economic activity and lower interest rates. The **extraordinary cost reduction** effort implemented throughout the year to reduce the impact of business decline was highly noteworthy. All of this led us to present **excellent results in practically all countries**, highlighting **once again Spain** for its **important** contribution to the profits of the Group as a whole, besides **Brazil and the United States**, and **superb results** throughout Latin America and Europe.

In addition, we have been able to comply very satisfactorily with the objective of paying a **magnificent dividend** to shareholders, despite the market and supervisory circumstances, while maintaining a **high level of solvency** with adequate **control of liquidity** in all our operations.



I believe that we have a **healthier balance sheet, an excellent solvency position, better-performing technical foundations** and **operational transformation** underway, all of which **should enable us to grow steadily and profitably in the coming years.**

In addition, **the initiatives in our Strategic Plan, defined for the triennium 2019–2021, have progressed well.**

During the past year, from the beginning of the pandemic, we carried out a prioritization exercise that allowed us to focus on what was really important within the portfolio of strategic initiatives, postponing everything that was not so relevant or so urgent given the critical environment starting from March 2020 onward.

This year is the last year in the current strategic plan. Last year at this same meeting, we didn't modify our strategic commitments, even though they were formulated a year earlier, and based on a completely different horizon. Having said that, we have progressed very positively, and with the objectives for this year that I am going to present to you now, **we consider that we can reach all of our new strategic public objectives, as they were presented last year,** with the exception of that related to revenues.

With that, allow me to communicate the most relevant objectives that we have established for this year of 2021:

- Our commitment to create value for the shareholder leads us to expect a return on capital **(ROE) of around 8.5%** for the year 2021, so

that our **net operating earnings**, excluding any large extraordinary effects, should **exceed 700 million euros**.

- In the current environment we will grow prudently, so we understand that we will end the year with income similar to that of 2020, although we estimate **that insurance premiums will grow by around 3%**, if our main operating currencies behave in a stable manner.

- Our expectation is to once again deliver a **combined ratio of around 95%**.

**As far as the objectives for the three-year period 2019-2021 go, we are therefore maintaining our aspirational objectives related to profitability (ROE), combined ratio, client orientation, culture and talent and sustainability.**

I would like now to briefly review our **results to February**, which confirm that we are making steady progress towards those objectives.

Premiums reached 4.23 billion euros, with growth of 2.3% at constant exchange rates. The combined ratio stood at 94.6% and net attributable earnings reached almost 99 million euros, with an improvement of 29 million euros compared to the previous year.

2021 will still be a year in which uncertainty and volatility prevail, so our prudence in managing the business will lead us to maintain a **path of**

**moderate growth**, in which improvement in technical profitability must prevail. Still, we will continue with the **digital and cultural transformation** underway, which is absolutely necessary to prepare the company for the challenges ahead.

I would like to refer now to the value of the MAPFRE share, which as Fernando Mata has already indicated, in our opinion, does not reflect the real and intrinsic value of the MAPFRE Group. We understand that it is sometimes difficult to unravel this value and truly understand the economic and strategic dimension of a company like MAPFRE. The market, in general, did not recognize this over the course of last year and has been penalizing us with a valuation with which we cannot be satisfied.

All I can do at this point is insist that we will continue to work hard, so that you, ladies and gentlemen, can see our efforts and results in a transparent manner and that, in this way, we can lead them to transfer their appreciation into the value of the share. MAPFRE's results will remain good in the coming years and we hope you will be able to continue investing more in our company, which will enable us to recover appropriate levels of market capitalization.

With regard to our social commitment, which we call **Playing Our Part**, this is quite simply, **the heartbeat that moves us. There is no sustainable business or profitable business in the medium- and long-term if we do not work every day to improve the environment and quality of life of the communities in which we operate and live.**

We have shown you our **sustainability plan**, the achievements and the goals we aspire to. Every employee of MAPFRE, every volunteer, every intermediary or collaborator, every company, our own Foundation, we all move as one to **produce a social impact**.

By developing sustainable businesses we help growth and prosperity, but at the same time our commitment to the environment, to the most needy, to the disabled, to the least favored environments, to the development of sustainable development objectives, with the objectives of having a more inclusive and equal company, these are all efforts that we consider essential for MAPFRE to remain not only a good company, but also a real Company with a capital "C", in which **human beings and their personal development are the main drivers of our action**.

With your trust, I am sure we will succeed.

**I would like to sincerely thank our employees, clients and distributors, partners and providers.** In the most difficult year of our lives, we have felt the encouragement, support and commitment of each and every one of them. Unfortunately, we have lost 12 colleagues in different parts of the world as a result of this pandemic. There are some months still to come before the generalized threat starts to disappear as the vaccination process progresses. For the moment, I can only ask everyone to remain prudent and vigilant. We will soon return to live life as we knew it before, together with our loved ones, friends and colleagues. I wish you all good health. Thank you very much and good afternoon.