



Auditor's Report on MAPFRE, S.A.

(Together with the annual accounts and directors' report of MAPFRE, S.A. for the year ended 31 December 2021)

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)



KPMG Auditores, S.L.
Paseo de la Castellana, 259 C
28046 Madrid

Independent Auditor's Report on the 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 ANNUAL ACCOUNTS

Opinion

We have audited the annual accounts of MAPFRE, S.A. (the "Company"), which comprise the balance sheet at 31 December 2021, and the income statement, statement of changes in net equity, cash flow statement and notes for the year then ended.

In our opinion, the accompanying annual accounts give a true and fair view, in all material respects, of the equity and financial position of the Company at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with the applicable financial reporting framework, (specified in note 2 to the accompanying annual accounts) and, in particular, with the accounting principles and criteria set forth therein.

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 Annual Accounts section of our report.

We are independent of the Company in accordance with the ethical requirements, including those regarding independence, that are relevant to our audit of the 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.



(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the annual accounts of the current period. These matters were addressed in the context of our audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of non-current investments in group companies and associates (Euros 9,533,090 thousand)

See notes 4.c) and 8 of the notes to the annual accounts

<i>Key audit matter</i>	<i>How the issue was addressed in our audit</i>
<p>The Entity, holding company of MAPFRE Group, has recognised non-current investments in group companies and associates.</p> <p>Recoverable value of these non-current investments in group companies and associates is determined by the use of valuation technics that require of management judgement and estimations and assumptions that consider macroeconomics factors, internal circumstances of the Group companies and their competitors, discount rates, growth rates or estimations of the future evolution of their businesses.</p> <p>Due to the level of uncertainty and judgement associated to the mentioned estimations, as well as the significance of the carried amount of the investments, we consider this to be a key audit matter.</p>	<p>Our audit procedures included, among others, the following:</p> <ul style="list-style-type: none"> – Evaluation of the criteria used by the Company in the identification of impairment indicators of the investments in group companies and associates. – Understanding the process of estimation of the recoverable value of the group investments and associates, and evaluation of design and implementation of the relevant controls related to the process that the Company has in place. – Evaluation of the reasonability of the methodology and assumptions used in the estimation of the recoverable value of the investments in group companies and associates when impairment indicators exist, with the collaboration of our corporate finance specialists. <p>For those investments where impairment indicators exist, we have checked the consistency between the expected cash flow used in the calculation of the value in use with the business plans approved by the Directors of the Group’s companies, and their reasonability based in historical experience and market expectations in the markets in which they operate.</p> <p>Besides, we have evaluated the discount and growth rates used in the calculation of the recoverable values, as well as performed sensitivity analysis over the key inputs used in the model, with the goal of assessing their impact in the valuation.</p> <ul style="list-style-type: none"> – Additionally, we have evaluated that the information within the annual accounts is in compliance with the legal financial reporting requirements applicable to the Company.



(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Other Information: Directors' Report

Other information solely comprises the 2021 directors' report, the preparation of which is the responsibility of the parent's directors and which does not form an integral part of the annual accounts.

Our audit opinion on the annual accounts does not encompass the directors' report. Our responsibility regarding the information contained in the directors' report, in conformity with prevailing audit regulations in Spain, entails:

- a) Checking only that the non-financial information statement and certain information included in the Corporate Governance Report and the Annual Report on Directors' Remuneration, to which the Audit Law refers, was provided as stipulated by prevailing regulations and, if not, disclose this fact.
- b) Assessing and reporting on the consistency of the remaining information included in the directors' report with the financial statements, based on the knowledge of the entity obtained during the audit, in addition to evaluating and reporting on whether the content and presentation of this part of the directors' report are in accordance with applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to disclose this fact.

Based on the work performed, as described in the preceding paragraphs, we have verified that the information referred to in paragraph a) above is provided as stipulated by applicable regulations and that the remaining information contained in the directors' report is consistent with that disclosed in the annual accounts for 2021 and its content and presentation are in accordance with applicable regulations.

Directors' and Audit and Compliance Committee's responsibility for the Annual Accounts

The directors are responsible for the preparation of the accompanying annual accounts in such a way that they give a true and fair view of the equity, financial position and financial performance of the Company, in accordance with the financial reporting framework applicable to the entity in Spain, and for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the directors are responsible for assessing the Company'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 Company or to cease operations, or have no realistic alternative but to do so.

The audit and compliance committee is responsible for overseeing the preparation and presentation of the annual accounts.



(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Auditor's Responsibilities for the Audit of the Annual Accounts _____

Our objectives are to obtain reasonable assurance about whether the 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 annual accounts.

As part of an audit in accordance with legislation regulating the audit of accounts in Spain, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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, and not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the 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 Company'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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the audit and compliance committee of MAPFRE, S.A. regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

We also provide the Company's audit and compliance committee of the Entity 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 Company's audit and compliance committee, we determine those that were of most significance in the audit of the annual accounts of the current period and which are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

European single electronic format _____

We have examined the digital file of the European single electronic format (ESEF) of MAPFRE, S.A. for the 2021 financial year, which includes an XHTML file containing the financial statements for the year, which will form part of the annual financial report.

The directors of MAPFRE, S.A. are responsible for submitting the annual financial report for the 2021 financial year, in accordance with the formatting requirements set out in Delegated Regulation EU 2019/815 of 17 December 2018 of the European Commission (hereinafter referred to as the ESEF Regulation). In this regard, they have incorporated the Corporate Governance Report and the Annual Report on Directors' Remuneration by reference in the directors' report.

Our responsibility consists of examining the digital file prepared by the directors of the Company, in accordance with prevailing audit regulations in Spain. These standards require that we plan and perform our audit procedures to obtain reasonable assurance about whether the contents of the financial statements included in the aforementioned digital file correspond in their entirety to those of the financial statements that we have audited, and whether the financial statements have been formatted, in all material respects, in accordance with the ESEF Regulation.

In our opinion, the digital file examined corresponds in its entirety to the audited financial statements, which are presented, in all material respects, in accordance with the ESEF Regulation.

Additional Report to the Audit and Compliance Committee _____

The opinion expressed in this report is consistent with our additional report to the Company's Audit and Compliance Committee dated 9 February 2022.



(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Contract Period

We were appointed as auditors by the shareholders of MAPFRE, S.A. at the ordinary general meeting on 12 March 2021 for a period of 3 years, from the year ended 31 December of 2021.

Previously, we had been appointed as auditors by the shareholders for a period of 3 years, and have been auditing uninterrupted the Company's Annual Accounts since the year ended 31 December 2015.

KPMG Auditores, S.L.
On the Spanish Official
Register of Auditors ("ROAC") with No. S0702

(Signed on original in Spanish)

Ángel Crespo Rodrigo
On the Spanish Official Register of Auditors ("ROAC") with No. 21.033
9 February 2022

**INDIVIDUAL ANNUAL ACCOUNTS
AND
INDIVIDUAL MANAGEMENT REPORT**

2021

MAPFRE S.A.

INDIVIDUAL ANNUAL ACCOUNTS

MAPFRE S.A.

INDIVIDUAL ANNUAL ACCOUNTS 2021

TABLE OF CONTENTS

BALANCE SHEET	4
INCOME STATEMENT	6
STATEMENT OF TOTAL CHANGES IN EQUITY	8
CASH FLOW STATEMENT	9
ANNUAL REPORT	10
1. Company activity	10
2. Basis of presentation of the annual accounts	10
3. Distribution of profits	11
4. Recognition and measurement standards	12
5. Property, plant and equipment	18
6. Intangible fixed assets	19
7. Leases	19
8. Financial instruments	19
9. Shareholders' equity	25
10. Non-convertible debentures	26
11. Foreign currency	26
12. Fiscal situation	27
13. Revenue and expenses	35
14. Provisions and contingencies	35
15. Environmental information	36
16. Medium-term and long-term employee remuneration and shared-based payments	36
17. Subsequent events	37
18. Related-party transactions	38
19. Other information	40
20. COVID-19	40
APPENDIX	42
Appendix I	42

BALANCE SHEET AS AT DECEMBER 31, 2021 AND 2020

ASSETS		Notes from the Annual Report	2021	2020
A)	NON-CURRENT ASSETS		9,773,662	9,870,511
I.	Intangible fixed assets	6	1,351	1,278
5	Computer applications		1,351	1,278
II.	Property, plant and equipment	5	13,837	14,973
1	Land and buildings		11,571	11,760
2	Facilities and other property, plant and equipment		1,981	2,930
3	Fixed assets in progress and advance payments		285	283
IV.	Non-current investments in Group companies and associates	8	9,719,090	9,794,328
1	Equity instruments		9,533,090	9,507,328
2	Loans to companies		186,000	287,000
V.	Non-current financial investments	8	9,636	28,645
1	Equity instruments		4,672	23,584
2	Loans to third parties		109	80
6	Other investments		4,855	4,981
VI.	Deferred tax assets	12	29,748	31,287
B)	CURRENT ASSETS		283,116	279,845
I	Non-current assets held for sale		—	7,692
III.	Trade and other receivables		68,512	85,162
1	Trade receivables for sales and services rendered	8	3,518	3,523
2	Trade receivables, Group companies and associates	8	—	13
3	Sundry receivables	8	183	481
4	Personnel	8	263	243
5	Current tax assets	12	64,252	80,691
6	Other receivables from government agencies		296	211
IV.	Current investments in Group companies and associates	8.18	195,286	166,880
2	Loans to companies		88,690	104,920
5	Other financial assets		106,596	61,960
V.	Current financial investments	8	57	57
	2. Loans to third parties		57	57
VI.	Current accruals		551	1,817
VII.	Cash and other equivalent liquid assets		18,710	18,237
1	Cash		18,710	18,237
	TOTAL ASSETS (A+B)		10,056,778	10,150,356

Thousand euros

BALANCE SHEET AS AT DECEMBER 31, 2021 AND 2020

EQUITY AND LIABILITIES		Notes from the Annual Report	2021	2020
A)	EQUITY		7,117,898	7,286,793
A-1)	SHAREHOLDERS' EQUITY		7,116,004	7,286,793
I.	Capital		307,955	307,955
1	Authorized share capital	9	307,955	307,955
II.	Share premium	9	3,338,720	3,338,720
III.	Reserves		3,232,165	3,231,732
1	Legal and statutory	9	61,591	61,591
2	Other reserves	—	3,170,574	3,170,141
IV.	(Treasury stock)	9	(62,944)	(63,409)
V.	Results for previous years		240,950	380,177
1	Retained earnings	—	240,950	380,177
VII.	Result for the period	3	243,957	245,606
VIII.	(Interim dividend)	3	(184,799)	(153,988)
IX.	Other equity instruments	—	—	—
A-2)	VALUATION CHANGE ADJUSTMENTS	—	1,894	—
I.	Financial assets at fair value with changes in equity	—	1,894	—
B)	NON-CURRENT LIABILITIES		2,581,798	2,702,226
I.	Non-current provisions		9,863	11,052
1	Long-term employee benefit obligations	14	9,863	11,052
4	Other provisions	14	—	—
II.	Non-current debt		2,571,196	2,691,066
1	Debentures and other negotiable securities	8, 10	1,950,088	2,090,891
2	Due to credit institutions	8	621,000	600,000
5	Other financial liabilities	8	108	175
III.	Non-current debt with Group companies and associates	—	—	—
IV.	Deferred tax liabilities		739	108
C)	CURRENT LIABILITIES		357,082	161,337
II.	Current provisions	14	—	—
III.	Current debt		190,997	36,468
1	Debentures and other negotiable securities	8, 10	34,901	36,337
2	Due to credit institutions	8	155,944	12
5	Other financial liabilities	8	152	119
IV.	Current debt with Group companies and associates	18	122,756	81,884
V.	Trade and other payables		43,329	42,985
3	Sundry creditors	—	13,013	11,408
4	Personnel (remuneration pending payment)	—	15,222	14,258
5	Current tax liabilities	12	—	—
6	Other debts with government agencies	—	15,094	17,319
TOTAL EQUITY AND LIABILITIES (A+B+C)			10,056,778	10,150,356

Thousand euros

INCOME STATEMENT FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

INCOME STATEMENT	Notes from the Annual Report	2021	2020
ONGOING OPERATIONS			
Revenue		434,337	456,509
Dividends and interest from Group companies and associates		373,313	407,397
Dividends	18	362,702	394,486
Interest	18	10,611	12,911
Other operating revenue	—	61,024	49,112
Non-core and other operating revenue	18	61,024	49,112
Personnel expenses	—	(71,750)	(70,516)
Wages, salaries and similar	—	(50,767)	(49,765)
Social security contributions	13	(21,033)	(20,790)
Provisions	14	50	39
Other operating expenses		(80,741)	(77,867)
External services	—	(80,705)	(77,834)
Taxes	—	(36)	(33)
Amortization and depreciation of fixed assets	5.6	(1,552)	(1,508)
Excess provisions	—	—	—
Impairment and gains/(losses) on fixed asset disposal	—	(8)	7
Impairment of Group companies and associates	8	5,943	(52,813)
Other earnings	—	(2)	(11)
EARNINGS FROM OPERATIONS		286,227	253,801
Financial income	8	434	424
Acquisitions in equity instruments	—	—	—
From third parties	—	—	—
From negotiable securities and other financial instruments	—	434	424
From third parties	—	434	424
Financial expenses		(68,450)	(67,959)
For debt with Group companies and associates	8.18	(149)	—
For debt with third parties	8	(68,115)	(67,769)
For update of provisions	8	(186)	(190)
Fair value variation in financial instruments		—	—
Valor razonable con cambios en pérdidas y ganancias	—	—	—
Foreign exchange differences	8	(2)	(3)
Impairment and gains/losses on financial instrument disposal	8	(10,440)	20,004
Impairment and loss		—	(6,648)
Earnings from disposal and other		(10,440)	26,652
FINANCIAL RESULT		(78,458)	(47,534)
EARNINGS BEFORE TAX		207,769	206,267
Tax on profits	12	36,188	39,339
RESULT FOR THE PERIOD FROM ONGOING OPERATIONS		243,957	245,606
DISCONTINUED OPERATIONS			
Result for the period after tax from discontinued operations		—	—
RESULT FOR THE PERIOD	3	243,957	245,606

Thousand euros

STATEMENT OF CHANGES IN EQUITY AT DECEMBER 31, 2021 AND 2020

A) STATEMENT OF RECOGNIZED INCOME AND EXPENSES

INCOME STATEMENT	Notes from the Annual Report	2021	2020
A) Result of the income statement	3	243,957	245,606
Revenue and expenses posted directly to equity		—	—
I. For valuation of financial instruments		—	—
1. Financial assets at fair value with changes in equity	—	2,525	—
2. Other revenues/expenses	—	—	—
IV. For actuarial gains and losses and other adjustments		—	—
VII. Tax effect		(631)	—
B) Total revenue and expenses posted directly in equity (I+IV+VII)	—	1,894	—
Transfers to the income statement		—	—
VIII. For valuation of financial instruments		—	—
1. Financial assets at fair value with changes in equity	—	—	—
XIII. Tax effect		—	—
C) Total transfers to the income statement (VIII+XIII)		—	—
TOTAL RECOGNIZED REVENUE AND EXPENSES (A+B+C)	—	245,851	245,606

Thousand euros

B) STATEMENT OF TOTAL CHANGES IN EQUITY

ITEM	Capital		Share premium	Reserves	(Treasury stock)	Result from previous years	Other shareholder contributions	Result for the period	(Interim dividend)	Other equity instruments	Valuation change adjustments	Grants, donations and bequests received	TOTAL
	Authorized	Uncalled											
ADJUSTED BALANCE, BEGINNING OF 2019	307,955	—	3,338,720	3,231,920	(63,836)	383,458	—	443,093	(184,773)	—	—	—	7,456,537
I. Total recognized revenue and expenses	—	—	—	—	—	—	—	245,606	—	—	—	—	245,606
1. Share capital increases	—	—	—	—	—	—	—	—	—	—	—	—	—
4. (-) Distribution of dividends	—	—	—	—	—	—	—	(261,627)	(153,988)	—	—	—	(415,615)
4. bis. Distribution of earnings	—	—	—	—	—	(3,307)	—	(181,466)	184,773	—	—	—	—
5 Operations with treasury stock (Note 9)	—	—	—	(141)	427	—	—	—	—	—	—	—	286
6. Increases in equity resulting from a business combination	—	—	—	—	—	—	—	—	—	—	—	—	—
III. Other variations in equity	—	—	—	(47)	—	26	—	—	—	—	—	—	(21)
CLOSING BALANCE FOR YEAR 2019	307,955	—	3,338,720	3,231,732	(63,409)	380,177	—	245,606	(153,988)	—	—	—	7,286,793
II. Correction of errors 2019	—	—	—	—	—	—	—	—	—	—	—	—	—
ADJUSTED BALANCE, BEGINNING OF 2020	307,955	—	3,338,720	3,231,732	(63,409)	380,177	—	245,606	(153,988)	—	—	—	7,286,793
I. Total recognized revenue and expenses	—	—	—	—	—	—	—	243,957	—	—	1,894	—	245,851
1. Share capital increases	—	—	—	—	—	—	—	—	—	—	—	—	—
4. (-) Distribution of dividends	—	—	—	—	—	—	—	(230,846)	(184,799)	—	—	—	(415,645)
4. bis. Distribution of earnings	—	—	—	—	—	(139,228)	—	(14,760)	153,988	—	—	—	—
5 Operations with treasury stock (Note 9)	—	—	—	(84)	465	—	—	—	—	—	—	—	381
6. Increases in equity resulting from a business combination	—	—	—	—	—	—	—	—	—	—	—	—	—
III. Other variations in equity	—	—	—	517	—	1	—	—	—	—	—	—	518
CLOSING BALANCE FOR YEAR 2020	307,955	—	3,338,720	3,232,165	(62,944)	240,950	—	243,957	(184,799)	—	1,894	—	7,117,898

Thousand euros

CASH FLOW STATEMENT AT DECEMBER 31, 2021 AND 2020

A) CASH FLOWS FROM OPERATING ACTIVITIES	Notes from the Annual Report	2021	2020
1. Result for the period before tax		207,769	206,267
2. Adjustments to results		(265,109)	(266,691)
a) Amortization and depreciation of fixed assets	5.6	1,552	1,508
b) Corrections in value due to impairment (+/-)	8	(5,934)	52,813
e) Results of fixed asset cancellations and disposals (+/-)	—	8	(7)
f) Results of financial instruments cancellations and disposals (+/-)	—	10,431	(20,004)
g) Financial income (-)	8	(434)	(424)
b) Financial expenses (+)	8	68,450	67,959
i) Exchange rate differences (+/-)	8	2	3
j) Fair value variation in financial instruments (+/-)	8	—	—
k) Other revenues and expenses	—	(339,184)	(368,539)
3. Changes in working capital		(29,403)	(30,921)
b) Debtors and other receivables (+/-)	—	(18,721)	(33,474)
c) Other current assets (+/-)	—	(33,261)	(22,407)
d) Creditors and other payables (+/-)	—	343	1,975
e) Other current liabilities (+/-)	—	6,561	17,401
f) Other non-current assets and liabilities (+/-)	—	15,675	5,584
4. Other cash flows from operating activities	—	342,725	383,954
a) Interest paid (-)		(66,143)	(67,288)
b) Dividend receipts (+)	—	362,700	394,484
c) Interest collected (+)	—	10,797	13,144
d) Payment (receipt) of income tax (+/-)	—	35,371	43,614
e) Other payments (collection) (-/+)	—	—	—
5. Cash flows from operating activities (+/-1+/-2+/-3+/-4)	—	255,982	292,609
B) CASH FLOWS FROM INVESTING ACTIVITIES		—	—
6. Payments for investments (-)		(125,300)	(77,498)
a) Group companies and associates	8	(125,300)	(69,164)
g) Other assets	8	—	(8,334)
7. Collections for divestments (+)		240,113	216,026
a) Group companies and associates	8	232,421	216,026
e) Other financial assets	8	7,692	—
8. Cash flows from investing activities (7+6)		114,813	138,528
C) CASH FLOW FROM FINANCING ACTIVITIES		—	—
9. Payments and collections for equity instruments		—	—
c) Acquisition of treasury equity instruments (-)	9	—	—
e) Disposal of treasury equity instruments (+)	9	—	—
10. Payments and collections for financial liability instruments		53,939	(10,000)
a) Issuing		—	—
1. Debentures and other negotiable securities (+)	10	—	—
2. Due to credit institutions (+)	8	369,900	235,000
3. Debt with Group companies and associates (+)	—	32,940	—
b) Return and redemption of		—	—
1. Debentures and other negotiable securities (-)	10	(155,901)	—
2. Due to credit institutions (-)	8	(193,000)	(245,000)
3. Debt with Group companies and associates (-)	—	—	—
11. Payments for dividends and remuneration of other equity instruments		(424,261)	(418,067)
a) Dividends (-)	—	(424,261)	(418,067)
12. Cash flows from financing activities (+/-9/10-11)		(370,322)	(428,067)
D) EFFECT OF EXCHANGE RATE VARIATIONS		—	—
E) NET INCREASE / DECREASE OF CASH OR EQUIVALENTS (+/-5+/-8+/-12+/-D)	—	473	3,070
Cash or cash equivalents at the beginning of the year		18,237	15,167
Cash or cash equivalents at the end of the year		18,710	18,237

Thousand euros

ANNUAL REPORT

FISCAL YEAR 2021

1. Company activity

MAPFRE S.A. (the "Company") is a corporation whose main activity is the investment of its funds in real-estate assets and tradeable financial securities.

The Company's scope of action includes the entire Spanish territory.

Its registered office is at Crta. de Pozuelo, 52, Majadahonda (Madrid, Spain). The Company is the controlling company of the MAPFRE Group, which comprises MAPFRE S.A. and several companies operating in the insurance, property, financial and services sectors.

The Company is a subsidiary of CARTERA MAPFRE, S.L., a Single-Member Company, with registered address at Carretera de Pozuelo, 52, Majadahonda (Madrid, Spain). The annual accounts of that company for the year ended December 31, 2021 will be prepared by its Board of Directors on March 30, 2022 and will be placed on file at the Madrid Companies' Registry.

The ultimate controlling company is Fundación MAPFRE, a non-profit company whose registered address is Paseo de Recoletos No. 23, Madrid and whose consolidated annual accounts will be filed with the Madrid Companies' Registry and a copy sent to the Foundations Register.

2. Basis of presentation of the annual accounts

a) TRUE AND FAIR VIEW

The true and fair view of the net worth, financial position and results, as well as the veracity of the cash flows included in the cash flow statement, result from the application of the statutory provisions on accounting practice, without it being necessary, in the opinion of the Directors, to include supplementary information.

The Company's Board of Directors expects the individual and consolidated annual accounts for fiscal year 2021 prepared on February 9, 2022, to be approved by the Annual General Meeting with no changes.

b) ACCOUNTING PRINCIPLES

The annual accounts have been prepared in accordance with the Spanish General Chart of Accounts, approved under Royal Decree 1514/2007 of November 16 and subsequently amended through Royal Decree 1159/2010 of September 17, Royal Decree 602/2016 of December 2, and Royal Decree 1/2021 of January 12, as well as with all other applicable mercantile legislation and current regulations.

c) CRITICAL ASPECTS OF MEASURING AND ESTIMATING UNCERTAINTY

When preparing the annual accounts, judgments and estimates were used that are based on assumptions about the future and uncertainties. These primarily refer to asset impairment, deferred tax assets and provisions.

The estimates and assumptions used are reviewed regularly, and are based on past experience and on other factors that have been deemed most reasonable in each instance. If these reviews lead to changes in estimates in a given period, their effect would apply to that period and, as the case may be, to subsequent periods.

d) COMPARISON OF INFORMATION

Royal Decree 1/2021, of January 12, which modifies the Spanish General Chart of Accounts approved by Royal Decree 4/15/2007, of November 16, introduces changes to adapt the recognition and measurement standards for "Financial instruments" and "Income from sales and provision of services" to IFRS-EU 9 and IFRS-EU 15, respectively. Additionally, the Institute of Accounting and Account Auditing Resolution of February 10, 2021, establishes the standards for the registration, measurement, and preparation of annual accounts for the recognition of income from the delivery of goods and the provision of services.

The new criteria was first applied on January 1, 2021.

Regarding the recognition and measurement of income from sales and provision of services, the Company applies the new criteria retroactively only to contracts not terminated as of the date of its first application, that is, January 1, 2021. In addition, it has opted not to present comparative information for the 2020 fiscal year, in accordance with the First Transitional Provision of the Royal Decree. However, for better comparability, "Other operating income" for the year 2020 is presented for an amount of 49 million euros as net revenue.

The information for the 2020 fiscal year on financial instruments has been reclassified for comparative purposes in accordance with the new approved categories.

The classification of financial instruments in the new category is shown below

Financial assets.

December 31, 2020		January 1, 2021	
Item	Book value		Item
	Amount	Amount	
Financial assets available for sale	23,584	23,584	Assets at fair value with changes in equity
Loans and receivables	463,258	463,258	Financial assets at amortized costs
Investments in the equity of group companies, jointly controlled companies and associate companies	9,507,328	9,507,328	Financial assets at cost
TOTAL	9,994,170	9,994,170	
DIFFERENCE		—	

Thousand euros

Financial liabilities

December 31, 2020		January 1, 2021	
Concepto	Valor en libros		Concepto
	Importe	Importe	
Financial assets at amortized cost	2,835,084	2,835,084	Financial assets at amortized cost
TOTAL	2,835,084	2,835,084	
DIFFERENCE		—	

Thousand euros

e) CORRECTIONS OF ERRORS

No significant errors were found in the Company's annual accounts from previous years.

3. Distribution of earnings

The Company's Board of Directors has proposed the following distribution of profits for approval at the Annual General Meeting.

BASIS OF DISTRIBUTION	AMOUNT
Profit for the fiscal period	243,956,808.80
Retained earnings	240,950,085.55
TOTAL	484,906,894.35
DISTRIBUTION	IMPORTE
To dividends	446,535,224.59
To retained earnings	38,371,669.76
TOTAL	484,906,894.35

Figures in euros

This dividend distribution is based on a thorough and reflective analysis of the MAPFRE Group's situation, does not compromise the future solvency or the protection of the interests of insurance policyholders and insured persons, and is made in the context of supervisors' recommendations on this matter.

During the fiscal year, the Company distributed an interim dividend for a total amount of 184,798,775.79 euros (153,988,000.62 euros in 2020), which is recorded in equity under the heading "Interim dividend."

The liquidity statement prepared by the Board of Directors for the distribution of the interim dividend is shown below.

ITEM	DATE OF AGREEMENT October 30, 2020
Cash available on date of agreement	7,689
Increases in cash forecast within one year	420,314
(+) From expected current collection operations	350,314
(+) From expected financial operations	70,000
Decreases in cash forecast within one year	(226,415)
(-) From expected current payment transactions	(110,884)
(-) From expected financial transactions	(115,531)
Cash available within one year	201,588

Thousand euros

The distribution of profits for fiscal year 2020, carried out during 2021, is presented in the statement of total changes in equity.

4. Recognition and measurement standards

The recognition and measurement standards applied are indicated below:

a) Fixed assets

Intangible fixed assets

Intangible fixed assets recognized comply with the identifiable criterion and are carried at cost less accumulated amortization and any impairment losses.

They are measured at their acquisition price or production cost and usually are systematically amortized according to their useful life.

Property, plant and equipment

The assets included under property, plant and equipment are measured at cost of acquisition or production, including indirect taxes that are not directly recoverable from the Spanish tax authorities, less accumulated depreciation and impairment losses. Depreciation is calculated on a straight-line basis, on the cost of the asset less the residual value and less the value of land, in accordance with the estimated useful life.

The costs of renovating, expanding or improving property, plant and equipment are recognized as an increase in the value of the asset when they entail an increase in capacity, productivity or extension of the useful life of each asset.

Impairment of fixed assets

At least at the fiscal year-end, and wherever there are indications of impairment, the Company considers whether the fixed assets may have suffered a loss in value. If such evidence exists, the recoverable amount of the asset is estimated.

Recoverable amount is the greater of an asset's fair value less costs to sell and its value in use.

If the book value exceeds the recoverable amount, the excess is recognized as a loss, reducing the book value of the asset to its recoverable amount.

Valuation adjustments to assets due to impairment and the reversal thereof are recognized as an expense or revenue, respectively, on the income statement under "Impairment and gains/(losses) from disposal of fixed assets."

If there is an increase in the recoverable amount of an asset other than goodwill, any previously recognized impairment loss is reversed, increasing the book value of the asset to its recoverable amount. This increase never exceeds the book value, net of amortization or depreciation, that would be recorded had an impairment loss not been recognized in previous years. The reversal is recognized on the income statement, unless the asset was previously subject to revaluation against "Valuation change adjustments", in which case the reversal is treated as a revaluation increase. Amortization and depreciation expenses are adjusted in the following periods after the valuation adjustment or its reversal.

b) Operating leases

The Company classifies the lease contracts it holds as operating leases given that the lessor does not substantially transfer to the lessee all the risks and benefits of ownership. The revenue and expenses arising from operating leasing are recorded on the income statement over the life of the contract on an accruals basis.

c) Financial instruments

FINANCIAL ASSETS

All assets comprising cash, equity instruments of other companies, or that entail a contractual right to receive cash or another financial asset (a debt instrument), or any exchange of financial instruments under favorable conditions, are classified as financial assets.

Transactions performed in the foreign currency market are recognized on the settlement date, whereas financial assets traded in secondary markets in the Spanish markets are recognized on the trade date in the case of equity instruments and on the settlement date in the case of debt instruments.

Financial assets are classified as:

Financial assets at amortized cost

This category includes financial assets, even when admitted to trading on an organized market, in which the investment is held for the purpose of receiving cash flows consisting solely of principal and interest payments on the outstanding principal balance (even if the transaction is agreed at zero interest or below the market rate).

Assets are considered to meet this objective even if sales have taken place or are expected to take place in the future. For this purpose, the frequency, amount, calendar, and reasons for sales in previous years, as well as expectations of future sales are considered.

In general, this category includes trade and non-trade receivables.

They are initially valued at their fair value, which, unless there is evidence to the contrary, is the transaction price, equivalent to the fair value of the consideration given plus the transaction costs that are directly attributable to them.

In the event of receivables for sales operations and other items such as advances, receivables due to personnel or dividends to be collected with maturity no later than one year, with no type of contractual interest rate, are valued at face value when the effect of not discounting cash flows is not significant, both at initial recognition and in subsequent valuation, unless there is impairment.

These assets are subsequently valued at their amortized cost, accounting for accrued interest on the income statement, applying the effective interest rate method.

Impairment is deemed to exist when there is a reduction or delay in estimated future cash flows that may be caused by the debtor's insolvency.

Valuation adjustments due to impairment and their reversal, if applicable, are performed at the close of the fiscal year, recognizing an expense or revenue, respectively, on the income statement. However, the reversal of the loss is limited to the amortized cost that the assets would have had if the impairment loss had not been recognized.

Financial assets at cost

This category includes investments in the equity of group, multi-group, and associate companies that are initially recognized and valued at cost, which is equivalent to the fair value of the consideration given plus the transaction costs that are directly attributable to them.

The subsequent valuation is carried out at cost less, where appropriate, the accumulated amount of the valuation adjustments for impairment.

In the case of non-monetary contributions to Group companies, the contributor values the investment at the book value of the assets and liabilities delivered in the Group's most recent consolidated closed annual accounts. Any difference between the book value of the investment contributed and the value assigned to the interest received is posted in a reserve account.

When a value is assigned due to a balance sheet cancellation or for another reason, the weighted average cost method is applied for homogeneous groups.

In the case of the sale of preferential subscription rights and similar rights or the division of these rights to exercise them, the cost of the rights reduces the book value of the respective assets.

At the end of the year, when there is objective evidence that the carrying amount of the investment is not recoverable, the necessary value adjustments are made.

A valuation adjustment equates to the difference between the book value of the investment and the recoverable amount. The latter is the higher of fair value less the costs to sell and the present value of the future cash flows derived from the investment.

Impairment losses and their reversal are recognized as an expense or income for the year on the income statement.

Reversal of impairment is limited to the book value of the investment that would be recognized on the reversal date if the impairment had not been registered. However, if an investment was made prior to its classification as a group, multi-group or associate company, and valuation adjustments posted directly to equity and derived from that investment were made before that classification, said adjustments are generally maintained after its classification and until the investment's disposal or cancellation, at which time they are recorded on the income statement.

Financial assets at fair value with changes in equity

This category includes financial assets whose contractual conditions give rise to cash flows that are solely the principal and interest collected on the outstanding principal amount, and that are not held for trading or classified in the "Financial assets at amortized cost" category.

Also included in this category are investments in equity instruments for which the irrevocable option has been exercised on initial recognition to present subsequent changes directly in equity.

They are initially valued at their fair value, which, unless there is evidence to the contrary, is the transaction price, equivalent to the fair value of the consideration given plus the directly attributable transaction costs.

The subsequent valuation is carried out at fair value, and changes in value are posted to equity, being reclassified on the income statement if sold or in the event of impairment of the financial asset.

Corrections in value due to impairment and gains or losses arising from foreign exchange differences in monetary financial assets in foreign currencies are recorded on the income statement.

The amount of interest calculated applying the effective interest rate method and dividends accrued are also recorded on the income statement.

Investments in equity instruments whose fair value may not be reliably determined are measured at their cost minus the accumulated valuation adjustments amount due to impairment.

When a value is assigned to these assets due to a balance sheet cancellation or for another reason, the weighted average cost method is applied for homogeneous groups.

In case of sale of preferential subscription rights and similar rights, the cost of the rights reduces the book value of the respective assets.

At least at the close of the financial year, the pertinent valuation adjustments are made, provided there is objective evidence that the value of a financial asset included in this category is impaired, the amount of which is recognized on the income statement. Reversals of valuation adjustments are credited to the income statement, with the exception of those associated with equity instruments, the reversal for which is recognized directly in equity.

For equity instruments, investments are analyzed individually to determine whether any impairment exists, when the market value has fallen either over a prolonged period (18 months) or by a significant amount (40 percent) compared to cost.

Determination of fair value:

The fair value of financial assets is determined through the use of market prices, as long as the available quotations of the instruments can be considered representative, as they are regularly published in the usual information systems provided by recognized financial intermediaries.

A fair value hierarchy is established according to the variables used, classifying the estimates into three levels:

- Level 1: those that use unadjusted quoted prices in active markets for identical assets or liabilities, which the company can access on the valuation date.
- Level 2: those based on prices quoted in active markets for similar instruments or other assessment techniques in which all significant variables are based on directly or indirectly observable market data.
- Level 3: those in which some significant variable is not based on observable market data.

If market valuation is not possible, a valuation is performed with internal models using, as far as possible, public market data that satisfactorily replicate the valuation of the instruments quoted. This valuation methodology is based on the discounting of (determined or estimated) future flows from the instruments using the risk-free discount curve. Depending on the characteristics of the issue concerned and the issuer, a specific credit risk is assigned, which applies to a different degree to each of the flows to be received.

For shares in mutual funds other than those classified in group companies, the fair value will be the net asset value of the fund at the valuation date.

Cash and other equivalent liquid assets

Cash includes liquid funds and demand deposits, while cash equivalents correspond to highly liquid short-term investments that can be easily converted to fixed amounts of cash and have an insignificant risk of change in value.

Interest and dividends received from financial assets

The interest and dividends from financial assets accrued after acquisition are recognized as revenue on the income statement. Interest from financial assets valued at amortized cost is recognized using the effective interest rate method, and dividends when the right to receive them is declared.

For these purposes, on initial measurement of financial assets, the amount of accrued and unmatured explicit interest and dividends agreed at the time of acquisition are recognized separately on the basis of their maturity.

Additionally, when the distributed dividends come from earnings generated prior to the acquisition date, because amounts were distributed that are greater than the profits generated by the investee since the acquisition, they are not recognized as revenue and they reduce the book value of the investment.

Derecognition of financial assets

Financial assets are derecognized when the contractual rights over the cash flows of the financial asset expire or when they are transferred, whereupon the risks and benefits of ownership are substantially transferred.

When a financial asset is canceled, the difference between the net received compensation of the attributable transaction costs and the book value of the financial asset, plus any accumulated amount recognized directly as equity, determines the resulting gains or losses and is part of the result for the period.

FINANCIAL LIABILITIES

Instruments issued, incurred or assumed that give rise to a direct or indirect contractual obligation for the Company, based on its economic reality, to deliver cash or another financial asset or to exchange financial assets or liabilities with third parties on unfavorable terms are recognized as financial liabilities.

Financial liabilities are classified as:

Financial liabilities at amortized cost

These correspond to trade and non-trade payables.

After initial recognition at their fair value (transaction price, adjusted for directly attributable costs), they are measured at their amortized cost, and any interest is recorded on the income statement, applying the effective interest rate method.

In the case of trade payables maturing within a year and without a contractual interest rate, as well as third-party called capital for holdings whose amounts are expected to be paid in the short-term, both the initial valuation and subsequent valuations are performed at the face value when the effect of not discounting cash flows is not significant.

Derecognition of financial liabilities

Financial liabilities are derecognized in whole or in part when the obligation inherent to them has expired. Additionally, own financial liabilities acquired are derecognized even when there is an intention to reassign them in the future.

If there is an exchange of debt instruments with significantly different conditions, the original liability is canceled and the new liability is recognized.

The difference between the book value of the financial liability or the derecognized part of the liability and the compensation paid, including attributable transaction costs, and including any transferred asset other than cash or the liability assumed, is recognized on the income statement during the fiscal year in which it occurs.

If there is an exchange of debt instruments without significantly different conditions, the original liability is not derecognized from the balance sheet, and any commission paid is recorded as an adjustment to the book value.

Own equity instruments

All items that show a residual investment in Company assets once its liabilities have been deducted are classified in this category.

Treasury stock is measured at its net acquisition cost and recorded in equity. Expenses incurred on acquisition are recognized in equity as a decrease in the value of reserves.

All transactions performed with own equity instruments are recorded in equity as a variation in the value of shareholders' equity.

d) Transactions in foreign currency

Transactions in foreign currencies are converted to euros by applying the exchange rate in force on the transaction date.

At fiscal year-end, the balances that correspond to monetary items expressed in foreign currencies are converted at the exchange rate of the euro on that date, and all exchange differences are allocated on the income statement, except for monetary financial assets classified in the category of fair value with changes in equity, in which exchange rates other than those generated from the amortized cost are recognized directly in equity.

Non-monetary items that are measured at historical cost are generally recorded by applying the exchange rate as of the transaction date. When determining the net equity of an investee, adjusted for any unrealized gains that exist on the valuation date, the closing exchange rate is applied to the net equity and unrealized gains that exist on that date.

Non-monetary items at fair value are recorded by applying the exchange rate on the date when the fair value was determined, recognizing any losses and gains derived from the valuation as net equity or as earnings, depending on the nature of the item.

When presenting the cash flow statement, the flows from transactions in foreign currencies are converted to EUR by applying the spot exchange rate on the dates of exchange to the amount in foreign currency.

The effect of the variation in exchange rates on cash and other equivalent liquid assets expressed in foreign currency is presented separately on the cash flow statement as "Effect of exchange rate variations."

e) Corporate tax

Tax on profits is treated as an expense in the fiscal year and is recorded as such on the consolidated income statement including both the tax charge for the current tax and the effect corresponding to the movement in deferred taxes.

However, income tax relating to items whose valuation changes are recognized directly in equity is recognized in equity rather than on the income statement, and changes in valuation of these items are recognized net of the tax effect.

Current tax assets or liabilities are measured at the amounts that are expected to be recovered or paid, as per the tax rules and rates that are in force or approved and pending publication at the end of the year.

The Company files consolidated tax returns and the corporate income tax expense accrued by companies filing consolidated tax returns is determined taking into account, in addition to the parameters to be considered in the case of individual taxation, the following parameters:

- Temporary and permanent differences arising as a result of eliminating gains and losses on intergroup transactions, derived from the process of determining the consolidated tax base.
- Tax credits and deductions corresponding to each Group company in the consolidated tax group. To that end, tax credits and deductions are recorded in the company that carried out the related activity or that obtained the gain necessary to secure the tax credit or deduction.

Temporary differences derived from the elimination of gains and losses between companies in the tax group are recognized in the company that generated the gain or loss, and are measured at the applicable tax rate.

Tax losses incurred in certain Group companies that have been offset by profits of other companies in the Group give rise to a reciprocal credit and debit between the companies, as appropriate. In the event that tax losses cannot be offset by profits of other Group companies, the tax loss carryforwards are recognized as deferred tax assets by the corresponding companies, considering that they will be offset by future profits of the tax group.

As the Group's controlling company, the Company recognizes the total amount payable for consolidated corporate tax as a payable or a receivable with the different Group companies and associates, as appropriate.

Deferred tax is recorded for temporary differences on the reporting date between the tax base of the assets and the liabilities and their book values. The tax base of an equity item is the amount attributed to it for tax purposes.

The tax effect of temporary differences is included for all taxable temporary differences under the corresponding headings of "Deferred tax assets" and "Deferred tax liabilities," excluding the exceptions provided for in current regulations, if applicable.

The Company recognizes deferred tax assets for all deductible temporary differences, unused tax receivables and tax loss carryforwards to the extent that it is likely that the Company or tax group will have the future taxable profits allowing these assets to be used.

Unless evidenced otherwise, it is not considered likely that the Company will avail itself of future taxable profits if recovery is to take place more than ten years after fiscal Year-end.

The Company recognizes deferred tax assets that have not been recognized due to expiration of the ten-year recovery period if the future reversal period does not exceed ten years from the date of fiscal Year-end or when there are sufficient liabilities derived from temporary tax differences.

Deferred tax assets and deferred tax liabilities are measured according to anticipated tax rates for the fiscal years in which they will be recovered or liquidated, respectively.

Deferred tax assets and deferred tax liabilities are recognized on the balance sheet as non-current assets or liabilities, regardless of the expected date of realization or settlement.

f) Revenue and expenses

Holding participations in group and associate companies is the ordinary activity of the Company, one for which it generates revenue on a regular basis. In application of the criterion expressed by the Institute of Accounting and Auditing of Accounts in relation to the determination of the net revenue amount in holding companies (consultation number 2 of the Official Bulletin of the Institute of Accounting and Auditing of Accounts number 79), the Dividends from group and associate companies and interest received on loans granted to group and associate companies are included as "Net revenue", as well as the fees received for the provision of services to other Group companies and the rebilling of common expenses. Likewise, the heading "Impairment and gains/(losses) on disposals of equity instruments in group and associate companies" is considered within the Operating result.

Revenue from a contract is recognized as and when control over the promised goods or services is transferred to the customer.

The revenue deriving from the commitments (in general, for the provision of services) that are fulfilled over time, are recognized based on the degree of fulfillment of the contractual obligations.

When, at a given date, it is not possible to reasonably measure the degree of fulfillment of the obligation, only revenue and the corresponding consideration are recognized in an amount equivalent to the costs incurred up to that date.

Interest income and expense are recognized using the effective interest rate method.

Dividend income is recognized when the right to receive payment is established. Where dividends unequivocally come from reserves generated before the acquisition, the value of the investment will be adjusted.

g) Provisions and contingencies

Provisions are recognized when there is a current obligation, whether legal or implicit, as a result of a past event, and it is estimated that there will be a probable outflow of funds that include future economic benefits.

They are measured at the fiscal year-end at the present value of the best possible estimate of the amount needed to cancel or transfer the obligation to a third party. The resulting adjustments are recorded when the provision is discounted as a financial expense on an accruals basis.

The compensation to be received from a third party on settling the obligation, provided that there is no doubt that it will be received, does not entail a decrease in the debt, and the collection right is recognized in the asset whose amount will not exceed the amount of the obligation recorded in the accounts.

h) Personnel expenses

Remuneration for employees may be short-term, post-employment benefits, compensation for termination, other medium and long-term remuneration, and share-based payments.

Short-term remuneration

These are posted according to the services provided by employees on an accrual basis.

Post-employment benefits

These essentially 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 those in which the Company 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 obligation is limited to the contribution agreed on to deposit in a fund and the amount of benefits to be received by employees is determined by the contributions made plus the yield obtained on the investments made by the fund.

Defined benefit plans

These are plans that establish the benefit to be received by employees at the time of retirement, normally based on factors such as remuneration.

The liability recognized on the balance sheet for defined benefit pension plans is equal to the present value of the defined benefits obligation on the balance sheet date less, where applicable, the fair value of plan assets.

The defined benefit obligation is determined separately for each plan using the projected credit unit actuarial valuation method.

Actuarial gains and losses are recognized in equity accounts.

All the obligations for defined benefit plans that remain on the balance sheet correspond exclusively to retired personnel.

Compensation for termination

Compensation for termination is recognized as a liability and expense when there is a proven 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.

Other medium- and long-term remuneration and share-based payments

Other long-term remuneration besides those described in the preceding paragraphs and referring specifically to the award for years of service or time with the company are recorded in line with the aforementioned principles; the only exceptions are past services costs, which are recognized immediately and recorded as an offsetting liability under the heading "Long-term provisions," and actuarial gains and losses, which are recorded on the income statement.

In fiscal year 2019, a new medium-term incentive plan was approved for certain members of the MAPFRE executive team. The plan is extraordinary, not 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 meeting certain corporate and specific objectives, as well as the director remaining in the Company's or Group's employ. It will be paid partly in cash (50 percent) and partly in MAPFRE S.A. shares (50 percent), and is subject to reduction or recovery clauses.

At the close of each fiscal year of the plan, objective achievement is evaluated and the amount accrued is recorded on the income statement, with a credit to a provisions account for the part of cash remuneration and a credit to an equity account for the part corresponding to shares. The part of the incentive to be received in MAPFRE S.A. shares is measured taking into account the fair value of the assigned equity instruments.

Each year, until the vesting period 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.

i) Related-party transactions

Transactions with related parties linked to the usual activities of the Company are conducted under market conditions and are recorded according to the aforementioned valuation rules.

j) Non-current assets held for sale

An asset is classified as non-current held for sale when its book value is expected to be recovered through sale rather than through continued use, it is available for immediate sale under its usual conditions and the sale is highly probable.

They are valued at the lower amount between their book value and their fair value less costs to sell.

These assets are not amortized, and losses or reversals due to their impairment are recognized in the profit and loss account.

5. Property, plant and equipment

The accompanying table shows the movements under this heading for the last two fiscal years

HEADINGS	OPENING BALANCE		INFLOWS		OUTFLOWS		CLOSING BALANCE	
	2021	2020	2021	2020	2021	2020	2021	2020
Land	4,021	4,021	—	—	—	—	4,021	4,021
Buildings	9,433	9,433	—	—	—	—	9,433	9,433
Facilities and other property, plant and equipment	6,770	8,422	80	505	(22)	(2,157)	6,828	6,770
Fixed assets in progress and advance payments	283	179	2	104	—	—	285	283
TOTAL COST	20,507	22,055	82	609	(22)	(2,157)	20,567	20,507
Cumulative amortization	(5,534)	(6,446)	(1,209)	(1,239)	13	2,151	(6,730)	(5,534)
NET TOTAL	14,973	15,609	(1,127)	(630)	(9)	(6)	13,837	14,973

Thousand euros

The main inflows in both fiscal years correspond to disbursements for improvements to property, plant and equipment.

The main outflows in 2020 came from the derecognition of fully amortized items.

The depreciation of items of property, plant and equipment is calculated on a straight-line basis according to useful life. Below are details of the depreciation rates applied by groups of items:

ITEM GROUPS	% DEPRECIATION
Buildings	2
Vehicles	16
Furniture and fittings	10
Data processing equipment	25

No items of property, plant and equipment were acquired from Group companies or associates in the last two fiscal years.

No items of property, plant or equipment are located outside Spanish territory.

At the close of the last two fiscal years, there were no fully depreciated assets in use.

The Company has insurance policies covering the net book value of property, plant and equipment.

6. Intangible fixed assets

The accompanying table shows the movements under this heading for the last two fiscal years:

HEADINGS	OPENING BALANCE		INFLOWS		OUTFLOWS		CLOSING BALANCE	
	2021	2020	2021	2020	2021	2020	2021	2020
Computer applications	1,765	16,084	416	1,119	—	(15,438)	2,181	1,765
TOTAL COST	1,765	16,084	416	1,119	—	(15,438)	2,181	1,765
Cumulative amortization	(487)	(15,656)	(343)	(269)	—	15,438	(830)	(487)
NET TOTAL	1,278	428	73	850	—	—	1,351	1,278

Thousand euros

The main inflows in both fiscal years correspond to disbursements for the development of current computer applications and the purchase of new licenses.

The main outflows in 2020 came from the derecognition of fully amortized items.

The annual amortization rate is 33 percent.

There are no intangible fixed assets outside Spanish territory.

At the close of the last two fiscal years, there were no fully depreciated assets in use.

7. Leases

Operating leases

The Company is the lessee in operating leases on a building. The contract is for a one-year term and may be extended by one-year increments if neither party informs the other of its desire to terminate the contract giving two months' notice. There are no restrictions on the lessee in connection with these leases.

The future minimum payments to be paid until the end of the lease term on non-cancellable operating leases amount to 3,193,000 euros, calculated as of December 31, 2021. (3,188,000 euros as of December 31, 2020).

Leasing expenses registered in fiscal years 2021 and 2020 amount to 3,143,000 euros and 3,141,000 euros, respectively.

8. Financial instruments

The following table shows the book value of the financial assets recorded in the last two fiscal years.

Financial Assets

A.- Long-term financial instruments								
Class	Equity instruments		Debt securities		Credit derivatives and Other		Total	
Category	2021	2020	2021	2020	2021	2020	2021	2020
Financial assets at amortized cost	—	—	—	—	190,964	292,061	190,964	292,061
Assets at fair value with changes in equity	4,672	23,584	—	—	—	—	4,672	23,584
TOTAL A	4,672	23,584	—	—	190,964	292,061	195,636	315,645

B.- Short-term financial instruments								
Class	Equity instruments		Debt securities		Credit derivatives and Other		Total	
Category	2021	2020	2021	2020	2021	2020	2021	2020
Financial assets at amortized cost	—	—	—	—	199,307	171,197	199,307	171,197
TOTAL B	—	—	—	—	199,307	171,197	199,307	171,197
TOTAL A + B	4672	23584	—	—	390,271	463,258	394,943	486,842

Thousand euros

Financial liabilities

The book value of the financial liabilities corresponding to the last two fiscal years is shown below.

A.- Long-term financial instruments								
Class	Due to credit institutions		Debentures and other negotiable securities		Loans and Other		Total	
Category	2021	2020	2021	2020	2021	2020	2021	2020
Financial liabilities at amortized cost or at cost	621,000	600,000	1,950,088	2,090,891	108	175	2,571,196	2,691,066
TOTAL A	621,000	600,000	1,950,088	2,090,891	108	175	2,571,196	2,691,066

B.- Short-term financial instruments								
Class	Due to credit institutions		Debentures and other negotiable securities		Loans and Other		Total	
Category	2021	2020	2021	2020	2021	2020	2021	2020
Financial liabilities at amortized cost or at cost	155,944	12	34,901	36,337	151,143	107,669	341,988	144,018
TOTAL B	155,944	12	34,901	36,337	151,143	107,669	341,988	144,018
TOTAL A + B	776,944	600,012	1,984,989	2,127,228	151,251	107,844	2,913,184	2,835,084

Thousand euros

Credit line limits at December 31 of the last two fiscal years are indicated in the accompanying table.

		Limit		Drawn down	
BANCO SANTANDER	2/26/2025	1,000,000	1,000,000	621,000	600,000
CARTERA MAPFRE S.L.U.	9/10/2022	400,000	400,000	—	—
BANCO SANTANDER	1/15/2022	77,950	—	77,950	—
CITIBANK EUROPE	1/15/2022	250,000	—	77,951	—
Total		1,727,950	1,400,000	776,901	600,000

Banco de Santander is the agent bank of the aforementioned line of credit, in the amount of 1 billion euros, which is a syndicated loan with other banks and which bears interest at a rate pegged to market variables. In fiscal year 2018, it was renewed, its conditions modified and its maturity extended. Among the modified conditions, it was converted into sustainable financing, linking its interest also to the Group's sustainability parameters.

Accrued interest payable on the line of credit during the period amounted to 1,860,000 euros (1,801,000 euros in 2020).

At the end of the 2021 fiscal year, the Company presents a negative working capital amounting to 73.97 million euros, as a result of the two lines of credit described in the previous paragraph, granted on December 14, 2021, and which on January 14 of 2022 were canceled at maturity, thereby correcting the situation. However, the Company is guaranteed the financing of its liabilities and liquidity needs through the financial support it receives from the Group itself, as well as the dividends expected to be received and the lines of credit available.

Information regarding the income statement and equity

The accompanying table provides information regarding the income statement and the equity of financial instruments for the last two fiscal years.

HEADINGS	Financial		Impairment			
	income or expenses		Registered losses		Reversal gains	
	2021	2020	2021	2020	2021	2020
Financial assets	—	—	—	—	—	—
Equity instruments	362,702	394,486	(515)	(59,461)	6,458	—
Financial assets at amortized cost	10,611	12,911	—	—	—	—
Trading portfolio and other	—	—	—	—	—	—
Other financial assets	434	424	—	—	—	—
Impairment and result of disposal of financial instruments	(10,440)	20,004	—	—	—	—
Foreign exchange differences	(2)	(3)	—	—	—	—
Subtotal	363,305	427,822	(515)	(59,461)	6,458	—
Financial liabilities	—	—	—	—	—	—
Financial liabilities at amortized cost	(149)	—	—	—	—	—
Debt with third parties	(68,115)	(67,769)	—	—	—	—
For update of provisions	(186)	(190)	—	—	—	—
Subtotal	(68,450)	(67,959)	—	—	—	—
TOTAL	294,855	359,863	(515)	(59,461)	6,458	—

Thousand euros

Fair value

The process for the valuation of financial assets is as follows:

- a. At the time of acquisition, the portfolio to which it is assigned is decided (assets at fair value with changes in gains or losses, financial assets at amortized cost, financial assets at cost, or financial assets at fair value with changes in equity), depending on the characteristics and the business model.
- b. Depending on the accounting status of the portfolios, they are valued against the market using the valuation methods described in Note 4c "Financial instruments" (Level 1, Level 2, and Level 3).

The assessment policy is decided at the time of acquisition and reviewed annually.

Financial assets at amortized cost

The investments allocated to the financial assets at amortized cost portfolio are shown below.

Item	Financial assets at amortized cost									
	Book value		Fair value						Total	
	(amortized cost)		Level 1. Market value		Level 2. Observable data		Level 3. Other valuations			
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Other investments	390,271	463,258	0	0	390,271	463,258	0	0	390,271	463,258
TOTAL	390,271	463,258	0	0	390,271	463,258	0	0	390,271	463,258

Thousand euros

Financial assets at fair value with changes in equity

The investments allocated to the financial assets at fair value with changes in equity portfolio are indicated below.

Item	Financial assets at fair value with changes in equity							
	Book value (fair value)							
	Level 1. Market value		Level 2. Observable data		Level 3. Other valuations			
	2021	2020	2021	2020	2021	2020	2021	2020
Mutual funds	—	—	—	—	4,672	23,584	4,672	23,584
TOTAL	—	—	—	—	4,672	23,584	4,672	23,584

Thousand euros

With regard to the sensitivity of fair value assessments, 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 some of the significant variables are not based on observable market data.

Financial assets at cost

The investments allocated to the Financial assets at cost portfolio are indicated below:

Item	Financial assets at cost									
	Book value		Fair value							
	(cost)		Level 1. Market value		Level 2. Observable data		Level 3. Other valuations		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Other investments	9,533,090	9,507,328	—	—	—	—	9,533,090	9,507,328	9,533,090	9,507,328
TOTAL	9,533,090	9,507,328	—	—	—	—	9,533,090	9,507,328	9,533,090	9,507,328

Thousand euros

There follows a conciliation of the fiscal-year balances for financial assets at cost classified as Level 3.

Financial assets at fair value with changes in equity	Equity instruments and mutual funds		Securities Debt		Other financial assets		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
	Opening balance	9,530,912	9,614,284	—	—	—	—	9,530,912
Acquisitions	15	10,883	—	—	—	—	15	10,883
Disposals	(937)	(33,692)	—	—	—	—	—	(33,692)
Transfers from Level 1 or 2	25,000	—	—	—	—	—	25,000	—
Gains and losses	5,943	(59,461)	—	—	—	—	5,943	(59,461)
Other	(23,171)	(1,102)	—	—	—	—	(23,171)	(1,102)
Closing balance	9,537,762	9,530,912	—	—	—	—	9,538,699	9,530,912

Thousand euros

The gains and losses recorded on equity instruments correspond to movements in valuation adjustments in group and associate companies and in the portfolio of assets at fair value with changes in equity, as per the accompanying table.

Name	(Impairment) Reversal year 2021	(Impairment) Reversal year 2020
MAPFRE INMUEBLES	(508)	(626)
MAPFRE ASISTENCIA	1,958	(52,187)
DESURCIC	(7)	—
PREMINEN PRICE COMPARISON HL	4,500	(4,500)
INSPOP-COMPARE (ADMIRAL GROUP)	0	(2,148)
TOTAL	5,943	(59,461)

Thousand euros

Dividends and other income accrued from financing granted to investee companies are part of the concept "Net business figure amount", as established in Note 4.f.

Group and associate companies

Appendix 1 of the annual report contains details of the Group companies and associates in which direct equity investments have been held in the last two fiscal years.

The results of the companies included in the aforementioned appendix are all ongoing operations.

In compliance with Article 155 of the Recast Text of the Spanish Limited Liability Companies Act, the corresponding notifications were made, when applicable, to investee companies.

The main operations undertaken in the last two fiscal years with Group companies and associates are described in Note 18 of this annual report.

In the 2021 financial year, the Alma Mundi Insurtech Fund FCRE was transferred to the "Long-term Group and Associate companies" heading.

The minority shareholders of the subsidiary MAPFRE RE have a sales option on the shares of that company. If exercised, MAPFRE or a MAPFRE Group company would have to acquire the shares from the selling non-controlling shareholder. The purchase price for the shares will be calculated using the previously agreed formulas in each case. As of December 31, 2021 and 2020, taking into account the variables included in the aforementioned formula, the commitment assumed by the Group in the event of exercising this option would amount to a total of approximately 112 and 110.32 million euros, respectively.

On June 23, 2020, there was a reduction in the share capital for the repayment of contributions by the amortization of the shares of the company MAQUAVIT INMUEBLES, S.L.U. in the amount of 3 million euros.

In 2020, the company sold 100 percent of the shares in MAQUAVIT INMUEBLES, S.L.U. to a third party, generating a profit of 26.65 million euros.

Due to the agreement in December 2020 for the purchase of the company PREMINEN PRICE COMPARISON HOLDINGS LIMITED, the net amount of the investment in said company was reclassified as "Non-current assets held for sale." On April 30, 2021, the sale was made effective for an amount of 9.65 million euros, generating a profit of 1.96 million euros.

Financial instruments risk

Credit and market risks are managed centrally through the MAPFRE Group's Investment Area, which applies a prudent investment policy to mitigate exposure to this type of risk.

Liquidity is managed by the Company, which maintains sufficient balances of current assets and lines of credit to cover any event derived from its obligations. It also has the Group's support for financing operations when additional liquidity is required.

There were no significant amounts in the last two years regarding financial assets exposed to interest rate risk.

Market risk

The accompanying table shows the significant information for the last two years regarding the level of exposure to the interest rate risk of financial liabilities.

Item	Amount of the liability exposed to risk					
	Interest rate		Not exposed to risk		Total	
	2021	2020	2021	2020	2021	2020
Issue of debentures and other negotiable securities	1,984,989	2,127,228	—	—	1,984,989	2,127,228
Due to credit institutions	—	—	777,052	600,187	777,052	600,187
Total	1,984,989	2,127,228	777,052	600,187	2,762,041	2,727,415

Thousand euros

All amounts corresponding to financial assets and liabilities are denominated in euros, with the exception of holdings in companies located overseas.

2021 fiscal year

Liquidity risk

The detail of the last two years of the maturities of financial liabilities is as follows.

The details of the last two fiscal years of maturities of financial liabilities are shown in the accompanying tables.

HEADINGS	Maturity in						Closing
	2022	2023	2024	2025	2026	Posteriores	final
Financial liabilities	0	0	0	0	0	0	0
Debentures and other negotiable securities	60,806	60,806	60,806	60,806	918,106	1,167,500	2,328,830
Due to credit institutions	157,675	1,708	1,708	621,285	—	—	782,376
Other financial liabilities	122,908	—	—	—	—	108	123,016
Total financial liabilities	341,389	62,514	62,514	682,091	918,106	1,167,608	3,234,222

Thousand euros

Fiscal year 2020

HEADINGS	Maturity in						Closing
	2021	2022	2023	2024	2025	Posteriores	final
Financial liabilities							
Debentures and other negotiable securities	63,125	63,125	63,125	63,125	63,125	2,230,625	2,546,250
Due to credit institutions	1,664	1,664	1,664	1,654	605,277	—	611,923
Other financial liabilities	82,003	—	—	—	—	175	82,178
Total financial liabilities	146,792	64,789	64,789	64,779	668,402	2,230,800	3,240,351

Thousand euros

9. Shareholders' equity

SHARE CAPITAL

The Company's share capital as on December 31, 2021 and 2020 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 the same political and economic rights.

All shares representing the Company's share capital are admissible for official trading on the Madrid and Barcelona stock markets.

The Annual General Meeting of March 9, 2018 authorized the directors of the Company to increase capital up to a maximum of 153,977,663.65 euros, equivalent to 50 percent of the share capital at the time. This authorization was granted for a period of five years. Furthermore, the directors were authorized to issue analogous fixed income securities or debentures, convertible or not, for a maximum amount of 2 billion euros.

CARTERA MAPFRE directly held 69.69 percent of the Company's share capital as on December 31 of the last two fiscal years.

SHARE PREMIUM

This reserve is unrestricted and corresponds to the provisions made as a result of the capital increases, as indicated below.

DATE	ISSUE TYPE	AMOUNT
June 1985	200%	956
October 1985	300%	4,015
January 1986	600%	11,040
June 1986	600%	2,428
January 2007	3,192%	3,320,281
TOTAL		3,338,720

Thousand euros

LEGAL RESERVE

The legal reserve, which at the end of the last two years amounted to 61,591,065 euros, cannot be distributed to shareholders unless the Company is liquidated. In that case, it may only be used to offset potential losses.

OTHER RESTRICTIONS ON THE AVAILABILITY OF RESERVES

"Reserves" includes reserve for redenomination of the share capital to euros, which in accordance with Article 28 of Law 46/1998 may not be distributed. Additionally, a capitalization reserve totaling 48,857,000 euros is included, which will be available once five years have elapsed since its creation.

TREASURY STOCK

MAPFRE S.A. shares are bought and sold in accordance with the regulations in force, the relevant agreements adopted at the Annual General Meeting, and the MAPFRE Group Treasury Stock Policy on how to handle transactions which involve the Company's own shares.

In fiscal year 2021, 221,914 shares were delivered to subsidiary directors, and a negative impact in the amount of 84,274.36 euros was registered (compared to a positive impact of 140,638.49 euros in 2020). This has been included under the heading "Other reserves."

At the close of the fiscal year, the Company owned 30,064,020 treasury stocks (30,285,934 in 2020), which represented 0.9762 percent of capital (0.9835 percent in 2020) at an average rate of 2.09 euros per share over the last two fiscal years.

The total face value of the shares acquired was 3,006,402 euros (3,028,593 euros in 2020).

10. Non-convertible debentures

At December 31, 2021 and 2020, the balance of this account included the face value of the debentures issued by the Company and was represented through book entries, the most significant terms and conditions of which are as shown in the accompanying table.

Description	Nominal amount	Book value		Outstanding interests		Issue date	Expiration date	Coupon	Market	Rating
		12/31/2021	12/31/2020	12/31/2021	12/31/2020					
September 2018 issue	500,000	497,408	497,078	6,498	6,498	9/7/2018	9/7/2048	4.13%	AIAF	BBB-
March 2017 issue	600,000	598,516	598,270	19,777	19,777	3/31/2017	3/31/2047	4.38%	AIAF	BBB
May 2016 issue	1,000,000	854,164	995,543	8,626	10,062	5/19/2016	5/19/2026	1.63%	AIAF	A-
TOTAL	2,100,000	1,950,088	2,090,891	34,901	36,337					

Thousand euros

The most relevant conditions related to subordinated obligations are detailed below.

September 2018 issue

This issue included an initial call option on September 7, 2028, with the interest payable from this date up to 2048 being the three-month Euribor plus 4.30 percent, payable quarterly.

March 2017 issue

This issue included an initial call option on March 31, 2027, with the interest payable from this date up to 2047 being the three-month Euribor plus 4.54 percent, payable quarterly.

For both issuances, the issuer is obliged to defer interest payments in the case where there is any non-compliance with the Solvency Capital Requirement or Minimum Capital Requirement, or the pertinent regulatory has prohibited interest payments, or the issuer cannot settle the liabilities that are past due and payable.

Amortization will occur in special cases as a result of reform or modification of tax regulations, due to lack of interchangeability of the issuer's own funds, and as a result of a change in treatment by the credit ratings agencies.

On December 15, 2021, the partial early amortization of 1,427 debentures of the "ISSUE OF STANDARD MAPFRE S.A. DEBENTURES 1/2016" took place for an aggregate amount of 142,700,000 euros. The purchase price was 155,901,177 euros, generating a loss of 12,394,113 euros.

11. Foreign currency

As at the end of the last two fiscal years there were no significant amounts of asset and liability items denominated in foreign currency.

12. Fiscal situation

Since 1985, the Company has been included for corporate tax purposes in Tax Group 9/85, consisting of the Company and those subsidiaries that meet the requirements to be eligible for this tax regime.

In 2021, the following companies belonged to Tax Group No. 9/85:

The following companies belonged to Tax Group No. 9/85

MAPFRE S.A.
 MAPFRE RE, COMPAÑÍA INTERNACIONAL DE REASEGUROS S.A.
 MAPFRE INMUEBLES S.G.A.
 DESARROLLOS URBANOS CIC S.A.
 SERVICIOS INMOBILIARIOS MAPFRE S.A.
 MAPFRE ASISTENCIA, CIA. INTERNACIONAL DE SEGUROS S.A.
 IBEROASISTENCIA S.A.
 IBEROASISTENCIA CONSULTING DE SOLUCIONES Y TECNOLOGÍAS S.A.
 MAPFRE INTERNACIONAL S.A.
 MAPFRE VIDA S.A. DE SEGUROS Y REASEGUROS SOBRE LA VIDA HUMANA
 MAPFRE INVERSIÓN S.V.S.A.
 MAPFRE ASSET MANAGEMENT S.G.I.I.C.S.A.
 MAPFRE VIDA PENSIONES S.G.F.P. S.A.
 CONSULTORA ACTUARIAL Y DE PENSIONES, MAPFRE VIDA S.A.
 GESTIÓN MODA SHOPPING S.A.
 MIRACETI S.A.
 MAPFRE ESPAÑA S.A.
 MULTISERVICIOS MAPFRE S.A.
 MAPFRE TECH S.A.
 GESTIÓN DE CENTROS MEDICOS MAPFRE S.A.U.
 MAPFRE PARTICIPACIONES S.A.
 MAPFRE VIDEO Y COMUNICACIÓN S.A.
 CENTRO DE EXPERIMENTACIÓN Y SEGURIDAD VIAL MAPFRE S.A.
 CLUB MAPFRE S.A.
 MAPFRE CONSULTORES DE SEGUROS Y REASEGUROS S.A.
 MAPFRE AUTOMOCIÓN S.A.
 VERTI ASEGURADORA CIA DE SEGUROS Y REASEGUROS S.A.
 MEDISEMAP AGENCIA DE SEGUROS S.L.
 MAPFRE AM INVESTMENT HOLDING S.A.U.
 FUNESPAÑA S.A.
 SERVICIOS FUNERARIOS FUNEMADRID S.A.
 ALL FUNERAL SERVICES S.L.
 FUNERARIAS REUNIDAS EL BIERZO S.A.
 SALUD DIGITAL MAPFRE S.A.
 MAPFRE GLOBAL RISKS AGENCIA DE SUSCRIPCIÓN S.A.
 RISK MED SOLUTIONS S.A.
 VERTI MEDIACIÓN, SOCIEDAD DE AGENCIA DE SEGUROS VINCULADA S.L.
 FUNERARIA ALIANZA CANARIA S.L.U.
 FUNESPAÑA DOS S.L.U.
 PONPAS FUNEBRES DOMINGO S.L.
 MAPAR IMPERIAL 14 S.L.

The reconciliation of the accounting profit to the corporate tax base for the last two years is shown in the accompanying table.

RECONCILIATION OF THE BOOK RESULT WITH THE TAXABLE RATE OF THE CORPORATION TAX						
Item	Income statement		Revenue and expenses posted directly to equity		TOTAL	
	2021	2020	2021	2020	2021	2020
Balance of revenue and expenses of the year	243,957	245,606	—	—	243,957	245,606
Corporation tax	(36,188)	(39,339)	—	—	(36,188)	(39,339)
Permanent differences	(352,300)	(362,062)	—	—	(352,300)	(362,062)
Temporary differences:	—	—	—	—	—	—
- originating in the year	10,699	21,029	—	—	10,699	21,029
- originating in previous years	(14,462)	2,280	—	—	(14,462)	2,280
Compensation of negative tax bases of previous years	—	—	—	—	—	—
Individual taxable rate (fiscal result)	(148,294)	(132,486)	—	—	(148,294)	(132,486)
Permanent differences for fiscal consolidation	(257)	(896)	—	—	(257)	(896)
Individual taxable rate after consolidation	(148,551)	(133,382)	—	—	(148,551)	(133,382)

Thousand euros

Increases and decreases corresponding to the last two fiscal years:

Increases due to permanent differences originating in the income statement relate to expenses that are not tax deductible, including donations and contributions made to support programs for exceptional public-interest events pursuant to Law 49/2002, and valuation adjustments to equity instruments (equity investments in Group companies and associates) duly accounted for.

The amount of the decreases due to permanent differences arising from the income statement corresponds to the tax-exempt dividends, as well as the income obtained in the transfer of shares in investee companies that meet the requirements for applying the exemption and with the accounting recovery of the value adjustments of equity instruments that were not deductible at the time of provisioning.

Increases due to temporary differences originating in the fiscal year on the income statement primarily correspond to pension commitments and other obligations acquired towards the staff and other provisions for expenses not considered tax deductible in 2021.

Decreases due to temporary differences originating in previous fiscal years on the income statement primarily relate to: the recovery of adjustments for pension commitments, the application of provisions for other personnel obligations, for cost provisions that were not deductible in the fiscal year they were recorded; and the recovery of a tenth of the amortization and depreciation of intangible fixed assets and plant, property and equipment that were not deducted in the 2013 and 2014 fiscal years.

The main elements of the income tax expense from ongoing operations, and the reconciliation between the income tax expenses and the product of multiplying the book results by the applicable tax rate are shown in the accompanying table for the fiscal years ending, December 31, 2021 and 2020.

Item	Amount	
	2021	2020
Tax expense		
Result before taxes from ongoing operations	207,769	206,267
25% of the result before taxes from ongoing operations	(51,943)	(51,567)
Tax effect of the permanent differences	88,075	90,516
Permanent differences for fiscal consolidation	—	—
Tax incentives for the year	552	489
Total (expense)/revenue from current tax originating in the year	36,684	39,438
Expense from current tax originating in previous fiscal years	(486)	(99)
Overseas withholdings	(10)	—
(Expense)/revenue for tax of ongoing operations	36,188	39,339
Tax on profits to be (paid)/received	36,188	39,339
Taxes withheld and payments on account	—	—
Temporary differences	1,005	(5,603)
Tax effect of capital increase expenses posted to equity	—	—
Tax credits and incentives applied, registered in previous years and applied in the current year	2,174	1,019
Tax on profits from discontinued operations	—	—
Net tax on profits to be (paid)/received	39,367	34,755

Thousand euros

The following table includes tax-deductible amounts in previous fiscal years in connection with corrections in value of holdings in Group, jointly-controlled and associated companies and the difference in the year in the shareholders' equity of the same, as well as the amounts included in the tax base as a result of tax reversion and the amounts pending inclusion.

As of January 1, 2021, there are no amounts deducted in previous years pending inclusion, given that in fiscal year 2020 the inclusion period ended for one-fifth of the entities deducted in previous years, regulated in Royal Decree Law 3/2016, of December 2.

COMPANY	Deductible tax revenue		Reversal for difference in shareholders' equity		Reversal for dividends		Minimum reversal (fifth part of 2016)		Recovery made during the fiscal year		Amounts pending recovery
	2021	Previous years	2021	2020	2021	2020	2021	2020	2021	2020	
MAPFRE INMUEBLES	—	—	—	—	—	—	—	3,719	—	3,719	—
Total	—	—	—	—	—	—	—	3,719	—	3,719	—

Thousand euros

The applicable tax rate for fiscal years 2021 and 2020 was 25 percent.

The following tables offer a breakdown of the movements for fiscal years 2021 and 2020 under the "Deferred tax assets" heading, differentiating the corresponding amounts in terms of items debited or credited directly to equity.

Fiscal year 2021

Item	Opening balance	Originating from Results	Equity	Cancellations	Closing balance
Assets					
Commitments to personnel	15,460	2,425	—	(3,433)	14,452
Equity instruments impairment	12,973	127	—	(361)	12,739
Other items	2,854	123	—	(420)	2,557
Total	31,287	2,675	—	(4,214)	29,748

Thousand euros

Fiscal year 2020

Item	Opening balance	Originating from Results	Equity	Cancellations	Closing balance
Assets					
Commitments to personnel	10,804	4,935	—	(279)	15,460
Equity instruments impairment	13,238	1,087	—	(1,352)	12,973
Other items	2,867	181	—	(194)	2,854
Total	26,909	6,203	—	(1,825)	31,287

Thousand euros

The breakdown of movements for years 2021 and 2020 under the heading "Deferred tax liabilities" is also shown below, differentiating the amounts in terms of items debit or credited directly against equity for the period.

Fiscal year 2021

Item	Opening balance	Originating from Results	Equity	Cancellations	Closing balance
Liabilities					
Profit from sales of equity instruments	108	—	631	—	739
TOTAL	108	—	631	—	739

Thousand euros

Fiscal year 2020

Item	Opening balance	Originating from Results	Equity	Cancellations	Closing balance
Liabilities					
Profit from sales of equity instruments	108	—	—	—	108
TOTAL	108	—	—	—	108

Thousand euros

There are no tax loss carryforwards pending offset. The tax credits held by the Company for the last two years are shown below:

Fiscal year 2021

Modality	Year to which they correspond	Amount applied in the fiscal year	Amount pending application	Amount not registered	Deadline for use
Double taxation deduction	2021	1,678	—	—	—
Other	2021	552	—	—	—
TOTAL	—	2,230	—	—	—

Thousand euros

Fiscal year 2020

Modality	Year to which they correspond	Amount applied in the fiscal year	Amount pending application	Amount not registered	Deadline for use
Double taxation deduction	2020	920	—	—	—
Other	2020	489	—	—	—
TOTAL	—	1,409	—	—	—

Thousand euros

As of December 31, 2020, the Company had allocated a capitalization reserve amounting to 35 million euros, which as of December 31, 2021 is considered available as five years have elapsed since its incorporation. In addition, capitalization reserves were set up in 2016 and 2017 for an amount of 13.85 million euros, which are also made available due to the loss of the tax benefits associated with them.

The consolidated settlement (tax return) of Tax Group 9/85 for fiscal year 2021 shows a corporate tax rebate of 14,677,953 euros, recognized in the assets of the Company (37,615,074 euros in 2020), and is still awaiting a repayment from previous fiscal years of 49,574,300 euros, having received an amount of 49,555,370 euros prior to the preparation of this income statement.

As a result of their distribution among the Group companies, the Company has registered in the last two years the receivables and payables shown in the accompanying table, generated in the period, in relation to the companies subject to Tax Group 9/85.

COMPANY	AMOUNT			
	CREDIT		DEBIT	
	2021	2020	2021	2020
MAPFRE VIDA S A DE SEGUROS Y REASEG SOBRE LA VIDA HUMANA	—	—	1,092	10,375
MAPFRE RE COMPAÑÍA INTERNACIONAL DE REASEGUROS S A	7,972	5,680	—	—
MAPFRE INMUEBLES S A	—	—	1,235	795
MAPFRE INVERSION S V S A	266	446	—	—
MAPFRE VIDA PENSIONES S G F P S A	—	61	25	—
MAPFRE ASSET MANAGEMENT S G I I C S A	471	1,975	—	—
CONSULTORA ACTUARIAL Y DE PENSIONES MAPFRE VIDA S A	—	6	1	—
GESTION MODA SHOPPING S A	—	—	17	13
MIRACETI S A	13	50	—	—
MAPFRE VIDEO Y COMUNICACIÓN S A (MAVICO)	—	128	130	—
MAPFRE CONSULTORES DE SEGUROS Y REASEGUROS S A	1	—	—	—
MAPFRE ASISTENCIA CIA INTERNACIONAL DE SEGUROS S A	—	—	20,451	5,743
IBEROASISTENCIA S A	—	—	20	9
CENTRO DE EXPERIMENTACIÓN Y SEGURIDAD VIAL MAPFRE S A	—	25	137	—
CLUB MAPFRE S A	—	—	10	7
DESARROLLOS URBANOS CIC S A (DESURCIC)	—	—	242	3,078
MAPFRE INTERNACIONAL	—	—	16,105	16,055
MULTISERVICIOS MAPFRE S A (MULTIMAP)	25	23	—	—
SERVICIOS INMOBILIARIOS MAPFRE S A (SERVIMAP)	10	35	—	—
MAPFRE TECH	—	—	2,551	1,940
MAPFRE AUTOMOCIÓN	—	—	212	215
IBEROASIS CONSULTING DE SOLUCIONES Y TECNOLOGIAS S A	—	—	—	540
M PARTICIPACIONES (formerly SERVIFINANZAS)	605	—	—	257
CENTROS MEDICOS MAPFRE SA	—	—	917	2,139
VERTI ASEGURADORA CIA DE SEGUROS Y REASEGUROS S A	—	1,266	1,697	—
MEDISEMAP AGENCIA DE SEGUROS S L	—	—	1	1
MAPFRE ESPAÑA COMPAÑÍA DE SEGUROS Y REASEGUROS S A	63,789	31,343	—	—
FUNESPAÑA S A	—	—	107	65
SERVICIOS FUNERARIOS FUNEMADRID S A	32	131	—	—
ALL FUNERAL SERVICES S L	35	31	—	—
FUNERARIAS REUNIDAS EL BIERZO S A	17	93	—	—
POMPES FÚNEBRES DOMINGO S L	3	—	—	—
MAPFRE AM INVESTMENT HOLDING S A U	—	—	60	1
SALUD DIGITAL MAPFRE	—	—	2,991	2,439
MAPFRE GLOBAL RISKS AGENCIA DE SUSCRIPCIÓN S.A.U.	—	1	121	—
RISK MED SOLUTIONS	—	—	222	256
FUNERARIA ALIANZA CANARIA S.L.U	—	—	2	23
FUNESPAÑA DOS S.L.U.	—	—	186	203
MAMPAR IMPERIAL 14 SL	—	—	18	—
TOTAL	73,239	41,294	48,550	44,154

Thousand euros

The total amount payable to the Spanish tax authorities in 2021, and the net amount of the aforementioned receivables and payables, gives rise to the amount to be collected by the Company, namely 39,366,976 euros (34,755,249.93 euros in 2020).

During the past two years, no significant eliminations were made in the consolidated Tax Group due to temporary differences.

The following table breaks down the amounts pending reversal as a result of the eliminations for temporary differences of the Company in the Tax Group.

Item	Purchasing company	Amount	Year eliminated
Shares sale			
- MAPFRE SOFT	MAPFRE INTERNACIONAL S.A.	(2)	2003
- MUSINI	MAPFRE GLOBAL RISKS S.A.	(92)	2004
- MAPFRE CAUCIÓN Y CRÉDITO	MAPFRE GLOBAL RISKS S.A.	10,251	2005
- MAPFRE SERVICIOS DE INFORMAT.	MAPFRE INTERNET S.A.	1,262	2010
- MAPFRE INMUEBLES S.G.A.	MAPFRE CAUCIÓN Y CRÉDITO	(16)	2010
- MAPFRE INMUEBLES S.G.A.	MAPFRE ESPAÑA S.A.	(1,764)	2010
- MAPFRE INMUEBLES S.G.A.	MAPFRE GLOBAL RISKS S.A.	(184)	2010
- MAPFRE INMUEBLES S.G.A.	MAPFRE ESPAÑA S.A.	(956)	2010
- MAPFRE INMUEBLES S.G.A.	MAPFRE VIDA, S.A. DE SEGUROS Y REASEGUROS SOBRE LA VIDA HUMANA	(251)	2010
- MAPFRE INMUEBLES S.G.A.	MAPFRE ESPAÑA S.A.	(697)	2011
- MAPFRE INMUEBLES S.G.A.	MAPFRE VIDA, S.A. DE SEGUROS Y REASEGUROS SOBRE LA VIDA HUMANA	(98)	2011
- MAPFRE INMUEBLES S.G.A.	MAPFRE ESPAÑA S.A.	(371)	2011
- MAPFRE ESPAÑA	MAPFRE AUTOMOCIÓN	(15)	2015
- MAPFRE SA	MAPFRE INTERNACIONAL S.A.	(13)	2016
- MAPFRE ESPAÑA	MAPFRE INTERNACIONAL S.A.	207	2016
- MAPFRE VIDA	MAPFRE INTERNACIONAL S.A.	23	2016
- MAPFRE GLOBAL RISKS	MAPFRE INTERNACIONAL S.A.	(7)	2016
- MAPFRE GLOBAL RISKS	MAPFRE ESPAÑA S.A.	(43)	2016
Total		7,234	

Thousand euros

The following table shows the incorporations in the consolidated Tax Group during the last two fiscal years:

Temporary differences	Company	Fiscal year	
		2021	2020
Impairment Group companies	MAPFRE INMUEBLES S.G.A.	—	3,719
Total temporary differences		—	3,719

Thousand euros

The adjustment for the integration of the provisions for pension commitments, with the limit of 25 percent of the previous tax base regulated in Article 11.12 of Law 27/2014, to be applied to the consolidated tax base in 2021 was 256,908.54 euros (269,014.77 euros in 2020).

Verification by tax authorities

In accordance with current legislation, the declarations made in respect of the different taxes may not be considered final until they have been inspected by the tax authorities or the four-year limitation period has elapsed.

In fiscal year 2020, the verification actions initiated on December 4, 2017 in relation to Corporate Income Tax, fiscal years 2013 to 2016, referring to Tax Consolidation Group No. 9/85, of which MAPFRE S.A. is the dominant entity, terminated. Likewise, the actions related to Value Added Tax (hereinafter, VAT) were completed, for years 2014 to 2016 referring to VAT Group No. 87/10, of which MAPFRE S.A. is the parent entity. With regard to MAPFRE S.A., the actions were extended to all the taxes to which it is individually subject for the years 2014 to 2016 and to Corporation Tax for the year 2013.

Acts of disagreement were also signed in relation to the Corporation Tax for the years 2013 to 2016, which affect MAPFRE S.A. as an individual company with regard to the deductibility of certain personnel expenses and the deduction for technological innovation expenses. The settlements derived from said minutes are being appealed before the Central Economic-Administrative Council (TEAC).

MAPFRE S.A. considered that, in line with the criteria expressed by the internal tax advisors, the adjustments carried out had no significant impact on the individual annual accounts, and there were solid defense arguments in the pending appeals, which is why no provision was made for any specific tax for these concepts.

As of December 31, 2021, the company is open for inspection of all the taxes to which it is subject for the years 2018 to 2021 inclusive, and the 2017 Corporation Tax. In the opinion of the Company's advisors, the possibility that tax liabilities may arise that will significantly affect the financial position of the Company as of December 31, 2021, is remote.

Business restructuring operations

In March 2019, administrative authorization was obtained to carry out the total spin-off operation of the entity MAPFRE GLOBAL RISKS COMPAÑÍA DE SEGUROS Y REASEGUROS S.A., which had been agreed in 2018, in favor of the entities MAPFRE RE COMPAÑÍA DE REASEGUROS S.A., MAPFRE ESPAÑA COMPAÑÍA DE SEGUROS Y REASEGUROS S.A., MAPFRE PARTICIPACIONES S.A. and MAPFRE GLOBAL RISKS AGENCIA DE SUSCRIPCIÓN S.A.U.

During 2016, the merger by absorption of the companies MAPFRE AMÉRICA S.A. (absorbing company) and MAPFRE INTERNACIONAL S.A. (absorbed company) into MAPFRE INTERNACIONAL S.A., took place, with the absorbed company changing its name to MAPFRE INTERNACIONAL S.A.

Both operations were covered by the Special Regime foreseen in Chapter VII, Part VII of Corporate Tax Law 27/2014 of November 27, 2014, and the corresponding reports contain the mandatory accounting information relating to these operations.

On September 6, 2013, 100 percent of the shares of SEGUROS GERAIS held by MAPFRE INTERNACIONAL were spun off to MAPFRE FAMILIAR. MAPFRE S.A. is the sole partner of the companies involved in the operation.

On February 22, 2011, the capital of MAPFRE VIDA was increased via non-monetary contributions from the companies CAJA CASTILLA LA MANCHA VIDA Y PENSIONES DE SEGUROS Y REASEGUROS and UNIÓN DUERO COMPAÑÍA DE SEGUROS VIDA S.A.

On June 6, 2011 the capital of MAQUAVIT INMUEBLES was increased via the contribution of the holding of the company MAPFRE QUAVITAE.

The 2011 annual report contains mandatory accounting information concerning these operations.

All the aforementioned operations were subject to the Special Regime of Chapter VIII, Part VII of Royal Legislative Decree 4/2004.

Up to 2008, the following merger operations were carried out, under the tax deferral regime established in the Corporate Tax regulations:

- Merger by absorption of MAPFRE-CAJAMADRID HOLDING DE ENTIDADES ASEGURADORAS S.A. by MAPFRE S.A.
- Merger by absorption of MAPFRE AUTOMOBILES, COMPAÑÍA DE SEGUROS Y REASEGUROS S.A., MAPFRE CAJA SALUD, COMPAÑÍA DE SEGUROS, S.A. and MAPFRE GUANARTEME, COMPAÑÍA DE SEGUROS DE CANARIAS S.A. into MAPFRE SEGUROS GENERALES, COMPAÑÍA DE SEGUROS Y REASEGUROS S.A. (which changed its company name to MAPFRE FAMILIAR, COMPAÑÍA DE SEGUROS Y REASEGUROS S.A.).

Merger by absorption of MAPFRE AGROPECUARIA, COMPAÑÍA DE SEGUROS Y REASEGUROS S.A. by MAPFRE EMPRESAS, COMPAÑÍA DE SEGUROS Y REASEGUROS S.A.

- Merger by absorption of MAPFRE AMÉRICA VIDA S.A. by MAPFRE AMÉRICA S.A.

In 2008, the capital of MAPFRE INTERNACIONAL was increased via share contributions from the Turkish company GENEL SIGORTA.

In 2007, the capital of MAPFRE INTERNACIONAL was increased via contributions from the companies MAPFRE SEGUROS GERAIS, CATTOLICA and MAPFRE USA.

In 2006, a capital increase took place in MAPFRE INTERNACIONAL through the contribution of the Company's stake in MIDDLE SEA and MAPFRE ASIAN INSURANCE CORPORATION.

On January 31, 2003 there was a capital increase of MAPFRE RE in which the Company contributed the property on Paseo de Recoletos No. 25, Madrid, which it had received in the global assignment of assets and liabilities of INCALBARSA, formalized on December 27, 2000.

In 2001, the Company carried out a securities redemption operation through which shares in MAPFRE SEGUROS GENERALES, Compañía de Seguros y Reaseguros S.A. were contributed to a capital increase of MAPFRE-CAJA MADRID, Holding de Entidades Aseguradoras S.A.

In 2000, the Company carried out business restructuring operations consisting of the contribution of shares in MAPFRE VIDA, Sociedad Anónima de Seguros y Reaseguros sobre la Vida Humana S.A., MAPFRE CAUCIÓN Y CRÉDITO, Compañía de Seguros de Reaseguros S.A., and MAPFRE SEGUROS GENERALES, Compañía de Seguros y Reaseguros S.A. to a capital increase of MAPFRE-CAJA MADRID Holding de Entidades Aseguradoras S.A.

In that same year, the global assignment of assets and liabilities of INCALBARSA S.A. was formalized in favor of the sole shareholder, CORPORACIÓN MAPFRE S.A.

Mandatory accounting information relating to the operations described above is contained in the report of the annual accounts for the years in which they were formalized.

All restructuring operations previously described were subject to the Special Deferral Regime provided for in Chapter VIII of Part VII of Royal Legislative Decree 4/2004, which approved the Recast Text of the Corporate Tax Law.

VAT Group

Since 2010, and for the purposes of value added tax, the Company forms part of the VAT Group no. 87/10 formed by the controlling company, MAPFRE S.A., and those of its controlled companies that agreed to join the VAT Group when it was created.

In 2021, the following companies comprised VAT Tax Group No. 87/10.

MAPFRE S.A.
 MAPFRE INTERNACIONAL S.A.
 MAPFRE RE COMPAÑÍA DE REASEGUROS S.A.
 MAPFRE ESPAÑA, COMPAÑÍA DE SEGUROS Y REASEGUROS S.A.
 MAPFRE VIDA S.A. DE SEGUROS Y REASEGUROS SOBRE LA VIDA
 MAPFRE ASISTENCIA CIA INTERNACIONAL DE SEGUROS Y REASEGUROS S.A.
 BANKIA MAPFRE VIDA S.A. DE SEGUROS Y REASEGUROS
 CCM VIDA Y PENSIONES DE SEGUROS Y REASEGUROS S.A.
 BANKINTER VIDA SOCIEDAD DE SEGUROS Y REASEGUROS S.A.
 VERTI ASEGURADORA COMPAÑÍA DE SEGUROS Y REASEGUROS, S.A
 MAPFRE TECH S.A
 BANKINTER SEGUROS GENERALES, S.A. DE SEGUROS Y REASEGUROS.
 MAPFRE INVERSIÓN SOCIEDAD DE VALORES S.A.
 MAPFRE ASSET MANAGEMENT SGIC S.A.
 CENTRO DE EXPERIMENTACIÓN Y SEGURIDAD VIAL MAPFRE S.A.
 MAPFRE GLOBAL RISKS AGENCIA DE SUSCRIPCIÓN S.A.
 CAJA GRANADA VIDA, COMPAÑÍA DE SEGUROS Y REASEGUROS, S.A.
 CAJA MURCIA VIDA Y PENSIONES DE SEGUROS Y REASEGUROS,S.A.
 SANTANDER MAPFRE SEGUROS Y REASEGUROS, S.A.

13. Revenues and expenses

The following table shows the employee benefits paid by the Company in the last two years:

BREAKDOWN OF SOCIAL SECURITY CONTRIBUTIONS	AMOUNT	
	2021	2020
Social security	7,226	7,359
Contributions to pensions	7,908	7,376
Other employee benefits	5,899	6,055
TOTAL	21,033	20,790

Thousand euros

14. Provisions and contingencies

The following table shows the movement in the provisions recognized on the balance sheet for the last two fiscal years.

HEADING	OPENING BALANCE		INCREASES		DECREASES		CLOSING BALANCE	
	2021	2020	2021	2020	2021	2020	2021	2020
Long-term provisions								
Long-term employee benefit obligations	11,052	10,990	768	1,012	(1,957)	(950)	9,863	11,052
Other provisions	—	—	—	—	—	—	—	—
Short-term provisions								
Current provisions	—	—	—	—	—	—	—	—
TOTAL	11,052	10,990	768	1,012	(1,957)	(950)	9,863	11,052

Thousand euros

At December 31 of the last two fiscal years, "Long-term defined benefit obligations" primarily included:

- Defined benefit plans that are externalized, detailed in Note 16 of the Annual Report, amounting to 4,417,000 euros (4,533,000 euros in 2020).
- Long service bonuses, detailed under "Personnel expenses", amounting to 3,790,000 euros (3,947,000 euros in 2020).
- Life insurance covering death between the ages of 65 and 77 years detailed in the note on measurement bases for "Personnel expenses", for 901,000 euros (1,705,000 euros in 2020), with the updated actuarial tables being PASEM-2020 in 2021 (PASEM-2010 in 2020).

At the close of the last two fiscal years, and up to the date these annual accounts were prepared, there was no evidence of the existence of contingent assets and contingent liabilities for significant amounts.

15. Environmental information

The Company did not incur any environmental-related item in the last two fiscal years that may be considered significant or specifically included in these annual accounts.

16. Medium-term and long-term employee remuneration and share-based payments

Long-term remuneration

The current defined benefit and defined contribution plans are measured as described in the recognition and measurement standards.

The expense for defined-contribution pension plans amounted to 7,908,000 euros in 2021 (7,376,000 euros in 2020).

Existing defined benefit plans, all of them instruments taking the form of insurance policies underwritten by MAPFRE VIDA, are those in which the benefit is established based on final salaries, and entitling the beneficiary to a life annuity, tied to the annual consumer price index (CPI). They apply entirely to retired personnel.

A. Amounts recognized on the balance sheet

The reconciliation of the present value of the obligation arising from defined benefit plans in the last two fiscal years is shown below:

Item	2021	2020
Present value of obligation as on January 1	4,533	4,599
Current year's service costs	—	—
Interest cost	186	191
Actuarial gains and losses	89	93
Benefits paid	(266)	(263)
Settlements	—	—
Other items	(125)	(87)
Present value of obligation as on December 31	4,417	4,533

Thousand euros

The following table shows the reconciliation of the opening and closing balances of plan assets and the redemption rights for the last two fiscal years, the value of which corresponds to the mathematical provision for the policies externalizing commitments.

Item	2021	2020
Value of reimbursement right at January 1	4,533	4,599
Expected return from allocated assets	186	191
Employer contributions	—	—
Actuarial gains and losses	89	93
Benefits paid.	(266)	(263)
Settlements	—	—
Other items	(125)	(87)
Value of reimbursement right at December 31	4,417	4,533
Thousand euros		

B. Assumptions

The main actuarial hypotheses used at the closing date have been the PERM/F-2020 survival tables in 2021 (PERM/F-2000 in 2020) and the consumer price index (CPI) annual rate of 3 percent in both years, using an identical discount rate and expected return on assets as the products include cash flow matching.

Other medium-term remuneration and share-based payments

The Board of Directors approved a medium-term incentive plan in 2019 that was measured and recognized on the income statement in line with indications set down in the measurement bases described in note 4 h) "Personnel expenses". No provision was made for this concept because the objectives established in the Plan were not met.

17. Subsequent events

There have been no significant events subsequent to the fiscal year-end.

18. Related-party transactions

The main transactions performed with related parties over the last two fiscal years are detailed in the accompanying table.

Expenses and revenue	Group companies		Other related parties		TOTAL	
	2021	2020	2021	2020	2021	2020
1) Financial expenses	(149)	—	—	—	(149)	—
4) Leasing	(3,143)	(3,141)	—	—	(3,143)	(3,141)
9) Other expenses	(24,962)	(22,363)	—	—	(24,962)	(22,363)
EXPENSES	(28,254)	(25,504)	—	—	(28,254)	(25,504)
10) Financial income	10,611	12,911	—	—	10,611	12,911
13) Dividends received	362,702	394,486	—	—	362,702	394,486
15) Provision of services	61,024	49,112	—	—	61,024	49,112
REVENUE	434,337	456,509	—	—	434,337	456,509

Thousand euros

Other transactions	Group companies		Other related parties		TOTAL	
	2021	2020	2021	2020	2021	2020
Financing agreements: credits and capital contributions delivered.	125,300	66,587	—	—	125,300	66,587
Financing agreements: credits	(32,940)	—	—	—	(32,940)	—
Amortization or cancellation of credits.	(242,421)	(162,241)	—	—	(242,421)	(162,241)
Repayment or cancellation of loans.	—	—	—	—	—	—
Dividends and other profits distributed.	—	—	292,515	285,353	292,515	285,353

There have been no capital contributions in group and associate companies in the last two years.

As on December 31 of the last two years, there has been an outstanding disbursement on MAPFRE ASISTENCIA shares amounting to 19.99 million euros.

The following table shows the amount of balances receivable from and payable to Group companies at the close of the last two fiscal years:

Item	Assets		Liabilities	
	2021	2020	2021	2020
Loans and receivables	274,501	391,621	—	—
Loan interest	189	299	—	—
Tax group	73,239	41,294	80,160	66,522
Other items	33,357	20,666	42,596	15,362
TOTAL	381286	453880	122756	81884

Thousand euros

There are no financial expenses associated with the drawdown on the CARTERA MAPFRE line of credit described in Note 8 in the last two years.

Transactions with related parties coincide with the normal trading activities of the Company and were conducted at arm's length.

Board of Directors and other Delegate Committees

The following table shows the remuneration paid out over the last two years to members of the Company's Board of Directors:

Item	Amount:	
	2021	2020
Short-term remunerations		
Salary	2,236	2,214
Short-term variable remuneration	2,141	1,832
Fixed allowance	1,855	1,851
Travel, subsistence and accommodation allowances	68	24
Other items	153	79
Medium-term variable remuneration	—	—
TOTAL	6,453	6,000
Other remuneration		
Life Insurance	94	85

Thousand euros

The basic remuneration of external directors comprises an annual fixed amount for their membership of the Board of Directors, which totaled 110,000 euros in the last two fiscal years. In the last two years, the Vice-Presidency-Coordinating Director received a fixed annual allocation of 220,000 euros. The members of the Steering Committee receive 10,000 euros, and they also receive an attendance allowance of 3,000 euros in the last two years. Said amount totals, in the case of the chairmanship of the Audit and Compliance Committee to 68,000 euros in the last two years. In addition, in the last two years, the person holding the position of chairperson of a Steering Committee received 60,000 euros. The remuneration of the members of the Audit or Compliance Committee amounts to 48,000 euros and the remaining members of the Steering Committees received 39,000 euros in the last two years.

In addition, the members benefit from Life insurance in the event of death with an insured capital of 150,253 euros, and they also enjoy some of the benefits offered to personnel, such as health insurance.

Executive directors receive the remuneration established in their contracts, including a fixed salary, incentives of varying amounts linked to results, life and disability insurance, and other general benefits established for Company personnel. They also receive certain retirement-related pension complements embodied in defined contribution plans in the event of retirement, externalized through a life insurance policy. All of these payments are pursuant to the remuneration policy established by the Group for its senior executives, whether they are board directors or not. As a contribution to defined contribution plans, 3,677,000 euros were registered as an expense for fiscal year 2021 (3,834,000 euros in 2020), with accumulated rights amounting to 28,057,000 euros (24,087,000 euros in 2020).

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

With respect to short-term variable remuneration already accrued, at the close of fiscal year 2020, 3,174,000 euros was pending payment (2,787,000 euros in 2020).

The Board of Directors of MAPFRE S.A., at the proposal of the company's Appointments and Remuneration Committee, approved on February 10, 2021 and February 11, 2020, for a certain key group of the company, an additional short-term component jointly linked to the Return on Equity (ROE) and the Global Combined Ratio, with the amount accruing being 490,000 euros in 2021 and 510,000 euros in 2020, for the members of the Board of Directors included in this plan.

In 2021, additionally, other remuneration corresponding to non-recurring items amounting to 1.09 million euros.

The basic remuneration for external directors is approved at the Annual General Meeting at the proposal of the Board of Directors and pursuant to the report issued by the Appointments and Remuneration Committee. The amount of the contractual remuneration for executive directors and the fixed payment for serving on the boards or on the steering committees is approved by the Board of Directors, subject to a report by the aforementioned committee.

The amount paid for third-party liability insurance premiums for directors due to damage caused by acts or omissions during the performance of their duties reached 568,000 euros (465,000 euros in 2020).

During the last two years, the Company's directors did not undertake any operations with the Company itself or with any other Group company, either outside the scope of the companies' ordinary trading activities or not at arm's length.

During the last two years, no conflicts of interest, either direct or indirect, arose between the directors or their related parties and the Company.

Senior management

The remuneration paid to C-Suite management in the last two fiscal years is shown in the accompanying table.

	2021	2020
No. of senior management members	9	9
Fixed remunerations	2,635	2,596
Variable remunerations	1,679	1,518
Other remuneration	298	336
TOTAL	4,612	4,450
Life Insurance	46	37
Thousand euros		

Additionally, as a contribution to defined contribution plans, 1,831,000 euros were registered as an expense for fiscal year 2021 (1,341,000 euros in 2020), with accumulated rights amounting to 9,279,000 euros (7,847,000 euros in 2020).

With respect to short-term variable remuneration accrued in this period and previous fiscal years, at the close of 2021, 2,351,000 million euros were pending payment, (2,315,000 in 2020).

The Board of Directors of MAPFRE S.A., following a proposal made by the company's Appointments and Remuneration Committee, approved on February 11, 2020, an additional short-term component for fiscal year 2020 for a certain key group of the company, which was linked jointly to the Return on Equity (ROE) and the Global Non-Life Combined Ratio for the fiscal year amounting to 610,000 euros.

19. Other information

The following tables show the average and year-end headcount during the last two fiscal years, by category and gender.

Average number of employees

ITEM	2021		2020	
	Men	Women	Men	Women
Board Directors and C-Suite	13	5	13	4
Senior Management	134	79	98	54
Technicians	105	121	141	146
Associates	7	40	12	45
TOTAL AVERAGE NUMBER OF EMPLOYEES	259	245	264	249

Number of employees at year-end

ITEM	2021		2020	
	Men	Women	Men	Women
Board Directors and C-Suite	12	5	13	4
Senior Management	137	79	98	54
Technicians	104	126	144	146
Associates	6	38	9	45
TOTAL NUMBER OF EMPLOYEES	259	248	264	249

The table below shows the average number of employees with a disability of 33 percent or more employed in Spain, along with the category they belong to.

ITEM	2021	2020
Senior Management	3	3
Advisors	3	3
Associates	3	4
TOTAL	9	10

The Board of Directors of MAPFRE S.A., at the proposal of the company's Appointments and Remuneration Committee, approved on February 10, 2021 and February 11, 2020, for a certain key group of the company, an additional short-term component jointly linked to the Return on Equity (ROE) and the Global Combined Ratio, with the amount accrued being 568.000 euros in 2021 and 610,000 euros in 2020, respectively, for the members of Senior Management members included in this plan.

Fees charged by the external auditor are shown below. It is deemed that these fees do not compromise the independence of the auditors.

ITEM	AMOUNTS	
	2021	2020
Audit services	576	512
Other verification services	111	111
Tax services	—	—
Other services	67	64
Total services of main auditor	754	687

Thousand euros

Other verification services include services provided by KPMG Auditores, S.L. to the Company during fiscal year 2021, among which are the six-monthly review, the solvency review and the report of agreed procedures on the description of SCIIF.

In addition, other entities affiliated with KPMG International have billed the Company 67,000 euros, mainly related to the independent review of the information contained in the Statement of Non-Financial Information (EINF), which totaled 64,000 euros.

Information regarding the services provided by KPMG Auditores, S.L. to the companies linked by a control relationship to MAPFRE S.A. during the fiscal year ending December 31, 2021, can be found in the Annual Accounts of MAPFRE S.A. and its subsidiary companies as on December 31, 2021.

Details of payments made to providers in the last two years are shown below.

ITEM	2021	2020
	Days	Days
Average provider payment period	21	17
Ratio of paid operations	21	17
Ratio of operations pending payment	—	—
	Amounts	Amounts
Payments made	108,018	72,697
Payments pending	4,343	3,471
Total payments for the year	112,361	76,168

Thousand euros

20. COVID-19

Action during the COVID-19 crisis in 2021 has focused on two major priorities:

- Guaranteeing health security.
- Ensuring continuity of operations.

From the point of view of managing the crisis caused by the pandemic, despite its impact and the restrictions on mobility imposed, continuity of operations was maintained, always in compliance with the provisions of the regulations in force at all times, mobilized resources and adopted measures to ensure business continuity.

During the last quarter of the year there was a progressive improvement in the situation regarding the COVID-19 pandemic, thanks to advances in the vaccination programs, which made it possible to maintain moderate optimism about the evolution of the pandemic, with a return to normality gradually becoming clearer, although the emergence of new waves of contagion and the appearance of new variants could limit the return to a total normalization of economic activity.

Appendix 1

Fiscal year 2021

Name	Legal form	Address	Activity	PARTICIPATION							Thousands of euros					
				%		Voting rights		Capital	Reserves	Other equity items	Earnings for the year		(Impairment)		Accumulated impairment	Dividends received
				Direct	Indirect	Direct	Indirect				Earnings from operations	Other earnings	Book value	/Reversal year		
MAPFRE TECH	S.A.	Crta.Pozuelo, 52 Majadahonda - 28222 Madrid	IT	0.77	99.17	0.77	99.17	19,369	(37)	—	(53)	1,574	—	—	240	—
MAPFRE Internacional	S.A.	Crta.Pozuelo, 52 Majadahonda - 28222 Madrid	Holding	100.00	—	100.00	—	824,432	4,980,195	(1,665,002)	230,790	(36,227)	4,141,763	—	—	—
MAPFRE Re Cia. de Reaseguros	S.A.	Paseo de Recoletos, 25 28004 Madrid	Reinsurance	93.77	—	93.77	—	293,284	1,328,337	24,995	151,651	—	776,969	—	—	54,028
MAPFRE Asistencia, Cia Internacional de Seguros y Reaseguros	S.A.	Sor Angela de la Cruz, 6 28020 Madrid	Insurance and reinsurance	100.00	—	100.00	—	170,670	45,450	(101,226)	5,353	(4,749)	92,253	1,958	277,609	—
MAPFRE Inmuebles	S.G.A.	Crta.Pozuelo, 52 Majadahonda - 28222 Madrid	Real estate	10.00	90.00	10.00	90.00	593,474	(114,679)	—	(6,671)	26,778	54,676	(508)	51,817	1
Mapfre Vida	S.A.	Crta.Pozuelo, 52 Majadahonda - 28222 Madrid	Insurance and reinsurance	99.92	—	99.92	—	60,242	1,310,945	254,569	171,291	58,838	1,133,100	—	—	117,784
Mapfre Investment	S.A.	Avda.18 de Julio , 841 Montevideo ([Uruguay])	Financial	100.00	—	100.00	—	8,339	5,281	(8,275)	—	609	7,430	—	—	—
MAPFRE Consultores de Seguros y Reaseguros	S.A.	Paseo de Recoletos, 25 28004 Madrid	Advisory and management services	50.00	50.00	50.00	50.00	120	240	—	(5)	20	61	—	—	—
MAPFRE Inversión	S.A.	Crta.Pozuelo, 50 Majadahonda - 28222 Madrid	Societies company	—	99.92	—	99.92	33,055	123,990	17,585	(14,936)	57,670	2	—	—	—
MAPFRE AM Investment	S.A.	Crta.Pozuelo, 50 Majadahonda - 28222 Madrid	Holding	100.00	—	100.00	—	20,000	(102)	—	60	68	20,000	—	—	—
MAPFRE Asset Management	S.A.	Crta.Pozuelo, 50 Majadahonda - 28222 Madrid	Real estate investment management	0.01	99.91	0.01	99.91	2,043	(6,535)	4,137	(12,118)	48,401	2	—	—	5
MAPFRE España	S.A.	Crta.Pozuelo, 52 Majadahonda - 28222 Madrid	Insurance and reinsurance	83.52	16.48	83.52	16.48	564,624	1,103,050	524,751	309,599	818	3,054,021	—	—	190,405
MAPFRE Participaciones	S.A.	Crta.Pozuelo, 52 Majadahonda - 28222 Madrid	Financial	100.00	—	100.00	—	216	382,716	77,916	(1,071)	59,678	225,856	—	—	—

The amounts for Equity Accounts and results of the companies correspond to consolidated data.

Fiscal year 2021

Name	Legal form	Address	Activity	PARTICIPATION		Voting rights		Capital	Reserves	Other equity items	Earnings for the year		(Impairment)		Accumulated impairment	Dividends received	
				%							Earnings from operations	Other earnings	Book value	/Reversal year			
				Direct	Indirect	Direct	Indirect										
Desarrollos Urbanos	S.A.	Crta.Pozuelo, 52 Majadahonda - 28222 Madrid	Real estate	0.08	99.92	0.08	99.92	383	1,098	—	242	(966)	2	(7)	45	—	
MGR Agencia de Suscripción	S.A.U	Crta.Pozuelo, 52 Majadahonda - 28222 Madrid	Insurance and reinsurance	100.00	—	100.00	—	60	1,903	—	87	724	1,952	—	—	479	
ALMA MUNDI Insurtech Fund, FCRE	LTDA	Paseo de Gracia, 71 - 08008 Barcelona	Gestión de activos	26.40	—	—	—	113,297	(4,250)	24,016	1,169	—	25,000	4,500	—	—	
Total												9,533,087	5,943	329,711	362,702		
Other investments												3					
Total investments in Group companies and associates												9,533,090					

The amounts for Equity Accounts and results of the companies correspond to consolidated data.

Fiscal year 2020

Name	Legal form	Address	Activity	PARTICIPATION							Thousands of euros						
				%		Voting rights		Capital	Reserves	Other equity items	Earnings for the year		Book value	(Impairment) /Reversal year	Accumulated impairment	Dividends received	
				Direct	Indirect	Direct	Indirect				Earnings from operations	Other earnings					
MAPFRE TECH	S.A.	Crta.Pozuelo, 52 Majadahonda - 28222 Madrid	IT	0.77	99.17	0.77	99.17	30,990	(12,924)	—	1,572	(793)	—	—	240	—	
MAPFRE Internacional	S.A.	Crta.Pozuelo, 52 Majadahonda - 28222 Madrid	Holding	100.00	—	100.00	—	824,432	4,906,263	[1,597,950]	214,648	[39,530]	4,141,763	—	—	50,153	
MAPFRE Re Cia. de Reaseguros	S.A.	Paseo de Recoletos, 25 28004 Madrid	Reinsurance	93.77	—	93.77	—	293,284	1,369,877	90,880	16,851	—	776,969	—	—	—	
MAPFRE Asistencia, Cia Internacional de Seguros y Reaseguros	S.A.	Sor Angela de la Cruz, 6 28020 Madrid	Insurance and reinsurance	100.00	—	100.00	—	170,670	61,445	(90,673)	10,696	[31,298]	103,503	[52,187]	277,609	—	
MAPFRE Inmuebles	S.G.A.	Crta.Pozuelo, 52 Majadahonda - 28222 Madrid	Real estate	10.00	90.00	10.00	90.00	593,474	(91,597)	—	7,551	(30,715)	53,813	(626)	51,818	1	
Maquavit Inmuebles	S.L.	Crta.Pozuelo, 52 Majadahonda - 28222 Madrid	Real estate	—	—	—	—	—	—	—	—	—	—	—	—	1,332	
Mapfre Vida	S.A.	Crta.Pozuelo, 52 Majadahonda - 28222 Madrid	Insurance and reinsurance	99.92	—	99.92	—	60,242	1,235,754	289,157	143,290	49,972	1,133,085	—	—	121,154	
Fancy Investment	S.A.	Avda.18 de Julio , 841 Montevideo ((Uruguay)	Financial	100.00	—	100.00	—	9,039	5,736	(9,057)	—	836	8,127	—	—	—	
MAPFRE Consultores de Seguros y Reaseguros	S.A.	Paseo de Recoletos, 25 28004 Madrid	Advisory and management services	50.00	50.00	50.00	50.00	120	218	—	(5)	19	61	—	—	—	
MAPFRE Inversión	S.A.	Crta.Pozuelo, 50 Majadahonda - 28222 Madrid	Societies company	—	99.92	—	99.92	33,055	132,339	10,348	[12,388]	48,824	2	—	—	—	
MAPFRE AM Investment	S.A.	Crta.Pozuelo, 50 Majadahonda - 28222 Madrid	Holding	100.00	—	100.00	—	20,000	(298)	—	(32)	127	20,000	—	—	1	
MAPFRE Asset Management	S.A.	Crta.Pozuelo, 50 Majadahonda - 28222 Madrid	Real estate investment management	0.01	99.91	0.01	99.91	2,043	(1,338)	2,213	(9,825)	39,248	2	—	—	3	
MAPFRE España	S.A.	Crta.Pozuelo, 52 Majadahonda - 28222 Madrid	Insurance and reinsurance	83.52	16.48	83.52	16.48	564,624	1,077,101	688,916	264,680	[4,594]	3,054,021	—	—	221,842	
MAPFRE Participaciones	S.A.	Crta.Pozuelo, 52 Majadahonda - 28222 Madrid	Financial	100.00	—	100.00	—	216	338,718	106,072	101	45,224	225,855	—	—	—	

The amounts for Equity Accounts and results of the companies correspond to consolidated data.

Fiscal year 2020

Name	Legal form	Address	Activity	PARTICIPATION		Capital	Reserves	Other equity items	Thousands of euros		Book value	(Impairment) /Reversal year	Accumulated impairment	Dividends received		
				%					Earnings for the year							
				Direct	Indirect				Voting rights Direct	Indirect					Earnings from operations	Other earnings
Desarrollos Urbanos	S.A.	Crta.Pozuelo, 52 Majadahonda - 28222 Madrid	Real estate	0.08	99.91	0.08	99.91	383	9,981	—	2,962	(11,846)	9	—	45	—
MGR Agencia de Suscripción	S.A.	Crta.Pozuelo, 52 Majadahonda - 28222 Madrid	Insurance and reinsurance	100.00	—	100.00	—	60	2,171	—	(212)	692	1,952	—	—	—
Preminen Price Comparison Holding	LTDA	Ty Admital David street Cardiff CF102EH	Online insurance policy price comparison company	50.00	—	50.00	—	—	—	—	—	—	—	0	0	0
Total												9,519,162	-52,813	329,712	394,486	
Other investments												6				
Total investments in Group companies and associates												9,519,168				

The amounts for Equity Accounts and results of the companies correspond to consolidated data.

No companies are listed on the stock market.

(*) Recoverable amount determined based on the fair value of the company's assets and liabilities.

INDIVIDUAL MANAGEMENT REPORT

2021

MAPFRE S.A.

INDIVIDUAL MANAGEMENT REPORT 2021

TABLE OF CONTENTS

A. Key individual figures	48
B. Main activities	48
C. Mapfre and its shareholders	48
D. Environment	49
E. Acquisition and disposal of treasury stock	50
F. Human resources	50
G. External audit	53
H. Governing bodies	53
I. Average provider payment period	54
J. Research, development and innovation	54
K. Environmental, social and governance factors and risks	55
L. Other risks and uncertainties	55
M. Non-financial information	56
N. Significant events for the company after the year-end close	56
O. Outlook	56
P. Annual corporate governance report	58
Q. Annual report on the remuneration of directors	
R. COVID-19	58

2020 INDIVIDUAL MANAGEMENT REPORT

MAPFRE S.A. (the "Company") is a corporation whose main activity is the investment of its funds in real-estate assets and tradeable financial securities.

A. Key individual figures

Key income statement figures are as follows:

- Dividend revenue from Group companies amounted to 362.7 million euros, compared to 394.5 million euros in 2020.
- Operating expenses amounted to 154 million euros, a 2.7 percent increase on 2020.
- Financial income amounted to 0.4 million euros for the last two years.
- Financial expenses stood at 68.5 million euros, 0.7 percent higher than the previous year.
- During the fiscal year, the Company derecognized impairment allowances of 5 million euros in respect of equity investments in Group and associate companies (52.8 million euros were recognized in 2020).
- As a result of the foregoing, earnings before tax stood at 207.8 million euros for the last two fiscal years, (206.3 million euros in 2020).
- A corporate tax rebate of 36.2 million euros was posted in 2020, compared with 39.3 million euros in 2020.
- Post-tax profit was 243.9 million euros, down 0.7 percent on the previous year.

Key balance sheet figures are as follows:

MAPFRE S.A.'s shareholders' equity amounted to 7.11 billion euros, a year-on-year decrease of 170.8 million euros (2.34 percent). This fall was due to the difference between the profit for the year and the dividends paid during the year, which stood at 230.8 million euros, the final dividend for the 2020 year distributed in 2021 and 184.8 million euros for the interim dividend charged against the 2021 year.

- Assets totaled just under 10.06 billion euros, of which 9.72 billion euros and 195.3 million euros correspond respectively to long-term and short-term investments in Group and associate companies.

B. Main activities

The main variations in the Company's financing sources during the 2021 were as follows:

- Partial cancellations of loans with Group companies amounting to 275.4 million euros, and granting of new loans amounting to 125.3 million euros.
- Partial cancellation of the syndicated loan, maturing in December 2025, in the amount of 214 million euros and new drawdowns of 193 million euros.
- Early cancellation of partial issue of ordinary debentures 1/2016 in the amount of 155.9 million euros.
- Drawdown of new bank loans in the amount of 155.9 million euros.

Investments in Group companies

During the fiscal year, the Company had the following expenditure in respect of investments in Group companies.

- Sale to a third party of shares in Preminen Price Comparison Holding Limited in the amount of 9.6 million euros.

C. MAPFRE and its shareholders

The accompanying table shows the key information relating to MAPFRE shares at the end of fiscal year 2021.

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)
ISIN code	ES0124244E34

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

According to Sociedad de Bolsas's (Grupo BME) data, a daily average of 4,124,293 shares were traded on this platform in 2021, and average daily effective trading reached 7.3 million euros.

VALUE AND RETURN

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

	1 YEAR	2 YEARS
MAPFRE	13.3%	-23.5%
STOXX Europe 600 Insurance	15.4%	-0.3%
IBEX 35	7.9%	-8.7%
IBEX 35 Bancos	23.1%	-10.6%

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

	2021	2020
EPS (euros)	0.25	0.17
Var. %	45.3%	-13.6%

SHAREHOLDER STRUCTURE AND REMUNERATION

At the close of fiscal year 2021, MAPFRE had 217,422 shareholders.

The composition of the shareholder base is as follows:

Non-institutional 10.2 percent, Spanish institutional 3.9 percent, other countries institutional 15 percent, treasury stock 0.98 percent, and Fundación MAPFRE 69.8 percent.

On November 30, 2021, the interim dividend charged against the 2021 year was paid at 0.06 euros per share gross, after the amount corresponding to treasury stock had been applied to the remaining shares on a proportional basis. The total dividend paid out in the year was 0.135 euros per share, giving a total remuneration of 415.7 million euros.

The final dividend for fiscal year 2021 to be proposed at the Annual General Meeting is 0.085 euros per share before tax. Consequently, the total dividend against the 2021 year amounts to 0.145 euros per share before tax, representing a payout ratio of 58.4 percent.

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

	2021	2020
DIVIDEND PER SHARE (euros)	0.135	0.135
DIVIDEND YIELD	7.6%	8.1%

D. Environment

In 2021, COP26 was held in Glasgow, closing with an emphasis on the need to define and execute tangible, measurable, and above all, urgent actions to prevent the planet's temperature from increasing by 1.5°C. In this context, MAPFRE launched its new 2021-2030 Corporate Environmental Footprint Plan, the targets of which include a 50 percent reduction in its greenhouse gas emissions by 2030, committing to make the entire Group carbon-neutral from that year.

Additionally, intermediate targets have been set for 2024, and it will be essential to monitor and fulfill them in order to ensure compliance with the Environmental Footprint Plan. These objectives, as well as the actions necessary to achieve them, are included in the new '22-'24 Sustainability Plan, which aims to guarantee the aligned and coordinated action of all MAPFRE Group companies in this area.

As a first step in the Group's climate neutrality strategy, from 2021 onward, the carbon footprint of MAPFRE ESPAÑA and MAPFRE PORTUGAL will be offset. Another intermediate milestone will be established in 2024, the year in which MAPFRE will also become carbon-neutral in Brazil, the United States, Mexico, Puerto Rico, Peru, Italy, Germany, and Turkey.

The Environmental Policy has been updated this year to include new key aspects, such as the circular economy and natural capital, in the Group's environmental management strategy. MAPFRE has a strategic model based on an integrated management system, certifiable under various ISO standards, to include all aspects associated with environmental, energy, greenhouse-gas emissions, and circular economy sustainability. The model enables plans and programs to be defined, minimizing the risks identified and paving the way to exploiting the opportunities that arise.

Also in 2021, MAPFRE approved the Corporate Greenhouse Gas Offsetting Strategy, which defines the internal criteria used to assess the best offsetting proposals. These criteria go a step beyond the creation of carbon sinks and also aim to encourage biodiversity recovery and ensure ecosystem services and natural capital.

To date, on the environmental side, MAPFRE has continued to expand its certifications in this area, and 44 Group company headquarters in Spain, Brazil, the United States, Mexico, Puerto Rico, Turkey, Peru, Italy, Germany, Colombia, Chile, Paraguay, Portugal and Argentina already have ISO 14001 certification. In addition, 26 headquarters buildings located in Spain, Mexico and Puerto Rico have the ISO 50001 energy management certification.

Regarding the carbon footprint, the scope of ISO 14064 also continues to be expanded as planned, with the carbon footprint inventories of MAPFRE companies located in Spain, Brazil, the United States, Mexico, Italy, Puerto Rico, Colombia, Portugal, Turkey, Chile, Peru and Germany all verified

In addition, and in the current context, the circular economy is proving to be a necessary solution to the economic and climate crisis, making companies more competitive and resilient. In this area, MAPFRE was the first insurer in Spain to sign the Pact for a Circular Economy in 2020. This year, the first progress report was drafted to fulfill the commitments provided for in this initiative, which seek to drive, support, promote and disseminate the transition to a circular economy.

The Group's headquarters, located in Majadahonda (Madrid), a complex of four buildings that house more than 2,500 employees, was also certified in accordance with the AENOR Zero Waste Regulations.

In addition, MAPFRE has launched its first project to quantify our activity's impact on natural capital in Spain and Portugal using the LIFE (Lasting Initiative for Earth) methodology. MAPFRE participates in the Natural Capital Working Group of the Grupo Español de Crecimiento Verde and the Fundación Biodiversidad to seek solutions for integrating natural capital into business; it was also included on the LIFE Institute's European Technical Committee with the aim of adapting the LIFE methodology to Europe and the business needs in various sectors.

E. Acquisition and disposal of treasury stock

MAPFRE S.A. shares are bought and sold in accordance with the regulations in force, the relevant agreements adopted at the Annual General Meeting, and the MAPFRE Group Treasury Stock Policy on how to handle transactions which involve the Company's own shares.

In 2021, 221,914 shares were delivered to directors of subsidiaries, registering a negative impact of 84,274.36 euros (140,638.49 euros positive in 2020) which has been included under the heading "Other Reserves".

During 2019, 7,897,336 treasury shares were purchased on the market and 1,839,387 shares were delivered to directors of subsidiaries as part of their variable remuneration, resulting in a net increase of 6,057,949 treasury shares, representing 0.1967 percent of the capital, amounting to 15,585,821.85 euros.

At the close of the fiscal year, the Company owned 30,064,020 treasury stocks (30,285,934 in 2020), which represented 0.9762 percent of capital, (0.9835 percent in 2020), at an average of 2.09 euros per share over the last two fiscal years.

The total face value of the shares acquired was 3,006,402 euros (3,028,593 euros in 2020).

F. Human resources

The following tables show the average and year-end headcount during the last two years, by category and gender.

Average number of employees.

ITEM	2021		2020	
	Men	Women	Men	Women
Board Directors and C-Suite	13	5	13	4
Senior Management	134	79	98	54
Technicians	105	121	141	146
Associates	7	40	12	45
TOTAL AVERAGE NUMBER OF EMPLOYEES	259	245	264	249

Number of employees at year-end.

ITEM	2021		2020	
	Men	Women	Men	Women
Board Directors and C-Suite	12	5	13	4
Senior Management	137	79	98	54
Technicians	104	126	144	146
Associates	6	38	9	45
TOTAL NUMBER OF EMPLOYEES	259	248	264	249

The following table shows the average number of employees in the Group with a degree of disability equal to or higher than 33 percent, indicating the categories to which they belong.

ITEM	2021	2020
Senior Management	3	3
Advisors	3	3
Associates	3	4
TOTAL	9	10

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 the development of employee knowledge, skills, and careers. It performs all those tasks in a flexible, inclusive, and diverse work environment that promotes collaboration and innovation and encourages well-being and health.

People management at MAPFRE is based on three pillars: talent development, the organization's transformation, and promotion of the employee experience as well as channels for communication and transparency towards the employee.

Development of all people who make up our company is key, and it focuses on:

- Identifying and planning the knowledge and abilities that the business requires.
- Establishing internal talent processes for mobility and employee development and promotion.
- Providing employees with tools to design their own career through self-development and self-learning.

MAPFRE has an internal strategic talent identification and development program called MAPFRE Global Talent Network.

The situation created by the pandemic led to the adaptation of training plans to digital and mixed modes. Technical training is key to MAPFRE. As such, the deployment of technical knowledge continued to develop and was reinforced in 2021 by leader experts in each area and function.

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

The knowledge platform, Eureka, already has almost 2,000 pieces of knowledge stored, and 1,404 knowledge experts across all countries have been identified.

The Compensation Policy is intended to set appropriate remuneration levels for each function and job position and for performance by professionals, and it serves as a source of motivation for staff, encouraging them to reach their objectives and deliver on MAPFRE's strategy. The policy guarantees internal equality and external competitiveness in each market and is part of the in-house development of employees.

In 2021, MAPFRE launched a stock-based remuneration plan for employees in Spain with the aim of strengthening their bond to the company's strategy and future profit. The plan allows them to voluntarily allocate a portion of their remuneration annually to MAPFRE S.A. shares, which will be delivered to them on a monthly basis throughout 2022. A total of 4,704 employees have joined this plan, representing 43 percent of the total employees at companies in Spain.

MAPFRE has a Diversity and Equal Opportunity Policy at a global level that is based on respect for people's individuality, on the recognition of their heterogeneity and on the elimination of any discriminatory exclusionary behavior.

With regard to gender diversity, MAPFRE has undertaken to ensure that 45 percent of the managerial vacancies that arise in the company annually are filled by women. As such, the company has started to take steps to ensure that all selection and mobility processes for managerial positions require action to promote the representation of women.

To promote its positioning as an inclusive company, since February 2020 MAPFRE has been a signatory of the United Nations Women's Empowerment Principles. In 2021, MAPFRE was included in the Bloomberg GEI (Gender Equality Index), which distinguishes companies around the world that stand out for promoting equality and for their transparency in information related to gender issues.

MAPFRE promotes the integration of people with disabilities into the workforce and committed to ensuring that 3 percent of its employees are people with disabilities. Since 2015, the Group has had a Global Disability Program in place that has been implemented in every country, and it includes measures to promote integration and a culture of awareness. In 2021, people with disabilities made up 3.5 percent of the workforce.

Since October 2021, MAPFRE has been a part of the International Labour Organization (ILO) Global Business and Disability Network, which aims to help make corporate employment policies and practices more inclusive of people with disabilities worldwide, as well as to increase awareness of the positive relationship between disability inclusion and business growth.

MAPFRE supports the diversity of sexual orientation and in 2020 adopted the Standards of Conduct for Business for Tackling Discrimination against Lesbian, Gay, Bi, Trans, & Intersex (LGBTI) People, an opportunity to expand companies' contribution to the fight against discriminatory practices around the world.

MAPFRE is present on five continents with employees of 86 nationalities, giving the Group great cultural diversity and providing the talent it needs to successfully conduct its business activities while activating collaboration and sharing knowledge.

During 2021, the Corporate People and Organization Area finished implementing the DIGITAL CHALLENGE, a global strategic initiative to manage the change required by the organization so that employees could develop their skills, adapt to a new digital environment, and work in more flexible, agile and productive organizations. Another of its aims is to continue building a transparent and more personalized relationship with the employee.

Now that the necessary foundations have been laid to work in such a changing, digital world, we are taking another step to enable the organization to manage resources agilely and efficiently, focusing on productivity, adopting more flexible structures, project execution, knowledge management, collaborative environments and a more personalized employee experience.

This year, work was done on the following deliverables:

- An Onboarding and Inboarding process backed by a specific module in the people management tool that will improve the employee experience for both new hires and internal mobility processes while measuring and optimizing the learning curve.
- Deployment of personal productivity scenarios in a digital workplace environment.
- Definition of a set of criteria for technical career progression to promote the role of the expert as well as a matrix for versatility between job positions that helps to orient our transformation plans.

- Development of a project management work model suitable for the different types of projects conducted at the company.

MAPFRE has a model in place to measure the employee experience:

- eNPS® Survey (RELATIONAL eNPS®).
- Employee experience life cycle analysis (TRANSACTIONAL eNPS®).
- Human Resources Perceived Quality Index.

The eNPS® survey, which is conducted twice a year, provides indicators on recommendation, satisfaction and engagement, among others.

- Relational eNPS®: Employee net promoter score measures the likelihood that employees will recommend MAPFRE as a company to work for. In 2021, this was measured in 19 countries, and 85 percent of the workforce surveyed gave a score of very good or excellent.
- Employee Satisfaction Index - ESI: Measures employee satisfaction by assessing the following 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, work tools, care for people, pride in the social footprint. In 2021, the result was 71 percent.

MAPFRE has deployed a People app to serve as a channel for communication and interaction with employees in Spain, Mexico, Brazil, Turkey, Peru, Puerto Rico, and Germany, with a total of 12,605 active users. This information, communication and management channel aimed at employees allows them to, among other things, receive notifications, view their salary receipts, request medical appointments, communicate leave and vacations, read important news and information about their workplace, sign up for volunteer activities, reserve space and activate a COVID radar feature to ensure social distancing and tracking.

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

The objective of the Policy on Health, Well-being and Prevention of Occupational Risks is to protect and promote a safe and healthy workplace and improve the health of our employees and their families, both in and outside the workplace. To this end, MAPFRE has a healthy company model implemented worldwide that includes five areas of action: labor environment, health promotion, physical activity and nutrition, and mental well-being and work environment.

To facilitate well-being and a healthy work-life balance, MAPFRE offers its employees a wide range of company benefits, which accounted for an investment of 4.51 million euros in 2021, (4.33 million euros in 2020).

From the outset in 2020, MAPFRE was aware of the impact that COVID-19 could generate, and under the governance of the Corporate Crisis Committee it quickly deployed its contingency plans, making the health of employees its top priority. This is why the first step to be implemented swiftly in all countries was remote working and reducing the density of occupancy in all buildings. In 2021, the Crisis Committee has continued to monitor the situation in the countries and has been adapting its measures to continue guaranteeing employee safety and health.

The situation generated by the COVID-19 pandemic has transformed training plans, replacing in-person programs with digital ones.

In 2021, 362,000 euros were invested in staff training (377,000 euros in 2020).

G. External audit

Fees charged by the external auditor are shown below. It is deemed that these fees do not compromise the independence of the auditors.

ITEM	AMOUNTS	
	2021	2020
Audit services	576	512
Other verification services	111	111
Tax services	—	—
Other services	67	64
Total services of main auditor	754	687

Thousand euros

Other verification services include services provided by KPMG Auditores, S.L. to the Company during fiscal year 2021, among which are the six-monthly review, the solvency review and the report of agreed procedures on the description of SCIIF.

In addition, other entities affiliated with KPMG International have billed the Company 67,000 euros for the independent review of the information contained in the Statement of Non-Financial Information (EINF).

Information regarding the services provided by KPMG Auditores, S.L. to the companies linked by a control relationship to MAPFRE S.A. during the fiscal year ending December 31, 2021, can be found in the Annual Accounts of MAPFRE S.A. and its subsidiary companies as on December 31, 2021.

H. Governing bodies

At the Annual General Meeting held on March 12, 2021, Ms. Ana Isabel Fernández Álvarez, Mr. Francisco José Marco Orenes, and Mr. Fernando Mata Verdejo were re-elected as directors.

At the meeting of the Board of Directors on October 28, 2021, Ms. María del Pilar Perales Viscasillas was appointed as a member of the Risk Committee, effective January 1, 2022. In addition, due to his retirement, Mr. Francisco José Marco Orenes relinquished his status as executive director on December 31, 2021, although he remains a member of the Board of Directors as a nominee director.

The mandates of Ms. Catalina Miñarro Brugarolas and Ms. María del Pilar Perales Viscasillas will expire in 2022. The Appointments and Remuneration Committee has proposed that these two directors be reappointed.

The appointment of Antonio Huertas Mejías will also expire in 2022; the proposal for him to be re-appointed will be put to the Annual General Meeting. This proposal was preceded by a favorable report from the Appointments and Remuneration Committee.

I. Average provider payment period

Details of payments made to providers in the last two fiscal years are shown below.

ITEM	2021	2020
	Days	Days
Average provider payment period	21	17
Ratio of paid operations	21	17
Ratio of operations pending payment	—	—
	Amounts	Amounts
Payments made	108,018	72,697
Payments pending	4,343	3,471
Total payments for the year	112,361	76,168

Thousand euros

J. Research, development and innovation

MAPFRE OPEN INNOVATION (MOi) is MAPFRE's strategic commitment to boost client-centered transformation.

MOi is an open platform that leverages alliances with other actors and emerging technologies. Since 2019, more than 2,500 startup proposals have been analyzed, of which some 40 have passed on to the fast-track-to-market program. This has made it possible for more than a million customers to benefit from solutions originating from this model. In addition, MAPFRE participates in the Alma Mundi Insurtech Fund, FCRE venture capital fund, which finances startups related to the insurance sector around the world.

In 2021 initiatives were launched in the areas of Valuation by image, Claims automation, Voice automation, New generation products, Health and wellness services, Services for seniors, New mobility, and Cybersecurity (Automobile).

MAPFRE has consolidated its relationship with universities and business schools through alliances to anticipate responses in health, mobility, and road safety, as well as envision scenarios and needs that will become a reality in the near future.

Progress has been made in optimizing digital attraction, with new search engine optimization (SEO) capabilities, improved advertising actions (internet, social media, and digital TV), and updated online conversion processes with new rate calculators, digital contracting tools, chatbots, and voice assistants. Digital data and analytics systems have been revised, as have the predictive models for Digital Marketing and Sales. The company is also using new models, such as the Digital Design System, to enhance the digital experience for customers and internet users.

Furthermore, in 2021 MAPFRE established the Digital Business Strategic Plan in 27 operations, which will lay the foundations for the profitable growth of the digital business for the next three years.

The MAPFRE Quality Observatory is responsible for defining models and carrying out all comprehensive measurements of the customer experience. These measurements cover the insurance, reinsurance, global risks and assistance service activities. This is performed by analyzing the Net Promoter Score (NPS®) to evaluate the customer's perception of the company and its critical touchpoints. Recommendations are then drawn up regarding the main areas that could be improved.

The Quality Observatory draws up reports on the results of the measurements, assisting with the decision-making process in the different business areas.

In 2021 the XII and XIII Measurement Rounds for the relational NPS® were carried out. As part of this study, the Observatory measures the customer experience level at MAPFRE's major competitors in each country and line of business. The NPS® for MAPFRE customers in 2021 was greater than the average NPS® of competitors analyzed in 89 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 a client's perception in real time after interacting with us.

In 2021 the Quality Observatory also carried out the fourth measurement of the experience of internal customers (iNPS®) and of cedants and brokers of MAPFRE RE's reinsurance services, and conducted, for the first time, a survey on the service provided by MAPFRE GLOBAL RISKS to the Group companies.

K. Environmental, social and governance factors and risks

MAPFRE considers environmental, social and governance (ESG) risks in the analysis of the factors that may have an impact on the business, since they allow information to be obtained on social movements and transformations and on the expectations of the stakeholders and the market.

Depending on how these factors might affect the business in the short, medium and long term, their possible inclusion in the list of risks and in the adoption of prevention and mitigation measures is determined.

The ESG Integration Framework includes various aspects related to investment and underwriting processes, among others.

Integration of ESG aspects into investment processes.

Since 2017 MAPFRE has adhered to the UN Principles for Responsible Investment (PRI) and has a framework for action in responsible investment, reviewed and approved in March 2021.

The application of the United Nations principles coexists with the company's assumed obligation as custodian of clients' savings and investments and the strength of its own balance sheet. For this reason, criteria are applied for the creation of long-term value and ESG factors are incorporated.

MAPFRE has an Investment Policy in place that was approved by the MAPFRE S.A. Board of Directors.

The Corporate Investment Area is the guarantor of compliance with the established responsible investment principles and must report annually to the Sustainability Committee. MAPFRE also has an Investment Risk Committee that analyzes the composition of the portfolios and their ESG evaluation on a quarterly basis.

Additionally, to monitor and manage ESG risks in investments, MAPFRE has its own analysis framework that is reviewed periodically to incorporate best practices. The investment team is responsible for implementing the methodologies included in the above framework.

In this regard, MAPFRE applies integration methods as a priority, although it does not rule out the use of other types of strategies, such as exclusion, engagement, best-in-class or proxy-voting strategies. Likewise, it extends the philosophy of socially responsible investment to the Group's entire balance sheet.

Integration of ESG aspects into the underwriting processes

In 2012 MAPFRE adopted the Principles for Sustainable Insurance (PSI) promoted by the United Nations Environment Programme Finance Initiative (UNEPFI). This means integrating environmental, social and governance issues into the underwriting processes of the Group's insurance operations.

This commitment is reflected in the Underwriting Policy, approved by the MAPFRE S.A. Board of Directors, which is applicable to all insurance and reinsurance companies.

In addition to a Global Business Committee that meets monthly, MAPFRE has an Underwriting Policy Committee that meets weekly and is responsible for the correct application of this policy, and that analyzes and proposes operational exclusion rules on ESG matters.

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

L. Other 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.

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

- Ensuring the health safety of the entire workforce. The safety and health of employees and collaborators continues to be the fundamental priority for the MAPFRE Group.
- Guaranteeing the continuity of operations to maintain the level of service to clients.

Regarding the management of the crisis caused by the pandemic, despite the impact of the pandemic and the restrictions on mobility imposed in many countries, the MAPFRE Group has maintained the continuity of its operations and has continued to provide service to clients in all locations where the Group is present, always adhering to both its commitment to clients and the regulations in force in each country at any given time.

Due to advances in the vaccination process in Europe and the United States, there is growing optimism regarding the evolution of the pandemic, only threatened by the possibility of new, more contagious and lethal variants that are more resistant to vaccines. However, the impact in Latin America was greater than last year, characterized by the rebound in COVID-19 cases, the slow and uneven pace of vaccination and lockdowns as a containment measure, as well as by its social repercussions, resulting in reduced confidence and economic activity.

An analysis of the most relevant risks highlights the evolution of the pandemic, the cybersecurity risk, the product and service distribution channels' failure to adapt quickly enough to the new distribution models, and the risk derived from the long-term change in weather patterns (with an increase in extreme weather events along with economic uncertainty driven by the transition to a low-carbon economy).

In 2021, in response to the pandemic situation, sector supervisors have maintained the recommendation of utmost caution in the payment of dividends. MAPFRE has sufficiently ample capital and liquidity to comply with the supervisors' recommendations for profit distribution in which a balance between shareholder remuneration and equity strength is guaranteed without compromising future solvency or the protection of policyholders' and insured parties' interest. However, it should be noted that the prolongation of the health crisis, economic crisis and energy crisis could lead to the future adoption of restrictions on dividend payments and restrictive exchange control policies by the governments of the countries in which MAPFRE operates.

The Group is reasonably protected against the risks described above by maintaining a strategic approach based on:

- Technical rigor in risk underwriting and claims management, and a lower expense level than the market average;
- Conservative policy in the management of investments with the application of sustainability criteria to generate a positive impact on the environment and society.
- Maintaining a reasonable level of indebtedness and liquid assets, which mitigates potential liquidity and debt refinancing problems under adverse conditions.

M. Non-financial information

The information regarding the non-financial information status of the Company is included in the Integrated Report, which is part of the Consolidated Management Report of the MAPFRE Group, the lead entity of which is MAPFRE S.A., and which will be deposited, together with the Consolidated Annual Accounts, in the Mercantile Registry of Madrid.

N. Significant events for the company after the year-end close

There were no significant events subsequent to the year-end close.

O. Outlook

Recovery from the global economic crisis caused by the COVID-19 pandemic got off to a quick start in the first half of 2021, thanks to the rapid response of government fiscal support, monetary support from central banks, and the easing of health restrictions as vaccination programs around the world progressed. However, in the second half of 2021, circumstances contributed to the recovery starting to lose momentum. In this regard, the rise in energy prices (gas, electricity, and oil), problems in supply chains, monetary injections by central banks, the reduction in the effect of public aid and the savings accumulated by households in the previous year, all of which have led to price pressures beginning to build up, stand out.

In these circumstances, economic growth is expected to continue, mainly due to the effects of economic and monetary policy and normalization of activity, but the pace is expected to slow down due to supply chain problems and inflation pressure. In some countries, such as the United States, there are also labor shortages in some sectors and, to a lesser extent, in Europe.

In this context, the estimate for global growth in 2022 would stand at 4.8 percent, after an estimated 5.8 percent in 2021. Thus, most economies will recover pre-pandemic levels of activity throughout 2022, with some doing so as early as 2021, especially those where the fall in 2020 was smaller or the fiscal and monetary aid was very strong, as in the case of the United States. Despite this, uncertainty remains high. Industry and trade surveys suggest that the supply chain crisis, due to bottlenecks in shipping and unloading ports, may creep into the middle of 2022. Similarly, difficulties in the supply of semiconductors and other components accumulate delays in the manufacture of automobiles, household appliances, and electronic devices.

At the same time, prices of raw materials and energy are rising, which, on the one hand, has been the result of the sudden increase in demand produced by the economic recovery, but which has also been the consequence of very specific factors. In the case of gas, price growth has been due to the sudden increase in demand, low stock levels, and geostrategic issues between Russia and the European Union and between Algeria and Morocco. On the other hand, electricity prices have shot up in many parts of the world due to low production levels in some clean energies (wind and hydro), and price increases in CO2 emission rights, gas, and coal. Similarly, the rise in oil prices has been linked, among other reasons, to OPEC's reluctance to increase production, declining investment in prospecting and exploration given pressures to reduce the use of fossil fuels, and a greater focus on electricity.

The energy crisis has already led some countries to reconsider their energy consumption mix, shifting towards a more balanced composition to reduce risks in the face of climatic variations and dependence on energy from third countries where geostrategic interests may interrupt the energy supply (Russia, Algeria, China). In this regard, France has already announced the construction of new nuclear power plants with the aim of being energy self-sufficient. Similarly, in the context of its climate objectives, China has announced a 440-billion-dollar investment to build 150 nuclear power plants in the next 15 years, more than the rest of the world in the last 35 years.

Inflation has been rising for months in many parts of the world, which has prompted central banks in emerging countries to raise interest rates. In contrast, in developed countries, which can afford to do so given the different structure of price formation and the credibility of their currencies, monetary policy has decided, for the time being, to keep them stable to continue supporting the economic recovery. However, the Federal Reserve has started tapering (asset purchase reduction) in the US, while expectations of interest rate hikes have been brought forward by an entire year, starting in the middle of 2022. For its part, the European Central Bank (ECB) has announced that it will maintain interest rates but will reduce the pace of purchases while explicitly increasing tolerance to inflation above 2 percent.

It should be noted that the ECB continues to defend the idea that inflation is essentially a transitional phenomenon, while the Federal Reserve's communication begins to consider that this transitional nature is beginning to wane. Energy and other commodity prices are indeed likely to fall again once supply problems are resolved and demand normalizes, thereby reducing inflationary pressures. However, it is also true that the rises observed in recent months are already being passed through to food and other products and services and thus anchoring in core inflation. Therefore, it is difficult to anticipate at this stage the extent to which there will be second-round effects by virtue of wage and pension indexation. However, it is estimated that the impact will differ by country and according to the specific nature of this type of indexation clauses incorporated in labor contracts.

In terms of other risks that could affect global economic recovery, those related to the pandemic should be monitored, since, in Europe and some other countries, the number of cases is rising again with the arrival of winter, despite the high levels of vaccination achieved.

On the other hand, China is undergoing a transformation of its economic model. The well-known difficulties of large real estate developers (Evergrande, Fantasia, etc.) will have to be overcome through the support of the authorities, as they are considered "too big to fail". However, these difficulties are already having an impact on buyer confidence and are impacting real estate sales and construction activities. China's central planning will promote other industry sectors and a reorientation of construction to minimize the impact of this slowdown. The bankruptcy of large developers is considered a low probability event, since, given its high potential impact on both the economy and the financial markets, it would most likely imply a government bailout.

On the positive side, economic growth could surprise if energy costs were to fall rapidly, inflation were to ease, supply chain problems were solved quickly, and consumer spending were to increase due to accumulated savings in 2020 and 2021. A faster recovery would also require that service, leisure, and tourism activities are fully restored, which is conditional on the pandemic receding. Likewise, in Europe, it will be essential to make good use of the Recovery and Resilience Plan and undertake structural reforms for stronger and more durable growth. For its part, in the United States, the approval of the ambitious infrastructure construction plan (1.2 trillion dollars) will give an economic boost over the next five years.

Looking ahead, and given this global environment, the economy is expected to continue recovering, albeit more slowly in 2022 and 2023, and to return to the pre-pandemic path in 2024. However, for this to happen, it will be necessary to find satisfactory solutions to the complex problems that the global economy is now facing: inflation, energy costs, the pandemic, supply chains, and geostrategic balances, aspects that continue to weigh on economic activity worldwide.

P. Annual corporate governance report

The Consolidated Management Report includes the Company's Annual Corporate Governance Report, issued pursuant to the provisions of Article 49.4 of the Spanish Code of Commerce. The report will also be available from the date of publication of these accounts on the corporate website (www.mapfre.com) and on the CNMV website (www.cnmv.es).

Q. Annual report on the remuneration of directors

The Annual Report on the Remuneration of Directors is included in the Consolidated Management Report in accordance with the provisions of article 538 of the revised text of the Companies Act. Likewise, said report will be available from the date of publication of these accounts on the corporate website (www.mapfre.com) and on the CNMV website (www.cnmv.es).

Q. COVID-19

Action during the COVID-19 crisis in 2021 has focused on two major priorities:

- Guaranteeing health security.
- Ensuring continuity of operations.

From the point of view of managing the crisis caused by the pandemic, despite its impact and the restrictions on mobility imposed, continuity of operations was maintained, always in compliance with the provisions of the regulations in force at all times, mobilized resources and adopted measures to ensure business continuity.

During the last quarter of the year there was a progressive improvement in the situation regarding the COVID-19 pandemic, thanks to advances in the vaccination programs, which made it possible to maintain moderate optimism about the evolution of the pandemic, with a return to normality gradually becoming clearer, although the emergence of new waves of contagion and the appearance of new variants could limit the return to a total normalization of economic activity.

The Individual Annual Accounts for MAPFRE S.A., on the preceding pages 1 to xx herein, and the Individual Management Report on the preceding pages xx to xx herein, corresponding to the financial year 2021, were ratified by the Board of Directors at its meeting held on February 9, 2022. The Board Members declare that, as far as they are aware, the aforementioned accounts have been prepared in accordance with the applicable accounting principles and offer a true and fair view of the equity, financial situation, and results of the Company. Likewise, the Management Report includes a true and fair view of the development of the results and of the position of the Company, and broadly informs, along with the Individual Annual Report, of the risks and uncertainties it faces.

Mr. Antonio Huertas Mejías
Chairmen

Mr. Antonio Gómez Ciria
Member

Mr. Ignacio Baeza Gómez
1st Vice Chairman

Mr. Luis Hernando de Larramendi Martínez
Member

Ms. Catalina Miñarro Brugarolas
2nd Vice Chairman

Mr. Francisco J. Marco Orenes
Member

Mr. José Manuel Inchausti Pérez
3rd Vice Chairman

Mr. Fernando Mata Verdejo
Member

Mr. José Antonio Colomer Guiu
Member

Mr. Antonio Miguel-Romero de Olano
Member

Ms. María Leticia de Freitas Costa
Member

Ms. Pilar Perales Viscasillas
Member

Ms. Ana Isabel Fernández Álvarez
Member

Mr. Alfonso Rebuelta Badías
Member

Ms. Rosa M.^a García García
Member

Mr. Ángel Luis Dávila Bermejo
Secretary and Non-Member

DILIGENCE to establish, in line with articles 253.2 of the Companies Act and 366.1.2 of the Mercantile Registry Regulations, that (i) Ms. María Leticia de Freitas Costa and Ms. Rosa María García García have endorsed the Individual Annual Accounts and the Individual Management Report for MAPFRE S.A. corresponding to 2021, but have not signed them, neither in writing nor electronically, as a result of them having attended the meeting via videoconference; and (ii) Mr. Luis Hernando de Larramendi has excused himself from attending the meeting, specifically delegating his representation and vote to Ms. Catalina Miñarro Brugarolas.

In Madrid, on February 9, 2022.
Ángel Luis Dávila Bermejo – Secretary of the Board of Directors