ANNUAL REPORT 2019

MAPFRE RE

Paseo de Recoletos, 25
28004 – Madrid
España

www.mapfrere.com

Design:
MRM.com

Printer:
Monterreina

Legal Deposit: **Pending. First quarter 2020.**

» Index

1
GOVERNING BODIES

Board of Directors	Executive Committee
CHAIRMAN Esteban Tejera	
VICE-CHAIRMAN & CEO Eduardo Pérez de Lema	**CHAIRMAN**
MEMBERS	
Aristóbulo Bausela	
Ana Isabel Fernández	
Javier Fernández-Cid	**MEMBER**
Antonio Gómez	**VICE-CHAIRMAN**
Philippe Hebeisen	
• *Vaudoise Assurances Holding*	
Mark Hews	
• *Ecclesiastical Insurance*	
José Manuel Inchausti	
Katsuhiko Kaneyoshi	
Pedro López	**MEMBER**
Daniel Quermia	**MEMBER**
Jaime Tamayo	
NON-BOARD MEMBER SECRETARY	
Juan Martín Sanz	**SECRETARY**

COMPOSITION OF THE GOVERNING BODIES AS OF THE DATE OF PUBLICATION OF THE REPORT.

2

CONSOLIDATED MANAGEMENT REPORT

A. INTRODUCTION

The deterioration sustained over years in original insurance rates and conditions, together with the intense catastrophic loss experience of 2017 and 2018, have increased the pressure on the insurance industry to intensify its technical rigor. In 2019, the insurance industry experienced a clear improvement in the original conditions of insurance. However, this new rally has not yet been transferred with the same force to the reinsurance sector.

In addition, the retrocession market experienced a marked tightening, both because of price increases and a lower appetite for capital markets to bring more capital to the sector. There was no shortage of available capital, but better remuneration is required, especially in the renewal of affected protections.

Natural disasters in 2019 cost insurance less than in the years immediately before, with typhoons Faxai and Hagibis being highlighted as the most expensive insured events of the year, which affected highly populated regions of Japan.

These two catastrophes, as well as the reinsured damages arising from the disturbances in Chile, resulted in an increase in the loss ratio incurred by MAPFRE RE (hereinafter the "Company") in 2019. Despite this, the Company registered a profit before tax of 101.6 million euros for the fiscal year for reinsurance operations. In addition, it recorded a negative result of 25.6 million euros from the global risk reinsurer operations following the restructuring of MAPFRE GLOBAL RISKS in 2018. The Company's consolidated pre-tax result was therefore 76.7 million euros.

MAPFRE RE continues to be a solid reinsurer. Ratings agencies have confirmed their financial strength; A.M. Best renewed its rating of **A** with a **stable** outlook, while Fitch and Standard & Poor's increased its rating in 2019 to **A+** with a **stable** outlook in both cases.

The Company is a subsidiary of MAPFRE S.A., the company that files its Consolidated Annual Accounts with the Commercial Registry of Madrid, together with the Consolidated Management Report and the Integrated Report, which include the Group's non-financial information.

B. KEY FIGURES

Below are the main figures from the Controlling Company's financial statements:

B.1. IFRS Income statement

IFRS Income statement	2019	2018	Var. % 19/18
ASSUMED REINSURANCE			
Assumed premiums	**5,580.5**	**4,832.4**	**15.48%**
Earned premiums for the fiscal year	5,529.6	5,103.0	8.36%
Loss experience (including claims-related expenses)	(3,976.0)	(4,030.0)	(1.34%)
Operating expenses	(1,232.8)	(1,130.9)	9.01%
ASSUMED REINSURANCE RESULT	**320.8**	**(57.9)**	**(654.06%)**
RETROCEDED REINSURANCE			
Premiums and variations in unearned premium reserves	(2,085,3)	(1,764.0)	18.21%
Claims paid and variation in outstanding claims reserves	1,366,8	1,679.2	(18.60%)
Commissions and holdings	324.9	227.6	42.75%
RETROCEDED REINSURANCE RESULT	**(393.6)**	**142.8**	**(375.63%)**
Other technical revenue and expenses	(3.0)	(12.7)	(76.38%)
LIFE AND NON-LIFE TECHNICAL ACCOUNT RESULT	**(75.8)**	**72.2**	**(204.99%)**
Net revenue from investments	160.7	150.7	6.64%
Unrealized gains and losses on investments			
Other non-technical revenue and expenses	(8.2)	(7.4)	10.81%
Results from non-controlling interests			
LIFE AND NON-LIFE BUSINESS RESULT	**76.7**	**215.5**	**(64,41%)**
RESULT FROM OTHER ACTIVITIES			
RESULT BEFORE TAX AND NON-CONTROLLING INTERESTS	**76.7**	**215.5**	**(64.41%)**
Tax on profits	(19.2)	(56.6)	(66.08%)
Result after tax from discontinued activities			
RESULT AFTER TAX	**57.5**	**158.9**	**(63.81%)**
Non-controlling interests			
RESULT AFTER TAX AND NON-CONTROLLING INTERESTS	**57.5**	**158.9**	**(63.81%)**

(Figures in millions of euros)

Non-Life insurance ratios	2019	2018	Var. % 19/18
Loss ratio for assumed reinsurance	70.5%	67.6%	4.3%
Expense ratio for aassumed reinsurance	30.6%	27.8%	10.1%
Combined ratio net of retroceded reinsurance	101.1%	95.4%	6.0%

Breakdown of assumed premiums	2019	2018	Var. % 19/18
Non-Life	4,986.75	4,231.93	17.80%
Life	593.74	600.47	(1.10%)
TOTAL	**5,580.49**	**4,832.41**	**15.50%**

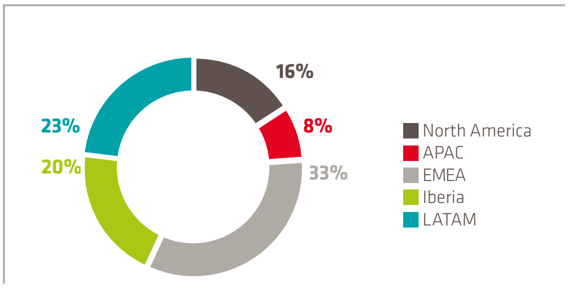
(Figures in millions of euros)

B.2. Balance sheet

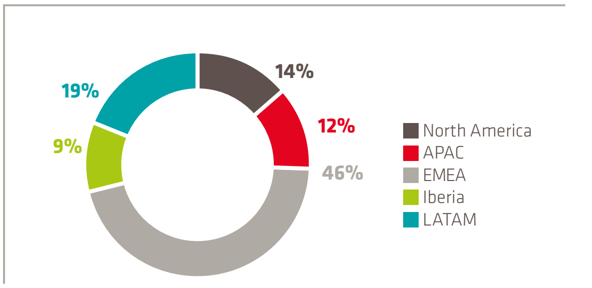
Key figures from the Balance sheet (IFRS)	2019	2018	Var. % 19/18
Investments and cash	5,020.0	4,965.0	(11.00%)
Total assets	9,061.9	8,902.1	1.80%
Technical provisions	3,569.5	3,695.1	(3.4%)
Equity	1,746.2	1,668.0	4.70%
ROE	3.8%	9.40%	(59.60%)

(Figures in millions of euros)

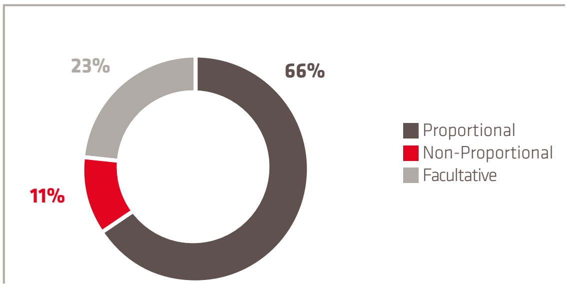
GROSS PREMIUMS BY GEOGRAPHIC AREA



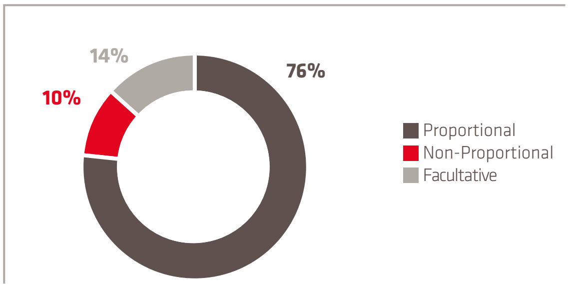
NET PREMIUMS BY GEOGRAPHIC AREA



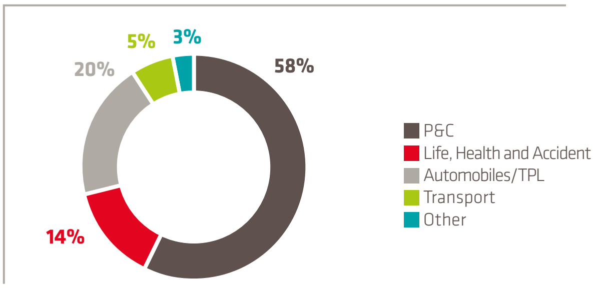
GROSS PREMIUMS BY BUSINESS TYPE



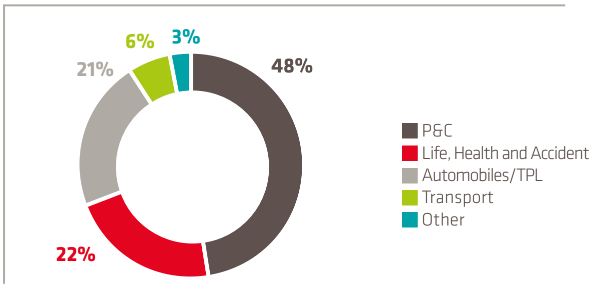
NET PREMIUMS BY BUSINESS TYPE



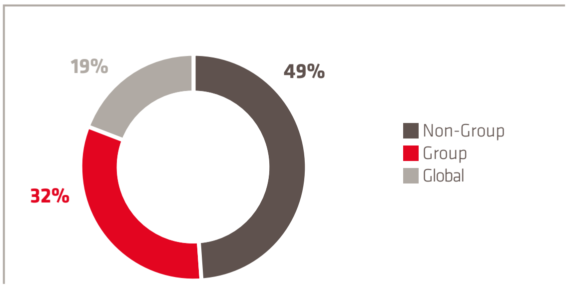
GROSS PREMIUMS BY BUSINESS LINE



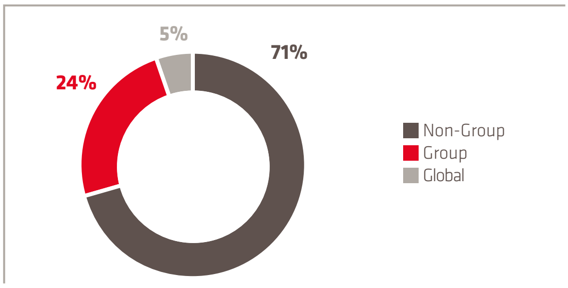
NET PREMIUMS BY BUSINESS LINE



GROSS PREMIUMS BY CEDENT TYPE



NET PREMIUMS BY CEDENT TYPE



C. MAIN ACTIVITIES

The revenue of MAPFRE RE reached 5,188.0 million euros, making for an increase of 15 percent on the previous fiscal year.
The result before tax and non-controlling interests came to 76.7 million euros, 64.4 percent less than what was registered in 2018, with shareholders' equity at the close of the fiscal year standing at 1,746 million euros. The net Non-Life combined ratio was 101.1 percent. All these figures are very positive, even more so in the context of reduced margins and low financial returns that the industry continues to face.

Business activity
The business activity of MAPFRE RE was constant in all markets, in order to ensure a close relationship with clients and offer a value proposition that meets their needs.

Professional events were sponsored in various countries, such as the Inter-European Meeting of Reinsurance (ENTRE) in Spain and the 35th Congress of the International Association of Agricultural Production Insurers (AIAG) in France.

Taking advantage of the greater visibility these market meetings provide, MAPFRE RE was also involved in presentations or on panels at various events, such as ENTRE (Spain), the Association of Home Office Underwriters (AHOU) in the United States, ASESPER in Mexico, the Congress of Life subscribers (AAIV) in Italy or the 26th International Congress of Insurance Medicine (ICLAM) in India. They also participated in professional meetings of the agricultural sector such as the Indian Agriculture Rendezvous, or the ALASA seminar in Brazil.

In 2019, Risk Med Solutions, S.L. was formed, the main purpose of which is to offer MAPFRE RE clients an automated online underwriting service for Life and Health insurance.

Technical management and client services
As part of its constant effort to disseminate its technical knowledge in reinsurance, MAPFRE RE organized seminars and events of various kinds. Once again MAPFRE RE held its International Forum, attended by clients from 21 countries who received insurance and reinsurance training.

Another edition of the International Reinsurance Management Program was also renewed in collaboration with the National Insurance Institute of Fasecolda in Colombia. MAPFRE RE clients in many regions benefited from technical courses, such as the Technical reinsurance management course in Argentina, or courses in the construction and assembly business line in Colombia.

In personal lines, knowledge was also transferred through Life and Health courses for clients in Vietnam, Thailand, the Philippines and Colombia. In France, the Insurance and Digitalization event on tele-underwriting in the Life business line was held, attended by more than 50 professionals from the sector.

Innovation remains key at MAPFRE RE. It enables innovative reinsurance solutions to be provided to preferred clients and increases efficiency in their internal management processes.
In this line, in 2019 MAPFRE RE joined the B3i community of shareholders, an initiative involving 20 large insurers and reinsurers that aims to develop cross-cutting and common processes in reinsurance transactions supported by Blockchain technology.
In addition, client meetings were promoted to disclose best practices for automating reinsurance interactions, such as ACORD, Ruschlikon and Blockchain.

Information and technology systems
In 2019, progress was made in technology projects and transformational processes for MAPFRE RE.

Within this field, we should note the strengthening of the underwriting process through the development of new tools to increase service capacity and quotes to clients, for both the Life and Non-Life business units. There has also been work on and adaption to the interfaces for the implementation of the SAP-HANA platform, as well as the start-up of the renewal of RE21, the technological solution for managing reinsurance accounts between MAPFRE Group companies.

With regard to the international headquarters, a model of global support for the workplace was consolidated, with centralized management and constant monitoring to ensure the level of service that is provided each day.

D. SOCIAL AND ENVIRONMENTAL MATTERS

D.1. Personnel
The workforce in service at the close of the last two fiscal years has had the following structure, classified according to professional category.

Categories	2019	2018
Board Directors	2	2
Senior Managers	0	0
Managers	100	88
Technicians	304	254
Administrative staff	44	48
TOTAL	**450**	**392**

MAPFRE's objectives for its workforce include the professional development of its employees and enhancing their employability and well-being by developing their abilities and skills. All of this is pursued in an environment of commitment and mutual respect that is free of insults, intimidation, harassment or discrimination, in a workplace that guarantees job security and stability.

MAPFRE applies a Code of Ethics and Conduct that is inspired by its Institutional and Business Principles, and which is conceived to reflect corporate values and the basic principles that should guide the conduct of the Company and its people.

The Personal Respect Policy guarantees a workplace in which any harassment or violent or offensive behavior threatening the rights and dignity of others is not accepted. 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.

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

Through its Promotion, Selection and Mobility Policy, MAPFRE is committed to offering its employees new opportunities for professional development through development plans and programs, training schedules and mobility between areas and countries, in order to increase their employability, job satisfaction and dedication to the Company. The profiles needed to implement the business strategy and talent in the organization are identified, and individual development plans drawn for each employee, thereby ensuring suitable management replacement and succession plans are in place and strategic needs covered.

MAPFRE has defined a global selection procedure that guarantees objectivity, maximum rigor and non-discrimination throughout all procedures. Furthermore, the tests used during selection are standardized worldwide with a view to finding the candidate with the most appropriate profile for each job position. The number of selection processes carried out in 2019 was 26 (20 in 2018).

The Company's employment policy favors permanent rather than temporary contracts, seeking a stable environment and a continuous working relationship. The percentage of the workforce of the Controlling Company and its subsidiaries in permanent positions in 2019 was 98.2 percent (99.5 percent in 2018).

Moreover, in 2019, 628,881.55 euros was invested in workforce training (723,272 euros in 2018).

During the fiscal year, the expansion of the Global Disability Program continued apace, and at the year-end, there were eight people with a disability in the workforce (five people with a disability in 2018).

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

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.

D.2. Environment

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

The Group has an Environmental Policy that is in the process of being revised with the objective of incorporating the new commitments undertaken toward a circular economy.

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

With regard to the carbon footprint, further progress has been made under the UNE-EN-ISO 14064 standard, having verified the inventories of several countries.

In relation to climate change mitigation and adaptation, the measures defined in the 2020 Energy Efficiency and Climate Change Strategic Plan continue to be rolled out, resulting in the plan being completed ahead of schedule. In addition, and demonstrating our leadership position on climate issues, MAPFRE has established new and ambitious objectives:

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

Work has continued to analyze the adoption of recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) of the Financial Stability Board (FSB) to determine the financial impact of climate change. As part of this, MAPFRE, along with 21 other global insurers and reinsurers, is a member of the UNEP-FI Working Group. The main objective of this group is to analyze scenarios that allow financial models and metrics to be developed to adequately estimate the possible implications of climate change on business.

Furthermore, bearing in mind the impacts of climate change on our planet's biodiversity, specific conservation programs will continue to be developed, including the project to reforest the Doñana National Park through the "100 Companies for Forests" initiative of WWF Spain, as well as the annual protection of an endangered species and its habitat.

With regard to fostering environmental responsibility in society, the third corporate volunteering day "Everyone for the Environment" was held during the year. Degraded areas were reforested, again demonstrating the commitment and involvement of employees in this area.

D.3.Environmental, social and governance factors and risks

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

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

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

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

To guarantee effective risk management, the Group has developed a series of policies.

The Risk Management Policy provides the framework for managing risks and, in turn, for developing specific risk policies.

The Compliance Function Policy has the main objective of minimizing the likelihood of legal and non-compliance risk by establishing effective prevention and control mechanisms.

E. OTHER INFORMATION

E.1. Financial risks

Market and interest rate risks

Fluctuations in market prices can reduce the value of or revenue generated from the investment portfolio, and in turn, this can have a negative effect on the financial position.

The Controlling Company and its subsidiaries mitigate exposure to this type of risk by means of a prudent investment policy characterized by a high proportion of investment-grade, fixed income securities.

Most investments are fixed income securities, accounting for 87.1 percent of the total financial investment portfolio in 2019 (90.4 percent in 2018).

Investments in equities and mutual funds have a limited weight in the balance sheet, accounting for approximately 12.9 percent of total financial investments in 2019 (9.6 percent in 2018).

Exchange rate risk

Fluctuations in the value of the euro compared with other currencies may, in the future, affect the value of the Controlling Company's assets and liabilities and, consequently, its shareholders' equity, as well as its operating results and cash flow. Currency conversion differences registered resulted in the recognition of -5.8 million euros in 2019 (-2.6 million euros in 2018).

Credit risk

Returns on investments are also sensitive to changes in general economic conditions, including changes in the general credit ratings of debt security issuers. Exposure to credit risk is mitigated by means of a policy based on the prudent selection of security issuers and counterparties according to their solvency; seeking a high degree of geographic correspondence between issuers of assets and commitments taken on; the maintenance of a suitable level of diversification; and obtaining, where appropriate, guarantees, collateral and other hedges.

The Credit Risk Management Policy establishes limits by issuer in line with the risk profile of the counterparty or of the investment instrument, as well as exposure limits related to the counterparty's rating.

Liquidity risk

The liquidity risk is mainly managed by keeping sufficient cash balances to cover any need arising from commitments made to third parties. As on December 31, 2019, the balance of cash was 321 million euros (355 million euros in 2018), equivalent to 7.26 percent of total investment and liquid funds (8.86 percent in 2018). In addition, most fixed income investments are of investment grade and are negotiable on organized markets, affording great capacity to act against potential liquidity strains.

E.2. Treasury stock

During fiscal year 2019, the Controlling Company did not perform any operations with treasury stock.

E.3. Research, development and innovation

MAPFRE has a long history of being an innovative company. Innovation is one of its main levers to drive organic growth and project its strategic outlook. It constantly generates differential value propositions for clients from a transversal and integral vision that allows it to respond to the challenges of the business.

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

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

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

- Launch of two calls for insur_space, with the participation of various startups in its two programs: Acceleration and Adoption.

- MAPFRE's participation as an anchor investor in the venture capital fund "Alma Mundi Insurtech Fund, FCRE," which focused exclusively on the insurtech space and has acquired stakes in seven startups in the sector.

- Consolidation of #innova, MAPFRE's intrapreneurship program.

In addition, the change needed to adapt the organization to the new digital requirements is being managed through the Digital Challenge initiative, providing the flexible and agile work environment and tools that foster collaborative work nd knowledge-sharing. In addition, new behaviors (collaborating, innovating and streamlining) are being promoted, and digital and strategic profiles and new forms of leadership are being developed.

E.4. Average provider payment period

The average payment period for service providers during the fiscal year was 1.29 days (4.57 days in fiscal year 2018) for fully consolidated Spanish companies.

F. CORPORATE ASPECTS

F.1. Relevant corporate aspects

In fiscal year 2019, Javier Fernández-Cid Plañiol and José Manuel Inchausti Pérez were re-elected as board directors at the Annual General Meeting on May 21, 2019. In addition, Javier Fernández-Cid Plañiol was re-elected as a member of the Management Committee at the meeting of the Board of Directors on May 21, 2019, and on November 20, 2019, board director Ricky Louis Means submitted his resignation.

On December 23, 2019, MAPFRE RE, Compañía de Reaseguros, S.A. transmitted all shares of CIAR Investments, S.A. to Fidentia Real Estate Investments, through a purchase contract. CIAR Investments, S.A. owns the building at 45 Rue de Trèves in Brussels, Belgium, where the offices of the MAPFRE RE Branch are located in that country. Through this operation, a surplus value of 6,247,127.03 euros was obtained.

The Extraordinary General Meeting of December 31, 2019 agreed to distribute a dividend from unrestricted reserves totaling 72,848,036.80 euros, equivalent to 0.77 euros per share for shares 1 to 94,607,840, inclusive. It also considered as met the Company's obligation to pay this dividend from reserves through the shareholders' obligation to return the amounts received on June 21 and December 3, 2019 as an interim dividend of the results of fiscal year 2019 and due to the Company, all in accordance with the provisions of Article 1,156 of the Civil Code.

F.2. Proposed Resolutions

1. To approve the individual annual accounts corresponding to the 2019 fiscal year, as well as the following proposal to use the results contained in the annual report:

Basis of distribution	Amount in euros
Profit and loss	48,724,908.15
Retained earnings	554,457,689.22
TOTAL	**603,182,597.37**

Distribution	Amount in euros
To retained earnings	603,182,597.37
TOTAL	**603,182,597.37**

2. To approve the consolidated annual accounts for fiscal year 2019.

3. To approve the management of the Board of Directors in the 2019 fiscal year.

4. To re-elect Esteban Tejera Montalvo, Eduardo Pérez de Lema Holweg, Antonio Gómez Ciria, Daniel Quermia and Jaime Tamayo Ibáñez as board directors of the Company for a period of four years.

5. Pursuant to the provisions of Article 297 of the Spanish Corporations Act, to authorize the Board of Directors, during the five years following the date of this agreement, to increase the share capital once or several times up to the legal maximum of 146,642,152 euros, equivalent to 50 percent of the share capital. The Board of Directors shall be free to determine the type and terms of the increases made under this authorization, and may even issue shares with a share premium and modify, where appropriate, Article 5 of the Corporate Bylaws in order to adapt it to the resulting share capital amount. This authorization implies withdrawal of the authorization granted on March 3, 2015 in relation to its unused portion.

6. To delegate broader powers to the Chairman of the Board of Directors and their Secretary so that either of them may proceed with the implementation of the agreements adopted at the Annual General Meeting and make them public when necessary.

7. To thank those involved in managing the Company for their loyal collaboration over the course of this fiscal year.

G. SIGNIFICANT EVENTS FOR THE COMPANY THAT OCCURRED AFTER THE YEAR-END

No material events took place after the fiscal year's close that may affect the results or future evolution of the Controlling Company.

H. OUTLOOK

The continued low-income financial environment will mean that the insurance and reinsurance industry continues to emphasize the defense of its technical margins. Although there will be variations according to business lines, markets, and even clients based on their individual history, the trend of greater rigor in original insurance prices and conditions is expected to continue and to have a clearer impact on reinsurance, helping to reverse the soft market situation of previous years.

MAPFRE RE will continue to drive transformational projects that enable it to improve its efficiency and present the best value proposition to its clients in order to maintain and strengthen the confidence placed in us.

3

CONSOLIDATED ANNUAL ACCOUNTS

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

ASSETS	Notes	2019	2018
A) INTANGIBLE ASSETS		**61,302**	**58,148**
I. Goodwill	6.1	54,138	54,138
II. Other intangible assets	6.1	7,164	4,010
B) PROPERTY, PLANT AND EQUIPMENT		**62,643**	**54,960**
I. Property for own use	6.2	56,133	48,450
II. Other property, plant and equipment	6.2	6,510	6,510
C) INVESTMENTS		**4,698,904**	**4,610,266**
I. Property investments	6.2	2,480	5,879
II. Financial investments		3,870,895	3,650,502
1. Held-to-maturity portfolio			
2. Available-for-sale portfolio	6.4	3,845,501	3,633,524
3. Trading portfolio	6.4	25,394	16,978
III. Equity-accounted investments		170,372	85,450
IV. Deposits established for accepted reinsurance		596,206	857,883
V. Other investments		58,951	10,552
D) PARTICIPATION OF REINSURANCE IN TECHNICAL PROVISIONS	6.9	**2,749,723**	**2,520,111**
E) DEFERRED TAX ASSETS	6.17	**12,949**	**39,876**
F) RECEIVABLES	6.5	**955,599**	**1,116,936**
I. Receivables on reinsurance operations	6.5	826,415	974,239
II. Tax receivables	6.5	23,424	22,241
1. Tax on profits receivable		16,008	4,677
2. Other tax receivables		7,416	17,564
III. Corporate and other receivables	6.5	105,760	120,456
G) CASH	6.7	**321,126**	**354,817**
H) ALLOCATION ADJUSTMENTS	6.15	**199,119**	**146,424**
I) OTHER ASSETS		**515**	**565**
TOTAL ASSETS		**9,061,880**	**8,902,103**

(Figures in thousands of euros)

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

EQUITY AND LIABILITIES	Notes	2019	2018
A) EQUITY		**1,746,174**	**1,668,495**
I. Paid-up capital	6.8	293,284	293,284
II. Share premium	6.8	554,393	554,393
III. Reserves		758,509	762,554
IV. Interim dividends	4.2		(100,401)
V. Treasury stock			
VI. Result for the period attributable to the controlling Company		57,502	158,869
VII. Other equity instruments			
VIII. Valuation change adjustments	6.8	90,626	4,950
IX. Currency conversion differences	6.19	(8,160)	(5,174)
Equity attributable to the controlling Company		1,746,154	1,668,475
Non-controlling interests		20	19
B) SUBORDINATED LIABILITIES			
C) TECHNICAL PROVISIONS	6.9	**6,319,200**	**6,215,181**
I. Provisions for unearned premiums and unexpired risks	6.9/7C	1,478,207	1,159,272
II. Provisions for Life insurance	6.9/7C	320,544	597,854
III. Provision for outstanding claims	6.9/7C	4,520,449	4,458,055
IV. Provisions for profits and returned premiums			
D) PROVISIONS FOR RISKS AND EXPENSES	**6.10**	**10,393**	**8,492**
E) DEPOSITS RECEIVED ON CEDED AND RETROCEDED REINSURANCE	**6.11**	**58,558**	**72,570**
F) DEFERRED TAX LIABILITIES	**6.17**		
G) DEBT	**6.12**	**833,600**	**880,269**
I Other financial liabilities	6.12	10,964	
II Due on reinsurance operations	6.12/7C	766,785	761,446
III. Tax debts	6.12 /6.17	25,902	32,498
1. Tax on profits to be paid		1,151	211
2. Other tax liabilities		24,751	32,287
IV. Other debts	6.12	29,949	86,325
H) ALLOCATION ADJUSTMENTS	**6.15**	**93,955**	**57,097**
TOTAL EQUITY AND LIABILITIES		**9,061,880**	**8,902,103**

(Figures in thousands of euros)

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

B.1 CONSOLIDATED INCOME STATEMENT

ITEM	Notes	2019	2018
I. REVENUE FROM INSURANCE BUSINESS			
1. Premiums earned for the period, net		3,444,285	3,338,996
a) Written premiums, direct insurance			
b) Premiums from assumed reinsurance	7. A2	5,580,495	4,832,406
c) Premiums from ceded reinsurance	6.16	(2,263,312)	(1,783,090)
d) Variations in provisions for unearned premiums and unexpired risks, net		127,102	289,681
Direct insurance			
Assumed reinsurance		(50,867)	270,573
Ceded reinsurance	6.16	177,969	19,107
2. Share in profits from equity-accounted companies			
3. Income from investments	6.14	223,309	203,437
a) From operations	6.14	207,436	195,784
b) From equity	6.14	15,873	7,653
4. Unrealized gains on investments on behalf of Life insurance policyholders bearing the investment risk			
5. Other technical revenues			
6. Other non-technical revenues		1,129	1,982
7. Positive foreign exchange differences	6.19	1,519,300	961,517
8. Reversal of the asset impairment provision	6.6/6.5	5	45
TOTAL REVENUE FROM INSURANCE BUSINESS		**5,188,028**	**4,505,977**
II. EXPENSES FROM INSURANCE BUSINESS			
1. Loss ratio for the period, net		(2,610,638)	(2,353,041)
a) Claims paid and variation in provision for claims, net		(2,610,528)	(2,349,740)
Direct insurance			
Assumed reinsurance		(3,977,294)	(4,028,971)
Ceded reinsurance	6.16	1,366,766	1,679,231
b) Claims-related expenses		(110)	(3,301)
2. Variation in other technical provisions, net		1,340	2,260
3. Profit sharing and returned premiums			
4. Net operating expenses	6.15	(907,804)	(903,374)
a) Acquisition expenses	6.15	(1,216,505)	(1,110,826)
b) Administration expenses	6.15	(16,246)	(20,108)
c) Commissions and participation in reinsurance	6.16	324,947	227,559
5. Share in losses from equity-accounted companies			
6. Expenses from investments	6.14	(56,821)	(50,097)
a) From operations	6.14	(53,264)	(48,543)
b) From equity and financial accounts	6.14	(3,557)	(1,554)
7. Unrealized losses on investments on behalf of Life insurance policyholders bearing the investment risk			
8. Other technical expenses	6.15	(2,777)	(7,709)
9. Other non-technical expenses	6.15	(9,313)	(9,413)
10. Negative foreign exchange differences	6.19	(1,525,109)	(964,089)
11. Allowance to the asset impairment provision	6.6	(180)	(5,031)
TOTAL EXPENSES FROM INSURANCE BUSINESS		**(5,111,302)**	**(4,290,495)**
III. RESULT FROM THE INSURANCE BUSINESS		**76,726**	**215,482**
IV. RESULT BEFORE TAXES FROM ONGOING OPERATIONS	**6.17**	**76,726**	**215,482**
V. TAX ON PROFITS FROM ONGOING OPERATIONS	**6.17**	**(19,224)**	**(56,609)**
VI. RESULT AFTER TAX FROM ONGOING OPERATIONS		**57,502**	**158,873**
VII. RESULT AFTER TAX FROM DISCONTINUED OPERATIONS			
VIII. RESULT FOR THE PERIOD		**57,502**	**158,873**
1. Attributable to non-controlling interests		1	(4)
2. Attributable to controlling company		57,503	158,869

(Figures in thousands of euros)

B.2 CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

ITEM	Gross amount		Income tax		Attributable to non-controlling Interests		Attributable to the controlling Company	
	2019	2018	2019	2018	2019	2018	2019	2018
A) CONSOLIDATED RESULT FOR THE PERIOD								
A.1) Ongoing operations	76,726	215,482	(19,224)	(56,609)	1	(4)	57,502	158,869
A.2) Discontinued operations								
B) OTHER RECOGNIZED REVENUE (EXPENSES)	111,745	(108,368)	(29,055)	24,332			82,690	(84,037)
B.1) Ongoing operations								
1. Financial assets available for sale	114,610	(100,606)	(28,934)	24,437			85,676	(76,169)
a) Valuation gains (losses)	167,228	(53,719)	(42,089)	13,332			125,139	(40,387)
b) Amounts transferred to the income statement	(52,618)	(46,887)	13,155	11,105			(39,463)	(35,782)
c) Other reclassifications								
2. Currency conversion differences	(2,865)	(7,762)	(121)	(105)			(2,986)	(7,868)
a) Valuation gains (losses)	(2,865)	(7,762)	(121)	(105)			(2,986)	(7,868)
b) Amounts transferred to the income statement								
3. Shadow accounting								
a) Valuation gains (losses)								
b) Amounts transferred to the income statement								
4. Equity-accounted entities								
a) Valuation gains (losses)								
b) Amounts transferred to the income statement								
c) Other reclassifications								
5. Other recognized revenue and expenses								
B.2) Discontinued operations (Net of disposal)								
TOTALS	**188,471**	**107,114**	**(48,279)**	**(32,277)**	**1**	**(4)**	**140,192**	**74,832**

(Figures in thousands of euros)

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

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

ITEM	NOTES	EQUITY ATTRIBUTABLE TO CONTROLLING COMPANY'S SHAREHOLDERS								
		CAPITAL	SHARE PREMIUM	RESERVES	INTERIM DIVIDENDS	RESULT ATTRIBUTABLE TO THE CONTROLLING COMPANY	VALUATION CHANGE ADJUST-MENTS	CURRENCY CONVERSION DIFFERENCES	NON-CON-TROLLING INTERESTS	TOTAL EQUITY
BALANCE AS ON JANUARY 1, 2018		223,916	220,565	713,784	(103,290)	162,655	81,119	2,694	14	1,301,457
I. Changes in accounting policies										
II. Correction of errors										
ADJUSTED BALANCE AS ON JANUARY 1, 2018		223,916	220,565	713,784	(103,290)	162,655	81,119	2,694	14	1,301,457
VARIATIONS FOR previous FISCAL YEAR										
I. Result recognized directly in equity										
1. For revaluation of property, plant and equipment and intangible assets										
2. For available-for-sale investments							(76,169)			(76,169)
3. For cash flow hedging										
4. For currency conversion differences								(7,868)		(7.868)
5. For other results recognized directly in equity										
Total result recognized directly in equity							**(76,169)**	**(7.868)**		**(84,037)**
II. Other results for previous period						158,869				158,869
III. Distribution of the result for the period before the previous period				59,365	103,290	(162,655)				
IV. Interim dividends for previous period					(100,401)					(100,401)
V. Capital increase	6.8	69,368	333,828							403,196
VI. Pending paid-up capital										
VII. Capital decrease										
VIII. Other increases									5	5
IX. Other decreases				(10,595)						(10,595)
TOTAL VARIATIONS IN FISCAL YEAR 2018		**69,368**	**333,828**	**48,770**	**2,889**	**(3,786)**			**5**	**451,074**
BALANCE AS ON DECEMBER 31, 2018		**293,284**	**554,393**	**762,554**	**(100,401)**	**158,869**	**4,950**	**(5,174)**	**19**	**1,668,494**

ITEM	NOTES	EQUITY ATTRIBUTABLE TO CONTROLLING COMPANY'S SHAREHOLDERS								
		CAPITAL	SHARE PREMIUM	RESERVES	INTERIM DIVIDENDS	RESULT ATTRIBUTABLE TO THE CONTROLLING COMPANY	VALUATION CHANGE ADJUST-MENTS	CURRENCY CONVERSION DIFFERENCES	NON-CON-TROLLING INTERESTS	TOTAL EQUITY
I. Changes in accounting policies										
II. Correction of errors										
ADJUSTED BALANCE AS ON JANUARY 1, 2018, UPDATED		**293,284**	**554,393**	**762,554**	**(100,401)**	**158,869**	**4,950**	**(5,174)**	**19**	**1,668,494**
VARIATIONS FOR FISCAL YEAR 2019										
I. Result recognized directly in equity										
1. For revaluation of property, plant and equipment and intangible assets										
2. For available-for-sale investments							85,676			85,676
3. For cash flow hedging										
4. For currency conversion differences								(2,986)		(2,986)
5. For other results recognized directly in equity										
Total result recognized directly in equity							**85,676**	**(2,986)**		**82,690**
II. Other results for current period						57,502				57,502
III. Distribution of the result for the previous period				58,468	100,401	(158,869)				
IV. Dividends	4.2			(72,848)						(72,848)
V. Capital increase										
VI. Pending paid-up capital										
VII. Capital decrease										
VIII. Other increases (Note 2.4)				10,335					1	10,336
IX. Other decreases										
TOTAL VARIATIONS IN FISCAL YEAR 2019				**(4,045)**	**100,401**	**(101,367)**			**1**	**(5,010)**
BALANCE AS ON DECEMBER 31, 2019		**293,284**	**554,393**	**758,509**		**57,502**	**90,626**	**(8,160)**	**20**	**1,746,174**

The amounts in the "Other increases" and "Other decreases" items in the "Reserves" column are mostly due to the distribution of the result from previous years and the transfers made between them.

In 2018, a capital expansion occurred, due to the incorporation of the reinsurance business of MAPFRE GLOBAL RISKS, in the amount of 403,196,000 euros.

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

ITEMS	2019	2018
Collections for premiums		
Payments for claims		
Collections for reinsurance operations	1,090,206	743,106
Payments for reinsurance operations	(928,099)	(502,007)
Collections for co-insurance operations		
Payments for co-insurance operations		
Payments for commissions		
Collections from clients for other activities		
Payments to providers of other activities		
Other operating collections	5,006	3,198
Other operating payments	(103,044)	(242,095)
Tax payments or collections on companies	(36,844)	(83,800)
NET CASH FLOWS FROM OPERATING ACTIVITIES	**27,225**	**(81,598)**
Acquisitions of intangible fixed assets	(4,458)	(981)
Acquisitions of property, plant and equipment	(7,715)	(2,794)
Acquisitions of investments and payment of capital increases	(105,535)	152,808
Net cash paid by companies removed from scope		
Net cash collected by companies removed from scope	(2,380)	
Disposals of fixed assets	193	210
Investment disposals	5,231	21,584
Interest collected	109,957	62,829
Other payments		
Proceeds from dividends	15,935	13,436
Collection for loans granted and other financial instruments		
Payments for loans granted and other financial instruments		
NET CASH FLOW FROM INVESTMENT ACTIVITIES	**11,228**	**247,092**
Dividends and donations paid	(72,848)	(100,401)
Proceeds from capital increases		88,324
Payments on return of shareholders' contributions		
Proceeds from issuance of debentures		
Payments for interests and amortization of debentures		
Payments for interest and amortization of other financing activities		
Proceeds from other financing activities		
NET CASH FLOW FROM FINANCING ACTIVITIES	**(72,848)**	**(12,077)**
NET INCREASE (DECREASE) IN CASH FLOW	**(34,395)**	**153,417**
Conversion differences in cash flow and cash balances	**705**	**1,626**
OPENING CASH BALANCE	**354,817**	**199,774**
CLOSING CASH BALANCE	**321.126**	**354.817**

(Figures in thousands of euros)

E) FINANCIAL INFORMATION BY SEGMENT – CONSOLIDATED BALANCE SHEET AS ON DECEMBER 31, 2019 AND 2018

ASSETS	LIFE REINSURANCE		NON-LIFE REINSURANCE		TOTAL	
	2019	2018	2019	2018	2019	2018
A) INTANGIBLE ASSETS	**3,054**	**290**	**58,248**	**57,858**	**61,302**	**58,148**
I. Goodwill			54,138	54,138	54,138	54,138
II. Other intangible assets	3,054	290	4,110	3,720	7,164	4,010
B) PROPERTY, PLANT AND EQUIPMENT	**6,267**	**4,523**	**56,376**	**50,437**	**62,643**	**54,960**
I. Property for own use	5,455	3,807	50,678	44,643	56,133	48,450
II. Other property, plant and equipment	812	716	5,698	5,794	6,510	6,510
C) INVESTMENTS	**704,933**	**964,478**	**3,993,971**	**3,645,787**	**4,698,904**	**4,610,265**
I. Property investments	1,350	1,560	1,130	4,319	2,480	5,879
II. Financial investments	471,293	440,156	3,399,602	3,210,346	3,870,895	3,650,502
1. Held-to-maturity portfolio						
2. Available-for-sale portfolio	456,294	427,236	3,389,207	3,206,288	3,845,501	3,633,524
3. Trading portfolio	14,999	12,920	10,395	4,058	25,394	16,978
III. Equity-accounted investments			170,372	85,450	170,372	85,450
IV. Deposits established for assumed reinsurance	206,941	521,108	389,265	336,775	596,206	857,883
V. Other investments	25,349	1,654	33,602	8,897	58,951	10,551
D) PARTICIPATION OF REINSURANCE IN TECHNICAL PROVISIONS	**25,072**	**20,397**	**2,724,651**	**2,499,714**	**2,749,723**	**2,520,111**
E) DEFERRED TAX ASSETS	**1,580**	**17**	**11,369**	**39,859**	**12,949**	**39,876**
F) RECEIVABLES	**85,816**	**67,280**	**869,783**	**1,049,656**	**955,599**	**1,116,936**
I. Receivables on reinsurance operations	73,257	55,651	753,158	918,588	826,415	974,239
II. Tax receivables	5,323	2,933	18,101	19,308	23,424	22,241
III. Corporate and other receivables	7,236	8,696	98,524	111,760	105,760	120,456
G) CASH	**28,726**	**22,603**	**292,400**	**332,214**	**321,126**	**354,817**
H) ALLOCATION ADJUSTMENTS	**3,205**	**1,871**	**195,914**	**144,554**	**199,119**	**146,425**
I) OTHER ASSETS	**510**	**559**	**5**	**6**	**515**	**565**
J) NON-CURRENT ASSETS HELD FOR SALE AND FROM DISCONTINUED OPERATIONS						
TOTAL ASSETS BY SEGMENT	**859,163**	**1,082,018**	**8,202,717**	**7,820,085**	**9,061,880**	**8,902,103**

(Figures in thousands of euros)

E) FINANCIAL INFORMATION BY SEGMENT – CONSOLIDATED BALANCE SHEET AS ON DECEMBER 31, 2019 AND 2018

EQUITY AND LIABILITIES	LIFE REINSURANCE		NON-LIFE REINSURANCE		TOTAL	
	2019	2018	2019	2018	2019	2018
A) EQUITY	**216,301**	**179,898**	**1,529,873**	**1,488,596**	**1,746,174**	**1,668,494**
I. Paid-up capital	85,807	72,647	207,477	220,637	293,284	293,284
II. Share premium	47,178	38,885	507,215	515,508	554,393	554,393
III. Reserves	62,488	52,409	696,021	710,145	758,509	762,554
IV. Interim dividend		(13,999)		(86,402)		(100,401)
V. Treasury stock						
VI. Result for the period attributable to the controlling company	10,544	25,968	46,958	132,901	57,502	158,869
VII. Other equity instruments						
VIII. Valuation change adjustments	17,980	8,113	72,646	(3,163)	90,626	4,950
IX. Currency conversion differences	(7,695)	(4,128)	(465)	(1,046)	(8,160)	(5,174)
Equity attributable to controlling company's shareholders	216,302	179,895	1,529,852	1,488,580	1,746,154	1,668,475
Non-controlling interests	(1)	3	21	16	20	19
B) SUBORDINATED LIABILITIES						
C) TECHNICAL PROVISIONS	**570,033**	**845,723**	**5,749,167**	**5,369,458**	**6,319,200**	**6,215,181**
I. Provisions for unearned premiums and unexpired risks		2,728	1,478,207	1,156,544	1,478,207	1,159,272
II. Provisions for Life insurance	320,544	597,854			320,544	597,854
III. Provisions for outstanding claims	249,489	245,141	4,270,960	4,212,914	4,520,449	4,458,055
IV. Other technical provisions						
D) PROVISIONS FOR RISKS AND EXPENSES	**884**	**613**	**9,509**	**7,879**	**10,393**	**8,492**
E) DEPOSITS RECEIVED ON CEDED AND RETROCEDED REINSURANCE	**3,824**	**4,553**	**54,734**	**68,017**	**58,558**	**72,570**
F) DEFERRED TAX LIABILITIES						
G) DEBT	**66,209**	**51,169**	**767,391**	**829,100**	**833,600**	**880,269**
I. Other financial liabilities	1,042		9,922		10,964	
II. Due on reinsurance operations	60,843	40,728	705,942	720,718	766,785	761,446
III. Tax debts	2,211	2,429	23,691	30,069	25,902	32,498
IV. Other debts	2,113	8,012	27,836	78,313	29,949	86,325
H) ALLOCATION ADJUSTMENTS	**27**	**62**	**93,928**	**57,035**	**93,955**	**57,097**
I) LIABILITIES LINKED TO NON-CURRENT ASSETS HELD FOR SALE AND FROM DISCONTINUED OPERATIONS						
TOTAL EQUITY AND LIABILITIES BY SEGMENT	**857,278**	**1,082,018**	**8,204,602**	**7,820,085**	**9,061,880**	**8,902,103**

(Figures in thousands of euros)

E) FINANCIAL INFORMATION BY SEGMENT - CONSOLIDATED INCOME STATEMENT FOR YEARS ENDING DECEMBER 31, 2019 AND 20

	LIFE REINSURANCE		NON-LIFE REINSURANCE		TOTAL	
	2019	2018	2019	2018	2019	2018
I. REVENUE FROM INSURANCE BUSINESS						
1. Premiums allocated to the fiscal year, net	839,125	561,043	2,605,159	2,777,953	3,444,285	3,338,996
a) Written premiums, direct insurance						
b) Premiums from assumed reinsurance	593,742	600,472	4,986,753	4,231,934	5,580,495	4,832,406
c) Premiums from ceded reinsurance	(28,060)	(28,162)	(2,235,252)	(1,754,928)	(2,263,312)	(1,783,090)
d) Variations in provisions for unearned premiums and unexpired risks,net	273,443	(11,267)	(146,341)	300,947	127,102	289,680
Direct insurance						
Assumed reinsurance	273,918	(12,054)	(324,785)	282,627	(50,867)	270,573
Ceded reinsurance	(475)	787	178,444	18,320	177,969	19,107
2. Share in profits from equity-accounted companies						
3. Revenue from investments	69,177	79,006	154,132	124,431	223,309	203,437
a) From operations	67,641	78,296	139,795	117,488	207,436	195,784
b) From equity	1,536	710	14,337	6,943	15,873	7,653
4. Unrealized gains on investments on behalf of Life insurance policyholders bearing the investment risk						
5. Other technical revenue						
6. Other non-technical revenue	79	167	1,050	1,815	1,129	1,982
7. Positive foreign exchange differences	71,437	83,742	1,447,863	877,775	1,519,300	961,517
8. Reversal of the asset impairment provision	5	45			5	45
TOTAL REVENUE FROM INSURANCE BUSINESS	**979,823**	**724,003**	**4,208,204**	**3,781,974**	**5,188,028**	**4,505,977**

	LIFE REINSURANCE		NON-LIFE REINSURANCE		TOTAL	
	2019	2018	2019	2018	2019	2018
II. EXPENSES FROM INSURANCE BUSINESS						
1. Loss ratio for the period, net	(774,110)	(475,285)	(1,836,528)	(1,877,756)	(2,610,638)	(2,353,041)
a) Claims paid and variation in provision for claims, net	(774,100)	(475,273)	(1,836,428)	(1,874,467)	(2,610,528)	(2,349,740)
Direct insurance						
Assumed reinsurance	(802,956)	(489,634)	(3,174,338)	(3,539,337)	(3,977,294)	(4,028,971)
Ceded reinsurance	28,856	14,361	1,337,910	1,664,870	1,366,766	1,679,231
b) Claims-related expenses	(10)	(12)	(100)	(3,289)	(110)	(3,301)
2. Variation in other technical provisions, net	1,340	2,260			1,340	2,260
3. Profit sharing and returned premiums						
4. Net operating expenses	(113,053)	(137,400)	(794,751)	(765,975)	(907,804)	(903,375)
a) Acquisition expenses	(117,320)	(142,993)	(1,099,185)	(967,833)	(1,216,505)	(1,110,826)
b) Administration expenses	(2,398)	(2,115)	(13,848)	(17,993)	(16,246)	(20,108)
c) Commissions and participation in reinsurance	6,665	7,708	318,282	219,851	324,947	227,559
5. Share in losses from equity-accounted companies						
6. Expenses from investments	(8,576)	(2,964)	(48,245)	(47,133)	(56,821)	(50,097)
a) From operations	(8,128)	(2,728)	(45,136)	(45,815)	(53,264)	(48,543)
b) From equity and financial accounts	(448)	(236)	(3,109)	(1,318)	(3,557)	(1,554)
7. Unrealized losses on investments on behalf of Life insurance policyholders bearing the investment risk						
8. Other technical expenses	(961)	(450)	(1,816)	(7,259)	(2,777)	(7,709)
9. Other non-technical expenses	(1,026)	(609)	(8,287)	(8,804)	(9,313)	(9,413)
10. Negative foreign exchange differences	(68,621)	(76,042)	(1,456,488)	(888,047)	(1,525,109)	(964,089)
11. Allowance to the asset impairment provision			(180)	(5,031)	(180)	(5,031)
TOTAL EXPENSES FROM INSURANCE BUSINESS	**(965,007)**	**(690,490)**	**(4,146,295)**	**(3,600,005)**	**(5,111,302)**	**(4,290,495)**
RESULT FROM THE INSURANCE BUSINESS	14,816	33,513	61,909	181,969	76,726	215,482
III. OTHER ACTIVITIES						
IV. RESULT BEFORE TAXES FROM ONGOING OPERATIONS	**14,816**	**33,513**	**61,909**	**181,969**	**76,726**	**215,482**
V. TAX ON PROFITS FROM ONGOING OPERATIONS	**(4,272)**	**(7,539)**	**(14,952)**	**(49,070)**	**(19,224)**	**(56,609)**
VI. RESULT AFTER TAX FROM ONGOING OPERATIONS	**10,544**	**25,974**	**46,957**	**132,899**	**57,502**	**158,873**
VII. RESULT AFTER TAX FROM DISCONTINUED ACTIVITIES						
VIII. RESULT FOR THE PERIOD	**10,544**	**25,974**	**46,957**	**132,899**	**57,502**	**158,873**
1. Attributable to non-controlling interests	1	(4)			1	(4)
2. Attributable to controlling company	10,545	25,970	46,957	132,899	57,503	158,869

(Figures in thousands of euros)

F) FINANCIAL INFORMATION BY GEOGRAPHIC AREA. BREAKDOWN AS ON DECEMBER 31, 2019 AND 2018

The breakdown of ordinary revenue and non-current assets by country is presented below:

GEOGRAPHIC AREA	ORDINARY REVENUES FROM EXTERNAL CLIENTS	ORDINARY REVENUES FROM EXTERNAL CLIENTS	NON-CURRENT ASSETS	NON-CURRENT ASSETS
	2019	2018	2019	2018
SPAIN	1,076,080	1,055,131	158,958	169,346
UNITED STATES OF AMERICA	682,079	185,535	1,548	908
BRAZIL	272,987	235,764	6,095	4,972
MEXICO	225,444	218,415	478	364
VENEZUELA	5,179	10,294	269	288
COLOMBIA	118,926	121,233	314	230
ARGENTINA	82,615	82,038	6,584	5,226
TURKEY	126,041	125,436		
CHILE	203,101	197,868	4,370	3,606
OTHER COUNTRIES	2,788,043	2,600,692	23,371	23,171
TOTAL	**5,580,495**	**4,832,406**	**201,987**	**208,111**

(Figures in thousands of euros)

Non-current assets include intangible assets other than goodwill, property, plant and equipment, property investments, tax receivables, corporate receivables and other assets.

Assumed reinsurance premiums are considered ordinary revenue.

There is no client contributing, on an individual basis, more than 10 percent of the Group's ordinary revenue.

CONSOLIDATED ANNUAL REPORT

1. GENERAL INFORMATION REGARDING THE COMPANY AND ITS ACTIVITIES

MAPFRE RE, Compañía de Reaseguros S.A. (hereinafter the controlling Company) is a reinsurance company, and the parent company of a number of subsidiaries engaged in reinsurance activities.

The controlling Company was incorporated in Spain, and its registered office is at Paseo de Recoletos no. 25, Madrid.

The controlling Company has central services located in Madrid and five subsidiaries, nine branches and seven representative offices with a direct presence in seventeen countries. Its scope of operation includes Spain, Member States of the European Union and other countries, mainly in Latin America. This scope of operation encompasses all types of business and reinsurance lines. The controlling Company is a subsidiary of MAPFRE S.A. and forms part of the MAPFRE Group, made up of MAPFRE S.A. and several companies operating in the insurance, financial, real estate and services industries.

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

The individual and consolidated annual accounts were prepared by the Board of Directors on February 27, 2020. They are expected to be approved at the Annual General Meeting. Spanish regulations provide for the possibility of modifying the annual accounts in the event that these are not approved by the aforementioned governing body.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED ANNUAL ACCOUNTS

2.1 Basis of presentation

The Group's consolidated annual accounts were prepared in accordance with the International Financial Reporting Standards as adopted by the

European Union (EU-IFRS), with all companies having carried out the requisite standardization adjustments.

The consolidated annual accounts have been prepared on the cost model basis, except for financial assets for sale, financial assets for trading, and derivative instruments, which are registered at their fair value.

There was no early application of the rules and interpretations which, having been approved by the European Commission, had not entered into force at the close of 2019. However, their early adoption would have had no effect on the Group's financial situation and results, with the exception of what is indicated in Section 2.5 below.

2.2 Financial information by segment

The controlling Company voluntarily includes financial information by segment in Section E of the consolidated annual accounts. The main segments by line of business of the Company are Life Reinsurance and Non-Life Reinsurance.

For the identification of the main segments, the main activities and insurance lines managed by the Group have been taken into consideration, as well as the qualitative thresholds established by regulations.

The Consolidated Management Report details additional information on business performance and characteristics.

2.3 Financial information by geographic area

Section F) of the consolidated annual accounts provides additional financial information by geographic area.

The established geographic areas are: Spain, United States of America, Brazil, Mexico, Venezuela, Colombia, Argentina, Turkey, Chile and Other Countries.

2.4 Changes in accounting policies, changes in estimates and errors

As a result of the entry into force of EU-IFRS 16 "Leases" on January 1, 2019, a standard that repeals the previous EU IAS 17 "Leases," there has been a change in the Group's accounting policy with effect in the current and future fiscal years. The main implications are for lease contracts where the Group is the lessee.

In accordance with the transitional provision of the standard, the controlling Company has taken the modified retrospective approach, recognizing the cumulative effect net of taxes as an adjustment of the balance of reserves and non-controlling interests, amounting to 8.04 and 7.71 million euros, respectively. The comparative information for the year 2018 is not being restated.

In addition, the fiscal year-end has produced the following effects:

- An increase in assets and liabilities of 11 million euros.

- A decrease in operating expenses and an increase in financial expenses of 0.2 and 0.4 million euros, respectively. The amount of financial expenses will reduce gradually, applying financial criteria, during the estimated term of the contracts.

- A drop of 0.3 million euros in the result for the period attributable to the controlling Company. This amount will be offset entirely at the end of the estimated term of the contracts.

The adoption of IFRIC 23 "Tax Treatment Uncertainty," entering in force for fiscal years that began on or after January 1, 2019, has not had any significant effect on the Group's financial situation and results.

There were changes in the accounting estimates during the 2018 fiscal year for the provision for outstanding claims for accepted reinsurance contracts from outside of the MAPFRE Group, both proportional and non-proportional, due to the fact that the Company already has sufficient experience for the analysis of historical loss experience. The estimate change will affect both current and future fiscal years, the major consequences and effects of which are covered in the section on technical provisions. The effect of the change on the 2018 fiscal year was 41 million.

No significant errors were detected in the annual accounts of previous fiscal years.

2.5 Comparison of the information

Except for the change in accounting policy described in Note 2.4 above, whereby the information related to leases for the 2018 fiscal year reflected in this consolidated report is not comparable to that for the 2019 fiscal year, there are no other causes preventing the comparison of the consolidated annual accounts for the fiscal year with those of the previous one, as the international standards adopted by the European Commission that were in force on the date of the fiscal year-end were applied for their preparation.

On the date when these annual accounts were prepared, the following applied:

- The Group is analyzing the possible impact expected from IFRS 17 "Insurance Contracts," presumably applicable to fiscal years starting on or after January 1, 2022, which has been approved by the International Accounting Standards Board (IASB) and not yet adopted by the European Union; this is expected to be significant.

- In relation to IFRS-EU 9 "Financial Instruments," which is also expected to have a significant impact, and the modification of EU-IFRS 4 "Insurance Contracts," which will apply to fiscal years beginning on or after January 1, 2018, the Group is taking advantage of the temporary option for exemption from application of IFRS 9 indicated under this standard for entities predominantly engaged in insurance (more than 90 percent of its liabilities are in relation to insurance activity). This temporary exemption can be applied until fiscal years beginning on or after January 1, 2022, on which date it is estimated that the new IFRS 17 "Insurance Contracts" will enter into force.

In order to analyze any possible impacts from the effective application of IFRS-EU 9 "Financial Instruments," and improve the comparability of information between companies applying this standard and those that have chosen to defer its application, the modification of IFRS-EU 4 "Insurance Contracts" requires specific information related to cash flow from financial assets registered at amortized cost or as assets available for sale.

In consideration of the above, the Group has analyzed its fixed income securities classified under the "Held-to-maturity portfolio" and "Available-for-sale portfolio" sections, with the information required for the standard broken down in Note 6.4, "Financial investments."

The Group shall adopt, upon its entry into force, all other applicable standards, amendments and interpretations. The initial application of such is not expected to have a significant impact on the Group's financial situation or result.

2.6 Changes in the consolidation scope

The companies that were added to the consolidation scope and the changes that have occurred in this scope are listed in Annex 1, reflecting their equity figures and results.

The overall effect on the Group's consolidated equity, financial situation and results in fiscal years 2019 and 2018, derived from other changes in the consolidation scope with respect to the previous fiscal year, is described in the corresponding notes from the consolidated report.

2.7 Accounting judgments and estimates

In the preparation of the consolidated annual accounts under EU-IFRS, the controlling Company's Board of Directors has made judgments and estimates based on assumptions about the future and uncertainties that basically refer to:

- Technical provisions (Note 6.9).
- Losses due to asset impairment (Notes 6.2, 6.4 and 6.5).
- The calculation of provisions for risks and expenses (Note 6.10).
- The actuarial calculation of post-employment remuneration commitments and liabilities (Note 6.18).
- The useful life of intangible assets and property, plant and equipment items (Notes 5.1 and 5.2).
- The fair value of certain non-listed assets (Note 6.4).
- The fair value of assets and liabilities arising from lease contracts (Note 6.3)

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 shall be applied during that period and, as the case may be, in subsequent periods.

3. CONSOLIDATION

3.1. Subsidiaries and associated companies

The identification of subsidiaries and associated companies included in the consolidation, with specification of the consolidation method, are detailed in the interests in associated undertakings table, which forms part of the consolidated annual report as Annex 1.

Companies are configured as subsidiaries when the controlling Company holds a controlling interest over the investee company, and receives or has the right to variable returns, and the ability to influence said returns through the power that it exercises in said companies.

Subsidiaries are consolidated from the date when the Group acquires control, and are excluded from the consolidation on the date when it ceases to have such control.

Associated companies are companies in which the controlling Company exercises a significant influence, but which are neither subsidiaries nor joint ventures.

Significant influence is understood as the power to intervene in decisions on financial and operating policies of the investee company, but without controlling or jointly controlling these policies, presuming that there is significant influence when, either directly or indirectly through its subsidiaries, at least 20 percent of the voting rights of the investee company is owned.

Interests in associated companies are consolidated by the equity method, including, in the value of the interests, the net goodwill identified at the date of acquisition.

When the Group's interest in the losses of an associated undertaking is equal to or greater than the book value of its stake, including any unsecured receivable, the Group does not record additional losses, unless obligations have been incurred or payments have been made on behalf of the associated undertaking.

To determine if an investee company is a subsidiary or an associated company, the purpose and design of the investee company have been taken into account to ascertain the relevant activities, the way that decisions are made on these activities, who has the current capacity to direct these activities, and who receives their financial returns. The potential voting rights held and exercisable as purchase options on shares, debt instruments convertible into shares or other instruments giving the controlling Company the possibility to increase their voting rights have also been considered.

The financial statements of the subsidiaries and associated companies used for consolidation correspond to the fiscal years that ended on December 31, 2019 and 2018.

3.2. Mutual funds

Global integration is used to consolidate mutual funds managed by the Group's companies, in which the Group's share is greater than 20 percent (30 percent until the 2018 fiscal year; the amount of the funds in which the Group's share was between the two percentages at the fiscal year-end was not significant).

3.3. Conversion of annual accounts of foreign companies included in the consolidation

The Group's functional and operating currency is the euro. For this reason, the balances and operations of Group companies with a different functional currency are translated into euros using the closing exchange rate for account balances at the average exchange rate weighted by the volume of transactions. Reinsurance operations are converted at the exchange rate corresponding to the month of their accounting.

The exchange differences resulting from applying this procedure, as well as those arising from the conversion of loans and other foreign currency instruments covering investments in foreign activities, are presented as a separate item in the "Statement of recognized revenue and expenses" and are shown under equity in the "Currency conversion differences" account, deducting the part of the difference that corresponds to non-controlling interests.

Fair value adjustments of assets and liabilities that arose from the acquisition of Group companies whose operating currency is not the euro are treated as assets and liabilities of overseas business. As such, they are stated in the functional currency of the overseas business and converted at the closing exchange rate.

With the exception of reinsurance operations, all other transactions in foreign currencies are initially converted into euros at the exchange rate in force on the transaction date.

Adjustments to opening balance

The adjustments to opening balance columns in the different tables of the notes on the consolidated annual accounts include the variations that occurred as result of applying a different conversion exchange rate for data on overseas subsidiaries.

The variations in the technical provisions shown in the consolidated income statement differ from those obtained due to the discrepancy in the consolidated balance sheets for this fiscal year and the previous year. This is due to the use of a different conversion exchange rate for the overseas subsidiaries.

4. EARNINGS PER SHARE AND DIVIDENDS

4.1. Earnings per share

The calculation of the basic earnings per share—which matches the diluted earnings per share, since there is no ordinary potential share—is shown below:

	2019	2018
Net profit attributable to the shareholders of the controlling Company (thousands of euros)	57,502	158,869
Average weighted number of outstanding ordinary shares (thousands of shares)	94,608	94,608
Basic earnings per share (euros)	**0.61**	**1.68**

4.2. Dividends

The breakdown of the dividends paid by the controlling Company in the last two fiscal years is shown below:

ITEM	TOTAL DIVIDEND		DIVIDEND PER SHARE	
	2019	2018	2019	2018
Interim dividend		100,401,184		1.06
Charged to reserves	72,848,037		0.77	
TOTAL	**72,848,037**	**100,401,184**	**0.77**	**1.06**

(Figures in euros)

The total dividend for the 2019 fiscal year was approved by the Extraordinary General Meeting on December 31, 2019.

The planned dividend payout complies with the requirements and limitations that are set out in the legal regulations and the corporate bylaws.

During fiscal year 2019, the controlling Company distributed dividends charged to reserves in the amount of 72,848,037 euros. The liquidity statement prepared by the Board of Directors for the distribution of the dividend is shown below.

ITEM	Date of agreement: 06/21/2019	Date of agreement: 12/03/2019
Cash available on date of agreement	**189,398**	**307,770**
Increases in cash forecast within one year	**300,000**	**300,000**
(+) From expected current collection transactions	200,000	200,000
(+) From financial transactions	100,000	100,000
Decreases in cash forecast within one year	**(350,142)**	**(322,706)**
(-) From expected current payment transactions	(200,000)	(200,000)
(-) From expected financial transactions	(100,000)	(100,000)
(-) From payment of dividends	(50,142)	(22,706)
Cash available within one year	**139,256**	**285,064**

(Figures in thousands of euros)

5. ACCOUNTING POLICIES

The accounting policies applied to the following entries are indicated below:

5.1 Intangible assets

Goodwill
This represents the excess of cost paid on a business combination over the fair value of the identifiable assets and liabilities at the date of the merger.

Goodwill impairment
After its initial recognition and allocation to a cash-generating unit, its possible loss in value is assessed at least once a year. When the recoverable amount of a cash-generating unit is below the net book value, the loss in value is recognized immediately in the consolidated income statement.

Other intangible assets

- Other intangible assets from an independent acquisition
  The intangible assets acquired by third parties in a market transaction are valued at cost. If their useful life is finite, they are amortized and, if their useful life is indefinite, the value impairment tests are conducted at least once a year.

- Internally generated intangible assets
  Investigation expenses are recognized directly on the consolidated income statement for the year in which they are incurred. Development expenses are recorded as an asset when their probability, feasibility and future recoverability can be reasonably ensured. They are valued by the payments made.

  The capitalized development expenses are amortized during the period in which revenue or yields are expected to be obtained, without prejudice to the valuation that would be carried out if impairment occurs.

- Amortization intangible assets with a defined useful life
  The useful life and amortization ratios used for the main intangible assets, for which a linear method of amortization has been applied in all cases, are indicated below.

ITEM GROUP	USEFUL LIFE (years)	AMORTIZATION RATIO (annual)
Computer applications	4	25%

These are amortized based on their useful life following a linear method. The amortization has been registered in the expense account under "Amortization provisions."

5.2 Business combinations

The controlling Company identifies a business combination when the assets acquired and the liabilities assumed in a transaction constitute a business. The combinations are recorded by applying the acquisition method.

On the acquisition date, which is when control of the acquired business or company is obtained, the goodwill, the identifiable assets acquired, the liabilities assumed, and any non-controlling interest in the acquiree are recognized separately.

Goodwill represents the excess of cost, including deferred payments, whether certain or contingent, on the net amount on the acquisition date of the identifiable assets acquired and the liabilities assumed.

In line with the provisions under EU-IFRS 3, the Group has chosen not to increase goodwill in the part corresponding to non-controlling interests.

Initially, the identifiable assets acquired and liabilities assumed are valued at fair value on the acquisition date. Any acquisition-related costs incurred by the acquirer are registered as an expense for the fiscal year in which they are incurred, except in the case of any costs incurred in issuing debt or shares.

Subsequently, the acquiring company values the assets acquired, liabilities assumed and equity instruments issued in the business combination in line with the valuation rules applied to those items, according to their nature.

5.3 Property, plant and equipment and property investments

Property, plant and equipment and property investments are valued at their net acquisition cost minus their cumulative amortization and, if applicable, accumulated losses due to impairment.

Investments classified as property investments are those non-current property assets intended to obtain rental income, gains or both.

Costs incurred after their acquisition are recognized as an asset only when the future financial profits related to them are likely to revert to the Group and the cost of the item may be accurately determined. All other expenses associated with maintenance and repair are charged to the consolidated income statement during the fiscal year in which they are incurred.

Depreciation of these items is calculated on a straight-line basis on the cost of the asset less its residual value and the value of land according to the following periods of useful life:

ITEM GROUP	YEARS	ANNUAL COEFFICIENT
Buildings and other structures	50-25	2%-4%
Vehicles	6,25	16%
Furniture	10	10%
Fittings	20-10	5%-10%
Data processing equipment	4	25%

The residual value and the useful life of assets are reviewed and adjusted if necessary at the close of each fiscal year.

These assets are written off in the accounts when they are transferred or future economic profit derived from their continuous use is not expected to be obtained. The gains or losses resulting from writing off the aforementioned elements are included on the consolidated income statement.

5.4 Leases

According to the Company, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a set period of time in exchange for consideration.
A lease is classified as a finance lease if it transfers substantially all the risks and benefits incidental to ownership of a rented asset.
A lease is classified as an operating lease if it does not transfer substantially all the risks and benefits incidental to ownership of an underlying asset.

On the initial date of application of EU-IFRS 16- "Leases," the Company adopted the practical solution of not reassessing whether a contract is or contains a lease.

Lease term

The lease term is the non-cancelable period, together with both the periods covered by an option to extend or terminate the lease, when it is reasonably certain that the lessee will exercise that option. However, an entity will revise the lease term if there is a change in the non-cancelable period of a lease.

Recognition and assessment

As a lessee, the Company recognizes a right-of-use asset and lease liabilities on the commencement date of the lease, according to the payments set out in the contract and its estimated duration. The initial assessment of the asset is made at cost and the initial assessment of lease liabilities is determined by the present value of the lease payments that are not paid at that date discounted using the lessee's incremental borrowing rate.

The right-of-use asset is subsequently assessed at cost less amortization and accumulated impairment losses, and adjusted, where appropriate, by the reassessment of liabilities. In the case the contracts are reviewed, the liabilities will be reassessed discounting the payments for amended leases.

The amortization costs, the interest on liabilities and, where appropriate, the variable lease payments not included in the initial assessment are recognized in the result of the period.

As a lessor, the Company shall recognize assets held under a finance lease at an amount equal to the net investment in the lease, which is measured by the interest rate implicit in the lease, and present them as a receivable. Subsequently, financial income during the lease term is recognized by reflecting a constant periodic rate of return on net investment. In the case of operating leases, income from lease payments will be recognized on either a straight-line basis or another systematic basis that is more representative.

Exemptions

As a lessee, the Company may apply the exemptions referred to and not consider short-term contracts (for particular classes of underlying assets) or leases for which the underlying asset is of low value (on a contract-by-contract basis) to be leases. The lessee shall then recognize the lease payments associated with those leases as expenses on either a straight-line basis over the lease term, or apply another systematic basis if that basis is more representative.

5.5 Financial investments

Recognition

Financial assets traded on secondary securities markets are generally recognized on the settlement date.

Classification

Financial investments are classified in the following portfolios:

- Available-for-sale portfolio
  This includes debt securities not classified under other portfolios and capital instruments of companies that are not subsidiaries or associated companies and are not included in the "Trading portfolio."

- Trading portfolio
  This includes financial assets originating or acquired with the objective of selling them in the short-term, which are part of a portfolio of financial instruments identified and managed together, for which there is proof of recent actions to obtain gains in the short-term.

  Derivative instruments not assigned to a hedging operation and hybrid financial assets completely valued at their fair value are also part of this portfolio.

  In hybrid financial assets that include, at the same time, a main contract and a financial derivative, both components are separated and treated independently for the purpose of classifying and valuing them. When this separation is not possible, they are valued at their fair value.

Assessment

In their initial recognition on the balance sheet, all financial investments are recognized at the fair value of the provided compensation plus, in the case of financial investments not classified in the "Trading portfolio," the transaction costs that are directly attributable to their acquisition. Fair value is the price that would be received for the sale of a financial asset through a transaction ordered between market participants on the date of valuation.

Thereafter, the financial investments are assessed at their fair value, without deducting any transaction costs that may be incurred in their sale or any other form of disposal, with the following exceptions: financial assets that are capital instruments whose fair value cannot be reliably estimated, as well as derivatives that have these instruments as underlying assets and are settled through the delivery of said assets, which are valued at cost.

The fair value of financial investments, included in the available-for-sale portfolio and the trading portfolio, are classified according to the levels of the variables used in their assessments:

- **Level 1.** Quote price: Unadjusted price quoted on active markets.

- **Level 2.** Observable data: Prices quoted in active markets for instruments similar to the one being assessed, or other assessment techniques in which all the significant variables are based on observable market data. The assessment is conducted via a model that discounts future financial flows, including the reimbursement value, using a rate curve with two main components:

  1. Zero coupon swap curve of the currency of the issuance, which is considered to be the best approximation to the risk-free interest rate.

  2. Spread of the additional risk, which will be the spread added to or subtracted from the zero coupon swap curve that reflects the risks inherent to the issuance valued, such as credit, liquidity or optionality risk.

- **Level 3**. Other measurements: Specific variables on a case-by-case basis. For these purposes, it is possible to distinguish between:

  - Variable income assets, where in general the sale value is estimated according to the individual characteristics of the asset.

  - Fixed income assets with complex future flow structures (interest rates linked to financial variables, with caps and/or floors) and one or more early amortizations, and in which the issuer has no similar issuances on the market or any unquoted issuances from an issuer with no similar issuances. In these cases, the assets are usually valued by requesting an assessment from a benchmark third party.

Impairment

The book value of financial investments is corrected via a charge to the consolidated income statement when there is objective evidence that an event that entails a negative impact on its future cash flows has occurred or in any other circumstance that would indicate the inability to recover the investment cost of the financial instrument. The amount of losses due to impairment is equal to the difference between its book value and the current value of its future estimated cash flows.

For fixed income securities in which there is a defaulted interest and/or principal, the potential loss is estimated according to the situation of the issuer. For all other fixed income securities, an analysis is undertaken based on their credit quality and the degree of solvency of the issues, proceeding to record the impairment if the risk of non-payment is considered to be likely.

For equity instruments, an individual analysis of the investments is undertaken to determine whether or not they are impaired. Furthermore, it is considered that there is a sign of impairment when the market value decreases for a long time (18 months) or significantly (40 percent) in terms of its cost.

The amount of estimated losses due to impairment is recognized on the consolidated income statement, also including any reduction of the fair value of the investments previously recognized in "Valuation change adjustments." The reversal is recognized in the consolidated income statement, except for in the case of equity instruments. In this case, the valuation adjustment registered in previous fiscal years is not recognized in the income statement, but rather any increase in value is taken directly to equity.

5.6 Impairment of other assets

At the close of each fiscal year, the Group assesses whether there are any signs that the asset items may have suffered a loss in value. If such evidence exists, the recoverable amount of the asset is estimated.

For assets that are not in a fit state of repair and intangible assets with an indefinite useful life, the recoverable value is estimated whether or not there are signs of impairment.

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

If there is an increase 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 net amortization book value that would have been registered if an impairment loss had not been recognized in previous years. The reversal is recognized in the consolidated income statement, unless the asset has already been revalued against "Valuation change adjustments," in which case the reversal is treated as a revaluation increase. After this reversal, the amortization cost is adjusted in the following periods.

5.7 Receivables

These assets are generally valued using the amortized cost, calculated according to the effective interest rate method, deducting, if applicable, the provisions for losses due to noted impairment of the value.

When there is objective evidence that a loss was incurred due to impairment, the corresponding provision is constituted for the amount estimated not to be recoverable. This amount is equivalent to the difference between the book value of the asset and the current value of the future cash flows, discounted at the original effective interest rate of the financial asset, and the loss is recognized on the fiscal year's consolidated income statement.

The Group calculates and provides the insolvency provision through an individualized system for monitoring balances with reinsurance companies. The basis of calculation are the balances pending collection with each reinsurance company and, depending on the corresponding time period, the provision is 50 percent for six-month balances and 100 percent for balances due more than nine months ago. Similarly, the balances with reinsurance companies in the settlement process are taken into account. The impairment is recognized in the consolidated income statement.

5.8 Cash

Cash consists of cash (cash in hand and bank deposits) and cash equivalents, which correspond to highly liquid short-term investments (maximum three months) that can easily be converted into fixed amounts of cash and which have an insignificant risk of change in value.

5.9 Allocation adjustments

The fees and other acquisition expenses corresponding to the earned premiums that can be applied to the period between the closing date and the end of coverage of the contracts are essentially included under the heading of the asset. The expenses allocated to the results correspond to those actually incurred in the period in accordance with the provisions in Note 5.10.B.1.

At the same time, under this liabilities heading, commissions and other acquisition expenses for the ceded reinsurance that have to be allocated to the fiscal year or following fiscal years in accordance with the coverage period of the ceded policies are included.

5.10 Reinsurance operations

A) Premiums

Assumed and retroceded reinsurance

These are recorded based on the accounts received from the ceding companies and additionally, in retroceded reinsurance operations, underwritten retrocession contracts are considered.

B) Technical provisions

B.1) Assumed reinsurance

Provision for unearned premiums

Proportional reinsurance

Proportional assumed reinsurance operations are accounted for based on the accounts received from the ceding companies. When the information is provided by the cedants, unearned premium provisions are allocated based on the information provided by the cedant, with allocation on a per-contract basis.

If they are not available, the amount of the premium deposit retained for this item will be recorded as the provision for unearned premiums, and in the final analysis a premium allocation statistical method is used.

The acquisition expenses indicated by the ceding companies are allocated and included in the consolidated balance sheet under the heading "Allocation adjustments" for the consolidated balance sheet asset, with these expenses corresponding to those actually incurred in the period.

In the case of facultative and Global Risks business, allocations are carried out on a risk-by-risk basis.

Non-proportional reinsurance

Non-proportional reinsurance operations are accounted for based on the accounts received from the ceding companies, and the provision for unearned premiums is estimated by funding the recorded unearned premium based on the average policy coverage period.

Provision for unexpired risks

This is calculated by business line, and complements the provision for unearned premiums to the extent that the latter is not sufficient to reflect the valuation of risks and expenses to be covered that correspond to the coverage period that has not elapsed as on the closing date.

Provision for outstanding claims

Proportional reinsurance

Provisions for outstanding claims are provided for the amounts communicated by the cedant or, in the lack thereof, for the withheld deposits, and include additional provisions for claims that were incurred but not reported (IBNR) as well as for deviations of the existing ones based on own experience.

Non-proportional reinsurance

For non-proportional reinsurance, the final cost is estimated and provisioned based on experience and through the use of actuarial methods, provided the historic information is available.

For facultative and Global Risks business, outstanding obligations are estimated using calculations based on the available information, this being the assignor's information or the best estimate.

B.2) Retroceded reinsurance

Retroceded reinsurance operations and their corresponding technical provisions are registered using the same criteria as those used for accepted reinsurance, and according to the underwritten retrocession contracts.

B.3) Liability adequacy test

The technical provisions registered are regularly subject to adequacy testing to determine whether they are sufficient. This is conducted using the most current estimates of future cash flow under insurance in force, considering the time value of money and using assumptions (economic, biometric, etc.) based on the experience of each company. If the result of this test indicates the inadequacy of the provisions, they are adjusted and charged to the result for the period.

C) Loss ratio

Claims on assumed reinsurance are accounted for based on the accounts received from the ceding companies, estimating the final expected cost in the case of contracts.

Losses on ceded and retroceded reinsurance are registered according to the underwritten contracts and under the same criteria applied for accepted reinsurance.

D) Most significant assumptions and other sources for estimating uncertainties

For assets, liabilities, revenue and expenses arising from insurance contracts, as a general rule, the assumptions that served as a basis for issuing these contracts, and that are specified therein, are used.

In general, the estimates and assumptions used are reviewed regularly and are based on past experience and other factors that might have been deemed more reasonable. If these reviews lead to changes in estimates in a given period, their effect shall be applied during that period and, as the case may be, in subsequent periods.

The main assumption is based on the behavior and development of the claims, using their frequency and costs in recent fiscal years. Likewise, delays in paying claims and any other external factors that could affect the estimates are taken into account in the estimates, along with assumptions about interest rates and foreign currency exchange rates.

For liabilities, assumptions are based on the best possible estimate when issuing the contracts, and if an insufficiency became evident, the provisions required to cover it would be constituted.

In the calculation of the technical provisions, discount techniques are not used for the valuation of future cash flows.

There were no material changes made to the assumptions arising to assess the insurance contracts throughout the fiscal year.

E) Impairment

When there is objective evidence that a loss has been incurred due to impairment of the assets arising from reinsurance contracts, the general valuation rule indicated in Note 5.7 Receivables is applied.

5.11 Provisions for risks and expenses

These are recognized when there is a current obligation (whether legal or implicit) as a result of a past event and a reliable estimate of the obligation amount can be made.

If it is highly likely that part or all of a provision will be reimbursed, the reimbursement is recognized as a separate asset.

5.12 Debt

Valuations are generally carried out at the amortized cost using the effective interest rate method.

Debts maturing past one year where the parties have not expressly agreed on the applicable interest rate are discounted using the current market rate for public debt instruments of the same or similar term, without disregarding the corresponding risk premium.

5.13 General criteria for revenue and expenses

Ordinary revenue from operations other than insurance is recognized when the transfer of goods or performance of client services is satisfied in accordance with the agreed contract, with a good or service considered to be transferred when the client obtains control thereof (whether over a period of time or at a specific moment). The amount recognized as revenue corresponds to the compensation considered to be due for the transferred goods or services.

5.14 Remuneration for employees

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

a. Short-term remuneration

This is recorded according to the services provided by employees on an accrual basis.

b.Post-employment benefits

These essentially consist of defined contribution plans and defined benefit plans, as well as Life insurance covering death between ages 65 and 77.

Defined contribution plans

These are those in which the Company in question makes pre-determined contributions to a separate company (whether linked to the Group or external) and has no legal or implicit obligation to make any additional contributions in the event of an insufficiency of assets to honor the payment of benefits.

The amount of benefits to be received by employees is determined by the contributions made plus the yield obtained by the investments in which the fund was materialized.

Defined benefit plans

These are plans 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.

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

c. Compensation for termination

This is recognized as a liability and expense when there is clearly an agreement to rescind the work relationship before the normal date of employee retirement or when there is an offer to encourage voluntary rescission of contracts.

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

Other long-term remuneration, besides what is 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 exception is the cost of past services, which is recognized immediately and registered as an offsetting entry under the heading "Provisions for risks and expenses," and actuarial gains and losses which are registered on the consolidated income statement.

Incentive plans

During the 2019 fiscal year, a medium-term incentive plan was approved for certain members of the MAPFRE executive team. The plan is extraordinary, non-cumulative and multi-year, commencing January 1, 2019 and ending March 31, 2022, with payment of part of the incentives deferred to the period 2023-2025. The payment of incentives is dependent on fulfilling certain corporate and specific objectives, as well as remaining in the Group's employment. 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, the fulfillment of objectives will be evaluated and the amount accrued will be recorded in the consolidated income statement under a liability account for the part of the remuneration paid in cash and under an equity account for the part corresponding to equity instruments. The valuation of the part of the incentive paid in MAPFRE S.A. shares takes into account the fair value of the equity instruments assigned at the transfer date, based on the terms and conditions of the plan.

Each year, during the vesting period, the number of equity instruments included in the calculation of the transaction amount is adjusted. No additional adjustments are made after the vesting date.

During the 2019 fiscal year, the old medium-term incentive plan approved in 2016 was partially settled, pending payment of the part deferred until the 2020-2022 period.

5.15 Revenue and expenses from investments

These are classified according to the origin of the allocation of the investments that generate them, from operations if they are allocated to cover technical provisions and from equity if they involve shareholders' equity.

Changes in fair value are recorded according to the portfolio in which financial investments are classified:

a) Trading portfolio

These are recorded directly in the consolidated income statement, distinguishing between the part attributable to returns, -which is recorded as interest or, if applicable, as dividends-, and the part that is registered as realized and unrealized results.

b) Available-for-sale portfolio

These are recognized directly in the Company's equity until written off or impairment is perceived, at which time they are registered in the consolidated income statement.

In all cases, the interest of financial instruments is recorded on the consolidated income statement by applying the effective interest rate method.

5.16 Reclassification of Expenses by Type, Purpose and Allocation to Areas of Activity

The criteria to follow for reclassifying expenses by purpose are mainly based on the position held by each of the employees, distributing their direct and indirect cost according to this position.

For expenses directly or indirectly related to personnel, individual studies are undertaken, allocating them to the purpose according to the position held for these expenses.

The established purposes are as follows:

- Claims-related expenses: In proportion to average loss ratio.
- Investment-related expenses: In proportion to the average technical provisions.
- Other technical expenses: Direct allocation.

- Other non-technical expenses: Direct allocation.
- Acquisition expenses: In proportion to average premiums.
- Administration expenses: In proportion to average premiums.

Expenses have been allocated to different segments, according to the business line that generated them:

- Assumed Life reinsurance.
- Assumed Non-Life reinsurance.

5.17 Transactions and balances in foreign currency

With the exception of reinsurance activities, transactions in foreign currencies are translated into each Group company's functional currency at the exchange rate in force on the transaction date.

Reinsurance operations in foreign currency are registered at the exchange rate established at the beginning of each month of the fiscal year. Subsequently, at the end of each month, they are all treated as if they were a single operation, being converted at the exchange rate in force at that time and recording the resulting difference in the consolidated income statement.

At fiscal year-end, the existing balances in foreign currencies are translated at the exchange rate of the functional currency prevailing on that date, and all exchange differences are recorded in the consolidated income statement. The only exception is those that are allocated directly to "Currency conversion differences", i.e. those arising from the monetary items that form part of the net investment in a foreign operation and from the non-monetary items measured at fair value, where changes in value are recognized directly in equity.

5.18 Tax on profits

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

In order to determine this, the balance sheet method is followed, whereby the corresponding assets and deferred tax liabilities necessary to correct the effect of temporary differences are recorded. These are differences that may exist between the book amount of an asset or liability and its valuation for tax purposes.

Temporary differences may be "Taxable temporary differences", which result in higher tax payments in the future and which generally entail the recognition of a deferred tax liability, or "Deductible temporary differences", which result in lower tax payments in the future and, to the extent to which it is returnable, the registration of a deferred tax asset.

Meanwhile, tax on profits related to items where modifications to their value are recognized directly in equity is not allocated to the consolidated income statement but to equity, and the changes in value are recorded net of the tax effect..

(i) Recognition of deferred tax liabilities

The Group recognizes deferred tax liabilities in all cases except where:

- They arise from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that is not affected by the accounting result or the taxable income on the date of the transaction.
- They correspond to differences relating to investments in controlled, associated or joint arrangement companies over which the Group controls the moment of reversal and it is not probable that a reversal occurs in the foreseeable future.

(ii) Recognition of deferred tax assets

The Group recognizes deferred tax assets as long as:

- It is probable that there are sufficient future taxable profits to offset them. However, those assets that arise from the initial recognition of assets or liabilities, in a transaction that is not a business combination and that is not affected by the accounting result or the taxable income on the date of the transaction, are not recognized.
- They correspond to temporary differences relating to investments in subsidiaries or associated or joint arrangement companies to the extent that the temporary differences revert in the foreseeable future and positive future taxable profits are expected to be generated to offset the differences;

(iii) Compensation and classification

The Group only offsets income tax assets and liabilities against current earnings if there is a legal right to them with regard to the tax authorities, and it intends to liquidate the debt resulting for the net amount or realize the assets and liquidate the liabilities simultaneously.

(iv) Measurement of deferred tax assets and liabilities

Deferred tax assets and liabilities are measured by tax types as shall apply in the fiscal years in which it is hoped that the assets will be realized or liabilities paid.

The Group reviews the book value of the deferred tax assets at the fiscal year-end and evaluates if conditions are fulfilled for recognizing deferred tax assets that had not previously been recognized.

6. BREAKDOWN OF THE FINANCIAL STATEMENTS

6.1 Intangible assetss

The difference in this heading is detailed in the following tables::

Fiscal year 2019

ITEM	Opening balance 2019	Adjustments to opening balance	Changes in consolidation scope	Additions or Provisions	Disposals, write-offs or reductions	Closing balance 2019
GOODWILL	54,138					54,138
OTHER INTANGIBLE ASSETS	12,666			4,458		17,125
Portfolio acquisition expenses						
Computer applications	12,666			4,458		17,125
Other						
COST	**66,805**			**4,458**		**71,263**
CUMULATIVE AMORTIZATION						
OTHER INTANGIBLE ASSETS						
Portfolio acquisition expenses						
Computer applications	(8,656)			(1,304)		(9,961)
Other						
CUMULATIVE AMORTIZATION	**(8,656)**			**(1,304)**		**(9,961)**
IMPAIRMENT						
GOODWILL						
OTHER INTANGIBLE ASSETS						
Portfolio acquisition expenses						
Computer applications						
Other						
TOTAL IMPAIRMENT						
TOTAL GOODWILL	**54,138**					**54,138**
TOTAL OTHER INTANGIBLE ASSETS	**4,010**			**3,154**		**7,164**
TOTAL INTANGIBLE ASSETS	**58,148**			**3,154**		**61,302**

(Figures in thousands of euros)

Fiscal year 2018

ITEM	Opening balance 2018	Adjustments to opening balance	MGR Operation (Note 6.21)	Additions or Provisions	Disposals, write-offs or reductions	Closing balance 2018
GOODWILL			54.138			54.138
OTHER INTANGIBLE ASSETS	8,274	(3)	6,968	2,413	(4,986)	12,666
Portfolio acquisition expenses						
Computer applications	8,274	(3)	6,968	2,413	(4,986)	12,666
Other						
COST	**8,274**	**(3)**	**61,106**	**2,413**	**(4,986)**	**66,805**
CUMULATIVE AMORTIZATION						
OTHER INTANGIBLE ASSETS	(7,320)	3	(5,541)	(784)	4,986	(8,656)
Portfolio acquisition expenses						
Computer applications	(7,320)	3	(5,541)	(784)	4,986	(8,656)
Other						
CUMULATIVE AMORTIZATION	**(7,320)**	**3**	**(5,541)**	**(784)**	**4,986**	**(8,656)**
IMPAIRMENT						
GOODWILL						
OTHER INTANGIBLE ASSETS						
Portfolio acquisition expenses						
Computer applications						
Other						
TOTAL IMPAIRMENT						
TOTAL GOODWILL			**54,138**			**54,138**
TOTAL OTHER INTANGIBLE ASSETS	**954**		**1,427**	**1,629**		**4,010**
TOTAL INTANGIBLE ASSETS	**954**		**55,565**	**1,629**		**58,148**

(Figures in thousands of euros)

The "additions" for fiscal years 2019 and 2018 correspond mainly to the advance payments for intangible fixed assets for the SAP HANA and Technical Underwriting Accounting Process projects.

There were no disposals in the 2019 fiscal year. Disposals seen in fiscal year 2018 were fully amortized intangible fixed assets.

The amortization of intangible assets with a finite useful life has been recorded under "Amortization provisions" in the expenses account.

The cost of fully amortized intangible fixed assets at the close of fiscal year 2019 came to 7,490 thousand euros (7,401 thousand euros at the close of fiscal year 2018).

Intangible assets with an indefinite useful life
The useful life of goodwill is considered indefinite, since it is expected to contribute to future revenue for the Group indefinitely.

The following table details information about the cash-generating units to which the different goodwill items are assigned, as well as their book value and, if applicable, the amount of impairment for the last two fiscal years.

Item	Cash-generating unit	Balance as on 12/31/2018	Fiscal year 2019			Balance as on 12/31/2019
			Additions/ Write-offs	Impairment	Amortization	
Goodwill						
MAPFRE GLOBAL RISKS	GLOBAL NON-LIFE RISKS PORTFOLIO - SPAIN	54,138				54,138
TOTAL		**54,138**				**54,138**

(Figures in thousands of euros)

Item	Cash-generating unit	Balance as on 12/31/2017	Fiscal year 2018			Balance as on 12/31/2018
			Additions/ Write-offs	Impairment	Amortization	
Goodwill						
MAPFRE GLOBAL RISKS	GLOBAL NON-LIFE RISKS PORTFOLIO - SPAIN		54,138			54,138
TOTAL			**54,138**			**54,138**

(Figures in thousands of euros)

The goodwill generated in the 2018 fiscal year arises from the acquisition of assets and liabilities from the reinsurance activity of MAPFRE GLOBAL RISKS, S.A. The recognized amount was 54,138 thousand euros, corresponding to the excess of the business combination costs over the amount of identifiable assets less assumed liabilities on the acquisition date. This goodwill is attributed to the GLOBAL RISKS cash-generating unit corresponding to the "Global Risks" reinsurance activity.

The net book value of the possible impairment of the goodwill described above is equal to or less, in all cases, than the amount that can be recovered from the cash-generating unit to which it is assigned, which has been determined according to the value in use, calculated on the basis of cash flow projections.

The discount rate applied to these projections is based on the interest rate of the geographic market in which each cash-generating unit operates, which was 1.77 percent in 2019 (1.42 percent in 2018) and to which a risk premium was added according to the unit's type of activity.

The resulting discount rate applied was 4.20 percent in 2019 (5.22 percent in 2018). The projections corresponding to the first five fiscal years consider growth rates based on historical experience, while those for the following years are constant flows.

6.2 Property, plant and equipment and real estate investments

Property, plant and equipment
The difference in this heading is detailed in the following tables:

Fiscal year 2019

ITEM	Opening balance	Adjust-ments to opening balance	Changes in the consolidation scope	Additions or provisions	Disposals, write-offs or reductions	Closing balance	Market value
COST							
PROPERTY FOR OWN USE	52,249	(49)	(3,086)	12,758	(6)	61,866	60,884
Land and natural resources	30,216					30,216	30,367
Buildings and other structures	22,033	(49)	(3,086)	1,639	(6)	20,531	20,017
Lease use rights				12,757		12,757	10,500
OTHER PROPERTY, PLANT AND EQUIPMENT	13,395	(35)	(1,163)	2,330	(244)	14,283	6,510
Vehicles	563				(190)	373	170
Furniture and fittings	7,414	(17)		1,318	(6)	8,709	3,972
Other property, plant and equipment	5,418	(18)	(1,163)	444	(48)	4,633	2,092
Advances and fixed assets in progress				468		468	213
Lease use rights				100		100	63
TOTAL COST	**65,644**	**(84)**	**(4,249)**	**16,726**	**(250)**	**77,787**	**67,394**
CUMULATIVE AMORTIZATION							
PROPERTY FOR OWN USE	(2,575)	(25)	10	(3,561)	4	(6,147)	
OTHER PROPERTY, PLANT AND EQUIPMENT	(6,885)	(63)	4	(821)	29	(7,736)	
TOTAL CUMULATIVE AMORTIZATION	**(9,460)**	**(88)**	**14**	**(4,419)**	**33**	**(13,920)**	
IMPAIRMENT							
PROPERTY FOR OWN USE	(1,224)					(1,224)	
Land and natural resources							
Buildings and other structures	(1,224)					(1,224)	
OTHER PROPERTY, PLANT AND EQUIPMENT							
Vehicles							
Furniture and fittings							
Other property, plant and equipment							
Advances and fixed assets in progress							
TOTAL IMPAIRMENT	**(1,224)**					**(1,224)**	
TOTAL PROPERTY FOR OWN USE	**48,450**	**(74)**	**(3,076)**	**10,835**	**(2)**	**56,133**	**60,884**
TOTAL OTHER PROPERTY, PLANT AND EQUIPMENT	**6,510**	**(98)**	**(1,159)**	**1,472**	**(215)**	**6,510**	**6,510**
TOTAL PROPERTY, PLANT AND EQUIPMENT	**54,960**	**(172)**	**(4,235)**	**12,307**	**(217)**	**62,643**	**67,394**

(Figures in thousands of euros)

Fiscal year 2018

ITEM	Opening balance	Adjust-ments to opening balance	Changes in the consolidation scope	Additions or provisions	Disposals, write-offs or reductions	Closing balance	Market value
COST							
PROPERTY FOR OWN USE	52,450	(201)				52,249	56,814
Land and natural resources	30,216					30,216	17,044
Buildings and other structures	22,234	(201)				22,033	39,770
OTHER PROPERTY, PLANT AND EQUIPMENT	13,447	(1,218)	353	1,092	(279)	13,395	6,510
Vehicles	543	(112)		150	(18)	563	276
Furniture and fittings	7,435	(853)	314	671	(153)	7,414	3,603
Other property, plant and equipment	5,469	(253)	39	271	(108)	5,418	2,631
Advances and fixed assets in progress							
TOTAL COST	**65,897**	**(1,419)**	**353**	**1,092**	**(279)**	**65,644**	**63,324**
CUMULATIVE AMORTIZATION							
PROPERTY FOR OWN USE	(2,195)	63		(429)	(14)	(2,575)	
OTHER PROPERTY, PLANT AND EQUIPMENT	(6,950)	1,198	(164)	(1,060)	91	(6,885)	
TOTAL CUMULATIVE AMORTIZATION	**(9,145)**	**1,261**	**(164)**	**(1,489)**	**77**	**(9,460)**	
IMPAIRMENT							
PROPERTY FOR OWN USE	(1,224)					(1,224)	
Land and natural resources							
Buildings and other structures	(1,224)					(1,224)	
OTHER PROPERTY, PLANT AND EQUIPMENT							
Vehicles							
Furniture and fittings							
Other property, plant and equipment							
Advances and fixed assets in progress							
TOTAL IMPAIRMENT	**(1,224)**					**(1,224)**	
TOTAL PROPERTY FOR OWN USE	**49,031**	**(138)**		**(429)**	**(14)**	**48,450**	**56,814**
TOTAL OTHER PROPERTY, PLANT AND EQUIPMENT	**6,497**	**(20)**	**189**	**32**	**(188)**	**6,510**	**6,510**
TOTAL PROPERTY, PLANT AND EQUIPMENT	**55,528**	**(158)**	**189**	**(397)**	**(202)**	**54,960**	**63,324**

(Figures in thousands of euros)

During fiscal year 2019, the main "additions" have their origin in the accounting policy change related to leases, described in Notes 2.4, 5.4 and 6.3. During fiscal year 2018, the main "additions" produced were due to the purchase of furniture and the improvement of MAPFRE RE subsidiary facilities.

During fiscal year 2019, the main "disposals" produced were due to the sale of vehicles; during fiscal year 2018, the main "disposals" produced were due to the write-off of furniture from the Belgian branch.

The changes in the 2019 consolidation scope are due to the disposal of furniture and the building of the CIAR subsidiary, due to its deconsolidation as a result of its sale.

Impairment losses are recorded in the "Allowance to the asset impairment provision" account.

The cost of fully depreciated property, plant and equipment items at the close of the 2019 and 2018 fiscal years reached 3,630 thousand euros and 3,104 thousand euros respectively, of which 1,535 thousand euros and 1,262 thousand euros respectively correspond to elements outside Spanish territory.

Property investments

The difference in this heading is detailed in the following tables:

Fiscal year 2019

ITEM	Opening balance	Adjustments to opening balance	Changes in the consolidation scope	Additions or provisions	Disposals, write-offs or reductions	Closing balance	Market value
COST							
INVESTMENT IN PROPERTY	10,212	(314)	(3,084)			6,814	5,959
Land and natural resources	2,079	1				2,080	1,635
Buildings and other structures	8,133	(315)	(3,084)			4,734	4,324
OTHER PROPERTY INVESTMENTS							
TOTAL COST	**10,212**	**(314)**	**(3,084)**			**6,814**	**5,959**
CUMULATIVE AMORTIZATION							
INVESTMENT IN PROPERTY	(4,333)	(11)	10			(4,334)	
OTHER PROPERTY INVESTMENTS							
TOTAL CUMULATIVE AMORTIZATION	**(4,333)**	**(11)**	**10**			**(4,334)**	
IMPAIRMENT							
INVESTMENT IN PROPERTY							
Land and natural resources							
Buildings and other structures							
OTHER PROPERTY INVESTMENTS							
TOTAL IMPAIRMENT							
TOTAL PROPERTY INVESTMENT	**5,879**	**(325)**	**(3,074)**			**2,480**	**5,959**

(Figures in thousands of euros)

Fiscal year 2018

ITEM	Opening balance	Adjustments to opening balance	Changes in the consolidation scope	Additions or provisions	Disposals, write-offs or reductions	Closing balance	Market value
COST							
INVESTMENT IN PROPERTY	10,342	(130)				10,212	12,003
Land and natural resources	2,106	(27)				2,079	3,601
Buildings and other structures	8,236	(103)				8,133	8,402
OTHER PROPERTY INVESTMENTS							
TOTAL COST	**10,342**	**(130)**				**10,212**	**12,003**
CUMULATIVE AMORTIZATION							
INVESTMENT IN PROPERTY	(4,151)	17		(199)		(4,333)	
OTHER PROPERTY INVESTMENTS							
TOTAL CUMULATIVE AMORTIZATION	**(4,151)**	**17**		**(199)**		**(4,333)**	
IMPAIRMENT							
INVESTMENT IN PROPERTY							
Land and natural resources							
Buildings and other structures							
OTHER PROPERTY INVESTMENTS							
TOTAL IMPAIRMENT							
TOTAL PROPERTY INVESTMENT	**6,191**	**(113)**		**(199)**		**5,879**	**12,003**

(Figures in thousands of euros)

The market value of real estate investments and real estate for own use basically corresponds to the appraisal value determined by an independent appraisal company, depending on observable market variables (Level 2). The valuation methods generally used correspond to the cost method, comparison method, future rental income method and abbreviated residual method, depending on the characteristics of the property being appraised.

Moreover, most property corresponds to assets assigned to technical provisions and valuations are performed on a regular basis, as established for valuation reviews by the supervisory bodies of insurance activities.

The changes in the 2019 consolidation scope are due to the disposal of furniture and the building of the CIAR subsidiary, due to its deconsolidation as a result of its sale.

Property investment revenue and expenses from the last two fiscal years are detailed in the following table:

ITEM	OPERATIONS		INVESTMENTS IN EQUITY		TOTAL	
	2019	2018	2019	2018	2019	2018
Income from property investments						
From rentals		595	195	14	195	609
Gains on disposals						
TOTAL INCOME FROM INVESTMENTS		**595**	**195**	**14**	**195**	**609**
Property investment expenses						
Direct operating expenses		(163)				(163)
Other expenses		(76)				(76)
TOTAL EXPENSES FROM PROPERTY INVESTMENTS		**(239)**				**(239)**

(Figures in thousands of euros)

6.3 Leases

The information concerning the lease contracts for the 2019 fiscal year has been drawn up according to IFRS-EU 16, the standard in force as on January 1, 2019.

The Group is the lessee of real estate for its own use and other property, plant and equipment. These leases have an average duration of between one and five years, with renewal clauses stipulated in the contracts. There is no restriction on the lessee whatsoever regarding the prerogative to sign these leases.

Opening balances as on January 1, 2019, arising from the application of IFRS-EU 16 to lease contracts in which the Group is a lessee, amount to 12.8 million euros in right-of-use assets and 13.1 million euros in payment obligation liabilities.

The financial statements at the end of fiscal year 2019 include the following amounts:

Fiscal year 2019

ITEM	REAL ESTATE FOR OWN USE	OTHER PROPERTY, PLANT AND EQUIPMENT	TOTAL
Right of use (net book value)	11,119	63	11,182
Other financial liabilities: lease payment obligations	10,964		10,964
Amortization	(1,675)		(1,675)
Interest expenditure	(248)		(248)

(Figures in thousands of euros)

Interest expenditure is recorded in the consolidated income statement under the headings "Expenses from operating investments" for the insurance business and "financial expenses" for other activities. The amortization expense recorded is reclassified by purpose according to the criteria reflected in Note 5.16.

Total payments for the period amounted to 1.7 million euros.

The minimum future payments for non-cancelable leases at the 2019 fiscal year-end are as follows:

Fiscal year 2019

ITEM	REAL ESTATE FOR OWN USE	OTHER PROPERTY, PLANT AND EQUIPMENT	TOTAL
Less than one year	248		248
More than one year and less than five years	744		744
More than five years			
TOTAL	**992**		**992**

(Figures in thousands of euros)

The applied rate for the calculation of indebtedness follows a methodology based on interest rate curves by country and currency, applied individually.

The weighted average rate of real estate and other fixed assets is 2.01 percent and 6.87 percent, respectively.

The Group has made use of the option to not apply IFRS-EU 16 to short-term lease contracts and/or those with a low-value underlying asset.

In 2018, operating lease operations were recorded according to EU IAS 17 "Leases," which was in force at the end of that fiscal year. This information has not been restated, as permitted by IFRS-EU 16.

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

ITEM	2018
Less than one year	200
More than one year and less than five years	49
More than five years	63
TOTAL	**312**

(Figures in thousands of euros)

The Group is the lessee of operating leases on real estate. These leases have an average duration of one year, with renewal clauses stipulated in the contracts. There is no restriction on the lessee whatsoever regarding the prerogative to sign these leases.

The following table reflects the amounts corresponding to operating lease contracts as a lessor at the close of the last two fiscal years:

TYPE OF ASSET	NET BOOK VALUE	
	2019	2018
Belgium property		3.160
Chile property	1,245	1,470
Mansardas R-25	1,235	1,249
TOTAL	**2,480**	**5,879**

(Figures in thousands of euros)

The maturity of the operating lease charges for the last two fiscal years are as follows:

ITEM	2019	2018
Less than one year	181	815
More than one year and less than five years	724	3.480
More than five years	543	2.408
TOTAL	**1,448**	**6,703**

(Figures in thousands of euros)

6.4 Financial investments

The breakdown of financial investments at fiscal year-end is as follows:

ITEM	BOOK VALUE	
	2019	2018
AVAILABLE-FOR-SALE PORTFOLIO		
Shares	225,801	252,800
Fixed income	3,371,553	3,299,281
Mutual funds	248,147	81,443
Other		
TOTAL AVAILABLE-FOR-SALE PORTFOLIO	**3,845,501**	**3,633,524**
TRADING PORTFOLIO		
Other investments		
Shares	103	46
Fixed income		
Mutual funds	25,291	16,932
Other		
TOTAL TRADING PORTFOLIO	**25,394**	**16,978**

(Figures in thousands of euros)

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

a) When the asset is acquired, it is assigned to a specific portfolio (held-to-maturity, available-for-sale or trading) depending on the characteristics of the liabilities to which it is going to be assigned and on the local and international legislation on accounting and insurance.

b) The accounting nature of the portfolios dictates the type of valuation performed. However, at least once a month all assets are valued against the market using the valuation methods mentioned in Note 5.4 "Financial investments" (Level 1, Level 2 and Level 3).

c) The valuations are performed directly by the Group companies, although in some countries an independent financial institution conducts these valuations in line with the local regulations.

The valuation policy is decided by the Investment Committees and/or Risk Committees, and is reviewed at least once a quarter.

Furthermore, the MAPFRE S.A. Executive Committee analyzes the value of all investments, gains and losses on a regular basis.

With regard to the sensitivity of fair value 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 there are no longer any observable market data.

SPPI test

At the end of the 2019 and 2018 fiscal years, the Group conducted an analysis of fixed income securities classified in the held-to-maturity portfolio and available-for-sale portfolio, in order to determine which securities receive contractual cash flow solely from principal and interest, in other words if they pass the "SPPI" test. Only the most relevant securities were analyzed during fiscal year 2018. The results of this analysis are described below, with the book values and fair values broken down as on December 31, 2019 and 2018, as well as the variation in fair value during these fiscal years:

Fiscal year 2019

RESULT	BOOK VALUE	FAIR VALUE	
		AMOUNT	VARIATION
Pass the SPPI test	3,212,086	3,212,086	7,617
Don't pass the SPPI test	159,468	159,468	20,412
TOTAL ANALYZED	**3,371,554**	**3,371,554**	**28,029**

(Figures in thousands of euros)

In addition, the following table details the credit rating of the financial assets that pass the "SPPI" test:

CREDIT RATING	PASS THE "SPPI" TEST	
	Book value	Fair value
AAA	680,319	680,319
AA	714,799	714,799
A	1,332,186	1,332,186
BBB	371,259	371,259
BB or LOWER	113,523	113,523
No rating		
TOTAL	**3,212,086**	**3,212,086**

(Figures in thousands of euros)

Fiscal year 2018

RESULT	BOOK VALUE	FAIR VALUE	
		AMOUNT	VARIATION
Pass the SPPI test	2,677,816	2,677,243	(339,533)
Don't pass the SPPI test	114,583	114,583	7,968
Analysis inconclusive	35,858	35,858	(1,471)
TOTAL ANALYZED	**2,828,257**	**2,827,684**	**(333,036)**

(Figures in thousands of euros)

Of the securities that passed the SPPI test, 99 percent were low credit risk instruments, classified as "Investment grade".

A) Available-for-sale portfolio

The investments allocated to the available-for-sale portfolio are indicated below:

ITEM	BOOK VALUE (fair value)						TOTAL		IMPAIRMENT			
	Level 1. Quotation price		Level 2. Observable data		Level 3. Other valuations				Recorded loss		Reversal gains	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Shares	223,301	251,800	2,500	1,000			225,801	252,800				
Fixed income	2,905,179	2,946,680	466,374	352,601			3,371,553	3,299,281			5	45
Mutual funds	210,105	45,386			38,042	36,057	248,147	81,443				
TOTAL AVAILABLE-FOR-SALE PORTFOLIO	**3,338,585**	**3,243,866**	**468,874**	**353,601**	**38,042**	**36,057**	**3,845,501**	**3,633,524**			**5**	**45**

(Figures in thousands of euros)

The impairment in 2019 and 2018 includes the reversal gains on investments available for sale in Chile.

The change in valuation adjustments of portfolio investments amounted to 85.68 million and 76.17 million euros as on December 31, 2019 and 2018 respectively, which have been registered as equity net of tax.

Transfers to the consolidated income statement of valuation adjustments of portfolio investments in previous fiscal years, undertaken during the 2019 and 2018 fiscal years, amount to 39.46 and 35.78 million euros, respectively.

There were no asset transfers between Levels 1 and 2.

There were no variations in valuation techniques at Levels 2 and 3.

B) Trading portfolio

The investments allocated to the trading portfolio are detailed below:

ITEM	BOOK VALUE (fair value)						TOTAL		GAINS (LOSSES) ALLOCATED TO RESULTS			
	Level 1. Quotation price		Level 2. Observable data		Level 3. Other valuations				UNREALIZED		REALIZED	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
OTHER TRADING PORTFOLIO INVESTMENTS												
Shares	57		46	46			103	46			662	
Fixed income												
Mutual funds	25,291	16,932					25,291	16,932				
Other												
TOTAL OTHER INVESTMENTS	**25,348**	**16,932**	**46**	**46**			**25,394**	**16,978**			**662**	
TOTAL TRADING PORTFOLIO	**25,348**	**16,932**	**46**	**46**			**25,394**	**16,978**			**662**	

(Figures in thousands of euros)

The gains and losses of the trading portfolio are registered in the income statement, information on which is available in Note 6.14 "Revenue and expenses from investments."

Note 7 "Risk management" details the maturity of fixed income securities.

In 2018, mutual funds worth 64,307 thousand euros and debt securities worth 494,576 thousand euros were added to the available-for-sale portfolio from the MAPFRE GLOBAL RISKS spin-off operation.

6.5 Receivables

The breakdown of the "Receivables" heading as on December 31, 2019 and 2018, as well as impairment losses and reversal gains recorded in the last two fiscal years, are as follows:

ITEM	GROSS AMOUNT		IMPAIRMENT		NET BALANCE IN		IMPAIRMENT				GUARANTEES RECEIVED	
							RECORDED LOSSES		REVERSAL GAINS			
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
I. Receivables on reinsurance operations	838,490	986,134	(12,075)	(11,895)	826,415	974,239	(180)	(5,031)				
II. Tax receivables	23,424	22,241			23,424	22,241						
III. Corporate and other receivables	105,760	120,456			105,760	120,456						
TOTAL	**967,674**	**1,128,831**	**(12,075)**	**(11,895)**	**955,599**	**1,116,936**	**(180)**	**(5,031)**				

(Figures in thousand of euros)

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

Outstanding balances arising from "Ceded, retroceded and accepted reinsurance operations" are included in the "Receivables on reinsurance operations" entry.

The calculation and, if applicable, recognition of impairments is performed as detailed in Note 5.7 "Receivables" in this report.

The breakdown of the "Corporate and other receivables" heading is as follows:

CORPORATE AND OTHER RECEIVABLES	Amount	
	2019	2018
Balance receivables from personnel	383	1,599
Other debtors	105,377	118,857
Total	**105,760**	**120,456**

(Figures in thousand of euros)

The "Other debtors" entry mainly reflects outstanding payment balances originating from the MAPFRE GLOBAL RISKS spin-off operation.

6.6 Asset impairment

The following tables show asset impairment for the last two fiscal years::

Fiscal year 2019

IMPAIRMENT IN:	OPENING BALANCE	ADJUST-MENTS TO OPENING BALANCE	CHANGES IN THE CONSO-LIDATION SCOPE	RECORDING IN RESULTS		DIRECT RECORDING IN EQUITY (*)		WRITE-OFF OF ASSET	CLOSING BALANCE
				INCREASE	DECREASE	INCREASE	DECREASE		
A) INTANGIBLE ASSETS (I+II)									
I. Goodwill									
II. Other intangible assets									
B) PROPERTY, PLANT AND EQUIPMENT (I+II)	**1,224**								**1,224**
I. Real estate for own use	1,224								1,224
II. Other property, plant and equipment									
C) INVESTMENTS (I+II+III+IV+V)		**5**			**(5)**				
I. Property investments									
II. Financial investments (1+2+3)		5			(5)				
1. Held-to-maturity portfolio									
2. Available-for-sale portfolio		5			(5)				
3. Trading portfolio									
III. Investments recorded by applying the equity method									
IV. Deposits made for assumed reinsurance									
V. Other investments									
E) INVENTORIES									
H) RECEIVABLES (I+II+III+IV+V)	**11,895**			**180**					**12,075**
I. Receivables on direct insurance and co-insurance operations									
II. Receivables on reinsurance operations	11,895			180					12,075
III. Tax receivables									
IV. Corporate and other receivables									
V. Shareholders, called capital									
K) OTHER ASSETS									
TOTAL IMPAIRMENT (A+B+C+H+K)	**13,119**	**5**		**180**	**(5)**				**13,299**

(Figures in thousand of euros)

Fiscal year 2018

IMPAIRMENT IN:	OPENING BALANCE	ADJUSTMENTS TO OPENING BALANCE	CHANGES IN THE CONSOLIDATION SCOPE	RECORDING IN RESULTS		DIRECT RECORDING IN EQUITY (*)		WRITE-OFF OF ASSET	CLOSING BALANCE
				INCREASE	DECREASE	INCREASE	DECREASE		
A) INTANGIBLE ASSETS (I+II)									
I. Goodwill									
II. Other intangible assets									
B) PROPERTY, PLANT AND EQUIPMENT (I+II)	**1,224**								**1,224**
I. Real estate for own use	1,224								1,224
II. Other property, plant and equipment									
C) INVESTMENTS (I+II+III+IV+V)		**45**			**(45)**				
I. Real estate investments									
II. Financial investments (1+2+3)		45			(45)				
1. Held-to-maturity portfolio									
2. Available-for-sale portfolio		45			(45)				
3. Trading portfolio									
III. Investments recorded by applying the equity method									
IV. Deposits made for assumed reinsurance									
V. Other investments									
E) INVENTORIES									
H) RECEIVABLES (I+II+III+IV+V)	**6,864**			**5,031**					**11,895**
I. Receivables on direct insurance and co-insurance operations									
II. Receivables on reinsurance operations	6,864			5,031					11,895
III. Tax receivables									
IV. Corporate and other receivables									
V. Shareholders, called capital									
K) OTHER ASSETS									
TOTAL IMPAIRMENT (A+B+C+H+K)	**8,088**	**45**		**5,031**	**(45)**				**13,119**

(Figures in thousands of euros)

6.7 Cash

There are no significant non-cash transactions related to investment and financing activities that were excluded from the cash flow statement.

The cash balance breakdown for the last two fiscal years is as follows:

ITEM	2019	2018
Cash deposited in banks	242,265	311,354
Cash equivalents in banks	78,861	43,463
TOTAL	**321,126**	**354,817**

(Figures in thousands of euros)

6.8 Equity

Share capital:

Share capital is registered by the face value of paid-up shares or whose payment was demanded.

The controlling Company's share capital at the close of fiscal years 2019 and 2018 was 94,607,840 registered shares, with a face value of 3.10 euros each, fully subscribed and paid-up.

Due to the incorporation of MAPFRE GLOBAL RISKS into MAPFRE RE, on July 19, 2018 the Annual General Meeting approved the capital increase of 69,368 thousand euros through the issuing of 22,376,772 new shares at a face value of 3.10 euros each, with a share premium of 333,82869,368 thousand euros corresponding to 14,91848212 euros per share.

The new shares were subscribed in full and fully paid up by block transfer of the reinsurance business of MAPFRE GLOBAL RISKS.

The expenses arising from capital increases are registered directly under equity as a reduction of reserves.

All shares carry the same political and economic rights.

The Annual General Meeting of the controlling Company held on April 15, 2015 authorized the Board of Directors to increase the share capital one or several times during the five years following the date of the resolution, up to a maximum of 111,958,155.40 euros, equivalent to 50 percent of the share capital on the date of said meeting, in accordance with the provisions of Article 297 of the Corporation Law.

MAPFRE S.A. has a 93.77 percent stake in the capital as on December 31, 2019, and a 94.08 percent stake as on December 31, 2018.

The shares representing the share capital of the controlling Company are not admitted to official trading.

Valuation change adjustments:
This includes the equity reserves arising as a consequence of revenue and expenses recognized during each fiscal year which, pursuant to IFRS, must be recorded in the Group's equity accounts.

The following table presents the "Valuation change adjustments" recorded under the "Equity" heading at the close of the last two fiscal years:

ITEM	Amount 2019	Amount 2018
Fixed income		
Gains	83,278	25,391
Losses	(251)	(1,033)
Equities and mutual funds		
Gains	7,598	8
Losses		(19,416)
Shadow accounting		
Other adjustments		
TOTAL	**90,626**	**4,950**

(Figures in thousands of euros)

Restrictions on the availability of reserves:
The "Reserves" heading includes the controlling Company's legal reserve, amounting to 58.7 million euros in 2019 (44.8 million euros in 2018), which may not be distributed to shareholders, except in the event of the controlling Company's liquidation, and may only be used to offset potential losses.

The same restriction applies to the legal reserves established by the subsidiaries and reflected in their balance sheets.

There are no other restrictions on the availability of reserves for any significant amount.

Capital management:
Capital management is focused on ensuring stability and maintaining adequate remuneration, which are achieved through robust solvency margins, financial flexibility, the generation of cash flows, and the creation of value for shareholders.

Managed capital refers to the eligible own funds in line with the regulations currently in force and other management models used.

In line with the Group's risk appetite, which corresponds to the level of risk that the Group is prepared to assume to achieve its business objectives without any significant deviations (even in adverse circumstances), each Business Unit operates according to a series of risk tolerance levels based on the capital assigned.

MAPFRE has an internal capitalization and dividend policy that is designed to provide the Business Units with the capital necessary to cover the risks that have been assumed, all in a rational and objective way. The amount of dividends for distribution is established in line with the estimated results and shareholders' equity. If actual performance deviates from the estimates made, the assigned capital is revised.

Shareholders' remunerations are linked to the profits, solvency, liquidity and investment plans of the Group, as well as shareholders' expectations.

As a general rule, at the Annual General Meeting the Board of Directors proposes a distribution of dividends of between 45 percent and 65 percent of the attributable result for the period in its consolidated income statement. Both the estimation of risks and the allocation of capital to each of the Units are detailed in Note 7 of the annual report titled "RISK MANAGEMENT."

The items that form part of the Group's available equity conform to the requirements of current regulations.

The company belongs to a consolidated group of insurance companies headed by MAPFRE S.A. This company is required to submit statistical and accounting information on solvency to the General Directorate for Insurance and Pension Funds for regulatory purposes.

In the field of supervision, the calculation of the Group's solvency is carried out through a combination of the consolidation-based method, which is applied for all companies except for those domiciled in countries that are considered equivalent or provisionally equivalent, to which the deduction and aggregation method is applied. Similarly, those companies outside the European Economic Area that have little material effect on the Group's solvency are excluded from this calculation.

The companies included within the consolidation scope are detailed in Annex 1, indicating the methods used for their accounting integration and the calculation of solvency.

6.9 Technical provisions

1. Breakdown of the balance composition of technical provisions

The following table shows the balance composition of each of the technical provisions listed in the balance sheet of the last two fiscal years.

ITEM	Assumed reinsurance		Ceded and retroceded reinsurance	
	2019	2018	2019	2018
1 - Provisions for Non-Life unearned premiums and unexpired risks	1,478,207	1,159,272	762,224	584,964
1.1 Provision for unearned premiums	1,478,207	1,159,272	762,224	584,964
1.2 Provision for unexpired risks				
2 - Provisions for Life insurance	320,544	597,854	101,926	8,312
2.1 Provisions for unearned premiums and unexpired risks	246,629	517,996	4,978	5,454
2.1.1 Provisions for unearned premiums	246,629	517,996	4,978	5,454
2.1.2 Provisions for unexpired risks				
2.2 Mathematical reserves	73,915	79,858	96,948	2,858
2.3 Provisions for share in profits				
3 - Provisions for outstanding claims	4,520,449	4,458,055	1,885,573	1,926,835
3.1 Pending settlement or payment	4,520,449	4,458,055	1,885,573	1,926,835
3.2 Claims incurred but not reported (IBNR)				
3.3 For claim settlement internal expenses				
TOTAL	**6,319,200**	**6,215,181**	**2,749,723**	**2,520,111**

(Figures in thousands of euros)

2. Change in each of the technical provisions

1.1 Provisions for unearned premiums, unexpired risks, claims, share in profits and other technical provisions

A) Assumed reinsurance

Fiscal year 2019

ITEM	OPENING BALANCE	ADJUSTMENTS TO OPENING BALANCE	CHANGES IN CONSOLIDATION SCOPE	PROVISIONS	APPLICATIONS	CLOSING BALANCE
I. Provisions for Non-Life unearned premiums and unexpired risks	1,159,272	(247)		1,478,207	(1,159,025)	1,478,207
1. Provisions for unearned premiums	1,159,272	(247)		1,478,207	(1,159,025)	1,478,207
2. Provisions for unexpired risks						
II. Provisions for Life insurance	597,854			320,544	(597,854)	320,544
1. Provisions for unearned premiums	517,996			246,629	(517,996)	246,629
2. Provisions for unexpired risks						
3. Mathematical reserves	79,858			73,915	(79,858)	73,915
4. Provision for share in profits						
III. Provision for outstanding claims	4,458,055			4,520,449	(4,470,351)	4,520,449
Assumed reinsurance	4,458,055			4,520,449	(4,470,351)	4,520,449
IV. Other technical provisions						
TOTAL	**6,215,181**	**(247)**		**6,319,200**	**(6,148,712)**	**6,319,200**

(Figures in thousands of euros)

Fiscal year 2018

ITEM	OPENING BALANCE	ADJUSTMENTS TO OPENING BALANCE	CHANGES IN CONSOLIDATION SCOPE	PROVISIONS	APPLICATIONS	CLOSING BALANCE
I. Provisions for Non-Life unearned premiums and unexpired risks	1,098,699	(53,619)	385,454	1,159,272	(1,430,534)	1,159,272
1. Provisions for unearned premiums	1,098,699	(53,619)	385,454	1,159,272	(1,430,534)	1,159,272
2. Provisions for unexpired risks						
II. Provisions for Life insurance	597,166			597,854	(597,166)	597,854
1. Provisions for unearned premiums	511,117			517,996	(511,117)	517,996
2. Provisions for unexpired risks						
3. Mathematical reserves	86,049			79,858	(86,049)	79,858
4. Provision for share in profits						
III. Provision for outstanding claims	2,946,726		1,350,764	4,458,055	(4,297,492)	4,458,055
Assumed reinsurance	2,946,726		1,350,764	4,458,055	(4,297,492)	4,458,055
IV. Other technical provisions						
TOTAL	**4,642,591**	**(53,619)**	**1,736,218**	**6,215,181**	**(6,325,192)**	**6,215,181**

(Figures in thousands of euros)

The amounts of the provisions and applications of the technical provisions reflected in the tables above are recorded under the "Variation in provisions for premiums and unexpired risks," "Benefits paid and variation in provision for claims, net" and "Variation in other technical provisions" headings of the consolidated income statement.

B) Retroceded reinsurance

Fiscal year 2019

ITEM	OPENING BALANCE	ADJUSTMENTS TO OPENING BALANCE	CHANGES IN THE CONSOLIDATION SCOPE	PROVISIONS	APPLICATIONS	CLOSING BALANCE
Provision for unearned premiums	584,964	240				762,224
Provision for Life insurance	8,312	1		101,926	(8,313)	101,926
Provision for outstanding claims	1,926,835	3,661		1,885,573	(1,930,496)	1,885,573
Other technical provisions						
TOTAL	**2,520,111**	**3,902**		**2,749,723**	**(2,524,013)**	**2,749,723**

(Figures in thousands of euros)

Fiscal year 2018

ITEM	OPENING BALANCE	ADJUSTMENTS TO OPENING BALANCE	CHANGES IN THE CONSOLIDA-TION SCOPE	PROVISIONS	APPLICATIONS	CLOSING BALANCE
Provision for unearned premiums	308,597	6,740	292,378	584,964	(607,715)	584,964
Provision for Life insurance	4,668			8,312	(4,668)	8,312
Provision for outstanding claims	1,162,757		998,993	1,926,835	(2,161,750)	1,926,835
Other technical provisions						
TOTAL	**1,476,022**	**6,740**	**1,291,371**	**2,520,111**	**(2,774,133)**	**2,520,111**

(Figures in thousands of euros)

2.2 Mathematical provisions

ITEM	ACCEPTED REINSURANCE	
	2019	2018
Mathematical provisions at the beginning of the fiscal year	79,858	86,049
Adjustments to opening balance	(4,604)	(3,931)
Consolidation (reserve balance on consolidation date)		
Premiums	265	265
Technical interest		
Allocation of profit sharing		
Claim payments/collections	(1,340)	(2,260)
Provision adequacy test		
Shadow accounting adjustments	(264)	(265)
Other		
Deconsolidation (balance of provision on deconsolidation date)		
Mathematical provisions at fiscal year-end	73,915	79,858

(Figures in thousands of euros)

3. Other information

3.1 Provision for unexpired risks

The provision for unexpired risks has been made by the Group's insurance companies in line with the criteria explained in Note 5.10.

3.2 Claims by occurrence year

No information regarding claims by occurrence year is provided for assumed reinsurance, as generally speaking, ceding companies do not inform the Company of the date of occurrence of the claims.

Using data from 2019 and 2018, a study has been conducted on the adequacy of technical provisions constituted as of the close of the aforementioned fiscal years. Said study was conducted by a specialized and reputable independent firm, and has affirmed the adequacy of these technical provisions.

6.10 Provisions for risks and expenses

The following tables show the differences of provisions for risks and expenses in the last two fiscal years.

Fiscal year 2019

ITEM	Opening balance	Adjustments to opening balance	INCREASE: Allocated provisions	INCREASE: Increased value on discount	DECREASE: Applied provisions	DECREASE: Reversed provisions	Closing Balance	Maximum reversal period
Provision for taxes			1,200				1,200	
Provisions for employee incentives	3,356		27		(795)		2,588	
Other provisions	5,136		3,340	349	(2,220)		6,605	
TOTAL BOOK VALUE	**8,492**		**4,574**	**349**	**(3,015)**		**10,393**	

(Figures in thousands of euros)

Ejercicio 2018

ITEM	Opening balance	Adjustments to opening balance	INCREASE: Allocated provisions	INCREASE: Increased value on discount	DECREASE: Applied provisions	DECREASE: Reversed provisions	Closing Balance	Maximum Reversal period
Provisions for employee incentives	2,803		589			(36)	3,356	
Other provisions	7,066		1,127			(3,057)	5,136	
TOTAL BOOK VALUE	**9,869**		**1,716**			**(3,093)**	**8,492**	

(Figures in thousands of euros)

The "Provisions for risks and expenses" entry mainly includes: the defined benefits plans established for fiscal years 2019 and 2018 for the amount of 2,058 thousand euros and 2,067 thousand euros respectively; the medium-term incentive plan for fiscal years 2019 and 2018 for the amount of 530 thousand euros and 1,289 thousand euros respectively; the years of service bonus for an amount of 1,516 thousand euros and 1,188 thousand euros respectively; and the Life insurance coverage for death between the age of 65 and 77 for an amount of 711 thousand euros (503 thousand euros in 2018) and scholarships for an amount of 304 thousand euros (229 thousand in 2018).

6.11 Deposits received on ceded and retroceded reinsurance

Deposits on ceded and retroceded reinsurance represent guarantees provided to reinsurers based on reinsurance coverage contracts signed within normal business practices. These mostly accrue a payable interest average of 0.96 percent and the average renewal period is generally annual. Settlement of the aforementioned interest is performed quarterly.

6.12 Debt

The balances included in the "Due on reinsurance operations," "Tax liabilities" and "Other debts" headings do not accrue payable interest, and generally they are settled in the following fiscal year.

6.13 Guarantee commitments with third parties

The controlling Company has provided letters of credit in guarantee reserves for premiums and outstanding claims against official bodies amounting to 124.35 and 55.03 million euros in 2019 and 2018 respectively. Fixed income securities have been pledged in favor of ceding companies through these letters of credit in the available-for-sale portfolio, amounting to 708.27 million and 763.87 million euros in fiscal years 2019 and 2018 respectively, as well as deposits at banking institutions for 74.2 and 11.9 million euros in 2019 and 2018.

6.14 Revenue and expenses from investments

The breakdown of revenue and expenses from investments for fiscal years 2019 and 2018 is shown below:

Revenue from investments

ITEM	REVENUE FROM INVESTMENTS IN				TOTAL	
	OPERATIONS		EQUITY			
	2019	2018	2019	2018	2019	2018
INCOME FROM INTEREST, DIVIDENDS AND SIMILAR						
Property investments:		595	195	14	195	609
- Rentals		595	195	14	195	609
Income from the held-to-maturity portfolio:						
- Fixed income						
- Other investments						
Income from the available-for-sale portfolio	77,710	86,102	2,709	5,655	80,419	91,757
Income from the trading portfolio	2,070				2,070	
Dividends of Group companies				(2,178)		(2,178)
Other financial returns	54,389	63,173	331	277	54,720	63,450
TOTAL INCOME	**134,169**	**149,870**	**3,235**	**3,768**	**137,404**	**153,638**
REALIZED AND UNREALIZED GAINS						
Net realized gains:	73,267	45,914	12,638	3,885	85,905	49,799
Property investments						
Held-to-maturity portfolio financial investments						
Available-for-sale portfolio financial investments	72,605	45,914	6,391	3,879	78,996	49,793
Trading portfolio financial investments	662				662	
Other			6,247	6	6,247	6
Unrealized gains:						
Trading portfolio fair value increase						
Other						
TOTAL GAINS	**73,267**	**45,914**	**12,638**	**3,885**	**85,905**	**49,799**
TOTAL INCOME FROM INVESTMENTS	**207,436**	**195,784**	**15,873**	**7,653**	**223,309**	**203,437**

(Figures in thousands of euros)

Expenses from investments

ITEM	Expenses from investments in Operations 2019	Operations 2018	Equity 2019	Equity 2018	Total 2019	Total 2018
FINANCIAL EXPENSES						
Property investments:		(239)				(239)
- Direct operating expenses		(239)				(239)
- Other expenses						
Expenses from held-to-maturity portfolio:						
- Fixed income						
- Other investments						
Expenses from available-for-sale portfolio	(17,755)	(10,511)	(1,092)	(859)	(18,847)	(11,370)
Expenses from trading portfolio						
Other financial expenses	(11,378)	(8,562)	(218)	(53)	(11,596)	(8,615)
TOTAL EXPENSES	**(29,133)**	**(19,312)**	**(1,310)**	**(912)**	**(30,443)**	**(20,224)**
REALIZED AND UNREALIZED LOSSES						
Net realized losses	(24,131)	(29,231)	(2,247)	(642)	(26,378)	(29,873)
Property investments						
Held-to-maturity portfolio financial investments						
Available-for-sale portfolio financial investments	(24,131)	(29,231)	(2,247)	(625)	(26,378)	(29,873)
Trading portfolio financial investments						
Other				(17)		(17)
Unrealized losses:						
Trading portfolio fair value decrease						
Other						
TOTAL LOSSES	**(24,131)**	**(29,231)**	**(2,247)**	**(642)**	**(26,378)**	**(29,890)**
TOTAL EXPENSES FROM INVESTMENTS	**(53,264)**	**(48,543)**	**(3,557)**	**(1,554)**	**(56,821)**	**(50,097)**

(Figures in thousands of euros)

6.15 Operating expenses

A breakdown of net operating expenses by purpose and type for the last two fiscal years is shown below:

Operating expenses by purpose

ITEM	2019	2018
Claims-related expenses	(110)	(3,301)
Acquisition expenses	(1,216,505)	(1,110,826)
Administration expenses	(16,246)	(20,108)
Expenses from investments	(56,821)	(50,097)
Other technical expenses	(2,777)	(7,709)
Other non-technical expenses	(9,313)	(9,413)
Operating expenses from other activities		
TOTAL	**(1,301,773)**	**(1,201,454)**

(Figures in thousands of euros)

Operating expenses by type

ITEM	2019	2018
Commissions and other portfolio expenses	(1,144,915)	(1,050,966)
Personnel expenses	(45,853)	(36,023)
External services	(57,103)	(69,989)
- Leasing (premises and buildings)	(699)	(2,062)
- Repairs and upkeep (premises and buildings)	(1,696)	(1,503)
- Leasing and repairs (computer equipment)	(27)	(213)
- Leasing and repairs (computer applications)	(1,765)	(1,171)
- Other services (computer applications)	(2,815)	(2,460)
- Supplies (communications)	(664)	(687)
- Advertising and marketing	(76)	(640)
- Public relations	(2,731)	(2,650)
- Independent professional services	(44,641)	(53,701)
- Other services	(1,989)	(4,902)
Taxes	1,127	976
Financial expenses		
Provisions for amortizations	(4,569)	(2,466)
Expenses allocated directly to purpose	(50,459)	(42,986)
TOTAL	**(1,301,773)**	**(1,201,454)**

(Figures in thousands of euros)

The income statement reflects expenses by purpose, i.e. based on the function the expenses fulfill in the operational cycle of the insurance activity (claims-related expenses, the acquisition of insurance contracts, administration, investments or other technical items).

Expenses are initially recorded based on their type, and are reclassified according to their purpose in those cases in which the two do not coincide. The reclassification performed in the following headings is indicated below:

1) Claims-related expenses.
Includes expenses for personnel assigned to claims management, amortization of fixed assets assigned to this activity, fees paid for claims management and expenses incurred for other services necessary for processing claims.

2) Net operating expenses.
Included in this heading are:

- Acquisition expenses. Includes commissions, expenses for personnel assigned to production, amortization of fixed assets assigned to this activity, expenses for analyzing and processing policy applications and formalizations, as well as advertising, publicity and commercial organization expenses directly related to the acquisition of insurance contracts.

The fees and other acquisition expenses corresponding to the earned premiums that can be allocated to the period between the closing date and the end of coverage of the contracts are essentially included under the "Accrual adjustments" heading of the asset. The expenses allocated to the results correspond to those actually incurred in the period in accordance with the provisions in Note 5.9.

In parallel, the amounts of fees and other acquisition expenses for ceded reinsurance that must be allocated to the fiscal year or following years in accordance with the coverage period of the ceded policies are included under the "Accrual adjustments" heading of the liability.

- Administration expenses. These primarily include expenses for personnel assigned to these functions and the amortization of fixed assets assigned to this activity, as well as expenses arising from contentious matters related to premiums and expenses from processing refunds and from ceded and accepted reinsurance.

- Commissions and shares in reinsurance. Includes compensation from reinsurers to the ceding companies for acquisition and administration expenses incurred by the latter, as well as their share in the profits of the reinsurer.

3) Expenses from investments.
Includes expenses for personnel assigned to managing investments, provisions for amortization of fixed assets assigned to this activity, and other internal and external expenses for managing investments, with external expenses including the fees, commissions and brokerage fees accrued.

Expenses from investments are classified as from operations or from equity depending on whether they arise from investments corresponding to technical provisions (operating investments) or from investments corresponding to the Company's equity (equity investments).

6.16 Result from ceded and retroceded reinsurance

The result from ceded and retroceded reinsurance operations for fiscal years 2019 and 2018 is the following::

ITEM	LIFE		NON-LIFE		TOTAL	
	2019	2018	2019	2018	2019	2018
Premiums (-)	(28,060)	(28,162)	(2,235,252)	(1,754,928)	(2,263,312)	(1,783,090)
Change in the provision for unearned premiums and unexpired risks	(475)	787	178,444	18,320	177,969	19,107
Claims paid (+) Variation in provision for outstanding claims	28,856	14,361	1,337,910	1,664,870	1,366,766	1,679,231
Variation in mathematical provision						
Variation in other technical provisions						
Share of reinsurance in fees and expenses (+)	6,665	7,708	318,282	219,852	324,947	227,559
Other						
RESULT FROM CEDED AND RETROCEDED REINSURANCE	**6,986**	**(5,307)**	**(400,616)**	**148,114**	**(393,630)**	**142,807**

(Figures in thousands of euros)

6.17 Fiscal situation

a) Tax consolidation regulations

Tax on profits

Since fiscal year 2002, MAPFRE RE has been one of the companies included in Fiscal Group 9/85 for corporate tax purposes. This Group consists of MAPFRE S.A., as controlling Company, and its subsidiaries that are eligible for this tax scheme.

Therefore, the amounts receivable or payable for the tax on profits are registered under the headings "Corporate and other receivables" and "Other debts" in the consolidated balance sheet.

Value added tax

Since fiscal year 2010, and for the purposes of value added tax, some of the consolidated companies with registered office in Spain have been included in VAT Group no. 87/10, formed by MAPFRE S.A., as the controlling Company, and its subsidiaries that agreed to join the Group when it was created.

b) Components of tax on profits expenses and reconciliation of book results with the tax expense of ongoing activities

Shown below for the fiscal years ending December 31, 2019 and 2018 are the main elements of the expenses for tax on profits from ongoing operations and the reconciliation between the tax on profits expenses and the product of multiplying the book result by the applicable tax rate.

The Group has reconciled the amounts by aggregating reconciliations made separately using the national rates of each country.

ITEM	AMOUNT Fiscal year 2019	Fiscal year 2018
Tax expense		
Result before taxes from ongoing operations	**76,726**	**215,482**
25 percent of the result before taxes from ongoing operations	(19,182)	(53,870)
Tax incentive for the fiscal year	4,255	4,978
Tax effect of the permanent differences	(43)	16,631
Tax effect of tax rates other than 25 percent	(3,159)	(12,855)
Total expense from current tax originating in the fiscal year	(18,129)	(45,297)
Expense from current tax originating in previous fiscal years	(1,095)	(11,312)
Previously unrecognized credits on negative tax bases from prior periods, deductions pending application or temporary differences, use of negative tax bases, deductions pending application or temporary differences		
Total tax expenses from ongoing operations	**(19,224)**	**(56,609)**
Tax on profits to be paid		
Taxes withheld and payments on account	35,051	47,955
Temporary differences and currency conversion differences	86	(13,099)
Tax receivables and incentives recorded in previous fiscal years and applied to the current fiscal year		
Tax on profits from discontinued operations		
Total tax on profits to be paid or receivable originating in the fiscal year	**15,913**	**(10,441)**
Tax on profits receivable from previous fiscal years	**(174)**	**(11,312)**
Net total tax on profits to be paid or receivable	**15,739**	**(21,753)**

(Figures in thousands of euros)

With respect to Spanish companies, the tax rate applicable in fiscal years 2019 and 2018 was 25 percent.

c) Deferred tax assets and liabilities

As on December 31, 2019 and 2018, deferred tax assets and liabilities were shown on the consolidated balance sheet for the net amount corresponding to each of the Group's tax-paying companies. They currently stand as follows::

Item	2019	2018
Deferred tax assets	59,833	67,368
Deferred tax liabilities	(46,884)	(27,492)
Net assets (liabilities)	**12,949**	**39,876**

(Figures in thousands of euros)

The following tables show the detail of the net deferred tax balance for fiscal years 2019 and 2018, breaking down the amount of deferred tax by items charged or paid directly against equity in each of the fiscal years.

Fiscal year 2019

ITEM	OPENING BALANCE	ADJUST-MENTS TO OPENING BALANCE	CHANGES IN THE CONSOL-IDATION SCOPE	ORIGINATING FROM		WRITE-OFFS	CLOSING BALANCE
				RESULTS	EQUITY		
- Valuation difference of financial investments	16,292				(42,185)		(25,893)
- Implicit derivatives							
- Other recognized revenue and expenses							
- Stabilization and catastrophe provision							
- Other technical provisions							
- Portfolio acquisition expenses and other acquisition expenses							
- Other	23,584			15,258			38,842
TOTAL DEFERRED TAXES	**39,876**			**15,258**	**(42,185)**		**12,949**

(Figures in thousands of euros)

Fiscal year 2018

ITEM	OPENING BALANCE	ADJUST-MENTS TO OPENING BALANCE	CHANGES IN THE CONSOL-IDATION SCOPE	ORIGINATING FROM		WRITE-OFFS	CLOSING BALANCE
				RESULTS	EQUITY		
- Valuation difference of financial investments	26,429	(52,727)			42,590		16,292
- Implicit derivatives							
- Other recognized revenue and expenses							
- Stabilization and catastrophe provision							
- Other technical provisions							
- Portfolio acquisition expenses and other acquisition expenses							
- Other	(17,373)	35,384		(336)	5,909		23,584
TOTAL DEFERRED TAXES	**9,056**	**(17,343)**		**(336)**	**48,499**		**39,876**

(Figures in thousands of euros)

At the end of fiscal year 2019, deferred tax assets and liabilities maturing within 12 months amounted to 36,000 euros in 2019 (57,000 euros in 2018).

d) Tax incentives

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

TYPE	FISCAL YEAR TO WHICH THEY CORRESPOND	AMOUNT APPLIED IN THE FISCAL YEAR		AMOUNT PENDING APPLICATION		AMOUNT NOT RECORDED		TERM FOR APPLICATION	
		2019	2018	2019	2018	2019	2018	2019	2018
- Double tax deduction		4,252	4,978						
- Decrease for capitalization reserve									
- Other		3							
TOTAL		**4,255**	**4,978**						

(Figures in thousands of euros)

e) Verification by tax authorities
In accordance with current legislation, the statements made for the different taxes may not be considered final until they have been inspected by the tax authorities or until the expiration period has elapsed (four years for Spanish companies).

During the 2019 fiscal year, verification proceedings were conducted, which were initiated on December 4, 2017 in relation to the corporate tax for fiscal years 2013 to 2016, concerning Tax Consolidation Group no. 9/85, of which MAPFRE S.A. is the controlling Company. Likewise, and in reference to Value Added Tax (hereinafter VAT), the Company was informed, as representative of VAT Group no. 87/10, of the initiation of the verification activity for fiscal years 2014 to 2016.

To date, with regard to MAPFRE RE, the certificate of compliance has been drawn up concerning fiscal years 2014/15 on employee work deductions amounting to 296,000 euros (mainly with regard to exemptions from severance pay). In addition, the Company signed a certificate of compliance for fiscal year 2016 on withholding taxes in payments to non-residents for a negligible amount.

The examination is continuing and the certificates finally filed in connection with corporate tax will be partially signed on a contested basis. It is considered to have little impact on the outcome of these final certificates, as well as the strong defense arguments of MAPFRE RE's position in relation to the certificates of non-compliance, which is why no specific provision has been recorded for this purpose.

Once these inspections are completed, the fiscal years from 2017 to 2019 inclusive are subject to review.

Operations covered by the Special Tax Rules of Chapter VII of Title VII of Law 27/2014 (previously regulated by Chapter VIII of Title VII of Royal Legislative Decree 4/2004):

The governing bodies of MAPFRE S.A., MAPFRE ESPAÑA and MAPFRE RE agreed to the total spin-off of MAPFRE GLOBAL RISKS in favor of MAPFRE RE, MAPFRE ESPAÑA and MAPFRE GLOBAL RISKS Agencia de Suscripción in 2018 with the objective of streamlining and simplifying the corporate structure of the Group. This operation was formalized on December 28, 2018 and admitted to the special tax rules of Chapter VII of Title VII of Law 27/2014, with accounting and tax effects retroactive to January 1, 2018.

For the purposes of the provisions of Article 86 of Law 27/2014 on corporate tax, the following information is provided:

- The tax periods in which the transferring company MAPFRE GLOBAL RISKS acquired the transferred assets cover from fiscal year 2008 to fiscal year 2018, and the report on these assets was made available to the tax authorities.

- The last balance sheet closed by the transferring company MAPFRE GLOBAL RISKS (Annex 3).

- There are no acquired goods that have been incorporated into the accounting books of the absorbing company MAPFRE RE for a value different from that included in those of the transferring company MAPFRE GLOBAL RISKS.

- There are no tax benefits for the transferring company MAPFRE GLOBAL RISKS in respect of which MAPFRE RE must assume compliance with certain requirements in accordance with the provisions of Section 1 of Article 84 of Law 27/2014.

6.18 Remuneration of employees and associated liabilities

PERSONNEL EXPENSES

The breakdown provided below does not include the personnel that were part of the split company MAPFRE GLOBAL RISKS in fiscal year 2018.

Personnel expenses related to these employees are included under the "Acquisition expenses" heading for the Non-Life technical account.

The personnel expenses breakdown for the last two fiscal years is shown in the table below:

ITEM	AMOUNT	
	2019	2018
a) Short-term remunerations	(44,005)	(34,215)
a.1) Wages and salaries	(36,821)	(28,658)
a.2) Social security	(6,225)	(4,980)
a.3) Other remuneration	(959)	(577)
b) Post-employment benefits	(1,787)	(1,754)
b.1) Defined contribution commitments	(1,633)	(1,217)
b.2) Defined benefit commitments	(154)	(537)
c) Compensation for termination	(61)	(54)
d) Share-based payments		
e) Other long-term remunerations		
TOTAL	**(45,853)**	**(36,023)**

(Figures in thousands of euros)

MAIN POST-EMPLOYMENT BENEFITS AND OTHER COMPENSATION

Defined benefit plans
The main defined benefit plans in force throughout the Group, all of which are implemented through insurance policies, are measured pursuant to the provisions described in the accounting policies, and are those in which the benefit is determined according to final salaries, with the benefit paid as a life annuity, subject to review in line with the annual consumer price index (CPI).

Settlement of the current value of the obligation

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

ITEM	2019	2018
Current value of obligation as on January 1	378	387
Current fiscal year's service costs		
Interest cost	17	18
Contributions made by plan members		
Actuarial gains and losses	10	10
Modifications due to exchange rate variations		
Benefits paid	(27)	(27)
Cost of previous services		
Other	(8)	(10)
Settlements		
Current value of obligation as on December 31	**370**	**378**

(Figures in thousands of euros)

The following table details the reconciliation of the opening and closing balance of the reimbursement rights corresponding to the aforementioned plans for the last two fiscal years.

ITEM	2019	2018
Right value reimbursement and assets allocated to the plan as on January 1	**378**	**387**
Expected return from allocated assets	17	18
Actuarial gains and losses	10	6
Modifications due to exchange rate variations		
Employer contributions		
Contributions made by plan members		
Benefits paid	(27)	(26)
Settlements		
Other items	(8)	(10)
Right value reimbursement and assets allocated to the plan as on December 31	**370**	**378**

(Figures in thousands of euros)

Amounts recognized in the consolidated income statement

The following table shows the amounts recognized in the consolidated income statement for fiscal years 2019 and 2018.

ITEM	2019	2018
Current fiscal year's service costs		
Interest cost	17	18
Expected return of assets allocated to the plan		
Expected return of any right to reimbursement recognized as an asset	(17)	(18)
Actuarial gains and losses		
Cost of previous services recognized in the fiscal year		
Effect of any decrease or liquidation		
Other items		
TOTAL EXPENSES RECOGNIZED IN INCOME STATEMENT		

(Figures in thousands of euros)

The expected rate of return is determined based on the interest rate guaranteed in allocated insurance policies.

The real return of assets allocated to the plan (reimbursement rights), as well as the investments allocated to cover the mathematical provisions, amounted to 17,000 euros in 2019 and 18,000 euros in 2018.

The main actuarial assumptions used at the close of the last two fiscal years are the following: PERM/F-2000 mortality tables and annual CPI of 3 percent in both fiscal years, while the discount and expected rates of return on allocated assets are identical, as they involve products with matching cash flows.

No contributions to the aforementioned defined benefit plans are envisaged for fiscal year 2019.

Other post-employment benefits

In fiscal years 2019 and 2018, personnel expenses were recorded including the corresponding Life insurance expenses with coverage for death between the age of 65 and 77 years for an amount of 27,000 euros.

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

The Board of Directors approved a medium-term incentive plan in 2019, which was valued and recognized in the income statement in accordance with the stipulations of Note 5.14, "Employee remuneration." No amount has been provided for this item in the event that the objectives set out in the plan are not achieved.

During fiscal year 2019, the old medium-term incentive plan approved in 2016 was partially settled, pending the payment of 190,000 euros to be made in cash and 145,000 euros to be settled by equity instruments, respectively (678,000 and 611,000 euros respectively as on December 31, 2018) up to the 2020-2022 period. In 2018, an expenditure of 421,000 euros was recorded for this item, with a counter-entry in liabilities, with the number of reference shares taken into account for remuneration purposes amounting to 310,114.

Number of employees

The box below details the average and final number of employees in the last two fiscal years, classified by category, gender, and distributed by geographic area.

Average number of employees:

2019

COUNTRY	DIRECTORS		SENIOR MANAGEMENT POSITIONS		MANAGEMENT		TECHNICIANS		ADMINISTRATIVE		TOTAL	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
Spain	2				30	19	84	85		12	116	116
United States of America					1	2	2	6			3	8
Brazil					4	2	8	4	1	1	13	7
Chile					2	1	5	4		2	7	7
Rest of the Americas					8	6	15	11	6	9	29	26
Europe					16	4	27	30		8	43	42
Philippines					1			5	1	2	2	7
Rest of Asia					3		3	3		3	6	6
TOTAL AVERAGE NUMBER OF EMPLOYEES	**2**				**65**	**34**	**144**	**148**	**8**	**37**	**219**	**219**

Average number of employees:

2018

COUNTRY	DIRECTORS		SENIOR MANAGEMENT POSITIONS		MANAGEMENT		TECHNICIANS		ADMINISTRATIVE		TOTAL	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
Spain	2				27	14	71	69	3	16	103	99
United States of America					1	2	3	6			4	8
Brazil					4	2	8	3	1	1	13	6
Chile					2	1	7	3		2	9	6
Rest of the Americas					7	9	14	12	7	9	28	30
Europe					11	5	15	25		6	26	36
Philippines					1			5	1	1	2	6
Rest of Asia					3		2	3		2	5	5
TOTAL AVERAGE NUMBER OF EMPLOYEES	**2**				**56**	**33**	**120**	**126**	**12**	**37**	**190**	**196**

Number of employees at fiscal year-end:

2019

COUNTRY	DIRECTORS		SENIOR MANAGEMENT POSITIONS		MANAGEMENT		TECHNICIANS		ADMINISTRATIVE		TOTAL	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
Spain	2				31	19	84	90		12	117	121
United States of America					1	2	3	6			4	8
Brazil					4	2	8	5	1	1	13	8
Chile					3		4	4		2	7	6
Rest of the Americas					8	6	15	15	6	7	29	28
Europe					16	4	29	29		9	45	42
Philippines					1			5	1	2	2	7
Rest of Asia					3		4	3		3	7	6
TOTAL FINAL NUMBER OF EMPLOYEES	**2**				**67**	**33**	**147**	**157**	**8**	**36**	**224**	**226**

Number of employees at fiscal year-end:

2018

COUNTRY	DIRECTORS		SENIOR MANAGEMENT POSITIONS		MANAGEMENT		TECHNICIANS		ADMINISTRATIVE		TOTAL	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
Spain	2				27	15	75	70	2	14	106	100
United States of America					1	2	3	6			4	8
Brazil					4	2	8	4		2	12	7
Chile					2	1	5	3		2	7	6
Rest of the Americas					7	8	16	11	7	9	30	28
Europe					11	4	17	26		7	28	37
Philippines					1			5	1	1	2	6
Rest of Asia					3		2	3		3	5	6
TOTAL FINAL NUMBER OF EMPLOYEES	**2**				**56**	**32**	**126**	**128**	**10**	**38**	**194**	**198**

Below, the number of employees in Spain with a degree of disability greater than or equal to 33 percent is detailed for the close of the last two fiscal years, indicating the categories to which they belong.

ITEM	2019	2018
Management	2	
Technicians	3	4
Administrative staff		
TOTAL	**5**	**4**

6.19 Net results for foreign exchange differences

Positive foreign exchange differences, other than those arising from financial instruments assessed at fair value and allocated to the consolidated income statement, amounted to 1,519.30 million euros and 961.52 million euros in fiscal years 2019 and 2018 respectively.

Negative foreign exchange differences, other than those arising from financial instruments assessed at fair value and allocated to the consolidated income statement, amounted to 1,525.11 million euros and 964.08 million euros in fiscal years 2019 and 2018 respectively.

The reconciliation of the exchange differences recognized in equity at the beginning and end of fiscal years 2019 and 2018 is shown below:

DESCRIPTION	AMOUNT	
	2019	2018
Foreign exchange differences at the beginning of the fiscal year	(5,174)	2,694
Net foreign exchange differences on conversion of financial statements	(3,342)	(8,182)
Net foreign exchange differences on valuation of non-monetary items	356	314
Foreign exchange differences at the end of the fiscal year	(8,160)	(5,174)

(Figures in thousands of euros)

The following table shows, as on December 31, 2019 and 2018, the net currency conversion differences arising from the translation into euros of the financial statements of those Group companies whose functional currency is not the euro:

FULLY CONSOLIDATED COMPANIES BY GLOBAL INTEGRATION	GEOGRAPHIC AREA	CURRENCY CONVERSION DIFFERENCES					
		POSITIVE		NEGATIVE		NET	
		2019	2018	2019	2018	2019	2018
CIAR	BELGIUM		1,052				1,052
MAPFRE RE CHILE	CHILE			(4,383)	(1,876)	(4,383)	(1,876)
MAPFRE RE BRAZIL	BRAZIL			(25,107)	(24,475)	(25,107)	(24,475)
MAPFRE RE VERMONT	UNITED STATES	839				839	
RMI	UNITED STATES	24	14			24	14
MAPFRE RE	SPAIN	20,467	20,111			20,467	20,111
TOTAL		**21,329**	**21,177**	**(29,490)**	**(26,351)**	**(8,160)**	**(5,174)**

(Figures in thousands of euros)

The directly recognized result in equity derived from the revaluation of non-monetary items in the last two fiscal years is indicated below.

COMPANY	GEOGRAPHIC AREA	FOREIGN EXCHANGE DIFFERENCES					
		POSITIVE		NEGATIVE		NET	
		2019	2018	2019	2018	2019	2018
MAPFRE RE	SPAIN			(685)	(1,041)	(685)	(1,041)
TOTAL				**(685)**	**(1,041)**	**(685)**	**(1,041)**

(Figures in thousands of euros)

6.20 Contingent assets and liabilities

As on the closing date of the annual accounts, there are contingent assets arising from the positive business performance of MAPFRE Reinsurance Corporation (MRC), whose financial effect is estimated at 0.95 million US dollars (0.88 million in fiscal year 2018). The contract for the sale of the Company to MAPFRE USA contains a three-year price adjustment, extended to July 2020 based on MRC business development. If applicable, this adjustment would have a maximum limit of 3 million US dollars.

6.21 Business combinations

On July 19, 2018, the Extraordinary General Meeting of the companies MAPFRE GLOBAL RISKS, MAPFRE RE, MAPFRE ESPAÑA, SERVIFINANZAS and MAPFRE GLOBAL RISKS AGENCIA DE SUSCRIPCION approved the complete spin-off of MAPFRE GLOBAL RISKS in favor of the other above-mentioned four companies as beneficiaries of the spin-off, with MAPFRE RE as the beneficiary of the reinsurance business of the split company, acquiring all the equity elements related to this part of the business of the split company, with accounting effects retroactive to January 1, 2018.

To accommodate this business, on July 19, 2018 the Annual General Meeting of MAPFRE RE also approved the capital increase of 69,368 thousand euros through the issuing of 22,376,772 new shares at a face value of 3.10 euros each, with a share premium of 333,828 thousand euros corresponding to 14,91848212 euros per share.

As this was a business combination between Group companies (under common control), the acquired equity assets, shown in the following table, correspond to the book values according to the consolidated annual accounts of the controlling Company MAPFRE S.A. on the date of the operation.

This operation was carried out as part of the process of reorganizing the operating structure of the Group.

.

ITEM	2017 MAPFRE GLOBAL RISKS
ASSETS	
Cash and other equivalent liquid assets	185,144
Financial assets available for. sale	517,456
Loans and receivables	336,201
Participation of reinsurance in technical provisions	1,291,370
Property, plant and equipment and real estate investments	189
Goodwill	54,138
Intangible fixed assets	1,427
Shareholdings in Group and associated companies	26,377
Tax assets	26,815
Other assets	60,676
TOTAL ASSETS	**2,499,793**
LIABILITIES	
Debits and payables	328,696
Technical provisions	1,736,218
Non-technical provisions	
Tax liabilities	7,970
Other liabilities	23,713
TOTAL LIABILITIES	**2,096,597**
Fair value of net assets	403,196
Interest acquired	100%
Fair value of the percentage of acquired net assets	403,196
COMBINATION COST	**403,196**

The cost of the business combination in fiscal year 2018 amounted to 403,196 thousand euros.

Goodwill recognized in the amount of 54,138,000 euros is based on the greater value at which the acquired equity elements are recognized in the business combination in the consolidated annual accounts of the group parent, MAPFRE S.A., for the value of the equity assigned to the split company.

The GLOBAL RISKS reinsurance business portfolio, from the date of its inclusion up to the close of 2018, contributed to the results of the Company in the amount of 9,064 thousand euros.

6.22 Related-party transactions

All transactions with related parties have been conducted under market conditions.

In addition to the transactions described in the other notes accompanying the consolidated annual accounts, the balances and transactions between Group companies are explained below.

Operations with Group companies

The operations conducted between Group companies, with a zero effect on results because they have been eliminated in the consolidation process, are shown below::

ITEM	EXPENSES		REVENUE	
	2019	2018	2019	2018
Received/provided services and other expenses/revenue	4,708	4,998	4,708	4,998
Expenses/revenue from property investment				
Expenses/revenue from investments and financial accounts				
Dividends distributed			3,963	2,178
TOTAL	**4,708**	**4,998**	**8,671**	**7,176**

(Figures in thousands of euros)

The amounts included in the consolidated income statement as a result of transactions conducted during the fiscal year with higher consolidated groups are:

ITEM	EXPENSES	
	2019	2018
Expenses and revenue from property investments	283	194
Expenses and revenue from investments and financial accounts	4,582	3,979
External services and other non-technical expenses/revenue	34,483	7,155
Dividends paid		
TOTAL	**39,348**	**11,328**

(Figures in thousands of euros)

Reinsurance operations

Reinsurance operations conducted between consolidated Group companies, which have been eliminated in the consolidation process, are detailed below:

ITEM	EXPENSES		REVENUE	
	2019	2018	2019	2018
Ceded/assumed premiums	8,936	4,264	(12,240)	(4,161)
Benefits	14,239	22,706	(14,662)	(22,586)
Changes in technical provisions	(5,171)	(774)	6,266	580
Commissions	(908)	(645)	1,095	769
Other technical revenue and expenses				
TOTAL	**17,096**	**25,551**	**(19,541)**	**(25,398)**

(Figures in thousands of euros)

Reinsurance operations with the higher consolidated Group (MAPFRE S.A.) are as follows:

ITEM	REVENUE/EXPENSES			
	ASSUMED REINSURANCE		CEDED REINSURANCE	
	2019	2018	2019	2018
Premiums	2,619,894	1,335,039	(44,116)	(60,860)
Claims	(1,491,981)	(1,520,147)	9,529	98,791
Commissions	(468,942)	(375,745)	8,428	8,272
TOTAL	**658,972**	**(560,853)**	**(26,159)**	**46,203**

(Figures in thousands of euros)

The following table shows the balances with reinsurers and ceding companies, deposits constituted, and technical provisions on reinsurance operations with consolidated Group companies, all of which have been eliminated in the consolidation process, just as for those with the consolidated Group (MAPFRE S.A.):

ITEM	ELIMINATED BALANCES				BALANCES NOT ELIMINATED			
	ASSUMED REINSURANCE		CEDED REINSURANCE		ASSUMED REINSURANCE		CEDED REINSURANCE	
	2019	2018	2019	2018	2019	2018	2019	2018
Receivables and debt	770	(4,823)			288,820	74,737	(23,662)	(175,521)
Deposits	(9)	(9)	(9)	(9)	56,342	71,568	36	43
Technical provisions	(25,331)	(27,644)	(21,590)	(27,781)	(3,049,819)	(1,519,877)	18,050	285,774
TOTAL	**(24,570)**	**(32,476)**	**(21,599)**	**(27,790)**	**(2,704,657)**	**(1,373,572)**	**(5,576)**	**110,296**

(Figures in thousands of euros)

Remuneration of key managerial staff:
The box below details the paid remuneration of the members of the Board of Directors for the last two fiscal years.

ITEM	AMOUNTS	
	2019	2018
Short-term remuneration		
Salaries	840	732
Fixed allowances	454	466
Travel and accommodation allowances		
Life insurance	20	20
Other items	43	17
Other medium-term remuneration		
TOTAL	**1,357**	**1,235**

(Figures in thousands of euros)

The basic remuneration of the members of the Board of Directors consists of a fixed allowance of 48,000 euros (47,000 euros in 2018), which rises to 100,000 euros for Chairmen of the Board and 11,000 euros for members of its Management Committees (10,000 euros in 2018).

Life insurance is also established in case of death, with an insured capital of 150,250 euros, as well as some benefits granted to personnel, such as illness insurance.

Executive board directors (meaning both executives of the Company and others) receive the remuneration established in their contracts, including fixed salary, variable incentives linked to results, Life and disability insurance, and other general benefits established for the Group's personnel. They also receive certain pension allowance in the event of retirement, externalized through a Life insurance policy. All of these payments are included in the compensation policy established by the Group for its senior executives, whether or not they are board directors. As a contribution to defined contribution plans, 285,740 euros have been registered as expenses for fiscal year 2019 (264,210 euros in 2018), with accumulated rights amounting to 1,492,500 euros (1,165,200 euros in 2018). Executive board directors do not receive the fixed allowance established for external directors.

In 2019, with regard to medium-term incentive plans, 560,430 euros have been earned, of which 77,990 euros in cash and 90,120 euros are outstanding.

In 2018, a provision of 171,000 euros was set up, of which 89,900 euros in cash and 81,077 euros for settlement in stock.

The amount paid for third-party liability insurance premiums for associates due to damage caused by acts or omissions in the fiscal year reached 59,000 euros (53,000 euros in 2018).

Regarding the Senior Management, remuneration for the fiscal year is detailed below:

ITEM	2019	2018
No. of senior management members	1	1
Salaries	266	211
Life insurance	2	1
Years of service bonus		
Other items	8	13
TOTAL	**276**	**225**

(Figures in thousands of euros)

At the close of 2019, with regard to medium-term incentive plans, 97,000 euros have been earned, of which 13,500 euros in cash and 15,590 euros in stocks are outstanding.

In 2018, a provision of 28,520 euros was set up, of which 15,000 euros in cash and 13,520 euros for settlement in stock.

Additionally, by way of contribution toward defined contribution plans, an expense of 45,460 euros was registered for fiscal year 2019 (24,330 euros in 2018).

In the last two fiscal years, the Company has not granted advances or credits to key managerial staff.

Subsidies
In 2019 and 2018, a government subsidy was received for subsidized contracts (social security) and continuing education (Fundación Tripartita), attributed entirely to results for the period.

ITEM	Subsidy	Subsidy
	2019	2018
As on January 1		
Received during the fiscal year	63	28
Transferred to results	63	28
As on December 31		

(Figures in thousands of euros)

There is no non-compliance with any of the conditions or contingencies associated with these subsidies.

Subsequent events
No significant events took place after the fiscal year-end.

7. RISK MANAGEMENT

The MAPFRE RE, Compañía de Reaseguros, S.A. Board of Directors establishes the risk level that the company is prepared to assume in order to achieve its business objectives without any significant deviations, even in adverse situations. This level, which establishes limits and sub-limits by risk type, constitutes the company's Risk Appetite.

MAPFRE's structure is based on Units and Companies with a high degree of management autonomy. In addition to the Group structure, of which the company forms part, there are several individual governing bodies. The Group's governing and management bodies approve the risk management actions to be taken by the Units and Companies and constantly supervise their exposure to risk using indicators and ratios.

To guarantee effective risk management, the Group has developed a series of policies. The Risk Management Policy provides the framework for managing risks and, in turn, for developing specific risk policies. They all:

- Set down general guidelines, basic principles and a general action framework for the type of risk concerned, ensuring coherent application in the Group.
- Assign responsibilities and define the strategies, processes and reporting procedures required to identify, measure, monitor, manage and report the risks included within their scope.
- Define the reporting guidelines and the communication duties of the area responsible for risk.

The Group Risk Management Area handles all significant aspects related to risk management corresponding to the Group as well as the relevant aspects of the different legal entities belonging to it, establishing benchmark directives and criteria to be taken on, with any adaptations necessary, by the risk areas of the individual undertakings.

The Governing Bodies regularly receive information relating to the quantification of the main risks to which the Group is exposed and the capital resources available to cover them, as well as information relating to compliance with the established Risk Appetite limits.

Assigned capital is established in general based on estimates in accordance with the budgets from the preceding fiscal year, and it is reviewed periodically throughout the year in line with the development of risks in order to ensure compliance with he established Risk Appetite limits.

Exposure to the risk types relating to the Company's financial instruments and insurance contracts, as well as the processes and methods used for its measurement and management, are described in sections A), B), C) and D) of these notes.

a) Insurance risk

1. Sensitivity to insurance risk

This sensitivity analysis measures the effect on capital fluctuations upward and downward of the determining factors of insurance risk (number of insured risks, the average premium value, frequency and cost of claims). One measure of sensitivity to the Non-Life insurance risk is the impact that a one percentage point change in the combined ratio would have on the result for the period and, consequently, on equity.

The following table shows this effect and the volatility index of the ratio, calculated according to the standard deviation in a five-year time horizon..

ITEM	Effect on variation of 1% of the combined ratio on result		Combined ratio volatility index	
	2019	2018	2019	2018
Main activity outside Spain:				
- Reinsurance	19,523	20,501	2.68	0.81

(Figures in thousands of euros)

2. Concentrated insurance risk

MAPFRE RE has a high degree of insurance risk diversification, as it operates in virtually all insurance business lines in Spain and has an extensive presence in the international markets.

The Company applies a system of procedures and limits which enable the level of concentration of insurance risk to be controlled. It is standard practice to use reinsurance contracts to mitigate the insurance risk arising from the concentration or accumulation of guarantees exceeding the maximum acceptance levels.

2. a) Premium amounts by risk

The following tables show the breakdown of written premiums for accepted reinsurance classified by type of business underwritten for the last two fiscal years:

Fiscal year 2019

ITEM	ASSUMED REINSURANCE			
	LIFE	NON-LIFE		TOTAL
		CATASTROPHIC RISK	OTHER RISKS	
Written premiums for assumed reinsurance	593,742	708,495	4,278,258	5,580,495

Fiscal year 2018

ITEM	ASSUMED REINSURANCE			
	LIFE	NON-LIFE		TOTAL
		CATASTROPHIC RISK	OTHER RISKS	
Written premiums for assumed reinsurance	600,472	1,076,481	3,155,453	4,832,406

2. b) Premiums by operating segment and geographic area

The following tables show the breakdown of written premiums for accepted reinsurance by segment and geographic area in the last two fiscal years::

Fiscal year 2019

GEOGRAPHIC AREA	REINSURANCE		TOTAL
	LIFE	NON-LIFE	
SPAIN	42,528	1,045,677	1,088,205
UNITED STATES OF AMERICA	9,452	672,626	682,078
BRAZIL	22,065	250,922	272,987
MEXICO	16,506	208,937	225,443
VENEZUELA		5,177	5,177
COLOMBIA	10,895	108,031	118,926
ARGENTINA	4,089	78,526	82,615
TURKEY	567	125,474	126,041
CHILE	5,593	197,508	203,101
OTHER COUNTRIES	482,047	2,293,875	2,775,922
TOTAL	**593,742**	**4,986,753**	**5,580,495**

(Figures in thousands of euros)

Fiscal year 2018

GEOGRAPHIC AREA	REINSURANCE		TOTAL
	LIFE	NON-LIFE	
SPAIN	38,726	1,016,495	1,055,221
UNITED STATES OF AMERICA	8,780	176,755	185,535
BRAZIL	10,086	225,678	235,764
MEXICO	20,064	198,350	218,415
VENEZUELA	2	10,292	10,294
COLOMBIA	12,524	108,708	121,233
ARGENTINA	4,664	77,374	82,038
TURKEY	494	124,941	125,436
CHILE	18,358	179,509	197,868
OTHER COUNTRIES	486,774	2,113,832	2,600,606
TOTAL	**600,472**	**4,231,934**	**4,832,406**

(Figures in thousands of euros)

2.c) Premiums by currency

The following table shows the breakdown of written premiums for accepted reinsurance by currency in the last two fiscal years:

CURRENCY	WRITTEN PREMIUMS	
	2019	2018
Euros	2,087,707	2,043,161
US dollar	2,132,567	1,614,729
Mexican peso	78,115	79,128
Brazilian real	202,287	162,150
Turkish lira	107,038	106,678
Chilean peso	79,180	89,036
Venezuelan bolivar		144
Argentine peso	17,883	17,782
Colombian peso	74,646	71,817
Pound sterling	274,246	181,514
Canadian dollar	22,589	18,647
Philippine peso	12,271	14,858
Other currencies	491,966	432,762
TOTAL	**5,580,495**	**4,832,406**

(Figures in thousands of euros)

b) Credit risk

1. Credit risk arising from reinsurance contracts

The following table shows the breakdown of receivables against reinsurers in the last two fiscal years:

ITEM	BOOK VALUE OF COMPANIES				TOTAL	
	GROUP		NON-GROUP			
	2019	2018	2019	2018	2019	2018
Provision for Life insurance	76	7	4,902	5,447	4,978	5,454
Provision for outstanding claims	251,799	1,786,402	1,730,720	757,668	1,982,519	2,544,070
Receivables on ceded and retroceded reinsurance operations	93,441	6,438	107,135	171,982	200,576	178,420
Due on ceded and retroceded reinsurance operations	(52,734)	(20,570)	(356,706)	(74,119)	(409,440)	(94,689)
TOTAL NET POSITION	**292,582**	**1,772,277**	**1,486,051**	**860,978**	**1,778,633**	**2,633,255**

(Figures in thousands of euros)

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

LEVEL	BOOK VALUE OF COMPANIES				TOTAL	
	GROUP		NON-GROUP			
	2019	2018	2019	2018	2019	2018
AAA						
AA	14,317		705,691	538,696	720,008	538,696
A	277,604	1,772,132	364,437	301,859	642,041	2,073,991
BBB	79	(165)	211,105	5,250	211,184	5,085
BB or LOWER			111,070	2,090	111,070	2,090
No rating	582	310	93,750	13,083	94,332	13,393
TOTAL	**292.582**	**1.772.277**	**1.486.053**	**860.978**	**1.778.635**	**2.633.255**

(Figures in thousands of euros)

2. Credit risks arising from other financial instruments.
The breakdown of the portfolio of fixed income securities and cash, based respectively on the payment capacity of issuers of fixed income securities and financial institutions, is shown below for the last two fiscal years:

CREDIT RATING OF ISSUERS	BOOK VALUE							
	HELD-TO-MATURITY PORTFOLIO		AVAILABLE-FOR-SALE PORTFOLIO		TRADING PORTFOLIO		CASH	
	2019	2018	2019	2018	2019	2018	2019	2018
AAA			824,644	597,314				
AA			732,190	917,370			3,014	2,138
A			1,385,862	1,305,965			260,716	263,531
BBB			409,561	359,100			32,094	68,215
BB or LOWER			19,298	119,532			17,007	16,796
No rating							8,295	4,137
TOTAL			**3,371,555**	**3,299,281**			**321,126**	**354,817**

(Figures in thousands of euros)

There are no fixed income securities in default for fiscal years 2019 and 2018.

3. Receivables
The following table shows the composition of the receivables heading as on December 31, 2019 and 2018, as well as impairment losses, recorded impairment reversal gains, and received amounts for guarantees in the last two fiscal years:

ITEM	NET BALANCE ON BALANCE SHEET		IMPAIRMENT				GUARANTEES RECEIVED	
			RECORDED LOSSES		REVERSAL GAINS			
	2019	2018	2019	2018	2019	2018	2019	2018
I. Receivables on reinsurance operations	826,415	974,239	(180)	(5,031)				
II. Tax receivables	23,424	22,241						
III. Corporate and other receivables	105,760	120,456						
TOTAL	**955,599**	**1,116,936**	**(180)**	**(5,031)**				

(Figures in thousands of euros)

c) Liquidity risk

With regard to liquidity risk, MAPFRE RE has a Liquidity Risk Management Policy and an Asset and Liability Management Policy, which together comprise the benchmark framework for acting in this regard. In MAPFRE RE, the general practice is based on maintaining cash balances sufficient to comfortably cover the commitments arising from its obligations to insured parties and creditors. Thus, as on December 31, 2019, the cash and equivalent liquid assets balance amounted to 321 million euros (355 million euros in 2018), equivalent to 7.51 percent of total financial investments and cash in 2019 (8.86 percent in 2018).

Assets with maturity exceeding one year are described in the "Interest rate risk" section.

1 Liquidity risk arising from insurance contracts

The estimated payment schedule of insurance liabilities registered as on December 31, 2019 and 2018 is detailed below. These amounts have not been updated in the case of provisions for Life insurance:

Fiscal year 2019

ITEM	ESTIMATED CASH OUTFLOWS IN YEARS							CLOSING BALANCE
	1st Year	2nd Year	3rd Year	4th Year	5th Year	6th to 10th Year	SUBSEQUENT	
Provision for unearned premiums	1,150,242	167,778	51,733	30,139	16,510	32,928	28,877	1,478,207
Provision for unexpired risks								
Provisions for Life insurance	174,885	28,770	9,152	9,657	10,164	39,257	48,659	320,544
Provision for outstanding claims	2,251,773	956,487	400,151	214,171	138,186	292,697	266,984	4,520,449
Other technical provisions								
Due on reinsurance operations	766,785							766,785
TOTAL	**4,343,685**	**1,153,035**	**461,036**	**253,967**	**164,860**	**364,882**	**344,520**	**7,085,985**

(Figures in thousands of euros)

Fiscal year 2018

ITEM	ESTIMATED CASH OUTFLOWS IN YEARS							CLOSING BALANCE
	1st Year	2nd Year	3rd Year	4th Year	5th Year	6th to 10th	SUBSEQUENT	
Provision for unearned premiums	1,002,171	84,018	23,612	13,941	7,573	15,193	12,763	1,159,272
Provision for unexpired risks								
Provisions for Life insurance	349,185	53,639	11,838	13,690	15,682	62,731	91,089	597,854
Provision for outstanding claims	2,880,978	673,810	274,172	144,487	93,915	197,437	193,256	4,458,055
Other technical provisions								
Due on reinsurance operations	760,525	267	196	142	101	215		761,446
TOTAL	**4,992,859**	**811,734**	**309,818**	**172,260**	**117,271**	**275,576**	**297,109**	**6,976,627**

(Figures in thousands of euros)

d) Market risk

MAPFRE RE's Risk Management area conducts stress and sensitivity tests of the impact of market and financial variables on its solvency position.

The Group's Investment area regularly conducts analyses of the sensitivity of the investment portfolio's value to market risk.

Among others, the most common indicators are modified duration for fixed income securities and VaR, or value at risk, for equity.

1. Interest rate risk

The following table details the material information of the last two fiscal years with regard to the level of interest rate risk exposure of the financial assets:

PORTFOLIO	AMOUNT OF ASSETS EXPOSED TO INTEREST RATE RISK AT FAIR VALUE					
	FIXED INTEREST RATE		NOT EXPOSED TO RISK		TOTAL	
	2019	2018	2019	2018	2019	2018
Held to maturity						
Available for sale	3,116,640	3,167,491	813,783	466,033	3,930,423	3,633,524
Trading	14,032	13,176	11,362	3,802	25,394	16,978
Other investments	10,517	10,552	48,434		58,951	10,552
TOTAL	**3,141,189**	**3,191,219**	**873,579**	**469,835**	**4,014,768**	**3,661,054**

(Figures in thousands of euros)

The following tables display the breakdown of financial investments by maturity, average interest rate and modified duration, for fiscal years 2019 and 2018:

Fiscal year 2019

ITEM	CLOSING BALANCE	MATURITY IN:						INTEREST RATE %	MODIFIED DURATION %
		1 YEAR	2 YEARS	3 YEARS	4 YEARS	5 YEARS	SUBSEQUENT OR WITHOUT MATURITY		
AVAILABLE-FOR-SALE PORTFOLIO									
Fixed income	3,371,555	403,454	352,949	688,585	210,449	324,561	1,391,557	2	5
Other investments									
TOTAL AVAILABLE-FOR-SALE PORTFOLIO	3,371,555	403,454	352,949	688,585	210,449	324,561	1,391,557		
TRADING PORTFOLIO									
Fixed income									
TOTAL TRADING PORTFOLIO									

(Figures in thousands of euros)

Fiscal year 2018

ITEM	CLOSING BALANCE	MATURITY IN: 1 YEAR	2 YEARS	3 YEARS	4 YEARS	5 YEARS	SUBSEQUENT OR WITHOUT MATURITY	INTEREST RATE %	MODIFIED DURATION %
AVAILABLE-FOR-SALE PORTFOLIO									
Fixed income	3,633,524	555,966	311,331	322,569	589,093	229,433	1,625,132	2	4
Other investments									
TOTAL AVAILABLE-FOR-SALE PORTFOLIO	3,633,524	555,966	311,331	322,569	589,093	229,433	1,625,132		
TRADING PORTFOLIO									
Fixed income									
TOTAL TRADING PORTFOLIO									

(Figures in thousands of euros)

The modified duration reflects the sensitivity of the value of the assets to movements in interest rates, and represents an approximation of the percentage variation that the value of financial assets would experience for every percentage point (100 bps) of variation of interest rates.

The balances included in the "Receivables" heading of the balance sheet assets, and in the "Debts" heading of the balance sheet liabilities, do not accrue interest and, generally, their payment is produced in the following fiscal year.

Exchange rate risk

The following table shows the breakdown of assets and liabilities in terms of the currencies in which they are denominated at the end of the last two fiscal years.

CURRENCY	ASSETS 2019	ASSETS 2018	LIABILITIES 2019	LIABILITIES 2018	NET TOTAL 2019	NET TOTAL 2018
Euros	3,693,284	4,295,910	2,144,386	2,630,659	1,548,898	1,665,251
US dollar	3,916,615	3,298,377	3,504,638	3,158,677	411,977	139,700
Mexican peso	39,273	28,452	50,928	57,256	(11,655)	(28,804)
Brazilian real	358,891	294,424	337,749	284,198	21,142	10,226
Turkish lira	88,281	116,630	112,050	103,245	(23,769)	13,385
Chilean peso	151,219	183,427	95,091	160,039	56,128	23,388
Venezuelan bolivar	7,028	240	5	2	7,023	238
Argentine peso	22,974	38,882	26,363	13,086	(3,389)	25,796
Colombian peso	31,436	28,068	121,462	117,992	(90,026)	(89,924)
Pound sterling	248,831	219,583	217,234	199,448	31,597	20,135
Canadian dollar	57,644	49,193	14,667	13,716	42,977	35,477
Philippine peso	19,684	25,893	19,723	19,993	(39)	5,900
Other currencies	426,720	323,024	671,410	475,298	(244,690)	(152,274)
TOTAL	**9,061,880**	**8,902,103**	**7,315,706**	**7,233,609**	**1,746,174**	**1,668,494**

(Figures in thousands of euros)

The sensitivity of the Company's equity to changes in euro exchange rates against the different currencies in which assets are stated is determined by the net total amount shown in the previous table, having deducted the amount for the non-monetary items. Similarly, the effect of these exchange rate variations on future results of the Company is determined by the volume of earnings obtained in each currency. Annex 1 provides a breakdown of the result obtained by each Group company and the country where its operations are located.

Stock market risk

The following table shows the book value of equities and mutual funds exposed to stock market risk and value at risk (VaR) (maximum variation expected in a time horizon of one year and a confidence level of 99 percent) for the last two fiscal years:

PORTFOLIO	BOOK VALUE		VaR	
	2019	2018	2019	2018
Available for sale	385,034	334,244	140,780	228,451
Trading	2,947	16,978		
TOTAL	**387,981**	**351,222**	**140,780**	**228,451**

(Figures in thousands of euros)

Property risk

As on December 31, 2019, the Company has, in its consolidated group, property assets representing approximately 1.33 percent of total investments and cash (1.28 percent as on December 31, 2018), of which approximately 1.21 percent corresponds to its own-use offices (1.21 percent as on December 31, 2018). These assets serve the dual function of providing administrative and sales support as well as generating revenue from investments and diversifying investments. The breakdown of these property assets is shown in the following table:

ITEM	Net book value		Market value	
	2019	2018	2019	2018
Property investments	2,480	5,879	5,959	12,003
Property for own use	56,133	48,450	60,884	56,814
TOTAL	**58,613**	**54,329**	**66,843**	**68,817**

(Figures in thousands of euros)

Unrealized gains would offset a fall in the price of real estate equivalent to approximately 1.36 percent of their market value as at the close of fiscal year 2019 (0.0747%t at the close of fiscal year 2018).

Implementation of internal capital models

In 2005, MAPFRE RE implemented an internal capital model that determines, through a stochastic process, the required solvency margin depending on the risks assumed by the Company itself.

The proprietary internal capital model is based on the stochastic generation of projections of the Company's income statement from the simulation of 10,000 different scenarios, applied considering the nature of the premium portfolio, the composition of the Company's investments and other assets. These scenarios are obtained by combining various financial and reinsurance business assumptions. From this, the probability distribution of results is determined, and the financial capital required to ensure the Company's solvency with a confidence interval of 99.6 percent in a time horizon of one year. Interim results obtained confirm the level of excellence in the capitalization of the Company and are currently being contrasted with other methods for estimating solvency margins.

8. OTHER INFORMATION

During the last two fiscal years, no conflicts of interest have occurred, either direct or indirect, between the directors or individuals associated with them and the controlling Company.

In the last two years, the controlling Company's directors did not carry out any operations with the controlling Company itself or with any other Group company either outside the scope of the companies' ordinary trading activities or outside normal market conditions.

8.2 Fees paid to auditors

The annual accounts of MAPFRE RE and the main companies of the Group corresponding to the 2019 and 2018 fiscal years have been audited by the firm KPMG. In 2018, the subsidiary headquartered in Chile was audited by EY.

The remuneration accrued by the main auditor is shown below. It is deemed that these fees do not compromise the independence of the auditors.

	2019	2018
Audit services	398,993	338,184
Other verification services	95,768	140,634
Tax services	23,402	
Other services	-	2,529
Total services of main auditor	**518,163**	**481,347**

(Figures in thousands of euros)

The above amounts include those paid to KPMG Auditores, S.L., which were 165,000 euros in 2019 for audit services (185,466 euros in 2018) and 53,130 euros for other verification services (98,000 euros in 2018). The latter refer to services for regulatory compliance and involve the review of Solvency reports.

Fees for account audit services rendered by auditors other than the main auditor amounted to 0 euros in fiscal year 2019 (26,381 euros in fiscal year 2018).

Information regarding the services provided by KPMG Auditores, S.L. to companies controlled by MAPFRE S.A. during the fiscal year ending December 31, 2019 can be found in the consolidated annual accounts of MAPFRE S.A. and subsidiaries of December 31, 2019.

Information regarding the services provided by KPMG Auditores, S.L. to companies controlled by MAPFRE S.A. during the fiscal year ending December 31, 2018 can be found in the consolidated annual accounts of MAPFRE S.A. and subsidiaries of December 31, 2018.

8.3 Environmental information

The Group companies do not have any environment-related items in the last two fiscal years that might be significant or specifically included in these consolidated annual accounts.

8.4 Payment deferments

The characteristics of payments made by the fully consolidated Spanish companies to providers, in fiscal years 2018 and 2017, are:

Item	Days	
	Fiscal year 2019	Fiscal year 2018
Average provider payment period	1.29	4.57
Ratio of paid operations	4.67	4.48
Ratio of operations pending payment	21.02	14.53

Item	Amount (thousands of euros)	Amount (thousands of euros)
Total payments made	32,266	23,930
Total pending payments	66	207

TABLE OF SUBSIDIARIES AND ASSOCIATED COMPANIES 2019 (APPENDIX 1)

NAME	COUNTRY	EFFECTIVE TAX RATE	ACTIVITY	SHAREHOLDING % OWNER	SHAREHOLDING % IN SHARE CAPITAL	DATA AS AT CLOSE OF FISCAL YEAR 2018 ASSETS	NET EQUITY	REVENUE	RESULT OF THE FISCAL YEAR	METHOD OR PROCEDURE OF CONSOLIDATION
MAPFRE CHILE REASEGUROS S.A.	Avda Apoquindo 4499- 8° Santiago (Chile)	20%	Holding	MAPFRE RE	100.0000%	149,894	42,468	22,254	4,203	A
F. ALCORTA, S.A.	Bouchard 547 piso 14 Buenos Aires (Argentina)	35%	Property (in liquidation)	MAPFRE RE	99.9985%					C
MAPFRE RE DO BRASIL COMPAÑÍA DE REASEGUROS	Rua Olimpiadas 242 5° Andar Sao Paulo (Brazil)	15%	Reinsurance	MAPFRE RE	99.9999%	196,166	42.598	53.317	8.187	A
MAPFRE RE COMPAÑÍA DE REASEGUROS ESCRITORIO DE REPRESENTAÇAO NO BRASIL LTDA	Rua Olimpiadas 242 5° Andar Sao Paulo (Brazil)	15%	Representation services	MAPFRE RE	99.9999%	47	47			C
MAPFRE MANDATOS Y SERVICIOS, S.A.	Bouchard 547 piso 14 Buenos Aires (Argentina)	35%	Services	MAPFRE RE MAPFRE Argentina	95.0000% 5.0000%	20	20		(4)	C
MAPFRE INTERNET S.A. (TECH)	Ctra de Pozuelo a Majadahonda, No. 52, Madrid (Spain)	25%	Computing	MAPFRE RE	0.8002%	64,544	20,849	180,881	726	C
VENEASISTENCIA, S.A.	Avda. Libertador Penthouse A y B Caracas (Venezuela)	34%	Travel assistance	MAPFRE RE	0.0020%	28	56	14	45	C
REINSURANCE MANAGEMENT INC.	100 Campus Drive 07932 New Jersey (USA)	35%	Insurance and reinsurance	MAPFRE RE	100.0000%	1,388	436	3,935	472	A
CAJA REASEGURADORA DE CHILE	Ava. Apoquindo 4499- 8° Santiago (Chile)	20%	Reinsurance	MAPFRE Chile RE	99.8467%	117,730	11,587	19,151	2,315	A
INMOBILIARIA COSTA DE MONTEMAR, S.A.	Ava. Apoquindo 4499- 8° Santiago (Chile)	24%	Real estate	MAPFRE Chile RE	31.4400%		1,091			B
C R ARGENTINA, S.A.	Bouchard 547 piso 14 Buenos Aires (Argentina)	35%	Services, Consulting	MAPFRE Chile RE	99.9960%	348	264			A
MAPFRE RE VERMONT CORPORATION	122 Cherry Tree Hill Road 05651 East Montpellier Vermont (USA)			MAPFRE RE	100.00 00%	43,641	43,641			AD
FONDMAPFRE BOLSA EUROPA FI	Ctra de Pozuelo a Majadahonda, No. 50, Madrid (Spain)		Asset management	MAPFRE RE	21.5700%	31,500	31,500			B
MAPFRE EURO BONDS FUND	Ctra de Pozuelo a Majadahonda, No. 50, Madrid (Spain)		Asset management	MAPFRE RE	100.0000%	99,794	99,710			A
MAPFRE BEHAVIORAL FUND-I	Ctra de Pozuelo a Majadahonda, No. 50, Madrid (Spain)		Asset management	MAPFRE RE	23.0400%	8,000	8,000			BD
MAPFRE US FORGOTTEN VALUE	Ctra de Pozuelo a Majadahonda, No. 50, Madrid (Spain)		Asset management	MAPFRE RE	20.9900%	6,300	6,300			BD
MAPFRE SHORT-TERM EURO-I	Ctra de Pozuelo a Majadahonda, No. 50, Madrid (Spain)		Asset management	MAPFRE RE	27.9984%	18,038	18,038			BD
MAPFRE INCLUSION RESPONSE FUND I	Ctra de Pozuelo a Majadahonda, No. 50, Madrid (Spain)		Asset management	MAPFRE RE	34.0848%	3,450	3,450			BD
SIEREF MAPFRE STABLE INC R ESTATE	Ctra de Pozuelo a Majadahonda, No. 50, Madrid (Spain)		Asset management	MAPFRE RE	33.6000%	70,340	70,340			BD
SIEREF GLL STABLE INC REAL ESTATE	Ctra de Pozuelo a Majadahonda, No. 50, Madrid (Spain)		Asset management	MAPFRE RE	19.9000%	14,582	14,582			BD
MAPFRE MULTI-ASSET STRATEGY	Ctra de Pozuelo a Majadahonda, No. 50, Madrid (Spain)		Asset management	MAPFRE RE	43.5891%	85,450	84,450			B
RISK MED SOLUTIONS, S.L.	Paseo de Recoletos, 25 Madrid (Spain)	25%	Services	MAPFRE RE	100.0000%					A

(Figures in thousands of euros)

Consolidation method or procedure

A. Subsidiaries consolidated by global integration.

B. Associated and investee companies consolidated by the equity method.

C. Associated and investee companies excluded from consolidation.

D. Companies incorporated into the consolidation scope in fiscal year 2019.

TABLE OF SUBSIDIARIES AND ASSOCIATED COMPANIES 2018 (APPENDIX 1)

				SHAREHOLDING %		DATA AS AT CLOSE OF FISCAL YEAR 2018				
NAME	**COUNTRY**	**EFFECTIVE TAX RATE**	**ACTIVITY**	**OWNER**	**IN SHARE CAPITAL**	**ASSETS**	**NET**	**REVENUE**	**RESULT OF**	**METHOD OR PROCEDURE**
CIAR INVESTMENTS	45, Rue de Trèves, Brussels (Belgium)	34%	Real estate	MAPFRE RE MAPFRE Internacional	99.9900% 0.0100%	9,921	9,274	686	237	A
MAPFRE CHILE REASEGUROS S.A.	Avda Apoquindo 4499-8° Santiago (Chile)	20%	Holding	MAPFRE RE	100.0000%	149,894	42,468	22,254	4,203	A
F. ALCORTA, S.A.	Bouchard 547 piso 14 Buenos Aires (Argentina)	35%	Property (in liquidation)	MAPFRE RE	99.9985%					C
MAPFRE RE DO BRASIL COMPAÑÍA DE REASEGUROS	Rua Olimpiadas 242 5° Andar Sao Paulo (Brazil)	15%	Reinsurance	MAPFRE RE	99.9999%	196,166	42,598	53,317	8,187	A
MAPFRE RE COMPAÑÍA DE REASEGUROS ESCRITORIO DE REPRESENTAÇAO NO BRASIL LTDA	Rua Olimpiadas 242 5° Andar Sao Paulo (Brazil)	15%	Representation services	MAPFRE RE	99.9999%	47	47			C
MAPFRE MANDATOS Y SERVICIOS, S.A.	Bouchard 547 piso 14 Buenos Aires (Argentina)	35%	Services	MAPFRE RE MAPFRE Argentina	95.0000% 5.0000%	20	20		(4)	C
MAPFRE INTERNET S.A. (TECH)	Ctra de Pozuelo a Majadahonda, No. 52, Madrid (Spain)	25%	Computing	MAPFRE RE	0.8002%	64,544	20,849	180,881	726	C
VENEASISTENCIA, S.A.	Avda. Libertador Penthouse A y B Caracas (Venezuela)	34%	Travel assistance	MAPFRE RE	0.0020%	28	56	14	45	C
REINSURANCE MANAGEMENT INC.	100 Campus Drive 07932 New Jersey (USA)	35%	Insurance and reinsurance	MAPFRE RE	100.0000%	1,388	436	3,935	472	A
CAJA REASEGURADORA DE CHILE	Ava. Apoquindo 4499-8° Santiago (Chile)	20%	Reinsurance	MAPFRE Chile RE	99.8467%	117,730	11,587	19,151	2,315	A
INMOBILIARIA COSTA DE MONTEMAR, S.A.	Ava. Apoquindo 4499-8° Santiago (Chile)	24%	Real estate	MAPFRE Chile RE	31.4400%		1,091			B
C R ARGENTINA, S.A.	Bouchard 547 piso 14 Buenos Aires (Argentina)	35%	Services, Consulting	MAPFRE Chile RE	99.9960%	348	264			A
MAPFRE EURO BONDS FUND			Asset management	MAPFRE RE	100.0000%	99,794	99,710			A
MAPFRE RE VERMONT CORPORATION	122 Cherry Tree Hill Road 05651 East Montpellier Vermont (USA)		Asset management	MAPFRE RE	100.0000%	43,641	43,641			AD
MAPFRE MULTI-ASSET STRATEGY			Gestión de activos	MAPFRE RE	39.4160%	85,450	85,450			B

(Figures in thousands of euros))

Consolidation method or procedure

A. Fully consolidated subsidiaries.

B. Associated and investee companies consolidated by the equity method.

C. Associated and investee companies excluded from consolidation.

D. Companies incorporated into the consolidation scope in fiscal year 2018.

4

AUDIT REPORT FOR THE ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

KPMG Auditores, S.L.
Paseo de la Castellana, 259
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 RE, Compañía de Reaseguros S.A.

REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS

Opinion

We have audited the consolidated annual accounts of Mapfre RE, Compañía de Reaseguros S.A. (the "Parent") and subsidiaries (together the "Group"), which comprise the consolidated balance sheet at 31 December 2019, and the consolidated income statement, consolidated statement of recognised income and expense, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and consolidated notes.

In our opinion, the accompanying consolidated annual accounts give a true and fair view, in all material respects, of the consolidated equity and consolidated financial position of the Group at 31 December 2019 and of its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable in Spain.

Basis for Opinion

We conducted our audit in accordance with prevailing legislation regulating the audit of accounts in Spain. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Annual Accounts* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those regarding independence, that are relevant to our audit of the consolidated annual accounts in Spain pursuant to the legislation regulating the audit of accounts. We have not provided any non-audit services, nor have any situations or circumstances arisen which, under the aforementioned regulations, have affected the required independence such that this has been compromised.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

KPMG

2

Key Audit Matters

Valuation of technical provisions (Euros 6,319.2 million)

See notes 5.9 and 6.9 to the consolidated annual accounts

Key audit matter	*How the matter was addressed in our audit*
The Group recognises technical provisions for accepted reinsurance based on the accounts received from the ceding companies and the terms and conditions of the accepted reinsurance contracts. Estimating these provisions is complex and requires actuarial methods and calculations based on judgement and significant assumptions. These estimates include assumptions related to the amount of the expected settlement and historical payment patterns for accepted reinsurance claims. Due to their nature, there is a significant degree of uncertainty, and a change in assumptions could significantly impact the annual accounts.	Our audit procedures included testing the design, implementation and effectiveness of key controls established by the Company for estimating technical provisions, including controls on the definition of key assumptions and on the completeness and accuracy of the populations used when estimating these provisions. Our substantive procedures on the technical provisions basically consisted of the following: • Tests of the completeness and accuracy of the databases used to estimate technical provisions and from which the calculation assumptions were derived, based on a sample of accepted reinsurance contracts. • Confirmation of balances pending settlement from reinsurance accepted companies at 31 December 2019, for a sample of contracts. • Based on our knowledge and experience of the sector, assessment of the reasonableness of the actuarial models and the assumptions employed in calculating the provision for claims, comparing them to actuarial best practices, regulatory requirements, market scenarios and historical trends. • Review and analysis of the assumptions derived by the Company, comparing the claims indicators or ratios used by the Company in its actuarial models with past experience, and assessing their reasonableness based on the latest information available. We also assessed whether the information disclosed in the consolidated annual accounts complies with the requirements of the regulatory framework for financial reporting applicable to the Group.

Other Information: Consolidated Directors’ Report

Other information solely comprises the 2019 consolidated directors' report, the preparation of which is the responsibility of the Parent's Directors and which does not form an integral part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not encompass the consolidated directors' report. Our responsibility as regards the content of the consolidated directors' report is defined in the legislation regulating the audit of accounts, which consists of assessing and reporting on the consistency of this information with the consolidated annual accounts, based on knowledge of the Group obtained during the audit of the aforementioned accounts and without including any information other than that obtained as evidence during the audit. Also, assessing and reporting on whether the content and presentation of this part of the consolidated directors' report are in accordance with applicable legislation. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report them.

Based on the work carried out, as described above, we have verified that information contained in the consolidated directors’ report is consistent with that disclosed in the consolidated annual accounts for 2019 and the content and presentation are in accordance with applicable legislation.

Directors' Responsibility for the Consolidated Annual Accounts

The Parent's Directors are responsible for the preparation of the accompanying consolidated annual accounts in such a way that they give a true and fair view of the consolidated equity, consolidated financial position and consolidated financial performance of the Group in accordance with IFRS-EU and other provisions of the financial reporting framework applicable to the Group in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated annual accounts, the Parent's Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the consolidated annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with prevailing legislation regulating the audit of accounts in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence economic decisions of users taken on the basis of these consolidated annual accounts.

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

— Identify and assess the risks of material misstatement of the consolidated annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent's Directors.
- Conclude on the appropriateness of the Parent's Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated annual accounts, including the disclosures, and whether the consolidated annual accounts represent the underlying transactions and events in a manner that achieves a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance of the Company 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 those charged with governance of the Company, we determine those that were of most significance in the audit of the consolidated annual accounts of the current period and which are therefore the key audit matters.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Additional Report Pursuant to Article 36 of Audit Law 22/2015

The opinion expressed in this report is consistent with our additional report dated 10 march 2020, issued pursuant to article 36 of Audit Law 22/2015.

Contract Period

We were appointed as auditor of Mapfre RE, Compañía de Reaseguros S.A. by the shareholders at the ordinary general meeting on 20 March 2018 for a period of three years, from the year commenced 1 January 2018.

Previously, we were appointed by agreement of the shareholders at the ordinary general meeting for a period of three years, and we have been carrying out the audit work on an uninterrupted basis since the fiscal year ended on 31 December 2015.

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

(Signed on original in Spanish)

Antonio Lechuga
On the Spanish Official Register of Auditors ("ROAC") with No. 3811

10 march 2020

5 INDIVIDUAL MANAGEMENT REPORT

A. INTRODUCTION

MAPFRE RE, Compañía de Reaseguros, S.A. (the "Company") recorded a positive result in 2019, although lower than the previous year because of the catastrophic loss experience caused by the Faxai and Hagibis typhoons in Japan and the disturbances in Chile.

The Company is a subsidiary of MAPFRE S.A., the company that files its Consolidated Annual Accounts with the Commercial Registry of Madrid, together with the Consolidated Management Report and the Integrated Report, which include the Group's non-financial information.

B. KEY FIGURES

B.1. Income statement

Accounted accepted premiums were 5,122.8 million euros, an increase of 7.3 percent compared to those recorded the previous year. Net premiums reached 3,077.9 million euros, which represents an increase of 2.8 percent compared to the previous year.

The combined ratio of the Life and Non-life business was 102.3 percent (97.6 percent in 2018), including a 76.5 percent loss ratio, with commissions and other acquisition and management expenses amounting to 25.8 percent.

The underwriting result amounted to -76.9 million euros (55.0 million euros in 2018). Net financial income totaled 152.2 million euros (153.2 million euros in 2018).

The income statement shows earnings before tax and non-controlling interests amounting to 66.6 million euros, a very positive result if we consider the competitive environment and the catastrophic events of the year. The result registered the previous year was 213.6 million euros. Net profit after tax and non-controlling interests came to 48.7 million euros, 68.8 percent below the 156.4 million euros registered the previous fiscal year.

B.2. Balance sheet

Equity amounted to 1,656.8 million euros.

Net technical provisions reached 3.30 billion euros, representing 107.3 percent of net earned premiums.

Financial investments totaled 4,073.7 million euros. This figure is made up of financial assets held for trading reaching 11.3 million euros, financial assets for sale in the amount of 3,299.6 million euros, cash and other equivalent liquid assets reaching 284.4 million euros, and shares in associated companies of the Group which reached 478.3 million euros.

Total assets amounted to 8,461.3 euros.

C. MAIN ACTIVITIES

The revenue of MAPFRE RE reached 7,043.5 million euros, making for an increase of 19 percent on the previous fiscal year. The result before tax and non-controlling interests came to 66.6 million euros, 68.8 percent less than what was registered in 2018, with shareholders' equity at the close of the fiscal year standing at 1,579.5 million euros. The net Non-Life combined ratio was 101.4 percent. All these figures are very positive, even more so in the context of reduced margins and low financial returns that the industry continues to face.

Commercial activity

The commercial activity of MAPFRE RE was constant in all markets, in order to ensure a close relationship with clients and offer a value proposition that meets their needs.

Professional events were sponsored in various countries, such as the Inter-European Meeting of Reinsurance (ENTRE) in Spain and the 35th Congress of the International Association of Agricultural Production Insurers (AIAG) in France.

Taking advantage of the greater visibility these market meetings provide, MAPFRE RE was also involved in presentations or on panels at various events, such as ENTRE (Spain), the Association of Home Office Underwriters (AHOU) in the United States, ASESPER in Mexico, the Congress of Life subscribers (AAIV) in Italy or the 26th International Congress of Insurance Medicine (ICLAM) in India. They also participated in professional meetings of the agricultural sector such as the Indian Agriculture Rendezvous, or the ALASA seminar in Brazil.

In 2019, Risk Med Solutions, S.L. was formed, the main purpose of which is to offer MAPFRE RE clients an automated online underwriting service for Life and Health insurance.

Technical management and client services

As part of its constant effort to disseminate its technical knowledge in reinsurance, MAPFRE RE organized seminars and events of various kinds. Once again MAPFRE RE held its International Forum, attended by clients from 21 countries who received insurance and reinsurance training.

Another edition of the International Reinsurance Management Program was also renewed in collaboration with the National Insurance Institute of Fasecolda in Colombia. MAPFRE RE clients in many regions benefited from technical courses, such as the Technical reinsurance management course in Argentina, or courses in the construction and assembly business line in Colombia.

In personal lines, knowledge was also transferred through Life and Health courses for clients in Vietnam, Thailand, the Philippines and Colombia. In France, the Insurance and Digitalization event on tele-underwriting in the Life business line was held, attended by more than 50 professionals from the sector.

Innovation remains key at MAPFRE RE. It enables innovative reinsurance solutions to be provided to preferred clients and increases efficiency in their internal management processes. In this line, in 2019 MAPFRE RE joined the B3i community of shareholders, an initiative involving 20 large insurers and reinsurers that aims to develop cross-cutting and common processes in reinsurance transactions supported by Blockchain technology. In addition, client meetings were promoted to disclose best practices for automating reinsurance interactions, such as ACORD, Ruschlikon and Blockchain.

Information and technology systems
In 2019, progress was made in technology projects and transformational processes for MAPFRE RE.

Within this field, we should note the strengthening of the underwriting process through the development of new tools to increase service capacity and quotes to clients, for both the Life and Non-Life business units. There has also been work on and adaption to the interfaces for the implementation of the SAP-HANA platform, as well as the start-up of the renewal of RE21, the technological solution for managing reinsurance accounts between MAPFRE Group companies.

With regard to the international headquarters, a model of global support for the workplace was consolidated, with centralized management and constant monitoring to ensure the level of service that is provided each day.

Subsidiaries and investee companies
MAPFRE RE DO BRASIL reported 53.3 million euros in revenue and a result before tax of 8.2 million euros, with a shareholders' equity of 42.6 million euros at the end of the fiscal year.

MAPFRE CHILE REASEGUROS obtained revenue of 23.2 million euros, a result before tax of 4.4 million euros, closing the fiscal year with shareholders' equity of 54.6 million euros.

D. SOCIAL AND ENVIRONMENTAL MATTERS

D.1. Personnel
The ending workforce in service at the close of the last two fiscal years has had the following structure, classified according to professional category.

Categories	2018	2018
Board Directors	2	2
Senior Management	0	0
Managers	88	78
Technicians	274	235
Administrative staff	40	44
TOTAL	**404**	**359**

MAPFRE's objectives for its workforce include the professional development of its employees and enhancing their employability and well-being by developing their abilities and skills. All of this is pursued in an environment of commitment and mutual respect that is free of insults, intimidation, harassment or discrimination, in a workplace that guarantees job security and stability.

MAPFRE applies a Code of Ethics and Conduct that is inspired by its Institutional and Business Principles, and which is conceived to reflect corporate values and the basic principles that should guide the conduct of the Company and its people.

The Personal Respect Policy guarantees a workplace in which any harassment or violent or offensive behavior threatening the rights and dignity of others is not accepted. 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.

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

Through its Promotion, Selection and Mobility Policy, MAPFRE is committed to offering its employees new opportunities for professional development through development plans and programs, training schedules and mobility between areas and countries, in order to increase their employability, job satisfaction and dedication to the Company. The profiles needed to implement the business strategy and talent in the organization are identified, and individual development plans drawn for each employee, thereby ensuring suitable management replacement and succession plans are in place and strategic needs covered.

MAPFRE has defined a global selection procedure that guarantees objectivity, maximum rigor and non-discrimination throughout all procedures. Furthermore, the tests used during selection are standardized worldwide with a view to finding the candidate with the most appropriate profile for each job position. The number of selection processes carried out in 2019 was 24 (20 in 2018).

The Company's employment policy favors permanent rather than temporary contracts, seeking a stable environment and a continuous working relationship. The percentage of the workforce of the Controlling Company and its subsidiaries in permanent positions in 2019 was 98.3 percent (99.5 percent in 2018).

Moreover, in 2019, 600,248 euros was invested in workforce training (723,272 euros in 2018).

During the fiscal year, the expansion of the Global Disability Program continued apace, and at the year-end, there were seven people with a disability in the workforce (five people with a disability in 2018).

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

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.

D.2. Environment

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

The Group has an Environmental Policy that is in the process of being revised with the objective of incorporating the new commitments undertaken toward a circular economy.

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

With regard to the carbon footprint, further progress has been made under the UNE-EN-ISO 14064 standard, having verified the inventories of several countries.

In relation to climate change mitigation and adaptation, the measures defined in the 2020 Energy Efficiency and Climate Change Strategic Plan continue to be rolled out, resulting in the plan being completed ahead of schedule. In addition, and demonstrating our leadership position on climate issues, MAPFRE has established new and ambitious objectives:

• Over the medium-term, MAPFRE is committed to becoming a carbon-neutral company by 2030.

• In the short-term, it is committed to becoming carbon neutral in its activities in Spain and Portugal by 2021.

Work has continued to analyze the adoption of recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) of the Financial Stability Board (FSB) to determine the financial impact of climate change. As part of this, MAPFRE, along with 21 other global insurers and reinsurers, is a member of the UNEP-FI Working Group. The main objective of this group is to analyze scenarios that allow financial models and metrics to be developed to adequately estimate the possible implications of climate change on business.

Furthermore, bearing in mind the impacts of climate change on our planet's biodiversity, specific conservation programs will continue to be developed, including the project to reforest the Doñana National Park through the "100 Companies for Forests" initiative of WWF Spain, as well as the annual protection of an endangered species and its habitat.

With regard to fostering environmental responsibility in society, the third corporate volunteering day "Everyone for the Environment" was held during the year. Degraded areas were reforested, again demonstrating the commitment and involvement of employees in this area.

D.3 Environmental, social and governance factors and risks

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

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

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

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

To guarantee effective risk management, the Group has developed a series of policies.

The Risk Management Policy provides the framework for managing risks and, in turn, for developing specific risk policies.

The Compliance Function Policy has the main objective of minimizing the likelihood of legal and non-compliance risk by establishing effective prevention and control mechanisms.

E. OTHER INFORMATION

E.1. Financial risks

Market and interest rate risks

Fluctuations in market prices can reduce the value of or revenue generated from the investment portfolio and in turn, this can have a negative effect on the Company's financial position.

The Company mitigates exposure to this type of risk by means of a prudent investment policy characterized by a high proportion of investment grade, fixed income securities.

Most investments are represented by fixed income securities, accounting for 71.0 percent of the total financial investment portfolio in 2019 (72.4 percent in 2018).

Investments in equities and mutual funds have a limited weight in the balance sheet, accounting for approximately 12.3 percent of total financial investments in 2019 (11.3 percent in 2018).

Exchange rate risk

Fluctuations in the value of the euro compared with other currencies may, in the future, affect the value of the Company's assets and liabilities and, consequently, its shareholders' equity as well as its operating results and cash flow. Currency conversion differences registered resulted in the recognition of -6.6 million euros in 2019 (-0.8 million euros in 2018).

Credit risk

Returns on investments are also sensitive to changes in general economic conditions, including changes in the general credit ratings of debt security issuers. Exposure to credit risk is mitigated by means of a policy based on the prudent selection of security issuers and counterparties according to their solvency; seeking a high degree of geographic correspondence between issuers of assets and commitments taken on; the maintenance of a suitable level of diversification; and obtaining, where appropriate, guarantees, collateral and other hedges.

The Credit Risk Management Policy establishes limits by issuer in line with the risk profile of the counterparty or of the investment instrument, as well as exposure limits related to the counterparty's rating.

Liquidity risk

The liquidity risk is mainly managed by keeping sufficient cash balances to cover any need arising from commitments made to third parties. As on December 31, 2019, the balance of cash was 284.4 million euros (298.7 million euros in 2018), equivalent to 7.0 percent of total investment and liquid funds (7.7 percent in 2018). In addition, most fixed income investments are of investment grade and are negotiable on organized markets, affording great capacity to act against potential liquidity strains.

E.2. Treasury stock

During fiscal year 2019, the Company did not perform any operations with treasury stock.

E.3. Research, development and innovation

MAPFRE has a long history of being an innovative company. Innovation is one of its main levers to drive organic growth and project its strategic outlook. It constantly generates differential value propositions for clients from a transversal and integral vision that allows it to respond to the challenges of the business.

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

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

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

- Launch of two calls for insur_space, with the participation of various startups in its two programs: Acceleration and Adoption.

- MAPFRE's participation as an anchor investor in the venture capital fund "Alma Mundi Insurtech Fund, FCRE," which focused exclusively on the insurtech space and has acquired stakes in seven startups in the sector.

- Consolidation of #innova, MAPFRE's intrapreneurship program.

In addition, the change needed to adapt the organization to the new digital requirements is being managed through the Digital Challenge initiative, providing the flexible and agile work environment and tools that foster collaborative work and knowledge-sharing. In addition, new behaviors (collaborating, innovating and streamlining) are being promoted, and digital and strategic profiles and new forms of leadership are being developed.

E.4. Average provider payment period

The average payment period for service providers during the fiscal year was 1.29 days (4.57 days in fiscal year 2018).

F. CORPORATE ASPECTS

In fiscal year 2019, Javier Fernández-Cid and José Manuel Inchausti were re-elected as board directors at the Annual General Meeting on May 21, 2019. In addition, Javier Fernández-Cid was re-elected as a member of the Management Committee at the meeting of the Board of Directors on May 21, 2019, and on November 20, 2019, board director Ricky Louis Means submitted his resignation.

On December 23, 2019, MAPFRE RE, Compañía de Reaseguros, S.A. transmitted all shares of CIAR Investments, S.A. to Fidentia Real Estate Investments, through a purchase contract. CIAR Investments, S.A. owns the building at 45 Rue de Trèves in Brussels, Belgium, where the offices of the MAPFRE RE Branch are located in that country. Through this operation, a surplus value of 6,247,127.03 euros was obtained.

The Extraordinary General Meeting of December 31, 2019 agreed to distribute a dividend from unrestricted reserves totaling 72,848,036.80 euros, equivalent to 0.77 euros per share for shares 1 to 94,607,840, inclusive. It also considered as met the Company's obligation to pay this dividend from reserves through the shareholders' obligation to return the amounts received on June 21 and December 3, 2019 as an interim dividend of the results of fiscal year 2019 and due to the Company, all in accordance with the provisions of Article 1,156 of the Civil Code.

G. SIGNIFICANT EVENTS FOR THE COMPANY THAT OCCURRED AFTER THE YEAR-END

No material events took place after the fiscal year's close that may affect the results or future evolution of the Company.

H. OUTLOOK

The continued low-income financial environment will mean that the insurance and reinsurance industry continues to emphasize the defense of its technical margins. Although there will be variations according to business lines, markets, and even clients based on their individual history, the trend of greater rigor in original insurance prices and conditions is expected to continue and to have a clearer impact on reinsurance, helping to reverse the soft market situation of previous years.

MAPFRE RE will continue to drive transformational projects that enable it to improve its efficiency and present the best value proposition to its clients in order to maintain and strengthen the confidence placed in us.

6

INDIVIDUAL ANNUAL ACCOUNTS

BALANCE SHEET AS AT DECEMBER 31, 2019 AND 2018

A) ASSETS	Notes from the Annual report	2019	2018
A-1) Cash and other equivalent liquid assets	9	**284,357**	**298,714**
A-2) Financial assets held for trading	9	**11,316**	**4,328**
I. Equity instruments	9	11,316	4,328
II. Debt securities			
III. Derivatives			
IV.Other			
A-3) Other financial assets at fair value with changes in fair value gains or losses	9	**46**	**46**
I.Equity instruments	9	46	46
II.Debt securities			
III. Hybrid instruments			
IV. Investments on behalf of Life insurance policyholders bearing the investment risk			
V. Other			
A-4) Financial assets for sale	9	**3,299,655**	**3,247,626**
I. Equity instruments	9	405,405	433,954
II. Debt securities	9	2,894,250	2,813,672
III. Investments on behalf of Life insurance policyholders bearing the investment risk			
IV. Other			
A-5) Loans and receivables		**1,466,762**	**1,950,126**
I. Debt securities			
II. Loans			
1. Policy pre-payments			
2. Loans to Group and associated companies			
3. Loans to other related companies			
III. Deposits with credit institutions	9	58,535	10,054
IV. Deposits established for assumed reinsurance	9	596,215	857,892
V. Receivables on direct insurance operations			
1. Policyholders			
2. Intermediaries			
VI. Receivables on reinsurance operations	9	723,658	946,223
VII. Receivables on co-insurance operations			
VIII. Called capital			
IX. Other receivables		88,354	135,957
1. Receivables from public agencies		5,629	17,216
2. Other receivables	9	82,725	118,741

A) ASSETS	Notes from the Annual report	2019	2018
A-6) Investments held to maturity			
A-7) Hedging derivatives			
A-8) Participation of reinsurance in technical provisions	**11**	**2,586,730**	**2,485,642**
I. Provision for unearned premiums		660,962	578,845
II. Provisions for Life insurance		4,904	5,454
III. Provision for outstanding claims		1,920,864	1,901,343
IV. Other technical provisions			
A-9) Property, plant and equipment and real estate investments		**36,901**	**36,062**
I. Property, plant and equipment	5	35,666	34,813
II. Property investments	6	1,235	1,249
A-10) Intangible fixed assets		**36,624**	**40,159**
I. Goodwill	7	32,132	36,149
II. Financial rights arising from policy portfolios acquired from intermediaries			
III. Other intangible assets	7	4,492	4,010
A-11) Shareholdings in Group, multi-group and associated companies	**9 and Annex 1**	**478,355**	**330,656**
I. Shareholdings in associated companies	9	200	200
II. Shareholdings in multi-group companies			
III. Shareholdings in Group companies	9	478,155	330,456
A-12) Tax assets		**70,619**	**67,600**
I. Current tax assets		10,823	271
II. Deferred tax assets	12	59,796	67,329
A-13) Other assets		**189,890**	**165,299**
I. Assets and long-term reimbursement rights for personnel		1,702	1,586
II. Prepaid commissions and other acquisition expenses			
III. Accruals		188,188	163,706
IV. Remaining assets			7
A-14) Assets held for sale			
TOTAL ASSETS		**8,461,255**	**8,626,258**

(Figures in thousands of euros)

BALANCE SHEET AS AT DECEMBER 31, 2019 AND 2018 (CONTINUED)

LIABILITIES AND EQUITY	Notes from the Annual report	2019	2018
A) LIABILITIES			
A-1) Financial liabilities held for trading			
A-2) Other financial liabilities at fair value with changes in gains or losses			
A-3) Debits and payables		**782,127**	**924,327**
I. Subordinated liabilities			
II. Deposits received for ceded reinsurance	9	58,567	72,579
III. Debt for insurance operations			
1. Debt with insured parties			
2. Debt with intermediaries			
3. Conditional debt			
IV. Due on reinsurance operations	9	694,547	742,526
V. Due on co-insurance operations			
VI. Debentures and other negotiable securities			
VII. Due to credit institutions			
VIII. Payables for preparatory operations of insurance contracts			
IX. Other debts:		29,013	109,222
1. Payables with public agencies		24,583	26,400
2. Other payables to Group and associated companies	9	2,356	79,568
3. Remaining other debts	9	2,074	3,254
A-4) Hedging derivatives			
A-5) Technical provisions	11 & 21	**5,889,470**	**6,007,303**
I. Provision for unearned premiums		1,289,398	1,132,146
II. Provision for unexpired risks			
III. Provisions for Life insurance		238,548	517,996
1. Provision for unearned premiums		238,548	517,996
2. Provision for unexpired risks			
3. Mathematical provision			
4. Provisions for Life insurance when the policyholder bears the investment risk			
IV. Provision for outstanding claims		4,361,524	4,357,161
V. Provision for profit sharing and returned premiums			
VI. Other technical provisions			
A-6) Non-technical provisions	14	**10,393**	**8,492**
I. Provisions for taxes and other legal contingencies		1,200	
II. Provision for pensions and similar obligations	14	2,588	3,356
III. Provision for payments of settlement agreements			
IV. Other non-technical provisions	14	6,605	5,136
A-7) Tax liabilities		**41,248**	**29,822**
I. Current tax liabilities			5,518
II. Deferred tax liabilities	12	41,248	24,304

LIABILITIES AND EQUITY	Notes from the Annual report	2019	2018
A-8) Remaining liabilities		**81,227**	**56,452**
I. Accruals		81,122	56,434
II. Liabilities for accounting mismatches			
III. Commissions and other acquisition costs for ceded reinsurance			
IV. Other liabilities		105	18
A-9) Liabilities linked to assets held for sale			
TOTAL LIABILITIES		**6,804,465**	**7,026,396**
B) EQUITY			
B-1) Shareholders' equity		**1,579,471**	**1,604,654**
I. Capital or mutual fund	10	293,284	293,284
1. Issued capital or mutual fund		293,284	293,284
2. (Uncalled capital)			
II. Share premium		554,392	554,392
III. Reserves		129,016	116,202
1. Legal and statutory	10	58,657	44,783
2. Stabilization reserve			
3. Other reserves		70,359	71,419
IV. (Treasury stock)			
V. Results from previous fiscal years		554,054	584,794
1. Retained earnings	3	554,458	585,198
2. (Negative results from previous fiscal years)		(404)	(404)
VI. Other contributions from shareholders and mutual policyholders			
VII. Result for the period	3	48,725	156,383
VIII. (Interim dividend and equalization reserve)	3 and 10		(100,401)
IX. Other equity instruments			
B-2) Valuation change adjustments:	9	**77,319**	**(4,792)**
I. Financial assets available for sale		77,791	(3,964)
II. Hedging operations			
III. Currency conversion and exchange differences		(472)	(828)
IV. Correction of accounting mismatches			
V. Other adjustments			
B-3) Subsidies, donations and endowments received			
TOTAL EQUITY		**1,656,790**	**1,599,862**
TOTAL LIABILITIES AND EQUITY		**8,461,255**	**8,626,258**

(Figures in thousands of euros)

PROFIT AND LOSS ACCOUNT FOR FISCAL YEARS ENDED DECEMBER 31, 2019 AND 2018

PROFIT AND LOSS ACCOUNT	Notes from the Annual report	2019	2018
I. TECHNICAL ACCOUNT - NON-LIFE INSURANCE			
I.1. Premiums allocated to the fiscal year, net of reinsurance	22	2,457,282	2,746,061
a) Earned premiums		4,549,409	4,194,350
a.1) Direct insurance			
a.2) Assumed reinsurance	2	4,549,409	4,194,350
a.3) Variation of the impairment correction for premiums pending collection (+ or -)			
b) Premiums from ceded reinsurance (-)		(2,016,997)	(1,751,085)
c) Variation of the provisions for unearned premiums and unexpired risks (+ or -)		(157,247)	281,690
c.1) Direct insurance			
c.2) Assumed reinsurance		(157,247)	281,690
d) Variation of the provision for unearned premiums, ceded reinsurance (+ or -)		82,117	21,106
I.2. Revenue from property, plant and equipment and investments		**1,769,329**	**970,161**
a) Revenue from property investments			
b) Revenue from financial investments	9	1,709,281	931,001
c) Application of value corrections for the impairment of property, plant and equipment and investments			
c.1) From property, plant and equipment and property investments			
c.2) From financial investments			
d) Profits from the sale of property, plant and equipment and investments		60,048	39,160
d.1) From property, plant and equipment and real estate investments			
d.2) From financial investments	9	60,048	39,160
I.3. Other technical revenues			
I.4. Loss ratio for the period, net of reinsurance		**1,751,980**	**1,859,062**
a) Outstanding claims and expenses paid		1,759,584	1,459,679
a.1) Direct insurance			
a.2) Assumed reinsurance	23	3,036,464	2,740,304
a.3) Ceded reinsurance (-)	23	(1,276,880)	(1,280,625)
b) Variation in the provision for outstanding claims (+ or -)		(7,704)	396,094
b.1) Direct insurance			
b.2) Accepted reinsurance	23	10,905	786,038
b.3) Ceded reinsurance (-)	23	(18,609)	(389,944)
c) Claims-related expenses		100	3,289

PROFIT AND LOSS ACCOUNT	Notes from the Annual report	2019	2018
I.5. Variation in other technical provisions, net of reinsurance (+ or -)			
I.6. Profit sharing and returned premiums			
a) Outstanding claims and expenses for profit sharing and returned premiums			
b) Variation in the provision for profit sharing and returned premiums (+ or -)			
I.7. Net operating expenses		**738,641**	**762,094**
a) Acquisition expenses	23	1,003,358	960,858
b) Administration expenses	23	18,145	20,147
c) Commissions and participation in ceded and retroceded reinsurance	23	(282,862)	(218,911)
I.8. Other technical expenses (+ or -)		**747**	**10,841**
a) Variation of impairment for insolvencies (+ or -)	9	180	5,031
b) Variation of impairment of fixed assets (+ or -)			
c) Variation of outstanding claims settlement agreements (+ or -)			
d) Other		567	5,810
I.9. Expenses from property, plant and equipment and investments		**1,685,685**	**902,224**
a) Expenses from investment management	9	1,665,808	887,275
a.1) Expenses from property, plant and equipment and real estate investments			
a.2) Expenses from investments and financial accounts	9	1,665,808	887,275
b) Value corrections for property, plant and equipment and investments		327	392
b.1) Amortization of property, plant and equipment and property investments		327	392
b.2) Impairment of property, plant and equipment and property investments			
b.3) Impairment of financial investments			
c) Losses resulting from property, plant and equipment and investments	9	19,550	14,557
c.1) From property, plant and equipment and real estate investments			
c.2) From financial investments	9	19,550	14,557
I.10. Subtotal (Result from Non-Life insurance technical account)		**49.558**	**182.001**

(Figures in thousands of euros)

PROFIT AND LOSS ACCOUNT FOR FISCAL YEARS ENDED DECEMBER 31, 2019 AND 2018 (CONTINUED)

PROFIT AND LOSS ACCOUNT	Notes from the Annual report	2019	2018
II. TECHNICAL ACCOUNT - LIFE INSURANCE			
II.1. Premiums allocated to the fiscal year, net of reinsurance	22	824,434	540,501
a) Earned premiums		573,370	580,109
a.1)Direct insurance			
a.2) Accepted reinsurance	22 and 23	573,370	580,109
a.3) Variation of the impairment correction for premiums pending payment (+ or -)			
b) Premiums from ceded reinsurance (-)	23	(27,833)	(28,141)
c) Variation of the provision for unearned premiums and unexpired risks (+ or -)		279,448	(12,254)
c.1) Direct insurance			
c.2) Assumed reinsurance	23	279,448	(12,254)
d) Variation of the provision for unearned premiums, ceded reinsurance (+ or -)	23	(551)	787
II.2. Revenues from property, plant and equipment and investments		**121,110**	**148,104**
a) Revenue from propertyinvestments			
b) Revenue from financial investments	9	108,575	141,349
c) Application of value corrections for the impairment of property, plant and equipment and investments			
c.1) From property, plant and equipment and real estate investments			
c.2) From financial investments			
d) Profits from the sale of property, plant and equipment and investments		12,535	6,755
d.1) From property, plant and equipment and real estate investments			
d.2) From financial investments	9	12,535	6,755
II.3. Revenues from investments subject to insurance in which the policyholder bears the investment risk			
II.4. Other technical revenues			
II.5. Claims for the period. Net of reinsurance		**757,987**	**452,490**
a) Outstanding claims and expenses paid		765,426	447,080
a.1) Direct insurance			
a.2) Assumed reinsurance	23	784,380	461,330
a.3) Ceded reinsurance (-)	23	(18,954)	(14,250)
b) Variation in the provision for outstanding claims (+ or -)		(7,449)	5,398
b.1) Direct insurance			
b.2) Assumed reinsurance	23	(6,537)	3,439
b.3) Ceded reinsurance (-)	23	(912)	1,959
c) Claims-related expenses		10	12

PROFIT AND LOSS ACCOUNT	Notes from the Annual report	2019	2018
II.6. Variation in other technical provisions, net of reinsurance (+ or -)			
a) Provisions for Life insurance			
a.1) Direct insurance			
a.2) Assumed reinsurance			
a.3) Ceded reinsurance (-)			
Provisions for Life insurance in which the policyholder bears the investment risk			
b) Other technical provisions			
II.7. Profit sharing and returned premiums			
a) Outstanding claims and expenses for profit sharing and returned premiums			
b) Variation in the provision for profit sharing and returned premiums (+ or -)			
II.8. Net operating expenses		**109,210**	**133,241**
a) Acquisition expenses	23	114,531	139,547
b) Administration expenses	23	1,311	1,435
c) Commissions and holdings in ceded and retroceded reinsurance	23	(6,632)	(7,741)
II.9. Other technical expenses		**117**	**43**
a) Variation of impairment for insolvencies (+ or -)			
b) Variation of impairment of fixed assets (+ or -)			
c) Other		117	43
II.10. Expenses from property, plant and equipment and investments		**66,756**	**72,845**
a) Management expenses from property, plant and equipment and investments	9	62,147	71,647
a.1) Expenses from property, plant and equipment and property investments			
a.2) Expenses from investments and financial accounts	9	62,147	71,647
b) Value corrections for property, plant and equipment and investments		27	
b.1) Amortization of property, plant and equipment and property investments		27	
b.2) Impairment of property, plant and equipment and property investments			
b.3) Impairment of financial investments			
c) Losses resulting from property, plant and equipment and investments	9	4,582	1,198
c.1) From property, plant and equipment and property investments			
c.2) From financial investments	9	4,582	1,198
II.11. Expenses from investments subject to insurance in which the policyholder bears the investment risk			
II.12. Subtotal (Results from Life insurance technical account)		**11,474**	**29,986**

(Figures in thousands of euros)

PROFIT AND LOSS ACCOUNT FOR FISCAL YEARS ENDED DECEMBER 31, 2019 AND 2018 (CONTINUED)

PROFIT AND LOSS ACCOUNT	Notes from the Annual report	2019	2018
III. NON-TECHNICAL ACCOUNT			
III.1. Revenues from property, plant and equipment and investments		**29,599**	**25,712**
a) Revenue from property investments		14	14
b) Revenue from financial investments	9	18,715	21,813
c) Application of value corrections for the impairment of property, plant and equipment and investments			
c.1) From property, plant and equipment and real estate investments			
c.2) From financial investments			
d) Profit from the sale of property, plant and equipment		10,870	3,885
d.1) From property, plant and equipment and property investments	5	16	6
d.2) From financial investments	9	10,854	3,879
III.2. Expenses from property, plant and equipment and investments		**15,371**	**15,744**
a) Expenses from investment management	9	13,121	15,104
a.1) Expenses from investments and financial accounts	9	13,121	15,104
a.2) Material investment expenses			
b) Value corrections for property, plant and equipment and investments			
b.1) Amortization of property, plant and equipment and property investments			
b.2) Impairment of property, plant and equipment and property investments			
b.3) Impairment of financial investments			
c) Losses resulting from property, plant and equipment and investments		2,250	640
c.1) From property, plant and equipment and real estate investments	5	3	15
c.2) From financial investments	9	2,247	625
III.3. Other revenues		**699**	**1,205**
a) Revenues from pension fund management			
b) Other revenues		699	1,205
III.4. Other expenses		**9,332**	**9,600**
a) Expenses from pension fund management			
b) Other expenses		9,332	9,600
III.5. Subtotal, (Result from non-technical account)		**5,595**	**1,573**
III.6. Result before tax (I.10 + II.12 + III.5)		**66,627**	**213,560**
III.7. Tax on profits	**12**	**17,902**	**57,177**
III.8. Result from ongoing operations (III.6 + III.7)	**3**	**48,725**	**156,383**
III.9. Result from discontinued operations, net of tax (+ or -)			
III.10.Result for the period (III.8 + III.9)		**48,725**	**156,383**

(Figures in thousands of euros)

STATEMENT OF CHANGES IN EQUITY FOR FISCAL YEARS ENDED DECEMBER 31, 2019 AND 2018

A) STATEMENTS OF RECOGNIZED REVENUE AND EXPENSES

STATEMENT OF RECOGNIZED REVENUE AND EXPENSES	2019	2018
I. RESULT FOR THE PERIOD	**48,725**	**156,383**
II. OTHER RECOGNIZED REVENUE AND EXPENSES	**82,111**	**(87,504)**
II.1. Financial assets for sale	**109,006**	**(116,651)**
Valuation gains and losses	161,601	(83,238)
Amounts transferred to the income statement	(52,595)	(33,413)
Other reclassifications		
II.2. Cash flow hedging		
Valuation gains and losses		
Amounts transferred to the income statement		
Amounts transferred to the initial value of hedged items		
Other reclassifications		
II.3. Hedging of overseas business net investments		
Valuation gains and losses		
Amounts transferred to the income statement		
Other reclassifications		
II.4. Currency conversion and exchange differences	**475**	**(21)**
Valuation gains and losses	475	(21)
Amounts transferred to the income statement		
Other reclassifications		
II.5. Correction of accounting mismatches		
Valuation gains and losses		
Amounts transferred to the income statement		
Other reclassifications		
II.6. Assets held for sale		
Valuation gains and losses		
Amounts transferred to the income statement		
Other reclassifications		
II.7. Actuarial gains/(losses) for long-term personnel remuneration		
II.8. Other recognized revenue and expenses		
II.9. Tax on profits	**(27,370)**	**29,168**
III. TOTAL RECOGNIZED REVENUE AND EXPENSES	**130,836**	**68,879**

(Figures in thousands of euros)

STATEMENT OF CHANGES IN NET EQUITY FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019 AND 2018

B) TOTAL STATEMENT OF CHANGES IN NET EQUITY

ITEM	Capital or mutual fund		Share premium	Reserves	(Treasury stock and own equity holdings)	Result from previous fiscal years	Other shareholder contributions	Result for the period	(Interim dividend and stabilization reserve)	Other equity instruments	Valuation change adjustments	Subsidies, donations and endowments received	TOTAL
	Authorized	Uncalled											
C. CLOSING BALANCE 2017	223,916		220,565	147,027		528,575		159,509	(103,290)		72,606		1,248,908
I. Valuation change adjustments 2017													
II. Correction of errors 2017													
D. ADJUSTED OPENING BALANCE 2018	223,916		220,565	147,027		528,575		159,509	(103,290)		72,606		1,248,908
I. Total recognized revenue and expenses								156,383			(87,504)		68,879
II. Operations with shareholders or mutual policyholders	69,368		333,827	(24,078)		56,219		(159,509)	2,889		10,106		288,822
1. Increases in capital or mutual fund	69,368		333,827	(24,078)							10,106		389,223
2. (-) Reductions in capital or mutual fund													
3. Conversion of financial liabilities into equity (conversion of debentures, debt write-offs)													
4. (-) Distribution of dividends or active apportionments (note 3)									(100,401)				(100,401)
4.bis (-) Distribution of earnings						56,219		(159,509)	103,290				
5. Operations with treasury stock or own equity (net)													
6. Increase (decrease) of equity resulting from a business combination													
7. Other operations with shareholders or mutual policyholders													
III. Other variations in equity				(6,747)									(6,747)
1. Payments based on equity instruments													
2. Transfers among equity items													
3. Other variations				(6,747)									(6,747)
E. CLOSING BALANCE 2018	**293,284**		**554,392**	**116,202**		**584,794**		**156,383**	**(100,401)**		**(4,792)**		**1,599,862**

ITEM	Capital or mutual fund: Authorized	Capital or mutual fund: Uncall-ed	Share premium	Reserves	(Treasury stock and own equity holdings)	Result from previous fiscal years	Other shareholder contributions	Result for the period	(Interim dividend and stabilization reserve)	Other equity instruments	Valuation change adjustments	Subsidies, donations and endowments received	TOTAL
C. CLOSING BALANCE 2018	**293.284**		**554.392**	**116.202**		**584.794**		**156.383**	**(100.401)**		**(4.792)**		**1.599.862**
I. Valuation change adjustments 2018													
II. Correction of errors 2018													
D. ADJUSTED OPENING BALANCE 2019	**293.284**		**554.392**	**116.202**		**584.794**		**156.383**	**(100.401)**		**(4.792)**		**1.599.862**
I. Total recognized revenue and expenses								48.725			82.111		130.836
II. Operations with shareholders or mutual policyholders				13.874		(30.740)		(156.383)	100.401				(72.848)
1. Increases in capital or mutual fund													
2. (-) Reductions in capital or mutual fund													
3. Conversion of financial liabilities into equity (conversion of debentures, debt write-offs)													
4. (-) Distribution of dividends or active apportionments (note 3)						(72.848)							(72.848)
4.bis (-) Distribution of earnings				13.874		42.108		(156.383)	100.401				
5. Operations with treasury stock or own equity (net)													
6. Increase (decrease) of equity resulting from a business combination													
7. Other operations with shareholders or mutual policyholders													
III. Other variations in equity				(1.060)									(1.060)
1. Payments based on equity instruments													
2. Transfers among equity items													
3. Other variations				(1.060)									(1.060)
E. CLOSING BALANCE 2019	**293.284**		**554.392**	**129.016**		**554.054**		**48.725**			**77.319**		**1.656.790**

CASH FLOW STATEMENT FOR FISCAL YEARS ENDED DECEMBER 31, 2019 AND 2018

CASH FLOW STATEMENT	2019	2018
A) CASH FLOW FROM OPERATIONS		
A.1.) Insurance activity	**(2,970)**	**162,777**
1. Direct insurance, co-insurance and assumed reinsurance proceeds	306,423	418,253
2. Direct insurance, co-insurance and assumed reinsurance payments	(198,854)	(259,349)
3. Ceded reinsurance proceeds	142,339	328,947
4. Ceded reinsurance payments	(158,664)	(242,658)
5. Outstanding claims recovery		
6. Payment of remuneration to intermediaries		
7. Other operating proceeds		
8. Other operating payments	(94,214)	(228,916)
9. Total cash proceeds from insurance activities (1 + 3 + 5 + 7) = I	448,762	747,200
10. Total cash payments from insurance activities (2 + 4 + 6 + 8) = II	(451,732)	(730,923)
A.2) Other operating activities	**(37,228)**	**(84,348)**
1. Proceeds from pension fund management activities		
2. Payments from pension fund management activities		
3. Proceeds from other activities		
4. Payments from other activities		
5. Total cash proceeds from other operating activities (1 + 3) = III		
6. Total cash payments from other operating activities (2 + 4) = IV		
7. Proceeds and payments for tax on profits (V)	(37,228)	(84,348)
A.3) Total net cash flow from operations (I - II + III - IV - V)	**(40,198)**	**(68,071)**
B) CASH FLOW FROM INVESTMENT ACTIVITIES		
B.1) Proceeds from investment activities	**3,357,848**	**4,017,665**
1. Property, plant and equipment	164	210
2. Property investments		
3. Intangible assets		
4. Financial instruments	3,223,269	3,941,121
5. Shareholdings in Group, multi-group and associated companies	13,899	268
6. Interest collected	102,363	60,697
7. Dividends collected	18,153	15,369
8. Business unit		
9. Other proceeds from investment activities		
10. Total cash receipts for investment activities (1 + 2 + 3 + 4 + 5 + 6 + 7 + 8 + 9) = VI	**3,357,848**	**4,017,665**
B.2.) Payments from investment activities	**(3,259,159)**	**(3,831,163)**
1. Property, plant and equipment	(2,263)	(2,570)
2. Property investments		
3. Intangible assets	(1,785)	(981)
4. Financial instruments	(3,255,111)	(3,783,971)
5. Shareholdings in Group, multi-group and associated companies		(43,641)
6. Business unit		
7. Other payments related to investment activities		
8. Total cash payments from investment activities (1 + 2 + 3 + 4 + 5 + 6 + 7) = VII	**(3,259,159)**	**(3,831,163)**

CASH FLOW STATEMENT	2019	2018
B.3.) Total cash flow from investment activities (VI + VII)	**98,689**	**186,502**
C) CASH FLOW FROM FINANCING ACTIVITIES		**88,316**
C.1) Proceeds from financing activities		
1. Subordinated liabilities		
2. Proceeds from issuing of equity instruments and capital increases		88,316
3. Active apportionments and contributions from shareholders or mutual policyholders		
4. Proceeds from sale of treasury stock		
5. Other proceeds related to financing activities		
6. Total cash proceeds from financing activities (1 + 2 + 3 + 4 + 5) = VIII		**88,316**
C.2) Payments from financing activities	**(72,848)**	**(100,401)**
1. Dividends paid to shareholders	(72,848)	(100,401)
2. Interest paid		
3. Subordinated liabilities		
4. Payments on return of shareholders' contributions		
5. Passive apportionments and return of mutual policyholders' contributions		
6. Purchase of treasury stock		
7. Other payments related to financing activities		
8. Total cash payments from financing activities (1 + 2 + 3 + 4 + 5 + 6 + 7) =IX	**(72,848)**	**(100,401)**
C.3) Total net cash flow from financing activities (VIII + IX)	**(72,848)**	**(100,401)**
Effect of exchange rate variations (X)		1,013
Total increase / decrease in cash and cash equivalents (A.3 + B.3 + C.3 + - X)	**14,357**	**107,359**
Cash and cash equivalents at beginning of the period	**298,714**	**191,355**
Cash and cash equivalents at end of the period	**284,357**	**298,714**
1. Banks and savings banks	205,496	255,251
2. Other financial assets	78,861	43,463
3. Bank overdrafts repayable on sight		
TOTAL	**284,357**	**298,714**

(Figures in thousands of euros)

7
COMPANIES MAKING UP THE REINSURANCE UNIT

MAPFRE RE
Paseo de Recoletos, 25
28004 Madrid
SPAIN
Tel. 34 91 581 1600
Fax. 34 91 709 7461

MAPFRE RE DO BRASIL
Rua das Olimpiadas 242, 5°
Vila Olimpia
SP 04551-000 São Paulo
BRAZIL
Tel. 55 11 3040 1900
Fax. 55 11 3040 1900

CAJA REASEGURADORA DE CHILE
Avda. Apoquindo 4499 - 8°
Las Condes
Santiago de Chile
CHILE
Tel. 56 2 338 1304
Fax. 56 2 206 4063

8
OFFICES, GEOGRAPHIC DISTRIBUTION AND SUPERVISORS

BOGOTA
Ricardo Pérez
Calle 72 nº 10-07 Of. 502
Bogota D.C.
COLOMBIA
Tel. 57 1 326 4626
Fax. 57 1 326 4616

BRUSSELS
Bernard Chanteaux
45 Rue de Trèves - P.O. Box 1
1040 Brussels
BELGICA
Tel. 32 2 237 1011
Fax. 32 2 230 6785

BUENOS AIRES
Mª Teresa Piserra
Edificio Laminar Plaza
Pasaje Ingeniero Enrique Butty 240, Piso 3º, oficina A
C1001 – CA Buenos Aires
ARGENTINA
Tel. 54 11 4114 0800
Fax. 54 11 4114 0899

LABUAN
Andrés Lorenzana
Level 11B, Block4 Office Tower
Financial Park Labuan Complex
Jalan Merdeka , 87000 – Labuan
MALAYSIA
(Tel. see Singapore)

LISBON
Maria João Matos
Rua Joshua Benoliel 6, 7° C
1250-133 Lisbon
PORTUGAL
Tel. 351 21 346 4187
Fax. 351 21 346 4187

LONDON
Gregory J.M .Harris
Dixon House – 1st. Floor
1 Lloyd's Avenue
London EC3N 3DQ
UNITED KINGDOM
Tel. 44 207 283 7877
Fax. 44 207 283 0301

MANILA
Mark D. Sun
11th Floor, 6750 Office Tower
Ayala Avenue
Makati City 1226 Manila
PHILIPPINES
Tel. 63 2 815 8286
Fax. 63 2 817 3298

MEXICO
Alfonso García Montiel
Porfirio Díaz nº 102 - 201
Col. Nochebuena
Cd. de Mexico 03270
MEXICO
Tel. 52 55 5480 3870
Fax. 52 55 5480 3871

MILAN
Edoardo Radaelli
Via Privata Mangili 2
20121 Milán
ITALY
Tel. 39 02 655 4412
Fax. 39 02 659 8201

MUNICH
Mark Meyerhoff
Alter Hof 5
80331 Munich
GERMANY
Tel. 49 89 1589222 05
Fax. 49 89 1589222 22

NEW JERSEY
Carlos Sanzo
100 Campus Drive
Florham Park NJ 07932-1006
USA
Tel. 1 973 443 0443
Fax. 1 973 443 0443

PARIS
Eric Geuens
5 Avenue de l'Opera 3em
75001 Paris
FRANCE
Tel. 33 1 80 48 3011
Fax. 33 1 80 48 3010

BEIJING
Ignacio Rodríguez Arteche
Zhongyu Plaza, Suite 1809, A6 Gongti North Rd
Chaoyang District, Beijing 100027
CHINA
Tel. 86 10 5975 2558
Fax. 86 10 5975 2659

SANTIAGO DE CHILE
Marcelo Ulloa
Avda. Apoquindo 4499-8º
Las Condes
Santiago de Chile
CHILE
Tel. 56 2 338 1304
Fax. 56 2 206 4063

SÃO PAULO
Javier Sánchez Cea
Rua das Olimpiadas 242, 5º
Vila Olimpia
SP 04551-000 São Paulo
BRAZIL
Tel. 55 11 3040 1900
Fax. 55 11 3040 1940

SINGAPORE
Andrés Lorenzana
12 Marina View #24 – 02
Asia Square Tower 2
SINGAPORE 018961
Tel. 65 8346 4340

TOKYO
Jun Matsuoka
31F, Shiroyama Trust Tower
4-3-1, Toranomon, Minato-ku
Tokyo 105-6031
JAPAN
Tel. 81 3 6435 8420

TORONTO
Laurie La Palme
Cassels Brock & Blackwell LLP
Suite 1200 - 40 King Street West
Toronto, Ontario M5H 3C2
CANADA
Tel. 1 416 869 5781

ANNUAL REPORT 2019

MAPFRE | RE

www.mapfrere.com