Annual Report 2021

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1 Governing bodies

Board of Directors	Executive Committee
PRESIDENT Esteban Tejera	
VICE PRESIDENT & CEO Eduardo Pérez de Lema	PRESIDENT
VOCALS	
Alfredo Castelo	
Ana Isabel Fernández	
Javier Fernández-Cid	VOCAL
Antonio Gómez	VICE PRESIDENT
Jean-Daniel Laffely	
• Vaudoise Assurances Holding	
Mark Hews	
• Ecclesiastical Insurance	
José Manuel Inchausti	
Katsuhiko Kaneyoshi	
Pedro López	VOCAL
Jesús Martínez	
Daniel Quermia	VOCAL
NON-VOCAL SECRETARY Juan Martín Sanz	NON-MEMBER SECRETARY

01.01.2022

2 Consolidated Management Report

A. INTRODUCTION

After the exceptional events of 2020, which brought us the COVID-19 pandemic and the resulting severe human and economic crisis, the 2021 financial year could be described as a return to positive technical margins. Nevertheless, the situation is still under the threat of technically insufficient prices and a growing trend in the increase in the insured cost of natural disasters, thus forcing us to pick up the slack to improve the conditions of risk coverage.

Following several years in which the sector has been witnessing a deterioration in loss experience due to the constant relaxation of rates and reinsurance conditions, numerous markets and lines of business have seen an enhancement in 2021, thus continuing with the signs of improvement that began appearing in 2020. While this trend has not been homogeneous and is still at technically low levels in different niches, we are seeing positive developments.

The final impact of the pandemic on the insurance industry's loss experience is beginning to take shape, although major cases are still on the horizon, due especially to discrepancies in coverage and incorrect aggregation of claims. The effort made in defining clauses and exclusions during the last two years have contributed to greater clarity with a view to future reinsurance negotiations.

The overall loss ratio due to natural phenomena has been particularly intense in 2021. Statistically, 2021 sits in 4th place in the historical ranking. The year began with a severe polar vortex that reached the southern U.S. and Mexico, the most expensive winter storm in the insurance industry to date. Other events came later, such as the floods in Central and Western Europe in July, or Hurricane Ida, which reached New Orleans on the anniversary of Katrina's arrival in the same city. After making landfall, it continued to cause intense flood damage throughout the northeast of the country. The growing impact of natural disasters on the insurance industry is confirmed once again, not only by the greater frequency and intensity of certain events, but also by the general increase in the assets exposed and the degree of insurance. This means that dangers once considered "secondary" (such as tornadoes, forest fires, winter storms, etc.) are causing damage as severe as that previously expected only from earthquakes or hurricanes.

MAPFRE RE (hereinafter, the "Company") has recorded before-tax earnings of 193.8 million euros. Despite the impact of the loss ratio on the Company due to the natural disasters mentioned in the previous paragraph, the result for the year was positive, mainly due to improvements in frequency of claims in the reinsurance business, the distinguished performance of the Global Risks Unit, and the excellent investment results.

The net result for 2021 shows a profit of 151.7 million euros, compared to 16.9 million euros for the same period in 2020. The Reinsurance Unit contributed a net result of 117.8 billion euros, while the Global Risks Unit posted a profit of 33.9 million euros.

The rating agencies have renewed their ratings on MAPFRE RE's financial strength in 2021, maintaining an **A+** with a **stable** outlook (Standard & Poor's) and an **A** with **stable** outlook (AM Best).

The Company is a subsidiary of MAPFRE, S.A., which files its Consolidated annual accounts with the Commercial Register 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

Income Statement

MAPFRE RE

IFRS INCOME STATEMENT	2021	2020	Var. % 21/20
ASSUMED REINSURANCE			
Assumed premiums	6,274.6	5,686.5	10.34%
Earned premiums for the fiscal year	6,010.1	5,544.5	8.40%
Loss experience (including claims-related expenses)	(4,004.4)	(3,486.7)	14.85%
Operating expenses and other technical expenses	(1,409.7)	(1,365.5)	3.24%
ASSUMED REINSURANCE RESULT	596.0	692.3	(13.91%)
RETROCEDED REINSURANCE			
Premiums and variations in unearned premium reserves	(2,577.5)	(2,372.9)	8.62%
Claims paid and variation in outstanding claims reserves	1,569.5	1,193.9	31.46%
Commissions and holdings	460.6	414.7	11.07%
RETROCEDED REINSURANCE RESULT	(547.4)	(764.3)	(28.38%)
Other technical revenue and expenses	(8.7)	(2.5)	248.00%
LIFE AND NON-LIFE TECHNICAL ACCOUNT RESULT	39.9	(74.5)	(153.56%)
Net revenue from investments	153.9	104.9	46.71%
Unrealized gains and losses on investments			
Other non-technical revenue and expenses		(7.9)	(100.00%)
Results from non-controlling interests			
LIFE AND NON-LIFE BUSINESS RESULT	193.8	22.5	761.33%
RESULT FROM OTHER ACTIVITIES			
RESULT BEFORE TAX AND NON-CONTROLLING INTERESTS	193.8	22.5	761.33%
Tax on profits	(42.1)	(5.6)	651.79%
Result after tax from discontinued activities			
RESULT AFTER TAX	151.7	16.9	797.63%
Non-controlling interests			
RESULT AFTER TAX AND NON-CONTROLLING INTERESTS	151.7	16.9	797.63%

Millions euros.

NON-LIFE INSURANCE RATIOS	2021	2020	VAR. % 21/20
Loss ratio for assumed reinsurance	68.1%	70.1%	(2.85%)
Expense ratio for assumed reinsurance	29.0%	30.6%	(5.23%)
Combined ratio net of retroceded reinsurance	97.1%	100.7%	(3.57%)

Millions euros.

BREAKDOWN OF ACCEPTED PREMIUMS	2021	2020	VAR. % 21/20
Non-Life	5,644.6	5,132.9	9.97%
Life	630.0	553.6	13.80%
TOTAL	**6,274.6**	**5,686.5**	**10.34%**

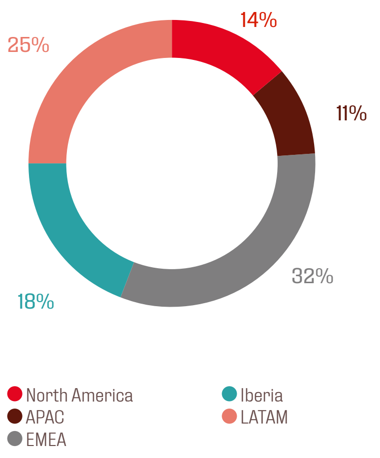
Millions euros.

B.2. BALANCE SHEET

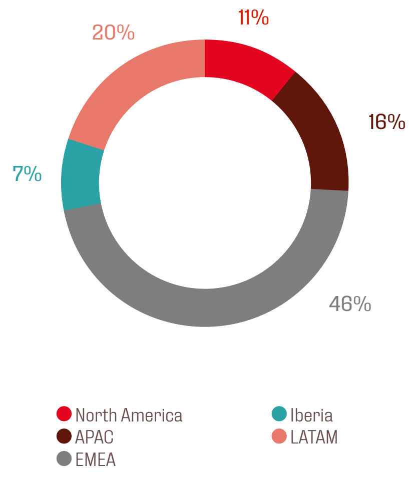
KEY FIGURES FROM THE BALANCE SHEET (IFRS)	2021	2020	VAR. % 21/20
Investments and cash	5,787.0	5,249.6	10.24%
Total assets	9,982.3	9,235.9	8.08%
Net technical provisions	4,190.7	3,684.3	13.74%
Equity	1,797.1	1,770.9	1.48%
ROE	8.5%	1.0%	750.00%

Millions euros.

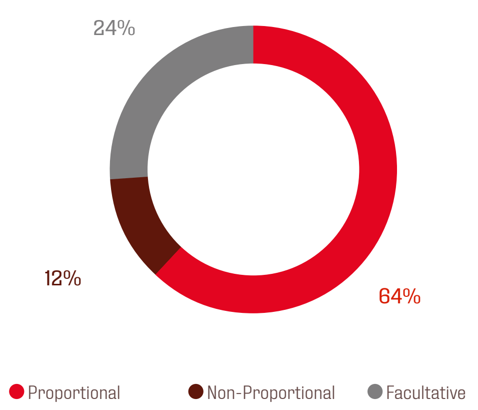
GROSS PREMIUMS BY GEOGRAPHIC AREA



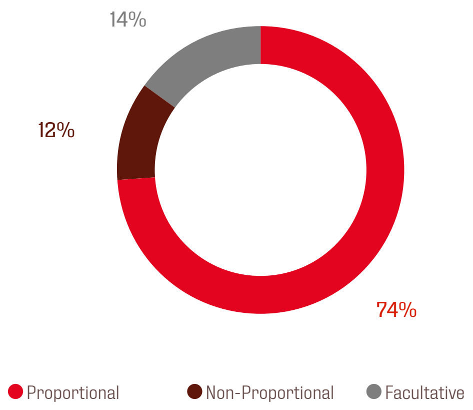
NET PREMIUMS BY GEOGRAPHIC AREA



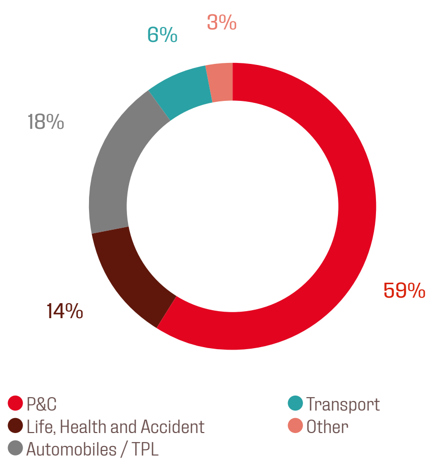
GROSS PREMIUMS BY BUSINESS TYPE



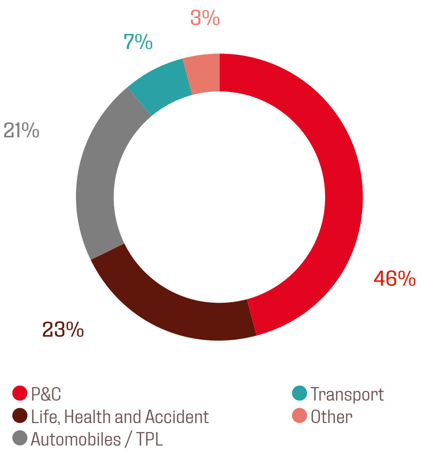
NET PREMIUMS BY BUSINESS TYPE



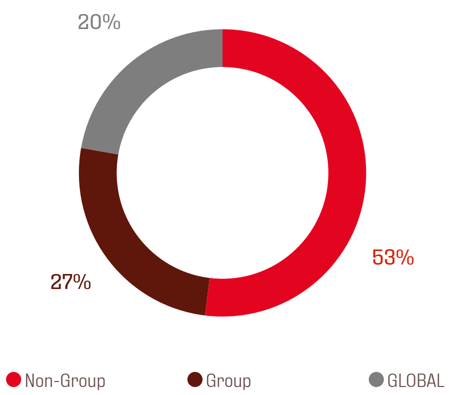
GROSS PREMIUMS BY BUSINESS LINE



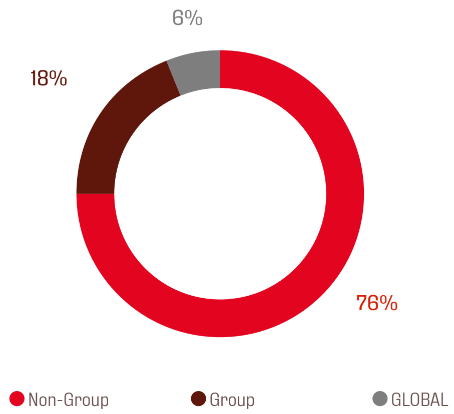
NET PREMIUMS BY BUSINESS LINE



GROSS PREMIUMS BY CEDENT TYPE



NET PREMIUMS BY CEDENT TYPE



C. MAIN ACTIVITIES

MAFPRE RE's assumed reinsurance premiums in 2021 amounted to 6,274.6 million euros, 10.3 percent higher than in the previous year. Income before taxes and minority interests amounted to 193.8 million euros, significantly higher (761.3%) than in 2020. Shareholders' equity at the end of the current financial year amounted to 1,797.1 million euros and the Non-Life net combined ratio was 97.1 percent (3.6 percentage points lower than in 2020).

BUSINESS ACTIVITY

Although the discovery of COVID-19 vaccines and their rapid distribution have contributed enormously to the fight against the pandemic, business activity has continued to be strongly conditioned by the persistent confinement measures and mobility restrictions, which, although they have become more flexible in line with the local circumstances of each territory, have not been eliminated outright in the face of the different spikes in infection following the appearance of new strains of the virus.

However, MAFPRE RE's implementation of collaborative and remote working tools prior to 2020 has helped the Company to continue to maintain close contact with its cedents and brokers throughout 2021.

The commercial management tool has recorded more than 1,700 meetings—mostly virtual—with clients in all markets, allowing the Company to tackle renewal campaigns effectively.

In any case, whenever the evolution of the pandemic and safety regulations and guidelines have allowed it, personal contact with clients has been encouraged, and some appointments and events have been held in person. The Baden-Baden Reinsurance Meeting 2021 was attended with 31 face-to-face meetings. And although the face to face meeting in Monte Carlo was still not officially convened this year, 59 virtual meetings with major cedents and global brokers were organized around it.

The company has also participated in market events such as the celebration of the 75th anniversary of the Mexican Social Security Institute; the 45th anniversary of Fasecolda (Colombia); and others sponsored by MAFPRE RE, such as the Inter-European Reinsurance Meeting - ENTRE 2021 (Spain), a module on Rüschlikon within an Insurtech event, and Reinsurance Day (Italy).

TECHNICAL MANAGEMENT AND CLIENT SERVICES

In 2021, MAPFRE RE has organized or participated in various technical reinsurance meetings with clients for property damage, engineering, third-party liability, Life, agricultural, surety, and credit lines.

At the end of the year, an in-person technical seminar was organized in Madrid for a Turkish agricultural insurance delegation made up of senior government officials and executives of the Turkish agricultural coinsurance pool TARSIM.

We continue to support the use of new technologies and tools in the sector for greater efficiency and agility in reinsurance accounting transactions. Particularly noteworthy is drive to implement Rüschlikon in the Spanish market, which was placed on further display during the ENTRE 2021 congress (Spain), alongside MAPFRE RE's experience in managing people and resources in a global organization during the pandemic.

INFORMATION AND TECHNOLOGY SYSTEMS

The Company has continued to foster the technological changes brought on by the pandemic, enhancing both security aspects and all elements of mobility that facilitate remote work.

In 2021, the transformation plan for MAPFRE RE's technological systems was approved by MAPFRE's various governing bodies and has been under implementation since June 2021. The plan will be implemented over 5 years and includes a total of 10 initiatives, broken down into 27 projects. The most important, both in terms of complexity and cost, is the Condor evolution project. This will introduce the main platform for managing the business of MAPFRE RE and MAPFRE GLOBAL RISKS.

Among the technological projects completed in 2021, the following stand out: the deployment of the Catastrophic Exposure Management project, with the completion of the Reporting module and its implementation in the different companies of the MAPFRE Group's Insurance Unit; the evolution of the long-tail non-proportional treaty quoting system; and the online publication of the non-technical banking operations module.

On the infrastructure side, MAPFRE RE's offices in the Philippines and China have completed their transformation and adaptation to corporate standards, despite the added complexity surrounding travel restrictions. Also noteworthy in 2021 is the work to incorporate a new communications scheme with the offices, which—among other aspects—will improve Internet access for cloud services and serve as a backup feature for the main connection to MAPFRE's international network. In 2021, the entire deployment and migration of collaborative and office automation solutions services to the cloud environment was completed.

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	2021	2020
Board Directors	2	2
Senior managers	0	0
Managers	136	104
Technicians	276	315
Administrative staff	32	38
TOTAL	**446**	**459**

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

To do so, there is a Code of Ethics and Conduct inspired by its Institutional and Business Principles and which is conceived to reflect corporate values and the basic principles that ought to guide the conduct of the organization and its people.

The Human Resources 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 present in all relationships between employees and in relationships between employees and providers, clients, collaborators, and other stakeholders. Furthermore, it also extends to all the organizations with which MAPFRE works.

The Diversity and Equal Opportunities Policy is based on respect for everyone's individuality, recognizing their diversity, and ending any exclusionary or discriminatory behavior.

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

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

Functional diversity includes championing the integration of people with disabilities in the workplace. To this end, MAPFRE committed to ensuring that 3% of its employees will be people with disabilities.

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

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 (nine people with a disability in 2020).

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

MAPFRE has defined a 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 2021 was 27 (13 processes in 2020).

In 2021, 61 employees underwent internal mobility (49 employees in 2020), and 22 percent of vacancies were covered by internal mobility (15 percent in 2020).

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 in permanent positions in 2021 was 99.1 percent (99.1 percent in 2020).

During 2021, the Company completed the implementation of the global strategic initiative, DIGITAL CHALLENGE. Now that the necessary foundations have been laid to work in such a changing, digital world, we are working to enable the organization to manage resources quickly and efficiently, focusing on productivity and adopting more flexible structures, project execution, knowledge management, collaborative environments, and a more personalized employee experience.

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

In 2021, a total of 655,674 euros was invested in workforce training (225,254 euros in 2020).

The Compensation Policy is intended to set appropriate remuneration levels for each function and job position and for performance by professionals, and it serves as a source of motivation for staff which encourages 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.

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

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 inside and outside the workplace.

To facilitate well-being and work-life balance for employees, a wide range of social benefits are offered for an investment of 3,809,407 euros in 2021 (3,246,540 euros in 2020).

From the very first moment MAPFRE was aware of the impact that COVID-19 could have, and under the governance of the Corporate Crisis Committee contingency plans were quickly deployed with the priority objective of caring for the health of employees. The first step, which was implemented swiftly, was remote working and reducing the density of occupancy in all buildings. In 2021, the Crisis Committee has continued to monitor the situation in the countries and has been adapting its measures to continue guaranteeing employee safety and health.

D.2 ENVIRONMENT

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

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

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

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

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

To date, MAPFRE has continued to collect environmental certifications.

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

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

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

Committee with the aim of adapting the LIFE methodology to Europe and the business needs in various sectors.

D.3 ENVIRONMENTAL, SOCIAL, AND GOVERNANCE FACTORS AND RISKS

MAPFRE accounts for environmental, social, and governance risks when analyzing the factors that may have an impact on the business, since they allow information to be obtained on social movements and transformations and on the expectations of the stakeholders and the market.

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

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

As regards investment processes, in 2017, MAPFRE joined the UN Principles for Responsible Investment (PRI) and has a framework for responsible investment, which it reviewed and approved in March 2021.

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

MAPFRE has an Investment Policy approved by the MAPFRE S.A. Board of Directors.

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

Regarding the integration of ESG aspects into underwriting processes, in 2012, MAPFRE signed on to the Principles for Sustainable Insurance (PSI) promoted by the United Nations Environment Programme Finance Initiative (UNEPFI).

This means integrating environmental, social and governance issues into the underwriting processes of the Group's insurance operations. This commitment is reflected in the Underwriting Policy, approved by the MAPFRE S.A. Board of Directors, applicable to all insurance and reinsurance companies in the Group.

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

D.4 R&D+i ACTIVITIES

MAPFRE OPEN INNOVATION (MOi) is MAPFRE's strategic commitment to boost the client-centered transformation. With it, the company aims to foster innovation carried out by and for people. It is an open platform that uses alliances with other actors and emerging technologies. Since 2019 more than 2,500 startup proposals have been analyzed, of which some 40 have passed to the fast-track-to-market program. This has made it possible for more than a million clients to benefit from solutions originating from this model. In 2021, we have launched initiatives in response to all areas identified as priorities at the beginning of the year: assessment using images, claims automation, voice automation, next-generation products, health and wellness services, services for seniors, new mobility, and cybersecurity (Autos). This year we began projects in Brazil, Colombia, Costa Rica, the USA, Spain, Italy, Puerto Rico, and the Dominican Republic, mainly in the Auto, Health, and Home lines. In 2021, the MAPFRE Group has consolidated its relationship with universities and business schools, building alliances with leading academic institutions to anticipate responses in various fields, such as health, mobility, and road safety, and jointly envision other scenarios, demands, and needs that will soon be a reality.

Established as MAPFRE's R&D+i center, the "Mobility Lab" is the part of MOi that enables the company to anticipate how changes in the mobility world will impact the insurance industry. With the consolidation of MOi, the MAPFRE GROUP aims to accelerate transformation from within and reinforce its leadership position. By adapting faster to the changing circumstances and moving toward the new business models and innovative solutions that arise from the digital and technological changes underway, the ultimate goal is to offer the best solutions and services to clients.

E. FURTHER 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; 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.

The majority of investments are represented by fixed income securities, accounting for 79.3 percent of the total financial investment portfolio in 2021 (83.3 percent in 2020).

Investments in equities and mutual funds have a limited weight in the balance sheet, accounting for approximately 20.7 percent of total financial investments in 2021 (16.7 percent in 2020).

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 involved the recognition of -7.4 million euros in 2021 (1.3 million euros in 2020).

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, 2021, the cash balance stood at 289 million euros (303 million euros in 2020), equivalent to 5.90 percent of total investment and liquid funds (6.66 percent in 2020). In addition, most fixed-income investments are investment grade and are traded in organized markets, thus providing significant scope for action in the event of potential liquidity strains.

E.2 OTHER RISKS AND UNCERTAINTIES

The outbreak of the coronavirus pandemic (COVID-19) and its spread worldwide throughout 2020 and 2021 has affected practically all sectors of the global economy.

The Group faces the above risks and uncertainties resulting from the pandemic with high levels of solvency and a wide margin over regulatory requirements, which enables the company to weather the most adverse effects while taking the necessary steps to fulfill its role of providing coverage and protection to customers.

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

E.3 TREASURY STOCK

During fiscal year 2021, the Controlling Company did not perform any operations with treasury stock.

E.4 RESEARCH, DEVELOPMENT AND INNOVATION

MAPFRE OPEN INNOVATION (MOi) is MAPFRE's strategic commitment to boost client-centered transformation. With it, the company aims to foster innovation carried out by and for people.

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

In 2021, we have launched initiatives in response to all priority areas: assessment using images, claims automation, voice automation, next-generation products, health and wellness services, services for seniors, new mobility, and cybersecurity (Autos).

In 2021, MAPFRE has consolidated its relationship with universities and business schools, building alliances with leading academic institutions to anticipate responses in various fields, such as health, mobility and road safety, and jointly envision other scenarios, demands and needs that will soon be a reality.

With the consolidation of MOi, MAPFRE aims to accelerate transformation from within and reinforce its leadership position. By adapting faster to the changing circumstances and moving toward the new business models and innovative solutions that arise from the digital and technological changes underway, the ultimate goal is to offer the best solutions and services to clients.

In 2021, 1,572,535 customers have benefited from the products and services of MAPFRE Open Innovation, and important agreements have been reached with nine renowned startups: Shift Technology, Tractable, Slice, Control Expert, Aerial, Koa Health, Made of Genes, Leakbot, and Bdeo.

We continue promoting digital business, where the main lines of action carried out in 2021 were as follows:

Digital marketing

Steps have been taken to optimize digital attraction, developing new management capabilities to improve organic positioning in search engines and optimizing advertising actions (Internet, social media and digital TV). We have worked to improve online conversion processes, developing new rate calculators and contracting tools, along with chatbots and voice assistants for sales. Work has also continued on promoting on-line search processes and induced sales to contact centers and commercial networks, in addition to improving the digital experience offered to clients and users on the Internet, with new models, such as the Digital Design System and behavioral economics techniques.

Digital partners and Marketplace

In order to reach a larger client base and bolster the multichannel strategy, we have developed further capability to generate agreements with digital partners.

Expansion of the digital offer

We have expanded our digital product offer by adapting existing products to the digital context. We have also analyzed models that allow us to market products without the need to subscribe to them.

Digital business returns

We continue to develop and improve our capabilities to carry out more precise risk pricing and selection over digital channels.

To evaluate the quality perceived by clients, the MAPFRE Quality Observatory applies a global model for measuring the client experience.

The MAPFRE Quality Observatory is responsible for defining the models and carrying out all comprehensive measurements of the client experience. These measurements are done through internal and external customer surveys. This is performed by analyzing the Net Promoter Score (NPS®) to evaluate how the customer perceives the company and critical touchpoints. Recommendations are then drawn up regarding the main areas that could be improved.

The Quality Observatory carries out diagnostics of the client experience, preparing reports on the results of the measurements that support the decision-making process in the different business areas. In 2021, two waves of relational NPS® measurement have been conducted on a representative sample of the Group.

As part of this study, each year the Observatory measures the client experience level at major competitors. To complement these measurements of relational NPS®, the Quality Observatory defined a Global Model for transactional NPS®, which allows MAPFRE to find out a client's perception in real time after interacting with us.

E.5 AVERAGE PROVIDER PAYMENT PERIOD

The average payment period for service providers during the fiscal year was 2.0 days (2.02 days in fiscal year 2020) for fully consolidated Spanish companies.

F. CORPORATE ASPECTS

F.1 KEY CORPORATE ASPECTS

In 2021, Mark Hews was re-elected as Board Director, for a new 4-year term of office, at the Ordinary Annual General Meeting held on April 7, 2021. At the Extraordinary Annual General Meeting held on September 21, 2021, the shareholders approved the appointment of Jean Daniel Laffely as a new company Board Director, for a term of office of 4 years.

F.2 PROPOSAL FOR AGREEMENTS

1. To approve the individual annual accounts corresponding to the 2021 fiscal year, as well as the following proposal to use the results contained in the annual report:

BASES OF DISTRIBUTION	AMOUNT 2021
Profit and loss	138,727,671.51
Retained earnings	603,201,297.77
TOTAL	**741,928,969.28**
DISTRIBUTION	AMOUNT 2021
To Dividends	75,828,183.76
To Retained earnings	666,100,785.52
TOTAL	**741,928,969.28**

Figures in euros.

This proposal involves the distribution of a total gross dividend for the 2021 financial year of 75,828,183.76 euros (representing a dividend of 0.8015 euros gross per share to share numbers 1 to 94,607,840, both inclusive), part of which (50,142,155.20 euros, i.e., a gross dividend per share of 0.53 euros) was already distributed as an interim dividend in 2021, by resolution of the Board of Directors at its meeting of November 30, 2021.

The approval of this proposed distribution of income at the Annual General Meeting implies the distribution of a final dividend of 25,686,028.56 euros (gross dividend of 0.2715 euros per share on shares numbered 1 to 94,607,840, both inclusive), payable between April 7 and 30, 2022.

The planned distribution of dividends in the distribution of 2021 profits complies with the requirements and limitations established under regulations and the corporate bylaws.

2. Approve the consolidated annual accounts for fiscal year 2021.

3. Approve the management of the Board of Directors in the 2021 fiscal year.

4. Re-elect Ana Isabel Fernández, Katsuhiko Kaneyoshi, and Pedro López as Board Directors for a new 4-year term.

5. 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.

6. Thank those involved in managing the Company for their loyal collaboration over the course of this fiscal year.

G. COVID-19

The Company's actions during the COVID-19 crisis focused on two main priorities:

- Ensuring the health safety of the entire workforce.

- Ensuring continuity of operations to maintain the level of service to clients.

As it concerns the management of the crisis caused by the pandemic, despite its impact and the mobility restrictions imposed, the Company has maintained continuity of operations and has continued to provide service to its clients, always complying both with its commitment to its clients and with the provisions of the regulations in force at any given time. We have mobilized resources and taken relief measures to ensure that personnel are protected against the pandemic, as well as to ensure business continuity.

The last quarter of the fiscal year saw progressive improvement in the COVID-19 pandemic thanks to the development of vaccines. This allowed the company to remain moderately optimistic about the evolution of the pandemic, as the situation gradually came closer to normal. Nevertheless, the emergence of new waves of infections and the appearance of new variants may limit the return to full normalization of economic activity.

H. SIGNIFICANT EVENTS FOR THE COMPANY OCCURRING AFTER THE END OF THE FINANCIAL YEAR

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

I. OUTLOOK

In the wake of the severe impact of the 2020 pandemic on the global economy, 2021 has shown high growth rates which may extend to 2022, albeit at more moderate levels. Inflationary pressures may cause monetary policies to become less lax, as opposed to the trend of previous years that sought to boost economic recovery.

Against this backdrop, while the insurance and reinsurance sector is expected to have room for growth in 2022, it will have to manage the uncertain impact of inflation on the technical result and on interest rates and financial yields.

As regards frequency of claims, the terms and conditions of reinsurance must continue to see improvements in the sector in order to approach sustainable margins in the medium and long term.

The year 2022 will likely resolve any unanswered doubts regarding the impact of the COVID-19 pandemic on the sector. Meanwhile, it is to be expected that natural catastrophes—by definition both volatile in frequency and severity—regardless of their behavior during the year, will continue to fuel the growing trend in the cost borne by insurance and reinsurance for these catastrophes in the medium term. The insurance industry must work to better understand these events in order to be able to price them correctly and thus contribute to sustainable insurance for the benefit of the society that suffers from them.

3

Consolidated Annual Accounts

Consolidated balance

A) CONSOLIDATED BALANCE SHEET AS ON DECEMBER 31, 2021 AND 2020

ASSETS	NOTES	2021	2020
A) INTANGIBLE ASSETS		**58,747**	**59,672**
I. Goodwill	6.1	54,138	54,138
II. Other intangible assets	6.1	4,609	5,534
B) PROPERTY, PLANT, AND EQUIPMENT		**58,531**	**59,619**
I. Property for own use	6.2	52,995	53,477
II. Other property, plant, and equipment	6.2	5,536	6,142
C) INVESTMENTS		**5,496,924**	**4,947,106**
I. Property investments	6.2	2,466	2,639
II. Financial investments		4,491,525	4,159,818
1. Held-to-maturity portfolio			
2. Available-for-sale portfolio	6.4	4,467,721	4,134,157
3. Trading portfolio	6.4	23,804	25,661
III. Equity-accounted investments			
IV. Deposits established for assumed reinsurance		890,361	703,923
V. Other investments		112,572	80,726
D) PARTICIPATION OF REINSURANCE IN TECHNICAL PROVISIONS	**6.9**	**3,165,249**	**2,712,396**
E) DEFERRED TAX ASSETS	**6.17**	**52,087**	**15,185**
F) RECEIVABLES	**6.5**	**603,973**	**940,614**
I. Receivables on reinsurance operations	6.5	586,535	922,070
II. Tax receivables	6.5	12,607	13,933
1. Tax on profits receivable		12 ,230	12,263
2. Other tax receivables		377	1,670
III. Corporate and other receivables	6.5	4,831	4,611
G) CASH	**6.7**	**288,564**	**302,540**
H) ALLOCATION ADJUSTMENTS	**6.15**	**257,780**	**198,256**
I) OTHER ASSETS		**490**	**482**
TOTAL ASSETS		**9,982,345**	**9,235,870**

Figures in thousands of euros.

A) CONSOLIDATED BALANCE SHEET AS ON DECEMBER 31, 2021 AND 2020

LIABILITIES AND EQUITY	NOTES	2021	2020
A) EQUITY		**1,797,119**	**1,770,918**
I. Paid-up capital	6.8	293,284	293,284
II. Share premium	6.8	554,393	554,393
III. Reserves		824,086	815,484
IV. Interim dividends	4.2	(50,142)	
V. Treasury Stock			
VI. Result for the period attributable to controlling company		151,651	16,851
VII. Other equity instruments			
VIII. Valuation change adjustments	6.8	50,023	116,574
IX. Currency conversion differences	6.19	(26,189)	(25,694)
Equity attributable to the controlling company		1,797,106	1,770,892
Non-controlling interests		13	26
B) SUBORDINATED LIABILITIES			
C) TECHNICAL PROVISIONS	**6.9**	**7,355,943**	**6,396,741**
I. Provisions for unearned premiums and unexpired risks	6.9/7C	1,673,236	1,505,116
II. Provisions for Life insurance	6.9/7C	480,043	406,673
III. Provision for outstanding claims	6.9/7C	5,202,664	4,484,952
IV. Provisions for profits and returned premiums			
D) PROVISIONS FOR RISKS AND EXPENSES	**6.10**	**9,023**	**10,495**
E) DEPOSITS RECEIVED ON CEDED AND RETROCEDED REINSURANCE	**6.11**	**71,763**	**63,350**
F) DEFERRED TAX LIABILITIES	**6.17**	**1,602**	**7,751**
G) DEBT	**6.12**	**598,828**	**868,066**
I Other financial debts	6.12	10,236	9,633
II Due on reinsurance operations	6.12/7C	547,707	840,928
III. Tax debts	6.12 /6.17	15,393	6,609
1. Tax on profits to be paid		741	1,623
2. Other tax liabilities		14,652	4,986
IV. Other debts	6.12	25,492	10,896
H) ALLOCATION ADJUSTMENTS	**6.15**	**148,067**	**118,549**
TOTAL LIABILITIES AND EQUITY		**9,982,345**	**9,235,870**

Figures in thousands of euros.

Global consolidated income statement

B) GLOBAL CONSOLIDATED INCOME STATEMENT FOR FISCAL YEARS ENDING DECEMBER 31, 2021 AND 2020

B.1 CONSOLIDATED INCOME STATEMENT

ITEM	NOTES	2021	2020
I. REVENUE FROM INSURANCE BUSINESS			
1. Premiums earned for the period, net		3,432,560	3,171,579
a) Written premiums, direct insurance			
b) Premiums from assumed reinsurance	7. A2	6,274,582	5,686,520
c) Premiums from ceded reinsurance	6.16	(2,617,129)	(2,413,066)
d) Variations in provisions for unearned premiums and unexpired risks, net		(224,893)	(101,875)
Direct insurance			
Assumed reinsurance		(264,521)	(142,003)
Ceded reinsurance	6.16	39,628	40,128
2. Share in profits from equity-accounted companies			
3. Income from investments	6.14	203,520	171,854
a) From operations	6.14	203,385	171,730
b) From equity	6.14	135	124
4. Unrealized gains on investments on behalf of Life insurance policyholders bearing the investment risk			
5. Other technical revenues	6.20	695	59
6. Other non-technical revenues			58
7. Positive foreign exchange differences	6.19	1,492,207	1,942,855
8. Reversal of the asset impairment provision	6.6/6.5	2,715	1
TOTAL REVENUE FROM INSURANCE BUSINESS		**5,131,697**	**5,286,406**

Figures in thousands of euros.

ITEM	NOTES	2021	2020
II. EXPENSES FROM INSURANCE BUSINESS			
1. Loss ratio for the period, net		(2,463,518)	(2,295,485)
a) Claims paid and variation in provision for outstanding claims, net		(2,462,708)	(2,294,705)
Direct insurance			
Assumed reinsurance		(4,032,214)	(3,488,594)
Ceded reinsurance	6.16	1,569,506	1,193,889
b) Claims-related expenses		(810)	(780)
2. Variation in other technical provisions, net		28,633	2,629
3. Profit sharing and returned premiums			
4. Net operating expenses	6.15	(949,069)	(950,743)
a) Acquisition expenses	6.15	(1,387,108)	(1,348,110)
b) Administration expenses	6.15	(22,618)	(17,323)
c) Commissions and participation in reinsurance	6.16	460,657	414,690
5. Share in losses from equity-accounted companies			
6. Expenses from investments	6.14	(44,464)	(67,602)
a) From operations	6.14	(44,280)	(67,248)
b) From equity and financial accounts	6.14	(184)	(354)
7. Unrealized losses on investments on behalf of Life insurance policyholders bearing the investment risk			
8. Other technical expenses	6.15	(9,433)	(2,578)
9. Other non-technical expenses	6.15		(7,914)
10. Negative foreign exchange differences	6.19	(1,499,645)	(1,941,562)
11. Allowance to the asset impairment provision	6.6	(435)	(638)
TOTAL EXPENSES FROM INSURANCE BUSINESS		**(4,937,931)**	**(5,263,893)**
III. RESULT FROM THE INSURANCE BUSINESS		**193,766**	**22,513**
IV. RESULT BEFORE TAXES FROM ONGOING OPERATIONS	**6.17**	**193,766**	**22,513**
V. TAX ON PROFIT FROM ONGOING OPERATIONS	**6.17**	**(42,109)**	**(5,660)**
VI. RESULT AFTER TAX FROM ONGOING OPERATIONS		**151,657**	**16,853**
VII. RESULT AFTER TAX FROM DISCONTINUED ACTIVITIES			
VIII. RESULT FOR THE PERIOD		**151,657**	**16,853**
1. Attributable to non-controlling interests		6	2
2. ATTRIBUTABLE TO CONTROLLING COMPANY		151,651	16,851

Figures in thousands of euros.

B.2 CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	GROSS AMOUNT		INCOME TAX		ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		ATTRIBUTABLE TO THE CONTROLLING COMPANY	
ITEM	2021	2020	2021	2020	2021	2020	2021	2020
A) CONSOLIDATED RESULT FOR THE PERIOD								
A.1) Ongoing operations	193,766	22,513	(42,109)	(5,660)	6	2	151,651	16,851
A.2) Discontinued operations								
B) OTHER RECOGNIZED REVENUE (EXPENSES)	**(88,651)**	**17,637**	**21,603**	**(9,223)**			**(67,048)**	**8,414**
B.1) Ongoing operations								
1. Financial assets for sale	(88,158)	35,167	21,605	(9,221)			(66,553)	25,946
a) Valuation gains (losses)	(20,642)	56,376	5,799	(14,523)			(14,843)	41,853
b) Amounts transferred to the income statement	(67,516)	(21,209)	15,806	5,302			(51,710)	(15,907)
c) Other reclassifications								
2. Currency conversion differences	(493)	(17,530)	(2)	(2)			(495)	(17,532)
a) Valuation gains (losses)	(493)	(17,530)	(2)	(2)			(495)	(17,532)
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)								
TOTAL	**105,115**	**40,150**	**(20,506)**	**(14,883)**	**6**	**2**	**84,603**	**25,265**

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.

Consolidated statement of changes in equity

C) CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS ON DECEMBER 31, 2021 AND 2020

	EQUITY		
ITEM	CAPITAL	SHARE PREMIUM	RESERVES
BALANCE AS ON JANUARY 1, 2020	**293,284**	**554,393**	**758,509**
1. Changes in accounting policies	–	–	–
2. Correction of errors	–	–	–
ADJUSTED BALANCE AS ON JANUARY 1, 2020	**293,284**	**554,393**	**758,509**
VARIATIONS FOR PREVIOUS FISCAL YEAR			
I. Result recognized directly in equity			
1. Revaluation of property, plant and equipment and intangible assets			
2. Available-for-sale investments			
3. Cash flow hedging			
4. Currency conversion differences			
5. Other results recognized directly in equity			
TOTAL RESULT RECOGNIZED DIRECTLY IN EQUITY			
II. Other results from previous period			
III. Distribution of the result of the previous period			57,502
IV. Interim dividends for previous period			
V. Capital increase (Note 6.8 from the Annual Report)			
VI. Pending paid-up capital			
VII. Capital decrease			
VIII. Other increases			
IX. Other decreases			(527)
TOTAL VARIATIONS IN FISCAL YEAR 2020			**56,975**
BALANCE AS ON DECEMBER 31, 2020	**293,284**	**554,393**	**815,484**

Figures in thousand of euros.

ATTRIBUTABLE TO CONTROLLING COMPANY'S SHAREHOLDERS					
INTERIM DIVIDENDS	RESULT ATTRIBUTABLE TO THE CONTROLLING COMPANY	VALUATION CHANGE ADJUSTMENTS	CURRENCY CONVERSION DIFFERENCES	NON-CONTROLLING INTERESTS	TOTAL EQUITY
	57,502	**90,626**	**(8,160)**	**20**	**1,746,174**
—	—	—	—	—	—
—	—	—	—	—	—
	57,502	**90,626**	**(8,160)**	**20**	**1,746,174**
		25,946			25,946
			(17,532)		(17,532)
		25,946	**(17,532)**		**8.414**
	16,851				16,851
	(57,502)				
		2		6	8
			(2)		(529)
	(40,651)	**2**	**(2)**	**6**	**16,330**
	16,851	**116,574**	**(25,694)**	**26**	**1,770,918**

ITEM	CAPITAL	SHARE PREMIUM	RESERVES
			EQUITY
I. Changes in accounting policies	—	—	—
II. Correction of errors	—	—	—
ADJUSTED BALANCE AS ON JANUARY, 1, 2021, UPDATED	**293,284**	**554,393**	**815,484**
VARIATIONS FOR FISCAL YEAR 2020			
I. Results recognized directly in equity			
1. Revaluation of property, plant and equipment and intangible assets			
2. Available-for-sale investments			
3. Cash flow hedging			
4. Currency conversion differences			
5. Other results recognized directly in equity			
TOTAL RESULT RECOGNIZED DIRECTLY IN EQUITY			
II. Other results for current period			
III. Distribution of the result for the previous period			16,851
IV. Dividends (Note 4.2 from the Annual Report)			(7,474)
V. Capital increase			
VI. Pending paid-up capital			
VII. Capital decrease			
VIII. Other increases			
IX. Other decreases			(775)
TOTAL VARIATIONS IN FISCAL YEAR 2021			**8,602**
BALANCE AS ON DECEMBER 31, 2021	**293,284**	**554,393**	**824,086**

Figures in thousands of euros.

The amount under "Other decreases" in the "Reserves" column is due to the reversal of a valuation adjustment on mutual funds made in the previous year of EUR 1.1 million and a positive adjustment of EUR 0.3 million arising from actuarial gains on non-technical provisions for commitments to employees.

ATTRIBUTABLE TO CONTROLLING COMPANY'S SHAREHOLDERS					
INTERIM DIVIDENDS	RESULT ATTRIBUTABLE TO THE CONTROLLING COMPANY	VALUATION CHANGE ADJUSTMENTS	CURRENCY CONVERSION DIFFERENCES	NON-CONTROLLING INTERESTS	TOTAL EQUITY
—	—	—	—	—	—
—	—	—	—	—	—
	16,851	**116,574**	**(25,694)**	**26**	**1,770,918**
		(66,553)			(66,553)
			(495)		(495)
		(66,553)	**(495)**		**(67,048)**
	151,651				151,651
	(16,851)				
(50,142)					(57,616)
		2			2
				(13)	(788)
(50,142)	**134,800**	**2**		**(13)**	**(93,249)**
(50,142)	**151,651**	**50,023**	**(26,189)**	**13**	**1,797,119**

Consolidated cash flow statement

D) CONSOLIDATED CASH FLOW STATEMENT FOR FISCAL YEARS ENDED DECEMBER 31, 2021 AND 2020

ITEMS	2021	2020
Collections for premiums		
Payments for claims		
Collections for reinsurance operations	1,573,065	1,188,959
Payments for reinsurance operations	(1,090,370)	(1,001,048)
Collections for co-insurance operations		
Payments for co-insurance operations		
Payments for commissions		
Collections for clients for other activities		
Payments to providers for other activities		
Other operating collections	1,487	3,134
Other operating payments	(60,261)	(97,815)
Tax payments or collections on companies	(41,437)	(6,573)
NET CASH FLOWS FROM OPERATING ACTIVITIES	**382,484**	**86,657**
Acquisitions of intangible fixed assets	(2,607)	(861)
Acquisitions of property, plant, and equipment	(24,941)	(22,011)
Acquisitions from investments and payment of capital increases	(359,907)	(172,772)
Net cash paid by companies removed from scope		
Net cash collected by companies removed from scope		
Disposals of fixed assets	3,016	2,993
Investment disposals	5,073	2,222
Interest collected	24,519	81,919
Other payments		
Proceeds from dividends	13,580	9,214
Proceeds from loans granted and other financial instruments		
Payments for loans granted and other financial instruments		

ITEMS	2021	2020
NET CASH FLOWS FROM INVESTMENT ACTIVITIES	**(341,267)**	**(99,296)**
Dividends and donations paid	(57,616)	
Proceeds from capital increases		
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	**(57,616)**	
NET INCREASE/(DECREASE) IN CASH FLOW	**(16,399)**	**(12,639)**
Conversion differences in cash flow and cash balances	**2,423**	**(5,946)**
OPENING CASH BALANCE	**302,540**	**321,126**
CLOSING CASH BALANCE	**288,564**	**302,540**

Figures in thousands of euros.

Financial information by segment

E) FINANCIAL INFORMATION BY SEGMENT - CONSOLIDATED BALANCE SHEET FOR FISCAL YEARS ENDED DECEMBER 31, 2021 AND 2020

	LIFE REINSURANCE		NON-LIFE REINSURANCE		TOTAL	
	2021	2020	2021	2020	2021	2020
I. REVENUE FROM INSURANCE BUSINESS						
1. Premiums allocated to the fiscal year, net	490,231	427,447	2,942,329	2,744,132	3,432,560	3,171,579
a) Written premiums, direct insurance						
b) Premiums from assumed reinsurance	630,010	553,645	5,644,572	5,132,874	6,274,582	5,686,520
c) Premiums from ceded reinsurance	(32,643)	(34,259)	(2,584,486)	(2,378,807)	(2,617,129)	(2,413,066)
d) Variations in provisions for unearned premiums and unexpired risks, net	(107,136)	(91,939)	(117,757)	(9,936)	(224,893)	(101,875)
Direct insurance						
Assumed reinsurance	(107,261)	(93,188)	(157,260)	(48,814)	(264,521)	(142,003)
Ceded reinsurance	125	1,250	39,503	38,878	39,628	40,128
2. Share in profits from equity-accounted companies						
3. Revenue from investments	65,513	55,115	138,007	116,739	203,520	171,854
a) From operations	65,378	54,991	138,007	116,739	203,385	171,730
b) From equity	135	124			135	124
4. Unrealized gains on investments on behalf of Life insurance policyholders bearing investment risk						
5. Other technical revenues			695	59	695	59
6. Other non-technical revenues		16		42		58
7. Positive foreign exchange differences	59,732	101,537	1,432,475	1,841,318	1,492,207	1,942,855
8. Reversal of the asset impairment provision	11	1	2,704		2,715	1
TOTAL REVENUE FROM INSURANCE BUSINESS	**615,487**	**584,116**	**4,516,210**	**4,702,290**	**5,131,697**	**5,286,406**

	LIFE REINSURANCE		NON-LIFE REINSURANCE		TOTAL	
	2021	2020	2021	2020	2021	2020
II. EXPENSES FROM INSURANCE BUSINESS						
1. Loss ratio for the period, net	(459,290)	(371,749)	(2,004,228)	(1,923,736)	(2,463,518)	(2,295,485)
a) Benefits paid and variation in provision for outstanding claims, net	(459,216)	(371,663)	(2,003,492)	(1,923,042)	(2,462,708)	(2,294,705)
Direct insurance						
Assumed reinsurance	(483,644)	(391,380)	(3,548,570)	(3,097,214)	(4,032,214)	(3,488,594)
Ceded reinsurance	24,428	19,717	1,545,078	1,174,172	1,569,506	1,193,889
b) Claims-related expenses	(74)	(86)	(736)	(694)	(810)	(780)
2. Variation in other technical provisions, net	28,633	2,629			28,633	2,629
3. Profit sharing and returned premiums						
4. Net operating expenses	(101,886)	(113,786)	(847,183)	(836,956)	(949,069)	(950,743)
a) Acquisition expenses	(107,340)	(119,231)	(1,279,768)	(1,228,880)	(1,387,108)	(1,348,110)
b) Administration expenses	(2,315)	(2,875)	(20,303)	(14,449)	(22,618)	(17,323)
c) Commissions and participation in reinsurance	7,769	8,319	452,888	406,371	460,657	414,690
5. Share in losses from equity-accounted companies						
6. Expenses from investments	(7,351)	(9,382)	(37,113)	(58,220)	(44,464)	(67,602)
a) From operations	(7,205)	(9,221)	(37,075)	(58,027)	(44,280)	(67,248)
b) From equity and financial accounts	(146)	(161)	(38)	(193)	(184)	(354)
7. Unrealized losses on investments on behalf of Life insurance policyholders bearing investment risk						
8. Other technical expenses	(1,858)	(444)	(7,575)	(2,135)	(9,433)	(2,578)
9. Other non-technical expenses		(1,757)		(6,158)		(7,914)
10. Negative foreign exchange differences	(67,128)	(98,366)	(1,432,517)	(1,843,196)	(1,499,645)	(1,941,562)
11. Allowance to the asset impairment provision			(435)	(638)	(435)	(638)
TOTAL EXPENSES FROM INSURANCE BUSINESS	**(608,880)**	**(592,855)**	**(4,329,051)**	**(4,671,037)**	**(4,937,931)**	**(5,263,893)**
RESULT FROM THE INSURANCE BUSINESS	**6,607**	**(8,739)**	**187,159**	**31,252**	**193,766**	**22,513**
III. OTHER ACTIVITIES						
IV. RESULT BEFORE TAXES FROM ONGOING OPERATIONS	**6,607**	**(8,739)**	**187,159**	**31,253**	**193,766**	**22,514**
V. TAX ON PROFIT FROM ONGOING OPERATIONS	**(4,322)**	**2,227**	**(37,787)**	**(7,888)**	**(42,109)**	**(5,660)**
VI. RESULT AFTER TAX FROM ONGOING OPERATIONS	**2,285**	**(6,512)**	**149,372**	**23,365**	**151,657**	**16,853**
VII. RESULT AFTER TAX FROM DISCONTINUED ACTIVITIES						
VIII. RESULT FOR THE PERIOD	**2,285**	**(6,512)**	**149,372**	**23,365**	**151,657**	**16,853**
1. Attributable to non-controlling interests		2	6	0	6	2
2. ATTRIBUTABLE TO CONTROLLING COMPANY	2,285	(6,514)	149,366	23,365	151,651	16,851

Figures in thousands of euros.

Financial information by geographic area

F) FINANCIAL INFORMATION BY GEOGRAPHIC AREA. BREAKDOWN AS ON DECEMBER 31, 2021 AND 2020

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

GEOGRAPHIC AREA	ORDINARY REVENUES FROM EXTERNAL CLIENTS 2021	ORDINARY REVENUES FROM EXTERNAL CLIENTS 2020	NON-CURRENT ASSETS 2021	NON-CURRENT ASSETS 2020
SPAIN	1,070,082	1,020,143	50,372	53,294
UNITED STATES OF AMERICA	602,602	580,255	1,168	1,234
BRAZIL	504,363	339,592	4,567	4,017
MEXICO	238,669	240,596	685	722
VENEZUELA		6,746	236	252
COLOMBIA	139,436	112,396	244	262
ARGENTINA	67,855	77,432	2,604	1,834
TURKEY	99,472	87,879		
CHILE	208,525	224,179	6,424	5,976
OTHER COUNTRIES	3,343,578	2,997,303	17,234	19,228
TOTAL	**6,274,582**	**5,686,520**	**83,534**	**86,819**

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 revenues.

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 ON 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 four subsidiaries, nine branches, and seven representative offices with a direct presence in seventeen countries. Its scope of operation includes Spain, European Union countries, 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 by MAPFRE S.A. and several companies operating in the insurance, financial, movable assets, 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 23, 2022. They are expected to be approved at the Annual General Meeting. Spanish regulations provide for the possibility of modifying the annual statement 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 have been 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 2021. 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, the 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

In the fiscal year 2021, there were no changes in accounting policies, estimates, or material errors that could have had an effect on the Group's financial position or results.

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

2.5 COMPARISON OF THE INFORMATION

There is nothing preventing the comparison of the consolidated annual accounts from the fiscal year with those of the previous fiscal year, and the consolidated annual accounts have been prepared in line with the international standards approved by the European Commission which were effective as at fiscal year-end.

For better comparability, the investment funds recorded at fair value for 2020 amounting to 291 million euros are presented under "Available-for-sale portfolio."

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

- EU-IFRS 17 "Insurance Contracts," which will replace EU-IFRS 4 "Insurance Contracts," approved by the International Accounting Standards Board (IASB), was published on November 23, 2021 in the Official Journal of the European Union (OJEU).

This standard will be applicable for fiscal years beginning on or after January 1, 2023. The consolidated financial statements for that year will restate the balances for the year 2022, since the standard will be applied retrospectively. This reality implies that:

- Each group of contracts must be identified, recognized, and valued as if EU-IFRS 17 had always been in place.
- Any items recorded which would not exist if EU-IFRS 17 had always been in place must be derecognized from the financial statements.
- Any net difference that may arise from applying the above items will be recorded in equity.

It will therefore be necessary to determine the new value of the insurance contracts under EU-IFRS 17, which will imply eliminating all items related to the same under EU-EFRS 4, included in the assets and liabilities of the balance sheet, which under EU-IFRS 17 will form part of the future flows of the valuation of the contract itself, as is the case of the invoices pending issuance or the capitalized commissions.

In relation to restating the balances from fiscal year 2022, the standard provides that, in the event that retrospective application is impracticable for some of the groups of contracts, any of the following alternative approaches may be used:

- Modified retrospective approach: this method allows for some modifications with respect to the general method, to the extent that reasonable and sustainable information is available (e.g., level of aggregation or cash flows, discount rates).
- Fair value approach: this method determines the Contractual Service Margin (CSM) or loss component at the transition date for a group of contracts based on the difference between the fair value and the group's fulfillment cash flows at that date.

In this respect, the MAPFRE Group will employ retrospective application for Non-Life insurance contracts and Life contracts with a term of less than one year and ceded reinsurance contracts. Additionally, the fair value approach will be applied to any Life and Non-Life insurance contracts and any accepted and retroceded reinsurance contracts, where the information necessary to apply the retrospective method is not available.

In an effort to standardize insurance accounting practices at the international level, EU-IFRS17 provides for three valuation methods for insurance contracts:

1. Building Block Approach (BBA). This is the default method. This method will encompass:

   - Fulfillment cash flows, which will include:

     Present value of expected future cash flows corresponding to additions and disposals that will arise over the term of the contract;

     An adjustment to reflect the time value of money and other financial risks, such as liquidity and exchange rate risks;

     An explicit risk adjustment for non-financial risks; and

   - The Contractual Service Margin (CSM), which will represent the result to be obtained (unearned profit) on the contract. If this result is negative, the contract is considered onerous, and the balance sheet CSM will be zero. The loss will be recorded in the income statement at the initial registration of the contract, as per the respective standard.

   - The objective of this method is to value the fulfillment cash flows through a dynamic calculation process, updating the assumptions in each calculation, as well as to recognize the expected benefit of the contract or CSM, by allocating it to the income statement as the service is rendered during the insurance coverage period.

2. Variable Fee Approach (VFA). This method is a variant of the BBA and should be applied to contracts with significant direct participation components.

3. Premium Allocation Approach (PAA). This method is a simplification of the BBA and can be used optionally for contracts with coverage equal to or less than one year, or in specific cases in which, although the contract has a duration of more than one year, it is not expected to produce a valuation materially different from that of the BBA. This method is similar to the current unearned premium provision method.

Based on the defined technical guidelines, the MAPFRE Group estimates that, in general, insurance and reinsurance contracts will be valued as follows:

INSURANCE CONTRACTS	
Non-life and Life lines of business with duration under one year (*)	PAA
Burial line	BBA
Life line of business with duration over one year	BBA
REINSURANCE CONTRACTS	
Ceded	PAA
Accepted	BBA
Retroceded	BBA

(*) Non-life contracts with a duration of more than one year but which are not expected to result in a material valuation different from the BBA will also be valued using the PAA method.

EU-IFRS 17 incorporates the Liability For Remaining Coverage (LFRC) in the balance sheet, corresponding to the valuation of the obligation relating to the unexpired portion of the coverage period. The LFRC may have a debit or credit balance depending on the characteristics of the group of contracts. LFRC flows will also include outstanding premium collections and commission payments, whereby the accounts receivable and payable for these items under this standard will disappear from the balance sheet.

In the balance sheet, the sum of the LFRC and the Liability For Incurred Claims (LFIC), which represents the valuation of benefits for insured events that have already occurred (former benefit provision), including events that have occurred but have not yet been reported, and other insurance expenses incurred, will be reflected in a single line.

The classification of this line, which adds the amount of the LFRC and the LFIC between assets and liabilities to reflect it in the balance sheet, must be made at the insurance contract portfolio level, based on the total amount of the balances in that portfolio (i.e., by the sum of the LFRC and the LFIC).

The LFIC is evaluated based on the best estimate of benefits at each valuation date. The current values of the cash flows of expected benefits and expenses of the LFIC are recorded in the income statement and the effect of the discount as a financial result of the insurance in the income statement.

In the recognition of financial expenses or income from insurance contracts, which arise as a result of a change in the discount rate (both due to the effect of the time value of money and its changes and the effect of the financial risk and its changes), the standard allows the option of:

- Including all said financial expenses or income in the result for the period.

- Disaggregating said financial expenses or income between fair value gains or losses and other comprehensive income.

The option chosen must be applied to all groups of contracts within a portfolio. As a result of the analysis carried out by the MAPFRE Group, it is clear that most of the financial investments could continue to be valued at market value with effect in equity so that the option of disaggregating the financial income and expenses of insurance between fair value gains or losses and equity might be most appropriate to avoid asymmetries in the valuation and recognition of financial investments and insurance contracts. Therefore, in principle, the treatment to be followed would be to disaggregate between fair value gains or losses and equity for long-lived products, i.e., those valued under BBA. However, the Group is in the process of finalizing the analyses to determine the most appropriate option for each portfolio.

Additionally, implementing this standard implies the creation of new technological architecture and the implementation of new processes and systems, which will entail a significant change in the valuation and presentation of the financial statements to be presented to the market.

In accordance with the implementation process of this standard, in 2017, the MAPFRE Group began an analysis of the financial and operational impacts and resource planning and preparing an Implementation Plan. Over the course of these years, a new architecture for the IT systems has been designed and developed, guidelines have been drawn up that address all the aspects established by the standard, new data models have been designed, and new corporate systems have been developed. In addition, integrated testing and user training are now in place.

The implementation of the standard and the assessment of the impact on the Group's financial statements is ongoing. Throughout the year 2022, the Group will be preparing for the implementation of the standard, finalizing the development of operating systems, and carrying out integrated tests. Parallel projects will also be executed, and a transition balance sheet will be prepared. To this end, governance bodies have been established both at the corporate level (Steering Committee and Corporate Implementation Committee) and the local level (Local Implementation Committees), the latter aimed at companies that have to submit information on the valuation of their insurance contracts under IFRS and that consolidate their financial statements with MAPFRE, S.A.

- EU-IFRS 9 "Financial Instruments," which will replace EU-IAS 39 "Financial Instruments: Recognition and measurement," will also apply to years beginning on January 1, 2023, as the Group has availed itself of the optional temporary exemption from applying EU-IFRS 9 for entities with predominantly insurance activities. Although the standard does not require comparative figures to be presented, the MAPFRE Group plans to restate the figures for fiscal year 2022 to make it easier to compare the consolidated financial statements.

  This standard analysis has been performed in parallel with EU-IFRS 17, establishing the same processes and procedures described above.

  EU-IFRS 9 mainly affects the classification and valuation of financial assets, for which the categories are reduced and the classification criteria are changed based on the analysis of the following:

  - the contractual cash flows of the investment, in particular, whether these give rise to payments of principal and interest (SPPI test) alone; and
  - the business model for financial asset management.

  Based on the result of this analysis, each financial instrument will be accounted for in the following portfolios:

  - At amortized cost.
  - At Fair value through profit or loss.
  - At fair value through other comprehensive income (equity).

The Group has worked to define the business models established by EU-IFRS 9 and has drafted the documentation that entities must complete for each financial asset purchase transaction for investment classification.

In addition, and since it was already required by EU-IFRS 4, to analyze the potential impacts of the effective application of EU-IFRS 9 "Financial Instruments" and to improve the comparability of the information between the entities that are applying this standard, the SPPI test is already being performed for fixed-income securities classified in the "Held-to-maturity portfolio" and "Available-for-sale portfolio", the latter being the portfolio where the Group's investments are mainly concentrated. Note 6.4, "Financial investments," contains a breakdown of the information required by the standard.

Another new aspect is the calculation of impairment, where an expected loss model is used instead of the incurred loss established in EU-IAS 39. In this regard, the EU-IFRS 9 and 17 implementation working group has prepared and approved guidelines for calculating and recording this new approach to impairment.

No significant impact is expected from its implementation, due to the characteristics of the Group's investment portfolio, as no significant changes are expected in the classification of financial assets or their valuation since 97 percent of the current assets pass the SPPI test, no major reclassifications of the portfolios will be necessary. However, it is expected that there may be a non-significant increase in the impairment loss as a result of the new methodology of this standard, which will be recorded in reserves at the transition date.

Concerning shares, EU-IFRS 9 allows measuring them at fair value through equity without recycling to profit or loss or at fair value through profit or loss, depending on the business model chosen. The Group is currently evaluating the impact of this event and the classification to be chosen.

Upon their entry into force, the Group shall adopt 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

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

The overall effect on the Group's consolidated equity, financial situation, and results in fiscal years 2021 and 2020, 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, at base level, 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 regularly reviewed and are based on historical experience and other factors that may have been considered as more reasonable from time to time. If these reviews lead to changes in estimates in a given period, their effect would apply to that period and, as the case may be, to subsequent periods.

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 Appendix 1.

Companies are configured as subsidiaries when the Controlling Company holds a controlling interest over the investee company, receives or has the right to variable returns, and has the ability to influence said returns through the power that it exercises in said companies. Subsidiaries are consolidated from the date on which the Group acquires control, and they are excluded from the consolidation on the date when it ceases to have such control.

When control of a subsidiary is lost, the assets and liabilities of the subsidiary are derecognized at their carrying amounts on the date control is lost, and the fair value of the consideration received is recognized, recording the resulting difference as a gain or loss in profit or loss for the period.

Non-controlling interests are shown in consolidated equity separately from the equity attributable to the Controlling Company's shareholders. Non-controlling interests in the consolidated results for the period (and in the total consolidated overall result for the period) are also shown separately in the consolidated income statement (overall consolidated income statement).

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, 2021 and 2020.

3.2 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 component in the "Statement of Recognized Revenues and Expenses" and are shown under equity in the "Currency conversion differences" account, deducting the part of the difference that corresponds to non-controlling acquisitions of controlled companies.

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

The variations in technical provisions in the consolidated income statement differ from those that are obtained from the difference in the consolidated balance sheet of the current and previous fiscal year as a result of applying a different conversion exchange rate in the case of overseas subsidiaries.

4. EARNINGS PER SHARE AND DIVIDENDS

4.1 EARNINGS PER SHARE

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

	2021	2020
Net profit attributable to the shareholders of the Controlling Company (thousands of euros)	151,657	16,853
Average weighted number of outstanding ordinary shares (thousands of shares)	94,608	94,608
BASIC EARNINGS PER SHARE (EURO CENTS)	**1.60**	**0.18**

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 (in euros)		Dividend per share (in euros)	
	2021	2020	2021	2020
Interim dividend	50,142,155			
Final dividend	25,686,028	7,474,019		
TOTAL	**75,828,183**	**7,474,019**	**0.80**	**0.08**

The dividends per share indicated in the table above correspond to the amount for each share in circulation at the date on which the dividend is paid.

The final dividend for 2021 was proposed by the Board of Directors and is pending approval by the Ordinary Annual General Meeting.

The planned distribution of dividends complies with the requirements and limitations that are set out in the legal regulations and the corporate bylaws.

In 2021, a final dividend of 7,474 thousand euros was paid out of the 2020 reserves.

During 2021, the Controlling Company distributed an interim dividend in the total amount of 50,142 thousand euros, which is presented in equity under the heading "Interim dividend."

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

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ITEMS	30.11.2021
CASH AVAILABLE ON DATE OF RESOLUTION	274,181
INCREASES IN CASH FORECAST WITHIN ONE YEAR	**1,063,021**
(+) From expected current collection transactions	958,161
(+) From expected financial transactions	104,860
DECREASES IN CASH FORECAST WITHIN ONE YEAR	**(1,098,855)**
(-) From expected current payment transactions	(954,183)
(-) From expected financial transactions	(94,530)
(-) From payment of interim dividend	(50,142)
CASH AVAILABLE WITHIN ONE YEAR	**238,347**

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 of acquisition 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.

- **Intangible assets generated internally**
  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, and 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 of Intangible assets with a definite 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%

They are amortized on the basis of their useful life in the expense account "Amortization provisions."

5.2 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 any 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.

Amortization 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 items are included on the consolidated income statement.

5.3 LEASING

According to the Group, 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.

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 valuation

As a lessee, the Group recognizes a right-of-use asset and lease liabilities on the initial date of the lease, according to the payments set out in the contract and its estimated duration. The initial valuation 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 Group 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 Group 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.

5.4 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 a main contract and a financial derivative at the same time, 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 value: Unadjusted price quoted in active markets.

- Level 2. Observable data: Prices quoted in active markets for instruments similar to the one being valued or other valuation techniques in which all the significant variables are based on observable market data. The 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 less the zero coupon swap curve that reflects the risks inherent to the issue measured, such as: Credit, Liquidity, and Optionality Risk.

- Level 3. Other valuations: Specific variables for each case. 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 rating 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 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, 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.

5.5 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 indications exist, 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, the previously recognized impairment loss is reversed, increasing the carrying amount 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.

5.6 CREDITS

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 future cash flows, discounted at the original effective interest rate of the financial asset. The loss is recognized on the 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.

5.7 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.

5.8 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 5.9.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.

5.9 REINSURANCE OPERATIONS

A) PREMIUMS

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

B) TECHNICAL PROVISIONS

B.1) Assumed reinsurance
Provision for unearned premiums

Proportional Reinsurance

Assumed proportional 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 posted as the provision for unearned premiums, and in the final analysis a premium allocation statistical method is used.

The acquisition expenses indicated by the cedants are allocated and included in the consolidated balance sheet under the heading "Accrual 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, accruals 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

These are recorded for the amounts declared by the ceding company or, in the absence of them, for the deposits retained, and include supplementary provisions for claims incurred and not declared, as well as for deviations from those existing based on 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 cedant's information or the best estimate.

For business accepted from MAPFRE GROUP companies, a provision is made for the amount communicated with the cedant.

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 provisions are inadequate, they are adjusted and charged to the result for the period.

C) LOSS EXPERIENCE

Losses on accepted 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 assumed reinsurance.

D) MOST SIGNIFICANT ASSUMPTIONS AND OTHER SOURCES FOR ESTIMATING UNCERTAINTIES

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

The estimates and assumptions used are generally regularly reviewed and are based on historical experience and other factors that may have been considered as 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 evolution of claims, using the frequency and costs of claims in recent years. The estimates also take into account interest and exchange rate assumptions, delays in the payment of claims and any other external factors that may affect the estimates.

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.

When calculating 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 derived from reinsurance contracts, the general valuation criterion indicated in Note 5.6 "Receivables" is applied.

5.10 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.

5.11 DEBTS

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.

5.12 GENERAL CRITERIA FOR REVENUES 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.

5.13 EMPLOYEE REMUNERATION

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

a. Short-term remuneration
These are accounted for on the basis of the services rendered by the 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 the ages of 65 and 77.

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

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

c. Termination compensation

This is recognized as a liability and expense when there is clearly an agreement to terminate the work relationship before the normal date of employee retirement or when there is an offer to encourage voluntary termination 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 a member of the Group's managerial staff. It will be paid partly in cash (50%) and partly in MAPFRE S.A. shares (50%) and is subject to reduction or recovery.

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, until the vesting period date, the number of equity instruments included in the calculation of the transaction amount is adjusted. No further adjustments are made after said date. In 2021, the MAPFRE Group launched a stock-based remuneration plan for employees in Spain with the aim of strengthening their bond to the company's strategy and future profit. The plan allows them to voluntarily allocate a portion of their remuneration annually to MAPFRE S.A. shares, which will be delivered to them on a monthly basis throughout 2022.

5.14 INCOME AND EXPENSES FROM INVESTMENTS

These are classified according to 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.

5.15 RECLASSIFICATION OF EXPENSES BY TYPE, DESTINATION, AND ALLOCATION TO ACTIVITY SEGMENTS

The criteria followed for the reclassification of expenses by destination are mainly based on the function performed by each employee, distributing their direct and indirect cost in accordance with this function.

For expenses not 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: Proportionally to the average claims ratio.

- Investment-related expenses: Proportionally to the average technical provisions.

- Other technical expenses: Direct allocation.

- Other non-technical expenses: Direct allocation.

- Acquisition expenses: Proportionally to average premiums.

- Administration expenses: Proportionally 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.

5.16 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 year end, the existing balances in foreign currencies are translated at the exchange rate of the functional currency prevailing on that date, and all exchange differences are recorded in the consolidated income statement, the only exception being those which are directly allocated to "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 ones measured at fair value, where changes in value are directly recognized in equity.

5.17 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 does not affect the accounting result or the taxable income on the transaction date;

- 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, assets that arise from the initial recognition of assets or liabilities in a transaction that is not a business combination and does not affect the accounting result or the taxable income on the transaction date, are not recognized.

- They correspond to temporary differences relating to investments in controlled, associated, or joint arrangement companies to the extent that the temporary differences revert in the foreseeable future and positive future taxable profits are expected to be generated to offset the differences;

(iii) Compensation
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 rates 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 FINANCIAL STATEMENTS

6.1 INTANGIBLE ASSETS

The difference in this heading is detailed in the following tables:
The main “additions” in fiscal year 2021 correspond to the start-up of the Acord Cloud application, and the activation of the Expocat and Condor Claims projects and, in fiscal year 2020, to the start-up of the SAP/4 HANA accounting application.

Fiscal year 2021

ITEM	OPENING BALANCE 2021	ADJUSTMENTS TO OPENING BALANCE	CHANGES IN SCOPE	ADDITIONS OR PROVISIONS	DISPOSALS, WRITE-OFFS OR REDUCTIONS	CLOSING BALANCE 2021
GOODWILL	54,138					54,138
OTHER INTANGIBLE ASSETS	17,979			1,809	(623)	19,165
Portfolio acquisition expenses						
Computer applications	17,979			1,809	(623)	19,165
Other						
COST	**72,117**			**1,809**	**(623)**	**73,303**
CUMULATIVE AMORTIZATION						
OTHER INTANGIBLE ASSETS	(12,445)			(2,734)	623	(14,556)
Portfolio acquisition expenses						
Computer applications	(12,445)			(2,734)	623	(14,556)
Other						
CUMULATIVE AMORTIZATION	**(12,445)**			**(2,734)**	**623**	**(14,556)**
IMPAIRMENT						
GOODWILL						
OTHER INTANGIBLE ASSETS						
Portfolio acquisition expenses						
Computer applications						
Other						
TOTAL IMPAIRMENT						
TOTAL GOODWILL	**54,138**					**54,138**
TOTAL OTHER INTANGIBLE ASSETS	**5,534**			**(925)**		**4,609**
TOTAL INTANGIBLE ASSETS	**59,672**			**(925)**		**58,747**

Figures in thousands of euros.

Fiscal year 2020

ITEM	OPENING BALANCE 2020	ADJUSTMENTS TO OPENING BALANCE	CHANGES IN SCOPE	ADDITIONS OR PROVISIONS	DISPOSALS, WRITE-OFFS OR REDUCTIONS	CLOSING BALANCE 2020
GOODWILL	54,138					54,138
OTHER INTANGIBLE ASSETS	17,125			3,534	(2,680)	17,979
Portfolio acquisition expenses						
Computer applications	17,125			3,534	(2,680)	17,979
Other						
COST	**71,263**			**3,534**	**(2,680)**	**72,117**
CUMULATIVE AMORTIZATION						
OTHER INTANGIBLE ASSETS	(9,961)			(2,491)	7	(12,445)
Portfolio acquisition expenses						
Computer applications	(9,961)			(2,491)	7	(12,445)
Other						
CUMULATIVE AMORTIZATION	**(9,961)**			**(2,491)**	**7**	**(12,445)**
IMPAIRMENT						
GOODWILL						
OTHER INTANGIBLE ASSETS						
Portfolio acquisition expenses						
Computer applications						
Other						
TOTAL IMPAIRMENT						
TOTAL GOODWILL	**54,138**					**54,138**
TOTAL OTHER INTANGIBLE ASSETS	**7,164**			**1,043**	**(2,673)**	**5,534**
TOTAL INTANGIBLE ASSETS	**61,302**			**1,043**	**(2,673)**	**59,672**

Figures in thousands of euros.

The main "disposals" in fiscal years 2021 and 2020 correspond to the derecognition of fully amortized applications.

The cost of fully amortized intangible assets at year-end 2021 amounts to 10,137 thousand euros (9,407 thousand euros at year-end 2020).

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 12/31/20	Fiscal year 2020			Balance as on 12/31/21
			Additions/ Write-offs	Impairment	Amortization	
Goodwill						
MAPFRE GLOBAL RISKS	NON-LIFE GLOBAL 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 and calculated on the basis of cash flow projections. The following table shows the recoverable value of the cash-generating unit to which the main intangible assets are assigned at the end of the last two fiscal years.

CASH-GENERATING UNIT	CONTRAST VALUE		RECOVERABLE VALUE	
	2021	2020	2021	2020
NON-LIFE GLOBAL RISKS PORTFOLIO	334,566	357,547	904,038	604,716

The country risk rate corresponds to the actual yield of the 10-year Treasury bonds in local currency issued in Spain, increased by the risk premium of the equity market estimated for the insurance industry. The market risk premium for the insurance industry is calculated by modulating the generic premium for the equity market by the Beta ratio for listed insurance companies compared with the region in which the cash-generating unit operates.

The perpetuity growth rate applied to said projections is based on the interest rate of the geographic market in which the cash-generating unit operates, which was 1.70 percent in 2021 (1.62 percent in 2020). This is based on the long-term inflation forecasts included in the International Monetary Fund's "World Economic Outlook Database."

The discount rate used to calculate the recoverable value was 4.00 percent in 2021 (3.93 percent in 2020). The cash flow projections for the first five years consider growth rates based on past experience, while in subsequent years the residual value is calculated, establishing perpetual revenues based on the cash flows of the last period of the estimates, with a perpetuity growth rate calculated as described above.

The rates used to calculate the recoverable value from cash-generating units are after taxes, as they apply to cash flows that are also net of the tax effect.

In the event of reasonable variations in any of the key assumptions, the book value is unlikely to be significantly higher than the recoverable value of the cash-generating unit.

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 2021

ITEM	OPENING BALANCE	ADJUST-MENTS TO OPENING BALANCE	CHANGES IN THE SCOPE	ADDITIONS OR PROVISIONS	DISPOSALS, WRITE-OFFS, OR REDUCTIONS	CLOSING BALANCE	MARKET VALUE
COST							
PROPERTY FOR OWN USE	60,323			1,719	(179)	61,863	58,442
Land and natural resources	28,878					28,878	26,125
Buildings and other structures	20,346					20,346	23,007
Lease use rights	11,099			1,719	(179)	12,639	9,310
OTHER PROPERTY, PLANT, AND EQUIPMENT	12,630			1,154	(2,665)	11,119	5,536
Vehicles	466			88	(152)	402	214
Furniture and fittings	8,022			644	(1,213)	7,453	4,721
Other property, plant, and equipment	3,591			256	(881)	2,966	472
Advances and fixed assets in progress	488				(419)	69	
Lease use rights	63			166		229	129
TOTAL COST	**72,953**			**2,873**	**(2,844)**	**72,982**	**63,978**
CUMULATIVE AMORTIZATION							
PROPERTY FOR OWN USE	(5,622)			(2,022)		(7,644)	
OTHER PROPERTY, PLANT, AND EQUIPMENT	(6,488)			(1,245)	2,150	(5,583)	
TOTAL CUMULATIVE AMORTIZATION	**(12,110)**			**(3,267)**	**2,150**	**(13,227)**	
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 construction in progress							
TOTAL IMPAIRMENT	**(1,224)**					**(1,224)**	
TOTAL PROPERTY FOR OWN USE	**53,477**			**(303)**	**(179)**	**52,995**	**58,442**
TOTAL OTHER PROPERTY, PLANT, AND EQUIPMENT	**6,142**			**(91)**	**(515)**	**5,536**	**5,536**
TOTAL PROPERTY, PLANT & EQUIPMENT	**59,619**			**(394)**	**(694)**	**58,531**	**63,978**

Figures in thousands of euros.

Fiscal year 2020

ITEM	OPENING BALANCE	ADJUSTMENTS TO OPENING BALANCE	CHANGES IN THE SCOPE	ADDITIONS OR PROVISIONS	DISPOSALS, WRITE-OFFS, OR REDUCTIONS	CLOSING BALANCE	MARKET VALUE
COST							
PROPERTY FOR OWN USE	63,504	47		1,362	(4,590)	60,323	58,837
Land and natural resources	30,216	(1,338)				28,878	28,878
Buildings and other structures	20,531	2,906			(3,091)	20,346	20,592
Lease use rights	12,757	(1,521)		1,362	(1,499)	11,099	9,367
OTHER PROPERTY, PLANT, AND EQUIPMENT	14,246	68		1,011	(2,695)	12,630	6,142
Vehicles	373	(1)		173	(79)	466	224
Furniture and fittings	8,709	(66)		801	(1,422)	8,022	3,869
Other property, plant, and equipment	4,633	135		17	(1,194)	3,591	1,714
Advances and fixed assets in progress	468			20		488	235
Lease use rights	63					63	100
TOTAL COST	**77,750**	**115**		**2,373**	**(7,285)**	**72,953**	**64,979**
CUMULATIVE AMORTIZATION							
PROPERTY FOR OWN USE	(6,147)	2,532		(2,007)		(5,622)	
OTHER PROPERTY, PLANT, AND EQUIPMENT	(7,736)	1,086		(1,137)	1,299	(6,488)	
TOTAL CUMULATIVE AMORTIZATION	**(13,883)**	**3,618**		**(3,144)**	**1,299**	**(12,110)**	
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	**56,133**	**2,579**		**(645)**	**(4,590)**	**53,477**	**58,837**
TOTAL OTHER PROPERTY, PLANT, AND EQUIPMENT	**6,510**	**1,154**		**(126)**	**(1,396)**	**6,142**	**6,142**
TOTAL PROPERTY, PLANT & EQUIPMENT	**62,643**	**3,733**		**(771)**	**(5,986)**	**59,619**	**64,979**

Figures in thousands of euros.

In the 2021 financial year, the main "additions" occurred due to an increase in the value of the rights of use of leased properties (1,719 thousand euros) and to refurbishment work at the Head Office (roofing, 287 thousand euros) and the permanent establishments in the United Kingdom (197 thousand euros) and Italy (132 thousand euros).

In the 2020 fiscal year, the main "additions" originated from the works to remodel the representative offices of Colombia and Mexico and from the increase in the value of the rights to use rented properties.

The main "disposals" in fiscal years 2021 and 2020 were due to the removal of furniture, information processing equipment, and fully depreciated transportation equipment.

The cost of fully depreciated property, plant, and equipment items at the end of the 2021 and 2020 fiscal years reached 920 thousand euros and 3,365 thousand euros respectively, of which 402 thousand euros and 2,002 thousand euros respectively correspond to elements outside Spanish territory.

Real estate investments

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

Fiscal year 2021

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							
REAL ESTATE INVESTING	7,155					7,155	6,791
Land and natural resources	2,081					2,081	1,892
Buildings and other structures	5,074					5,074	4,899
OTHER REAL ESTATE INVESTMENTS							
TOTAL COST	**7,155**					**7,155**	**6,791**
CUMULATIVE AMORTIZATION							
REAL ESTATE INVESTING	(4,516)			(173)		(4,689)	
OTHER REAL ESTATE INVESTMENTS							
TOTAL CUMULATIVE AMORTIZATION	**(4,516)**			**(173)**		**(4,689)**	
IMPAIRMENT							
REAL ESTATE INVESTING							
Land and natural resources							
Buildings and other structures							
OTHER REAL ESTATE INVESTMENTS							
TOTAL IMPAIRMENT							
TOTAL REAL ESTATE INVESTMENTS	**2,639**			**(173)**		**2,466**	**6,791**

Figures in thousands of euros.

Fiscal year 2020

ITEM	OPENING BALANCE	ADJUST-MENTS TO OPENING BALANCE	CHANGES IN THE CONSOLI-DATION SCOPE	ADDITIONS OR PROVISIONS	DISPOSALS, WRITE-OFFS, OR REDUCTIONS	CLOSING BALANCE	MARKET VALUE
COST							
REAL ESTATE INVESTING	6,814	(101)		442		7,155	6,803
Land and natural resources	2,080	1				2,081	1,898
Buildings and other structures	4,734	(102)		442		5,074	4,905
OTHER REAL ESTATE INVESTMENTS							
TOTAL COST	**6,814**	**(101)**		**442**		**7,155**	**6,803**
CUMULATIVE AMORTIZATION							
REAL ESTATE INVESTING	(4,334)	17		(199)		(4,516)	
OTHER REAL ESTATE INVESTMENTS							
TOTAL CUMULATIVE AMORTIZATION	**(4,334)**	**17**		**(199)**		**(4,516)**	
IMPAIRMENT							
REAL ESTATE INVESTING							
Land and natural resources							
Buildings and other structures							
OTHER REAL ESTATE INVESTMENTS							
TOTAL IMPAIRMENT							
TOTAL REAL ESTATE INVESTMENTS	**2,480**	**(84)**		**243**		**2,639**	**6,803**

Figures in thousands of euros.

The market value of real estate investments and of property for own use basically represents the value determined by an independent appraiser based on the variables observed in the market (Level 2). The appraisal methods commonly used are the cost method, the comparison method, the future rental income method, and the abbreviated residual method, depending on the characteristics of the asset being appraised.

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

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

ITEM	OPERATIONS		INVESTMENTS IN EQUITY		TOTAL	
	2021	2020	2021	2020	2021	2020
Income from property						
From rentals	101	176	15	14	116	190
Gains on disposals						
TOTAL INCOME FROM INVESTMENTS	**101**	**176**	**15**	**14**	**116**	**190**
Property investment expenses						
Direct operating expenses	(35)	(37)			(35)	(37)
Other Expenses	(156)	(120)			(156)	(120)
TOTAL EXPENSES FROM PROPERTY INVESTMENTS	**(191)**	**(158)**			**(191)**	**(158)**

Figures in thousands of euros.

6.3 LEASING

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 are no restrictions on the lessee in connection with these leases.

The financial statements at the close of last two fiscal years include the following amounts:

Fiscal year 2021

ITEM	REAL ESTATE FOR OWN USE	OTHER PROPERTY, PLANT, AND EQUIPMENT	TOTAL
Right of use (net book value)	9,310	129	9,439
Other financial liabilities: lease payment obligations	10,234		10,234
Amortization	(1,855)		(1,855)
Interest expenditure	(261)		(261)

Figures in thousands of euros.

Fiscal year 2020

ITEM	REAL ESTATE FOR OWN USE	OTHER PROPERTY, PLANT, AND EQUIPMENT	TOTAL
Right of use (net book value)	9,367	26	9,393
Other financial liabilities: lease payment obligations	9,632		9,632
Amortization	(1,779)		(1,779)
Interest expenditure	(196)		(196)

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 amount to 1.9 million euros (1.8 million euros in 2020).

The minimum future payments for non-cancelable leases at the close of the last two fiscal years are as follows:

ITEM	REAL ESTATE FOR OWN USE		OTHER PROPERTY, PLANT, AND EQUIPMENT		TOTAL	
	2021	2020	2021	2020	2021	2020
Less than one year	191	158			191	158
More than one year and less than five years	763	631			763	631
More than five years						
TOTAL	**954**	**788**			**954**	**788**

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 4.71 percent and 6.07 percent respectively (1.90 percent and 6.91 percent in 2020).

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

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 are no restrictions on the lessee in connection with 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:

ASSET TYPE	NET BOOK VALUE	
	2021	2020
Chile property	1,240	1,419
Mansardas R-25	1,226	1,220
TOTAL	**2,466**	**2,639**

Figures in thousands of euros.

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

ITEM	2021	2020
Less than one year	116	190
More than one year and less than five years	760	760
More than five years	570	570
TOTAL	**1,446**	**1,520**

Figures in thousands of euros.

6.4 FINANCIAL INVESTMENTS

The breakdown of financial investments at December 31 of the last two fiscal years, is as follows:

ITEM	BOOK VALUE	
	2021	2020
AVAILABLE-FOR-SALE PORTFOLIO		
Shares	190,093	191,283
Fixed income	3,563,522	3,464,388
Mutual funds	714,106	478,486
Other		
TOTAL AVAILABLE-FOR-SALE PORTFOLIO	**4,467,721**	**4,134,157**
TRADING PORTFOLIO		
Other investments		
Shares	67	3,065
Fixed income		
Mutual funds	23,737	22,596
Other		
TOTAL TRADING PORTFOLIO	**23,804**	**25,661**

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 it 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 close of the 2021 and 2020 fiscal years, the Group conducted an analysis of fixed income securities classified in the available-for-sale portfolio, in order to determine which securities receive contractual cash flow solely from principal and interest, i.e., if they pass the "SPPI" test.

The results of this analysis are described below, with the book values and fair values broken down as on December 31, 2021 and 2020, as well as the variation in fair value during these fiscal years:

Fiscal year 2021

RESULT	BOOK VALUE	FAIR VALUE	
		AMOUNT	VARIATION
Pass the "SPPI test"	3,449,627	3,449,627	(9,008)
Don't pass the "SPPI test"	113,895	113,895	(1,770)
TOTAL ANALYZED	**3,563,522**	**3,563,522**	**(10,778)**

Figures in thousands of euros.

Fiscal year 2020

RESULT	BOOK VALUE	FAIR VALUE	
		AMOUNT	VARIATION
Pass the "SPPI test"	3,348,723	3,348,723	(10,677)
Don't pass the "SPPI test"	115,665	115,665	(1,194)
TOTAL ANALYZED	**3,464,388**	**3,464,388**	**(11,871)**

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	687,048	687,048
AA	770,547	770,547
A	1,092,530	1,092,530
BBB	833,654	833,654
BB OR LOWER	65,848	65,848
No rating		
TOTAL	**3,449,627**	**3,449,627**

Figures in thousands of euros.

A) Available-for-sale portfolio

The investments allocated to the available-for-sale portfolio as on December 31, 2021 and 2020 are shown below:

ITEM	BOOK VALUE (FAIR VALUE)								IMPAIRMENT			
	LEVEL 1. MARKET VALUE		LEVEL 2. OBSERVABLE DATA		LEVEL 3. OTHER VALUATIONS		TOTAL		RECORDED LOSS		REVERSAL GAINS	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Shares	188,580	191,283			1,513		190,093	191,283				
Fixed income	2,662,881	2,998,127	893,454	466,261	7,187		3,563,522	3,464,388			11	1
Mutual funds	446,323	304,400			267,783	174,086	714,106	478,486				
TOTAL AVAILABLE-FOR-SALE PORTFOLIO	**3,297,784**	**3,493,810**	**893,454**	**466,261**	**267,783**	**174,086**	**4,467,721**	**4,134,157**			**11**	**1**

Figures in thousands of euros.

The impairment in 2021 and 2020 includes the reversal gains on investments available for sale in Chile.

The change in valuation adjustments of portfolio investments amounted to (65.39) million and 25.95 million euros as on December 31, 2021 and 2020, 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 2021 and 2020 fiscal years, amount to (51.71) and (15.91) million euros, respectively.

In 2021, there were transfers of assets from Level 1 to Level 2 amounting to 21.7 million euros. There were no such transfers in 2020.

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

At the close of 2021 and 2020 the impairment analyses performed for each security in the equity portfolios concluded that there was no significant impairment, or any signs of such, in any of the investments valued at their stock market quoted price because none of the objective situations determining this eventuality had occurred.

B) Trading portfolio

The investments allocated to the trading portfolio as at 31 December 2021 and 2020 are detailed below:

	BOOK VALUE (FAIR VALUE)								GAINS (LOSSES) ALLOCATED TO RESULTS			
	LEVEL 1. MARKET VALUE		LEVEL 2. OBSERVABLE DATA		LEVEL 3. OTHER VALUATIONS		TOTAL		UNREALIZED		REALIZED	
ITEM	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
OTHER TRADING PORTFOLIO INVESTMENTS												
Shares	67	65				3,000	67	3,065			9	8
Fixed income												
Mutual funds	13,809	19,839			9,928	2,757	23,737	22,596			522	425
Other												
TOTAL OTHER INVESTMENTS	**13,876**	**19,904**			**9,928**	**5,757**	**23,804**	**25,661**			**532**	**433**
TOTAL TRADING PORTFOLIO	**13,876**	**19,904**			**9,928**	**5,757**	**23,804**	**25,661**			**532**	**433**

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.

During 2021 and 2020 no significant transactions were carried out involving Level 3 financial assets held for trading, and no transfers were made from/to this level.

6.5 RECEIVABLES

The breakdown of the “Receivables” heading as on December 31, 2021 and 2020, as well as impairment losses and reversal gains recorded in the last two fiscal years, are as follows:

ITEM	GROSS AMOUNT		IMPAIRMENT		NET BALANCE ON BALANCE SHEET		IMPAIRMENT: LOSSES RECORDED		IMPAIRMENT: REVERSAL GAINS		GUARANTEES RECEIVED	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
I. Receivables on reinsurance operations	596,978	934,783	(10,443)	(12,713)	586,535	922,070	(435)	(638)	2,704			
II. Tax receivables	12,607	13,933			12,607	13,933						
III. Corporate and other receivables	4,831	4,611			4,831	4,611						
TOTAL	**614,416**	**953,327**	**(10,443)**	**(12,713)**	**603,973**	**940,614**	**(435)**	**(638)**	**2,704**			

Figures in thousands 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 5.6 “Receivables” in this report.

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

CORPORATE AND OTHER RECEIVABLES	AMOUNT	
	2021	2020
Balance receivables from personnel	248	2
Other debtors	4,583	4,609
TOTAL	**4,831**	**4,611**

Figures in thousands of euros.

6.6 ASSET IMPAIRMENT

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

Fiscal year 2021

IMPAIRMENT IN:	OPENING BALANCE	ADJUSTMENTS TO OPENING BALANCE	RECORDED IN RESULTS		WRITE-OFF OF ASSET		CLOSING BALANCE
			Provisions	Deductions	Provisions	Deductions	
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)				(11)			(11)
I. Property investments							
II. Financial investments (1+2+3)				(11)			(11)
1. Held-to-maturity portfolio							
2. Available-for-sale portfolio				(11)			(11)
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)	12,713	(1)	435	(2,704)			10,443
I. Receivables on direct insurance and co-insurance op.							
II. Receivables on reinsurance op.	12,713	(1)	435	(2,704)			10,443
III. Tax receivables							
IV. Corporate and other receivables							
V. Shareholders, called capital							
K) OTHER ASSETS							
TOTAL IMPAIRMENT (A+B+C+H+K)	**13,937**	**(1)**	**435**	**(2,715)**			**11,656**

Figures in thousands of euros.

Fiscal year 2020

IMPAIRMENT IN:	OPENING BALANCE	ADJUSTMENTS TO OPENING BALANCE	RECORDED IN RESULTS		WRITE-OFF OF ASSET		CLOSING BALANCE
			Provisions	Reductions	Provisions	Reductions	
A) INTANGIBLE ASSETS (I+II)							
I. Goodwill							
II. Other intangible assets							
B) PROPERTY, PLANT, AND EQUIPMENT (I+II)	1,224						1,224
I. Property for own use	1,224						1,224
II. Other property, plant, and equipment							
C) INVESTMENTS (I+II+III+IV+V)							
I. Property investments							
II. Financial investments (1+2+3)							
1. Held-to-maturity portfolio							
2. Available-for-sale portfolio							
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)	12,075		638				12,713
I. Receivables on direct insurance and co-insurance op.							
II. Receivables on reinsurance operations.	12,075		638				12,713
III. Tax receivables							
IV. Corporate and other receivables							
V. Shareholders, called capital							
K) OTHER ASSETS							
TOTAL IMPAIRMENT (A+B+C+H+K)	**13,299**		**638**	**(0)**			**13,937**

Figures in thousands of euros.

6.7 CASH FLOWS

There are no significant non-cash transaction entries 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	2021	2020
Cash deposited in banks	238,357	272,940
Cash equivalents in banks	50,207	29,600
TOTAL	**288,564**	**302,540**

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 2021 and 2020 was 94,607,840 registered shares, with a face value of 3.10 euros each, fully subscribed and paid-up.

All shares carry the same political and economic rights.

The Annual General Meeting of the Controlling Company held on April 3, 2020 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 146,642,152 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, 2021 and 2020.

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	
	2021	2020
FIXED INCOME		
Gains	48,009	115,466
Losses	(12,082)	(4,518)
EQUITY AND MUTUAL FUNDS		
Gains	25,243	10,089
Losses	(11,147)	(4,463)
Shadow accounting		
Other adjustments		
TOTAL	**50,023**	**116,574**

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 2021 and 2020, 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 shareholders' equity in line with the regulations currently in force and other management models used. The Group's solvency ratio offers great strength and stability, bolstered by high diversification, strict investment policies and asset and liability management.

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' remuneration is 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 registered 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 Appendix 1, indicating the methods used for their accounting integration and the calculation of solvency.

6.9 TECHNICAL PROVISIONS

1. Breakdown of the 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	
	2021	2020	2021	2020
1 - Provisions for Non-Life unearned premiums and unexpired risks	1,673,236	1,505,116	836,054	790,156
1.1 Provision for unearned premiums	1,673,236	1,505,116	836,054	790,156
1.2 Provision for unexpired risks				
2 - Provisions for Life insurance	480,043	406,673	30,680	35,517
2.1 Provisions for unearned premiums and unexpired risks	444,636	337,487	6,161	6,199
2.1.1 Provisions for unearned premiums	444,636	337,487	6,161	6,199
2.1.2 Provisions for unexpired risks				
2.2 Mathematical reserves	35,407	69,186	24,519	29,318
2.3 Provisions for share in profits				
3 - Provisions for outstanding claims	5,202,664	4,484,952	2,298,515	1,886,723
3.1 Pending settlement or payment	5,202,664	4,484,952	2,298,515	1,886,723
3.2 Claims incurred but not reported (IBNR)				
3.3 For claim settlement internal expenses				
4 - Other technical provisions				
4.1 Burial				
4.2 Other				
TOTAL	**7,355,943**	**6,396,741**	**3,165,249**	**2,712,396**

Figures in thousands of euros.

2. Movement of each of the technical provisions

2.1 Provisions for unearned premiums, unexpired risks, claims, profit-sharing, and other technical provisions.

A) Assumed reinsurance

Fiscal year 2021

ITEM	OPENING BALANCE	PROVISIONS	APPLICATIONS	CLOSING BALANCE
I. Provisions for Non-life unearned premiums and unexpired risks	1,505,116	1,673,236	(1,505,116)	1,673,236
1. Provisions for unearned premiums	1,505,116	1,673,236	(1,505,116)	1,673,236
2. Provisions for unexpired risks				
II. Provisions for Life insurance	406,673	480,043	(406,673)	480,043
1. Provisions for unearned premiums	337,487	444,636	(337,487)	444,636
2. Provisions for unexpired risks				
3. Mathematical reserves	69,186	35,407	(69,186)	35,407
4. Provisions for profit sharing				
III. Provision for outstanding claims	4,484,952	5,202,664	(4,484,952)	5,202,664
Assumed reinsurance	4,484,952	5,202,664	(4,484,952)	5,202,664
IV. Other technical provisions				
TOTAL	**6,396,741**	**7,355,943**	**(6,396,741)**	**7,355,943**

Figures in thousands of euros.

Fiscal year 2020

ITEM	OPENING BALANCE	PROVISIONS	APPLICATIONS	CLOSING BALANCE
I. Provisions for Non-life unearned premiums and unexpired risks	1,478,207	1,505,116	(1,478,207)	BALANCE
1. Provisions for unearned premiums	1,478,207	1,505,116	(1,478,207)	1,505,116
2. Provisions for unexpired risks				
II. Provisions for Life insurance	320,544	406,673	(320,544)	406,673
1. Provisions for unearned premiums	246,629	337,487	(246,629)	337,487
2. Provisions for unexpired risks				
3. Mathematical reserves	73,915	69,186	(73,915)	69,186
4. Provisions for profit sharing				
III. Provision for outstanding claims	4,520,449	4,484,952	(4,520,449)	4,484,952
Assumed reinsurance	4,520,449	4,484,952	(4,520,449)	4,484,952
IV. Other technical provisions				
TOTAL	**6,319,200**	**6,396,741**	**(6,319,200)**	**6,396,741**

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 2021

ITEM	OPENING BALANCE	PROVISIONS	APPLICATIONS	CLOSING BALANCE
Provision for unearned premiums	790,156	836,054	(790,156)	836,054
Provision for Life insurance	35,517	30,680	(35,517)	30,680
Provision for outstanding claims	1,886,723	2,298,515	(1,886,723)	2,298,515
Other technical provisions				
TOTAL	**2,712,396**	**3,165,249**	**(2,712,396)**	**3,165,249**

Figures in thousands of euros.

Fiscal year 2020

ITEM	OPENING BALANCE	PROVISIONS	APPLICATIONS	CLOSING BALANCE
Provision for unearned premiums	762,224	790,156	(762,224)	790,156
Provision for Life insurance	101,926	35,517	(101,926)	35,517
Provision for outstanding claims	1,885,573	1,886,723	(1,885,573)	1,886,723
Other technical provisions				
TOTAL	**2,749,723**	**2,712,396**	**(2,749,723)**	**2,712,396**

Figures in thousands of euros.

2.2 Mathematical provisions

ITEM	ASSUMED REINSURANCE	
	2021	2020
MATHEMATICAL PROVISIONS AT THE BEGINNING OF THE FISCAL YEAR	**69,186**	**73,915**
Adjustments to opening balance	(5,146)	(2,100)
Consolidation (reserve balance on consolidation date)		
Premiums		265
Technical interest		
Allocation of profit sharing		
Claim payments/collections	(28,633)	(2,629)
Provision adequacy test		
Shadow accounting adjustments		(265)
Other		
Deconsolidation (balance of provision on deconsolidation date)		
MATHEMATICAL PROVISIONS AT FISCAL YEAR-END	**35,407**	**69,186**

Figures in thousands of euros.

3. Further 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 5.9.

3.2 Evolution of losses by year of occurrence

No information regarding the evolution of the loss experience by year of occurrence is provided for accepted reinsurance, as, generally speaking, ceding companies do not inform the Company of the date of occurrence of losses.

Using data from 2021 and 2020, 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, which 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 2021

ITEM	OPENING BALANCE	ADJUST-MENTS TO OPENING BALANCE	CHANGES IN SCOPE	ADDITIONS		DISPOSALS		CLOSING BALANCE	MAXIMUM REVERSAL PERIOD
				Allocated provisions	Increased value on discount	Applied provisions	Reversed provisions		
Provision for taxes	1,200							1,200	
Provisions for employee incentives	1,794			7,559		(9,031)		322	
Other provisions	7,501							7,501	
TOTAL BOOK VALUE	**10,495**			**7,559**		**(9,031)**		**9,023**	

Figures in thousands of euros.

Fiscal year 2020

ITEM	OPENING BALANCE	ADJUST-MENTS TO OPENING BALANCE	ADDITIONS		DISPOSALS		CLOSING BALANCE	MAXIMUM REVERSAL PERIOD
			Allocated provisions	Increased value on discount	Applied provisions	Reversed provisions		
Provision for taxes	1,200						1,200	
Provisions for employee commitments	2,588		198	(992)	(795)		1,794	
Other provisions	6,605		5,963	(5,067)	(2,220)		7,501	
TOTAL BOOK VALUE	**10,393**		**4,810**	**(4,708)**	**(3,015)**		**10,495**	

Figures in thousands of euros.

The provisions for risks and expenses include the estimated amounts of tax debts, settlement agreement payments, restructuring, employee incentives and others derived from the activities and inherent risks of the Group companies, which will be paid in the coming years.

The item "Provisions for Risks and Expenses" includes mainly: the defined benefit plans for 2021 and 2020 in the amount of 1,766 thousand euros and 1,655 thousand euros, respectively; the medium-term incentive plan in the amount of 27 thousand euros and 139 thousand euros in 2021 and 2020; the annual variable incentive in 2021 and 2020 in the amount of 3,731 thousand and 3,840 thousand euros; the long-service bonus of 1,680 thousand euros and 1,757 thousand euros, respectively; the life insurance with coverage for death between the ages of 65 and 77 in 2021 and 2020 amounting to 439 thousand euros and 799 thousand euros, respectively; and the grants in 2021 and 2020 amounting to 180 thousand euros and 265 thousand euros, respectively.

6.11 DEPOSITS RECEIVED ON CEDED AND RETROCEDED INSURANCE

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 0.90 percent, and the average renewal period is generally annual. Settlement of the aforementioned interest is performed quarterly.

6.12 DEBTS

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 Group provided letters of credit in guarantee reserves for premiums and outstanding claims against official bodies amounting to 110.5 and 92.4 million euros in 2021 and 2020 respectively. Likewise, fixed income securities have been pledged in favor of ceding companies through these letters of credit in the available-for-sale portfolio, amounting to 781.0 million and 683.2 million euros in fiscal years 2021 and 2020 respectively, as well as deposits at banking institutions for 112.1 and 80.2 million euros in 2021 and 2020.

6.14 INCOME AND EXPENSES FROM INVESTMENTS

The breakdown of revenue and expenses from investments for fiscal years 2021 and 2020 is shown below:

Revenue from investments

	REVENUE FROM INVESTMENTS IN					
	OPERATIONS		EQUITY		TOTAL	
ITEM	2021	2020	2021	2020	2021	2020
REVENUE FROM INTEREST, DIVIDENDS, AND SIMILAR						
Property investments:	101	176	15	14	116	190
- Rentals	101	176	15	14	116	190
Revenue from the held-to-maturity portfolio:						
- Fixed income						
- Other investments						
Revenue from the available-for-sale portfolio	70,585	65,448			70,585	65,448
Revenue from the trading portfolio	1,327	717			1,327	717
Dividends of Group companies						
Other financial returns	48,064	42,680	120	110	48,184	42,790
TOTAL REVENUE	**120,077**	**109,021**	**135**	**124**	**120,212**	**109,145**
REALIZED AND UNREALIZED GAINS						
Net realized gains:	83,308	62,709			83,308	62,709
Property investments						
Held-to-maturity portfolio financial investments						
Available-for-sale portfolio financial investments	82,776	62,276			82,776	62,276
Trading portfolio financial investments	532	433			532	433
Other						
Unrealized gains:						
Trading portfolio fair value increase						
Other						
TOTAL GAINS	**83,308**	**62,709**			**83,308**	**62,709**
TOTAL REVENUE FROM INVESTMENTS	**203,385**	**171,730**	**135**	**124**	**203,520**	**171,854**

Figures in thousands of euros.

Expenses from investments

ITEM	EXPENSES FROM INVESTMENTS IN: OPERATIONS 2021	OPERATIONS 2020	EQUITY 2021	EQUITY 2020	TOTAL 2021	TOTAL 2020
FINANCIAL EXPENSES						
Property investments:	(191)	(158)			(191)	(158)
- Direct operating expenses	(35)	(38)			(35)	(38)
- Other expenses	(156)	(120)			(156)	(120)
Expenses from held-to-maturity portfolio:						
- Fixed income						
- Other investments						
Expenses from available-for-sale portfolio	(16,424)	(14,508)	(142)	(140)	(16,566)	(14,648)
Expenses from trading portfolio						
Other financial expenses	(12,405)	(11,513)	(42)	(214)	(12,447)	(11,727)
TOTAL EXPENSES	**(29,020)**	**(26,179)**	**(184)**	**(354)**	**(29,204)**	**(26,533)**
REALIZED AND UNREALIZED LOSSES						
Net realized losses:	(15,260)	(41,069)			(15,260)	(41,069)
Property investments						
Held-to-maturity portfolio financial investments						
Available-for-sale portfolio financial investments	(15,260)	(41,069)			(15,260)	(41,069)
Trading portfolio financial investments						
Other						
Net realized losses:						
Trading portfolio fair value decrease						
Other						
TOTAL LOSSES	**(15,260)**	**(41,069)**			**(15,260)**	**(41,069)**
TOTAL EXPENSES FROM INVESTMENTS	**(44,280)**	**(67,248)**	**(184)**	**(354)**	**(44,464)**	**(67,602)**

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	2021	2020
Claims-related Expenses	(810)	(780)
Acquisition Expenses	(1,387,108)	(1,348,110)
Administration Expenses	(22,618)	(17,323)
Expenses from investments	(44,464)	(67,602)
Other Technical Expenses	(9,433)	(2,578)
Other Non-technical Expenses		(7,913)
Operating expenses from other activities		
TOTAL	**(1,464,433)**	**(1,444,307)**

Figures in thousands of euros.

Operating expenses by type

ITEM	2021	2020
Commissions and other portfolio expenses	(1,326,708)	(1,284,998)
Personnel expenses	(43,370)	(45,144)
External services	(58,017)	(52,767)
- Leasing (property and buildings)	(904)	(968)
- Repairs and upkeep (property and buildings)	(1,432)	(1,530)
- Leasing and repairs (computer equipment)	(158)	(406)
- Leasing and repairs (computer applications)	(2,599)	(1,893)
- Other services (computer applications)	(7,501)	(4,919)
- Supplies (communications)	(783)	(803)
- Advertising and marketing	(106)	(106)
- Public relations	(600)	(777)
- Independent professional services	(40,373)	(37,931)
- Other services	(3,561)	(3,432)
Taxes	2,912	2,500
Financial expenses		
Provisions for amortizations	(3,627)	(3,999)
Expenses allocated directly to purpose	(35,623)	(59,899)
TOTAL	**(1,464,433)**	**(1,444,307)**

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 recognized according to their nature and are reclassified according to their use in those cases in which the nature and use are not the same. 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.

  On the liabilities side, the heading “Accrual adjustments” includes the amounts of fees and other acquisition expenses of ceded reinsurance that are to be allocated in the following year(s) pursuant to the coverage period of the ceded policies.

- 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 2021 and 2020 is the following:

ITEM	NON-LIFE		LIFE		TOTAL	
	2021	2020	2021	2020	2021	2020
Premiums (-)	(2,584,486)	(2,378,807)	(32,643)	(34,259)	(2,617,129)	(2,413,066)
Change in the provision for unearned premiums and unexpired risks	39,503	38,878	125	1,250	39,628	40,128
Claims paid (+) Variation in provision for outstanding claims	1,545,078	1,174,172	24,428	19,717	1,569,506	1,193,889
Variation in mathematical provision						
Variation in other technical provisions						
Share of reinsurance in fees and expenses (+)	452,888	406,371	7,769	8,319	460,657	414,690
Other						
RESULT FROM CEDED AND RETROCEDED REINSURANCE	**(547,017)**	**(759,386)**	**(321)**	**(4,973)**	**(547,338)**	**(764,360)**

Figures in thousands of euros.

6.17 FISCAL SITUATION

a) Consolidated tax scheme

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 the book result with the tax cost of ongoing activities

Shown below for the fiscal years ending December 31, 2021 and 2020 are the main elements of the tax on profit expenses from ongoing operations, and the reconciliation between the tax on profits expenses and the product of multiplying the book results 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 2021	AMOUNT FISCAL YEAR 2020
TAX EXPENSE		
Result before taxes from ongoing operations	**193,766**	**22,514**
25% of the result before taxes from ongoing operations	(48,442)	(5,629)
Tax incentive for the fiscal year	2,041	6,130
Tax effect of permanent differences	(3,044)	(1,824)
Tax effect of tax rates other than 25 percent	7,641	(2,394)
Total expense from current tax originating in the fiscal year	(41,804)	(3,717)
Expense from current tax originating in previous fiscal years	(305)	(1,943)
Previously unrecognized credits on negative tax bases from prior periods, deductions pending application or temporary differences, use of negative tax bases		
TOTAL TAX EXPENSES OF ONGOING OPERATIONS	**(42,109)**	**(5,660)**
Tax on profits to be paid		
Taxes withheld and payments on account	51,307	3,353
Temporary differences and currency conversion differences	(87)	(6,621)
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 (RECEIVABLE) ORIGINATING IN THE FISCAL YEAR	**9,111**	**(8,928)**
Tax on profits receivable from previous fiscal years		
NET TOTAL TAX ON PROFITS TO BE PAID (RECEIVABLE)	**9,111**	**(8,928)**

Figures in thousands of euros.

With respect to Spanish companies, the tax rate applicable in fiscal years 2021 and 2020 was 25 percent.

c) Deferred tax assets and liabilities

As on December 31, 2021 and 2020, 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	2021	2020
Deferred tax assets	51,700	15,185
Deferred tax liabilities	(1,602)	(7,751)
NET ASSET (LIABILITY)	**50,098**	**7,434**

Figures in thousands of euros.

The following tables show the detail of the net deferred tax balance for fiscal years 2021 and 2020, breaking down the amount of deferred tax by items charged or paid directly against equity in each of the fiscal years.

Fiscal year 2021

ITEM	OPENING BALANCE	ADJUSTMENTS TO OPENING BALANCE	CHANGES IN THE SCOPE	ORIGINATING FROM		WRITE-OFFS	CLOSING BALANCE
				RESULTS	EQUITY		
- Valuation difference of financial investments	(33,309)	1,034			15,434		(16,841)
- Implicit derivatives							
- Other recognized revenue and expenses							
- Stabilization and catastrophe provision							
- Other technical provisions							
- Portfolio acquisition expenses and other acquisition expenses							
- Other	40,743	6,717		19,479			66,939
TOTAL DEFERRED TAX	**7,434**	**7,751**		**19,479**	**15,434**		**50,098**

Figures in thousands of euros.

Fiscal year 2020

ITEM	OPENING BALANCE	ADJUSTMENTS TO OPENING BALANCE	CHANGES IN THE SCOPE	ORIGINATING FROM		WRITE-OFFS	CLOSING BALANCE
				RESULTS	EQUITY		
- Valuation difference of financial investments	(25,893)				(7,416)		(33,309)
- Implicit derivatives							
- Other recognized revenue and expenses							
- Stabilization and catastrophe provision							
- Other technical provisions							
- Portfolio acquisition expenses and other acquisition expenses							
- Other	38,842			1,901			40,743
TOTAL DEFERRED TAX	**12,949**			**1,901**	**(7,416)**		**7,434**

Figures in thousands of euros.

At fiscal year-end 2021, deferred tax assets and liabilities maturing within 12 months amounted to 50 thousand euros (32 thousand euros in 2020).

d) Tax incentives

The tax incentives of the fully consolidated companies for fiscal years 2021 and 2020 are as follows:

MODALITY	FISCAL YEAR TO WHICH THEY CORRESPOND	AMOUNT APPLIED IN THE FISCAL YEAR		AMOUNT PENDING APPLICATION		NON-REGISTERED AMOUNT	
		2021	2020	2021	2020	2021	2020
Double Tax Deduction	2021	1,757	6,127				
Creation of employment							
Other	2021	284	3				
TOTAL		**2,041**	**6,130**				

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 2020 fiscal year, verification proceedings were completed, 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, the verification actions related to Value Added Tax (hereinafter, VAT), fiscal years 2014 to 2016, referred to VAT Group No. 87/10, were completed.

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 thousand 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.

Certificates of non-compliance were also signed in relation to the Corporate Tax for the fiscal years 2013 to 2016 that affect the Tax Group. With regard to the MAPFRE RE group, these certificates are mainly related to the allocation of costs to subsidiaries and permanent establishments and the rating of certain income from Brazilian subsidiaries (Brazilian interest). On May 30, 2020, allegations were made against the certificates of non-compliance, which have been dismissed by the Technical Office of the Central Office of High-Income Taxpayers, whose resolutions have been appealed before the Spanish Central Economic-Administrative Courts (TEAC - Tribunales Económico-Administrativos de España). The proceeding before the TEAC is pending resolution. In this regard, a specific provision for this item was recorded in the fiscal year 2019 for an amount of 1,200 thousand euros, as shown in Note 6.10. No other significant impacts are expected as a result of these inspections.

Once these inspections have been completed, the fiscal years from 2017 to 2021 inclusive will be subject to review.

In the opinion of the Company's Directors, there is a remote possibility of tax liabilities occurring and significantly affecting the financial position of the Company at December 31, 2021.

6.18 REMUNERATION OF EMPLOYEES AND ASSOCIATED LIABILITIES

1. PERSONNEL EXPENSES

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

ITEM	AMOUNT	
	2021	2020
a) Short-term remunerations	(42,642)	(46,547)
a.1) Wages and salaries	(35,949)	(39,172)
a.2) Social security	(6,277)	(6,408)
a.3) Other remuneration	(416)	(967)
b) Post-employment benefits	(659)	1,454
b.1) Defined contribution commitments	(481)	1,608
b.2) Defined benefit commitments	(178)	(154)
c) Termination compensation	(69)	(51)
d) Share-based payments		
e) Other long-term remunerations		
TOTAL	**(43,370)**	**(45,144)**

Figures in thousands of euros..

2. MAIN POST-EMPLOYMENT BENEFITS AND OTHER COMPENSATION

Defined benefit plans

The defined benefit plans are those where the benefit is determined according to end salaries, with the benefit paid in the form of an annuity, subject to review according to the annual consumer price index (CPI).

The obligations for defined benefit plans that remain in the balance sheet correspond exclusively to retired personnel. The main plans are implemented through insurance policies, which are measured as described in the accounting policies.

With regard to the amounts recognized in the balance sheet, obligations for benefit plans are defined for the personnel of the Company's Permanent Establishment in Belgium, amounting to 1,766 and 1,655 thousand euros as on December 31, 2021 and 2020, respectively. The sum of assets allocated was 1,308 and 1,144 thousand euros at the close of fiscal years 2021 and 2020.

The main actuarial assumptions used at the close of the last two fiscal years are the following: PERM/F-2020 mortality tables in fiscal year 2021 (PERM/F-2000 in 2020), annual CPI of 1.70 percent and 1.72 percent in 2021 and 2020, respectively, while the discount rates and expected return on allocated assets are identical, as they involve products with matching cash flows.

The net effect on the equity and results of actuarial fair value gains or losses, interest costs and the return on allocated assets to the plan is null and void because the amounts corresponding to obligations and assets allocated to the plan or reimbursement rights are net.

Other post-employment benefits
At fiscal year-end 2021 and 2020, a provision was made corresponding to Life insurance with coverage for death between the age of 65 and 77 years for an amount of 439 and 799 thousand euros respectively. The calculation of this provision in 2020 and 2021 was made using the PASEM-2010 and PASEM-2020 mortality tables, respectively.

Furthermore, the provision for the Years of Service Bonus for the fiscal years 2021 and 2020 amounted to 1,680 and 1,757 thousand euros respectively.

Other medium- and long-term remuneration and share-based payments
The Board of Directors approved a medium-term incentive plan in 2019, which has been evaluated and recognized in the income statement in line with the indications of the "Personnel expenses" measurement standard. In the past two years, no amount has been provided for this item as the objectives set out in the plan have not been achieved.

During the 2021 fiscal year, the former medium-term incentive plan approved in 2016 was partially settled for 112 thousand euros (196 thousand euros in 2020). At fiscal year-end, an amount of 22 thousand euros to be paid in cash and 5 thousand euros to be settled by means of equity instruments, included in liabilities at year-end (106 and 33 thousand euros, respectively at December 31, 2020 for the period 2021-2022), remains outstanding for the year 2022.

3. NUMBER OF EMPLOYEES

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

Average number of employees: 2021

COUNTRY	BOARD DIRECTORS		SENIOR MANAGEMENT		MANAGEMENT		TECHNICIANS		ADMINISTRATIVE		TOTAL	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
Spain	2				45	34	78	83		10	125	127
United States of America					2	2	2	5			4	7
Brazil					4	2	8	3	1	1	13	6
Chile					3		5	4		2	8	6
Rest of the Americas					11	7	13	12	4	6	28	25
Europe					14	5	21	30	1	5	36	40
Philippines					1		1	6	1	1	3	7
Rest of Asia					4		2	5		2	6	7
TOTAL AVERAGE NUMBER OF EMPLOYEES	**2**				**84**	**50**	**130**	**148**	**7**	**27**	**223**	**225**

Average number of employees: 2020

COUNTRY	BOARD DIRECTORS		SENIOR MANAGEMENT		MANAGEMENT		TECHNICIANS		ADMINISTRATIVE		TOTAL	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
Spain	2				33	21	94	93		12	129	126
United States of America					2	2	2	6			4	8
Brazil					4	2	8	4	1	1	13	7
Chile					3		4	4		2	7	6
Rest of the Americas					8	7	14	14	7	6	29	27
Europe					15	4	27	29		7	42	40
Philippines					1		1	6	1	1	3	7
Rest of Asia					4		3	5		1	7	6
TOTAL AVERAGE NUMBER OF EMPLOYEES	**2**				**70**	**36**	**153**	**161**	**9**	**30**	**234**	**227**

Number of employees at fiscal year-end: 2021

COUNTRY	BOARD DIRECTORS		SENIOR MANAGEMENT		MANAGEMENT		TECHNICIANS		ADMINISTRATIVE		TOTAL	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
Spain	2				47	34	75	89		10	124	133
United States of America					2	2	2	5			4	7
Brazil					4	2	6	3	1	1	11	6
Chile					3		5	4		2	8	6
Rest of the Americas					10	7	13	13	4	4	27	24
Europe					14	5	20	27		7	34	39
Philippines					1		1	6	1	1	3	7
Rest of Asia					4	1	2	5		1	6	7
TOTAL FINAL NUMBER OF EMPLOYEES	**2**				**85**	**51**	**124**	**152**	**6**	**26**	**217**	**229**

Number of employees at fiscal year-end: 2020

COUNTRY	BOARD DIRECTORS		SENIOR MANAGEMENT		MANAGEMENT		TECHNICIANS		ADMINISTRATIVE		TOTAL	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
Spain	2				33	22	96	90	1	11	132	123
United States of America					2	2	2	6			4	8
Brazil					4	2	8	3	1	1	13	6
Chile					3		5	4		2	8	6
Rest of the Americas					8	6	14	16	6	6	28	28
Europe					13	4	25	31		7	38	42
Philippines					1		1	6	1	1	3	7
Rest of Asia					4		3	5		1	7	6
TOTAL FINAL NUMBER OF EMPLOYEES	**2**				**68**	**36**	**154**	**161**	**9**	**29**	**233**	**226**

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

ITEM	2021	2020
Senior management	3	2
Technicians	1	4
Administrative		
TOTAL	**4**	**6**

6.19 NET RESULTS FOR FOREIGN EXCHANGE

Positive foreign exchange differences, other than those arising from financial instruments assessed at fair value and allocated to the consolidated income statement, amounted to 1,492.21 and 1,942.86 million euros in fiscal years 2021 and 2020 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 1,499.65 and 1,941.56 million euros in fiscal years 2021 and 2020 respectively.

The reconciliation of the exchange differences recognized in equity at the beginning and end of fiscal years 2021 and 2020 is shown below:

DESCRIPTION	AMOUNT	
	2021	2020
Foreign exchange differences at the beginning of the year	**(25,694)**	**(8,160)**
Net foreign exchange differences on conversion of financial statements	(495)	(17,534)
Net foreign exchange difference on valuation of non-monetary items		
Foreign exchange differences at the end of the year	**(26,189)**	**(25,694)**

Figures in thousands of euros.

The following table shows, as on December 31, 2021 and 2020, the net currency differences arising from the conversion into euros of the financial statements for Group companies whose functional currency is not the euro:

COMPANIES FULLY CONSOLIDATED BY GLOBAL INTEGRATION	GEOGRAPHIC AREA	CURRENCY CONVERSION DIFFERENCES					
		POSITIVE		NEGATIVE		NET	
		2021	2020	2021	2020	2021	2020
MAPFRE CHILE RE	CHILE			(10,839)	(5,549)	(10,839)	(5,549)
MAPFRE RE BRAZIL	BRAZIL			(37,227)	(37,287)	(37,227)	(37,287)
MAPFRE RE VERMONT	USA	573	(3,655)			573	(3,655)
RMI	USA	22	(26)			22	(26)
MAPFRE RE	SPAIN	21,282	20,823			21,282	20,823
TOTAL		**21,878**	**17,142**	**(48,067)**	**(42,837)**	**(26,189)**	**(25,694)**

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	CURRENCY CONVERSION DIFFERENCES					
		POSITIVE		NEGATIVE		NET	
		2021	2020	2021	2020	2021	2020
MAPFRE RE	SPAIN	130			(329)	130	(329)
TOTAL		**130**			**(329)**	**130**	**(329)**

Figures in thousands of euros..

6.20 CONTINGENT ASSETS AND LIABILITIES

Contingent assets arising from the positive business performance of MAPFRE Reinsurance Corporation (MRC) have been settled during 2021. The resulting profit from said operation was 508 thousand euros, as recorded in the heading "Other technical revenues" of the income statement.

6.21 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 set out 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 set out below:

	EXPENSES		REVENUE	
ITEM	2021	2020	2021	2020
Received/provided services and other expenses/revenue	4,528	4,330	4,528	4,330
Expenses/revenue from property investments				
Expenses/revenue from investments and financial accounts				
Dividends distributed			1,499	1,222
TOTAL	**4,528**	**4,330**	**6,027**	**5,552**

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:

	EXPENSES	
ITEM	2021	2020
Expenses and revenue from property investments	285	283
Expenses and revenue from investments and financial accounts	6,049	4,446
External services and other non-technical expenses/revenue	29,510	27,486
TOTAL	**35,844**	**32,215**

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:

	EXPENSES		REVENUE	
ITEM	2021	2020	2021	2020
Ceded/assumed premiums	30,481	14,228	(30,002)	(13,465)
Benefits	18,831	16,109	(18,725)	(15,960)
Changes in technical provisions	21,289	532	(22,123)	(141)
Fees	(6,016)	(2,001)	4,962	2,397
Other technical revenue and expenses				
TOTAL	**64,585**	**28,868**	**(65,888)**	**(27,169)**

Figures in thousands of euros.

The details of reinsurance operations with the higher consolidated Group (MAPFRE S.A.) are as follows:

	REVENUE/EXPENSES			
	ASSUMED REINSURANCE		CEDED REINSURANCE	
ITEM	2021	2020	2021	2020
Premiums	2,750,036	2,476,850	(27,779)	(25,760)
Losses	(1,397,474)	(1,483,525)	4,476	14,482
Commissions	(512,272)	(536,056)	1,042	831
TOTAL	**840,291**	**457,268**	**(22,261)**	**(10,447)**

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.):

	ELIMINATED BALANCES				NON-ELIMINATED BALANCES			
	ASSUMED REINSURANCE		CEDED REINSURANCE		ASSUMED REINSURANCE		CEDED REINSURANCE	
ITEM	2021	2020	2021	2020	2021	2020	2021	2020
Receivables and payables	1,124	893			222,873	261,373	(12,139)	(19,510)
Deposits	(9)	(10)	(9)	(10)	59,541	57,464	21	15
Technical provisions	(48,917)	(26,513)	(48,448)	(25,334)	(3,055,709)	(2,953,885)	4,527	6,385
TOTAL	**(47,802)**	**(25,630)**	**(48,457)**	**(25,344)**	**(2,773,294)**	**(2,635,048)**	**(7,590)**	**(13,110)**

Figures in thousands of euros.

Remuneration of key management personnel:

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

ITEM	AMOUNT	
	2021	2020
Short-term remuneration	1,431	1,374
Salaries	960	844
Fixed allowances	410	400
Travel, subsistence and accommodation allowances		
Life Insurance	19	18
Other items	42	112
Other medium-term remuneration	0	0
TOTAL	**1,431**	**1,374**

Figures in thousands of euros.

The basic remuneration of the members of the Board of Directors consists of a fixed assignment of 48,000 euros, which increases to 100,000 euros for those who chair the Board, and of 11,000 euros to members of its Management Committees in 2021 and 2020.

Life insurance is also established in case of death, with an insured capital of EUR 150,253 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 payments are included in the compensation policy established by the Group for Senior Management, whether or not they are board directors. Contributions to defined contribution plans were recognized as an expense for the year in 2021 amounting to 281.84 thousand euros (281.21 thousand euros in 2020), and the accrued economic rights amounted to 2,054.97 thousand euros and 1,805.05 thousand euros on December 31, 2021 and 2020, respectively.

Executive Directors do not receive the fixed remuneration established for external directors.

During the 2021 fiscal year, the former medium-term incentive plan approved in 2016 was partially settled. At the end of the year there were 26.00 thousand euros payable in cash and 20.51 thousand euros payable in equity instruments for the period 2022. In 2020, 51.99 thousand euros in cash and 32.53 thousand euros in shares were outstanding.

Additionally, in 2021, an additional short-term component, linked jointly to the Return on Equity (ROE) and the Global Combined Ratio, has accrued in the amount of 120 thousand euros in 2021 and 2020. This amount corresponds to a plan approved by the Board of Directors of MAPFRE S.A. on February 10, 2021, and February 11, 2020, at the proposal of the company's Appointments and Remuneration Committee for a certain key group of the company.

The remuneration for Senior Management for the fiscal year is set out below:

ITEM	2021	2020
No. of Senior Management members	1	1
Salaries	306	302
Life Insurance	5	2
Other items	98	7
TOTAL	**409**	**311**

Figures in thousands of euros.

During the 2021 fiscal year, the former medium-term incentive plan approved in 2016 was partially settled. At the end of the year there were 6.60 thousand euros payable in cash and 5.43 thousand euros payable in equity instruments for the period 2022. At 2020 year-end, 9.00 thousand euros in cash and 5.53 thousand euros in shares were outstanding.

Additionally, in 2021, an additional short-term component, linked jointly to the Return on Equity (ROE) and the Global Combined Ratio, has accrued in the amount of 40 thousand euros in 2021 and 2020. This amount corresponds to a plan approved by the Board of Directors of MAPFRE S.A. on February 10, 2021, and February 11, 2020, at the proposal of the company's Appointments and Remuneration Committee for a certain key group of the company.

Also, contributions to defined contribution plans were recognized as an expense for the year in 2021 amounting to 62.90 thousand euros (52.69 thousand euros in 2020), and the accrued economic rights amounted to 763.70 thousand euros and 159.58 thousand euros on December 31, 2021 and 2020, respectively.

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

The Company has third-party liability insurance for directors for damages caused by actions or omissions in the exercise of their office. The amount of the premium of said insurance for MAPFRE RE and its subsidiaries, pertaining to the same tax group, was 134 thousand euros in fiscal year 2021 (86 thousand euros in 2020).

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

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

Subsidies

In 2021 and 2020, a government subsidy was received for subsidized contracts (Social Security) and continuing education (Fundación Tripartita), attributed entirely to results for the period.

ITEM	SUBSIDY	
	2021	2020
As on January 1		
Received during the fiscal year	22	33
Transferred to results	22	33
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.

6.22 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 for the management and control of major risks. 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 at 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.

Risk management is a local responsibility. The Group Risk Office handles significant aspects related to risk management corresponding to the Group as well as relevant aspects of the various different legal entities belonging to it, establishing benchmark directives and criteria. Respecting the action framework established by the Group, the companies have the autonomy and responsibility to structure their Risk Management System under the applicable regulations and the complexity of their risk profile.

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 following fiscal year, and it is reviewed periodically throughout the year in line with the development of risks in order to ensure compliance with the 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 this note.

A) INSURANCE RISK

1. Sensitivity to insurance risk

This sensitivity analysis measures the effect on capital fluctuations upward and downward of the determining factors of insurance risk (number of insured risks, 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 RESULTS CAUSED BY A 1% CHANGE IN THE COMBINED RATIO 2021	EFFECT ON RESULTS CAUSED BY A 1% CHANGE IN THE COMBINED RATIO 2020	COMBINED RATIO VOLATILITY INDEX 2021	COMBINED RATIO VOLATILITY INDEX 2020
Main activity outside Spain:				
- Reinsurance	23,030	20,543	2.99	3.47

Figures in thousands of euros.

2. Concentrations of 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 it to control the level of concentration of insurance risk. It is standard practice to use reinsurance contracts to mitigate the insurance risk arising from the concentration or accumulation of guarantees exceeding the maximum acceptance levels.

2. a) Premium amount 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 2021

ITEM	ASSUMED REINSURANCE			
	LIFE	NON-LIFE		TOTAL
		CATASTROPHIC RISK	OTHER RISKS	
Written premiums, assumed reinsurance	630,010	765,663	4,878,909	6,274,582

Figures in thousands of euros.

Fiscal year 2020

ITEM	ASSUMED REINSURANCE			
	LIFE	NON-LIFE		TOTAL
		CATASTROPHIC RISK	OTHER RISKS	
Written premiums, accepted reinsurance	553,645	682,081	4,450,794	5,686,520

Figures in thousands of euros.

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 2021

GEOGRAPHIC AREA	REINSURANCE		TOTAL
	LIFE	NON-LIFE	
SPAIN	52,136	1,017,946	1,070,082
UNITED STATES OF AMERICA	13,498	589,103	602,601
BRAZIL	17,285	487,077	504,362
MEXICO	14,991	223,677	238,668
VENEZUELA			
COLOMBIA	4,640	134,795	139,435
ARGENTINA	4,623	63,232	67,855
TURKEY	756	98,716	99,472
CHILE		208,525	208,525
OTHER COUNTRIES	522,081	2,821,501	3,343,582
TOTAL	**630,010**	**5,644,572**	**6,274,582**

Figures in thousands of euros.

Fiscal year 2020

GEOGRAPHIC AREA	REINSURANCE		TOTAL
	LIFE	NON-LIFE	
SPAIN	45,143	975,000	1,020,143
UNITED STATES OF AMERICA	15,942	564,314	580,255
BRAZIL	18,008	321,584	339,592
MEXICO	14,756	225,840	240,596
VENEZUELA		6,746	6,746
COLOMBIA	7,496	104,900	112,396
ARGENTINA	4,466	72,966	77,432
TURKEY	824	87,055	87,879
CHILE	4,662	219,516	224,179
OTHER COUNTRIES	442,348	2,554,955	2,997,303
TOTAL	**553,645**	**5,132,875**	**5,686,520**

Figures in thousands of euros.

2.c) Premiums amount by currency

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

CURRENCY	GROSS WRITTEN PREMIUM	
	2021	2020
Euros	2,249,397	2,060,619
US dollar	2,265,228	2,063,706
Mexican peso	71,904	99,451
Brazilian real	322,768	212,643
Turkish lira	75,417	67,303
Chilean peso	74,106	83,708
Venezuelan bolivar		
Argentine peso	17,829	21,039
Colombian peso	79,785	69,963
Pound sterling	279,055	288,903
Canadian dollar	29,733	23,689
Philippine peso	19,870	18,758
Other currencies	789,490	676,740
TOTAL	**6,274,582**	**5,686,520**

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:

	BOOK VALUE OF COMPANIES					
	GROUP		NON-GROUP		TOTAL	
ITEM	2021	2020	2021	2020	2021	2020
Provision for Life insurance	213	47	30,467	35,470	30,680	35,517
Provision for outstanding claims	361,170	485,824	1,937,345	1,400,899	2,298,515	1,886,723
Receivables on ceded and retroceded reinsurance operations	20,736	16,430	128,523	141,401	149,259	157,831
Due on ceded and retroceded reinsurance operations	(22,889)	(4,171)	(355,617)	(443,991)	(378,506)	(448,162)
TOTAL NET POSITION	**359,230**	**498,130**	**1,740,718**	**1,133,779**	**2,099,948**	**1,631,909**

Figures in thousands of euros.

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

	BOOK VALUE					
	COMPANIES					
	GROUP		NON-GROUP		TOTAL	
LEVEL (*)	2021	2020	2021	2020	2021	2020
AAA						
AA			744,788	704,137	744,788	704,137
A	359,230	497,932	722,818	114,871	1,082,048	612,803
BBB			140,486	148,983	140,486	148,983
BB OR LOWER			113,809	64,726	113,809	64,726
No rating		198	18,817	101,062	18,817	101,260
TOTAL	**359,230**	**498,130**	**1,740,718**	**1,133,779**	**2,099,948**	**1,631,909**

Figures in thousands of euros.

(*) According to local criterion

2. Credit risks arising from other financial instruments

The breakdown of the portfolio of fixed income securities, subordinated debt, and cash, based on the credit rating of issuers of fixed income securities and financial institutions, respectively, is shown below for the last two fiscal years:

	BOOK VALUE							
	HELD-TO-MATURITY PORTFOLIO		AVAILABLE-FOR-SALE PORTFOLIO		TRADING PORTFOLIO		CASH	
CREDIT RATING OF ISSUERS	2021	2020	2021	2020	2021	2020	2021	2020
AAA			690,569	836,429				
AA			787,027	850,230			4,546	1,891
A			1,156,113	1,190,865			244,452	260,014
BBB			864,259	534,664			25,961	32,856
BB OR LOWER			65,553	52,200			11,993	5,796
NO CREDIT RATING							1,612	1,983
TOTAL			**3,563,521**	**3,464,388**			**288,564**	**302,540**

Figures in thousands of euros.

There are no fixed income securities in default for fiscal years 2021 and 2020.

3. Receivables

The following table shows the composition of the receivables heading as on December 31, 2021 and 2020, as well as impairment losses, recorded impairment reversal gains, and received amounts for guarantees in the last two fiscal years:

	NET BALANCE ON BALANCE SHEET		IMPAIRMENT				GUARANTEES RECEIVED	
			RECORDED LOSSES		REVERSAL GAINS			
ITEM	2021	2020	2021	2020	2021	2020	2021	2020
I. Receivables on reinsurance operations	586,535	922,070	(434)	(638)	2,704			
II. Tax receivables	12,607	13,933						
III. Corporate and other receivables	4,831	4,611						
TOTAL	**603,973**	**940,614**	**(434)**	**(638)**	**2,704**			

Figures in thousands of euro..

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. At 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, 2021 and 2020, the cash and equivalent liquid assets balance amounted to 289 million euros and 303 million euros respectively, equivalent to 6.74 percent of total financial investments and cash in 2021 (7.08 percent in 2020).

Exposure to liquidity risk is considered to be low, taking into account the prudent investment strategy established in the Investment Policy, which is characterized by a high proportion of highly rated fixed income securities that are listed on liquid markets. Liquidity risk in extreme events is minimized through the use of reinsurance as a technique for reducing the concentration of underwriting risk and the selection of highly rated reinsurers.

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 recorded as on December 31, 2021 and 2020 is detailed below. These amounts have no financial discount in the case of provisions for Life insurance:

Fiscal year 2021

	ESTIMATED CASH OUTFLOWS IN THE YEARS							
ITEM	1ST YEAR	2ND YEAR	3RD YEAR	4TH YEAR	5TH YEAR	6TH TO 10TH YEAR	SUBSEQUENT	CLOSING BALANCE
Provision for unearned premiums	1,293,167	147,094	35,422	23,869	14,278	27,567	131,839	1,673,236
Provision for unexpired risks								
Provision for Life insurance	315,648	33,219	8,726	9,631	10,958	42,066	59,795	480,043
Provision for outstanding claims	2,588,828	1,193,158	494,983	249,694	160,686	284,323	230,992	5,202,664
Other technical provisions								
Due on reinsurance operations	547,707							547,707
TOTAL	**4,745,350**	**1,373,471**	**539,131**	**283,194**	**185,922**	**353,956**	**422,626**	**7,903,650**

Figures in thousands of euros.

Fiscal year 2020

ITEM	ESTIMATED CASH OUTFLOWS IN THE YEARS: 1ST YEAR	2ND YEAR	3RD YEAR	4TH YEAR	5TH YEAR	6TH TO 10TH YEAR	SUBSEQUENT	CLOSING BALANCE
Provision for unearned premiums	1,157,068	127,757	32,476	21,889	13,018	25,261	127,647	1,505,116
Provision for unexpired risks								
Provision for Life insurance	301,614	27,485	4,557	5,523	6,699	25,179	35,616	406,673
Provision for outstanding claims	2,247,303	1,003,257	427,978	226,081	143,178	254,031	183,124	4,484,952
Other technical provisions								
Due on reinsurance operations	840,928							840,928
TOTAL	**4,546,913**	**1,158,499**	**465,011**	**253,493**	**162,895**	**304,471**	**346,387**	**7,237,669**

Figures in thousands of euros.

D) MARKET RISK

The Risk Department carries out resilience and sensitivity tests regarding the impact of financial and market variables on its solvency position.

The Corporate Investment Area regularly conducts various 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 sets out the material information of the last two fiscal years with regard to the level of interest rate risk exposure of the financial assets:

AMOUNT OF ASSETS EXPOSED TO INTEREST RATE RISK AT FAIR VALUE

PORTFOLIO	FIXED INTEREST RATE 2021	FIXED INTEREST RATE 2020	VARIABLE INTEREST RATE 2021	VARIABLE INTEREST RATE 2020	NOT EXPOSED TO RISK 2021	NOT EXPOSED TO RISK 2020	TOTAL 2021	TOTAL 2020
Held to maturity								
Available for sale	3,225,307	3,208,893	164,488	97,899	1,077,926	827,365	4,467,721	4,134,157
Trading	13,876	12,990			9,928	12,671	23,804	25,661
Other investments	11,143	10,833			101,429	69,893	112,572	80,726
TOTAL	**3,250,326**	**3,232,716**	**164,488**	**97,899**	**1,189,283**	**909,929**	**4,604,097**	**4,240,544**

Figures in thousands of euros.

The following tables show the breakdown of financial investments by maturity for 2021 and 2020:

Fiscal year 2021

		MATURITY AT:					
ITEM	CLOSING BALANCE	1 YEAR	2 YEARS	3 YEARS	4 YEARS	5 YEARS	SUBSEQUENT OR WITHOUT MATURITY
AVAILABLE-FOR-SALE PORTFOLIO							
Fixed income	3,563,521	579,550	337,318	422,595	431,621	500,389	1,292,049
Other investments							
TOTAL PORTFOLIO AVAILABLE	3,563,521	579,550	337,318	422,595	431,621	500,389	1,292,049
TRADING PORTFOLIO							
Fixed income							
TOTAL TRADING PORTFOLIO							

Figures in thousands of euros.

Fiscal year 2020

		MATURITY AT:					
ITEM	CLOSING BALANCE	1 YEAR	2 YEARS	3 YEARS	4 YEARS	5 YEARS	SUBSEQUENT OR WITHOUT MATURITY
AVAILABLE-FOR-SALE PORTFOLIO							
Fixed income	3,464,388	359,158	509,966	303,298	407,470	397,912	1,486,583
Other investments							
TOTAL PORTFOLIO AVAILABLE FOR SALE	3,464,388	359,158	509,966	303,298	407,470	397,912	1,486,583
TRADING PORTFOLIO							
Fixed income							
TOTAL TRADING PORTFOLIO							

Figures in thousands of euros.

The average interest rate and modified duration of fixed income investments in 2021 and 2020 are shown below:

ITEM	2021	2020
Average interest rate (%)	1	2
Modified duration (%)	4	5

The modified duration reflects the sensitivity of the value of the assets to movements in interest rates, and it 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	ASSET		LIABILITIES		NET TOTAL	
	2021	2020	2021	2020	2021	2020
Euros	4,362,150	3,870,629	2,934,322	2,242,281	1,427,828	1,628,348
US dollar	3,897,202	3,829,717	3,390,938	3,616,076	506,264	213,641
Mexican peso	56,669	64,973	67,152	75,552	(10,483)	(10,579)
Brazilian real	462,448	330,629	480,812	296,220	(18,364)	34,409
Turkish lira	74,110	70,022	74,340	83,528	(230)	(13,506)
Chilean peso	93,107	175,735	44,878	163,127	48,229	12,608
Venezuelan bolivar						
Argentine peso	30,374	21,958	15,443	14,879	14,931	7,079
Colombian peso	33,374	30,760	111,100	113,753	(77,726)	(82,993)
Pound sterling	276,397	237,375	268,704	227,210	7,693	10,165
Canadian dollar	92,999	85,095	18,022	18,980	74,977	66,115
Philippine peso	23,103	21,369	24,358	22,255	(1,255)	(886)
Other currencies	580,412	497,608	755,157	591,091	(174,745)	(93,483)
TOTAL	**9,982,345**	**9,235,870**	**8,185,226**	**7,464,952**	**1,797,119**	**1,770,918**

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. Appendix 1 provides a breakdown of the result obtained by each Group company and the country where its operations are located.

Stock market risk

The VaR or value at risk (maximum variation expected in a one-year time horizon and for a confidence level of 99 percent) of equities and mutual funds exposed to stock market risk amounted to 316.68 and 275.56 million euros at December 31, 2021 and 2020, respectively.

Real estate risk

As on December 31, 2021, the Company has, in its consolidated group, real estate assets representing approximately 1.13 percent of total investments and cash (1.25 percent as on December 31, 2020), of which approximately 1.01 percent corresponds to its own-use offices (1.12 percent as on December 31, 2020). 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:

	NET BOOK VALUE		MARKET VALUE	
ITEM	2021	2020	2021	2020
Real estate investments	2,466	2,639	6,791	6,803
Real estate for own use	52,995	53,477	58,442	58,837
TOTAL	**55,461**	**56,116**	**65,233**	**65,640**

Figures in thousands of euros.

Unrealized gains would offset a fall in the price of real estate equivalent to approximately 17.62 percent of their market value as at fiscal year-end 2021 (1.78 percent at fiscal year-end 2020).

8. COVID 19

The Company's actions during the COVID-19 crisis focused on two main priorities:

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

As it concerns the management of the crisis caused by the pandemic, despite its impact and the mobility restrictions imposed, the Company has maintained continuity of operations and has continued to provide service to its clients, always complying both with its commitment to its clients and with the provisions of the regulations in force at any given time. We have mobilized resources and taken relief measures to ensure that personnel are protected against the pandemic, as well as to ensure business continuity.

IMPACTS ON THE CONSOLIDATED INCOME STATEMENT

Loss ratio

The net cumulative impact of the loss amounts to 161.7 million euros at December 31, 2021 (113.4 million euros in 2020), corresponding mainly to business interruption coverage.

Expenses

The MAPFRE Group has mobilized resources and taken relief measures to ensure that personnel are protected against the COVID-19 pandemic, as well as to ensure business continuity. The amount of the expenses incurred associated with these measures amounted to 265.3 thousand euros at fiscal year-end (14.6 thousand euros in 2020).

9. FURTHER 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.

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

The liability insurance premium paid on behalf of administrators for damages was 134 thousand euros in 2021 and 86 thousand euros in 2020.

9.1 FEES EARNED BY THE AUDITORS

The annual accounts of MAPFRE RE and the main companies of the Group corresponding to the 2021 and 2020 fiscal years have been audited by the firm KPMG.

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

	2021	2020
Audit services	397,644	380,320
Other verification services	72,455	72,898
Tax services		
Other services		
TOTAL SERVICES OF MAIN AUDITOR	**470,099**	**453,218**

Figures in euros.

The above amounts include those paid to KPMG Auditores, S.L., which amounted to 179,467 euros in fiscal year 2021 for audit services (169,526 euros in 2020) and 53,555 euros for other verification services (same amount in 2020). The latter refer to services for regulatory compliance and involve the review of Solvency reports.

Information regarding the services provided by KPMG Auditores, S.L. to companies controlled by Mapfre S.A. during the fiscal year ending December 31, 2021 can be found in the consolidated annual accounts of Mapfre S.A. and Subsidiaries on December 31, 2021.

9.2 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.

9.3 PAYMENT DEFERRAL

The characteristics of payments made by the fully consolidated Spanish companies to providers in fiscal years 2021 and 2020 are:

ITEM	DAYS	
	FISCAL YEAR 2021	FISCAL YEAR 2020
Average provider payment period	2	2.02
Ratio of paid operations	3.5	3.94
RATIO OF OPERATIONS PENDING PAYMENT	**14.5**	**19.81**

ITEM	AMOUNT (THOUSANDS OF EUROS)	
Total payments made	27,797	23,399
Total pending payments	878	137

Table of subsidiaries and associated companies 2021 (appendix 1)

Name	Country	Effective tax rate	Activity	Shareholding %		Data as at close of fiscal year 2021				Method of procedure of consolidation
				Title	In share capital	Assets	Equity net	Revenue	Result of the fiscal year	
MAPFRE CHILE REASEGUROS S. A.	Avda. Apoquindo 4499-8th Santiago de Chile (Chile)	20%	Holding	MAPFRE RE	99,9900%	40.781	40.114	3.233	2.163	A
F. ALCORTA S.A.	Bouchard 547 14th floor Buenos Aires (Argentina)	35%	Real estate (in liquidation)	MAPFRE RE	99,9985%	0	0	0	0	C
MAPFRE RE DO BRASIL COMPAÑÍA DE REASEGUROS	Rua Olimpiadas 242 5th Andar Sao Paulo (Brazil)	15%	Reinsurance	MAPFRE RE	99,9999%	355.377	33.213	89.937	4.327	A
MAPFRE RE COMPAÑÍA DE REASEGUROS ESCRITORIO DE REPRESENTAÇAO NO BRASIL LTDA.	Rua Olimpiadas 242 5th Andar Sao Paulo (Brazil)	15%	Representation services	MAPFRE RE	99,9999%	47	47			C
MAPFRE MANDATOS Y SERVICIOS S.A.	Bouchard 547 14th floor 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 nº52 Madrid (Spain)	25%	Computing	MAPFRE RE	0,8002%	88.724	20.854	212.337	1.522	C
VENEASISTENCIA S.A.	Avda. Libertador Penthouse A & B Caracas (Venezuela)	34%	Travel Assistance	MAPFRE RE	0,0020%	771	322	540	306	C
REINSURANCE MANAGEMENT INC.	100 Campus Drive 07932 New Jersey (USA)	35%	Reinsurance	MAPFRE RE	100,0000%	1.891	757	3.641	126	A
CAJA REASEGURADORA DE CHILE	Avda. Apoquindo 4499-8th Santiago de Chile (Chile)	20%	Reinsurance	MAPFRE Chile RE	99,8467%	52.405	8.200	(16.169)	3.854	A
INMOBILIARIA COSTA DE MONTEMAR S.A.	Avda. Apoquindo 4499-8th Santiago de Chile (Chile)	24%	Real estate	MAPFRE Chile RE	31,4400%					B
C R ARGENTINA S.A.	Bouchard 547 14th floor Buenos Aires (Argentina)	35%	Services, consulting	MAPFRE Chile RE	99,9960%	139	139	96.266	1.129	A
MAPFRE RE VERMONT CORPORATION	122 Cherry Tree Hill Road 05651 East Montpellier Vermont (USA)		Reinsurance	MAPFRE RE	100,0000%	367.012	56.870	126	(667)	A
RISK MED SOLUTIONS S.L.	Pº de Recoletos, 25. Madrid (Spain)		Life and Health underwriting services	MAPFRE RE	100,0000%	1.978	1.950			A
MAPFRE EURO BONDS FUND			Asset management	MAPFRE RE	100,0000%	172.991	172.991			A

Figures in thousand 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 2021.

Table of subsidiaries and associated companies 2020 (appendix 1)

Name	Country	Effective tax rate	Activity	Shareholding %		Data as at close of fiscal year 2020				Method of procedure of consolidation
				Title	In share capital	Assets	Equity net	Revenue	Result for the fiscal year	
MAPFRE CHILE REASEGUROS S. A.	Avda. Apoquindo 4499-8th Santiago de Chile (Chile)	20%	Holding	MAPFRE RE	99,9900%	44.377	42.960	2.485	1.393	A
F. ALCORTA S.A.	Bouchard 547 14th floor Buenos Aires (Argentina)	35%	Real estate (in liquidation)	MAPFRE RE	99,9985%	0	0	0	0	C
MAPFRE RE DO BRASIL COMPAÑÍA DE REASEGUROS	Rua Olimpiadas 242 5th Andar Sao Paulo (Brazil)	15%	Reinsurance	MAPFRE RE	99,9999%	244.070	31.410	67.760	4.264	A
MAPFRE RE COMPAÑÍA DE REASEGUROS ESCRITORIO DE REPRESENTAÇAO NO BRASIL LTDA.	Rua Olimpiadas 242 5th Andar Sao Paulo (Brazil)	15%	Representation services	MAPFRE RE	99,9999%	47	47			C
MAPFRE MANDATOS Y SERVICIOS S.A.	Bouchard 547 14th floor 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 nº52 Madrid (Spain)	25%	Computing	MAPFRE RE	0,8002%	78.382	18.845	199.236	779	C
VENEASISTENCIA S.A.	Avda. Libertador Penthouse A & B Caracas (Venezuela)	34%	Travel Assistance	MAPFRE RE	0,0020%	53	6	65		C
REINSURANCE MANAGEMENT INC.	100 Campus Drive 07932 New Jersey (USA)	35%	Reinsurance	MAPFRE RE	100,0000%	2.007	584	3.523	176	A
CAJA REASEGURADORA DE CHILE	Avda. Apoquindo 4499-8th Santiago de Chile (Chile)	20%	Reinsurance	MAPFRE Chile RE	99,8467%	104.646	16.547	6.098	999	A
INMOBILIARIA COSTA DE MONTEMAR S.A.	Avda. Apoquindo 4499-8th Santiago de Chile (Chile)	24%	Real estate	MAPFRE Chile RE	31,4400%					B
C R ARGENTINA S.A.	Bouchard 547 14th Buenos Aires (Argentina)	35%	Services, consulting	MAPFRE Chile RE	99,9960%	127	125			A
MAPFRE RE VERMONT CORPORATION	122 Cherry Tree Hill Road 05651 East Montpellier Vermont (USA)		Reinsurance	MAPFRE RE	100,0000%	344.249	55.325	109.189	2.789	A
RISK MED SOLUTIONS S.L.	Pº de Recoletos, 25. Madrid (Spain)		Life and Health underwriting services	MAPFRE RE	100,0000%	2.647	2.617		(1.023)	A
MAPFRE EURO BONDS FUND			Asset management	MAPFRE RE	100,0000%	157.596	157.596			A

Figures in thousand 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 2021.

4 Audit Report for the Annual Consolidated Financial Statements

Mapfre RE, Compañía de Reaseguros S.A.

Consolidated Annual Accounts

31 December 2021

Management Report

2021

(With Independent Auditor's Report Thereon)

(Free translation from the originals in Spanish. In the event of discrepancy, the Spanish-language versions prevail.)

KPMG Auditores, S.L.
Paseo de la Castellana, 259
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 2021, and the consolidated income statement, consolidated statement of other comprehensive income, 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 2021 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.

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Key Audit Matters

Valuation of claims provisions reinsurance accepted (Euros 5.202,7 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. • Based on our experience and knowledge of the sector, assessment of the claims reserve booked at year end for a sample of claims. • Estimation of the claims provision for a sample of contracts groups, and based on our experience and knowledge, determination of a range to evaluate its reasonableness. 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.

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Other Information: Consolidated Management Report

Other information solely comprises the 2021 consolidated management 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 management report. Our responsibility as regards the content of the consolidated management report is defined in the legislation regulating the audit of accounts, which consists of:

a) Verifying solely that the non-financial information report has been provided in accordance with applicable legislation, and, if not, to report it.

b) 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, as well as, assessing and reporting on whether the content and presentation of this part of the consolidated management 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 mentioned in section a) is provided in accordance with applicable legislation and that the rest of the information contained in the consolidated management report is consistent with that disclosed in the consolidated annual accounts for 2021.

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

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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 9 March 2022, issued pursuant to article 36 of Audit Law 22/2015.

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Contract Period

We were appointed as auditor of Mapfre RE, Compañía de Reaseguros S.A. by the shareholders at the ordinary general meeting on 7 April 2021 for a period of three years, from the year ended 31 December 2021.

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)

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

9 march 2022

5 Individual Management Report

A. INTRODUCTION

MAPFRE RE, Compañía de Reaseguros, S.A. (the "Company") recorded a positive result of 138.7 million euros after taxes in 2021. The main cause has been an improvement in frequency of claims following rate and condition adjustments in reinsurance negotiations since 2020, as well as a more moderate intensity of claims.

The Company is a subsidiary of MAPFRE, S.A., which files its Consolidated annual accounts with the Commercial Register 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 Company's financial statements:

B.1 INCOME STATEMENT

INCOME STATEMENT	2021	2020	Var. % 21/20
ASSUMED REINSURANCE			
Assumed premiums	5,855.6	5,293.8	10.61%
Allocated premiums for the fiscal year	5,609.2	5,170.8	8.48%
Loss experience (including claims-related expenses)	(3,792.8)	(3,278.7)	15.68%
Operating expenses and technical expenses	(1,285.9)	(1,243.8)	3.38%
ASSUMED REINSURANCE RESULT	530.5	648.3	(18.17%)
RETROCEDED REINSURANCE			
Premiums and variations in unearned premium reserves	(2,303.4)	(2,152.3)	7.02%
Claims paid and variation in outstanding claims reserves	1,429.2	1,078.9	32.47%
Commissions and holdings	387.7	347.0	11.73%
RETROCEDED REINSURANCE RESULT	(486.5)	(726.4)	(33.03%)
Other technical revenues	0.5		
Net revenue from investments	139.0	96.1	44.64%
Life and non-life technical account result			
Revenues from property, plant, and equipment and investments	1.5	1.3	15.38%
Expenses from property, plant, and equipment and investments	0.0	(0.2)	(100.00%)
Other non-technical revenues and expenses	(6.1)	(7.5)	(18.67%)
NON-TECHNICAL RESULT	(4.6)	(6.4)	(28.13%)
RESULT BEFORE TAX	178.9	11.6	1,442.24%
Tax on profits	(40.2)	(4.1)	880.49%
RESULT AFTER TAX	138.7	7.5	1,749.33%

Millions of euros.

B.2 BALANCE SHEET FIGURES

KEY FIGURES FROM THE BALANCE SHEET	2021	2020	CHG. % 21/20
Investments and cash	4,528.80	4,198.9	7.86%
Total assets	9,278.70	8,618.0	7.67%
Technical Provisions	3,962.50	3,434.6	15.37%
Equity	1,708.1	1,687.6	1.21%
ROE	8.5%	1.0%	750.00%

C. MAIN ACTIVITIES

The result before tax was 178.9 million euros. That is 1442 percent more than what was recorded in 2020. Shareholders' equity reached 1,669.3 million euros at the end of the year, and the Non-Life net combined ratio was 96.8 percent. These figures are significantly better than those for 2020, a year that was impacted by both the exceptional loss experience associated with COVID-19, as well as a higher frequency and intensity of claims.

BUSINESS ACTIVITY

Although the discovery of COVID-19 vaccines and their rapid distribution have contributed enormously to the fight against the pandemic, commercial action has continued to be strongly conditioned by the persistent confinement measures and mobility restrictions, which, although they have become more flexible in line with the local circumstances of each territory, have not been eliminated outright in the face of the different spikes in infection following the appearance of new strains of the virus.

However, MAFPRE RE implementation of collaborative and remote working tools prior to 2020 has helped the Company to continue to maintain close contact with its cedants and brokers throughout 2021.

The commercial management tool has recorded more than 1,700 meetings—mostly virtual—with customers in all markets, allowing the Company to tackle renewal campaigns effectively.

In any case, whenever the evolution of the pandemic and safety regulations and guidelines have allowed it, personal contact with clients has been encouraged, and some appointments and events have been held in person. The Baden-Baden Reinsurance Meeting 2021 was attended in person with 31 in-person meetings. And although the in-person meeting in Monte Carlo was still not officially convened this year, 59 virtual meetings with major cedants and global brokers were organized around it.

The company has also participated in market events such as the celebration of the 75th anniversary of the Mexican Social Security Institute; the 45th anniversary of Fasecolda (Colombia); and others sponsored by MAFPRE RE, such as the Inter-European Reinsurance Meeting - ENTRE 2021 (Spain), a module on Rüschlikon within an Insurtech event, and Reinsurance Day (Italy).

TECHNICAL MANGEMENT AND CLIENT SERVICES

In 2021, MAPFRE RE has organized or participated in various technical reinsurance meetings with clients for property damage, engineering, third-party liability, Life, agricultural, surety, and credit lines.

At the end of the year, an in-person technical seminar was organized in Madrid for a Turkish agricultural insurance delegation made up of senior government officials and executives of the Turkish agricultural coinsurance pool TARSIM.

We continue to support the use of new technologies and tools in the sector for greater efficiency and agility in reinsurance accounting transactions. Particularly noteworthy is drive to implement Rüschlikon in the Spanish market, which was placed on further display during the ENTRE 2021 congress (Spain), alongside MAPFRE RE's experience in managing people and resources in a global organization during the pandemic.

INFORMATION AND TECHNOLOGY SYSTEMS

The Company has continued to foster the technological changes brought on by the pandemic, enhancing both security aspects and all elements of mobility that facilitate remote work.

In 2021, the transformation plan for MAPFRE RE's technological systems was approved by MAPFRE's various governing bodies and has been under implementation since June 2021. The plan will be implemented over 5 years and includes a total of 10 initiatives, broken down into 27 projects. The most important, both in terms of complexity and cost, is the Condor evolution project. This will introduce the main platform for managing the business of MAPFRE RE and MAPFRE GLOBAL RISKS.

Among the technological projects completed in 2021, the following stand out: the deployment of the Catastrophic Exposure Management project, with the completion of the Reporting module and its implementation in the different companies of the MAPFRE Group's Insurance Unit; the evolution of the long-tail non-proportional treaty quoting system; and the online publication of the non-technical banking operations module.

On the infrastructure side, MAPFRE RE's offices in the Philippines and China have completed their transformation and adaptation to corporate standards, despite the added complexity surrounding travel restrictions. Also noteworthy in 2021 is the work to incorporate a new communications scheme with the offices, which—among other aspects—will improve Internet access for cloud services and serve as a backup feature for the main connection to MAPFRE's international network. In 2021, the entire deployment and migration of collaborative and office automation solutions services to the cloud environment was completed.

Subsidiaries and investee companies

MAPFRE RE DO BRASIL reported 89.9 million euros in revenue and a result before tax of 6.4 million euros, closing the fiscal year with shareholders' equity of 33.2 million euros.

MAPFRE CHILE REASEGUROS reported revenue of 12.9 million euros and a result before tax of 5.9 million euros, closing the fiscal year with shareholders' equity of 37.3 million euros.

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	2021	2020
Board Directors	2	2
Senior managers	0	0
Managers	127	95
Technicians	258	295
Administrative	28	34
TOTAL	**415**	**426**

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

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

The Human Resources 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 present in all relationships between employees and in relationships between employees and providers, clients, collaborators, and other stakeholders. Furthermore, it also extends to all the organizations with which MAPFRE works.

The Diversity and Equal Opportunities Policy is based on respect for everyone's individuality, recognizing their diversity, and ending any exclusionary or discriminatory behavior.

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

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

Functional diversity includes championing the integration of people with disabilities in the workplace. To this end, MAPFRE committed to ensuring that 3% of its employees will be people with disabilities.

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

During the year, MAPFRE has continued to roll out its Global Disability Program, and by year-end the company had 8 people with disabilities on its workforce (9 people with disabilities in 2020).

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

MAPFRE has defined a 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 2021 was 26 (10 processes in 2020).

In 2021, 59 employees underwent internal mobility (47 employees in 2020), and 23 percent of vacancies were covered by internal mobility (20 percent in 2020).

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 in permanent positions in 2021 was 99.0 percent (99.3 percent in 2020).

During 2021, the Company completed the implementation of the global strategic initiative, DIGITAL CHALLENGE. Now that the necessary foundations have been laid to work in such a changing, digital world, we are working to enable the organization to manage resources quickly and efficiently, focusing on productivity and adopting more flexible structures, project execution, knowledge management, collaborative environments, and a more personalized employee experience.

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

In 2021, a total of 641,242 euros was invested in workforce training (210,613 euros in 2020).

The Compensation Policy is intended to set appropriate remuneration levels for each function and job position and for performance by professionals, and it serves as a source of motivation for staff which encourages 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.

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

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 inside and outside the workplace.

To facilitate well-being and work-life balance for employees, a wide range of social benefits are offered for an investment of 3,578,298 euros in 2021 (3,031,155 euros in 2020).

From the very first moment MAPFRE was aware of the impact that COVID-19 could have, and under the governance of the Corporate Crisis Committee contingency plans were quickly deployed with the priority objective of caring for the health of employees. The first step, which was implemented swiftly, was remote working and reducing the density of occupancy in all buildings. In 2021, the Crisis Committee has continued to monitor the situation in the countries and has been adapting its measures to continue guaranteeing employee safety and health.

D.2 ENVIRONMENT

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

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

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

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

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

To date, MAPFRE has continued to collect environmental certifications.

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

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

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

D.3 ENVIRONMENTAL, SOCIAL, AND GOVERNANCE FACTORS AND RISKS

MAPFRE accounts for environmental, social, and governance risks when analyzing the factors that may have an impact on the business, since they allow information to be obtained on social movements and transformations and on the expectations of the stakeholders and the market.

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

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

As regards investment processes, in 2017, MAPFRE joined the UN Principles for Responsible Investment (PRI) and has a framework for responsible investment, which it reviewed and approved in March 2021.

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

MAPFRE has an Investment Policy approved by the MAPFRE S.A. Board of Directors.

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

Regarding the integration of ESG aspects into underwriting processes, in 2012, MAPFRE signed on to the Principles for Sustainable Insurance (PSI) promoted by the United Nations Environment Programme Finance Initiative (UNEPFI).

This means integrating environmental, social and governance issues into the underwriting processes of the Group's insurance operations. This commitment is reflected in the Underwriting Policy, approved by the MAPFRE S.A. Board of Directors, applicable to all insurance and reinsurance companies in the Group.

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

D.4 R&D+i ACTIVITIES

MAPFRE OPEN INNOVATION (MOi) is MAPFRE's strategic commitment to boost the client-centered transformation. With it, the company aims to foster innovation carried out by and for people. It is an open platform that uses alliances with other actors and emerging technologies. Since 2019 more than 2,500 startup proposals have been analyzed, of which some 40 have passed to the fast-track-to-market program. This has made it possible for more than a million customers to benefit from solutions originating from this model. In 2021, we have launched initiatives in response to all areas identified as priorities at the beginning of the year: assessment using images, claims automation, voice automation, next-generation products, health and wellness services, services for seniors, new mobility, and cybersecurity (Autos). This year we began projects in Brazil, Colombia, Costa Rica, the USA, Spain, Italy, Puerto Rico, and the Dominican Republic, mainly in the Auto, Health, and Home lines. In 2021, the MAPFRE Group has consolidated its relationship with universities and business schools, building alliances with leading academic institutions to anticipate responses in various fields, such as health, mobility, and road safety, and jointly envision other scenarios, demands, and needs that will soon be a reality.

Established as MAPFRE's R&D+i center, the "Mobility Lab" is the part of MOi that enables the company to anticipate how changes in the mobility world will impact the insurance industry. With the consolidation of MOi, the MAPFRE GROUP aims to accelerate transformation from within and reinforce its leadership position. By adapting faster to the changing circumstances and moving toward the new business models and innovative solutions that arise from the digital and technological changes underway, the ultimate goal is to offer the best solutions and services to clients.

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E. FURTHER INFORMATION

E.1 FINANCIAL RISK

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

The 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.

The majority of investments are represented by fixed income securities, accounting for 68.2 % of the total financial investment portfolio in 2021 (71.0% in 2020).

Investments in equity securities and mutual funds have a limited weight on the balance sheet, representing approximately 9.2 % of total financial investments in 2021 (9.3 % in 2020).

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 opening results and cash flow. Currency conversion differences registered involved the recognition of -9.5 million euros in 2021 (-1.6 million euros in 2020).

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, 2021, the cash balance stood at 267.7 million euros (278.1 million euros in 2020), equivalent to 5.9 percent of total investment and liquid funds (6.6 percent in 2020). In addition, most fixed-income investments are investment grade and are traded in organized markets, thus providing significant scope for action in the event of potential liquidity strains.

E.2 OTHER RISKS AND UNCERTAINTIES

The outbreak of the coronavirus pandemic (COVID-19) and its spread worldwide throughout 2020 and 2021 has affected practically all sectors of the global economy.

The Group faces the above risks and uncertainties resulting from the pandemic with high levels of solvency and a wide margin over regulatory requirements, which enables the company to weather the most adverse effects while taking the necessary steps to fulfill its role of providing coverage and protection to customers.

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

E.3 TREASURY SHARES

During fiscal year 2021, the Company did not perform any operations with treasury stock.

E.4 RESEARCH, DEVELOPMENT AND INNOVATION

MAPFRE OPEN INNOVATION (MOi) is MAPFRE's strategic commitment to boost client-centered transformation. With it, the company aims to foster innovation carried out by and for people.

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

In 2021, we have launched initiatives in response to all priority areas: assessment using images, claims automation, voice automation, next-generation products, health and wellness services, services for seniors, new mobility, and cybersecurity (Autos).

In 2021, MAPFRE has consolidated its relationship with universities and business schools, building alliances with leading academic institutions to anticipate responses in various fields, such as health, mobility and road safety, and jointly envision other scenarios, demands and needs that will soon be a reality.

With the consolidation of MOi, MAPFRE aims to accelerate transformation from within and reinforce its leadership position. By adapting faster to the changing circumstances and moving toward the new business models and innovative solutions that arise from the digital and technological changes underway, the ultimate goal is to offer the best solutions and services to clients.

In 2021, 1,572,535 customers have benefited from the products and services of MAPFRE Open Innovation, and important agreements have been reached with nine renowned startups: Shift Technology, Tractable, Slice, Control Expert, Aerial, Koa Health, Made of Genes, Leakbot, and Bdeo.

We continue promoting digital business, where the main lines of action carried out in 2021 were as follows:

Digital marketing
Steps have been taken to optimize digital attraction, developing new management capabilities to improve organic positioning in search engines and optimizing advertising actions (Internet, social media and digital TV). We have worked to improve online conversion processes, developing new rate calculators and contracting tools, along with chatbots and voice assistants for sales. Work has also continued on promoting on-line search processes and induced sales to contact centers and commercial networks, in addition to improving the digital experience offered to clients and users on the Internet, with new models, such as the Digital Design System and behavioral economics techniques.

Digital partners and Marketplace
In order to reach a larger client base and bolster the multichannel strategy, we have developed further capability to generate agreements with digital partners.

Expansion of the digital offer
We have expanded our digital product offer by adapting existing products to the digital context. We have also analyzed models that allow us to market products without the need to subscribe to them.

Digital business returns
We continue to develop and improve our capabilities to carry out more precise risk pricing and selection over digital channels.

To evaluate the quality perceived by clients, the MAPFRE Quality Observatory applies a global model for measuring the client experience.

The MAPFRE Quality Observatory is responsible for defining the models and carrying out all comprehensive measurements of the client experience. These measurements are done through internal and external customer surveys. This is performed by analyzing the Net Promoter Score (NPS®) to evaluate how the customer perceives the company and critical touchpoints. Recommendations are then drawn up regarding the main areas that could be improved.

The Quality Observatory carries out diagnostics of the client experience, preparing reports on the results of the measurements that support the decision-making process in the different business areas. In 2021, two waves of relational NPS® measurement have been conducted on a representative sample of the Group.

As part of this study, each year the Observatory measures the client experience level at major competitors. To complement these measurements of relational NPS®, the Quality Observatory defined a Global Model for transactional NPS®, which allows MAPFRE to find out a client's perception in real time after interacting with us.

E.5 AVERAGE PROVIDER PAYMENT PERIOD

The average payment period for service providers during the fiscal year was 2.0 days (2.02 days in fiscal year 2020).

F. CORPORATE ASPECTS

F.1 KEY CORPORATE ASPECTS

In 2021, Mark Hews was re-elected as Board Director, for a new 4-year term of office, at the Ordinary Annual General Meeting held on April 7, 2021. At the Extraordinary Annual General Meeting held on September 21, 2021, the shareholders approved the appointment of Jean Daniel Laffely as a new company Board Director, for a term of office of 4 years.

F.2 PROPOSED RESOLUTIONS

1. To approve the individual annual accounts corresponding to the 2021 fiscal year, as well as the following proposal to use the results contained in the annual report:

BASIS OF DISTRIBUTION	AMOUNT 2021
Gains and losses	138,727,671.51
Retained earnings	603,201,297.77
TOTAL	**741,928,969.28**
DISTRIBUTION	AMOUNT 2021
To Dividends	75,828,183.76
To Retained earnings	666,100,785.52
TOTAL	**741,928,969.28**

Figures in euros.

This proposal involves the distribution of a total gross dividend for the 2021 financial year of 75,828,183.76 euros (representing a dividend of 0.8015 euros gross per share to share numbers 1 to 94,607,840, both inclusive), part of which (50,142,155.20 euros, i.e., a gross dividend per share of 0.53 euros) was already distributed as an interim dividend in 2021, by resolution of the Board of Directors at its meeting of November 30, 2021.

The approval of this proposed distribution of income at the Annual General Meeting implies the distribution of a final dividend of 25,686,028.56 euros (gross dividend of 0.2715 euros per share on shares numbered 1 to 94,607,840, both inclusive), payable between April 7 and 30, 2022.

The planned distribution of dividends in the distribution of 2021 profits complies with the requirements and limitations established under regulations and the corporate bylaws.

2. Approve the consolidated annual accounts for fiscal year 2021.

3. Approve the management of the Board of Directors in the 2021 fiscal year.

4. Re-elect Ana Isabel Fernández, Katsuhiko Kaneyoshi, and Pedro López as Board Directors for a new 4-year term.

5. 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.

6. Thank those involved in managing the Company for their loyal collaboration over the course of this fiscal year.

G. COVID-19

The Company's actions during the COVID-19 crisis focused on two main priorities:

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

As it concerns the management of the crisis caused by the pandemic, despite its impact and the mobility restrictions imposed, the Company has maintained continuity of operations and has continued to provide service to its clients, always complying both with its commitment to its clients and with the provisions of the regulations in force at any given time. We have mobilized resources and taken relief measures to ensure that personnel are protected against the pandemic, as well as to ensure business continuity.

The last quarter of the fiscal year saw progressive improvement in the COVID-19 pandemic thanks to the development of vaccines. This allowed the company to remain moderately optimistic about the evolution of the pandemic, as the situation gradually came closer to normal. Nevertheless, the emergence of new waves of infections and the appearance of new variants may limit the return to full normalization of economic activity.

H. SIGNIFICANT EVENTS FOR THE COMPANY OCCURRING AFTER THE YEAR-END

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

I. OUTLOOK

In the wake of the severe impact of the 2020 pandemic on the global economy, 2021 has shown high growth rates which may extend to 2022, albeit at more moderate levels. Inflationary pressures may cause monetary policies to become less lax, as opposed to the trend of previous years that sought to boost economic recovery.

Against this backdrop, while the insurance and reinsurance sector is expected to have room for growth in 2022, it will have to manage the uncertain impact of inflation on the technical result and on interest rates and financial yields.

As regards frequency of claims, the terms and conditions of reinsurance must continue to see improvements in the sector in order to approach sustainable margins in the medium and long term.

The year 2022 will likely resolve any unanswered doubts regarding the impact of the COVID-19 pandemic on the sector. Meanwhile, it is to be expected that natural catastrophes—by definition both volatile in frequency and severity—regardless of their behavior during the year, will continue to fuel the growing trend in the cost borne by insurance and reinsurance for these catastrophes in the medium term. The insurance industry must work to better understand these events in order to be able to price them correctly and thus contribute to sustainable insurance for the benefit of the society that suffers from them.

6 Individual Annual Accounts

Balance

A) BALANCE SHEET AS ON DECEMBER 31, 2021 AND 2020

A) ASSETS	NOTES FROM ANNUAL REPORT	2021	2020
A-1) CASH AND OTHER EQUIVALENT LIQUID ASSETS	**9**	**267,708**	**278,123**
A-2) FINANCIAL ASSETS HELD FOR TRADING	**9**	**9,928**	**9,671**
I. Equity instruments	9	9,928	9,671
II. Debt securities			
III. Derivatives			
A-3) OTHER FINANCIAL ASSETS AT FAIR VALUE WITH CHANGES IN GAINS AND LOSSES	**9**	**-**	**3.000**
I. Equity instruments	9	-	3.000
II. Debt securities			
III. Hybrid instruments			
IV. Investments on behalf of Life insurance policyholders bearing the investment risk			
A-4) FINANCIAL ASSETS FOR SALE	**9**	**3,496,529**	**3,359,985**
I. Equity instruments	9	406,848	378,650
II. Debt securities	9	3,089,681	2,981,335
III. Investments on behalf of Life insurance policyholders bearing the investment risk			
A-5) LOANS AND RECEIVABLES		**1,516,761**	**1,586,738**
I. Debt securities			
II. Loans			
1. Policy pre-payments			
2. Loans to Group and associated companies			
3. Loans to other related entities			
III. Deposits with credit institutions	9	112,104	80,248
IV. Deposits established for assumed reinsurance	9	890,369	703,933
V. Receivables on direct insurance operations			
1. Policyholders			
2. Intermediaries			
VI. Receivables on reinsurance operations	9	510,690	798,799
VII. Receivables on co-insurance operations			
VIII. Called capital			
IX. Other receivables		3,598	3,758
1. Receivables from public agencies		238	592
2. Other receivables	9	3,360	3,166
A-6) INVESTMENTS HELD TO MATURITY			
A-7) HEDGING DERIVATIVES			

Figures in thousands of euros.

A) BALANCE SHEET AS ON DECEMBER 31, 2021 AND 2020

ASSETS	NOTES FROM ANNUAL REPORT	2021	2020
A-8) PARTICIPATION OF REINSURANCE IN TECHNICAL PROVISIONS	**11 and 22**	**2,880,763**	**2,516,608**
I. Provision for unearned premiums		706,514	685,962
II. Provisions for Life insurance		5,751	5,620
III. Provision for outstanding claims		2,168,498	1,825,026
IV. Other technical provisions			
A-9) PROPERTY, PLANT, AND EQUIPMENT AND REAL ESTATE INVESTMENTS		**35,163**	**36,238**
I. Property, plant, and equipment	5	33,937	35,018
II. Real estate investments	6	1,226	1,220
A-10) INTANGIBLE FIXED ASSETS		**27,369**	**31,644**
I. Goodwill	7	24,096	28,114
II. Financial rights arising from policy portfolios acquired from intermediaries			
III. Other intangible assets	7	3,273	3,530
A-11) SHAREHOLDINGS IN GROUP, MULTI-GROUP, AND ASSOCIATED COMPANIES	**9 and Appendix 1**	**754,591**	**548,189**
I. Shareholdings in associated companies			
II. Shareholdings in multi-group companies			
III. Shareholdings in group companies	9	754,591	548,189
A-12) TAX ASSETS		**85,202**	**62,395**
I. Current tax assets		8,130	8,888
II. Deferred tax assets	12	77,072	53,507
A-13) OTHER ASSETS		**204,730**	**185,482**
I. Assets and long-term reimbursement rights for personnel		1,308	1,144
II. Prepaid commissions and other acquisition costs			
III. Accrual		203,419	184,337
IV. Other assets		3	1
A-14) ASSETS HELD FOR SALE			
TOTAL ASSETS		**9.278.744**	**8.618.073**

Figures in thousands of euros.

BALANCE SHEET AS ON DECEMBER 31, 2021 AND 2020 (CONTINUED)

LIABILITIES AND EQUITY	NOTES FROM ANNUAL REPORT	2021	2020
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		**581,116**	**830,935**
I. Subordinated liabilities			
II. Deposits received for ceded reinsurance	9	71,772	63,360
III. Due to insurance operations			
IV. Due on reinsurance operations	9	486,143	755,553
V. Debts owed to co-insurance operations			
VI. Debentures and other negotiable securities			
VII. Due to credit institutions			
VIII. Debts for preparatory operations for insurance contracts			
IX. Other debts:		23,201	12,022
1. Payables to public administrations		2,570	4,735
2. Other payables to Group and associated companies	9	16,431	3,457
3. Other payables	9	4,200	3,830
A-4) HEDGING DERIVATIVES			
A-5) TECHNICAL PROVISIONS	**11 and 22**	**6,843,259**	**5,951,275**
I. Provision for unearned premiums		1,457,649	1,319,202
II. Provision for unexpired risks			
III. Provisions for Life insurance		439,704	331,733
1. Provision for unearned premiums		439,704	331,733
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		4,945,906	4,300,340
V. Provision for profit sharing and returned premiums			
VI. Other technical provisions			
A-6) NON-TECHNICAL PROVISIONS	**14**	**9,023**	**10,495**
I. Provisions for taxes and other legal contingencies		1,200	1,200
II. Provision for pensions and similar obligations		1,792	1,794
III. Provision for payments of liquidation			
IV. Other non-technical provisions		6,031	7,501

Figures in thousands of euros.

LIABILITIES AND EQUITY	NOTES FROM ANNUAL REPORT	2021	2020
A-7) TAX LIABILITIES		**33,638**	**39,326**
I. Current tax liabilities		11,585	124
II. Deferred tax liabilities	12	22,053	39,202
A-8) OTHER LIABILITIES		**103,624**	**98,486**
I. Accruals		103,624	98,486
II. Liabilities for accounting mismatches			
III. Fees and other acquisition costs from ceded reinsurance			
A-9) LIABILITIES LINKED TO ASSETS HELD FOR SALE			
TOTAL LIABILITIES		**7,570,660**	**6,930,517**
B) EQUITY			
B-1) SHAREHOLDERS' EQUITY		**1,669,326**	**1,587,939**
I. Capital or mutual fund	10	293,284	293,284
1. Subscribed capital or mutual fund		293,284	293,284
2. (Uncalled capital)			
II. Share premium		554,392	554,392
III. Reserves		130,267	129,991
1. Legal and statutory	10	58,657	58,657
2. Stabilization reserve			
3. Other reserves		71,610	71,334
IV. (Treasury Stock)			
V. Results from previous years		602,797	602,779
1. Retained earnings	3	603,201	603,183
2. (Negative results from previous years)		(404)	(404)
VI. Other contributions from shareholders and mutual policyholders			
VII. Result for the period	3	138,728	7,493
VIII. (Interim dividend and equalization reserve)	3 and 10	(50,142)	0
IX. Other equity instruments			
B-2) VALUATION CHANGE ADJUSTMENTS:	**9**	**38,758**	**99,617**
I. Financial assets for sale		38,415	99,733
II. Hedging operations			
III. Currency conversion and exchange differences	11	343	(116)
IV. Correction of accounting asymmetries			
V. Other adjustments			
B-3) SUBSIDIES, DONATIONS, AND ENDOWMENTS RECEIVED			
TOTAL EQUITY		**1,708,084**	**1,687,556**
TOTAL LIABILITIES AND EQUITY		**9,278,744**	**8,618,073**

Figures in thousands of euros.

Income Statement

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

INCOME STATEMENT	NOTES FROM THE ANNUAL REPORT	2021	2020
I. TECHNICAL ACCOUNT - NON-LIFE INSURANCE			
I.1. Premiums allocated to the fiscal year, Net of Reinsurance	**23**	**2,806,886**	**2,608,151**
a) Earned premiums		5,216,660	4,758,861
a.1) Direct insurance			
a.2) Assumed reinsurance	22 and 23	5,216,660	4,758,861
a.3) Variation of the impairment correction for premiums pending collection (+ or -)			
b) Premiums from ceded reinsurance (-)	23	(2,291,911)	(2,145,538)
c) Variation of the provisions for unearned premiums and unexpired risks (+ or -)	23	(138,447)	(29,805)
c.1) Direct insurance			
c.2) Assumed reinsurance		(138,447)	(29,805)
d) Variation of the provision for unearned premiums, ceded reinsurance (+ or -)		20,584	24,633
I.2. Revenue from property, plant, and equipment and investments		**2,381,087**	**2,588,167**
a) Revenue from property investments			
b) Revenue from financial investments	9	2,313,333	2,534,518
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		67,754	53,649
d.1) From property, plant, and equipment and real estate investments			
d.2) From financial investments	9	67,754	53,649
I.3. Other Technical Revenues		**514**	**59**
I.4. Loss ratio for the year, Net Reinsurance		**1,917,616**	**1,844,527**
a) Paid claims and expenses		1,630,931	1,851,841
a.1) Direct insurance			
a.2) Assumed reinsurance	23	2,697,861	3,006,756
a.3) Ceded reinsurance (-)	23	(1,066,930)	(1,154,915)
b) Variation in the provision for outstandijng claims (+ or -)		285,949	(8,008)
b.1) Direct insurance			
b.2) Assumed reinsurance	23	622,227	(103,250)
b.3) Ceded reinsurance (-)	23	(336,278)	95,242
c) Claims-related expenses		736	694

INCOME STATEMENT	NOTES FROM THE ANNUAL REPORT	2021	2020
I.5. Variation in Other Technical Provisions, Net of Reinsurance (+ or -)			
I.6. Profit sharing and returned premiums			
I.7. Net Operating Expenses		**799,599**	**785,483**
a) Acquisition expenses	23	1,159,420	1,106,545
b) Administration expenses	23	20,176	17,772
c) Commissions and interests in ceded and retroceded reinsurance	23	(379,997)	(338,834)
I.8. Other Technical Expenses (+ or -)		**(2,306)**	**912**
a) Variation of impairment for insolvencies (+ or -)	9	(2,269)	639
b) Variation of outstanding claims settlement agreements (+ or -)			
c) Other		(37)	273
I.9. Expenses from property, plant, and equipment and investments		**2,300,136**	**2,531,424**
a) Expenses from investment management	9	2,287,636	2,496,185
a.1) Expenses from property, plant, and equipment and real estate investments			
a.2) Expenses from investments and financial accounts	9	2,287,636	2,496,185
b) Value corrections for property, plant, and equipment and investments			
b.1) Amortization of property, plant, and equipment and real estate investments			
b.2) Impairment of property, plant, and equipment and real estate investments			
b.3) Impairment of financial investments			
c) Losses from property, plant, and equipment and investments	9	12,500	35,239
c.1) From property, plant, and equipment and real estate investments		0	14
c.2) From financial investments	9	12,500	35,225
I.10. Subtotal (Result from Non-life Technical Account)		**173,442**	**34,031**

Figures in thousands of euros.

INCOME STATEMENT FOR FISCAL YEARS ENDED DECEMBER 31, 2021 AND 2020 (CONTINUED)

INCOME STATEMENT	NOTES FROM THE ANNUAL REPORT	2021	2020
II. TECHNICAL ACCOUNT - LIFE INSURANCE			
II.1. Premiums Allocated to the Period, Net of Reinsurance	**23**	**498,984**	**410,322**
a) Earned premiums		638,973	534,974
a.1) Direct insurance			
a.2) Assumed reinsurance	22 and 23	638,973	534,974
a.3) Variation of the impairment correction for premiums pending collection (+ or -)			
b) Premiums from ceded reinsurance (-)	23	(32,118)	(32,550)
c) Variation in provision for unearned premiums and unexpired risks		(107,971)	(93,184)
c.1) Direct insurance			
c.2) Assumed reinsurance	23	(107,971)	(93,184)
d) Variation of the provision for unearned premiums, ceded reinsurance (+ or -)	23	100	1,082
II.2. Revenue from property, plant, and equipment and investments		**163,824**	**141,054**
a) Revenue from property investments			
b) Revenue from financial investments	9	148,794	132,426
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		15,030	8,628
d.1) From property, plant, and equipment and real estate investments		1	
d.2) From financial investments	9	15,029	8,628
II.3. Revenues from investments subject to insurance in which the policyholder the investment risk			
II.4. Other Technical Revenues			
II.5. Incurred claims for the fiscal year, Net of Reinsurance		**446,028**	**355,230**
a) Paid claims and expenses		429,809	312,483
a.1) Direct insurance			
a.2) Assumed reinsurance	23	448,581	332,347
a.3) Ceded reinsurance (-)	23	(18,772)	(19,864)
b) Variation in the provision for outstanding claims (+ or -)		16,145	42,661
b.1) Direct insurance			
b.2) Assumed reinsurance	23	23,339	42,065
b.3) Ceded reinsurance (-)	23	(7,194)	596
c) Claims-related expenses		74	86

INCOME STATEMENT	NOTES FROM THE ANNUAL REPORT	2021	2020
II.6. Variation in Other Technical Provisions, Net of Reinsurance (+ or -)			
a) Provision for Life insurance			
a_1) Direct insurance			
a_2) Assumed reinsurance			
a_3) Ceded reinsurance (-)			
b) Other technical provisions			
II.7. Profit sharing and returned premiums			
II.8. Net Operating Expenses		**100,848**	**110,411**
a) Acquisition expenses	23	106,662	116,260
b) Administration expenses	23	1,931	2,322
c) Commissions and interests in ceded and retroceded reinsurance	23	(7,745)	(8,171)
II.9. Other Technical Expenses		**(3)**	**(6)**
a) Change in impairment for insolvencies (+ or -)			
b) Other		(3)	(6)
II.10. Expenses from property, plant, and equipment and investments		**105,791**	**101,714**
a) Management expenses from property, plant, and equipment and investments	9	103,030	95,867
a_1) Expenses from property, plant, and equipment and real estate investments			
a_2) Expenses from investments and financial accounts	9	103,030	95,867
b) Value corrections for property, plant, and equipment and investments			
b_1) Amortization of property, plant, and equipment and real estate investments			
b_2) Impairment of property, plant, and equipment and real estate investments			
b_3) Impairment of financial investments			
c) Losses from property, plant, and equipment and investments	9	2,761	5,847
c_1) From property, plant, and equipment and real estate investments		0	3
c_2) On financial investments	9	2,761	5,844
II.11. Expenses from investments subject to insurance in which the policyholder bears the investment risk			
II.12. Subtotal, (Results from the Life Insurance Technical Account)		**10,144**	**(15,973)**

Figures in thousands of euros.

INCOME STATEMENT FOR FISCAL YEARS ENDED DECEMBER 31, 2021 AND 2020 (CONTINUED)

INCOME STATEMENT	NOTES FROM THE ANNUAL REPORT	2021	2020
III. NON-TECHNICAL ACCOUNT			
III.1. Revenue from property, plant, and equipment and investments		**1,523**	**1,286**
a) Revenue from property investments		15	15
b) Revenue from financial investments	9	1,508	1,271
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			
d.1) From property, plant, and equipment and real estate investments			
d.2) On financial investments			
III.2. Expenses from property, plant, and equipment and investments		**42**	**214**
a) Expenses from investment management	9	42	214
a.1) Expenses from investments and financial accounts	9	42	214
a.2) Material investments expenses			
b) Value corrections for property, plant, and equipment and investments			
b.1) Amortization of property, plant, and equipment and real estate investments			
b.2) Impairment of property, plant, and equipment and real estate investments			
b.3) Impairment of financial investments			
c) Losses from property, plant, and equipment and investments			
c.1) From property, plant, and equipment and real estate investments			
c.2) From financial investments			
III.3. Other Revenue		**1**	**35**
a) Revenue from pension fund management			
b) Other revenue		1	35
III.4. Other Expenses		**6,111**	**7,546**
a) Expenses from pension fund management			
b) Other expenses		6,111	7,546
III.5. Subtotal (Result from non-technical account)		**(4,629)**	**(6,439)**
III.6. Result before Tax (I.10 + II.12 + III.5)		**178,957**	**11,619**
III.7. Tax on profits	**12**	**40,229**	**4,126**
III.8. Result from ongoing operations (III.6 + III.7)	**3**	**138,728**	**7,493**
III.9. Result from discontinued operations net taxes (+ or -)			
III.10. Result for the Period (III.8 + III.9)		**138,728**	**7,493**

Figures in thousands of euros.

Statements of changes in equity

STATEMENT OF CHANGES IN EQUITY FOR FISCAL YEARS ENDED DECEMBER 31, 2021 AND 2020

A) STATEMENTS OF RECOGNIZED REVENUE AND EXPENSES

STATEMENTS OF RECOGNIZED REVENUE AND EXPENSES	2021	2020
I. RESULT FOR THE PERIOD	**138,728**	**7,493**
II. OTHER RECOGNIZED REVENUE AND EXPENSES	**(60,859)**	**22,298**
II.1. Financial assets for sale	**(81,757)**	**29,256**
Valuation gains and losses	(14,235)	50,653
Amounts transferred to the income statement	(67,522)	(21,397)
Other reclassifications		
II.2. Cash flow hedging		
Valuation gains and losses		
Amounts transferred to the income statement		
Amounts transferred at initial value of the 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 exchange and conversion differences	**612**	**475**
Valuation gains and losses	612	475
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	**20,286**	**(7,433)**
III. TOTAL RECOGNISED REVENUE AND EXPENSES	**77,869**	**29,791**

Figures in thousands of euros.

STATEMENT OF CHANGES IN EQUITY FOR FISCAL YEARS ENDED DECEMBER 31, 2021 AND 2020

B) TOTAL STATEMENT OF CHANGES IN EQUITY

Item	Capital or mutual fund Authorized uncalled	Share premium	Reserves	(Treasury stock and own equity holdings)	Result from previous years	Other shareholder contributions	Result for the period	(Interim dividend and stabilization reserve)	Other equity instruments	Valuation change adjustments	Subsidies, donations and endowments receiveds	TOTAL
C. CLOSING BALANCE FOR 2019	**293,284**	**554,392**	**129,016**		**554,054**		**48,725**			**77,319**		**1,656,790**
I. Valuation change adjustmentes, 2020												
II. Correction of errors, 2020												
D. ADJUSTED OPENING BALANCE 2020	**293,284**	**554,392**	**129,016**		**554,054**		**48,725**			**77,319**		**1,656,790**
I. Total recognized revenue and expenses							7,493			22,298		29,.791
II. Operations with shareholders or mutual policyholders					48,725		(48,725)					
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)												
4.bis (-) Distribution of earnings					48,725		(48,725)					
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			975									975
1. Payments based on equity instruments												
2. Transfers between equity items												
3. Other variations (note 3)			975									975
E. CLOSING BALANCE 2020	**293,284**	**554,392**	**129,991**		**602,779**		**7,493**			**99,617**		**1.687,556**

Item	Capital or mutual fund: Authorized	Capital or mutual fund: uncalled	Share premium	Reserves	(Treasury stock and own equity holdings)	Result from previous years	Other shareholder contributions	Result for the period	(Interim dividend and stabilization reserve)	Other equity instruments	Valuation change adjustments	Subsidies, donations and endowments receiveds	TOTAL
C. CLOSING BALANCE FOR 2020	**293,284**		**554,392**	**129,991**		**602,779**		**7,493**			**99,617**		**1,687,556**
I. Valuation change adjustments, 2019													
II. Correction of errors 2019													
D. ADJUSTED OPENING BALANCE 2021	**293,284**		**554,392**	**129,991**		**602,779**		**7,493**			**99,617**		**1,687,556**
I. Total recognized revenue and expenses								138,728			(60,859)		77,869
II. Operations with shareholders or mutual policyholders						18		(7,493)	(50,142)				(57,617)
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									(50,142)				(50,142)
4.bis (-) Distribution of earnings (note 3)						18		(7,493)					(7,475)
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 members													
III. Other variations in equity				276									276
1. Payments based on equity instruments													
2. Transfers between equity items													
3. Other variations (note 14)				276									276
E. CLOSING BALANCE 2021	**293,284**		**554,392**	**130,267**		**602,797**		**138,728**	**(50,142)**		**38,758**		**1,708,084**

Figures in thousands of euros.

Cash Flow Statement

CASH FLOW STATEMENT
FOR YEARS ENDED DECEMBER 31, 2021 AND 2020

CASH FLOW STATEMENT	2021	2020
A) CASH FLOWS FROM OPERATIONS		
A.1.) Insurance activities	**381,833**	**74,970**
1. Direct insurance, coinsurance and assumed reinsurance receipts	1,003,635	741,219
2. Direct insurance, coinsurance and assumed reinsurance payments	(367,779)	(392,686)
3. Ceded reinsurance proceeds	296,842	256,610
4. Ceded reinsurance payments	(460,964)	(438,651)
5. Outstanding claims recovery		
6. Payments of remunerations to intermediaries		
7. Other operating proceeds	508	
8. Other operating payments	(90,409)	(91,522)
9. Total cash receipts from insurance activities (1+3+5+7) = I	1,300,985	997,829
10. Total cash payments from insurance activities (2+4+6+8) = II	(919,152)	(922,859)
A.2.) Other operating activity	**(33,921)**	**(2,408)**
1. Proceeds from pension funds management activities		
2. Payments from pension funds management activities		
3. Proceeds from other activities		
4. Payments from other activities		
5. Total cash receipts 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)	(33,921)	(2,408)
A.3.) Total net cash flow from operating activities (I - II + III - IV - V)	**347,912**	**72,562**
B) CASH FLOWS FROM INVESTMENT ACTIVITIES		
B.1) Proceeds from investment activities	**2,204,404**	**3,041,258**
1. Property, plant, and equipment	25	
2. Real estate investments		
3. Intangible assets		
4. Financial instruments	2,147,867	2,951,654
5. Shareholdings in group, multi-group and associated companies		1,222
6. Interest collected	43,330	79,365
7. Dividends collected	13,182	9,017
8. Business unit		
9. Other investment activities receipts		
10. Total cash receipts from investment activities (1+2+3+4+5+6+7+8+9) = VI	2,204,404	3,041,258

CASH FLOW STATEMENT	2021	2020
B.2.) Investment activities payments	**(2,496,607)**	**(3,120,054)**
1. Property, plant, and equipment	(412)	(2,310)
2. Real estate investments		
3. Intangible assets	(1,141)	(861)
4. Financial instruments	(2,495,054)	(3,116,883)
5. Shareholdings in group, multi-group and associated companies		
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	(2,496,607)	(3,120,054)
B.3.) Total cash flow from investment activities (VI + VII)	**(292,203)**	**(78,796)**
C) CASH FLOWS FROM FINANCING ACTIVITIES		
C.1) Proceeds from financing activities		
1. Subordinated liabilities		
2. Income from issue of equity instruments and capital increase		
3. Active apportionments and contributions from shareholders or mutual policyholders		
4. Proceeds from sale of treasury stock		
5. Other receipts related to financing activities		
6. Total cash receipts from financing activities (1+2+3+4+5) = VIII		
C.2) Payments from financing activities	**(57,617)**	
1. Dividends paid to shareholders	(57,617)	
2. Interest paid		
3. Subordinated liabilities		
4. Payments on return of shareholders' contributions		
5. Active apportionments and return of mutual companies' 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	(57,617)	
C.3) Total net cash flow from financing activities (VIII + IX)	**(57,617)**	
Effect of exchange rate variations (X)	(8,507)	
Total increase / decrease in cash and cash equivalents (A.3 + B.3 + C.3 + - X)	**(10,415)**	**(6,234)**
Cash and cash equivalents at beginning of the period	**278,123**	**284,357**
Cash and cash equivalents at end of the period	**267,708**	**278,123**

1. Banks and savings banks	**217,501**	**248,523**
2. Other financial assets	**50,207**	**29,600**
3. Bank overdrafts repayable on sight		
TOTAL	**267,708**	**278,123**

Figures in thousands of euros.

7 Companies making up the Reinsurance Unit

Companies making up the Reinsurance Unit

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8 Offices, geographic distribution and supervisors

Offices, Geographic distribution and Supervisors

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