



Auditor's Report on MAPFRE, S.A.

(Together with the annual accounts and
Management Report of MAPFRE, S.A. for the
year ended 31 December 2023)

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



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

Independent Auditor's Report on the Annual Accounts

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

To the Shareholders of MAPFRE, S.A.

REPORT ON THE ANNUAL ACCOUNTS

Opinion

We have audited the annual accounts of MAPFRE, S.A. (the "Company"), which comprise the balance sheet at 31 December 2023, and the income statement, statement of total changes in equity, cash flow statement and notes for the year then ended.

In our opinion, the accompanying annual accounts give a true and fair view, in all material respects, of the equity and financial position of the Company at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with the applicable financial reporting framework, (specified in note 2 to the accompanying annual accounts) and, in particular, with the accounting principles and criteria set forth therein.

Basis for Opinion

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

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

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



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Key Audit Matters

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

Valuation of non-current investments in group companies and associates (Euros 10,152,721 thousand)

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

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



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Other Information: Management Report

Other information solely comprises the 2023 Management Report, the preparation of which is the responsibility of the parent's directors and which does not form an integral part of the annual accounts.

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

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

Based on the work performed, as described in the preceding paragraphs, we have verified that the information referred to in paragraph a) above is provided as stipulated by applicable regulations and that the remaining information contained in the directors' report is consistent with that disclosed in the annual accounts for 2023 and its content and presentation are in accordance with applicable regulations.

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

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

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

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



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

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

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

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

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, and not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves a true and fair view.



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

We also provide the Company's audit and compliance committee of the Entity with a statement that we have complied with the applicable ethical requirements, including those regarding independence, and to communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

European single electronic format

We have examined the digital file of the European single electronic format (ESEF) of MAPFRE, S.A. for the 2023 financial year, which includes an XHTML file containing the financial statements for the year, which will form part of the annual financial report.

The directors of MAPFRE, S.A. are responsible for submitting the annual financial report for the 2023 financial year, in accordance with the formatting requirements set out in Delegated Regulation EU 2019/815 of 17 December 2018 of the European Commission (hereinafter referred to as the ESEF Regulation). In this regard, they have incorporated the Corporate Governance Report and the Annual Report on Directors' Remuneration by reference in the Management Report.

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

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



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Additional Report to the Audit and Compliance Committee _____

The opinion expressed in this report is consistent with our additional report to the Company's Audit and Compliance Committee dated 13 February 2024.

Contract Period _____

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

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

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

(Signed on original in Spanish)

Ángel Crespo Rodrigo
On the Spanish Official Register of Auditors ("ROAC") with No. 21.033
13 February 2024

**INDIVIDUAL ANNUAL ACCOUNTS
AND
INDIVIDUAL MANAGEMENT REPORT**

2023

MAPFRE S.A.

INDIVIDUAL ANNUAL ACCOUNTS

MAPFRE S.A.

INDIVIDUAL ANNUAL ACCOUNTS 2023

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BALANCE SHEET AS ON DECEMBER 31, 2023 AND 2022

ASSETS		Notes from the Annual Report	2023	2022
A)	NON-CURRENT ASSETS		10,270,754	10,419,996
I.	Intangible fixed assets	6	290	844
5	Computer applications		290	844
II.	Property, plant and equipment	5	12,968	13,289
1	Land and buildings		11,194	11,383
2	Facilities and other property, plant and equipment		1,774	1,609
3	Fixed assets in progress and advance payments		—	297
IV.	Non-current investments in Group companies and associates	8	10,152,721	10,152,962
1	Equity instruments		10,152,721	10,138,562
2	Loans to companies		—	14,400
V.	Non-current financial investments	8	67,373	234,940
1	Equity instruments		52,586	63,512
2	Loans to third parties		89	1,097
3	Debt instruments		9,835	165,367
5	Other investments		4,863	4,964
VI.	Deferred tax assets	12	37,402	17,961
B)	CURRENT ASSETS		383,428	384,847
I	Non-current assets held for sale		—	—
III.	Trade and other receivables		284,288	304,955
1	Trade receivables for sales and services rendered	8	—	1
3	Sundry receivables	8	301	3,508
4	Personnel	8	567	450
5	Current tax assets	12	282,149	300,091
6	Other receivables from government agencies		1,271	905
IV.	Current investments in Group companies and associates	8.19	86,094	60,889
2	Loans to companies		—	33,023
5	Other financial assets	19	86,094	27,866
V.	Current financial investments	8	1,684	1,405
2	Loans to third parties		1,620	57
3	Debt instruments		64	1,348
5	Other financial assets		—	—
VI.	Current accruals		0	10
VII.	Cash and other equivalent liquid assets		11,362	17,588
1	Cash		11,362	17,588
TOTAL ASSETS (A+B)			10,654,182	10,804,843

Thousand euros

BALANCE SHEET AS ON DECEMBER 31, 2023 AND 2022

EQUITY AND LIABILITIES		Notes from the Annual Report	2023	2022
A)	EQUITY		7,701,417	7,768,230
A-1)	SHAREHOLDERS' EQUITY		7,697,893	7,765,291
I.	Capital		307,955	307,955
1	Authorized share capital	9	307,955	307,955
II.	Share premium	9	3,338,720	3,338,720
III.	Reserves		3,611,211	3,612,231
1	Legal and statutory	9	61,591	61,591
2	Other reserves		3,549,620	3,550,640
IV.	Treasury stock	9	(31,675)	(41,432)
V.	Results for previous years		285,647	38,405
1	Retained earnings		285,647	38,405
VII.	Result for the period	3	370,807	693,881
VIII.	(Interim dividend)	3	(184,772)	(184,761)
IX.	Other equity instruments		—	292
A-2)	VALUATION CHANGE ADJUSTMENTS		3,524	2,939
I.	Financial assets at fair value with changes in equity		3,524	2,939
B)	NON-CURRENT LIABILITIES		2,542,389	2,694,239
I.	Non-current provisions		13,722	10,720
1	Long-term employee benefit obligations	14	13,722	10,720
4	Other provisions		—	—
II.	Non-current debt		2,527,385	2,682,335
1	Debentures and other negotiable securities	8, 10	2,447,385	2,445,290
2	Due to credit institutions	8	80,000	237,000
5	Other financial liabilities	8	—	45
IV.	Deferred tax liabilities	12	1,282	1,184
C)	CURRENT LIABILITIES		410,376	342,374
II.	Current provisions		—	—
III.	Current debt		45,303	45,389
1	Debentures and other negotiable securities	8, 10	45,220	45,220
2	Due to credit institutions	8	37	123
5	Other financial liabilities	8	46	46
IV.	Current debt with Group companies and associates	8.19	314,794	258,155
V.	Trade and other payables		48,504	38,830
3	Sundry creditors		6,758	5,959
4	Personnel (remuneration pending payment)		16,353	14,879
5	Current tax liabilities		9,525	—
6	Other debts with government agencies		15,868	17,992
VI.	Short-term accruals	8	1,775	—
TOTAL EQUITY AND LIABILITIES (A+B+C)			10,654,182	10,804,843

Thousand euros

INCOME STATEMENT FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

INCOME STATEMENT	Notes from the Annual Report	2023	2022
ONGOING OPERATIONS			
Revenue		587,104	906,006
Dividends and interest from Group companies and associates		523,091	844,760
Dividends	8.19	522,710	838,771
Interest	8.19	381	5,989
Other operating revenue		64,013	61,246
Non-core and other operating revenue	19	64,013	61,246
Personnel expenses		(80,396)	(73,182)
Wages, salaries and similar		(54,810)	(50,006)
Social security contributions	13	(22,447)	(21,367)
Provisions	14	(3,139)	(1,809)
Other operating expenses		(81,194)	(81,625)
External services		(81,053)	(81,589)
Taxes		(141)	(36)
Amortization and depreciation of fixed assets	5.6	(1,123)	(1,343)
Impairment of Group companies and associates	8	(12,743)	(14,122)
Other earnings		(3)	(39)
EARNINGS FROM OPERATIONS		411,645	735,695
Financial income	8	9,715	2,514
Acquisitions in equity instruments		755	949
From third parties		755	949
From negotiable securities and other financial instruments		8,960	1,565
From third parties		8,960	1,565
Financial expenses		(89,020)	(75,666)
For debt with Group companies and associates	8.19	(995)	—
For debt with third parties	8	(87,836)	(75,478)
For update of provisions	8	(189)	(188)
Fair value variation in financial instruments	8	565	189
Fair value with changes in income statement		70	(69)
Transfer of fair value adjustments through changes in equity		495	258
Foreign exchange differences		(7)	(2)
Impairment and gains/losses on financial instrument disposal		(8)	—
Impairment and loss	8	(143)	—
Earnings from disposal and other	8	135	—
FINANCIAL RESULT		(78,755)	(72,965)
EARNINGS BEFORE TAX	12	332,890	662,730
Tax on profits	12	37,917	31,151
RESULT FOR THE PERIOD FROM ONGOING OPERATIONS	12	370,807	693,881
DISCONTINUED OPERATIONS			
DISCONTINUED OPERATIONS			
Result for the period after tax from discontinued operations		—	—
RESULT FOR THE PERIOD	3	370,807	693,881

Thousand euros

STATEMENT OF CHANGES IN EQUITY AS ON DECEMBER 31, 2023 AND 2022

A) STATEMENT OF RECOGNIZED INCOME AND EXPENSES

INCOME STATEMENT	Notes from the Annual Report	2023	2022
A) Result of the income statement	3	370,807	693,881
Revenue and expenses posted directly to equity			
I. For valuation of financial instruments			
1. Financial assets at fair value with changes in equity		1,151	1,587
2. Other revenues/expenses		—	—
IV. For actuarial gains and losses and other adjustments			
		—	—
VII. Tax effect			
		(319)	(413)
B) Total revenue and expenses posted directly in equity (I+IV+VII)		832	1,174
Transfers to the income statement			
VIII. For valuation of financial instruments			
1. Financial assets at fair value with changes in equity		(371)	(194)
XIII. Tax effect			
		124	65
C) Total transfers to the income statement (VIII+XIII)		(247)	(129)
TOTAL RECOGNIZED REVENUE AND EXPENSES (A+B+C)		371,392	694,926

Thousand euros

B) STATEMENT OF TOTAL CHANGES IN EQUITY

ITEM	Capital		Share premium	Reserves	(Treasury stock)	Result from previous years	Other shareholder contributions	Result for the period	(Interim dividend)	Other equity instruments	Valuation change adjustments	Grants, donations and bequests received	TOTAL
	Authorized	Uncalled											
ADJUSTED BALANCE, BEGINNING OF 2022	307,955	—	3,338,720	3,232,165	(62,944)	240,950	—	243,957	(184,799)	—	1,894	—	7,117,898
I. Total recognized revenue and expenses	—	—	—	—	—	—	—	693,881	—	—	1,045.00	—	694,926
1. Share capital increases	—	—	—	—	—	—	—	—	—	—	—	—	—
4. (-) Distribution of dividends	—	—	—	—	—	(261,703)	—	—	(184,761)	—	—	—	(446,464)
4. bis. Distribution of earnings	—	—	—	—	—	59,158	—	(243,957)	184,799	—	—	—	—
5. Operations with treasury stock (Note 9)	—	—	—	(3,735)	21,512	—	—	—	—	292	—	—	18,069
6. Increase/decrease in equity resulting from a business combination (Note 17)	—	—	—	396,424	—	—	—	—	—	—	—	—	396,424
III. Other variations in equity	—	—	—	(12,623)	—	—	—	—	—	—	—	—	(12,623)
CLOSING BALANCE FOR YEAR 2022	307,955	—	3,338,720	3,612,231	(41,432)	38,405	—	693,881	(184,761)	292	2,939	—	7,768,230
II. Correction of errors 2022	—	—	—	—	—	—	—	—	—	—	—	—	—
ADJUSTED BALANCE, BEGINNING OF 2023	307,955	—	3,338,720	3,612,231	(41,432)	38,405	—	693,881	(184,761)	292	2,939	—	7,768,230
I. Total recognized revenue and expenses	—	—	—	—	—	—	—	370,807	—	—	585	—	371,392
1. Share capital increases	—	—	—	—	—	—	—	—	—	—	—	—	—
4. (-) Distribution of dividends	—	—	—	—	—	(-261,670)	—	—	(184,772)	—	—	—	(446,442)
4. bis. Distribution of earnings	—	—	—	—	—	509,120	—	(693,881)	184,761	—	—	—	—
5. Operations with treasury stock (Note 9)	—	—	—	(945)	9,757	—	—	—	—	(292)	—	—	8,520
6. Increase/decrease in equity resulting from a business combination (Note 17)	—	—	—	(88)	—	—	—	—	—	—	—	—	(88)
III. Other variations in equity	—	—	—	13	—	(208)	—	—	—	—	—	—	(195)
CLOSING BALANCE FOR YEAR 2023	307,955	—	3,338,720	3,611,211	(31,675)	285,647	—	370,807	(184,772)	—	3,524	—	7,701,417

CASH FLOW STATEMENT AS ON DECEMBER 31, 2023 AND 2022

A) CASH FLOWS FROM OPERATING ACTIVITIES	Notes from the Annual Report	2023	2022
1. Result for the period before tax		332,890	662,730
2. Adjustments to results		(390,572)	(731,009)
a) Amortization and depreciation of fixed assets	5.6	1,123	1,343
b) Corrections in value due to impairment (+/-)	8	12,743	14,122
f) Results of financial instruments cancellations and disposals (+/-)		8	—
g) Financial income (-)	8	(9,715)	(2,514)
h) Financial expenses (+)	8	89,020	75,666
i) Exchange rate differences (+/-)	8	7	2
j) Fair value variation in financial instruments (+/-)	8	(565)	(189)
k) Other revenues and expenses		(483,193)	(819,439)
3. Changes in working capital		(47,080)	(20,944)
b) Debtors and other receivables (+/-)		11,682	(273,814)
c) Other current assets (+/-)		(203,781)	100,285
d) Creditors and other payables (+/-)		1,934	(4,508)
e) Other current liabilities (+/-)		17,053	145,691
f) Other non-current assets and liabilities (+/-)		126,032	11,402
4. Other cash flows from operating activities		460,308	814,807
a) Interest paid (-)		(86,216)	(68,682)
b) Dividend receipts (+)		523,318	839,718
c) Interest collected (+)		4,696	6,400
d) Payment (receipt) of income tax (+/-)		18,510	37,371
5. Cash flows from operating activities (+/-1+/-2+/-3+/-4)		355,546	725,584
B) CASH FLOWS FROM INVESTING ACTIVITIES			
6. Payments for investments (-)		(44,349)	(471,249)
a) Group companies and associates	8	(35,193)	(284,227)
g) Other assets	8	(9,156)	(187,022)
7. Collections for divestments (+)		237,641	217,912
a) Group companies and associates	8	67,532	215,597
e) Other financial assets	8	170,109	2,315
8. Cash flows from investing activities (7+6)		193,292	(253,337)
C) CASH FLOW FROM FINANCING ACTIVITIES			
9. Payments and collections for equity instruments		8,878	17,805
e) Disposal of treasury equity instruments (+)		8,878	17,805
10. Payments and collections for financial liability instruments		(117,500)	(44,698)
a) Issuing			
1. Debentures and other negotiable securities (+)	10	—	495,202
2. Due to credit institutions (+)	8	361,000	382,000
3. Debt with Group companies and associates (+)		89,500	—
b) Return and redemption of			
2. Debt due to credit institutions (-)	8	(518,000)	(921,900)
3. Debt with Group companies and associates (-)		(50,000)	—
11. Payments for dividends and remuneration of other equity instruments		(446,442)	(446,476)
a) Dividends (-)		(446,442)	(446,476)
12. Cash flows from financing activities (+/-9/10-11)		(555,064)	(473,369)
D) EFFECT OF EXCHANGE RATE VARIATIONS			
		—	—
E) NET INCREASE / DECREASE OF CASH OR EQUIVALENTS (+/-5+/-8+/-12+/-D)			
		(6,226)	(1,122)
Cash or cash equivalents at the beginning of the year		17,588	18,710
Cash or cash equivalents at the end of the year		11,362	17,588

Thousand euros

ANNUAL REPORT

FISCAL YEAR 2023

1. Company activity

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

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

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

The Company is a subsidiary of CARTERA MAPFRE, S.L., a Single-Member Company, with registered address at Carretera de Pozuelo, 52, Majadahonda (Madrid, Spain). The annual accounts of that company for the year ended December 31, 2022 will be prepared by its Board of Directors on March 20, 2024 and will be placed on file at the Madrid Companies' Registry.

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

2. Bases of presentation of the annual accounts

a) TRUE AND FAIR VIEW

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

The Company's Board of Directors expects the individual and consolidated annual accounts for fiscal year 2022 prepared on February 13, 2024, to be approved by the Annual General Meeting with no changes.

b) ACCOUNTING PRINCIPLES

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

c) CRITICAL ASPECTS OF MEASURING AND ESTIMATING UNCERTAINTY

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

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

d) COMPARISON OF INFORMATION

There are no reasons that prevent the comparison of the accounts for the fiscal year with those of the previous year.

e) CORRECTIONS OF ERRORS

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

3. Distribution of earnings

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

BASIS OF DISTRIBUTION	AMOUNT
Profit for the fiscal period	370,807,036.41
Retained earnings	285,646,949.31
TOTAL	656,453,985.72
DISTRIBUTION	IMPORTE
To dividends	461,932,990.95
To retained earnings	194,520,994.77
TOTAL	656,453,985.72

Figures in euros

The planned distribution of dividends in the distribution of profits complies with the requirements and limitations established under legal regulations and the corporate bylaws. The requirements and limitations related to restricted reserves are set out in Note 9 "Shareholders' equity."

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

During the fiscal year, the Company distributed interim dividends totaling 184,772,259.89 euros (184,761,730.50 euros in 2022), which is reflected in equity in the balance sheet under the heading "Interim dividend."

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

ITEM	DATE OF AGREEMENT October 27, 2023
Cash available on date of agreement	72,270
Increases in cash forecast within one year	1,036,263
(+) From expected current collection operations	538,763
(+) From expected financial operations	497,500
Decreases in cash forecast within one year	(788,000)
(-) From expected current payment transactions	(110,000)
(-) From expected financial transactions	(678,000)
Cash available within one year	320,533

Thousand euros

The distribution of profits for fiscal year 2022, carried out during 2023, is presented in the Statement of total changes in equity.

4. Recognition and measurement standards

The recognition and measurement standards applied are indicated below:

a) Fixed assets

Intangible fixed assets

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

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

Property, plant and equipment

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

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

Impairment of fixed assets

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

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

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

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

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

b) Operating leases

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

c) Financial instruments

FINANCIAL ASSETS

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

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

Financial assets are classified as:

Financial assets at fair value with changes in the income statement

This category includes financial assets held for trading and financial assets not classified in any of the other categories.

The concept of trading financial instruments reflects active and frequent purchases and sales with the aim of generating a profit from short-term fluctuations in the price or brokerage margin.

Financial assets in this category are initially valued at their fair value, which, unless there is evidence to the contrary, will be the transaction price, equivalent to the fair value of the consideration given. Transaction costs directly attributable to them are recognized on the income statement for the current fiscal year.

For equity instruments that are neither held for trading nor valued at cost, an irrevocable choice has been made at the time of their initial recognition to present subsequent changes in the fair value directly in equity.

After the initial recognition, they are valued at fair value with changes on the income statement.

Financial assets at amortized cost

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

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

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

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

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

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

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

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

Financial assets at cost

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

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

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

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

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

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

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

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

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

Financial assets at fair value with changes in equity

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

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

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

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

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

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

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

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

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

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

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

Determination of Fair Value:

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

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

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

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

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

Cash and other equivalent liquid assets

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

Interest and dividends received from financial assets

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

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

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

Derecognition of financial assets

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

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

FINANCIAL LIABILITIES

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

Financial liabilities are classified as:

Financial liabilities at amortized cost

These correspond to trade and non-trade payables.

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

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

Derecognition of financial liabilities

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

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

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

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

Own equity instruments

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

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

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

d) Transactions in foreign currency

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

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

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

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

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

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

e) Corporate tax

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

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

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

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

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

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

On the portion of the negative tax results from some of the Group companies that have been offset by the rest of the Group companies, a reciprocal credit and debit arises between the companies to which they correspond and the companies that offset it.

In fiscal year 2023, the Tax Group must determine its tax base taking into account the individual positive tax bases and 50% of the individual negative tax bases of the companies belonging to the Tax Group. The amount of the individual negative tax bases not included in the group's tax base in fiscal year 2023 will be integrated equally in the next 10 years.

With regard to negative tax results that cannot be offset by the rest of the Group companies, the tax receivables generated by the negative tax bases that are compensated are recognized as deferred tax assets by the corresponding companies, considering the Tax Group as a taxable person for their recovery.

The deductions and discounts of the tax on profits quota will affect the calculation of the tax accrued in each company for the effective amount of same that is applicable in the Group and not for the amount that would correspond to each company as an individual tax.

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

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

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

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

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

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

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

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

f) Revenue and expenses

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

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

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

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

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

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

g) Provisions and contingencies

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

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

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

h) Personnel expenses

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

Short-term remuneration

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

Post-employment benefits

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

Defined contribution plans

These are those in which the Company makes pre-determined contributions to a separate company (whether linked to the Group or external) and has no legal or implicit obligation to make any additional contributions in the event of an insufficiency of assets to honor the payment of benefits. The obligation is limited to the contribution agreed on to deposit in a fund and the amount of benefits to be received by employees is determined by the contributions made plus the yield obtained on the investments made by the fund.

Defined benefit plans

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

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

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

Actuarial gains and losses are recognized in equity accounts.

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

Compensation for termination

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

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

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

Incentive plan

On February 9, 2022, the Board of Directors of MAPFRE S.A. approved an Incentive Plan, of an extraordinary and non-consolidation nature, for the period 2022-2026 made up of three overlapping cycles with a three-year target measurement period. duration each. This Plan is aimed at certain executives and key professionals of the Company and Group companies, including the executive directors of the Company, and is subject to the fulfillment of the objectives established in the MAPFRE Group Strategic Plan, as well as to the permanence of the executive in the Company or the Group. It will be partially settled in cash and through the delivery of MAPFRE S.A. shares. and is subject to reduction or recovery clauses as well as retention periods of the shares.

In fiscal year 2019, a new medium-term incentive plan was approved for certain members of the MAPFRE executive team. The plan is extraordinary, not cumulative and multi-year, commencing January 1, 2019 and ending March 31, 2022, with payment of part of the incentives deferred to the period 2023-2025. The payment of incentives is dependent on meeting certain corporate and specific objectives, as well as the director remaining in the Company's or Group's employ. It will be paid partly in cash (50 percent) and partly in MAPFRE S.A. shares (50 percent), and is subject to reduction or recovery clauses.

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

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

Share-Based Remuneration Plan

In 2021, MAPFRE launched a MAPFRE S.A. Share-Based Remuneration Plan for employees in Spain with the aim of strengthening their ties to the Company's strategy and future earnings. This Plan involved voluntarily allocating an annual amount of remuneration to the purchase of MAPFRE S.A. shares, which were delivered on a monthly basis over the course of 2022. Additionally, the shares held by the participant until March 31, 2023 will entitle them to receive additional shares free of charge.

In 2022, a new MAPFRE S.A. Share-Based Remuneration Plan was launched for employees in Spain, which was implemented over the course of 2023. This plan does not include the issuing of additional shares free of charge.

Likewise, in 2023 a Remuneration Plan for MAPFRE S.A. shares was launched for employees in Spain, which will be implemented in 2024. This Plan does not include the delivery of additional shares free of charge.

The transactions derived from each plan are measured at the fair value of the equity instruments assigned at the date of the concession agreement.

On a monthly basis, during the share delivery period, the Company cancels the treasury stock issued, recording the difference with respect to the value of the shares issued in voluntary reserves.

Where appropriate, during the holding period, an increase in equity is recorded for the additional shares to be issued.

At the end of the holding period, the difference with the value of the treasury stock issued free of charge is recorded in voluntary reserves.

i) Business combinations

Business combinations in which the Company acquires control of one or more businesses are recorded by the acquisition method, except when the acquired equity elements do not constitute a business in which the transaction is recorded as an acquisition of assets or assumption of liabilities.

The acquisition date is the date on which the Company secures control of the acquired business. The cost to the acquiring company of a business combination is the fair value of the assets delivered, of the equity instruments issued, of the liabilities incurred or assumed on the date of exchange, as well as those of any other additional consideration plus the costs directly attributable to the combination except those disbursements paid to the professionals involved in the operation. Acquisition related costs are recognized as expenses as they are incurred.

When the valuation process necessary to apply the acquisition method cannot be completed by the close of the fiscal year, the annual accounts are prepared using provisional data. These values are adjusted in the period necessary to complete the initial accounting, with such period not exceeding one year from the acquisition date.

Goodwill represents the excess of the cost of the business combination over the value of the identifiable assets acquired less the value of the liabilities assumed, applying the criteria relating to intangible fixed assets for valuation.

In the case of business combinations between group companies, the constituent elements of the acquired business are valued at the amount that would have been applied in the preparation of the consolidated annual accounts. The difference revealed in the accounting record due to the application of said criterion is recorded as a reserves item.

j) Related-party transactions

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

5. Property, plant and equipment

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

HEADINGS	OPENING BALANCE		INFLOWS		OUTFLOWS		CLOSING BALANCE	
	2023	2022	2023	2022	2023	2022	2023	2022
Land	4,021	4,021	—	—	—	—	4,021	4,021
Buildings	9,433	9,433	—	—	—	—	9,433	9,433
Facilities and other property, plant and equipment	7,060	6,828	545	232	—	—	7,605	7,060
Fixed assets in progress and advance payments	297	285	—	12	(297)	—	—	297
TOTAL COST	20,811	20,567	545	244	(297)	—	21,059	20,811
Cumulative amortization	(7,522)	(6,730)	(569)	(792)	—	—	(8,091)	(7,522)
NET TOTAL	13,289	13,837	(24)	(548)	(297)	—	12,968	13,289

Thousand euros

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

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

The depreciation of items of property, plant and equipment is calculated on a straight-line basis according to useful life. Details of the depreciation rates applied by grouping of items is shown in the accompanying table.

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

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

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

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

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

6. Intangible fixed assets

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

HEADINGS	OPENING BALANCE		INFLOWS		OUTFLOWS		CLOSING BALANCE	
	2023	2022	2023	2022	2023	2022	2023	2022
Computer applications	2,226	2,181	—	73	—	(28)	2,226	2,226
TOTAL COST	2,226	2,181	—	73	—	(28)	2,226	2,226
Cumulative amortization	(1,382)	(830)	(554)	(552)	—	—	(1,936)	(1,382)
NET TOTAL	844	1,351	(554)	(479)	—	(28)	290	844

Thousand euros

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

The annual amortization rate is 33 percent.

There are no intangible fixed assets outside Spanish territory.

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

7. Leases

Operating Leases

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

The future minimum payments to be made until non-cancellable operating leases mature amount to 3,308,000 euros as at December 31, 2023. (3,390,000 euros at December 31, 2022).

Lease expenses recorded in fiscal years 2023 and 2022 amount to 3,212,000 euros and 3,291,000 euros, respectively.

8. Financial instruments

The following table shows the book value of the financial assets recorded in the last two fiscal years, except for taxes and credits with Public Administrations.

Financial Assets

A.- Long-term financial instruments								
Class	Equity instruments		Debt securities		Group companies debt and trade creditors		Total	
Category	2023	2022	2023	2022	2023	2022	2023	2022
Financial assets at amortized cost	—	—	—	—	4,952	20,461	4,952	20,461
charges in income statement	—	—	—	5,423	—	—	—	5,423
changes in equity	52,586	63,512	9,835	159,944	—	—	62,421	223,456
TOTAL A	52,586	63,512	9,835	165,367	4,952	20,461	67,373	249,340
B.- Short-term financial assets								
Class	Equity instruments		Debt securities		Group companies debt and trade creditors		Total	
Category	2023	2022	2023	2022	2023	2022	2023	2022
Assets at fair value with changes in equity	—	—	64	1,348	—	—	64	1,348
Financial assets at amortized cost	—	—	—	—	88,582	64,905	88,582	64,905
TOTAL B	—	—	64	1,348	88,582	64,905	88,646	66,253
TOTAL A + B	52,586	63,512	9,899	166,715	93,534	85,366	156,019	315,593

Thousand euros

Financial liabilities

The book value of the financial liabilities, except for taxes and credits with Public Administrations, corresponding to the last two fiscal years is shown below.

Class	A.- Long-term financial liabilities							
	Due to credit institutions		Debentures and other negotiable securities		Group companies debt and trade creditors		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Financial liabilities at amortized cost or at cost	80,000	237,000	2,447,385	2,445,290	—	45	2,527,385	2,682,335
TOTAL A	80,000	237,000	2,447,385	2,445,290	—	45	2,527,385	2,682,335

Class	B.- Short-term financial liabilities							
	Due to credit institutions		Debentures and other negotiable securities		Group companies debt and trade creditors		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Financial liabilities at amortized cost or at cost	37	123	45,220	45,220	339,726	279,039	384,983	324,382
TOTAL B	37	123	45,220	45,220	339,726	279,039	384,983	324,382

TOTAL A + B	80,037	237,123	2,492,605	2,490,510	339,726	279,084	2,912,368	3,006,717
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Thousand euros

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

Bank	Maturity	Limit		Drawn down	
		2023	2022	2023	2022
BANCO SANTANDER	2/26/2025	1,000,000	1,000,000	80,000	237,000
CARTERA MAPFRE S.L.U.	9/10/2023	400,000	400,000	—	—
MAPFRE INTERNACIONAL	5/24/2024	50,000	—	39,500	—
Total		1,450,000	1,400,000	119,500	237,000

Thousand euros

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

Accrued interest payable on the line of credit during the fiscal period amounted to 9,232,000 euros [1,388,000 euros in 2022].

The line of credit granted by CARTERA MAPFRE S.L.U. accrues variable interest tied to the quarterly Euribor plus a differential of 1.5 percent and is extendable for successive annual periods.

On May 24, 2023, a credit line was granted by MAPFRE INTERNACIONAL with a limit of 50 million euros, which can be extended for successive annual periods. This line of credit accrues variable interest that is linked to the quarterly Euribor plus a spread of 1.5%.

Information regarding the income statement and equity

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

HEADINGS	Financial		Impairment			
	income or expenses		Registered		Reversal	
	2023	2022	losses		gains	
	2023	2022	2023	2022	2023	2022
Financial assets						
Equity instruments	522,845	838,771	(12,983)	(14,122)	240	—
Financial assets at amortized cost	381	5,989	—	—	—	—
Other financial assets	10,280	2,703	—	—	—	—
Impairment and result of disposal of financial instruments	—	—	(143)	—	—	—
Foreign exchange differences	(7)	(2)	—	—	—	—
Subtotal	533,499	847,461	(13,126)	(14,122)	240	—
Financial liabilities						
Financial liabilities at amortized cost	(995)	—	—	—	—	—
Debt with third parties	(87,836)	(75,478)	—	—	—	—
For update of provisions	(189)	(188)	—	—	—	—
Subtotal	(89,020)	(75,666)	—	—	—	—
TOTAL	444,479	771,795	(13,126)	(14,122)	240	—

Thousand euros

Fair value

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

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

The assessment policy is decided at the time of acquisition and reviewed annually. With regard to the sensitivity of fair value assessments, changes in the non-observable variables used in the aforementioned individual valuations would not significantly alter the fair value obtained.

Quoted prices are monitored and verified on a regular basis in order to decide whether any transfers between levels are required:

1. If the quotation source for a particular asset is no longer representative, it is transferred from Level 1 to Level 2.
2. Assets are transferred from Levels 2 and 3 to Level 1 if a reasonable quotation source is verified.
3. Assets are transferred to Level 3 when some of the significant variables are not based on observable market data.

Financial assets at fair value with changes in income statement

The investments assigned to the financial assets portfolio with changes in profit and loss are detailed below.

Financial assets at fair value with changes in income statement				
Item	Book value			
	(cost)		Total	
	Level 1. Market value			
	2023	2022	2023	2022
Debt securities	—	5,423	—	5,423
TOTAL	—	5,423	—	5,423

Thousand euros

Financial assets at amortized cost

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

Financial assets at amortized cost						
Item	Book value				Total	
	(amortized cost)		Level 2. Observable data			
	2023	2022	2023	2022	2023	2022
Long-term receivables	—	—	4,952	6,061	—	—
Short-term receivables	—	—	2,488	4,015	—	—
Receivables in Group companies	93,534	85,366	86,094	75,290	93,534	85,366
TOTAL	93,534	85,366	93,534	85,366	93,534	85,366

Thousand euros

Financial assets at fair value with changes in equity

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

Financial assets at fair value with changes in equity								
Item	Book value							
	(fair value)							
	Level 1. Market value		Level 2. Observable data		Level 3. Other valuations			
	2023	2022	2023	2022	2023	2022	2023	2022
Equity instruments: Equities	—	—	—	—	49,519	47,258	49,519	47,258
Equity instruments: Funds	—	—	—	—	3,067	16,254	3,067	16,254
Representative debt values	—	147,056	9,899	14,236	—	—	9,899	161,292
TOTAL	—	147,056	9,899	14,236	52,586	63,512	62,485	224,804

Thousand euros

There follows a reconciliation of the balances for the year for financial assets at fair value with changes in equity classified as Level 3.

Financial assets at fair value with changes in equity	Equity instruments and mutual funds	
	2023	2022
Opening balance	63,512	4,672
Acquisitions	—	11,910
Other	-10,926	46,930
Closing balance	52,586	63,512

Thousand euros

For fiscal year 2023, the variation reflected in "Other" is mainly due to the incorporation in said fiscal year of the MEAG EUROPE OFFICE fund to the "Group Companies and Long-Term Associates" heading, which is consolidated using the global integration method.

For fiscal year 2022, the variation reflected in "Other" was mainly due to the incorporation of the participation in ABANTE, after the merger of MAPFRE S.A. with MAPFRE PARTICIPACIONES S.A. and MAPFRE AM INVESTMENT HOLDING, S.A.U. as detailed in Note 12.

Financial assets at cost

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

Item	Financial assets at cost					
	Book value		Level 3. Other valuations		Total	
	(cost)					
	2023	2022	2023	2022	2023	2022
Group companies investments	10,152,721	10,138,562	10,152,721	10,138,562	10,152,721	10,138,562
TOTAL	10,152,721	10,138,562	10,152,721	10,138,562	10,152,721	10,138,562

Thousand euros

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

Financial assets at fair value with changes in equity	Equity instruments and mutual funds	
	2023	2022
Opening balance	10,138,562	9,537,762
Acquisitions	38,443	621,339
Disposals	(3)	(2,146)
Gains and losses	(12,743)	(14,122)
Other	(11,538)	(4,271)
Closing balance	10,152,721	10,138,562

Thousand euros

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

Name	(Impairment) Reversal year 2023	(Impairment) Reversal year 2022
MAPFRE INMUEBLES	(1,219)	(1,560)
MAPFRE ASISTENCIA	(10,295)	(12,562)
DESURCIC	(2)	—
MAPFRE TECH	240	—
ALMA MUNDI INSURTECH FUND FCRE	(772)	—
MEAG EUR OFFICE S EOS SCSP SICAV RAIF	(695)	—
TOTAL	(12,743)	(14,122)

Thousand euros

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

Group and associate companies

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

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

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

The main operations undertaken in the last two fiscal years with Group companies and associates are described in Note 19 of this annual report.

With effect from January 1, 2023, a first reduction in the share capital of MAPFRE ASISTENCIA was effectuated in forgiveness of outstanding contributions in the amount of 19,999 thousand euros. Subsequently, on June 27, 2023, there was a second reduction of share capital for the return of contributions through the amortization of shareholdings in said Company for an amount of 10,332,000 euros, as detailed in note 19 of this report.

On November 3, 2022, in order to restructure the Group's operating areas, MAPFRE S.A. (absorbing company) absorbed MAPFRE PARTICIPACIONES S.A. and MAPFRE AM INVESTMENT HOLDING S.A.U. (absorbed companies), with the merger taking effect retroactively from January 1, 2022.

The effect of this transaction, given that it comprises a transaction between Group companies, was an increase in reserves amounting to 396,424,000 euros (see Note 17).

On December 1, 2022, MAPFRE S.A. purchased a total of 512,499 shares in MAPFRE TECH - 103,300 shares held by MAPFRE INTERNACIONAL, 8,101 shares held by MAPFRE ASISTENCIA, 336,538 shares held by MAPFRE ESPAÑA, 82 shares held by MAPFRE INVERSIÓN, 4,133 shares held by MAPFRE RE, and 60,345 shares held by MAPFRE VIDA - for a combined price of 20,146,000 euros, or 39.39 euros per share, giving MAPFRE S.A. 100 percent ownership of the company.

The MEAG EUROPE OFFICE and MAPFRE PRIVATE DEBT funds, consolidated using the global integration method, are included in fiscal year 2023 under the heading "Group companies and long-term associates."

The minority shareholders of the Group subsidiary MAPFRE RE have a put option on their shares in that Company. If exercised, MAPFRE or a MAPFRE Group company must acquire the shares of the minority shareholder interested in selling. The purchase price of the shares is to be calculated by applying the previously agreed formulas in each case. At December 31, 2023 and 2022, taking into account the variables included in the aforementioned formula, the commitment assumed by the Group in the event the option is exercised would amount to approximately 128.9 million and 109.6 million euros, respectively.

At December 31, 2023, the Company's working capital was negative in the amount of 26,948,000 (positive working capital in 2022 in the amount of 42,473,000), mainly due to the financing received from Group companies, although the financing of its liabilities and liquidity needs is guaranteed through the financial support it receives from the Group itself, from the dividends it is expected to receive in 2024, as well as the limits available for various lines of credit.

Financial instrument risk

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

Liquidity management is done by the Company, which maintains balances of current assets, as well as credit lines sufficient to cover any eventuality deriving from its obligations, and has the support of the Group for financing operations in case additional liquidity is required.

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

Regarding credit risk, the related policy is based on maintaining a diversified portfolio made up of prudently selected securities based on the solvency of the issuer. Fixed income and equity investments are subject to issuer limits.

Credit risk

The credit ratings of issuers of fixed-income securities and entities where the company has treasury positions are detailed in the accompanying table.

Issuer credit rating	Book value					
	Assets at fair value with changes in Income Statement		Assets at fair value with changes in Equity		Cash	
	2023	2022	2023	2022	2023	2022
A	—	5,423	—	33,718	11,362	17,588
BBB	—	—	9,899	127,574	—	—
Total	—	5,423	9,899	161,291.79	11,362	17,588

Thousand euros

Market risk

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

Item	Amount of assets exposed to risk					
	Interest fixed rate		Not exposed to risk		Total	
	2023	2022	2023	2022	2023	2022
Fair value with changes in income statement	—	5,423	—	—	—	5,423
At amortized cost	—	—	93,534	85,366	93,534	85,366
Fair value with changes in equity	9,899	161,292	52,586	63,512	62,485	224,804
Total	9,899	166,715	146,120	148,878	156,019	315,593

Thousand euros

Item	Amount of liabilities exposed to risk					
	Interest fixed rate		Not exposed to risk		Total	
	2023	2022	2023	2022	2023	2022
Issue of debentures and other negotiable securities	2,492,605	2,490,510	—	—	2,492,605	2,490,510
Due to credit institutions	—	—	80,037	237,168	80,037	237,168
Total	2,492,605	2,490,510	80,037	237,168	2,572,642	2,727,678

Thousand euros

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

Liquidity risk

Details on the maturities of financial liabilities for the last two years is shown in the accompanying tables.

Fiscal year 2023

HEADINGS	Maturity in						Closing
	2024	2025	2026	2027	2028	Subsequent years	balance
Financial liabilities							
Debentures and other negotiable securities	75,181	75,181	923,855	641,473	528,502	518,432	2,762,624
Due to credit institutions	3,321	80,553	—	—	—	—	83,874
Other financial liabilities	337,170	—	—	—	—	876	338,046
Total financial liabilities	415,672	155,734	923,855	641,473	528,502	519,308	3,184,544

Thousand euros

Fiscal year 2022

HEADINGS	Maturity in						Closing
	2023	2024	2025	2026	2027	Subsequent years	balance
Financial liabilities							
Debentures and other negotiable securities	73,960	75,181	75,181	923,855	667,722	1,019,405	2,835,304
Due to credit institutions	5,141	5,141	237,857	—	—	—	248,139
Other financial liabilities	258,201	—	—	—	—	45	258,246
Total financial liabilities	337,302	80,322	313,038	923,855	61,250	1,625,922	3,341,689

Thousand euros

9. Shareholders' equity

SHARE CAPITAL

The Company's share capital as on December 31, 2022 and 2021 was represented by 3,079,553,273 shares with a face value of 0.10 euros each, fully subscribed and paid-up. All shares carry the same political and economic rights.

All shares representing the Company's share capital are admissible for official trading on the stock market.

On March 10, 2023, the Annual General Meeting authorized the Company's Board of Directors to increase capital up to a maximum of 153,977,663.65 euros, equivalent to 50 percent of the share capital at that time. This authorization is extended for a period of five years. The Board of Directors was also authorized to issue bonds, debentures or fixed-income securities of a similar nature, convertible for a maximum amount of 2 billion euros.

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

SHARE PREMIUM

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

DATE	ISSUE TYPE	AMOUNT
June 1985	200%	956
October 1985	300%	4,015
January 1986	600%	11,040
June 1986	600%	2,428
January 2007	3.192%	3,320,281
TOTAL		3,338,720

Thousand euros

LEGAL RESERVE

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

TREASURY STOCK

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

In fiscal 2023, 35,760 shares were delivered to the management of subsidiaries (203,765 shares in 2022), registering a negative impact of 9,715.99 euros (-58,419.42 euros in 2021), which has been included under the "Other Reserves" heading.

In addition, 4,624,725 shares (10,070,672 shares in 2022) of the MAPFRE S.A. Share Compensation Plan, described in "Recognition and measurement standards" Note 4.h., were delivered, registering a negative impact of 935,586.41 euros (-3,676,641.59 euros in 2022), which has been included under the "Other reserves" heading.

At the end of the financial year, the Company owned 15,129,098 treasury shares (19,789,583 in 2022), which represents 0.4913 percent of the capital (0.6426 percent in 2022) and an average price of 2.09 euros for the last two years.

The nominal value of the treasury stock acquired amounts to 1,512,910 euros (1,978,958 in 2022).

10. Non-convertible debentures

A. Subordinated debentures

At December 31, 2023 and 2022, the balance of this account included the face value of the debentures issued by the Company and was represented through book entries, the most significant terms and conditions of which are as shown in the accompanying table.

Description	Nominal amount	Book value		Fair value		Interest outstanding		Issue date	Expiration date	Coupon	Market	Rating
		2023	2022	2023	2022	2023	2022					
April 2022 issuance	500,000	494,665	493,904	462,818	422,318	10,319	10,319	13-04-22	13-04-30	2.88%	AIAF	BBB-
September 2018 issuance	500,000	498,110	497,752	487,998	458,498	6,498	6,498	07-09-18	07-09-48	4.13%	AIAF	BBB-
March 2017 issuance	600,000	599,043	598,774	610,777	586,777	19,777	19,777	31-03-17	31-03-47	4.38%	AIAF	BBB
TOTAL	1,600,000	1,591,818	1,590,430	1,561,593	1,467,593	36,594	36,594					

Thousand euros

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

April 2022 issuance

On April 6, 2022, MAPFRE established the terms of an issuance of subordinated bonds for a nominal amount of 500,000,000 euros. The obligations accrue a fixed coupon of 2.875% per year, the payment of which may be deferred in certain circumstances. The issuance matures on April 13, 2030.

The obligations are governed by Spanish law, and are admitted for trading on the AIAF Fixed Income Market. The obligations count as level 3 own funds (tier 3 instruments) of MAPFRE and its consolidated group in accordance with the applicable solvency regulations.

September 2018 issuance

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

March 2017 issuance

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

For the 2017 and 2018 issuances, the issuer is obliged to defer interest payments in the case where there is any non-compliance with the Solvency Capital Requirement or Minimum Capital Requirement, or the pertinent regulatory has prohibited interest payments, or the issuer cannot settle the liabilities that are past due and payable.

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

B. Standard debentures

As of December 31, 2023 and 2022, the balance of this account includes the nominal amount of the simple obligations issued by the Company and represented by book entries. The most relevant terms and conditions are detailed in the accompanying table.

Description	Nominal amount	Book value		Fair value		Interest outstanding		Issue date	Expiration date	Coupon	Market	Rating
		2023	2022	2023	2022	2023	2022					
April 2016 issuance	857,300	855,567	854,859	844,493	795,627	8,626	8,626	19-05-16	19-05-26	1.63%	AIAF	A-
TOTAL	857,300	855,567	854,859	844,493	795,627	8,626	8,626					

Thousand euros

The most relevant conditions of standard debentures are detailed below:

September 2016 issuance

On May 19, 2016, MAPFRE established the terms of a standard debenture issuance for a nominal amount of 1.0 billion euros, which were partially amortized on December 15, 2021 (1,427 obligations) for an aggregate nominal amount of 142.7 million euros. This maturity date for this issuance is May 19, 2026 and it accrues a fixed coupon of 1.63 percent, payable annually.

11. Foreign currency

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

12. Fiscal situation

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

In 2023, the following companies belonged to Tax Group No. 9/85:

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

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

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

RECONCILIATION OF THE ACCOUNTING RESULT WITH THE TAXABLE RATE OF THE CORPORATION TAX						
Item	Income statement		Revenue and expenses posted directly to equity		TOTAL	
	2023	2022	2023	2022	2023	2022
Balance of revenue and expenses of the year	370,807	693,881	—	—	370,807	693,881
Corporation tax	(37,917)	(31,151)	—	—	(37,917)	(31,151)
Permanent differences	(483,365)	(783,550)	—	—	(483,365)	(783,550)
Temporary differences:						
- originating in the year	11,212	6,946	—	—	11,212	6,946
- originating in previous years	(2,435)	(3,003)	—	—	(2,435)	(3,003)
Compensation of negative tax bases of previous years	—	—	—	—	—	—
Individual taxable rate (fiscal result)	(141,698)	(116,877)	—	—	(141,698)	(116,877)
Permanent differences for fiscal consolidation	(547)	(238)	—	—	(547)	(238)
50% Individual Negative Tax Base to be compensated for over the next 10 years	70,849	0	—	—	70,849	—
Individual taxable rate after consolidation	(71,396)	(117,115)	—	—	(71,396)	(117,115)

Thousand euro

Increases and decreases corresponding to the last two fiscal years:

The amount of increases for permanent differences originating in the income statement corresponds to expenses that are not tax deductible, among others, for fines and penalties, for donations and contributions made to support programs for events of exceptional public interest pursuant to Law 49/2002, for the corrections in the value of equity instruments (holdings in Group and associate companies) recorded in the accounts.

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

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

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

The main elements of the income tax expense from ongoing operations, and the reconciliation between the income tax expenses and the product of multiplying the book results by the applicable tax rate are shown in the accompanying table for the fiscal years ending, December 31, 2023 and 2022.

Item	Amount	
	2023	2022
Tax expense		
Result before taxes from ongoing operations	332,890	662,730
25% of the result before taxes from ongoing operations	(83,222)	(165,683)
Tax effect of the permanent differences	120,841	195,888
Tax incentives for the year	585	481
Total (expense)/revenue from current tax originating in the year	38,204	30,686
Expense from current tax originating in previous fiscal years	(287)	465
(Expense)/revenue for tax of ongoing operations	37,917	31,151
Tax on profits to be (paid)/received	37,917	31,151
Taxes withheld and payments on account	410	1,508
50% of the negative base 2023	(17,712)	—
Temporary differences	(2,058)	(926)
Tax credits and incentives applied, registered in previous years and applied in the current year	1,592	1,098
Net tax on profits to be (paid)/received	20,149	32,831

Thousand euros

The applicable tax rate for fiscal years 2023 and 2022 was 25 percent.

As of 2022, the Tax Group to which the Company belongs must calculate the minimum liquid quota in accordance with the provisions of article 30 bis of Law 27/2014 for the purpose of determining the income tax to be paid.

In the 2023 and 2022 financial years, the Tax Group was not affected by the minimum liquid quota.

The following tables offer a breakdown of the movements for fiscal years 2023 and 2022 relating to the deferred tax assets heading, differentiating the corresponding amounts in terms of items debited or credited directly to equity.

Fiscal year 2023

Item	Opening balance	Originating from Results	Equity	Cancellations	Closing balance
Assets					
50% of 2023 negative base	—	17,712	—	—	17,712
Commitments to personnel	15,564	1,516	—	(806)	16,274
Other items	2,397	1,287	—	(268)	3,416
Total	17,961	20,515	—	(1,074)	37,402

Thousand euros

Fiscal year 2022

Item	Opening balance	Originating from Results	Equity	Cancellations	Closing balance
Assets					
Commitments to personnel	14,452	1,557	—	(445)	15,564
Equity instruments impairment	12,739	127	(12,866)	—	—
Other items	2,557	241	—	(401)	2,397
Total	29,748	1,925	(12,866)	(846)	17,961

Thousand euros

In fiscal year 2022, an adjustment of deferred tax assets relating to the equity instruments of Group companies totaling 13 million euros was recorded in reserves, due mainly to the impairment of the holding of MAPFRE INMUEBLES registered in previous years, which was reclassified as a permanent difference.

In fiscal year 2023, the Tax Group must determine its tax base taking into account the individual positive tax bases and 50 percent of the individual negative tax bases of the companies belonging to the Tax Group.

As a result, the negative tax base generated by the company can only be offset by 50 percent by the Tax Group, with an amount pending to be offset of 70,849,000 euros that has generated a deferred tax asset. These individual negative tax bases not included in the Group's tax base in fiscal year 2023 will be integrated equally over the next 10 years.

Likewise, the detail of movements for the financial year 2023 and 2022 relating to deferred tax liabilities heading is broken down in the accompanying table, differentiating the amount of the same relative to items charged and paid directly against net equity during the respective periods.

Fiscal year 2023

Item	Opening balance	Opening balance	Originating from		Cancellations	Closing balance
		adjustments	Results	Equity		
Liabilities						
Profit from sales of equity instruments	1,184	(1,076)	—	—	—	108
Financial instruments	—	1,076	—	381	(283)	1,174
TOTAL	1,184	—	—	381	(283)	1,282

Thousand euros

Fiscal year 2022

Item	Opening balance	Opening balance	Originating from		Cancellations	Closing balance
		adjustments	Results	Equity		
Liabilities						
Profit from sales of equity instruments	739	—	—	445	—	1,184
TOTAL	739	—	—	445	—	1,184

There are no negative tax bases from previous years pending compensation.

The tax credits held by the Company for the last two years are shown below.

Fiscal year 2023

Modality	Year to which they correspond	Amount applied in the fiscal year	Amount pending application	Amount not registered	Deadline for use
Double taxation deduction	2023	1,305	—	—	—
Deductions for carrying out IT activities	2023	536	—	—	—
Other	2023	49	—	—	—
TOTAL		1,890	—	—	—

Thousand euros

Fiscal year 2022

Modality	Year to which they correspond	Amount applied in the fiscal year	Amount pending application	Amount not registered	Deadline for use
Double taxation deduction	2022	1,563	—	—	—
Deductions for carrying out IT activities	2022	460	—	—	—
Other	2022	21	—	—	—
TOTAL		2,044	—	—	—

Thousand euros

The consolidated settlement of Tax Group 9/85 corresponding to fiscal year 2023 shows an amount payable of 9,525,486 euros, recorded in the Company's liabilities (86,261,980 euros to be collected in 2022 recorded in assets). The amount pending collection from previous years, which amounted to 111,228,073 euros, was collected in its entirety before the formulation of these annual accounts, which responds to the return of the consolidated settlement of the Tax Group for 2022.

As a result of its distribution among Group companies, in the last two fiscal years, the Company has recorded the receivables and payables, generated in the fiscal year, against the controlled companies of Tax Group 9/85, detailed in the accompanying table.

COMPANY	AMOUNT			
	CREDIT		DEBIT	
	2023	2022	2023	2022
MAPFRE VIDA S A DE SEGUROS Y REASEG SOBRE LA VIDA HUMANA	12,854	—	—	8,527
MAPFRE RE COMPAÑÍA INTERNACIONAL DE REASEGUROS S A	25,074	—	—	7,499
MAPFRE INMUEBLES S A	—	—	105	1,795
MAPFRE INVERSIÓN S V S A	1,028	48	—	—
MAPFRE VIDA PENSIONES S. G. F. P., S. A.	189	—	—	238
MAPFRE ASSET MANAGEMENT S G I I C S A	4,688	—	—	1,591
CONSULTORA ACTUARIAL Y DE PENSIONES MAPFRE VIDA S A	10	7	—	—
GESTIÓN MODA SHOPPING S A	—	—	3	13
MIRACETI S A	263	—	—	70
MAPFRE VIDEO Y COMUNICACIÓN S A (MAVICO)	—	—	—	89
MAPFRE CONSULTORES DE SEGUROS Y REASEGUROS S A	—	3	—	—
MAPFRE ASISTENCIA CIA INTERNACIONAL DE SEGUROS S A	—	—	3,850	2,285
IBEROASISTENCIA S A	—	—	28	56
CENTRO DE EXPERIMENTACIÓN Y SEGURIDAD VIAL MAPFRE S A	127	59	—	—
CLUB MAPFRE S A	8	—	—	81
DESARROLLOS URBANOS CIC S A (DESURCIC)	—	—	319	711
MAPFRE INTERNACIONAL S A	—	—	12,756	15,023
MULTISERVICIOS MAPFRE S A (MULTIMAP)	586	—	—	123
SERVICIOS INMOBILIARIOS MAPFRE S A (SERVIMAP)	115	—	—	38
MAPFRE TECH S A	—	—	3,967	4,425
MAPFRE AUTOMOCIÓN S A	—	—	169	389
IBEROASIS CONSULTING DE SOLUCIONES Y TECNOLOGÍAS S A	—	—	—	—
MAPFRE PARTICIPACIONES S A	—	—	—	—
CENTROS MEDICOS MAPFRE SA	—	—	588	1,090
VERTI ASEGURADORA CIA DE SEGUROS Y REASEGUROS S A	—	—	545	1,447
MEDISEMAP AGENCIA DE SEGUROS S L	—	5	—	—
MAPFRE ESPAÑA COMPAÑÍA DE SEGUROS Y REASEGUROS S A	6,900	—	—	5,436
FUNESPAÑA S A	—	—	27	188
SERVICIOS FUNERARIOS FUNEMADRID S A	41	—	—	33
ALL FUNERAL SERVICES S L	265	—	—	62
FUNERARIAS REUNIDAS EL BIERZO S A	157	—	—	56
POMPES FÚNEBRES DOMINGO S L	12	3	—	—
MAPFRE AM INVESTMENT HOLDING S A U	—	—	—	—
SALUD DIGITAL MAPFRE	—	—	246	1,613
MAPFRE GLOBAL RISKS AGENCIA DE SUSCRIPCIÓN S.A.U.	244	—	—	54
RISK MED SOLUTIONS	—	—	125	226
FUNERARIA ALIANZA CANARIA S.L.U	—	—	5	12
FUNESPAÑA DOS S.L.U.	—	—	153	351
MAMPAR IMPERIAL 14 SL	—	—	—	33
TOTAL	52,561	125	22,886	53,556

Thousand euros

The total amount of corporate tax payable to the Spanish tax authorities for fiscal year 2023, and the net amount of the aforementioned receivables and payables, gives rise to the amount to be collected by the Company as an individual entity,, namely 20,148,897 euros (32,830,532 euros in 2022).

No significant eliminations were made in the consolidated Tax Group arising from temporary differences in either of the last two fiscal years.

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

Item	Group company	Fiscal year		Year of elimination
		2023	2022	
Shares	MAPFRE INTERNACIONAL, S.A.	(3)	(3)	2003
Shares	MAPFRE ASISTENCIA	512	512	2003
Shares	MAPFRE ESPAÑA, CÍA SEGUROS Y REA SA	(92)	-92	2004
Shares	MAPFRE ESPAÑA, CÍA SEGUROS Y REA SA	10,251	10251	2005
Shares	MAPFRE TECH, S.A.	1,219	1219	2010
Shares	SOLUNION	(16)	-16	2010
Shares	MAPFRE ESPAÑA, CÍA SEGUROS Y REA SA	(1,764)	-1764	2010
Shares	MAPFRE ESPAÑA, CÍA SEGUROS Y REA SA	(184)	-184	2010
Shares	MAPFRE ESPAÑA, CÍA SEGUROS Y REA SA	(956)	-956	2010
Shares	MAPFRE VIDA, S.A.DE SEG Y REA	(251)	-251	2010
Real estate	MAPFRE ESPAÑA	3,728	3826	2011
Real estate	MAPFRE ESPAÑA	(1,291)	-1324	2011
Shares	MAPFRE ESPAÑA, CÍA SEGUROS Y REA SA	398	398	2011
Shares	MAPFRE ESPAÑA, CÍA SEGUROS Y REA SA	(1,095)	-1095	2011
Shares	MAPFRE VIDA, S.A.DE SEG Y REA	56	56	2011
Shares	MAPFRE VIDA, S.A.DE SEG Y REA	(154)	-154	2011
Shares	MAPFRE ESPAÑA, CÍA SEGUROS Y REA SA	212	212	2011
Shares	MAPFRE ESPAÑA, CÍA SEGUROS Y REA SA	(583)	-583	2011
Shares	MAPFRE AUTOMOCION	(15)	-15	2015
Total		9,972	10,037	

Thousand euros

The adjustment for the integration of the provisions for pension commitments, with the limit of 25 percent of the previous tax base regulated in Article 11.12 of Law 27/2014, to be applied to the consolidated tax base in 2023, was 547,402 euros (237,899 euros in 2022).

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 the limitation period of four years has elapsed.

With regard to the Inspection Activities for Corporate Tax, fiscal years 2013 to 2016, referring to Tax Consolidation Group no. 9/85, notices of disagreement were signed that affected MAPFRE S.A. as an individual company with regard to the deductibility of certain personnel expenses and the deduction for technological innovation expenses. Settlements arising from such proceedings were appealed to the Central Economic Administrative Court (Tribunal Económico Administrativo Central (TEAC)), which rejected the economic-administrative claim filed by the Company. In response to this rejection, a contentious-administrative appeal was filed, and a written claim has been formulated with the National Court.

MAPFRE S.A. considered that, in accordance with the criteria expressed by internal tax advisers, the regularizations applied had no significant impact on the individual annual accounts, with strong defense arguments in the pending appeals, which is why no specific provision was recorded for these items.

In fiscal year 2022, MAPFRE SA, as the controlling company of Tax Group no. 9/85, and in order to limit the financial cost of suspending the reports derived from the Inspection Activities of fiscal years 2013 to 2016, the tax debt of the corporate tax disagreement certificates for fiscal years 2013 to 2015 was remitted, together with the deferred interest. To the extent that there are solid defense arguments in the ongoing legal proceedings, the Company proceeded to record a credit against the Public Treasury in the amount of 110 million euros. Simultaneously, MAPFRE S.A. recognized a debit against the subsidiaries of the Tax Group to which the concepts signed in non-conformity correspond for an amount of 106 million euros, with the difference corresponding to the dissenting items that affect MAPFRE S.A as an individual entity.

During fiscal year 2022, Tax Group 9/85 called for the correction of its Corporate Taxes for fiscal years 2017 to 2019 in relation to the recovery of certain adjustments derived from the minutes of fiscal years 2013 to 2016 and to request recognition of the elimination of double taxation in relation to certain equity investments that were considered qualifying holdings at the tax group level, requesting the recognition of a return of 61 million euros that has been recorded as a credit against the Treasury. At the same time, a debit of the same amount has been recorded against the Group's subsidiaries that are individually affected by the aforementioned rectification.

Regarding the deduction for technological innovation (IT) expenses, the Constitutional Court has admitted appeals against four rulings of the National Court that, contradicting its own jurisprudence in this matter, accepted the arguments of the Tax Inspection to defend its jurisdiction to delimit the scope of the deduction, and the consideration that software is not a concept covered by the deduction for IT expenses provided for in the Corporate Tax Law. Specifically, the Constitutional Court will rule on the validity of the reports prepared by the Tax Administration to regularize the IT deduction, and their ability to contradict the binding reports issued by the Ministry of Science and Technology, under whose protection taxpayers have been applying the deduction, there being well-founded reasons to expect that the criteria maintained by the MAPFRE Tax Group will be validated by the Constitutional Court, revoking the aforementioned rulings of the National Court.

The Tax Group has appealed the proceedings initiated, among other reasons, for the regularization of this deduction, which in the case of MAPFRE S.A. as an individual entity amounts to 84,000 euros (fiscal years 2013 to 2016). Additionally, the deduction applied by the company in the years 2017 to 2022 was 3,451,000 euros, and the one generated in the year 2023 was 536,000 euros.

As of December 31, 2023, the company is open to inspection for all taxes to which it is subject for the fiscal years 2020 to 2023 inclusive and the Corporation Tax for the years 2017 to 2019. In the opinion of the Company's advisors, the possibility of tax liabilities occurring that significantly affect the financial position of the Company as at December 31, 2023 is remote.

On January 18, 2024, the Constitutional Court handed down a judgment declaring the unconstitutionality of certain measures that were introduced into the Corporate Tax by Royal Decree-Law 3/2016, of December 2 (RDL 3/2016), on the grounds that the regulatory vehicle used for its approval was inadequate.

Of the measures declared unconstitutional, Tax Group 9/85 was only affected by the obligation to include in the tax base, in five equal amounts, from fiscal year 2016, any impairment of tax-deductible shares applicable up to fiscal year 2012. Now that the measure has been declared unconstitutional, its invalidity will have an initial favorable impact on the Group in the amount of 19 million euros, which will be recovered from the Treasury, although this amount is not definitive, as quantification of the impact that the regulations in force prior to the approval of RDL 3/2016 may have on the recovery of impairment of participants in fiscal years 2021 to 2023 is pending.

With regard to the non-deductibility of losses in the transfer of shares, also approved by the same RDL 3/2016, and which also affects the Tax Group, the Constitutional Court has postponed its decision to the time when it has to make a decision in relation to a resource proposed for the specific application of this measure. This future judgment will have a favorable impact for the Tax Group, the final amount of which is pending quantification.

The minimum global taxation (Pillar 2) regulations of the Organisation for Economic Cooperation and Development (OECD) have been approved or substantially approved in certain jurisdictions in which the Group has a presence. To the extent that the entry into force will take place in 2024, the Group has conducted a preliminary assessment of the exposure to Pillar 2 taxes arising from this legislation, concluding that the effective tax rate in all countries in which the MAPFRE Group operates is above 15%, although two jurisdictions - Peru and Paraguay - have been detected where this percentage would not be reached. However, beyond the increased administrative burden of applying the new regulations, no significant economic impact is expected for the Group due to the entry into force of the regulation.

Business restructuring operations

On November 3, 2022, a merger of the companies MAPFRE S.A. (absorbing company) was carried out with MAPFRE PARTICIPACIONES S.A. and MAPFRE AM INVESTMENT HOLDING, S.A.U. (absorbed companies), in which the latter two were absorbed by the former.

The date from which the merger had accounting and tax effects is January 1, 2022.

Said operation was covered by the Special Regime of Chapter VII Title VII of Law 27/2014 of November 27 on Corporation Tax.

For the purposes of the provisions of article 86 of Law 27/2014 on Corporation Tax, MAPFRE S.A. As the acquiring entity, it provides the following information:

- The tax periods in which the transferring entities acquired the transferred assets cover the following years:
 - MAPFRE AM INVESTMENT HOLDING SAU: From fiscal year 2017 to fiscal year 2022.
 - MAPFRE PARTICIPACIONES S.A.: From fiscal year 1986 to fiscal year 2022.
- The last closed balance sheets of the transferring entities are attached as Appendix 2.
- The assets acquired that have been included in the accounts of the absorbing company MAPFRE S.A., for a value different from that for which they appeared in those of the transferring entities are the following:

- 5,170,307 MAPFRE ESPAÑA shares, the contributed value of these shares was 286,146,000 euros and their recognized value was 509,006,000 euros, representing 16.48 percent of the capital.
- 3,334,615 shares of SOLUNION SEGUROS, the contributed value of said shares has been 62,331,000 euros and its recognized value has been 75,959,000 euros, which represents 50 percent of the capital.
- 7,880 shares of LA FINANCIÈRE RESPONSABLE, the contributed value of said shares has been 535,000 euros and its recognized value has been 402,000 euros, which represents 24.95 percent of the capital.
- 1,039,213 ABANTE shares, the contributed value of these shares was 43,157,000 euros and their recognized value was 47,258,000 euros, representing 18.77 percent of the capital.
- There are no tax benefits in the transferring entities MAPFRE AM INVESTMENT HOLDING SAU and MAPFRE PARTICIPACIONES SA, with respect to which MAPFRE SA must assume compliance with certain requirements in accordance with the provisions of section 1 of article 84 of Law 27/2014.

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

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

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

On September 6, 2013, 100 percent of the shares of SEGUROS GERAIS held by MAPFRE INTERNACIONAL were spun off to MAPFRE FAMILIAR. MAPFRE S.A. is the sole partner of the companies involved in the operation. The corresponding report contains the mandatory accounting information related to these transactions.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

VAT Group

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

In 2023, the following companies comprised VAT Tax Group No. 87/10.

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

13. Revenues and expenses

The accompanying table shows the social security and related employee benefits paid by the Company in the last two years.

BREAKDOWN OF SOCIAL SECURITY CONTRIBUTIONS	AMOUNT	
	2023	2022
Social security	8,559	7,667
Contributions to pensions	6,505	7,169
Other employee benefits	7,383	6,531
TOTAL	22,447	21,367

Thousand euros

14. Provisions and contingencies

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

HEADING	OPENING BALANCE		INCREASES		DECREASES		CLOSING BALANCE	
	2023	2022	2023	2022	2023	2022	2023	2022
Long-term provisions								
Long-term employee benefit obligations	10,720	9,863	4,098	2,621	(1,096)	(1,764)	13,722	10,720
TOTAL	10,720	9,863	4,098	2,621	(1,096)	(1,764)	13,722	10,720

Thousand euros

As of December 31 of the last two fiscal years, the heading Long-term employee benefit obligations primarily included:

- Defined benefit plans that are externalized, detailed in note 16 of the Annual Report, amounting to 4,455,000 euros (4,517,000 euros in 2022).
- Long service bonuses, detailed in the recognition and measurement standards for Personnel expenses, amounting to 3,300,000 euros (3,163,000 euros in 2022).
- Life insurance covering death between the ages of 65 and 77 years detailed in the note on measurement bases for Personnel expenses, amounting to 628,000 euros (646,000 euros in 2022). The updated PASEM-2020 actuarial tables have been applied for the last two years.

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

15. Environmental information

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

16. Medium-term and long-term remuneration and stock-based payments

Long-term remuneration

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

The expense for defined-contribution pension plans amounted to 6,505,000 euros in 2023 (7,169,000 euros in 2022).

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

A. Amounts recognized on the balance sheet

The reconciliation of the present value of the obligation arising from defined benefit plans in the last two fiscal years is shown in the accompanying table.

Item	2023	2022
Present value of obligation as on January 1	4,517	4,417
Interest cost	189	188
Actuarial gains and losses	(46)	48
Benefits paid	(292)	(279)
Other items	87	143
Present value of obligation as on December 31	4,455	4,517

Thousand euros

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

Item	2023	2022
Value of reimbursement right at January 1	4,517	4,417
Expected return from allocated assets	189	188
Actuarial gains and losses	(46)	48
Benefits paid.	(292)	(279)
Other items	87	143
Value of reimbursement right at December 31	4,455	4,517

Thousand euros

B. Assumptions

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

Other medium-term remuneration and share-based payments

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

On February 9, 2022, the Board of Directors of MAPFRE S.A. approved a new long-term Incentive Plan, as detailed in section 4 h) of Recognition and measurement standards. The amount provisioned in the fiscal year for this Plan amounts to 4,717,000 euros.

Share-based remuneration plan

The MAPFRE S.A. Share-Based Remuneration Plan for 2021, reflected in Note 4.h of this report, was joined by 321 employees, 67.58 percent of the total employees of companies based in Spain.

The expense accrued for the right to receive additional shares free of charge was 300,000 euros. The number of free shares delivered in fiscal year 2023 was 1,968,119 shares, valued at 3,663,000 euros.

The 2022 MAPFRE S.A. Share-Based Remuneration Plan, reflected in Note 4.h of this report, attracted 321 employees, 27 percent of the total employees of companies in Spain. In May 2023, and in relation to the 2022 share-based remuneration Plan, MAPFRE delivered free shares to each employee in proportion to the number they had acquired and maintained until March 31 of the same year, within the limits provided for in said Plan.

The MAPFRE S.A. Share-based Remuneration Plan for 2023, reflected in Note 4.h of this report, attracted 145 employees, 29 percent of the total employees at companies in Spain. At the close of fiscal year 2023, no expenses deriving from this Plan were recorded.

17. Business combinations

On November 3, 2022, and with the aim of reorganizing the Group's operating structures, the merger by absorption of the companies MAPFRE S.A. (absorbing company) and MAPFRE PARTICIPACIONES S.A. and MAPFRE AM INVESTMENT HOLDING S.A.U. (absorbed companies) took place, backdating the effects of the merger to January 1, 2022.

The effect of this transaction, given that it comprises transactions executed between Group companies, entailed an increase in reserves amounting to 396.424,000 euros.

The value of the assets and liabilities identified for both companies are detailed in the accompanying table.

Item	MAPFRE PARTICIPACIONES	MAPFRE AM INVESTMENT HOLDING
	2021	2021
ASSETS		
Long-term investments in group and associate companies	584,955	414
Long-term financial investments	323	47,257
Deferred tax assets	1	—
Short-term investments in group and and associate companies	33,087	60
Cash and other equivalent liquid assets	392	461
TOTAL ASSETS	618,758	48,192
LIABILITIES		
Short-term debts with group and associate companies	610	24,054
Trade debtors and other accounts payable	7	—
TOTAL LIABILITIES EXCLUDING SHAREHOLDERS' EQUITY	617	24,054
Fair value of net assets	618,141	24,138
Cost of combination	225,855	20,000

Thousand euros

18. Subsequent events

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

19. Related-party transactions

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

Expenses and revenue	Group companies		Other related parties		TOTAL	
	2023	2022	2023	2022	2023	2022
1) Financial expenses	(995)	—	—	—	(995)	—
4) Leasing	(3,212)	(3,291)	—	—	(3,212)	(3,291)
9) Other expenses	(7,747)	(29,471)	—	—	(7,747)	(29,471)
EXPENSES	(11,955)	(32,762)	—	—	(11,955)	(32,762)
10) Financial income	381	5,989	—	—	381	5,989
13) Dividends received	522,710	838,771	—	—	522,710	838,771
15) Provision of services	64,013	61,246	—	—	64,013	61,246
REVENUE	587,104	906,006	—	—	587,104	906,006

Thousand euros

Other transactions	Group companies		Other related parties		TOTAL	
	2023	2022	2023	2022	2023	2022
Financing agreements: credits and capital contributions delivered.	35,193	284,227	—	—	35,193	284,227
Financing agreements: credits	89,500	—	—	—	89,500	—
Amortization or cancellation of credits.	(67,532)	(215,597)	—	—	(67,532)	(215,597)
Repayment or cancellation of loans.	—	—	—	—	—	—
Dividends and other profits distributed.	—	—	312,903	318,047	312,903	318,047

In 2023, the following capital reduction was carried out in Group and associate companies: 30,331,000 in MAPFRE ASISTENCIA, with a part of this contribution coming from an outstanding disbursement on shares in the amount of 19,999,000 and the rest in cash.

The following operations were also carried out:

- Liquidation of MAPFRE CONSULTORES, for an amount of 61,000 euros and a profit of 128,000 euros.
- Platinum Care capital increase (reverse mortgage joint venture) in the amount of 4,000,000 euros.

In 2022, the following capital contributions were made to Group and associated companies: 242,072,000 euros to MAPFRE RE and 7,500,000 euros to MAPFRE TECH.

As of December 31, 2023, there was an outstanding disbursement on ALMA MUNDI INSURTECH shares amounting to 11,120 euros (20,000 euros in 2022).

As of December 31, 2022, there was a pending disbursement on MAPFRE ASISTENCIA shares in the amount of 19,999,000 euros.

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

Item	Assets		Liabilities	
	2023	2022	2023	2022
Loans and receivables	—	47,400	39,500	—
Loan interest	—	23	—	—
Tax group	66,724	16,393	272,571	249,036
Other items	19,370	11,473	2,723	9,119
TOTAL	86,094	75,289	314,794	258,155

Thousand euros

In the last two years there were no financial expenses for the drawdown of the CARTERA MAPFRE credit line described in Note 8.

Transactions with related parties are related to the normal traffic of the company and have been carried out under market conditions.

Board of Directors and other Delegate Committees

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

Item	Amount:	
	2023	2022
Short-term remunerations		
Salary	2,551	1,883
Short-term variable remuneration	1,988	1,450
Fixed allowance	1,908	1,880
Travel, subsistence and accommodation allowances	27	57
Other items	252	102
TOTAL	6,726	5,372
Other remuneration		
Life Insurance	104	90

Thousand euros

The basic remuneration of external board directors comprises an annual fixed amount for their membership of the Board of Directors, which totaled 110,000 euros in each of the last two fiscal years. In the last two years, the Vice-Presidency-Coordinating Director received a fixed annual allocation of 220,000 euros. The members of the Steering Committee receive 10,000 euros, and they also received an attendance allowance of 3,000 euros in the last two years. This amount totals, in the case of the chair of the Audit and Compliance Committee, 70,000 euros in 2023 and 2022. In addition, the person who holds the position of chair of a Delegate Committee received 62,000 euros in 2023 and 2022. The remuneration of the members of the Audit or Compliance Committee amounted to 49,000 euros in 2023 and 2022 and the rest of the members of the Delegate Committees received 40,000 euros in 2023 and 2022.

In addition, Life Insurance has been established in the event of death, with an insured capital of 150,253 euros. External board directors also enjoy some of the other benefits provided to staff, such as health insurance.

Executive board directors receive the remuneration established in their contracts, which includes a fixed salary, incentives of variable amounts linked to results, Life and disability insurance, and other compensation generally established for Company personnel. In addition, there are commitments in place for pensions in the event of retirement, permanent disability and death via Life insurance, all within the directors' remuneration policy. Contributions to defined contribution plans totaled 2,094,000 euros in 2023 (2,213,000 euros in 2022), raising the amount of the accumulated rights to 30,235,000 euros (25,763,000 euros in 2022).

Executive board directors do not receive the fixed allowance established for external directors.

Short-term variable remuneration already accrued and pending payment at the end of fiscal 2023 amounted to 3,160,000 euros (2,622,000 euros in 2022).

In the 2023 fiscal year, the Board of Directors of MAPFRE S.A., responding to a proposal made by the Company's Appointments and Remuneration Committee, on February 9 of the same year, approved an annual and extraordinary bonus for a specific group, linked to the Automobile Combined Ratio and jointly to the percentage growth in Earned Premiums and percentage variation in Expenses allocated (excluding Life Savings). The amount accrued for this additional component in the short term, for the members of the Board of Directors in 2023 amounts to 73,400 euros (62,500 euros in 2022 in relation to another bonus with different objectives).

Additionally, in 2021, other remunerations corresponding to non-recurring concepts amounting to 1.09 million euros were accrued.

Additionally and with respect to the incentive plans, the Board of Directors of MAPFRE S.A. On February 9, 2022, at the proposal of its Appointments and Remuneration Committee, it approved a Medium and Long-Term Incentive Plan 2022-2026 composed of three overlapping cycles with an objective measurement period of three years each and directed to certain executives and key professionals of the Company and Group companies. On February 9, 2022, the first overlapping cycle (2022-2024) was approved by the Board of Directors, at the proposal of the Appointments and Remuneration Committee, and on February 8, 2023, the second overlapping cycle (2023-2025). The amount provisioned for the members of the Board of Directors in the year 2023, corresponding to i) one third of the first overlapping cycle (2022-2024), plus ii) one third of the second overlapping cycle (2023-2025) and iii) the regularization by the variation in the value of the MAPFRE S.A. share. It amounts to a total of 695,000 euros in cash and equity instruments (333,000 euros in 2022 for the first overlapping cycle 2022-2024).

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

The amount paid for third-party liability insurance premiums for directors due to damage caused by acts or omissions during the performance of their duties reached 568,000 euros (627,000 euros in 2022).

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

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

Senior management

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

	2023	2022
No. of senior management members	7	8
Fixed remuneration	2,197	2,443
Variable remuneration	1,403	1,404
Other remuneration	295	308
TOTAL	3,895	4,155
Life Insurance	49	44

Thousand euros

Additionally, as a contribution to defined contribution plans, 1,991,000 euros in 2023 (2,244,000 euros in 2022) were recorded as an expense for the financial year, increasing the amount of accumulated rights to 12,070,000 euros (11,620,000 euros in 2022).

With regard to the short-term variable remuneration accrued in this year and in previous years, at the end of 2023, 2,129,000 euros are pending payment (2,222,000 euros in 2022).

In the 2022 financial year, the Board of Directors of MAPFRE S.A. at the proposal of the Company's Appointments and Remuneration Committee, on February 9 of the same year, approved an annual and extraordinary bonus for a specific group, linked to the Automobile Combined Ratio and jointly to the percentage growth in Earned Premiums and percentage variation in Expenses allocated (excluding Life Savings). The amount accrued for this additional component in the short term, for the members of members of the Company's Senior Management team in 2022 amounts to 75,000 euros (86,000 euros in 2022 in relation to another bonus with different objectives).

Additionally and with respect to the incentive plans, on February 9, 2022, at the proposal of its Appointments and Remuneration Committee, the Board of Directors of MAPFRE S.A. approved a Medium and Long-Term Incentive Plan 2022-2026 composed of three overlapping cycles with an objective measurement period of three years each and directed at certain executives and key professionals of the Company and Group companies. In 2022, the first overlapping cycle (2022-2024) was approved, and the second (corresponding to 2023-2025) was approved by the Board of Directors of MAPFRE S.A. on February 8, 2023, at the proposal of its Appointments and Remuneration Committee. The amount provisioned for members of Senior Management in 2023, corresponding to i) one third of the first overlapping cycle (2022-2024), plus ii) one third of the second overlapping cycle (2023-2025) and iii) the regularization by the variation of the value of the MAPFRE S.A. share. amounts to a total of 709,000 euros in cash and equity instruments (457,000 euros in 2022 for the first overlapping cycle 2022-2024).

20. Other information

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

Average number of employees

ITEM	2023		2022	
	Men	Women	Men	Women
Board Directors and C-Suite	12	5	12	5
Senior Management	166	100	144	83
Technicians	102	125	108	128
Associates	6	32	6	37
TOTAL AVERAGE NUMBER OF EMPLOYEES	286	262	270	253

Number of employees at year-end

ITEM	2023		2022	
	Men	Women	Men	Women
Board Directors and C-Suite	13	5	12	5
Senior Management	173	105	154	88
Technicians	104	124	105	128
Associates	6	31	6	35
TOTAL NUMBER OF EMPLOYEES	296	265	277	256

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

ITEM	2023	2022
Senior Management	4	3
Advisors	3	4
Associates	2	2
TOTAL	9	9

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

ITEM	AMOUNTS	
	2023	2022
Audit services	965	1,090
Other verification services	610	175
Tax services	—	—
Other services	106	82
Total services of main auditor	1,681	1,347

Thousand euros

Other verification services include services provided by KPMG Auditores, S.L. to the Company during fiscal year 2022, among which are the six-monthly review, the solvency review and the report of agreed procedures on the description of the Systems for Internal Control over Financial Information (SCIIF).

In addition, other companies affiliated with KPMG International billed the Company 14,000 euros for the independent revision of of financial information related to climate change and the People and Organization report.

Information regarding the services provided by KPMG Auditores, S.L. to the companies linked by a control relationship to MAPFRE S.A. during the fiscal year ending December 31, 2023, can be found in the Annual Accounts of MAPFRE S.A. and its subsidiary companies as of December 31, 2023.

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

ITEM	2023	2022
	Days	Days
Average provider payment period	13	17
Ratio of paid operations	13	17
Ratio of operations pending payment	13	—
	Amounts	Amounts
Payments made	110,744	98,227
Payments pending	406	427
Total payments for the year	111,150	98,654

Thousand euros

The information on invoices paid in a period less than the maximum established in the delinquency regulations is shown in the accompanying table.

ITEM	2023	2022
Monetary amount paid	110,744	98,227
Thousand euros		
Percentage of total monetary payments made to providers	99.63 %	99.57 %
Total number of invoices paid to providers	6,119	6,359
Percentage of the total number of invoices paid to providers	96.85 %	96.32 %

Appendix 1

Fiscal year 2023

Name	Legal form	Address	Activity	PARTICIPATION							Thousands of euros						
				%		Voting rights		Capital	Reserves	Other equity items	Earnings for the year			(Impairment)		Accumulated impairment	Dividends received
				Direct	Indirect	Direct	Indirect				Earnings from operations	Other earnings	Book value	/Reversal year			
MAPFRE Tech	S.A.	Crta.Pozuelo, 52 Majadahonda 28222 Madrid	IT	100.00	—	100.00	—	26,869	1,071	—	(348)	1,787	27,886	240	—	—	
MAPFRE Internacional	S.A.	Crta.Pozuelo, 52 Majadahonda 28222 Madrid	Holding	100.00	—	100.00	—	824,432	5,256,819	(1,585,767)	233,783	(6,412)	4,141,762	—	—	90,000	
MAPFRE Re Cia. de Reaseguros	S.A.	Paseo de Recoletos, 25 28004 Madrid	Reinsurance	94.21	—	94.21	—	342,165	1,701,893	(98,739)	244,611	—	1,023,175	—	—	86,451	
MAPFRE Asistencia, Cia Internacional de Seguros y Reaseguros	S.A.	Sor Angela de la Cruz, 6 28020 Madrid	Insurance and reinsurance	100.00	—	100.00	—	135,129	79,757	(94,875)	3,801	1,643	59,065	(10,295)	298,508	—	
MAPFRE Inmuebles	S.G.A.	Crta.Pozuelo, 52 Majadahonda 28222 Madrid	Real estate	10.00	7.02	10.00	7.02	593,474	(106,045)	—	1,877	(15,346)	51,896	(1,219)	55,105	—	
MAPFRE Vida	S.A.	Crta.Pozuelo, 52 Majadahonda 28222 Madrid	Insurance and reinsurance	99.92	—	99.92	—	60,197	1,071,967	69,941	173,860	51,446	1,133,100	—	—	270,203	
MAPFRE Investment	S.A.	Avda.18 de Julio , 841 Montevideo (Uruguay)	Financial	100.00	—	100.00	—	7,131	6,681	(6,808)	—	1,934	5,787	—	—	—	
MAPFRE Inversión	S.A.	Crta.Pozuelo, 50 Majadahonda 28222 Madrid	Securities company	—	99.92	—	99.92	33,055	72,166	1,286	(11,610)	46,337	2	—	—	1	
SOLUNION SEGUROS, CIA INTERNACIONAL SA	S.A.	Avda. General Perón, 40 28020 Madrid	Insurance and reinsurance	50.00	—	50.00	—	40,149	115,748	(17,161)	13,220	—	75,950	—	—	—	
MAPFRE Asset Management	S.A.	Crta.Pozuelo, 50 Majadahonda 28222 Madrid	investment institution management	0.01	—	0.01	—	2,043	(3,319)	1,165	(9,275)	37,142	2	—	—	5	
MAPFRE España	S.A.	Crta.Pozuelo, 52 Majadahonda 28222 Madrid	Insurance and reinsurance	100.00	—	100.00	—	564,624	1,100,370	(61,374)	119,786	10,877	3,563,024	—	—	75,220	

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

Fiscal year 2023

Name	Legal form	Address	Activity	PARTICIPATION		Voting rights		Capital	Reserves	Other equity items	Earnings for the year		(Impairment)		Accumulated impairment	Dividends received
				%							Earnings from operations	Other earnings	Book value	/Reversal year		
				Direct	Indirect	Direct	Indirect									
Desarrollos Urbanos	S.A.	Crta.Pozuelo, 52 Majadahonda 28222 Madrid	Real estate	0.08	9.99	0.08	9.99	383	1,943	—	637	(2,545)	1	(2)	55	—
MGR Agencia de Suscripción	S.A.	Crta.Pozuelo, 52 Majadahonda 28222 Madrid	Insurance and reinsurance	100.00	—	100.00	—	60	1,991	—	(290)	1,252	1,952	—	—	677
Santander MAPFRE Hipoteca Inversa	S.A.	Calle Juna Ignacio Luca de Tena, 11 28027 Madrid	Financial intermediation	50.00	—	—	—	13,000	(3,142)	—	(1,151)	—	6,500	—	—	—
LA FINANCIÈRE RESPONSABLE		Rue de Ponthieu, 52 - 75008 Paris	Asset management	51.00	—	—	—	1,169	992	—	—	—	1,470	—	—	153
ALMA MUNDI INSURTECH FUND, FCRE	LTDA	Plaza Santa Barbara, 2 28004 Madrid	Asset management	24.94	—	—	—	95,149	(16,402)	40,770	—	—	23,351	—	—	—
ALMA MUNDI INSURTECH FUND II, FCRE	LTDA	Plaza Santa Barbara, 2 28004 Madrid	Asset management	23.85	—	—	—	93,266	(2,592)	281	(929)	—	21,469	(772)	772	—
MEAG EUR OFFICE S EOS SCSP SICAV RAIF		1c, rue Gabriel Lippmann - L-5365 Munsbach Grand Duchy of Luxembourg	Asset management	5.00	—	5.00	—	238,200	(18,892)	—	(583)	—	13,205	(695)	695	—
MAPFRE PRIVATE DEBT FIL		Crta.Pozuelo, 50 Majadahonda - 28222 Madrid	Investment fund	2.86	86.15	2.86	86.15	177,078	—	—	—	—	3,100	—	—	—
Total													10,152,697	(12,743)	355,135	522,710
Other investments													24			
Total investments in Group and associate companies													10,152,721			

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

Fiscal year 2022

Thousands of euros																
Name	Legal form	Address	Activity	PARTICIPATION				Capital	Reserves	Other equity items	Earnings for the year		([Impairment])		Accumulated impairment	Dividends received
				%		Voting rights					Earnings from operations	Other earnings	Book value	/Reversal year		
				Direct	Indirect	Direct	Indirect									
MAPFRE TECH	S.A.	Crta.Pozuelo, 52 Majadahonda 28222 Madrid	IT	100.00	—	100.00	—	26,869	1,688	—	316	(947)	27,646	—	240	—
MAPFRE Internacional	S.A.	Crta.Pozuelo, 52 Majadahonda 28222 Madrid	Holding	100.00	—	100.00	—	824,432	5,153,666	(1,806,240)	235,088	13,909	4,141,762	—	—	—
MAPFRE Re Cia. de Reaseguros	S.A.	Paseo de Recoletos, 25 28004 Madrid	Reinsurance	94.21	—	94.21	—	342,165	1,651,925	(245,932)	143,400	—	1,019,041	—	—	24,086
MAPFRE Asistencia, Cia Internacional de Seguros y Reaseguros	S.A.	Sor Angela de la Cruz, 6 28020 Madrid	Insurance and reinsurance	100.00	—	100.00	—	170,670	46,703	(98,019)	1,104	5,760	79,693	(12,562)	288,212	—
MAPFRE Inmuebles	S.G.A.	Crta.Pozuelo, 52 Majadahonda 28222 Madrid	Real estate	10.00	7.02	10.00	7.02	593,474	(92,303)	—	4,701	(15,753)	53,115	(1,560)	53,886	—
MAPFRE Vida	S.A.	Crta.Pozuelo, 52 Majadahonda - 28222 Madrid	Insurance and reinsurance	99.92	—	99.92	—	60,242	1,120,068	290	162,994	63,183	1,133,100	—	—	420,735
MAPFRE Investment	S.A.	Avda.18 de Julio , 841 Montevideo (Uruguay)	Financial	100.00	—	100.00	—	7,851	5,041	(6,805)	—	1,189	6,932	—	—	—
MAPFRE Consultores de Seguros y Reaseguros	S.A.	Paseo de Recoletos, 25 28004 Madrid	Advisory and management services	50.00	50.00	50.00	50.00	120	257	—	(7)	29	61	—	—	—
MAPFRE Inversión	S.A.	Crta.Pozuelo, 50 Majadahonda 28222 Madrid	Securities company	0.01	99.99	0.01	99.99	33,055	93,745	(3,995)	(16,001)	61,338	2	—	—	1
SOLUNION SEGUROS, CIA INTERNACIONAL SA	S.A.	Avda. General Perón, 40 28020 Madrid	Insurance and reinsurance	50.00	—	50.00	—	40,149	63,425	39,465	12,376	—	75,950	—	—	—
MAPFRE Asset Management	S.A.	Crta.Pozuelo, 50 Majadahonda 28222 Madrid	investment institution management	0.01	99.99	0.01	99.99	2,043	(6,742)	294	(10,988)	44,005	2	—	—	5
MAPFRE España	S.A.	Crta.Pozuelo, 52 Majadahonda 28222 Madrid	Insurance and reinsurance	100.00	—	100.00	—	564,624	1,025,423	(209,130)	144,237	5,270	3,466,557	—	—	392,633
Desarrollos Urbanos	S.A.	Crta.Pozuelo, 52 Majadahonda 28222 Madrid	Real estate	0.08	9.99	0.08	9.99	383	3,875	—	710	(2,841)	3	—	53	—
MGR Agencia de Suscripción	S.A.	Crta.Pozuelo, 52 Majadahonda 28222 Madrid	Insurance and reinsurance	100.00	—	100.00	—	60	1,989	—	(332)	806	1,952	—	—	812

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

Fiscal year 2022

Name	Legal form	Address	Activity	PARTICIPATION				Capital	Reserves	Other equity items	Earnings for the year		Book value	(Impairment)	Accumulated impairment	Dividends received
				%		Voting rights					Earnings from operations	Other earnings		/Reversal		
				Direct	Indirect	Direct	Indirect									
Santander MAPFRE Hipoteca Inversa	S.A.	Calle Juna Ignacio Luca de Tena, 11 28027 Madrid	Financial intermediation	50.00	—	—	—	5,000.00	—	—	(3,142)	—	2,500	1	—	—
LA FINANCIÈRE RESPONSABLE		Rue de Ponthieu, 52 75008 Paris	Asset management	24.95	—	—	—	1169.00	—	—	(113,297)	—	402	—	—	499
ALMA MUNDI INSURTECH FUND, FCRE	LTDA	Paseo de Gracia, 71 08008 Barcelona	Investment fund	26.40	—	—	—	94,700	(4,250)	24016	1,169	—	23,351	—	—	—
ALMA MUNDI INSURTECH FUND II, FCRE	LTDA	Paseo de Gracia, 71 08008 Barcelona	Investment fund	35.47	—	—	—	28,192	-60	—	—	—	10,000	—	—	—
Total													10,008,718	(14,121)	342,391	838,771
Other investments													23			

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

No companies are listed on the stock market.

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

INDIVIDUAL MANAGEMENT REPORT

2023

MAPFRE S.A.

INDIVIDUAL MANAGEMENT REPORT 2023

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2023 INDIVIDUAL MANAGEMENT REPORT

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

A. Key individual figures

Key income statement figures are as follows:

- Dividend revenue from Group companies and associates amounted to 522.7 million euros, compared to 838.8 million euros in 2022.
- Operating expenses amounted to 175.5 million euros, a 3.02% increase on 2022.
- Financial income amounted to 9.7 million euros, compared to 2.5 million euros for the previous year.
- Financial expenses stood at 89 million euros, 15.89% higher than the previous year.
- During the year, 12.7 million euros of provisions were recorded for impairment of stakes in Group and associate companies (14.1 million euros were reversed in 2022).
- As a result of the foregoing, earnings before tax stood at 332.9 million euros for the fiscal year, (662.7 million euros in 2022).
- Corporate tax amounting to 37.9 million euros was paid in 2023, compared to 31.1 million euros in 2022.
- Post-tax earnings were 370.8 million euros, which represents an decrease of 46.56% compared to the previous year.

Key balance sheet figures are as follows:

The shareholders' equity of MAPFRE S.A. amounted to 7,697.9 million euros, which represents an increase of 67.4 million euros compared to the previous year, 0.87%, as a result of the difference between the profit for the year and the dividends paid during the year, which amounted to 261.7 million euros, the final dividend for the 2022 financial year distributed in 2023 and 184.8 million euros for the interim dividend for the 2023 fiscal year.

- Total assets amount to 10,654.2 million euros, of which 10,152.7 and 86.1 million euros correspond to investments in Group companies and associates in the long and short term, respectively.

B. Main activities

The main variations in the Company's financing sources during the 2023 were as follows:

- Partial cancellation of loans with Group companies for an amount of 47.4 million euros.
- Partial cancellation of the syndicated loan, maturing in December 2025, for an amount of 361 million euros and new facilities in place for an amount of 518 million euros.
- New lines of credit granted to Group companies, of which 39.5 million has been drawn down.

Investments in Group companies

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

- Purchase of 240.918 shares in MAPFRE RE from MAAF ASSURANCES S.A., for a total amount of 4.1 million euros.
- Purchase of 16.109 shares in LA FINANCIÈRE RESPONSABLE from VFR. for a total amount of 1.5 million euros.
- Capital reduction in MAPFRE ASISTENCIA for a total amount of 30.3 million euros.
- Capital call in MEAG EUROP for a total amount of 2.1 million euros.
- Capital call in MAPFRE PRIVATE DEBT for a total amount of 3.1 million euros.
- Capital call in ALMA MUNDI for a total amount of 3.4 million euros.
- Capital increase in HIPOTECA INVERSA for a total amount of 4.0 million euros.

C. MAPFRE and its shareholders

The accompanying table shows the key information relating to MAPFRE shares at the end of fiscal year 2023.

Number of shares outstanding	3,079,553,273 fully underwritten and paid up
Face value of each share	0.1 euros
Share class	Common, represented by book entries. All outstanding shares carry identical voting and dividend rights
Stock exchange listings	Spanish Stock Exchange
ISIN code	ES0124244E34

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

According to Sociedad de Bolsas's (Grupo BME) data, a daily average of 2,964,831 shares were traded on this platform in 2023, and average daily effective trading reached 5.6 million euros.

VALUE AND RETURN

The share price performance is detailed in the accompanying, compared to the most relevant benchmark indices (IBEX 35, STOXX Europe 600 Insurance and IBEX 35 Bancos).

	1 YEAR	2 YEARS
MAPFRE	7.35%	7.62%
STOXX Europe 600 Insurance	8.76%	7.61%
IBEX 35	22.76%	15.93%
IBEX 35 Banks	27.76%	44.45%

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

	2023	2022
EPS (euros)	0.22	0.18
Var. %	20.2%	---

SHAREHOLDER STRUCTURE AND REMUNERATION

At the close of fiscal year 2023, MAPFRE had 209,140 shareholders.

The composition of the shareholder base is as follows:

Non-institutional 13.1%, Spanish institutional 4.3%, overseas institutional 12.3%, treasury stock 0.5%, and Fundación MAPFRE 69.8%.

On November 30, 2023, the interim dividend charged against 202e earnings was paid at 0.0603 euros per share before tax, after the amount corresponding to treasury stock had been applied to the remaining shares on a proportional basis. The total dividend paid out in the year was 0.145 euros per share, giving a total remuneration of 446.5 million euros.

The final dividend for fiscal year 2023 to be proposed at the Annual General Meeting is 0.09 euros per share before tax. Consequently, the total dividend against fiscal 2023 amounts to 0.15 euros per share before tax, representing a payout ratio of 69.5%.

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

	2023	2022
DIVIDEND PER SHARE (euros)*	0.145	0.145
DIVIDEND YIELD	7.7%	8.3%

D. Environment

In 2023, MAPFRE continued to make progress on the objectives defined for 2024 in the Environmental Footprint Plan. These objectives, as well as the actions necessary to achieve them, are included in the Sustainability Plan 2022-2024, thereby ensuring the aligned and coordinated action of all MAPFRE Group companies in this matter.

In accordance with the neutrality strategy, MAPFRE's carbon footprint in Spain and Portugal has been offset, which in reforestation projects has involved the planting of 4,924 trees, additionally contributing to the restoration of nature and avoiding deforestation.

Furthermore, and in accordance with the current context, the circular economy continues gaining relevance as a necessary solution to the economic and climate crisis, making companies more competitive and resilient in the process. In this aspect, MAPFRE has certified its Monte del Pilar Training Campus (Madrid) in accordance with the AENOR Zero Waste Regulation, having also maintained the certification already obtained for the Group's headquarters located in Majadahonda (Madrid).) and the Alcalá de Henares Data Center (Madrid). Additionally, the Zero Waste model was implemented in the headquarters building in Mexico.

Information on environmental issues is extensively detailed in the Integrated Report / 6. Committed to the environment.

E. Acquisition and disposal of treasury stock

The purchase and sale operations of MAPFRE S.A. shares comply with the provisions of current regulations, the resolutions adopted in this regard by the Annual General Meeting and the MAPFRE Group's Treasury Stock Policy, which regulates actions related to transactions involving shares of the Company.

In fiscal year 2023, 35,760 shares were delivered to directors of subsidiaries, recording a negative impact of 9,715.99 euros (58,419.42 euros negative in 2022), which has been included under the heading "Other reserves."

In addition, 4,624,725 shares of the MAPFRE S.A. Shares-based Remuneration Plan described in "Valuation Standards" Note 4.h. with a negative impact of 935,586.41 euros, which have been included under the heading "Other reserves."

At fiscal year-end, the Company owned 15,129,098 treasury shares (19,789,583 in 2022), representing 0.4912% of the capital (0.6426% in 2022) and an average price of 2.09 euros over the last two fiscal years.

The face value of own shares acquired amounts to 1,512,910 euros (1,978,958 in 2022).

F. Human resources

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

Average number of employees.

ITEM	2023		2022	
	Men	Women	Men	Women
Board Directors and C-Suite	12	5	12	5
Senior Management	166	100	144	83
Technicians	102	125	108	128
Associates	6	32	6	37
TOTAL AVERAGE NUMBER OF EMPLOYEES	286	262	270	253

Number of employees at year-end.

ITEM	2023		2022	
	Men	Women	Men	Women
Board Directors and C-Suite	13	5	12	5
Senior Management	173	105	154	88
Technicians	104	124	105	128
Associates	6	31	6	35
TOTAL NUMBER OF EMPLOYEES	296	265	277	256

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

ITEM	2023	2022
Senior Management	4	3
Advisors	3	4
Associates	2	2
TOTAL	9	9

MAPFRE is a global company built on the continuous effort of 30,873 people who lie at the heart of our people management strategy, the pillars of which are development, promotion and well-being.

MAPFRE has a Capacity Transformation plan in place, the main objective of which is to identify and develop the necessary knowledge required by the business in the short and medium term, in addition to improving employability with development plans, career plans, training itineraries, upskilling, reskilling and retention plans.

All countries define succession plans up to the third organizational level. These plans have a common methodology that sets down immediate replacement, in the short and medium term, as well as the professional routes to be defined in order to have potential successors ready to step up.

MAPFRE establishes appropriate and competitive remuneration according to the function/job position, merits and performance. This remuneration system is designed to take into account applicable regulations and guarantee equality and nondiscrimination. The remuneration model focuses on productivity and the generation of added value, with flexibility to adapt to the different groups and circumstances of an increasingly demanding talent market.

MAPFRE has a transparent Compensation Policy in place, which all employees are aware of, which makes remuneration an element of motivation and satisfaction, enabling the objectives set to be achieved and the strategy to be met within the framework of the company's long-term interests.

In compliance with the Sustainability Plan 2022-2024, MAPFRE has committed to eliminating its pay gap, reducing it to +/-1% by the end of 2024, and in 2023, the Company continued to apply the methodology for calculating the equal pay gap that was verified in 2018 by the consulting firm Ernst & Young (EY).

MAPFRE is a diverse, egalitarian and inclusive group with a global Diversity and Equal Opportunities Policy in place that was approved by the MAPFRE Board of Directors on July 23, 2015. MAPFRE also has a Diversity, Inclusion and Equity Strategy called Inclusion for Sustainable Growth. People from five different generations coexist in the Company, who contribute and deploy all their talent and complement each other in equal opportunities.

These policies mentioned and the other corporate policies are available to the entire workforce on the global intranet.

Since February 2020, MAPFRE has been a signatory to the United Nations Women's Empowerment Principles and in 2021, 2022 and in 2023, MAPFRE was included in the Bloomberg Gender Equality Index (GEI).

MAPFRE promotes the integration of people with disabilities into the workplace. In 2023, 3.9 percent of the company's workforce had some kind of disability.

More information can be found in the Integrated Report / 5.1. Developing our people.

G. External audit

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

ITEM	AMOUNTS	
	2023	2022
Audit services	965	1,090
Other verification services	610	175
Tax services	—	—
Other services	106	82
Total services of main auditor	1,681	1,347
Thousand euros		

Other verification services include services provided by KPMG Auditores, S.L. to the Company during fiscal year 2023, among which the semiannual review, the solvency review and the agreed procedures report on the description of the SCIIF stand out.

Additionally, other entities affiliated with KPMG International have invoiced the Company 14,000 euros for the independent review of the financial information related to climate change and the People and Organization Report.

The information related to the services provided by KPMG Auditores, S.L. to companies linked by a control relationship with MAPFRE S.A. during the year ended December 31, 2023, is included in the annual accounts of MAPFRE S.A. and subsidiaries of December 31, 2023.

H. Governing bodies

Mr. José Manuel Inchausti Pérez, Mr. Antonio Miguel-Romero de Olano, Mr. Antonio Gómez Ciria and Ms. María Amparo Jiménez Urgal were reelected as board directors at the Annual General Meeting held on March 10, 2023, and Ms. María Elena Sanz Isla and Mr. Francesco Paolo Vanni d'Archirafi were elected as board directors.

On January 12, 2023, Alfonso Rebuelta Badías stepped down as a member of the Board of Directors, pursuant to the provisions of the Regulations of the Board of Directors. On December 31, 2023, Ignacio Baeza Gómez stepped down as a member of the Board of Directors on the occasion of his retirement.

At the meeting of the Board of Directors on February 8, 2023, Mr. Francesco Paolo Vanni d'Archirafi was appointed as a member of the Audit and Compliance Committee, effective March 10, 2023. Mr. Francesco Paolo Vanni d'Archirafi assumed the chairmanship of said body on August 19, 2023, replacing Ms. Ana Isabel Fernández Álvarez, who remains a member of the Committee, as agreed by the Board of Directors on July 27, 2023.

At the meeting of the Board of Directors held on October 26, 2023, Eduardo Pérez de Lema Holweg was appointed a board director via the co-option procedure, effective January 1, 2024, replacing Ignacio Baeza Gómez. In addition, during the aforementioned meeting of the Board of Directors, Mr. José Manuel Inchausti Pérez was appointed First Vice Chairman of the Board of Directors and Mr. Fernando Mata Verdejo as Third Vice Chairman of the Board of Directors, while Mr. Francisco José Marco Orenes was appointed as a member of the Steering Committee and Ms. María del Pilar Perales Viscasillas was named a member of the Appointments and Remuneration Committee, all with effect from January 1, 2024.

During the 2024 fiscal year, the mandates of Ms. María Leticia de Freitas Costa and Ms. Rosa María García García will expire. The Appointments and Remuneration Committee has proposed their reelection as board directors.

Also, during fiscal 2024, the mandate of Eduardo Pérez de Lema Holweg will expire, who was appointed via the co-option procedure on the aforementioned date. This proposal comes with a favorable report from the Appointments and Remuneration Committee.

I. Average provider payment period

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

ITEM	2023	2022
	Days	Days
Average provider payment period	13	17
Ratio of paid operations	13	17
Ratio of operations pending payment	13	—
	Amounts	Amounts
Payments made	110,744	98,227
Payments pending	406	427
Total payments for the year	111,150	98,654

Thousand euros

The information on invoices paid in a period less than the maximum established in the delinquency regulations is as follows:

ITEM	2023	2022
Monetary amount paid	110,744	98,227
Thousand euros		
Percentage of total monetary payments made to providers	99.63%	99.57%
Total number of invoices paid to providers	6,119	6,359
Percentage of the total number of invoices paid to providers	96.85%	96.32%

J. Research, development and innovation

INNOVATION

Innovation is an integral part of MAPFRE's strategy, business model, and culture, making it possible to develop new products and solutions that are aligned with customer needs and respond to new market trends and environmental and social aspects.

MAPFRE Open Innovation is MAPFRE's strategic commitment to boost client-centered transformation. With it, the company aims to foster innovation carried out by and for people. Designed as an open innovation platform, MAPFRE Open Innovation forms partnerships with other actors and uses emerging technologies. For MAPFRE Open Innovation, adding value to MAPFRE is as important as contributing to the progress toward a more prosperous, just, and egalitarian society. Since 2019, more than three million clients have benefited from solutions originating from this model, in terms of both insurance operations (contracting or benefits) and relational and aspirational aspects, addressing major social issues. In addition, proposals have been analyzed from more than 2,500 startups, of which more than 50 have gone through our acceleration and adoption programs, which has consolidated our relationship with entrepreneurs in the insurance industry and our role as a benchmark for the insurtech environment.

MAPFRE has managed to attract the best projects in their class, signing agreements with some of the most valued startups and the top insurtech solutions in the market. As part of our commitment to venture capital investment associated with the insurance industry, MAPFRE participates as the main investor in the venture capital fund Alma Mundi Insurtech, managed by Mundi Ventures. Fund I, with 100 million euros, has already entered the divestment phase. Fund II, which initially closed at 172 million euros with a projected size of 250 million euros, was launched in early 2022 and has already made 17 investments. It is considered one of the largest insurtech mutual funds in Europe.

In 2023, more focus and resources began to be placed on growth initiatives, i.e. opportunities that could represent a significant part of the insurance business in the future. This is how we address verticals that have gained importance in recent years, such as health and well-being or new mobility, but also emerging risks, such as those associated with climate change, cybersecurity, and artificial intelligence, which we must know how to properly assess in order to offer the best protection to our customers. At the same time, this year we have continued to work on transformation initiatives that promote efficient operations and an improved user experience, automating processes such as claims processing, image appraisal, and document and image management. In this area, progress was made in scaling up the most mature solutions to MAPFRE countries and in achieving the first deployment of the most pioneering solutions.

As for Artificial Intelligence (AI), on which there are numerous and increasingly frequent studies addressing its impact on the world economy, its growing use in all sectors is an undisputed fact. Although AI has great potential to improve process efficiency and enable new options, its use is not without risks. Greater use means greater potential exposure to technical risks (performance and robustness, security), ethical risks (biases, explainability), and regulatory risks (compliance and responsibility). In addition, the launch of Generative Artificial Intelligence tools accessible to all types of profiles has heightened the debate, including aspects related to intellectual property and the sustainability of solutions.

MAPFRE has more than 85 Artificial Intelligence/Advanced Analytics, Machine Learning, and Deep Learning use cases underway, and 70% of the models are focused on issuing and benefits in the Automobile business line. During 2023, six cases for Generative Artificial Intelligence were developed and launched.

More information on this subject is available in the Integrated Report / 5.5. Innovation and digitalization in products and services and processes.

QUALITY

For MAPFRE, the quality perceived by its customers and other stakeholders is a fundamental concern. For this reason, since 2015, global models have been defined to enable us to understand the experience of different types of customers.

These measurements are taken through surveys of internal and external clients in all the countries and businesses in which MAPFRE operates, covering the insurance, reinsurance, global risks and assistance services lines. They are based on the Net Promoter Score (NPS[®]) methodology, which measures customer perception through their likelihood of recommending the company to their friends or family members. This indicator also allows us to measure the customer's objective perception of the company and their willingness to renew, recommend, and cross-sell.

The first customer experience measurement model to be defined was relational NPS[®], which measures the level of perception of a representative sample of MAPFRE's customers and its main competitors in each country and line of business.

In 2023, a relational NPS[®] measurement wave was carried out again, involving a representative sample of MAPFRE's portfolios. This wave, with more than 75,000 respondents, covered 18 countries and lines of business and a total of 88 companies were analyzed around the world.

To complement these measurements of relational NPS[®], the Quality Observatory defined a Global Model for transactional NPS[®], which enables MAPFRE to know a client's perception in real time after interacting with us.

When analyzing the results of the measurements in the relational and transactional NPS[®] programs, the distributor client has been observed to play an important role in the end client's experience. Therefore, it is essential to determine this group's perception of MAPFRE. To meet this objective, in 2022 the Global Distributor Client Relational NPS[®] model was defined and in 2023 the broker's experience with MAPFRE and its competitors was measured. In 2023 the broker's experience with MAPFRE and its competitors was measured in Brazil, Spain, Mexico and the Dominican Republic. In particular, the perception of the brokers who collaborate with MAPFRE was assessed in aspects such as their relationship with the company, the levers of success, support and advice given by the company in the sale of policies and how the policy was used by the end client.

MAPFRE has more than 260 people assigned to quality control and monitoring throughout the world, and several Group companies hold quality certifications. To renew these certifications, these companies must maintain high customer service standards.

ISO 9001 certification is held by companies operating in Spain and Turkey, while MAWDY holds the same quality standard in Chile, Colombia, Ecuador, Italy, Mexico, Dominican Republic and Uruguay.

K. Environmental, social and governance factors and risks

MAPFRE constantly analyzes factors that, should they arise, can or could have an impact on its business (referring to investment and underwriting). This analysis considers environmental, social and governance (ESG) factors, as these enable additional information to be gathered on social movements and transformations, and the expectations of stakeholders and the market that affect the organization.

Likewise, as a global insurance company, MAPFRE has an important role to play in helping society by identifying sustainable development opportunities for the insurance business and offering its customers products and services that assist in the transition to a low-carbon economy.

A proper analysis of ESG factors, and how they might affect the business in the short, medium and long term, shows their relationship to the company and possible inclusion in the list of risks drawn up by the company and in the adoption of prevention and mitigation measures.

With the aim of complying with the environmental commitments included in the Environment Policy and meeting the Group's public objective of carbon neutrality by 2030, the Corporate Environmental Footprint Plan 2021-2030 was drawn up to articulate the reduction and offsetting of our environmental footprint in the countries the Company operates in.

During 2023, progress was made in the development of the different strategic projects included in said Plan. In line with the defined objectives, the 2023 carbon footprint of the MAPFRE companies located in Spain and Portugal has been offset for yet another year.

Within the context of the Corporate Environmental Footprint Plan, the Group has established the following objectives:

2024 objectives:

- a. To reduce the Group's operational carbon footprint by 19% compared to the 2019 baseline.
- b. To offset MAPFRE's carbon footprint in Spain, Portugal, Brazil, the United States, Mexico, Peru, Puerto Rico, Germany, Italy and Turkey.

Objectives to 2030:

- a. To reduce the Group's operational carbon footprint by 50% compared to the 2019 baseline.
- b. To offset the remaining carbon footprint for the entire Group.

These lines of action define the Group's roadmap in the fight against climate change.

In line with its commitment to the United Nations 2030 Agenda, in 2023 MAPFRE measured the impact of the balance sheet portfolios on the Sustainable Development Goals, using the methodology developed in 2019 with the University of Siena. Work continues to expand the methodology and integrate it with the rest of the tools used in investing under ESG criteria.

L. Other risks and uncertainties

Material risks

In the analysis of the main risks faced by the Group during the period covered by the business plan, inflation stands out. Although the risk of inflation and premium insufficiency has been reduced compared to high uncertainty at the beginning of the year, this risk remains high due to factors such as uncertainty about the cost of inflation in new coverage (such as electric vehicles or solar panels), the component of social inflation, or the increase in the cost of reinsurance protection.

Cybersecurity also stands out as a material risk. The continuous increase in the volume and sophistication of malicious cybernetic activity to which MAPFRE is exposed when conducting business in a digital or cyber environment poses a high operational risk, requiring the company to constantly update and reinforce its cybersecurity measures. The main concern lies in the greater complexity of cyberattacks and the possible use of artificial intelligence. The materialization of the risk could affect business continuity, leading to the theft of sensitive data, which could have a negative impact on reputation.

Emerging risks

The Group also analyzes risks with a significant potential impact that could affect the longer-term (5-10 years).

The risk deriving from climate change stands out as a material and emerging risk. Its impact is analyzed from the following perspectives:

The following aspects are established as part of the objectives of the Sustainability Plan 2022-2024 :

- The qualification of 90% of the investment portfolio in line with ESG criteria globally by 2024.
- The reduction of emissions from MAPFRE AM's investment portfolio by 10% by the end of 2024 (2019 baseline on the relative indicator: $MTCO_2eq/€million$).

Furthermore, as part of the commitment to be a net zero company by 2050, MAPFRE has adhered to the Net-Zero Asset Owners Alliance, defining intermediate objectives to align our portfolios with the 1.5°C scenario.

- a. **Physical risks:** The severity and frequency of extreme weather phenomena are increasing in the countries in which MAPFRE operates, with events such as flooding, fires, hurricanes, torrential rains, heat waves, extreme droughts, etc. These events are increasing the loss ratios of insurance companies, which must revise their risk models in this context and adapt them to cope with the effects of these phenomena. Longer-term changes in weather patterns are expected, such as rising sea levels or constant heat waves.
- b. **Transition risks:** There is great uncertainty about the potential impact of government measures and regulations geared towards decarbonizing the economy. These measures promote changes in consumer habits; for example, encouraging modified forms of mobility (e.g. in Spain, the Climate Change and Energy Transition Act should alter the use of private vehicles to boost green mobility) and discouraging the purchase of goods, services and assets considered unsustainable (e.g., in Europe, the EU Taxonomy Regulation includes a classification of economic activities considered to be environmentally sustainable). These measures aim to reduce demand for a large number of existing products and services, which will cause the impairment of assets that are not considered sustainable.

The raft of sustainability regulations, marked by significant fragmentation, extensive ambiguity and disparate criteria in the different regulatory provisions, generates uncertainty in insurance companies as to the continuity and management of their existing product and service portfolios, as well as the assets that will be considered unsustainable and the impact that such treatment may have on their valuation.

Furthermore, the way insurance companies manage threats derived from the main climate-related events may affect their reputation. Climate change risk management essentially focuses on increasing our understanding of the greater catastrophic hazards derived from climate change and improving our management of exposures through:

- a. The integration of climate change into decision-making for our sales strategy.
- b. Detailed knowledge of the insured risks (such as their geolocation and the characteristics of their assets), in order to provide appropriate coverage and catastrophic protection.
- c. Suitable accumulation control and management to optimize the use of capital.
- d. Maximum collaboration and transparency between the insured party and the insurer to guarantee the best assessment and pricing.
- e. The provision of reinsurance coverage.

The second emerging risk with a potentially significant impact on the Group concerns the challenge of adapting products and services to changes in the environment, society and the markets in which it operates. The speed of changes and new demands for insurance coverage from customers, who are increasingly aware of sustainable products and new ways of operating with companies, require products and services to be constantly adapted; unless this is done properly, it could lead to a loss of competitiveness. Furthermore, due to behavioral shifts in the population toward digital environments, it could mean that MAPFRE's strength in its distribution network cannot be fully leveraged.

To manage this risk in the Group, a broad set of initiatives have been established, the aim of which is to ensure that processes are client-oriented, this being achieved through the continuous adaptation of a fully client-centered technical and operational management approach.

Another emerging risk identified is that of financial instability and crises due to conflicts and scarcity of resources.

Recently, there has been an increase in geopolitical risk. Examples of this include the invasion of Ukraine by Russia, the conflict between Israel and Palestine, and China's growing economic and political influence. In addition, the sharp rise in cyberattacks in recent years must be taken into account.

The COVID-19 pandemic, the aforementioned Russia-Ukraine conflict, and the sanctions and economic impacts, together with resource scarcity caused by climate change, could have geopolitical implications, encouraging states to adopt more nationalistic policies, initiate new conflicts or aggravate existing ones. The current situation of high inflation, together with restrictive measures by monetary authorities, could accelerate the increase in political instability and social unrest, reducing people's purchasing power with the consequent contraction in demand for insurance products.

Geopolitical tensions in geographic areas where MAPFRE operates could affect the Group's results through different channels. On the one hand, markets under pressure could be exposed to greater financial volatility, affecting investments in which obligations to insured parties materialize. In addition, the currency of an affected country could be devalued, impacting the valuation of assets and liabilities in that currency and consequently its equity, operating results, and cash flow.

Furthermore, a decrease in economic activity in an affected area could also affect demand for insurance activity in the country, causing a decrease in expected profits.

MAPFRE attempts to identify aspects that could affect the Group socially and politically, as well as to monitor the main macroeconomic and financial variables, with special emphasis on their impact on the insurance industry and the Group's financial strength.

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

- a. Technical rigor in risk underwriting and claims management, and keeping the cost level below the market average.
- b. A conservative investment management policy that applies sustainability criteria to generate a positive impact on the environment and society.
- c. Maintenance of a reasonable level of indebtedness and liquid assets, which mitigates possible liquidity and debt refinancing problems under adverse conditions.
- d. Continuous analysis of client needs and flexible processes to adapt the supply of products and services to demand.

In turn, the Group and its component companies are subject to the risk-based management requirements established in Solvency II regulations. This regulation establishes the minimum amount of capital resources that companies must have in order to be authorized to operate, the types of capital resources admissible in accordance with regulations and the available capital. Therefore, maintaining a high solvency ratio in the Group is the main protection measure against the risks it faces.

M. Non-financial information

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

N. Significant events for the Company after the fiscal year-end

There were no significant events subsequent to the close of the fiscal year.

O. Outlook

The resurgence of tensions in the Middle East, with the Gaza-Israel conflict, marked the second half of 2023. This situation is keeping that region and the West on high alert, particularly due to a potential escalation of the conflict. Meanwhile, there is still no solution to the ongoing conflict in Ukraine, but there has been a clear reduction in terms of both military efforts and financial backing, which could lead Ukraine and NATO to propose sitting down at the negotiating table. In any case, this environment is a reminder that geopolitical tensions may have significant implications for the global economic context, as they influence supply risk in energy and commodity markets, and consequently price dynamics.

In the energy markets, oil prices fell sharply from late September (when they surpassed USD 100/barrel) to USD 77/barrel at the end of the year. However, the outbreak of war in the Gaza strip drove prices up temporarily, before falling off again from mid-October onward, demonstrating that concerns about a global slowdown take precedence over possible supply problems due to the war.

2023 was also a year marked by the bankruptcy of three large banks in the United States (Silicon Valley Bank, First Republic, and Signature). This followed a loss in value of investment portfolios due to the rise in interest rates. To prevent the problem from spreading to other banks, the Federal Reserve launched a liquidity line (BTFP - Bank Term Funding Program) consisting of buying bonds at book value to prevent banks from having to sell securities on the market at a loss. At the time of the last quarterly report by the Federal Deposit Insurance Corporation (FDIC), the aggregate banking sector had accumulated unrealized losses of nearly 560 billion dollars. The BTFP was created as a temporary source of aid and will expire on March 11, 2024, unless extended by the Federal Reserve.

Meanwhile, in the area of economic activity, the markets and analysts are trying to determine whether the desired soft landing will be ultimately achieved, both in the United States and in the eurozone, or whether, on the contrary, the risk of a tougher recession persists.

Until now, the inversion of the interest rate curve has been a true indicator for predicting recessions. In the current environment, however, it remains to be seen whether the indicator will fail this time, or whether the recession has simply been postponed due to the investment packages and tax aid activated in both Europe and the United States. In addition, these aid packages, together with the increase in defense expenses, place the focus on increasing debt levels. In this regard, some central banks have drawn attention to the fact that governments should also make efforts to redirect expenditures, an important factor in order to be aligned in controlling inflation.

Currently, government spending levels are very high for several reasons: i) the forced closure of economies as a result of the COVID-19 pandemic; ii) aid to offset the effects of inflation; iii) investments in energy transition; iv) population aging and pension spending; v) war financing and increased defense spending. This high spending is leading to worrisome increases in debt, which in turn are aggravated by the increase in interest they must pay. Thus, the benchmark interest rate for 10-year US Treasury bonds reached 5% in October, with the Italian one also reaching 5% and Spanish one exceeding 4%; these were the highest levels in a decade.

If interest rates remain high for several years, they will impact renewals and therefore significantly increase spending on public debt interest, casting doubt on the medium-term sustainability of the debt. In August, Fitch Ratings cut its rating on U.S. debt to AA+, the same rating assigned to it by S&P.

Inflation levels eased throughout 2023 but rebounded again in the final stretch of the year. This was influenced by the base effects, the end of some aid relief programs, and the fact that fiscal deficits remain high. Likewise, salary reviews will cause inflation to consolidate at new levels due to second-round effects (defense of purchasing power).

The central banks of the United States and the eurozone appear to have paused their interest rate hikes, insofar as the tightening of financial conditions is already being seen in the economy, and inflation has largely (although not entirely) subsided. Meanwhile, central banks are attempting to reduce their balance sheets, mainly via non-reinvestment in maturing bonds, to ensure a smooth transition toward monetary normalization.

The transmission of monetary policy to credit conditions is strong. In this regard, 20-30% reductions in mortgage approvals are being observed across the eurozone. Furthermore, the monetary base has been visibly shrinking in the eurozone since the end of 2022, and the same phenomenon has been observed in the United States since the first quarter of 2021.

Looking ahead to 2024, unless risks materialize, a soft landing would be expected in both the United States and the eurozone. However, the level of uncertainty has never been so high. Two major conflicts are underway, and the Middle East conflict could destabilize the entire region while impacting energy markets. Also, there is a historic tightening of financial conditions at a time when government debt levels are quite high, and instead of prospects for reduction, there are several factors driving their increase (higher defense spending, energy transition, increase in pension expenses, and the cost of debt itself).

Credit and investment, which are components of aggregate demand, are being strongly affected by this financial tightening process, suggesting that activity will slow down. Private investment is therefore expected to moderate, and inventory adjustments in companies are anticipated. In the same vein, financial conditions are also tightening in the mortgage market, as the effects of interest rate hikes act at the pace of debt maturities and mortgage installment renewals.

In the United States, the real estate sector in general, and the commercial and office sector in particular, must be monitored insofar as there are indicators of a sharp slowdown. We must also pay close attention to the end of the BTFP liquidity assistance in March 2024, as well as automobile and student loans.

In Germany, Europe's industrial muscle appears to be weakening, and this is not only due to rising energy costs. Industrial production has been falling for five years, affected by a broader process of industrial relocation.

In China, significant risks remain in the real estate markets and in the region's debt, with implications for the financial sector. The Chinese government continues to activate stimulus packages to keep the economy moving.

Finally, vigilance must be maintained for any challenges that may arise in the Eurobond market (i.e. the entire USD fixed income market outside the United States). According to analysts, there are 21 emerging countries whose dollar debts are greatly increasing their spreads (above what interest rates have already risen in the United States), which is also exacerbated by the appreciation of the dollar.

P. Annual Corporate Governance Report

The Annual Corporate Governance Report for the year 2023, as required under Article 538 of Royal Decree Law 1/2010, of July 2, approving the Consolidated Text of the Companies Act, forms an integral part of the Consolidated Management Report, which is available on the website of the Spanish National Securities Market Commission (CNMV) at the following address:

<https://www.cnmv.es/portal/Consultas/EE/InformacionGobCorp.aspx?TipoInforme=1&nif=A08055741&lang=en>

It is also available on MAPFRE's corporate website (www.mapfre.com).

Q. Annual Report on Directors' Remuneration

The Annual Report on Remuneration of Directors for the year 2023, as required by Article 538 of Royal Decree Law 1/2010, of July 2, approving the Consolidated Text of the Companies Act, is an integral part of this Consolidated Management Report, and is subject to the same approval, deposit and publication criteria. It is available for inspection on the website of the Spanish National Securities Market Commission (CNMV), at the following address:

<https://www.cnmv.es/portal/Consultas/EE/InformacionGobCorp.aspx?TipoInforme=1&nif=A08055741&lang=en>

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The Individual Annual Accounts for MAPFRE S.A., on the preceding pages 1 to xxx herein, and the Individual Management Report on the preceding pages xxx to xxx herein, corresponding to the financial year 2023, were ratified by the Board of Directors at its meeting held on February 13, 2024. The Board Members declare that, as far as they are aware, the aforementioned accounts have been prepared in accordance with the applicable accounting principles and offer a true and fair view of the equity, financial situation, and results of the Company and the companies comprising the consolidation as a whole. Likewise, the Management Report includes a true and fair view of the development of the results and of the position of the Company and of the Group, and broadly informs, along with the Consolidated Annual Report, of the risks and uncertainties they face.

Mr. Antonio Huertas Mejías
Chairman

Ms. M.ª Amparo Jiménez Urgal
Member

Mr. José Manuel Inchausti Pérez
1st Vice Chairman

Mr. Francisco J. Marco Orenes
Member

Ms. Catalina Miñarro Brugarolas
2nd Vice Chairman

Mr. Antonio Miguel-Romero de Olano
Member

Mr. Fernando Mata Verdejo
3rd Vice Chairman

Ms. M.ª del Pilar Perales Viscasillas
Member

Ms. Ana Isabel Fernández Álvarez
Member

Mr. Eduardo Pérez de Lema Holweg
Member

Ms. M.ª Leticia de Freitas Costa
Member

Ms. M.ª Elena Sanz Isla
Member

Ms. Rosa M.ª García García
Member

Mr. Francesco Paolo Vanni d'Archirafi
Member

Mr. Antonio Gómez Ciria
Member

Mr. Ángel L. Dávila Bermejo
Secretary and Non-Member

DILIGENCE to establish, in line with articles 253.2 of the Recast Text of the Companies Act and 366.1.2 of the Mercantile Registry Regulations, that (i) Ms. María Leticia de Freitas Costa has excused himself from attending the meeting, specifically delegating his representation and vote to Ms. Catalina Miñarro Brugarolas; and (ii) Mr. Francesco Paolo Vanni d'Archirafi endorsed the Integrated Report for MAPFRE S.A. corresponding to 2023 but has not signed it, neither in writing nor electronically, as a result of them having attended the meeting via videoconference.

In Madrid, February 13, 2024.

Ángel L. Dávila Bermejo – Secretary of the Board of Directors

The English version is a translation of the original in Spanish for information purposes only. In case of discrepancy, the Spanish version shall prevail.