



Madrid, October 28, 2022

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

In accordance with article 227 of the Recast Text of the Securities Market Act, MAPFRE S.A. (MAPFRE) hereby gives notice to the Spanish Securities and Exchange Commission of the following

**OTHER RELEVANT INFORMATION**

Please find attached the documentation to be presented to investors in upcoming meetings.

Ángel L. Dávila Bermejo  
General Counsel



## 9M 2022 Results

Analyst & Investor  
presentation

October 28<sup>th</sup>, 2022



**MAPFRE**

We care about what matters to you

# 2022-24 Strategic Plan on track and commitment to sustainable dividend path

Robust growth trends with tailwinds from currencies and reinsurance pricing

**PREMIUMS +10.6%\***

**IBERIA +3.4%\***

**MAPFRE RE +18%**

**BRAZIL +23%\***

**Disciplined growth** in profitable lines of business, leveraging **multi-channel approach**

**Benefitting** from **currency appreciation**

Favorable **reinsurance pricing**

Focus on **organic growth** and **prudent M&A** strategy

Diversification is key, with a streamlined organization, focused on profitability

**Resilient profitability**

High level of **business diversification**

**Improved** technical margins in **General P&C and Life Protection**, mitigating pressure on Motor

Strong contribution from **improving interest rate environment**

**Main restructuring and streamlining goals** have been reached

Motor profitability initiatives are beginning to deliver in some markets, while others need more time

**Challenging context** > claims inflation, changes in driving patterns and higher mobility

**Profitability initiatives** > rate increases on new business & renewals, cost contention and strict underwriting

- **Brazil** > speedy portfolio repricing and improving combined ratio
- **Spain** > technical measures to adapt to inflationary environment taking time to feed through P&L
- **USA** > challenging recovery in a complex market

Exceptional financial strength and flexibility, underpinned by balance sheet diversification

**Strong Solvency II ratio** (220%) as of **June 2022**, boosted by April **Tier 3 issuance**, mitigating the **fall in shareholders' equity**

**High level of liquidity** and comfortable with **current debt position**

**Prudent approach to investments** > limited credit risk and lower portfolio duration

**Strong dividend upstreaming**, allowing for interim dividend of 6-euro cents to be paid on November 30th

\* Adjusted at constant exchange rates and excluding the impact of the multi-year policy in Mexico and the exit of BANKIA Vida in 2021, as applicable

# Key Figures > 9M 2022

	9M 2022	Δ		
<b>Total written and accepted premiums</b>	<b>18,644</b>	<b>12.1%</b>	<b>Δ on a like for like basis <sup>(1)</sup></b> <b>10.6%</b> 11.7% 6.6%	<b>Premium growth</b> <b>12.1%</b> Currency movements -5.5% Multi-year policy (Mexico) 3.1% BANKIA 0.9% <b>Premium growth (like for like)</b> <b>10.6%</b>
- Non-Life	14,990	12.8%		
- Life	3,655	9.4%		
<b>Non-Life Combined Ratio - MAPFRE S.A.</b>	<b>98.4%</b>	<b>1.9 p.p</b>		
Non-Life Loss Ratio	71.2%	3.4 p.p		
Non-Life Expense Ratio	27.3%	-1.4 p.p		
<b>Non-Life Combined Ratio - Insurance units</b>	<b>98.8%</b>	<b>3.0 p.p</b>		
<b>Attributable result</b>	<b>488.4</b>	<b>-6.9%</b>		
<b>ROE <sup>(2)</sup></b>	<b>9.1%</b>	<b>0.1 p.p</b>	<b>Excluding non-operating items <sup>(3)</sup></b> <b>8.3%</b>	
<b>Balance sheet <sup>(2)</sup></b>				
Assets under management	52,501	-9.5%		
Shareholders' equity	7,592	-10.3%		
	<b>6M 2022</b>	<b>Δ</b>		
<b>Solvency ratio <sup>(2)</sup></b>	<b>219.8%</b>	<b>13.5 p.p</b>		

(1) At constant exchange rates and excluding the impact of the multi-year policy in Mexico and the exit of BANKIA Vida in 2021, as applicable

(2) Variation calculated against data at December 31<sup>st</sup>, 2021

(3) Excluding BANKIA impacts, net of related costs and goodwill writedowns

# Adjusted attributable result & extraordinary impacts

	9M 2021	9M 2022	Δ (mn)	Δ (%)
<b>Attributable result</b>	<b>524.4</b>	<b>488.4</b>	<b>(36.0)</b>	<b>-6.9%</b>
<i>Impacts from hyperinflationary economies <sup>(1)</sup></i>	<i>(9.1)</i>	<i>(52.2)</i>	<i>(43.1)</i>	
<i>Other non-operating extraordinary impacts <sup>(2)</sup></i>		<i>14.2</i>	<i>14.2</i>	
<b>Attributable result (adjusted for non-operating extraordinary impacts)</b>	<b>533.5</b>	<b>526.4</b>	<b>(7.1)</b>	<b>-1.3%</b>
NatCat claims <sup>(3)</sup>	(92.4)	(127.4)	(35.0)	
COVID-related claims (Life Protection LATAM & MAPFRE RE)	(106.9)	(29.3)	77.6	
Financial Gains & Losses	113.3	70.8	(42.5)	
<i>Real estate <sup>(4)</sup></i>	22.4	34.8	12.4	
<i>Financial investments <sup>(5)</sup></i>	90.9	35.9	(55.0)	
Other <sup>(6)</sup>	(12.8)	28.1	40.9	
<b>Attributable result (adjusted for operating &amp; non-operating extraordinary impacts)</b>	<b>632.2</b>	<b>584.2</b>	<b>(48.1)</b>	<b>-7.6%</b>

- (1) In 2022, includes impacts in Turkey (-€16.6 mn), Argentina (-€35.4 mn) and Venezuela (-€0.1 mn). 2021 figures include impacts from Argentina and Venezuela
- (2) Net gains (€8.3 mn) from the sale or close of Assistance operations in Australia, Turkey, Middle East and Indonesia after restructuring expenses, as well as the sale of ABDA (€5.9 mn)
- (3) 2022 figures include Parana river drought (-€105.4 mn) affecting reinsurance unit and insurance units in Brazil and Paraguay, as well as a provision for Hurricane Fiona at the Puerto Rican insurance unit (-€22 mn)
- (4) Real estate sales and related transactions, net of writedowns
- (5) Net of writedowns, in actively managed financial investment portfolios in euro area and MAPFRE USA and other financial income & expenses
- (6) 2022 figures include various non-recurring tax impacts

All 2021 figures are detailed in the Annex

## Key figures > by business unit

	Premiums		Attributable result			Combined ratio	
	9M 2022	Δ %	9M 2022	Δ mn	Δ %	9M 2022	Δ p.p.
<b>IBERIA</b>	<b>5,765</b>	<b>1.1%</b>	<b>299.0</b>	<b>(30.9)</b>	<b>-9.4%</b>	<b>97.1%</b>	<b>1.0 p.p</b>
<b>BRAZIL</b>	<b>3,682</b>	<b>45.3%</b>	<b>93.1</b>	<b>43.1</b>	<b>86.0%</b>	<b>89.5%</b>	<b>2.2 p.p</b>
<b>LATAM NORTH</b>	<b>1,650</b>	<b>-5.2%</b>	<b>28.8</b>	<b>8.6</b>	<b>42.4%</b>	<b>99.1%</b>	<b>2.0 p.p</b>
<b>LATAM SOUTH</b>	<b>1,516</b>	<b>29.4%</b>	<b>66.4</b>	<b>22.3</b>	<b>50.6%</b>	<b>104.2%</b>	<b>9.5 p.p</b>
<b>NORTH AMERICA</b>	<b>1,983</b>	<b>28.6%</b>	<b>11.2</b>	<b>(65.4)</b>	<b>-85.4%</b>	<b>106.0%</b>	<b>8.2 p.p</b>
<b>EURASIA</b>	<b>1,028</b>	<b>0.0%</b>	<b>(17.2)</b>	<b>(32.1)</b>	<b>--</b>	<b>111.6%</b>	<b>8.0 p.p</b>
<b>TOTAL INSURANCE</b>	<b>15,624</b>	<b>13.9%</b>	<b>481.3</b>	<b>(54.4)</b>	<b>-10.2%</b>	<b>98.8%</b>	<b>3.0 p.p</b>
<b>MAPFRE RE</b>	<b>5,558</b>	<b>18.0%</b>	<b>93.5</b>	<b>(1.9)</b>	<b>-2.0%</b>	<b>97.5%</b>	<b>-1.0 p.p</b>
Reinsurance	4,202	14.4%	76.5	7.0	10.1%	98.2%	-1.2 p.p
Global Risks	1,356	30.7%	16.9	(8.9)	-34.6%	87.4%	2.9 p.p
<b>ASISTENCIA</b>	<b>163</b>	<b>-59.6%</b>	<b>7.7</b>	<b>9.5</b>	<b>--</b>	<b>98.1%</b>	<b>-5.2 p.p</b>
<b>OTHER <sup>(1)</sup></b>	<b>(2,701)</b>	<b>-22.6%</b>	<b>(94.0)</b>	<b>10.8</b>	<b>10.3%</b>	<b>--</b>	<b>--</b>
<b>TOTAL</b>	<b>18,644</b>	<b>12.1%</b>	<b>488.4</b>	<b>(36.0)</b>	<b>-6.9%</b>	<b>98.4%</b>	<b>1.9 p.p</b>

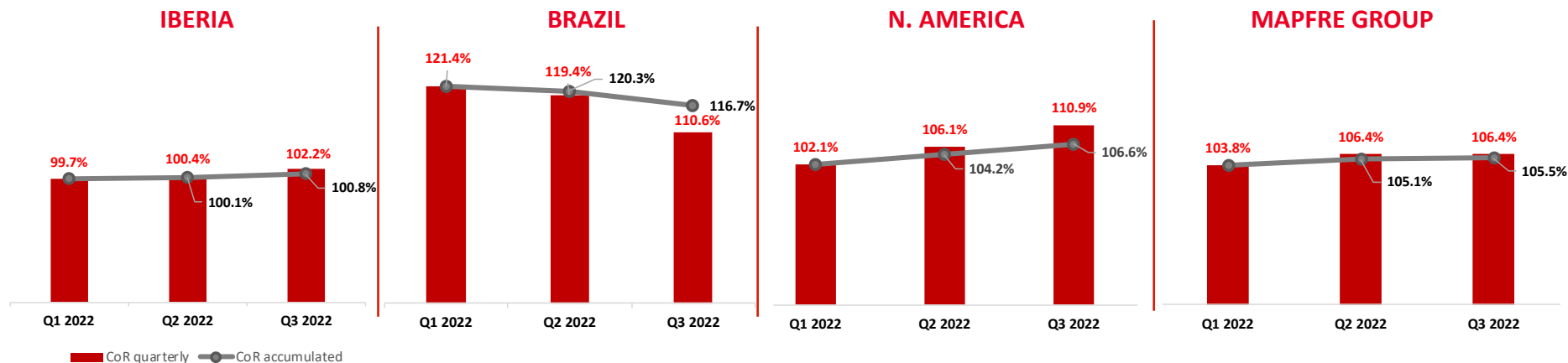
(1) "Other" includes Corporate Areas and consolidation adjustments

# Key figures > Motor business

## Premiums and insured units

	Premiums			Δ in insured units YTD		Attributable result	
	9M 2021	9M 2022	Δ %	9M 2021	9M 2022	9M 2021	9M 2022
MAPFRE GROUP	4,031	4,451	10.4%	-191,549	-1.3%	162.6	-23.6
IBERIA	1,675	1,671	-0.2%	16,537	0.3%	74.3	14.0
NORTH AMERICA	981	1,146	16.8%	41,454	2.9%	54.1	-12.9
BRAZIL	336	468	39.3%	-85,542	-5.3%	0.5	-30.2

## Combined ratio



# Key figures > Life business > insurance units

## Key figures

	9M 2022	Δ mn YoY	Δ YoY
<b>Life Premiums</b>	<b>3,654.8</b>	<b>313.5</b>	<b>9.4%</b>
IBERIA	1,301.4	(87.9)	-6.3%
BRAZIL	1,086.0	222.6	25.8%
OTHER <sup>(1)</sup>	1,267.4	178.8	16.4%
<b>Life Attributable Result</b>	<b>223.1</b>	<b>123.0</b>	<b>123.0%</b>
IBERIA	135.3	15.6	13.1%
LATAM	85.0	107.4	---
BRAZIL	43.4	50.5	---
LATAM NORTH	6.3	13.0	---
LATAM SOUTH	35.2	43.9	---
OTHER <sup>(2)</sup>	2.8	(0.0)	-1.0%

## COVID claims – Life Protection – breakdown <sup>(3)</sup>

	9M 2021	Q1 2022	Q2 2022	Q3 2022	9M 2022	Δ mn YoY
<b>TOTAL LATAM</b>	<b>(91.8)</b>	<b>(10.0)</b>	<b>(5.1)</b>	<b>(5.8)</b>	<b>(20.9)</b>	<b>71.0</b>
BRAZIL	(42.9)	(3.2)	(1.9)	(1.7)	(6.8)	36.2
LATAM NORTH	(26.3)	(5.1)	(2.5)	(3.4)	(11.0)	15.2
LATAM SOUTH	(22.8)	(1.7)	(0.7)	(0.7)	(3.1)	19.7

(1) Mainly LATAM NORTH, EURASIA (Malta) and LATAM SOUTH

(2) Mainly EURASIA (Malta)

(3) After reinsurance, tax and minorities



# Assets under management

	Market value			Breakdown by
	12.31.2021	09.30.2022	% Δ	Asset Class
				09.30.2022
<b>Government fixed income</b>	<b>22.9</b>	<b>20.9</b>	<b>-8.7%</b>	<b>50.1%</b>
<i>Spain</i>	12.0	9.3	-23.0%	22.2%
<i>Italy</i>	2.8	2.5	-12.0%	6.0%
<i>Rest of Europe</i>	1.9	1.8	-0.7%	4.4%
<i>United States</i>	1.5	1.4	-6.4%	3.5%
<i>Brazil</i>	2.2	2.8	31.3%	6.8%
<i>Rest of LATAM</i>	1.8	2.1	20.5%	5.1%
<i>Other</i>	0.7	0.8	21.6%	2.0%
<b>Corporate fixed income</b>	<b>7.6</b>	<b>7.1</b>	<b>-7.2%</b>	<b>16.9%</b>
<b>Real Estate*</b>	<b>2.3</b>	<b>2.1</b>	<b>-9.0%</b>	<b>5.1%</b>
<b>Equity</b>	<b>3.1</b>	<b>2.5</b>	<b>-18.2%</b>	<b>6.0%</b>
<b>Mutual Funds</b>	<b>1.9</b>	<b>1.7</b>	<b>-11.9%</b>	<b>4.0%</b>
<b>Cash</b>	<b>2.9</b>	<b>2.4</b>	<b>-16.2%</b>	<b>5.8%</b>
<b>Unit-Linked</b>	<b>3.0</b>	<b>2.9</b>	<b>-2.5%</b>	<b>7.1%</b>
<b>Other investments</b>	<b>2.6</b>	<b>2.2</b>	<b>-14.7%</b>	<b>5.0%</b>
<b>Total Investment Portfolio</b>	<b>46.2</b>	<b>41.7</b>	<b>-9.6%</b>	<b>100.0%</b>
<b>Pension Funds</b>	<b>6.4</b>	<b>5.5</b>	<b>-14.6%</b>	
<b>Mutual Funds &amp; Other</b>	<b>5.4</b>	<b>5.3</b>	<b>-2.3%</b>	
<b>Total AuM</b>	<b>58.0</b>	<b>52.5</b>	<b>-9.5%</b>	

# Investment portfolios

## Euro area – fixed income portfolios – actively managed

		Market value (€bn)	Accounting Yield (%)	Market yield (%)	Modified duration (%)
IBERIA NON-LIFE*	12.31.2021	3.97	2.08	0.69	10.93
	09.30.2022	3.16	1.94	3.15	8.46
MAPFRE RE NON-LIFE	12.31.2021	3.18	1.28	0.69	3.78
	09.30.2022	3.12	1.53	3.66	3.32
IBERIA LIFE	12.31.2021	5.18	3.38	0.21	6.60
	09.30.2022	4.70	3.17	2.93	5.68

## Other main regions and units – fixed income portfolios

		Market value (€bn)	Accounting Yield (%)	Market yield (%)	Modified duration (%)
BRAZIL - MAPFRE SEGUROS	12.31.2021	1.13	7.05	8.73	3.07
	09.30.2022	0.99	9.51	11.15	2.77
LATAM NORTH	12.31.2021	0.99	5.48	5.39	3.48
	09.30.2022	1.07	6.95	7.74	3.12
LATAM SOUTH	12.31.2021	1.66	6.85	6.06	6.24
	09.30.2022	1.48	8.52	10.46	4.75
NORTH AMERICA	12.31.2021	1.98	2.47	1.74	5.63
	09.30.2022	1.91	2.53	5.29	4.58

These portfolios include ≈€370 million of inflation linked bonds. Excluding these bonds, the accounting yields are slightly higher:

- IBERIA NON-LIFE: 2.18%
- MAPFRE RE NON-LIFE: 1.75%
- IBERIA LIFE: 3.24%

\* IBERIA NON-LIFE includes Burial; excluding this portfolio, at September 2022 duration would be around 3.4 years

# Shareholders' equity

## Change in shareholders' equity

	Δ Year to Date
<b>Balance at beginning of period</b>	<b>8,463</b>
Result for the period	488
Dividends	-262
Net unrealized capital gains of AFS portfolio*	-1,838
Currency conversion differences	706
Other	34
<b>Balance at period end</b>	<b>7,592</b>

\*Net of shadow accounting adjustments

## Currency conversion differences

	09.30.2022	Δ	% Δ currency	Sensitivity to +1 pp move in currency
<b>Total</b>	<b>-1,071**</b>	<b>706</b>		
<i>of which:</i>				
US dollar	816	357	16.1%	21
Brazilian real	-801	140	19.6%	7
Mexican peso	-81	49	18.2%	3
Turkish lira	-352	35	-16.9%	1
Venezuelan Bolivar	-419	0	-	-

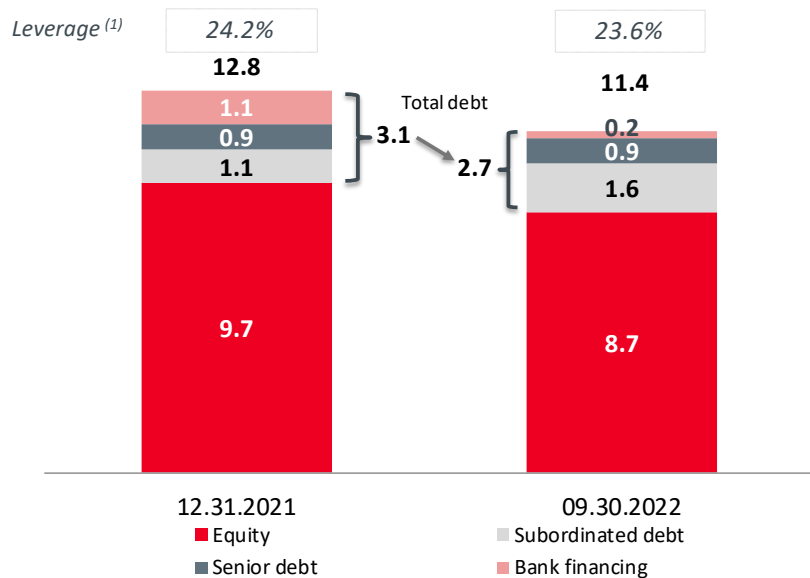
\*\*Currency conversion differences include -€854 mn of adjustments in Turkish, Venezuelan and Argentine currencies (hyperinflationary economies). The €35 million increase in Turkey includes the impact from conversion differences (-€11mn) and the impact from the hyperinflation adjustment (€47mn)

## Change in net unrealized capital gains - AFS portfolio

	09.30.2022	Δ
<b>MAPFRE S.A.</b>	<b>-1,034</b>	<b>-1,838</b>
IBERIA	-192	-969
NORTH AMERICA	-274	-318
MAPFRE RE & OTHERS	-253	-304
LATAM	-228	-161
EURASIA	-87	-86

# Capital position & credit metrics

## Capital structure (€ bn)



## Solvency II position (€ mn)

	06.30.2022
Eligible Own Funds (EOF)	9,804
Solvency Capital Requirement (SCR)	4,460
<b>EOF-SCR</b>	<b>5,344</b>
<b>Solvency II ratio</b>	<b>219.8%</b>
Fully loaded <sup>(2)</sup>	209.7%

(1) Total Debt / (Total Equity + Total Debt)

(2) Excluding impacts of transitional measures for technical provisions and equity

## Closing remarks

**Diversification** continues to be key in a challenging market context

**Robust growth** and **resilient profitability**

**MAPFRE RE** is a strong contributor to results, despite higher Nat Cat frequency

**Strong premium performance** and profit contribution **across Latin America**

**Motor profitability plan** executed and now waiting for delivery in some markets

**2022-24 Strategic Plan** has been launched and is **on track**

**Sustainable dividend path**, underpinned by solid **financial strength** and flexibility

**Strong commitment to shareholders and society** as a whole

Moving forward with **transformation**, and **restructuring** process coming to an end

# Annex

# Annex: breakdown adjusted attributable result

	9M 2021	9M 2022	Δ (mn)	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
<b>Attributable result</b>	<b>524.4</b>	<b>488.4</b>	<b>(36.0)</b>	<b>173.3</b>	<b>190.7</b>	<b>160.4</b>	<b>240.8</b>	<b>154.5</b>	<b>183.1</b>	<b>150.8</b>
<i>Impacts from hyperinflationary economies <sup>(1)</sup></i>	<i>(9.1)</i>	<i>(52.2)</i>	<i>(43.1)</i>	<i>(2.8)</i>	<i>(3.0)</i>	<i>(3.3)</i>	<i>(4.1)</i>	<i>(3.5)</i>	<i>(9.3)</i>	<i>(39.4)</i>
<i>Other non-operating extraordinary impacts <sup>(2)</sup></i>		<i>14.2</i>	<i>14.2</i>				<i>62.6</i>		<i>7.8</i>	<i>6.4</i>
<b>Attributable result (adjusted for non-operating extraordinary impacts)</b>	<b>533.5</b>	<b>526.4</b>	<b>(7.1)</b>	<b>176.1</b>	<b>193.7</b>	<b>163.7</b>	<b>182.3</b>	<b>158.0</b>	<b>184.6</b>	<b>183.8</b>
<b>NatCat claims <sup>(3)</sup></b>	<b>(92.4)</b>	<b>(127.4)</b>	<b>(35.0)</b>			<b>(92.4)</b>	<b>(0.4)</b>	<b>(37.0)</b>	<b>(51.0)</b>	<b>(39.4)</b>
<b>COVID-related claims</b>	<b>(106.9)</b>	<b>(29.3)</b>	<b>77.6</b>	<b>(25.9)</b>	<b>(49.1)</b>	<b>(31.8)</b>	<b>(37.0)</b>	<b>(11.8)</b>	<b>(10.6)</b>	<b>(6.9)</b>
<i>Direct insurance - Life Protection LATAM</i>	<i>(91.9)</i>	<i>(20.9)</i>	<i>71.0</i>	<i>(23.0)</i>	<i>(38.2)</i>	<i>(30.6)</i>	<i>(15.0)</i>	<i>(10.0)</i>	<i>(5.1)</i>	<i>(5.8)</i>
<i>MAPFRE RE</i>	<i>(15.0)</i>	<i>(8.4)</i>	<i>6.6</i>	<i>(2.9)</i>	<i>(10.9)</i>	<i>(1.2)</i>	<i>(22.0)</i>	<i>(1.8)</i>	<i>(5.5)</i>	<i>(1.1)</i>
<b>Financial Gains &amp; Losses</b>	<b>113.3</b>	<b>70.8</b>	<b>(42.5)</b>	<b>9.9</b>	<b>33.8</b>	<b>69.6</b>	<b>51.8</b>	<b>21.3</b>	<b>1.0</b>	<b>48.6</b>
<i>Real estate <sup>(4)</sup></i>	<i>22.4</i>	<i>34.8</i>	<i>12.4</i>		<i>22.4</i>					<i>34.8</i>
<i>Financial investments <sup>(5)</sup></i>	<i>90.9</i>	<i>35.9</i>	<i>(55.0)</i>	<i>9.9</i>	<i>11.4</i>	<i>69.6</i>	<i>51.8</i>	<i>21.3</i>	<i>1.0</i>	<i>13.7</i>
<i>MAPFRE IBERIA - NON-LIFE</i>	<i>24.9</i>	<i>3.2</i>	<i>(21.7)</i>	<i>1.0</i>	<i>(2.2)</i>	<i>26.1</i>	<i>28.7</i>	<i>4.7</i>	<i>2.6</i>	<i>(4.1)</i>
<i>MAPFRE IBERIA - LIFE</i>	<i>2.3</i>	<i>11.4</i>	<i>9.2</i>	<i>1.6</i>	<i>0.9</i>	<i>(0.2)</i>	<i>3.9</i>	<i>9.0</i>	<i>(7.3)</i>	<i>9.7</i>
<i>MAPFRE RE - NON-LIFE</i>	<i>33.2</i>	<i>(2.9)</i>	<i>(36.0)</i>	<i>2.5</i>	<i>4.4</i>	<i>26.4</i>	<i>5.7</i>	<i>(0.3)</i>	<i>(0.9)</i>	<i>(1.7)</i>
<i>MAPFRE RE - LIFE</i>	<i>9.3</i>	<i>0.5</i>	<i>(8.8)</i>		<i>2.3</i>	<i>7.1</i>	<i>1.1</i>	<i>0.1</i>	<i>(0.0)</i>	<i>0.5</i>
<i>MAPFRE USA</i>	<i>21.8</i>	<i>23.6</i>	<i>1.8</i>	<i>4.9</i>	<i>5.9</i>	<i>11.0</i>	<i>11.9</i>	<i>7.8</i>	<i>6.6</i>	<i>9.3</i>
<b>Other <sup>(6)</sup></b>	<b>(12.8)</b>	<b>28.1</b>	<b>40.9</b>		<b>(17.8)</b>	<b>5.0</b>			<b>28.1</b>	

(1) 2021: impacts from Argentina (-€8.6 mn) and Venezuela (-€0.4 mn) ; 2022: impacts in Turkey (-€16.6 mn), Argentina (-€35.4 mn) and Venezuela (-€0.1 mn)

(2) Q4 2021: net extraordinary result from Bankia transaction (€167.1 mn), Phase II of the restructuring in Spain & Italy (-€94.9 mn) and the debt buyback (-€9.6 mn). 2022: Net gains (€8.3 mn) from the sale or close of Assistance operations in Australia, Turkey, Middle East and Indonesia after restructuring expenses, as well as the sale of ABDA (€5.9 mn)

(3) 2021: storm Bernd in Germany and Central Europe; 2022: Parana river drought (-€105.4 mn) affecting reinsurance unit and insurance units in Brazil and Paraguay, as well as a provision for Hurricane Fiona at the Puerto Rican insurance unit (-€22 mn)

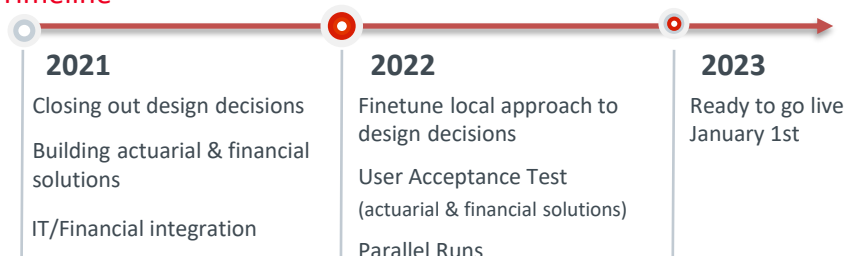
(4) Real estate sales and related transactions, net of writedowns

(5) Net of writedowns, in actively managed financial investment portfolios in euro area and MAPFRE USA and other financial income & expenses

(6) 2021: voluntary retirement scheme in IBERIA, a release of an earnout provision and various asset sales; 2022: non-recurring tax impacts in Spain & Peru

# Annex: IFRS 17&9 – Ready to go live

## Timeline



## What's new?

- Disclosure of new insurance contract figures
- New valuation methods for insurance contract\*
  - Premium Allocation Approach for contracts representing ≈70% of total premiums at 12/31/2021
  - For rest of the contracts: Building Block Approach (≈ 25%) and Variable Fee Approach (≈ 5%)
- Mark to market liabilities: eliminating need for shadow accounting
- Potential losses in assets and liabilities will be brought forward:
  - Fixed income impairment: from incurred to expected loss approach
  - Onerous test for insurance contracts
- “Fair Value with changes in OCI” equity portfolios (PAA): realized capital gains & losses recorded directly in other comprehensive income (OCI), not P&L. These portfolios will not be subject to impairment tests.

*Entry into force of the new standards is expected to have the following implications:*

## Strategy and business management

- Group business strategy should be unaffected
- For management purposes current KPIs will be kept in parallel with new IFRS KPIs for the time being
- No major change expected in underwriting & investment risk appetite
- Investment policy and portfolio mix should remain unchanged (99% of total assets currently pass SPPI test), continuing with active ALM to avoid accounting mismatches
- Equity portfolio could be allocated to “Fair Value with changes in OCI”, balancing appetite for P&L volatility and capital gains

## Implications for capital management

- Dividend upstreaming should not be significantly impacted as they are regulated under local GAAP
- Cash generation and solvency position should not be affected
- No relevant fixed income impairments expected and credit risk exposure will continue to be actively managed



## Annex: IFRS 17 – Valuation approaches

IFRS 17, fulfilling its purpose of homogenizing international insurance accounting practices, includes three valuation approaches for insurance contracts:

### Building Block Approach (BBA)

General Assessment approach /Default approach

The objective of this method is to assess fulfillment cash flows using a dynamic calculation, updating hypotheses with each calculation, and recognizing expected profit from the contract or CSM, through its allocation to P&L as service is provided throughout the coverage period.

This approach comprises:

1. Fulfillment cash flows, which include:
  - Present value of expected future cash inflows and outflows that will arise over the length of the contract;
  - An adjustment to reflect the time value of money and other financial risks, like liquidity and exchange rates
  - An explicit adjustment for non-financial risk
2. Contractual Service Margin (CSM), which will represent unearned profit from contracts. If CSM is negative, the contract will be considered onerous and the balance sheet CSM will be zero, recording the loss in the income statement at the time of inception of the contract, as established by the standard.

### Variable Fee Approach (VFA)

Variation of the default approach (BBA) which is applicable to contracts with significant direct participation features.

### Premium Allocation Approach (PAA)

Simplification of the BBA and can be optionally used for contracts with coverage of one year or less, or in those specific cases in which, although the contract duration is greater than one year, the assessment is not expected to vary materially from the BBA. This approach has similarities with the current Unearned Premium Provision approach.

Based on technically defined directives, MAPFRE believes that, in general, it will assess insurance and reinsurance contracts as follows:

<b>Insurance contracts</b>	
Life and Non-Life lines with duration of <1 year(*)	PAA
Burial line	BBA
Life contracts with duration >1 year	BBA
Contracts with direct participation (Unit Linked and certain life products with profit-sharing)	VFA
<b>Reinsurance contracts</b>	
Ceded	PAA
Accepted	PAA/BBA
Retroceded	BBA

\*Non Life contracts with duration greater than one year but with no material difference from BBA expected will also be measured using PAA

## Annex: IFRS 17&9 – Valuation approaches and impact on asset and liability side

Valuation approach	Type of product	Liability	Asset	Remarks
<b>Building Block Approach (BBA)</b>	Burial	Variations in yield curve (risk-free curve + spread) reflected in OCI	≈100% Fixed Income portfolios measured at FVOCI with recycling in P&L	If durations and yields are matched, there will be no asymmetries or impact in OCI
	Life matched			
	Life Savings w/o PS > 1 year			
<b>Variable Fee Approach (VFA FVTPL)</b>	Unit Linked	Liability measured at FVTPL linked to the performance of underlying assets	Assets measured at FVTPL	No asymmetries or impact in OCI
<b>Variable Fee Approach (VFA disaggregating in OCI)</b>	Life with PS	Variations in yield curve (risk-free curve+spread) are reflected in OCI	Fixed income measured at FVOCI with recycling in P&L	If durations and yields are matched, there will be no asymmetries or impact in OCI
		Variations in Equity and Funds are adjusted by estimating the future PS in P&L	Equity measured at FVTPL	No asymmetries or impact in OCI
			Funds measured at FVTPL	
<b>Premium Allocation Approach (PAA)</b>	Own funds portfolios, Life and Non-Life < 1 year	Risk-free curve discount	Fixed income measured at FVOCI with recycling in P&L	Both the variation in the risk-free curve and the credit spread will be reflected in OCI
			Equity measured at FVOCI without recycling in P&L	No possibility to manage the impact in P&L
			Funds measured at FVTPL	Higher volatility in P&L

PS: Profit sharing

OCI: Other Comprehensive Income

FVTPL: Fair Value through P&L

FVOCI: Fair Value through Other Comprehensive Income

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## Upcoming events\*:

2 Nov	3Q 2022 Virtual results roadshow
7 Nov	Sell-side analyst meeting (London)
8 Nov	UBS European Conference
10 Nov	JB Iberian Capital Conference
17 Nov	BNP MidCap CEO Conference
23 Nov	BME Foro Latibex
11-12 Jan	BNP Spain Investors Day
20 Jan – 9 Feb	Black-out period
10 Feb	12M 2022 Results presentation

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# Terminology

Combined ratio – Non-Life	Expense ratio + Loss ratio
Expense ratio – Non-Life	(Operating expenses, net of reinsurance – other technical revenue + other technical expenses) / Net premiums earned
Loss ratio – Non-Life	(Net claims incurred + variation in other technical reserves + profit sharing and returned premiums) / Net premiums earned
Corporate Areas and Consolidation Adjustments	Includes expenses from Corporate Areas, consolidation adjustments, as well as the result attributable to MAPFRE RE and MAPFRE INTERNACIONAL's non-controlling interests and other concepts
Solvency II ratio	Eligible Own Funds (EOF) / Solvency Capital Requirement (SCR)
ROE (Return on Equity)	(Attributable result for the last twelve months) / (Arithmetic mean of equity attributable to the controlling company at the beginning and closing of the period (twelve months))
Other investments	Includes interest rate swaps, investments in associates, accepted reinsurance deposits and others

Alternative Performance Measures (APM) used in this report correspond to those financial measures that are not defined or detailed within the framework of the applicable financial information. Their definition and calculation can be consulted at the following link:

<https://www.mapfre.com/media/shareholders/2022/2022-03-22-alternate-performance-measures.pdf>

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