

Market Consistent Embedded
Value 31/12/2020

MAPFRE Group

April 2021



MAPFRE

Tu aseguradora global de confianza

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Development of the MCEV in 2020

Million Euros and %

Market Consistent Embedded Value 31/12/2020	Value	Variation
Adjusted Net Asset Value (ANAV) ⁽¹⁾	2,348.1	4.5%
Value of In-force Business (VIF) ⁽¹⁾	5,470.7	-2.4%
Market Consistent Embedded Value (MCEV) ⁽¹⁾	7,818.8	-0.5%
<i>Attributable to the Parent Company</i>	5,268.1	7.1%
<i>Attributable to Non Controlling Interests</i>	2,550.7	-13.1%
Return on Embedded Value (RoEV)	15.9%	9.3 p.p.

Key highlights

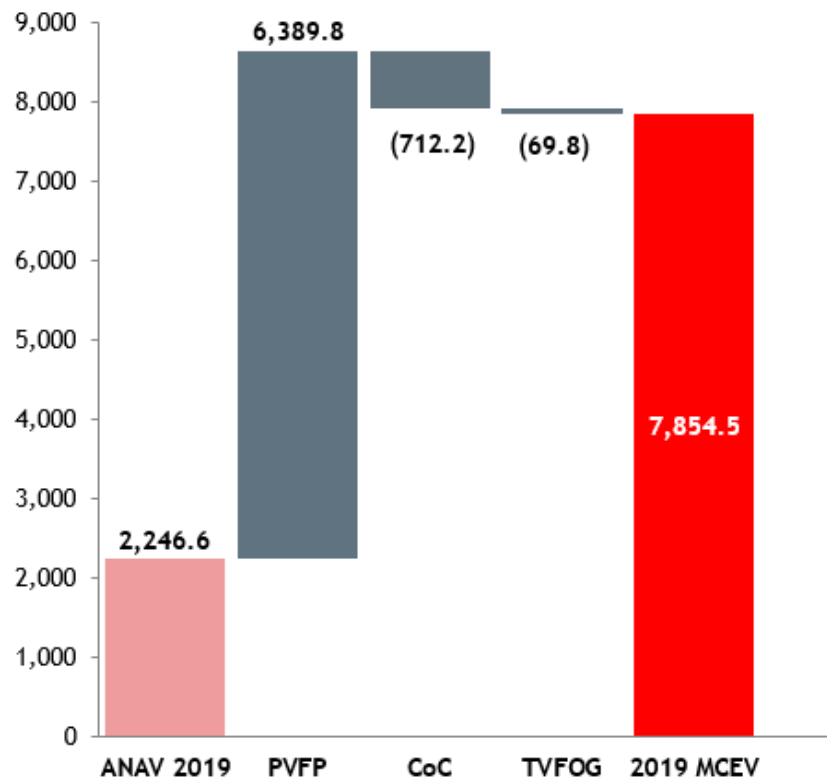
- Significant negative exchange rate impact due to the depreciation of the currencies of Latam American countries (variation in value of -10.8%).
- Positive effect due to decrease in the risk-free rate (change in value of +2.6%)
- Good contribution in terms of new business value subscribed, despite the drop in the volume of premiums due to lower economic activity and the lack of incentives in Life Savings products (change in value of +7.9%).

(1) No adjustments made for the share of Non Controlling interests.

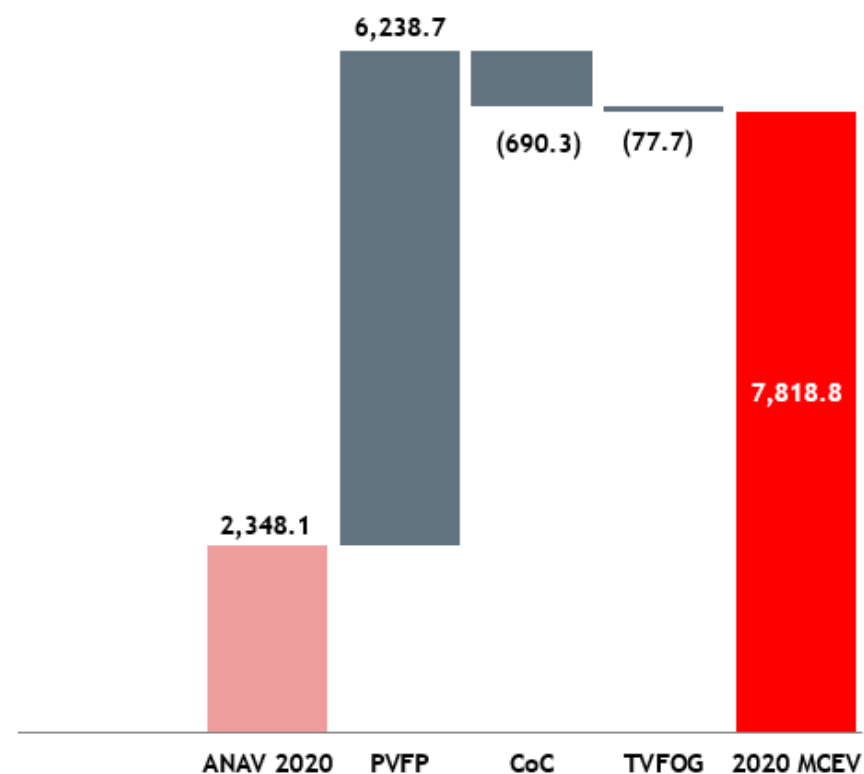
MCEV⁽¹⁾ components and their variation in 2020

Million Euros

MCEV 2019



MCEV 2020

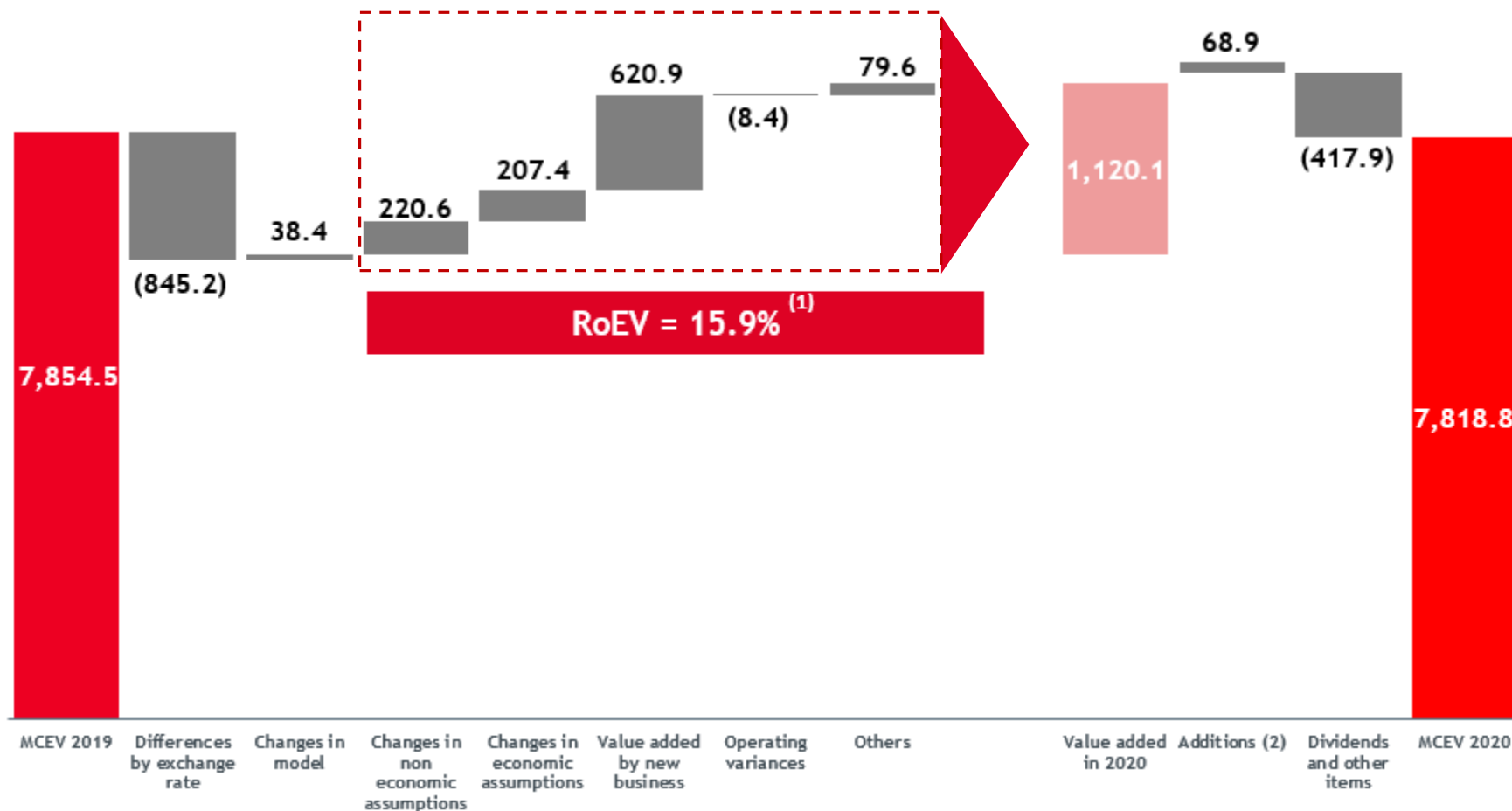


(1) No adjustments made for the share of Non Controlling interests.

Value added in 2020

Change in Embedded Value

Million Euros



(1) Return on Embedded Value = value added in the year / Embedded Value 2019, adjusted for changes in model and current exchange rate

(2) Incorporations or inclusions of new businesses acquired, merged or valued in the embedded value.

Analysis of the main variations in MCEV

Change

Description

Differences by exchange rates

Strong depreciation of Latin American currencies, highlighting the effect on the Brazilian Real with a fall in the year-on-year exchange rate at the end of more than 26% (-803 million euros).

Changes in assumptions

Under non-economic assumptions there has been a favorable behavior of the lapse rates in the main businesses in Spain (+72 million euros) and a lower capital charge due to the inclusion of the internal longevity model approved in MAPFRE VIDA Spain (+73 million euros).

Under economic assumptions, there has been a decrease in the risk-free discount curve in the main markets, with an effect on the present value of cash flows, investment valuation and financial yields (+203 million euros).

Value of New Business

Good contribution from the new business of the year in Spain (+220 million euros) and the banking business in Brazil (+385 million euros) supported by protection products that, although they loss volume (-12%), are offset mainly due to the drop in the risk-free discount curve.

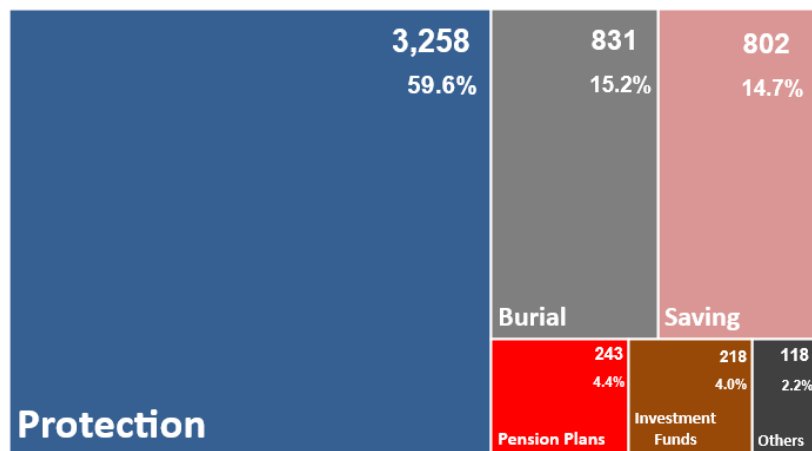
Analysis of the main variations in MCEV (contd.)

Change	Description
Operating variances	Differences between the expected and actual value due to operating experience, mainly due to the COVID impacts on claims and cancellations (-81 million euros). The actual profit in 2020 exceeds the expected profit projected in the EV in 2019 (+72 million), mainly due to the difference between the actual financial performance and the expected one under the Market Consistent approach.
Inclusions and exclusions	Incorporation of the value of the consolidated businesses as of 12/31/2020 from Caja Granada and Caja Murcia Vida (+46 million euros) and the Life Protection business of a run-off portfolio owned by Santander Totta by MAPFRE Portugal (+5 million euros).
Dividends and other items	Mainly due to capital movement and dividend distribution (-417.9 million euros).

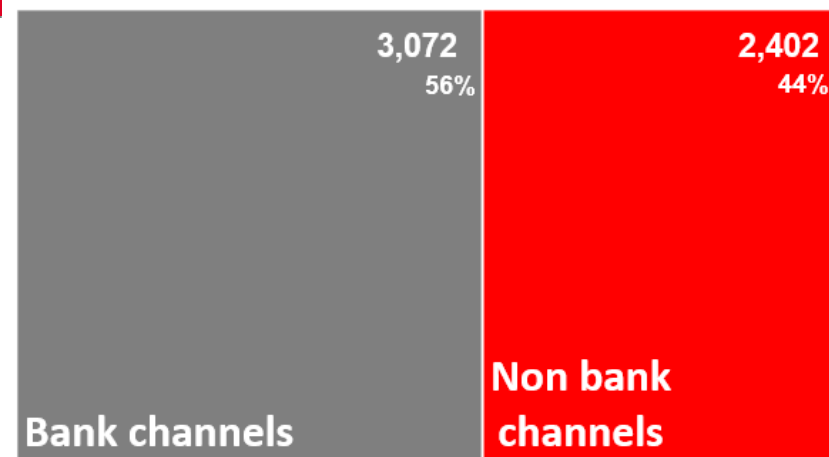
Breakdown of the Value of In-Force Business (VIF)⁽¹⁾ 2020

In percentages

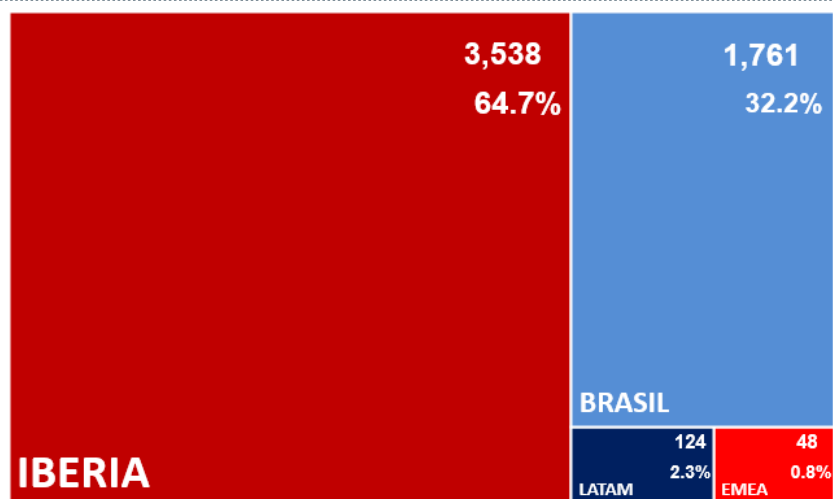
By business line



By distribution channel



By undertaking

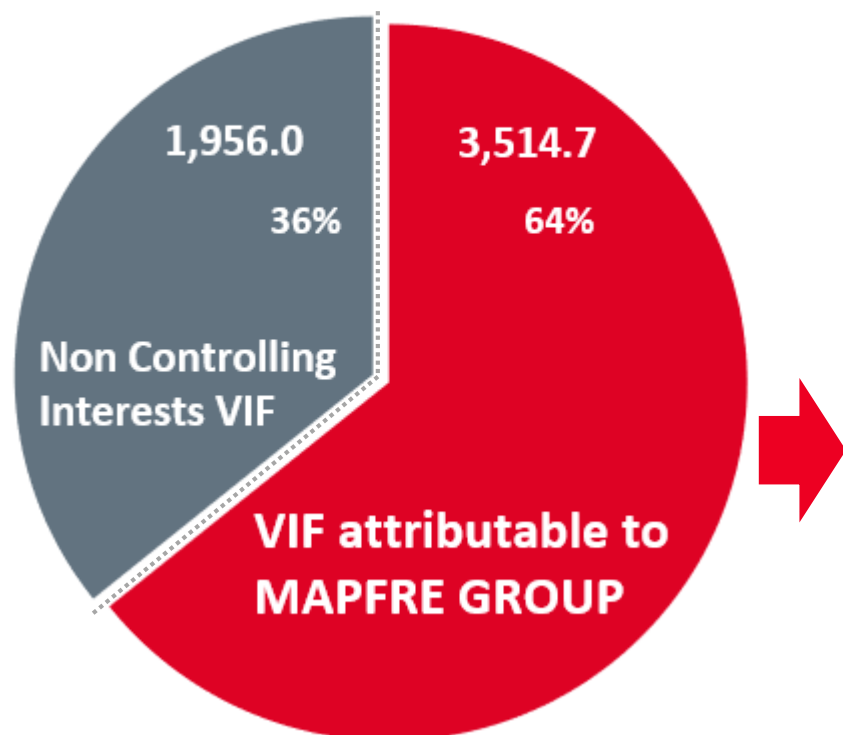


(1) No adjustments made for the share of Non Controlling interests.

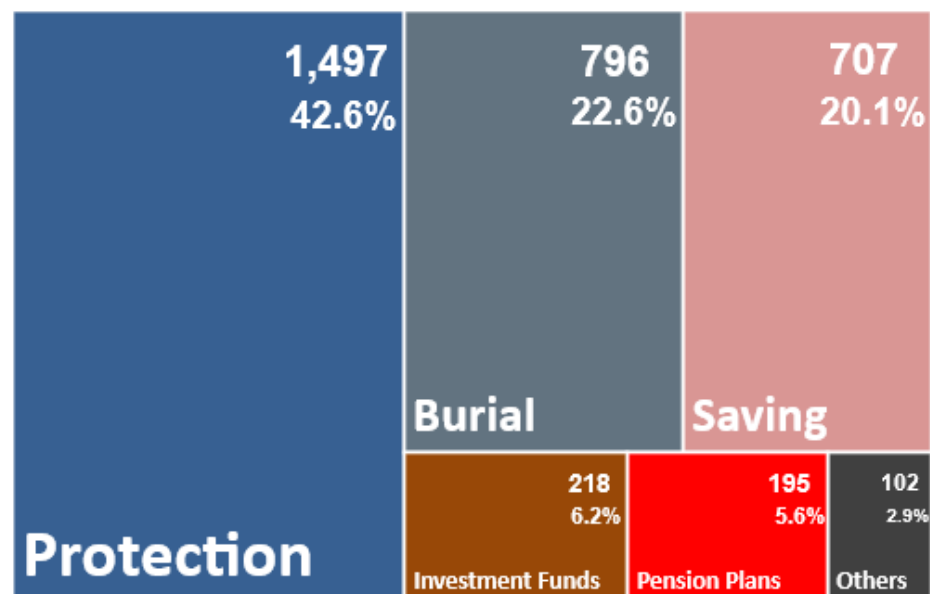
Breakdown of Value of Business in Force (VIF) 2020

Million Euros and %

VIF = 5,470.7



VIF attributable to MAPFRE Group = 3,514.7

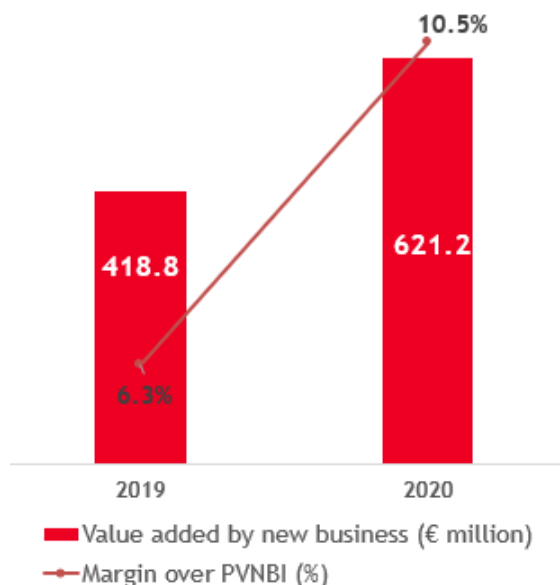


Value added by new business (VNB)

Million Euros and %

New Business in 2020	Value	Variation
Value added by new business ⁽¹⁾	621.2	48.3%
Present Value of New Business Income (PVNBI) ⁽¹⁾	5,899.3	-10.7%
New business margin	10.5%	4.2 p.p.
Annual Premium Equivalent (APEs)	1,200.3	-24.2%

Development of the value added



Key highlights

1

Good performance of the Protection Life businesses in terms of value, despite the decrease in the premiums of 12.5%, mainly due to the currency effect in Brazil.

2

Fall in the volume of Saving products in Spain in a difficult economic environment, due to the lack of incentives for the sale of these products.

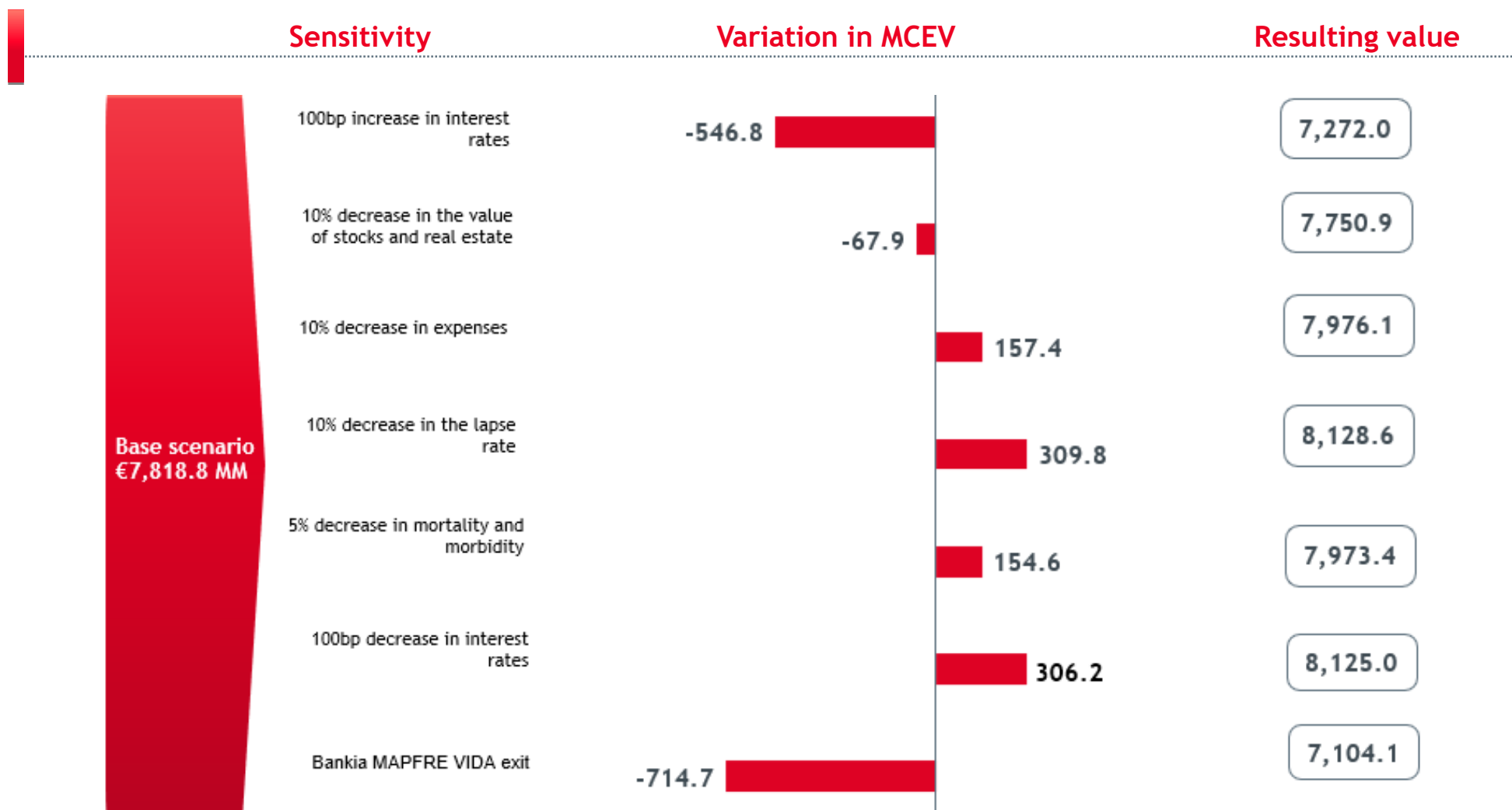
3

Good performance of the Burial new business in Spain and Peru.

(1) No adjustments made for the share of Non Controlling interests.

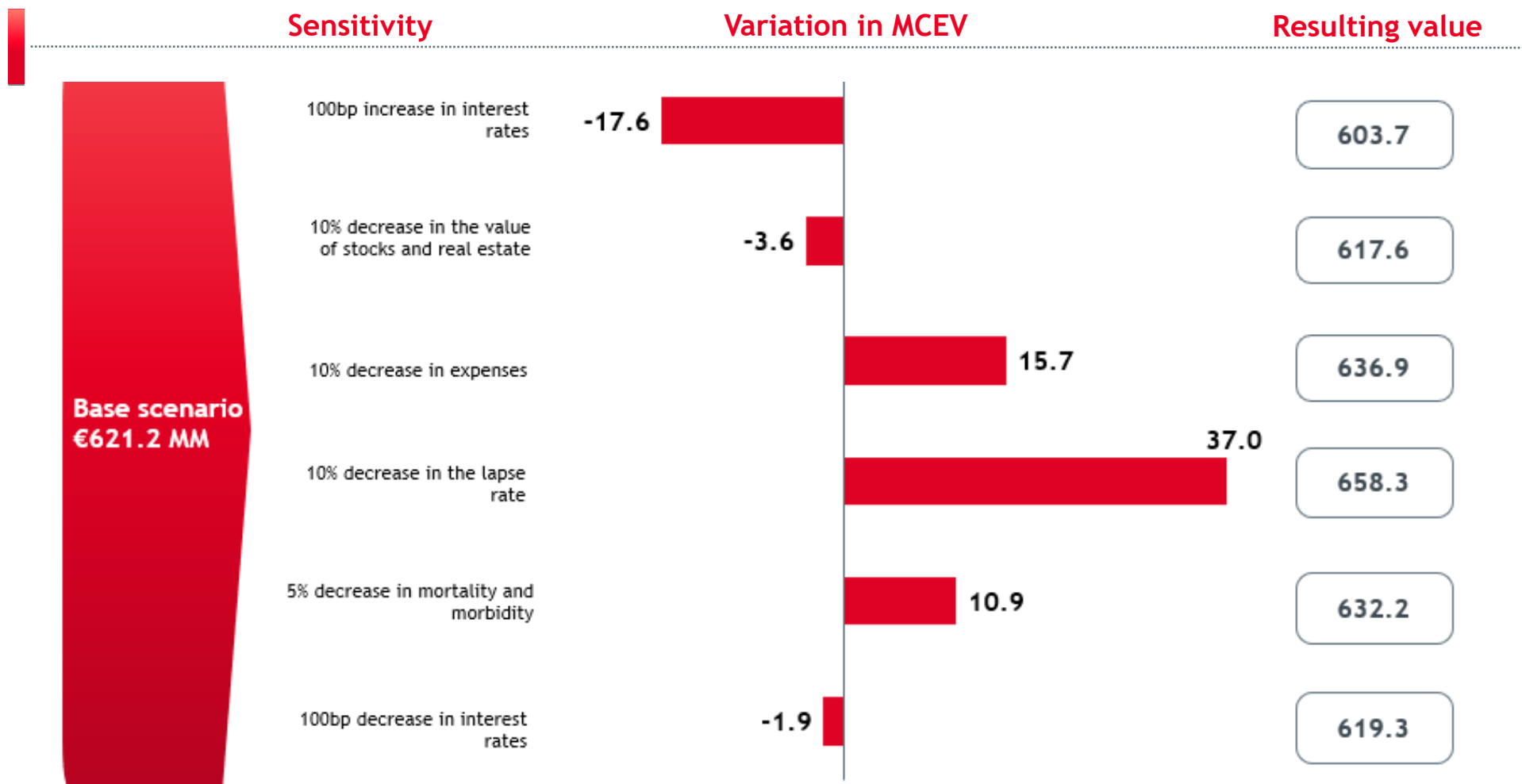
(2) APEs = Recurrent premiums + single premium/10

Sensitivity analysis of the Market Consistent Embedded Value (MCEV)



Million Euros

Sensitivity analysis of the value added by new business (VNB)



Million Euros

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21 April 2021

Mapfre S.A.
 Carretera de Pozuelo 52
 Edificio 1
 28222 Majadahonda (Madrid)

Dear Sirs,

Opinion letter – MCEV results of certain subsidiaries of Mapfre, S.A. as at 31 December 2020

1. Towers Watson de España, S.A. ("Willis Towers Watson") has been appointed by Mapfre, S.A. to provide an actuarial opinion on the calculation of the embedded value ("EV") results of certain subsidiaries of Mapfre, S.A. as at 31 December 2020 for external use.
2. The EV results have been prepared by Mapfre, S.A. to comply with the Market Consistent Embedded Value Principles and Guidance issued by the CFO Forum dated April 2016 (the "MCEV Principles").
3. The EV results of Mapfre, S.A. cover the business of the following companies:
 - Mapfre Vida, S.A. de Seguros y Reaseguros sobre la Vida Humana ("Mapfre Vida") and its subsidiaries:
 - a. Bankia Mapfre Vida, S.A de Seguros y Reaseguros;
 - b. Mapfre Inversión S.V., S.A., consisting of Mapfre Inversión Dos, S.G.I.I.C., S.A. and Mapfre Vida Pensiones, E.G.F.P., S.A.;
 - c. Bankinter Seguros de Vida, SA de Seguros y Reaseguros;
 - d. CCM Vida y Pensiones S.A. de Seguros y Reaseguros.
 - Mapfre Seguros de Vida, S.A in Portugal;
 - Middlesea Valletta Life Assurance Co Ltd., business of Mapfre in Malta;
 - Funeral business of the property and casualty company of Mapfre in Spain, Mapfre España, S.A.;
 - Life and funeral business of Mapfre Peru Vida;
 - Life business of Mapfre in Brazil (Brasilseg Companhia de Seguros, MAPFRE Previdência S.A., MAPFRE Vida S.A. and MAPFRE Seguros Gerais S.A.); and
 - Life business of Mapfre Tepeyac in México.

This is referred to as the covered business. The non-covered business which is not included in the EV results consists of the life insurance business sold in other countries which represents around 5% of the total technical provisions of the life insurance of Mapfre as of 31 December 2020.

Scope

4. The EV results have been prepared by Mapfre, S.A. and its subsidiaries and Willis Towers Watson has carried out a review of the methodology and assumptions used by Mapfre, S.A. to calculate the EV results against the requirements of the MCEV Principles. A summary of the key aspects of methodology and assumptions used by Mapfre, S.A. can be found in Section 3 Methodological Appendix of Mapfre MCEV 2020 presentation.
5. Willis Towers Watson has also reviewed the 2020 EV and new business value results, the sensitivities and the EV earnings in 2020 prepared by Mapfre, S.A., as shown on pages 3-13 of Mapfre MCEV 2020 presentation.

Conclusions

6. Willis Towers Watson has concluded that the methodology and assumptions used, together with the disclosure provided in this document, comply with the MCEV Principles and Guidance.
7. This compliance has been achieved by aligning the MCEV basis to Mapfre, S.A. Solvency II methodology and assumptions, as permitted by the revised MCEV Principles and Guidance dated April 2016, except for the contract boundaries of the annual renewable products, where under MCEV methodology future renewals were projected, considering the assumed probability of cancellation, until the expiration of the contracts.
8. Consistent with the above, the cost of capital was calculated on a theoretical required capital, which would correspond to applying that same limit of contract to the calculation of the risks.
9. Further, based on a high-level review of the results of the calculations, but without undertaking detailed checks on the models and processes involved, Willis Towers Watson considers that any issues discovered do not have a material impact on the 2020 embedded value, analysis of embedded value earnings, value of new business and sensitivity tests.
10. Our work and this letter are subject to the reliances and limitations contained in paragraphs 11 to 18 of this letter. The work is based on information received up to and including 20 April 2021.

Reliances and limitations

11. This review was conducted on behalf of Mapfre, S.A. in accordance with instruction from the Directors of Mapfre, S.A. Our opinion is made solely to Mapfre, S.A. in accordance with the terms of Willis Towers Watson's engagement letter. To the fullest extent permitted by applicable law, Willis Towers Watson does not accept or assume any responsibility, duty of care or liability to any party other than Mapfre, S.A. for or in connection with its review work, the opinions it has formed, or for any statement set forth in this letter.
12. Willis Towers Watson has prepared this opinion letter for its intended use by persons technically competent in financial and insurance matters and solely for the use of Mapfre, S.A. It should not be relied upon by any other party. No reference to Willis Towers Watson in any reports, accounts or other published documents is permitted without our prior written consent.
13. In carrying out our review we have relied without independent verification upon the accuracy and completeness of the data and information provided to us, both in written and oral form, by Mapfre, S.A. and its subsidiaries and we have been informed that the Directors of Mapfre, S.A. know of

Willis Towers Watson Mapfre
21 April 2021

no other information or data which ought to have been made available to Willis Towers Watson that would materially affect the opinion set out herein.

14. We have not reviewed the compliance of Mapfre's Solvency II methodology and assumptions against Solvency II regulations and requirements. We have not reviewed the Solvency II projected cash flows provided for Mapfre Tepeyac.
15. Reliance has been placed upon, but not limited to, information regarding historical annual reports and accounts, life insurance and mutual and pension fund product characteristics and charges, asset allocations by product line, asset values, expense analyses, sales force commission scales, internal claim and discontinuance studies, levels of in-force premiums, number of policies, technical reserves, mutual and pension funds by product, terms of reinsurance agreements, electronic policy data bases, cash flow projections by product, analyses of movement and analyses of sensitivities.
16. We have not attempted to assess the suitability, quality or value of the assets of Mapfre, S.A. and its subsidiaries, or to provide any warranty as to the adequacy of the technical reserves. We have also not investigated any claims against Mapfre, S.A. and its subsidiaries, other than those made by policyholders or fund participants under the normal terms of insurance, mutual fund or pension fund business. In particular, no account has been taken of liabilities in respect of pension entitlements, service contracts, leases and breaches of legislation, regulatory rules or guidance.
17. Assumptions are made about future experience, including economic and investment experience, tax, expenses, lapse rates, mortality and reinsurance. These assumptions have been made on the basis of reasonable estimates. However, actual future experience is likely to differ from these assumptions, due to random fluctuations, changes in the operating environment and other factors. Such variations in experience could have a significant effect on the results and conclusions of this letter. No warranty is given by Willis Towers Watson that the assumptions made in this letter will be reflected in actual experience.
18. COVID-19 is an ongoing and continuously evolving issue which is and will continue to have significant effects on global economic activity and insurance claims experience. The actual effects of COVID-19 could have an unexpected material impact on our findings. The level of uncertainty affecting our conclusions and the underlying volatility of actual outcomes is increased because of the emergence and contingent evolution of COVID-19.

Yours sincerely,



Felipe Gómez

Senior Director

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Covered business

- The 2020 Embedded Value of the Life and Burial business generated by the companies with the highest business volume (measured in provisions) of the MAPFRE Group has been determined, consisting of the following business blocks:
 - Life assurance (including complementary) and Accidental Death insurance businesses sold through the agent channel in the IBERIA region (MAPFRE VIDA in Spain and MAPFRE SEGUROS DE VIDA in Portugal).
 - Life assurance business of BANKIA MAPFRE VIDA, including CAJA GRANADA y CAJA MURCIA.⁽¹⁾
 - Life assurance (including complementary), Accidental Death insurance businesses and Pension Funds businesses of CCM VIDA Y PENSIONES and BANKINTER SEGUROS DE VIDA (including business in Spain and Portugal).
 - Mutual fund and pension fund businesses of MAPFRE INVERSIÓN S.V., S.A., MAPFRE INVERSIÓN DOS, S.G.I.I.C., S.A. and MAPFRE VIDA PENSIONES, E.G.F.P., S.A. de Seguros, S.A. ("MAPFRE INVERSIÓN Y PENSIONES").
 - Burial business of MAPFRE ESPAÑA.
 - Life business of MIDDLESEA VALLETA in Malta.
 - Life and Burial business of MAPFRE PERU Vida.
 - Life business in Brazil of Brasilseg Companhia de Seguros, MAPFRE Previdencia S.A., MAPFRE Vida S.A., MAPFRE Seguros Gerais S.A. .
 - Life business of MAPFRE MEXICO.

Non-covered business

- The MAPFRE Group operates in the Life insurance business in other countries that have not been included in the calculation scope of the MCEV 2020. These entities, out of reach in this information, represent around 5% of the total technical provisions of the life insurance of the MAPFRE Group as of 12/31/2020.

(1) In December 2020, the Caixabank and Bankia Shareholders' Meetings approved the merger of the two companies, and the remaining regulatory and legal procedures are expected to be completed in 2021.

Methodology

- The embedded value of the Life assurance, Accidental Death insurance, Mutual funds and Pension funds businesses includes the adjusted net asset value and the value of in-force business, defined as follows:
 - Embedded value = Adjusted Net Asset Value + Value of In-Force Business
 - Adjusted Net Asset Value (ANAV) = Shareholders' equity at market value, adjusted to obtain the economic value of capital
 - Value of the In-Force Business (VIF) = PVFP - TVFOG - CoC
- The calculation methodology for 2020 follows the Market Consistent Embedded Value (MCEV) criteria and principles.
- According to the latest version of the MCEV principles, a methodology aligned with Solvency II criteria has been chosen, except for:
 - Contract limits: in annual renewable products in which solvency II criterion establishes that the contract limit for valuation purposes is at the end of the current annuity, the criterion applied in the MCEV has been to project the successive renewals, considering the probability of cancellation, until the expiration of the contracts.
 - Consistent with the above, the cost of capital has been calculated on a theoretical required capital, which would correspond to applying that same limit of contract to the calculation of the risks.

In particular, Solvency II criteria have been followed in:

- Discount Curves: Risk-free reference rates published by EIOPA at the valuation date have been used, including volatility adjustments or matching adjustments (by product).
- Risk Margin methodology has been followed for the cost of capital, including the factor of 6% per annum (before taxes).

Methodology (contd.)

▪ Adjusted Net Asset Value (ANAV):

- Adjusted Net Asset Value or "ANAV" is equal to equity in accordance with IFRS adjusted by: committed donations and dividends; goodwill; deferred expenses; and any other element necessary to obtain the economic value of capital.

▪ Present Value of Future Profits (PVFP):

- The Present Value of Future Profits or "PVFP" is equal to the present value of expected future accounting profits of the portfolio in force at the valuation date, after tax and discounted to the reference curve. The financial performance of the business in force has been calculated on the basis of interest rates on the reference curve, except for fixed interest rate assets related to Life-Savings insurance, where book yields have been used with an adjustment for credit risk based on the market value of the assets. The PVFP includes the "intrinsic value" of the FOG granted to the insured.
- The financial performance of future investments has been calculated based on interest rates of the reference curve.

Methodology (contd.)

▪ *Time Value of Financial Options and Guarantees (TVFOG):*

- Under MCEVP, FOG (Financial Options and Guarantees) are defined as those features of the covered business conferring potentially valuable underlying guarantees, or options to change, the level or nature of policyholders' benefits and exercisable at the discretion of policyholders, whose potential value is impacted by the performance of financial variables.
- The cost of FOG is valued through the measurement of two different elements:
 - intrinsic value: the cost of FOG under existing conditions at the valuation date.
 - time value: the change in the cost of FOG resulting from potential changes in policyholders' benefits that may occur throughout the life of the policy.
- The intrinsic value of FOG is already recognised implicitly in the calculation of the PVFP. It is therefore necessary to include the additional cost arising from the time value of FOG (TVFOG).
- TVFOG was calculated for the main FOG in the covered Life business. Specifically, the calculation focused on the TVFOG corresponding to the guaranteed interest rate in with-profits products, as well as in other products with variable interest rates and minimum guaranteed returns.
- The calculation of TVFOG assumed the realisation of gains/losses on equity and property investments to:
 - minimise the impact of profit sharing on the Company's results; and
 - keep the asset mix close to its breakdown as at 31.12.2020.
- TVFOG is based on stochastic simulations of market-consistent financial assumptions (between 1,000 and 2,000, depending on the entity) and is equal to the difference between the value of in-force business calculated under a deterministic approach and the average value of the in-force business calculated stochastically.

Methodology (contd.)

■ Cost of Capital (CoC):

- In line with the Risk Margin Solvency II calculation, the CoC used in the 2020 MCEV has been measured by applying a fixed rate of 6% (gross of taxes) to the required solvency capital, excluding market risks. The same criterion of contract limits has been considered as in the calculation of the PVFP.
- It is an adjustment for frictional costs and non-hedgeable risks, not considered in the Present Value of Future Profits.
- To calculate the CoC, the required capital has been projected into the future based on the most appropriate drivers for each line of business.

■ With-profits business:

- MAPFRE's with-profits in-force business in Spain comprises products with the following features that are common in the Spanish insurance market:
 - A minimum return guarantee, ranging between 0.5% and 6.0% in MAPFRE's case.
 - A profit-sharing mechanism defined as: X% of (Financial return - minimum guaranteed return - expense loadings) over the average mathematical reserve, which cannot be negative under any circumstance. X% varies by product, although it is equal to 90% in most cases. Financial returns and their volatility depend on the book returns of the assets backing the product, and is subject to some degree of discretion by management including, for instance, decisions on the realisation of gains/losses and on the asset mix.
- The combination of a minimum return guarantee and a profit-sharing mechanism that cannot yield negative results generates asymmetric flows for shareholders and, as a consequence, a positive time value of FOG.
- The profit-sharing business in Malta consists of products with flexible future discretionary participation with characteristics similar to those in the English market.
- Peru's with-profits business functions similarly to the business in Spain.

Methodology (contd.)

▪ *Look through MCEVP:*

- In order to correctly assign revenues and expenses to the businesses that generate them and measure the value of each block of business more consistently with its economic reality, the following adjustments were made:
 - The Mutual Funds business, as well as a part of Pension Funds and Accidental Death businesses, are sold through the distribution network of MAPFRE VIDA. The MCEV and VNB of the aforementioned Mutual Funds, Pension Funds and Accidental Death businesses have been adjusted in order to include the net present value of the future profits/losses expected to arise in the distribution company from this business.
 - The assets of the Life assurance business are managed by MAPFRE INVERSIÓN Y PENSIONES. The MCEV and VNB of the aforementioned Life assurance business have been adjusted in order to include the net present value of the future profits/losses expected to arise in the asset management company from this business.

▪ **Sensitivity:**

- In interest rates downward sensitivity, where the shift of 100 basis points drops rates below 0%, they are floored at zero according to the MCEV Guidance. Where the base rates are already negative they are not further reduced.

Methodology (contd.)

▪ Value added by New Business (VNB):

- In Life assurance and Burial insurance, new business is defined as single, extraordinary and regular premiums written in the year, as well as extraordinary contributions to existing policies not already considered in the valuation of the in-force business. In the Mutual Funds business, new business is defined as new contributions. In the Pension Funds business, new business is defined as single, extraordinary and regular contributions from new participants, as well as extraordinary contributions from existing participants.
- The value added by new business is the intrinsic value added by new business in the period, net of acquisition expenses, TVFOG and CoC, valued at year-end using the assumptions applicable at that point in time.

▪ Statement of Directors:

- The Board of Directors of MAPFRE, S.A. confirms that the results shown in this document have been prepared in all material respects in accordance with the Market Consistent Embedded Value Principles issued by the European Insurance CFO Forum in April 2016.

This document presents the results, methodology and underlying assumptions used to calculate the 2020 MCEV for all the covered business.

Willis Towers Watson has been engaged to review the calculation of the embedded value results. The scope and conclusions of this review are stated in the Willis Towers Watson opinion letter.

Assumptions

MCEV 2019

Discount rate

Risk free rates as 31/12/2019

	Euro	Brazil	Perú	México
1 year	-0.42%	4.22%	2.93%	6.85%
5 years	-0.23%	6.12%	3.02%	6.44%
10 years	0.11%	6.63%	3.39%	6.70%
15 years	0.36%	6.67%	3.57%	6.99%
20 years	0.50%	6.58%	3.66%	7.14%

Financial returns

- Existing assets

Interest rates on the EIOPA curve⁽¹⁾, except for the existing fixed-income assets Saving, for which yields have been used in Books with a credit risk adjustment based on the market value of assets

- Reinvestment yield

Based on the risk-free curve
Risk at 12/31/2019

Maintenance expenses

- Based on internal studies
- Expressed in euros per policy
- Indexed to inflation
- There are no exceptional expenses to be excluded

Fees and commissions

In line with the existing fee structure

Mortality, disability, surrenders and turnovers

Tables based on the company's own experience

Cost of Capital

- Capital requirement
- Annual cost

100% SCR Solvency II (without limit of contract)
6% per annum before taxes

Tax rate

The one corresponding to the country and year

Stochastic asset model (TVFOG)

Consistent with the market using implied volatilities in options on swaps as of 12/31/2019

Exchange rate

Brazilian Real (0.2215), Peruvian Sol (0.2691) and Mexican peso (0.0472) to 12/31/2019

MCEV 2020

Risk free rates as 31/12/2020

	Euro	Brazil	Perú	México
1 year	-0.62%	2.60%	0.06%	3.98%
5 years	-0.56%	5.73%	1.17%	4.48%
10 years	-0.37%	7.01%	2.43%	5.29%
15 years	-0.17%	7.41%	3.03%	5.90%
20 years	-0.09%	7.34%	3.29%	6.21%

Interest rates on the EIOPA curve⁽¹⁾, except for the existing fixed-income assets Saving, for which yields have been used in Books with a credit risk adjustment based on the market value of assets

Based on the risk-free curve
Risk at 12/31/2020

- Based on internal studies
- Expressed in euros per policy
- Indexed to inflation
- There are no exceptional expenses to be excluded

In line with the existing fee structure

Tables based on the company's own experience

100% SCR Solvency II (without limit of contract)⁽²⁾
6% per annum before taxes

The one corresponding to the country and year

Consistent with the market using implied volatilities in options on swaps as of 12/31/2020

Brazilian Real (0.1576), Peruvian Sol (0.2261) and Mexican peso (0.04113) to 12/31/2020

(1) With Volatility or Matching Adjustment for certain businesses, as applied under Solvency II.

(2) Using standard formula, except in the case of MAPFRE VIDA where the internal longevity model is used for these approved purposes and in Brazil where the local equivalent capital is used.

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Breakdown of the value added by new business (VNB)

Million Euros and %

Breakdown by business line

Producto	PVNBI ⁽¹⁾		VNB ⁽²⁾		VNB/PVNBI	
	2020	2019	2020	2019	2020	2019
Protection	1,629.5	1,707.7	503.1	349.9	30.9%	20.5%
Saving	1,986.7	2,709.3	44.5	54.6	2.2%	2.0%
Burial	188.2	100.9	49.8	8.3	26.5%	8.3%
Others	78.0	55.8	9.6	2.8	12.4%	4.9%
I.F. and P.P. ⁽³⁾	2,016.9	2,034.6	14.2	3.1	0.7%	0.2%
Total	5,899.3	6,608.3	621.2	418.8	10.5%	6.3%

Breakdown by distribution channel

	PVNBI ⁽¹⁾		VNB ⁽²⁾		VNB/PVNBI	
	2020	2019	2020	2019	2020	2019
Non bank channels	3,581.9	5,442.9	107.4	172.5	3.0%	3.2%
Bank channels	2,317.5	1,165.3	513.8	246.3	22.2%	21.1%
TOTAL	5,899.3	6,608.3	621.2	418.8	10.5%	6.3%

(1) Present Value of New Business Incomes
(2) Value added by New Business at the point of sale.
(3) Investment Funds and Pension Plans.

Breakdown of 2020 change in MCEV between ANAV and VIF⁽¹⁾

Million Euros

	ANAV	Value of in-force business ⁽¹⁾	TOTAL
Value in 2019 - Attributable to MAPFRE Group	1,676.2	3,244.4	4,920.6
Non controlling interests	570.4	2,363.5	2,933.9
Value in 2019	2,246.6	5,607.9	7,854.5
Changes in non economic assumptions	0.0	220.6	220.6
Changes in economic assumptions	-15.0	222.4	207.4
Value added by new business	90.0	531.0	620.9
Deviation of actual value from expectations	581.9	-590.3	-8.4
Others	-3.0	82.5	79.6
Value added in 2020	653.9	466.2	1,120.1
Changes in the model	-0.3	38.6	38.4
Additions	0.0	68.9	68.9
Dividends paid and other items	-417.9	0.0	-417.9
Changes in exchange rates	-134.2	-710.9	-845.2
Value in 2020	2,348.1	5,470.7	7,818.8
Non Controlling Interests	594.7	1,956.0	2,550.7
Value in 2020 - Attributable to MAPFRE Group	1,753.4	3,514.7	5,268.1
RoEV⁽²⁾			15.9%

(1) VIF = PVFP - TVFOG - CoC

(2) Return on Embedded Value» = Value added in the year/ Previous Embedded Value, adjusted for changes in the model.

Breakdown of the sensitivity analysis

Million Euros

Sensitivity of the Market Consistent Embedded Value

	SPAIN LIFE	SPAIN BURIAL	MALTA MSV	BRASIL LIFE	PERU LIFE	PORTUGAL LIFE	MÉXICO LIFE
Impact of:							
- 100bp increase in interest rates	-271.7	-69.1	3.9	-220.3	4.9	-0.9	6.3
- 10% decrease in the value of stocks and real estate	-55.8	0.0	-5.9	-0.1	-3.9	-2.3	0.0
- 10% decrease in expenses	82.2	35.2	1.6	29.0	7.8	1.2	0.3
- 10% decrease in the lapse rate	226.8	51.2	-3.4	5.6	21.0	5.7	3.0
- 5% decrease in mortality and morbidity	-2.6	90.8	-0.1	67.6	-2.6	1.4	0.2
- 100bp decrease in interest rates	0.5	52.1	-20.7	284.2	-3.4	0.8	-7.4

Sensitivity of the value added by New Business

	SPAIN LIFE	SPAIN BURIAL	MALTA MSV	BRASIL LIFE	PERU LIFE	PORTUGAL LIFE	MÉXICO LIFE
Impact of:							
- 100bp increase in interest rates	-17.0	-3.2	1.5	-0.9	1.5	0.4	0.2
- 10% decrease in the value of stocks and real estate	0.0	0.0	-3.6	0.0	0.0	0.0	0.0
- 10% decrease in expenses	10.1	1.0	0.2	3.1	1.0	0.1	0.1
- 10% decrease in the lapse rate	30.8	3.3	-0.6	0.6	1.8	0.9	0.2
- 5% decrease in mortality and morbidity	1.5	1.7	-0.1	7.4	0.2	0.2	0.0
- 100bp decrease in interest rates	-0.4	3.2	-4.7	0.9	0.0	-0.4	-0.5

Reconciliation of the Adjusted Net Asset Value (ANAV)

Million Euros

Consolidated shareholders equity for MAPFRE Group⁽¹⁾ as at 31/12/2020 (IFRS)	2,989.5
Unrealised gains (losses)	-91.5
- of which: property	86.8
- of which: financial assets	-178.4
Donations and dividends	-92.6
Intangible assets	-504.0
Commissions and other acquisition costs net of taxes	-19.1
Other	65.8
Consolidated Adjusted Net Asset Value for MAPFRE Group as at 31/12/20⁽²⁾	2,348.1
Non Controlling Interests	594.7
Consolidated adjusted shareholders' equity for MAPFRE Group as at 31/12/20	1,753.4

1) It refers to the Own Funds of the covered business included in the MCEV, not to the total of Own Funds of the MAPFRE Group.

2) Amount used in Market Consistent Embedded Value calculations. It only includes ANAV of covered business.

Share of the parent company in the MCEV

Million Euros

	MAPFRE Group	Non Controlling Interests
ANAV		
ANAV	1,753.4	594.7
VIF		
NON BANK CHANNELS	2,401.6	28.2
BANK CHANNELS	1,113.1	1,927.8
TOTAL	3,514.7	1,956.0
MCEV 2020	5,268.1	2,550.7

Share of the parent company in the Value added by New Business

	MAPFRE Group	Non Controlling Interests
Value added by new business		
NON BANK CHANNEL	111.0	1.1
BANK CHANNELS	155.3	354.0
VNB 2020	266.4	355.1

Content

1 EEV analysis

2 Willis Towers Watson opinion letter

3 Methodological appendix

4 Statistical appendix

5 Glossary

- The “**Market Consistent Embedded Value Principles**” or “**MCEVP**” are the principles that establish the methodology that must be applied in order to calculate the Market Consistent Embedded Value. The MCEVP were agreed upon by the CFOs of the multinational European insurers belonging to the “CFO Forum” in order to increase the comparability and transparency of the embedded value calculations carried out by insurance companies. The document that contains the MCEVP can be obtained at the following Internet address: www.cfoforum.nl.
- The **Adjusted Net Asset Value** or “**ANAV**” is equal to the shareholders’ equity as defined under IFRS adjusted for: unrealised gains or losses belonging to shareholders; committed donations and dividends; goodwill; deferred expenses; and any other item needed to calculate the economic capital.
- **Financial Options and Guarantees** or “**FOG**” are those features of the covered business conferring potentially valuable guarantees underlying, or options to change, the level or nature of policyholders’ benefits and exercisable at the discretion of policyholders, whose potential value is impacted by the performance of financial variables.
- The **Value of an Option** is composed of two elements: the **Intrinsic Value** and the **Time Value**. In the case of a “call” option, the intrinsic value is equal to the difference between the price of the underlying asset and the strike price of the option (in the case of a put option the order of the difference is inverted). The intrinsic value cannot be less than zero. The time value is equal to the difference between the total value and the intrinsic value and it is ascribed to the potential for benefits under the option to increase in value prior to expiry.
- The **Present Value of Future Profits** or “**PVFP**” is determined as the present value of future statutory profits which are expected to be generated from the existing business in force at the valuation date, after tax and discounted using the risk free curve. Investment returns for existing business have been calculated on the basis of the risk free curve, except for existing fixed interest assets backing Life-Savings business, where book returns adjusted for credit risk and defaults rates have been used. PVFP includes the intrinsic value of financial options and guarantees granted to the insured.

- The **Cost of Capital** or “**CoC**” represents an allowance for frictional costs, non-hedgeable risks as well as unexpected credit risk which has not been considered in the value of in-force business. The CoC used in the calculation of the MCEV was measured on the basis of an amount of capital equal to 100% of the minimum regulatory requirement.
- The **Value of In-force Business** or “**VIF**” is equal to: $PVFP - TVFOG - CoC$
- The **Market Consistent Embedded Value** or “**MCEV**” is the embedded value calculated in accordance with “Market Consistent Embedded Value Principles”. MCEV is equal to: $ANAV + VIF$
- **Changes in Assumptions** are changes in the future experience assumed in the calculation of the present value of in-force business, including economic, expense, lapse and mortality assumptions.
- The **Expected Return on the Beginning of the Year Embedded Value** is equal to the actual after-tax investment return on the beginning-of-the-year adjusted net asset value less the cost of capital, plus the return, at the discount rate, on the beginning-of-the-year value of the in-force business and capital.
- The **Deviation of Actual Value from Expectations** arises mainly from the variance between the actual experience and the assumed experience used to calculate the beginning-of-the-year embedded value.
- The **Return on Embedded Value** or “**RoEV**” is obtained by dividing the value added in the year by the embedded value at the close of the previous year, adjusted for changes in the model.

- **New Business** is defined as: in the case of Life assurance, single, extraordinary and regular premiums from policies written in the year, as well as extraordinary contributions to existing policies not already considered in the valuation of the in-force business; in the case of mutual funds, new contributions; in the case of pension funds, single, extraordinary and regular contributions from new participants, as well as extraordinary contributions from existing participants.
- The **Present Value of New Business Income** or “**PVNBI**” corresponds to: in the case of Life assurance, the present value of received and expected premiums from new business; in the case of mutual funds, contributions received in the year; and in the case of pension funds, contributions received in the year and expected from new business.
- The **Value added by New Business** or “**VNB**” is the intrinsic value added by new business in the period, net of acquisition expenses, TVFOG and CoC, valued at year-end using the assumptions applicable at that point in time.

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It is possible that for reasons of rounding there is some mismatch in the first decimal between different tables or graphs throughout the presentation.

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