

3M 2021 Results

Analyst & Investor
presentation

April 29th, 2021



MAPFRE

Your trusted global insurance company

Key highlights 3M 2021 > excellent top line performance in a challenging environment, with lower Motor frequency continuing to mitigate COVID related claims

IBERIA > outperforming market in key segments, with an excellent technical result mitigating lower financial income

USA > strong underwriting results, especially in the Northeast, with the top line affected by lower new business and US dollar depreciation

Latin America > the pandemic situation has worsened, affecting the top line as well as higher COVID related claims in Life Protection and Health segments, especially in Brazil, Mexico and Peru

- **Brazil** > strong trends in Agro and a return to growth in Motor in local currency, with Life Protection premiums down due to lower banking activity as a result of pandemic-related restrictions
- **LATAM North & South** > differing profitability trends across markets with strong results in several countries, especially Peru and Chile, helping offset higher COVID related claims

MAPFRE RE > solid growth on the back of tariff increases and improved profitability, with limited impacts from COVID-19 and large events

Main COVID-19 P&L impacts >

- Headwinds from lower economic activity, mobility restrictions and currency depreciation remain
- Direct claims at insurance units, mainly in Life Protection and Health in Latin America, offset by lower Motor frequency across regions

Strong capital position and financial flexibility, supporting commitment to shareholders >

- Internal model for longevity risk approved, bringing Solvency II ratio to 193%*
- Final 2020 dividend to be paid on May 24, 2021

Key Figures > 3M 2021

	3M 2021	Δ	Δ at constant exchange rates	
Revenue	7,304	-0.4%	5.5%	
Total written and accepted premiums	5,896	-3.3%	3.2%	
- Non-Life	4,770	-2.6%	3.5%	
- Life	1,126	-6.2%	1.7%	
Non-Life Combined Ratio - MAPFRE S.A.	94.3%	-5.7 p.p		
Non-Life Loss Ratio	66.3%	-4.5 p.p		
Non-Life Expense Ratio	28.0%	-1.2 p.p		
Non-Life Combined Ratio - Insurance units	93.8%	-3.4 p.p		
Attributable result	173.3	36.7%		
Adjusted attributable result	163.5	14.7%		
ROE ⁽¹⁾	7.1%	1.0 p.p		
			8.7%	1.1 p.p
Balance sheet ⁽¹⁾				
Assets under management	55,286	0.2%		
Shareholders' equity	8,289	-2.9%		
	12M 2020	Δ		
Solvency ratio (provisional figures) ⁽²⁾	192.9%	6.1 p.p		
Market Consistent Embedded Value (MCEV) ⁽²⁾	7,819	-0.5%		

(1) Variation calculated against data at December 31st, 2020

(2) Variation calculated against data at December 31st, 2019

(3) Excluding 2020 goodwill and other intangible writedowns

Adjusted attributable result

	3M 2020	3M 2021	Δ (mn)	Δ (%)
Attributable result	126.8	173.3	46.5	36.7%
NatCat claims ⁽¹⁾	(53.9)	0.0	53.9	
<i>Direct insurance operations</i>	<i>(21.5)</i>		<i>21.5</i>	
<i>MAPFRE RE</i>	<i>(32.4)</i>		<i>32.4</i>	
Attributable result (adjusted for NatCat claims)	180.7	173.3	-7.4	-4.1%
Financial Gains & Losses	38.2	9.9	(28.3)	
<i>Real estate ⁽²⁾</i>	<i>16.6</i>		<i>(16.6)</i>	
<i>Financial investments ⁽³⁾</i>	<i>21.5</i>	<i>9.9</i>	<i>(11.6)</i>	
Attributable result (adjusted)	142.5	163.5	20.9	14.7%

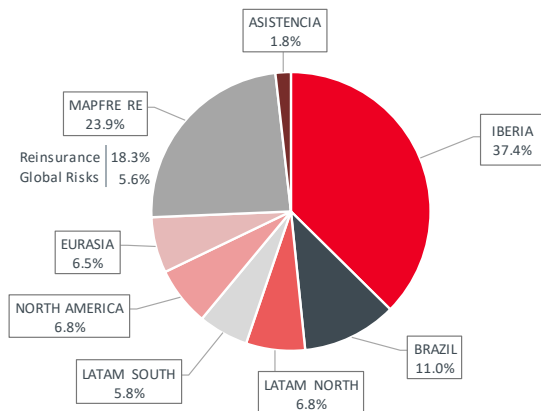
(1) Puerto Rican earthquake in 2020

(2) Mainly sale at MAPFRE USA (€13.7 mn) in 2020

(3) Extraordinary financial gains & losses, net of writedowns and other financial income & expenses, in actively managed financial investment portfolios in euro area (IBERIA & MAPFRE RE) and MAPFRE USA

Key figures > by business unit

Premiums – Breakdown by business unit



	Premiums		Attributable result			Combined ratio	
	3M 2021	Δ %	3M 2021	Δ mn	Δ %	3M 2021	Δ p.p.
IBERIA	2,485	2.9%	108.3	5.1	4.9%	93.3%	-3.2 p.p
of which:							
MAPFRE ESPAÑA ⁽¹⁾	2,020	4.9%	64.9	2.9	4.7%	94.0%	-3.1 p.p
MAPFRE VIDA	465	-4.9%	43.4	2.2	5.2%	--	--
BRAZIL	729	-13.0%	14.3	(14.5)	-50.3%	88.2%	-6.8 p.p
LATAM NORTH	455	-6.1%	10.1	(13.0)	-56.3%	93.0%	2.1 p.p
LATAM SOUTH	386	3.9%	17.6	4.5	34.6%	89.4%	-8.0 p.p
NORTH AMERICA	455	-10.9%	27.6	3.6	14.9%	96.6%	-5.1 p.p
EURASIA	431	-9.0%	3.4	(1.5)	-30.9%	104.7%	3.2 p.p
TOTAL INSURANCE	4,939	-3.0%	181.3	(15.8)	-8.0%	93.8%	-3.4 p.p
Reinsurance	1,214	14.0%	25.0	46.5	--	96.2%	-11.6 p.p
Global Risks	373	6.8%	7.5	15.4	193.7%	83.3%	-45.0 p.p
ASISTENCIA	119	-46.0%	(2.1)	9.8	82.6%	100.3%	-9.9 p.p
OTHER ⁽²⁾	(749)	-19.3%	(38.3)	(9.3)	-32.2%	--	--
TOTAL	5,896	-3.3%	173.3	46.5	36.7%	94.3%	-5.7 p.p

(1) MAPFRE ESPAÑA includes the business in Portugal

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

Key figures > Life business > insurance units

Key figures

	3M 2020	3M 2021	mn	Δ
Life Premiums	1,091.2	958.2	(133.0)	-12.2%
IBERIA	471.5	463.3	(8.2)	-1.7%
Life Protection	166.3	164.2	(2.1)	-1.3%
Life Savings	305.1	299.1	(6.0)	-2.0%
BRAZIL	337.5	246.9	(90.7)	-26.9%
OTHER ⁽¹⁾	282.2	248.1	(34.1)	-12.1%
Life Attributable Result	47.0	22.6	(24.4)	-52.0%
IBERIA	30.1	28.2	(1.9)	-6.2%
BRAZIL	12.2	0.2	(12.0)	-98.8%
OTHER ⁽¹⁾	4.7	(5.8)	(10.5)	---

Premiums

- > **IBERIA** > resilient performance in both Protection and Savings products, despite challenging market context
- > **BRAZIL** > currency depreciation (-23%), as well as lower local currency growth in bancassurance (-7%) due to lower banking activity as a result of pandemic-related restrictions
- > **OTHER** > lower Life Savings premiums in Mexico and Panama

Results

- > **IBERIA** > excellent performance despite lower business volumes and pressure on financial income
- > **BRAZIL** > fall in result driven by COVID-19 related claims, lower financial income and currency depreciation
- > **OTHER** > higher COVID-19 related Life Protection claims, mainly in Mexico

Assets under management

	Market value			Breakdown by Asset Class	
	12.31.2020	03.31.2021	% Δ	12.31.2020	03.31.2021
Government fixed income	23.4	22.9	-2.1%	56.2%	51.3%
<i>Spain</i>	12.8	12.3	-3.3%	34.0%	27.7%
<i>Italy</i>	2.4	2.6	7.9%	5.4%	5.8%
<i>Rest of Europe</i>	2.0	1.9	-5.7%	4.1%	4.3%
<i>United States</i>	1.5	1.6	1.9%	3.0%	3.5%
<i>Brazil</i>	2.2	2.0	-9.5%	5.6%	4.6%
<i>Rest of LATAM</i>	1.7	1.8	5.1%	3.4%	4.0%
<i>Other</i>	0.8	0.7	-6.4%	0.8%	1.6%
Corporate fixed income	8.1	8.1	-0.1%	17.5%	18.2%
Real Estate*	2.2	2.3	0.5%	4.5%	5.0%
Equity	2.7	2.9	9.3%	5.2%	6.6%
Mutual Funds	1.4	1.4	-2.6%	3.4%	3.1%
Cash	2.4	2.2	-7.9%	4.7%	5.0%
Unit-Linked	2.5	2.6	4.8%	4.7%	5.9%
Other investments	2.1	2.1	2.6%	3.8%	4.8%
Total Investment Portfolio	44.9	44.6	-0.7%	100.0%	100.0%
Pension Funds	5.8	5.9	3.2%		
Mutual Funds & Other	4.5	4.8	4.9%		
Total AuM	55.2	55.3	0.2%		

Figures do not include BANKIA MAPFRE VIDA portfolios, as the business is classified as held for sale

Investment portfolios

Euro area - fixed income portfolios - actively managed

		Market value (€bn)	Accounting Yield (%)	Market yield (%)	Modified duration (%)
NON-LIFE (IBERIA & MAPFRE RE)	12.31.2020	7.46	1.68	0.28	8.58
	03.31.2021	7.50	1.57	0.47	8.06
LIFE (IBERIA)	12.31.2020	5.56	3.66	-0.01	7.10
	03.31.2021	5.39	3.59	0.18	6.89

Other main regions & units - fixed income portfolios

		Market value (€bn)	Accounting Yield (%)	Modified duration (%)
BRAZIL - MAPFRE SEGUROS	12.31.2020	1.40	6.16	3.09
	03.31.2021	1.14	6.32	3.26
LATAM NORTH	12.31.2020	0.84	5.93	3.60
	03.31.2021	0.86	5.84	3.61
LATAM SOUTH	12.31.2020	1.77	6.00	7.12
	03.31.2021	1.71	5.82	6.84
NORTH AMERICA	12.31.2020	1.99	2.63	5.23
	03.31.2021	2.04	2.55	5.09

Financial gains & losses – Euro area (€ mn) ¹

	Non-Life		Life		Total	
	3M 2020	3M 2021	3M 2020	3M 2021	3M 2020	3M 2021
IBERIA	17.6	1.3	2.2	2.1	19.7	3.4
MAPFRE RE	8.9	3.5	0.7	0.0	9.5	3.5
TOTAL	26.4	4.8	2.8	2.1	29.3	6.9

- 1) Net of writedowns and other financial income & expenses, before taxes and non-controlling interests. Includes only actively managed available for sale portfolios in the Euro area.

Shareholders' equity

Change in shareholders' equity (€ mn)

Balance at 12/31 previous year	8,536
Result for the period	173
Dividends	-231
Net unrealized capital gains of AFS portfolio*	-271
Currency conversion differences	79
Other	3
Balance at period end	8,289

*Net of shadow accounting adjustments

Net unrealized capital gains - AFS portfolio (€ bn)

	12.31.2020	03.31.2021
Net unrealized gains	1.3	1.0
Unrealized gains	4.1	3.5
Shadow accounting adjustments	-2.8	-2.5

Currency conversion differences (€ mn)

	03.31.2021	Δ	% Δ currency	Sensitivity to 1 pp move in currency
Total	-1,837 **	79	-	
<i>of which:</i>				
US dollar	397	96	4.2%	23
Brazilian real	-972	-28	-3.9%	7
Turkish lira	-351	-5	-6.4%	1
Mexican peso	-138	3	1.4%	2

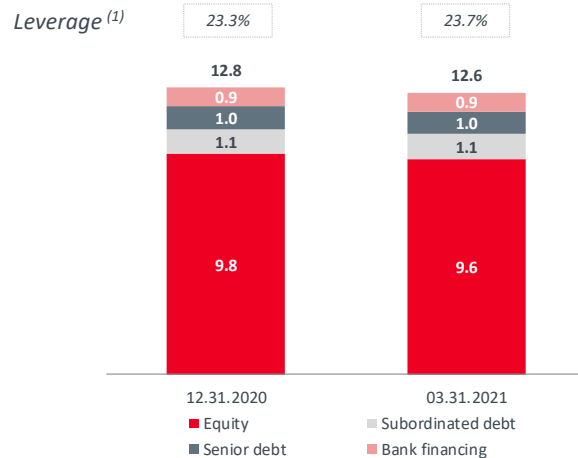
**Currency conversion differences include -€545 mn of adjustments in Venezuelan and Argentine currencies (hyperinflationary economies)

AFS portfolio – IBERIA – breakdown by portfolio type (€ bn)

	Immunized	Actively managed		Total
		Free	Conditioned	
Net unrealized gains	0.0	0.7	0.2	0.9
Unrealized gains	1.8	0.7	1.0	3.4
Shadow accounting adjustments	-1.8	0.0	-0.7	-2.5
Market Value	7.6	6.4	5.7	19.7

Capital position & credit metrics

Capital structure (€ bn)



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

Solvency II position (€ mn)

Eligible Own Funds (EOF)	8,917
Solvency Capital Requirement (SCR)	4,622
EOF-SCR	4,295
Solvency II ratio ⁽¹⁾	192.9%
<i>Fully loaded</i> ⁽²⁾	178.4%
<i>Bankia exit</i> ⁽³⁾	6.0%

- (1) Provisional figures which reflect application of Spanish Life business internal model for longevity risk, approved by local regulator April 2021. Definitive figures to be published in *Solvency and Financial Conditions Report* on May 20th
- (2) Excluding impacts of transitional measures for technical provisions and equity
- (3) Assuming no change in Own Funds, only SCR adjustment

Market Consistent Embedded Value 2020

Key figures

	Value	Variation
<i>Adjusted Net Asset Value (ANAV) ⁽¹⁾</i>	2,348	4.5%
<i>Value of In-force Business (VIF) ⁽¹⁾</i>	5,471	-2.4%
Market Consistent Embedded Value (MCEV) ⁽¹⁾	7,819	-0.5%
<i>Attributable to the Parent Company</i>	5,268	7.1%
<i>Attributable to Non Controlling Interests</i>	2,551	-13.1%
Return on Embedded Value (RoEV)	15.9%	9.3 p.p

Sensitivities

	Impact on MCEV
Base case	7,819
Interest rate +100bp	-547
Interest rate -100bp	306
10% decrease in equities and real estate market value	-68
10% decrease in expenses	157
10% decrease in the lapse rate	310
5% decrease in mortality and morbidity	155
Bankia MAPFRE VIDA exit	-715

Key highlights

- › Positive contribution from new business during the year, especially Life Protection
- › Positive effect from lower risk free rates
- › Negative impact from depreciation of Latin American currencies

BANKIA business > MAPFRE will continue to inform the market of any further developments

2020

September

- › CAIXABANK and BANKIA's **Boards of Directors approved proposed merger** of both entities

December

- › CAIXABANK and BANKIA's **AGMs approved merger** of both entities

March 26th

- › **CAIXABANK and BANKIA merger finalized**, constituting a change of control of BANKIA as stipulated by the contracts between BANKIA and MAPFRE

- › MAPFRE informed CAIXABANK and BANKIA that it would **exercise the put options stipulated by contract** on the following businesses, effective March 31, 2021:

- › **MAPFRE VIDA's 51% shareholding** in BANKIA MAPFRE VIDA

- › Termination rights for the **agency contract for Life and Non-Life insurance distribution**

- › Initiation of established procedures to determine the compensation to be received for the termination of bancassurance agreements, defined as **120% of market value** of:

- › MAPFRE VIDA's 51% shareholding in BANKIA MAPFRE VIDA

- › Non-Life insurance business, excluding the value of the insurance portfolio

- › The results earned by BANKIA MAPFRE VIDA as of April 1st will correspond to CAIXABANK

April

- › The process of **appointing an independent appraiser** has been initiated

Closing remarks

IBERIA

- › Excellent growth and **outperforming market in key segments** while maintaining **strong technical margins**

USA

- › Strong underwriting results, especially in the Northeast, while making **progress in business streamlining**

LATIN AMERICA

- › Challenging situation resulting from **pandemic and economic outlook**

MAPFRE RE

- › Return to profitability supported by **tariff increases and prudent approach** to underwriting

BANKIA

- › Focus on **completing exit process**

DIVIDEND

- › **Strong commitment to shareholders**, reflected in advanced dividend payment and supported by a strong capital position and financial flexibility

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Upcoming events – H1 2021*:

1-2 June	Deutsche Global Financial Services Conference
8-10 June	Goldman Sachs European Financials Conference
15 June	JP Morgan European Insurance Conference
22-23 June	AERI - Bank of America - Made in Iberia
5-25 July	Blackout period
26 July	6M 2021 Results release

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Terminology

Revenue	Top line figure which includes premiums, financial income, and revenue from non-insurance entities and other revenue
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/corporate/institutional-investors/financial-information/>

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Certain numerical figures included in the Investor Presentation have been rounded. Therefore, discrepancies in tables between totals and the sums of the amounts listed may occur due to such rounding.