MAPFRE

ANNUAL GENERAL MEETING

2022

**FERNANDO MATA**

**Group CFO and member of the board**

Good morning, ladies and gentlemen.

MAPFRE's 2021 annual accounts show a very positive evolution in its most relevant indicators and reaffirm the success of the strategy, in the face of COVID-19, whose effects are not yet over but are seen with more optimism. The economic scenario has changed recently, marked by geopolitical tensions, not without risks and uncertainties. At this point I would like to highlight the strength of MAPFRE's balance sheet and its solvency position, which are a guarantee to overcome stress scenarios such as the current one.

Let's move on to the accounts. 2021 was a very good year for MAPFRE, in a tremendously difficult context.

We have enjoyed solid growth in the main markets where we operate, both in terms of premiums and results. MAPFRE in Spain and MAPFRE RE have been the two main contributors to the increase in earnings.

Latin America once again saw strong growth in premium volume, although profitability has been weighed down by the impact of COVID-19.

All regional areas and business units contributed positively to profits, which underpins the geographic and operational diversification strategy of our business model.

We have a strong liquidity position, a solid balance sheet and low debt.

And all this allows us to propose at this Meeting to improve MAPFRE's shareholder remuneration by returning to the pre-pandemic dividend of 14.5 cents per share, based on the company's profitability and solvency.

These extraordinary results further demonstrate the importance of the insurance industry as a first-rate layer of social protection, especially when faced with huge catastrophes such as COVID-19. Since the beginning of the pandemic, we have paid out or recognized almost 800 million euros in claims to our policyholders.

Here is the breakdown of the main figures for the fiscal year.

MAPFRE's premiums grew by 8%, in line with the 7% increase in revenues, to over 27 billion euros at the end of the year.

The Group’s attributable profit amounted to 765 million euros, 45% more than the previous year. It is worth noting the outstanding performance of ROE, which reached 9%, the highest level in the last seven years.

The combined ratio rose to 97.5%, impacted by the recovery in economic activity and extraordinary expenses. Finally, the Solvency II ratio was 206%, above the mid-point of the 175-225% range we set ourselves.

Regarding COVID-19, in the last two years we have registered 783 million euros in claims, highlighting the adaptation of MAPFRE's business model to the new context of the pandemic. In 2021 there has been less impact in the more mature markets, with the intensity of the pandemic shifting to emerging countries, as is the case in Latin America.

This region represents 79% of COVID-19 claims this year, amounting to 460 million euros.

Here we can see the breakdown of the Group’s revenues, which exceeded 27 billion euros, almost two billion more than the previous year.

Premiums rose by more than 8% to over 22 billion, driven by the solid performance of Latin America, Spain, and the reinsurance business. Non-Life premiums grew by 7.2%, while the Life business grew by 11.8%, with a solid contribution from Spain.

The blue boxes show the growth in premiums at constant currency exchange rates, the percentages of which are always higher than the growth in euros.

Financial income grew by 13%, mainly due to the revaluation of investments in Life products, concentrated mainly in Spain and to a lesser extent in Malta.

Finally, other income, which includes income from non-insurance companies and others, fell by 6% due to the decline in positive exchange differences.

The table on the right shows the breakdown and growth of the direct insurance business lines, highlighting General Insurance and Life Savings with growth of around 20%.

Here you can see the earnings breakdown.

The Non-Life result was 1.072 billion euros, with a growth of 23%, due to the extraordinary result from the Bankia exit, the improvement in reinsurance, and the absence of goodwill impairments. We have had several years in a row now with significant catastrophe claims impacts. This year, storm Bernd in Germany took more than 90 million euros from our results. On the positive side, we have the capital gains realized in the equity portfolio, mainly in Iberia, North America, and MAPFRE RE, which have offset this significant loss.

Life earnings decreased, impacted by COVID-19 claims.

Other items improved due to the reduction in losses at Asistencia.

Corporate income tax was 319 million, with an effective rate of 23.6%.

The “Non-controlling interests” item includes the portion of profits corresponding to our partners in bancassurance subsidiaries, amounting to 270 million euros.

The aggregate effect of these components produced a net earnings figure of 765 million euros, an increase of 45% over the previous year.

I would not like to end my comments on the result without mentioning the contribution to profit from finalization of the agreement with Bankia signed on December 29. The Board decided to apply part of the capital gain to a provision for the restructuring of operations in Iberia and Italy, and to repurchasing and amortizing part of the debt. The net aggregate effect of these items was 63 million euros, the details of which are shown in the table on the right. If we eliminate these extraordinary items, the adjusted net profit for 2021 would be reduced to 703 million, with growth of 6.8% compared to the comparable profit for 2020.

I remind you that these figures do not include the 10% additional penalty for the termination of this agreement and subject to arbitration in the amount of 52 million and which would be booked as earnings in 2022 if the resolution were favorable for MAPFRE.

Regarding ROE, as I have already mentioned, we have reached 9% in 2021, almost 3 percentage points higher than the previous year.

If we eliminate extraordinary items, Bankia’s profit and restructuring expenses, ROE in 2021 would amount to 8.3%, a very satisfactory figure given the context.

Iberia's ROE is of note, maintaining very solid profitability above 12%, as well as Brazil and LATAM South, at around 10%.

The combined ratio, both for the Group and the Insurance companies, grew in 2021 due to the increase in mobility and the recovery of economic activity. In the blue charts you can see the combined ratios for 2021 without considering the restructuring expenses, with Iberia with a ratio below 95% and the ratios of Group insurance companies, to the right of your screen, around 96%.

Here you can see the distribution of premiums by region and business unit.

The solid business growth in Iberia and the LATAM regions stands out. The drop in North America is due to the currency effect, while the decline in Eurasia comes mainly from Italy, where we have significantly reduced issuance in the dealer channel. Reinsurance business also grew steadily, in a favorable environment for rate increases, following several years of major catastrophe events.

Finally, Asistencia showed a reduction in premiums, as part of the restructuring of this unit.

In terms of earnings, Insurance contributed the lion's share of the result, with Iberia being the main contributor with more than 540 million euros. The recovery at MAPFRE RE is very relevant after several years complicated by catastrophic events and COVID-19 claims. Reinsurance earned 118 million euros compared to a reduced profit of 2 million in the previous year, and Global Risks also stood out with a profit of 34 million, double the previous year's earnings. It is great to see Asistencia return to profit. This result of one million euros represents a turning point for this unit, which is about to embark on a new, more integrated phase with the other insurance companies.

I would now like to comment briefly on the main balance sheet data. Total assets decreased by almost 8%, due to the exit of Bankia Vida, which contributed 7.67 billion in 2020. Excluding this effect, assets would have grown by almost 4%.

Shareholders' equity is similar to the figure at the beginning of the year. The components that decreased were dividends of 416 million, and unrealized capital gains on the available-for-sale investment portfolio, which fell by 478 million, due to the rise in interest rates.

On the positive side, in addition to the result for the period, currency conversion differences contributed 139 million to the growth in shareholders' equity. The strong appreciation of the dollar contributed 158 million, compared with the 40% depreciation of the Turkish lira, which reduced shareholders’ equity by 41 million.

Investments grew slightly to over 46 billion euros.

The largest part of the portfolio is fixed income and other similar assets, with 78% of the total.

The cash position stands out, with almost 2.9 billion, which also includes fixed-income investments with maturities of less than three months. The increase over the previous year is due to the collection of 571 million from the termination of the alliance with Bankia.

MAPFRE’s sovereign debt position is shown on the right. This is more than 22 billion euros, of which more than 12 billion is invested in Spanish public debt.

I would also like to highlight the very positive progress of our asset management business. Both mutual funds are up 19%, and now exceed 5.4 billion euros, and pension funds, with more than 6.4 billion under management and growth of almost 12%.

Here you can see the capital structure, very similar to that of previous periods, with a debt ratio of 24%.

And with respect to Solvency II, we are at a ratio of 206%, more than double the required capital. 87% of the capital elements are Tier 1, i.e., of the highest quality.

The ratio continues to be strong and stable: it is still at the MAPFRE target range, which is 200% with a margin of plus or minus 25 tolerance points.

Next, I will refer to the shareholding structure of MAPFRE, the stock market information of the share, and the dividend policy.

As of December 31, 2021, MAPFRE had 217,000 shareholders, owners of the 3.08 billion shares in circulation. Of these shares, MAPFRE held, at the end of the year, 30 million shares in the form of treasury stock, equivalent to 0.98% of the total capital.

Regarding the financial indicators, earnings per share were 25 cents, 8 cents above the previous year. The ratio of the price to the book value of the stock stood at 0.66, meaning that MAPFRE's market capitalization at the close of 2021 is equivalent to two-thirds of its shareholders' equity.

Finally, the P/E is slightly above seven, meaning that the market values MAPFRE at seven times its earnings this year.

As you know, MAPFRE's majority shareholder is Fundación MAPFRE, with 69.8% of equity. Of the rest, approximately 19% belong to institutional shareholders, mainly foreign shareholders, while private shareholders, which represent 11.3%, are held practically entirely by Spanish investors. Finally, the treasury stock is just below 1%.

I would now like to comment on the evolution of dividends. COVID-19 has not modified our commitment to our shareholders, based on a cash dividend and with a payout of more than 50%. In 2021, MAPFRE shareholders received 416 million euros, the same amount as in 2020.

If this Meeting approves the dividend charged to fiscal 2021 of 14.5 cents per share, we will be back to the pre-COVID dividend and on the path to a sustainable dividend.

I will end by briefly discussing the company's stock market performance.

2021 was a positive year for the MAPFRE share, with a 13% increase in value, far outperforming the IBEX 35 and close to the increase in value of the Eurostoxx Insurance. I would like to remind you that our shares produced a dividend yield of over 7% this year. Once again this year, one of the highest on the IBEX 35.

Unfortunately, the share price in 2022 is marked by increased geopolitical tensions, but we are certain that MAPFRE's stock market metrics show recognized room for improvement in the stock, which we should see when stability returns to the markets.

And that is all I have to say. Thank you very much for your attention and for your confidence in MAPFRE.