Spain-Based Mapfre S.A.'s Proposed Subordinated Tier 2 Notes Rated 'BBB+'

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PARIS (S&P Global Ratings) Nov. 4, 2026--S&P Global Ratings today assigned its 'BBB+' issue rating to the subordinated Tier 2 notes to be issued by Mapfre S.A. under its euro medium-term note program.

We rate the notes two notches below our long-term issuer credit rating on the nonoperating holding company Mapfre S.A. (A/Stable/--). We deduct:

- One notch to reflect the notes' subordination to Mapfre's senior creditors; and
- One notch to reflect the payment risk arising from the mandatory deferral of the interest payment feature.

The notes have a maturity of 15 years. In accordance with our hybrid capital criteria, we classify the notes as having intermediate equity content at issuance. For insurance companies, hybrid instruments with intermediate equity content may be included in our consolidated risk-based capital analysis--total adjusted capital--subject to regulatory eligibility, up to a maximum of 30% of capital. Once the remaining tenor falls below 10 years, after five years, the notes will no longer qualify as intermediate equity content. At that point, we would reclassify the notes as debt-funded capital in our model, until one year before final maturity, subject to regulatory eligibility, up to a maximum of 20% of capital.

The rating, treatment as intermediate equity content, and inclusion in total adjusted capital are subject to our receipt and review of the notes' final terms. The notes include a step-up feature after 10 years as the coupon rate starting at the second reset date, in November 2036, includes a subsequent margin that adds 100 basis points to the initial margin.

Mapfre intends to use the net proceeds to finance the Safety Insurance Group acquisition. Mapfre has the option to redeem the notes prior to the first call date in the case of a tax event, a capital disqualification event, a rating methodology event or a "clean-up" event.

Mapfre group's Solvency II ratio was 208.8% as of end-June 2026, substantially higher than the point of mandatory deferral, i.e., the breach of any regulatory capital requirement, notably 100% of the solvency capital requirement. We think that we adequately capture the payment risk associated with its hybrid instruments. We will monitor the group's solvency capital requirement coverage to assess whether it remains the case. An unexpected deterioration in the group's regulatory solvency position, or increased sensitivity to stress, if not accompanied by a change in the issuer credit rating, could lead us to widen the notching on the notes. We could increase the

notching between the issue rating and the issuer credit rating on Mapfre to reflect the heightened payment risk.

The proposed notes will have no material impact on our assessment of the group's funding structure, because we expect both financial leverage and fixed-charge coverage to remain well within our tolerance limits.

Related Criteria

- General Criteria: Hybrid Capital: Methodology And Assumptions, Oct. 13, 2025
- Criteria | Insurance | General: Insurer Risk-Based Capital Adequacy--Methodology And Assumptions, Nov. 15, 2023
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- Criteria | Insurance | General: Insurers Rating Methodology, July 1, 2019
- General Criteria: Group Rating Methodology, July 1, 2019
- General Criteria: Ratings Above The Sovereign--Corporate And Government Ratings: Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- Research Update: Mapfre Group Upgraded To 'AA-' On Stronger Capital And Improved Earnings; Outlook Stable, July 24, 2026
- Spain-Based Mapfre S.A.'s Proposed Subordinated Tier 2 Notes Rated 'BBB', June 1, 2026
- Industry Credit Outlook: Global Multiline Insurers' Earnings Are Almost As Good As It Gets, May 13, 2026
- Mapfre S.A., March 30, 2026
- Mapfre S.A.'s Proposed Senior Unsecured Notes Rated 'A-', Jan. 12, 2026

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at https://disclosure.spglobal.com/ratings/en/regulatory/ratings-criteria for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/504352. Complete ratings information is available to RatingsDirect subscribers at www.capitaliq.com. All ratings referenced herein can be found on S&P Global Ratings' public website at www.spglobal.com/ratings.

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