

MAPFRE, S.A.

And MAPFRE Asistencia Compania Internacional de Seguros Y Reaseguros, S.A.

Key Rating Drivers

Very Strong Business Profile: Fitch Ratings ranks MAPFRE Group's business profile as 'Most Favourable' compared with other Spanish insurance groups and scores its business profile at 'aa'. MAPFRE has very strong market positions in Spain, where it is a leader in the non-life segment, and in Latin America, particularly Brazil. MAPFRE's market share in Spain was 14% in non-life and 8.5% in life in 2021, and in Latin America 6.5% of non-life in 2020. This makes it the 11th-largest European and the fourth-largest Latin American insurer.

Very Strong Capital Adequacy: Fitch considers MAPFRE to be well-capitalised, based on a 'Strong' score from Fitch's Prism Factor-Based Capital Model (FBM). The group's regulatory Solvency II (S2) ratio was very strong at 206% at end-2021 (end-2020: 193%). Own funds backing the S2 ratio largely consist of unrestricted Tier 1 capital. The Prism FBM score and the S2 ratio exclude MAPFRE's goodwill of EUR1.5 billion at end-2021 from available capital.

Strong Financial Leverage: MAPFRE's financial leverage was stable at 24.2% at end-2021 (end-2020: 23.3%). We view MAPFRE's leverage as 'Strong', comparing well with similarly rated peers.

Strong, Resilient Profitability: MAPFRE's overall profitability remained strong in 2021 as reflected in the net result, excluding minorities, of EUR765 million equals a return on equity of 9.0% (2020: 6.1%). MAPFRE's target combined ratio (excluding relevant non-recurring and natural catastrophe events) is 94%-95% on average for 2022-2024.

MAPFRE's underwriting performance was resilient in 2021 and 3M22, however deteriorated compared with prior relevant periods. MAPFRE's combined ratio increased to 97.5% in 2021 and 98% in 1Q22 from 94.8% in 2020, mainly due to increases in mobility that affected motor line as well as inflationary pressures in motor and health lines, in particular in Brazil and Spain. MAPFRE responded with underwriting actions and tariff increases in the impacted areas, however it may be difficult to achieve a combined ratio of 94%-95% in 2022.

Sovereign Risk: MAPFRE's Insurer Financial Strength (IFS) rating takes into account the group's significant exposure to Spanish sovereign debt at 125% of total equity at end-2021 (end-2020: 130%). MAPFRE is also substantially exposed to the Spanish economy, as about 60% of its attributable result originates from Spain (A-/Stable). However, Fitch believes that MAPFRE's capital is resilient against potential stress from substantial exposure to Spanish sovereign debt.

Rating Sensitivities

Weaker Capitalisation, Sovereign Downgrade: MAPFRE's ratings could be downgraded if the group's capital position, as measured by the Prism FBM score, falls below 'Strong' or if Spain's sovereign rating is downgraded by two or more notches.

Improved Capitalisation and Profitability: The ratings could be upgraded if the group's capital position improves substantially, as measured by a Prism FBM score at the high end of 'Very Strong' range, and financial performance improves, as measured by a net income return on shareholders' equity of 10% or more, on a sustained basis.

Sovereign Upgrade: An upgrade of Spain's sovereign could lead to an upgrade of MAPFRE's ratings.

Ratings

MAPFRE, S.A.

Long-Term IDR	A-
Senior unsecured	BBB+
Subordinated	BBB-

MAPFRE Asistencia Compania Internacional de Seguros Y Reaseguros, S.A.

Insurer Financial Strength A+

Outlooks

Insurer Financial Strength	Stable
Long-Term IDR	Stable

Financial Data

MAPFRE, S.A. (consolidated)		
(EURm)	31 Dec 21	31 Dec 20
Total assets ^a	57,770	63,774
Total equity and reserves	9,667	9,838
Total gross written premiums	22,155	20,482
Net income ^b	1,036	821

^a Excluding reinsurance assets

^b Before minority interests

Source: Fitch Ratings, MAPFRE, S.A.

Applicable Criteria

[Insurance Rating Criteria \(July 2022\)](#)

Related Research

[Spanish Insurance Dashboard: 2022 Outlook \(January 2022\)](#)

[Spain \(February 2022\)](#)

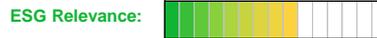
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Key Credit Factors – Scoring Summary

MAPFRE, S.A.



Insurance Ratings Navigator
EMEA Composite

Factor Levels	Operational Profile				Financial Profile					Other Factors & Criteria Elements (see below)	Insurer Financial Strength
	Industry Profile & Operating Environment	Company Profile	Capitalization & Leverage	Debt Service Capabilities and Financial Flexibility	Financial Performance & Earnings	Investment and Asset Risk	Asset/Liability & Liquidity Management	Reserve Adequacy	Reinsurance, Risk Mitigation & Catastrophe Risk		
aaa											AAA
aa+		↓									AA+
aa		↓	↓	↓					↓		AA
aa-	↓	↓	↓	↓	↓		↓		↓		AA-
a+	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	A+ Stable
a	↓				↓						A
a-					↓						A-
bbb+					↓						BBB+
bbb	↓										BBB
bbb-	↓										BBB-
bb+											BB+
bb											BB
bb-											BB-
b+											B+
b											B
b-											B-
ccc+											CCC+
ccc											CCC
ccc-											CCC-
cc											CC
c											C
d or rd											D or RD

Other Factors & Criteria Elements				
Provisional Insurer Financial Strength Rating				A+
Non-Insurance Attributes	Positive	Neutral	Negative	+0
Ownership / Group Support	Positive	Neutral	Negative	+0
Transfer & Convertibility / Country Ceiling	Yes	No	AA+	+0
Insurer Financial Strength Rating				Final: A+
IFS Recovery Assumption	Good			-1
Issuer Default Rating (IDR)				Final: n.a.

Bar Chart Legend	
Vertical Bars = Range of Rating Factor	
Bar Colours = Relative Importance	
█	Higher Influence
█	Moderate Influence
█	Lower Influence
Bar Arrows = Rating Factor Outlook	
↑	Positive
↓	Negative
↕	Evolving
□	Stable

Latest Developments

- In March 2022, MAPFRE announced the sale of its operations in Indonesia, which it had acquired in 2013. This reflects MAPFRE’s strategy of focusing on markets where it has scale and strategic advantages.
- In April 2022, MAPFRE issued EUR500 million Tier 3 bond and reduced the amount drawn under the syndicated credit facility, which forms part of the debt optimisation plan.
- In May 2022, Unicaja Banco terminated an agreement with MAPFRE on the distribution of life insurance and pension plans through the CCM Vida y Pensiones. MAPFRE is expected to receive EUR130 million as a result of the sale of its stake in CCM Vida y Pensiones.

Peer Comparison

Click [here](#) for a report that shows a comparative peer analysis of key credit factor scoring.

Industry Profile and Operating Environment (IPOE)

Click [here](#) for a link to a report that summarises the main factors driving the above IPOE score.

Company Profile

Company Profile Scoring Summary

	Assessment	Sub-Score/Impact
Business Profile Assessment	Most Favourable	aa
Corporate Governance Assessment	Moderate/Favourable	0 notches
Company Profile Factor Score		aa

Source: Fitch Ratings

Very Strong Business Profile

Fitch ranks MAPFRE's business profile as 'Most Favourable' compared with other Spanish insurance groups due to its most favourable competitive position and diversification, and its favourable business risk profile. Given this ranking, Fitch scores MAPFRE's business profile at 'aa' under its credit factor scoring guidelines.

With EUR22 billion of gross written premiums in 2021, MAPFRE has a strong franchise in Spain and Latin America. It is a market leader in Spain and has a strong presence in Latin America. In non-life and life insurance in Spain, MAPFRE's market shares are 14% and 8.5%, respectively. It has a 6.5% market share in Latin American non-life. This makes MAPFRE the 11th-largest European insurer and the fourth largest in Latin America. Both Spain and Latin America are core regions for MAPFRE and a profitable source of growth.

MAPFRE's business risk profile compares favourably with other European insurance groups. This is because MAPFRE matches its investments well with respect to the duration and currencies of its liabilities, the group's strong capital position and very strong liquidity, as well as life insurance premiums making up a fairly small share of MAPFRE's total premium income.

MAPFRE underwrites life, which, including savings, accounted for 17% of premiums in 2021. It also underwrites non-life business, which, excluding reinsurance, accounted for 61% of premiums in 2021. Most of its business is primary insurance, but MAPFRE also acts as a reinsurer through MAPFRE RE, Compania De Reaseguros, S.A., which contributes 21% of total premiums.

MAPFRE has multichannel distribution comprising its own branch network, agents, brokers and bancassurance agreements, and a wide geographical presence within Spain and Latin America. Non-life business is predominantly distributed through agents. Life business is distributed through agents and bancassurance partnerships (such as Bankinter, Banco Santander and Banco do Brasil). Digital distribution also has an important role in MAPFRE's multi-channel strategy.

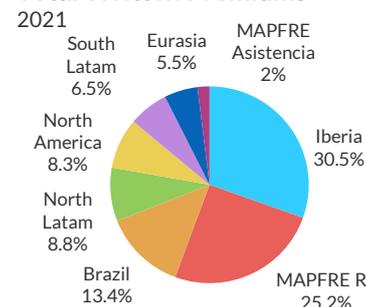
Outside Spain and Latin America, MAPFRE's international insurance operations are subsidiaries in North America and EMEA.

Ownership

MAPFRE, S.A., the holding company of the MAPFRE group, is listed on the Madrid and Barcelona stock exchanges. MAPFRE is a subsidiary of Cartera MAPFRE S.L. Sociedad Unipersonal, which is wholly controlled by Fundacion MAPFRE (FM). At end-2021, FM held 69.8% of MAPFRE's capital. The rest is a free float held by local and foreign shareholders. MAPFRE itself holds 1% of its shares as treasury stock.

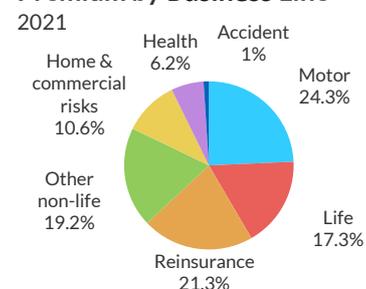
FM is a non-profit institution created by MAPFRE in 1975, the main purpose of which is to promote the well-being of society and citizens across the company's geographical footprint. FM works to drive economic, social and cultural improvements for society's most disadvantaged people and groups. Its operations focus on five areas – accident prevention and road safety, insurance and social protection, culture, social action and health promotion.

Total Written Premiums



Source: Fitch Ratings, MAPFRE annual report 2021, approximate split before corporate and consolidation adjustments

Premium by Business Line



Source: Fitch Ratings, MAPFRE annual report 2021, approximate split before corporate and consolidation adjustments

Capitalisation and Leverage

Very Strong Capitalisation and Leverage

Fitch regards capitalisation and leverage as 'Very Strong' and as having a high influence on MAPFRE's ratings.

Fitch believes MAPFRE is well capitalised, as reflected in the 'Strong' Prism FBM score. The group's regulatory solvency position is also very strong, as shown in the reported S2 ratio of 206% at end-2021 (end-2020: 193%). MAPFRE uses the standard formula calculation approach, with the exception of the longevity risk capital calculation for the Spanish life business, which is calculated using an internal model. The group uses transitional measures for technical provisions and for equity as well as the matching adjustment and volatility adjustment. Own funds backing the S2 ratio largely consist of unrestricted Tier 1 capital.

Fitch views MAPFRE's capital position as strong and supportive of its current ratings. The Prism FBM score and the S2 ratio exclude MAPFRE's goodwill of EUR1.5 billion at end-2021.

Capitalisation Adequacy



Source: Fitch Ratings

Financial Highlights

	2021	2020
Prism score	Strong	Very strong
Prism total AC currency	11,711	12,453
Prism AC/TC at Prism score (%)	127	101
Prism AC/TC at higher Prism score (%)	100	82

AC - Available capital. TC - Target capital
Note: Reported on an IFRS basis.

Source: Fitch Ratings, MAPFRE, S.A.

Financial Highlights

(EURm)	31 Dec 21	31 Dec 20
Total equity (including minorities)	9,667	9,838
Financial leverage (%)	24	23
Net leverage (x)	3.5	3.3
Net written premium/equity (non-life; x)	1.7	1.6
Total financing and commitments ratio (x)	0.6	0.5
Regulatory capital ratio (%)	206	193

Source: Fitch Ratings, MAPFRE, S.A.

MAPFRE's financial leverage was 24.1% at end-1Q22 (end-2021: 24.2%), which Fitch considers to be moderate and in line with MAPFRE's rating. It is also lower than those of its peers. MAPFRE issued EUR500 million Tier 3 bond in April 2022, while reducing the amount drawn under the syndicated credit facility.

Fitch Expectations

- We expect MAPFRE's capitalisation remain strong and stable in 2022, given its strong earnings generation and conservative risk management practices.
- We expect Prism to remain in the 'Strong' to 'Very Strong' range and financial leverage not to exceed 25% over the next 12-24 months.

Debt Service Capabilities and Financial Flexibility

Very Strong Debt Service Capabilities and Financial Flexibility

Fitch views debt service and financial flexibility as 'Very Strong' and as having a low influence on MAPFRE's ratings.

MAPFRE's fixed-charge coverage ratio remained very strong at 17x in 2021 (2020: 14x). The five-year average (2017-2021) is exceptionally strong at 17x.

Fitch considers MAPFRE's market access and diversity of funding to be strong. The group has a EUR1 billion syndicated loan facility, of which EUR655 million were drawn at end-1Q22, although MAPFRE reduced the use of the credit facility following the issue of EUR500 million in Tier 3 capital in April 2022. The group has proven its ability to access capital markets with three subordinated bond issues of EUR500 million (2018), EUR600 million (2017) and EUR500 million (2022) following a EUR1 billion senior bond issue in 2016.

MAPFRE's refinancing risk is low. The group's syndicated loan facility matures in 2025, senior bond in 2026 (of which MAPFRE bought back EUR142 million in 2021), and the subordinated bonds in 2030, 2047 and 2048, respectively.

Fitch Expectations

- We expect MAPFRE's fixed-charge coverage ratio to remain 'Very Strong' given its strong earnings and stable level of debt.

Financial Performance and Earnings

Resilient Financial Performance

Fitch regards MAPFRE's financial performance as 'Strong' and as having a high impact on the group's ratings.

MAPFRE's overall profitability remained strong in 2021. The group's 2021 net result, excluding minorities, of EUR765 million equals a return on equity of 9.0% (2020: 6.1%).

The company's underwriting performance was resilient in 2021 and 1Q22, but deteriorated from earlier periods. MAPFRE's combined ratio increased in 2021 to 97.5% 98% in 1Q22 from 94.8% in 2020, mainly due to increases in mobility that affected motor line as well as inflationary pressures in motor and health lines, in particular in Brazil and Spain. MAPFRE responded with underwriting actions and tariff increases in these areas, but there is a time lag between price increases and increase in the earned premiums. MAPFRE's target combined ratio (excluding relevant non-recurring and natural catastrophe events) is 94%-95% on average for 2022-2024.

Fitch believes the reporting volatility resulting from currency fluctuations in some of MAPFRE's main markets is manageable. In 2021, premiums in euros rose by 8%, but at constant exchange rates the increase would have been 11%.

Fitch Expectations

- Fitch believes MAPFRE will be able to deliver strong earnings in 2022 following a number of remediating actions it is taking across main lines of business and geographies.
- We believe its underwriting profitability will be resilient in 2022, although it may be difficult to achieve a combined ratio of 94%-95% in light of recent increases in claims costs amid recovered mobility levels and high inflation.

Financial Highlights

(x)	31 Dec 21	31 Dec 20
Fixed-charge coverage ratio (including realised and unrealised gains)	17	14

Source: Fitch Ratings, MAPFRE, S.A.

Debt Maturities

(As of 31 March 2022)	(EURm)
Short-term bank debt	314
2025	655
2026	866
2047	599
2048	509
Total	2,943

Source: Fitch Ratings, MAPFRE, S.A.

Financial Highlights

(%)	31 Dec 21	31 Dec 20
Net income ^a	765	527
Net income ^a return on assets	1.3	0.8
Net income ^a return on equity	9.0	6.1
Combined ratio (non-life) ^b	97.5	94.8
Loss ratio (non-life)	68.1	65.5

^a Excluding minority interests

^b Net earned premium basis

Source: Fitch Ratings, MAPFRE, S.A.

Investment and Asset Risk

Prudent Investment Strategy Offset by High Concentration

Fitch regards MAPFRE's investment and asset risk as 'Strong' and as having a moderate impact on the group's ratings. Our assessment of this factor is constrained by the group's significant exposure to Spanish sovereign debt at 125% of total equity at end-2021 (end-2020: 130%), which results in an 'A-' score cap being applied to this credit factor. However, Fitch believes that MAPFRE's capital is resilient against potential stress from substantial exposure to sovereign debt.

Fitch assesses MAPFRE's overall investment portfolio as well-balanced and prudent, with more than 95% of total investments in fixed income and cash allocated to investment-grade instruments. However, fixed-income assets have a high degree of concentration in Spanish sovereign debt, which accounted for about 52% of total government bonds at end-2021.

Most of MAPFRE's fixed-income and cash investments are allocated to 'A' or higher-rated instruments; however, 23% of the fixed-income portfolio was allocated to 'BBB' rated instruments at end-2021.

MAPFRE has continued to increase its exposure to equities, but this remains low at 5.1% of total equity, including minorities, at end-2021, according to Fitch's calculations (end-2020: 4.2%). We consider this to be prudent. The ratio of risky assets to shareholders' equity was 68% at end-2021, which Fitch considers as strong and supportive of the ratings.

Asset/Liability and Liquidity Management

Strong Liquidity and Asset/Liability and Liquidity Management

Fitch regards MAPFRE's asset/liability and liquidity management as 'Strong' and as having a low impact on the group's ratings. MAPFRE manages its exposure to interest-rate risk through close matching of the life assets and liabilities exposed to interest-rate fluctuations. At group level, asset and liability durations have little mismatch, protecting the company against fluctuations in interest rates.

Fitch considers MAPFRE's balance sheet as liquid and able to support its policyholder liabilities. The agency also considers the investment portfolio liquid as supportive of the rating with over 95% of its fixed-income and cash portfolio allocated to investment-grade, fixed-income instruments. Fitch believes these are likely to be readily tradeable.

MAPFRE has a favourable debt maturity profile – its EUR1 billion senior bond (the amount was reduced to EUR857 million in December 2021 through buyback) matures in 2026 and its three subordinated bonds (of EUR500 million, EUR600 million and EUR500 million) mature in 2030, 2047 and 2048, respectively. MAPFRE's holding company liquidity also has a syndicated loan facility of EUR1 billion, of which EUR621 million was drawn down at end-2021 (end-2020: EUR600 million), due in February 2025.

MAPFRE has some exposure to currency volatility. Its principal foreign-currency risk arises because its functional currency is the euro, whereas the currencies of a large part of its operations include the Brazilian real and US dollar.

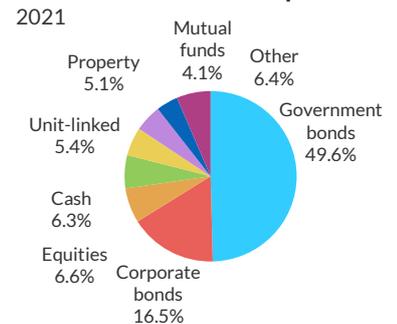
Reported premiums and earnings are exposed to exchange rates but capital and shareholders' equity are also exposed. MAPFRE closely matches its assets and liabilities by currency exposure, which, in Fitch's opinion, keeps the exchange-rate risks manageable. The group has translation risks because of its reporting currency, even though currency-mismatch risk is minimised in its operations.

Financial Highlights

(%)	31 Dec 21	31 Dec 20
Risky assets/capital (total)	68	54
(Unaffiliated shares and mutual funds/capital (total)	51	42
Non-investment-grade bonds/capital (total)	10	9
Sovereign investments/ capital ratio	125	130

Source: Fitch Ratings, MAPFRE, S.A.

Investment Portfolio Split



Source: Fitch Ratings, MAPFRE 2021 results presentation

Financial Highlights

(%)	31 Dec 21	31 Dec 20
Liquid assets/net technical reserves (non-life)	242	243
Liquid assets ratio (life)	107	107

Source: Fitch Ratings, MAPFRE, S.A.

Reserve Adequacy

Strong Reserve Adequacy

Fitch regards MAPFRE's reserve adequacy as 'Strong' and as having a moderate influence on the group's ratings.

MAPFRE uses generally accepted actuarial techniques for projecting ultimate losses and calculating reserves for claims incurred but not yet reported. MAPFRE's corporate actuarial area sets guidelines for reserves setting at the group's business unit level and monitors reserve adequacy for non-life business on a regular basis. MAPFRE's reserve adequacy is also subject to external independent actuarial reviews.

The Fitch-calculated reserves ratio (net technical reserves to net earned premiums) was 107% at end-2021, which views as adequate. We believe the ratio adequately reflects the group's high claims settlement speed and the short-tail nature of its non-life business. The vast majority of the outstanding provision is released a year after the event.

Financial Highlights

(%)	31 Dec 21	31 Dec 20
Net technical reserves/net earned premium	107	104
Net loss reserves/incurred losses (x)	0.8	0.8
Non-life loss reserves/equity	71	66

Source: Fitch Ratings, MAPFRE, S.A.

Reinsurance, Risk Mitigation and Catastrophe Management

Efficient Centralised Reinsurance Programme

Fitch views MAPFRE's reinsurance, risk management and catastrophe risk as 'Very Strong' and as having a moderate influence on the ratings.

MAPFRE RE provides the group with catastrophe risk management expertise and has a central procurement role in defining and arranging the group's outwards reinsurance programme, and monitoring and controlling catastrophe risk exposure across the group. MAPFRE RE acts as a reinsurer on 100% of the group's treaty reinsurance and also participates in facultative reinsurance placements, which local subsidiaries place individually.

MAPFRE RE also acts as a writer of external reinsurance business and is ranked 18th in the global reinsurance rankings. This exposes MAPFRE to natural catastrophe risks. However, the group has a strong record of withstanding natural catastrophe events, which reflects its effective reinsurance programme. The Spanish insurance industry also benefits from the presence of the Consorcio de Compensacion de Seguros (Insurance Compensation Consortium in Spain) – the Spanish government scheme set up to cover the costs of the direct damage from domestic natural hazards, and political and social risks, such as terrorism or riots.

Fitch views the credit quality of MAPFRE's reinsurance panel as strong with the main providers rated within the 'AAA', 'AA' and 'A' categories. MAPFRE's reinsurance buying philosophy favours placing contracts with traditional reinsurers with whom the company has developed a long-term relationship.

Fitch Expectations

- We expect MAPFRE RE to continue playing a central role in arranging the group's reinsurance protection. Fitch expect the group to maintain conservative reinsurance programme.

Financial Highlights

(%)	31 Dec 21	31 Dec 20
Reinsurance recoverables/capital	52	49
Net written premiums/gross written premiums	76	79
Reinsurers' share of earned premiums	22	23

Source: Fitch Ratings, MAPFRE, S.A.

Appendix A: Other Ratings Considerations

Below is a summary of additional ratings considerations that are part of Fitch’s ratings criteria.

Group IFS Rating Approach

MAPFRE is rated on a consolidated group approach. MAPFRE Asistencia Compania Internacional de Seguros Y Reaseguros, S.A. is considered ‘Core’ as it is material in size and supports the group’s strategic objectives. As a result, MAPFRE Asistencia’s rating has been aligned with Fitch’s view of the financial strength of the group as a whole.

Complete Ratings List

Entity	Rating type	Rating
MAPFRE, S.A.	Long-Term IDR	A-/Stable
Senior unsecured		
EUR1bn, 1.625%, maturity 19 May 2026 (ES0224244071)	Long-Term	BBB+
Subordinated debt		
EUR600m, 4.375%, maturity 31 March 2047 (ES0224244089)	Long-Term	BBB-
EUR500m, 4.125%, maturity 7 September 2048 (ES0224244097)	Long-Term	BBB-
EUR500m, 2.875%, maturity 13 April 2030 (ES0224244105)	Long-Term	BBB-
MAPFRE Asistencia Compania Internacional de Seguros y Reaseguros, S.A.	IFS	A+/Stable

Source: Fitch Ratings, MAPFRE, S.A.

Notching

For notching purposes, Fitch assesses the regulatory environment of Spain as being ‘Effective’ and classified as following a Group Solvency approach.

Notching Summary

IFS Ratings

A baseline recovery assumption of ‘Good’ applies to the IFS rating, and standard notching was used from the IFS ‘anchor’ rating to the implied operating company IDR.

Operating Company Debt

Not applicable.

Holding Company IDR

Notching between the implied insurance operating company and holding company IDRs is expanded by one notch relative to standard notching for a group solvency regulatory environment due to foreign earnings and/or capital being greater than 30% of consolidated group totals.

Holding Company Debt

A baseline recovery assumption of ‘Below Average’ was applied to senior unsecured debt issued by MAPFRE, S.A. Standard notching relative to the IDR was used.

Hybrids

For the EUR600 million Tier 2 subordinated bond issued by MAPFRE, S.A. in March 2017, a baseline recovery assumption of ‘Poor’ and a non-performance risk assessment of ‘Moderate’ were used. Notching of three notches was applied relative to the IDR, based on two for recovery and one for nonperformance risk.

For the EUR500 million Tier 2 subordinated bond issued by MAPFRE, S.A. in September 2018, a baseline recovery assumption of ‘Poor’ and a non-performance risk assessment of ‘Moderate’ were used. Notching of three notches was applied relative to the IDR, based on two for recovery and one for nonperformance risk.

For the EUR500 million Tier 3 subordinated bond issued by MAPFRE S.A. In April 2022, a baseline recovery assumption of ‘Poor’ and a non-performance risk assessment of ‘Moderate’ were used. Notching of three notches was applied relative to the IDR, based on two for recovery and one for non-performance risk.

IFS – Insurer Financial Strength. IDR – Issuer Default Rating
Source: Fitch Ratings

Short-Term Ratings

Not applicable.

Hybrid – Equity/Debt Treatment

Hybrids Treatment

Hybrid	Amount	CAR Fitch (%)	CAR Reg. Override (%)	FLR Debt (%)
MAPFRE, S.A.				
ES0224244089	600	0	100	100
ES0224244097	500	0	100	100
ES0224244105	500	0	100	100

CAR – Capitalisation ratio. FLR – Financial leverage ratio.
 For CAR, % shows portion of hybrid value included as available capital, both before (Fitch %) and the regulatory override.
 For FLR, % shows portion of hybrid value included as debt in numerator of leverage ratio.
 Source: Fitch Ratings

Transfer and Convertibility Risk (Country Ceiling)

None.

Criteria Variations

None.

Appendix B: Environmental, Social and Governance Considerations

Credit-Relevant ESG Derivation

			Overall ESG Scale		
<p>MAPFRE, S.A. has 7 ESG potential rating drivers</p> <ul style="list-style-type: none"> MAPFRE, S.A. has exposure to underwriting/reserving exposed to environmental and natural catastrophe risks; impact of catastrophes on own operations or asset quality; credit concentrations but this has very low impact on the rating. MAPFRE, S.A. has exposure to compliance risk; treating customers fairly; pricing transparency; privacy/data security; legal/regulatory fines; exposure to insured and own cyber risk but this has very low impact on the rating. MAPFRE, S.A. has exposure to social responsibility and its effect on brand strength; increased vulnerability due to credit concentrations but this has very low impact on the rating. Governance is minimally relevant to the rating and is not currently a driver. 	key driver	0	issues	5	
	driver	0	issues	4	
	potential driver	7	issues	3	
		2	issues	2	
	not a rating driver	5	issues	1	

Environmental (E)

General Issues	E Score	Sector-Specific Issues	Reference	E Scale
GHG Emissions & Air Quality	1	n.a.	n.a.	5
Energy Management	1	n.a.	n.a.	4
Water & Wastewater Management	1	n.a.	n.a.	3
Waste & Hazardous Materials Management, Ecological Impacts	2	Underwriting/reserving exposed to asbestos/hazardous materials risks	Capitalization & Leverage; Financial Performance & Earnings; Reserve Adequacy; Reinsurance, Risk Mitigation & Catastrophe Risk	2
Exposure to Environmental Impacts	3	Underwriting/reserving exposed to environmental and natural catastrophe risks; impact of catastrophes on own operations or asset quality; credit concentrations	Capitalization & Leverage; Financial Performance & Earnings; Reserve Adequacy; Reinsurance, Risk Mitigation & Catastrophe Risk; Investment & Asset Risk	1

Social (S)

General Issues	S Score	Sector-Specific Issues	Reference	S Scale
Human Rights, Community Relations, Access & Affordability	1	n.a.	n.a.	5
Customer Welfare - Fair Messaging, Privacy & Data Security	3	Compliance risk; treating customers fairly; pricing transparency; privacy/data security; legal/regulatory fines; exposure to insured and own cyber risk	Industry Profile & Operating Environment; Company Profile; Reserve Adequacy	4
Labor Relations & Practices	2	Impact of labor negotiations, including board/employee compensation and composition	Company Profile	3
Employee Wellbeing	1	n.a.	n.a.	2
Exposure to Social Impacts	3	Social responsibility and its effect on brand strength; increased vulnerability due to credit concentrations	Company Profile; Investment & Asset Risk; Financial Performance & Earnings; Reinsurance, Risk Mitigation & Catastrophe Risk	1

Governance (G)

General Issues	G Score	Sector-Specific Issues	Reference	G Scale
Management Strategy	3	Operational implementation of strategy	Company Profile	5
Governance Structure	3	Board independence and effectiveness; ownership concentration; protection of creditor/stakeholder rights; legal/compliance risks; business continuity; key person risk; related party transactions	Company Profile	4
Group Structure	3	Organizational structure; appropriateness relative to business model; opacity; intra-group dynamics; ownership	Company Profile; Ownership	3
Financial Transparency	3	Quality and timing of financial reporting and auditing processes	Company Profile	2
				1

How to Read This Page

ESG scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant and green (1) is least relevant.

The Environmental (E), Social (S) and Governance (G) tables break out the individual components of the scale. The right-hand box shows the aggregate E, S, or G score. General Issues are relevant across all markets with Sector-Specific Issues unique to a particular industry group. Scores are assigned to each sector-specific issue. These scores signify the credit-relevance of the sector-specific issues to the issuing entity's overall credit rating. The Reference box highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis.

The Credit-Relevant ESG Derivation table shows the overall ESG score. This score signifies the credit relevance of combined E, S and G issues to the entity's credit rating. The three columns to the left of the overall ESG score summarize the issuing entity's sub-component ESG scores. The box on the far left identifies some of the main ESG issues that are drivers or potential drivers of the issuing entity's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the score.

Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI) and the Sustainability Accounting Standards Board (SASB).

Sector references in the scale definitions below refer to Sector as displayed in the Sector Details box on page 1 of the navigator.

CREDIT-RELEVANT ESG SCALE	
How relevant are E, S and G issues to the overall credit rating?	
5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator.
3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator.
2	Irrelevant to the entity rating but relevant to the sector.
1	Irrelevant to the entity rating and irrelevant to the sector.

ESG Considerations

Unless otherwise disclosed in this section, the highest level of ESG credit relevance is a score of '3' – ESG issues are credit neutral or have only a minimal impact on the entity, either due to their nature or the way in which they are being managed by the entity.

For more information on our ESG Relevance Scores, visit www.fitchratings.com/esg.

The ratings above were solicited and assigned or maintained at the request of the rated entity/issuer or a related third party. Any exceptions follow below.

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