

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

JUNE 30, 2023

MAPFRE S.A.

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A) CONSOLIDATED BALANCE SHEET AS ON JUNE 30, 2023 AND DECEMBER 31, 2022

ASSETS	NOTES	June 30, 2023	December 31, 2022 (*)
A) INTANGIBLE ASSETS		2,791.0	2,789.5
I. Goodwill		1,435.9	1,445.6
II. Other intangible assets		1,355.1	1,343.9
B) PROPERTY, PLANT AND EQUIPMENT		1,285.1	1,302.5
I. Real estate for own use		1,070.9	1,085.4
II. Other property, plant and equipment		214.2	217.1
C) INVESTMENTS		39,226.2	37,626.3
I. Real estate investments		961.6	980.8
II. Financial investments		—	—
1. Fair value with changes through P&L	5.1	14,148.1	13,058.3
2. Fair value with changes through OCI	5.1	20,922.6	20,303.2
3. Amortised cost	5.1	1,189.6	1,266.9
III. Investments accounted for using the equity method		959.0	886.7
V. Other investments		1,045.3	1,130.4
D) INSURANCE CONTRACT ASSETS		0.8	6.1
I. Measurement under BBA for Assets for remaining coverage		0.8	6.1
II. Measurement under BBA for Assets for incurred claims		—	—
E) CEDED REINSURANCE CONTRACT ASSETS		5,688.8	5,666.7
I. Measurement under BBA for Assets for remaining coverage		—	—
II. Measurement under BBA for Assets for incurred claims	6	3.7	3.5
III. Measurement under PAA for Assets for remaining coverage	6	1,296.3	1,329.1
IV. Measurement under PAA for Assets for incurred claims	6	4,388.8	4,334.1
F) INVENTORIES		54.3	53.4
G) DEFERRED TAX ASSETS		495.5	591.4
H) RECEIVABLES		1,409.2	1,193.8
I. Tax credits		—	—
1. Tax credits on profits		195.0	306.5
2. Other tax credits		158.8	141.0
II. Corporate and other receivables		1,055.4	746.3
I) CASH		1,986.6	2,574.6
J) ACCRUAL ADJUSTMENTS		263.0	228.0
K) OTHER ASSETS		107.9	115.9
L) NON-CURRENT ASSETS HELD FOR SALE AND FROM DISCONTINUED OPERATIONS	5.2	58.0	49.1
TOTAL ASSETS		53,366.4	52,197.3

Figures in millions of euros

(*) Restated figures

A) CONSOLIDATED BALANCE SHEET AS ON JUNE 30, 2023 AND DECEMBER 31, 2022

EQUITY AND LIABILITIES		NOTES	June 30, 2023	December 31, 2022 (*)
A) EQUITY			9,314.0	8,869.7
I.	Paid-up capital	7	308.0	308.0
II.	Share premium		1,506.7	1,506.7
III.	Reserves		7,962.7	7,986.4
IV.	Interim dividend		—	(184.8)
V.	Treasury stock	7	(34.4)	(41.4)
VI.	Result for the period attributable to controlling company		300.2	563.6
VII.	Other equity instruments		—	0.3
VIII.	Valuation change adjustments		(572.5)	(923.4)
IX.	Currency conversion differences		(1,286.7)	(1,418.3)
	Equity attributable to the controlling company's shareholders		8,184.0	7,797.1
	Non-controlling interests		1,130.0	1,072.6
B) SUBORDINATED LIABILITIES			1,617.5	1,627.0
C) INSURANCE CONTRACT LIABILITIES			37,018.0	35,564.7
I.	Measurement under BBA for Liabilities for remaining coverage	6	10,014.8	9,000.6
II.	Measurement under BBA for Liabilities for incurred claims	6	332.8	323.7
III.	Measurement under VFA for Liabilities for remaining coverage	6	8,600.1	8,535.0
IV.	Measurement under VFA for Liabilities for incurred claims	6	171.1	182.6
V.	Measurement under PAA for Liabilities for remaining coverage	6	5,525.1	5,539.6
VI.	Measurement under PAA for Liabilities for incurred claims	6	12,374.1	11,983.2
D) CEDED REINSURANCE CONTRACT LIABILITIES			14.8	14.5
I.	Measurement under BBA for Liabilities for remaining coverage		14.8	14.5
II.	Measurement under BBA for Liabilities for incurred claims		—	—
E) PROVISIONS FOR RISKS AND EXPENSES			493.8	522.2
F) DEFERRED TAX LIABILITIES			329.5	324.8
G) DEBTS			4,454.7	5,161.0
I.	Issue of debentures and other trading securities		856.8	863.5
II.	Due to credit institutions	8	504.9	444.2
III.	Other financial liabilities	5.4	1,185.6	2,047.0
V.	Tax liabilities		—	—
	1. Tax liabilities on profits		203.5	153.3
	2. Other tax liabilities		302.3	288.0
VI.	Other debts		1,401.6	1,365.0
H) ACCRUAL ADJUSTMENTS			120.2	101.7
I) LIABILITIES LINKED TO NON-CURRENT ASSETS HELD FOR SALE AND FROM DISCONTINUED OPERATIONS		5.2	3.9	11.7
TOTAL EQUITY AND LIABILITIES			53,366.4	52,197.3

Figures in millions of euros

(*) Restated figures

B) GLOBAL CONSOLIDATED INCOME STATEMENT FOR HALF-YEARS ENDED JUNE 30, 2023 AND 2022

B.1) CONSOLIDATED INCOME STATEMENT

ITEM	NOTES	2023	2022 (*)
I. INSURANCE REVENUE (+)		11,992.8	10,960.2
1 Release of liability for remaining coverage	6	11,890.5	10,888.3
2 Release of insurance acquisition cash flows allocated to the period	6	102.3	71.9
II. INSURANCE SERVICE EXPENSE (-)		(10,521.7)	(10,132.3)
1 Incurred claims and other insurance service expenses	6	(7,840.0)	(7,957.5)
2 Acquisition costs	6	(2,596.0)	(2,327.9)
3 Losses on onerous contract groups and reversals of those losses	6	(28.6)	(69.4)
4 Changes in liability for incurred claims	6	(57.1)	222.5
RESULT FROM INSURANCE SERVICE (A)		1,471.1	827.9
III. REINSURANCE REVENUE (+)	6	1,212.4	1,390.6
IV. REINSURANCE SERVICE EXPENSE (-)	6	(2,166.2)	(1,975.3)
RESULT FROM REINSURANCE SERVICE (B)		(953.8)	(584.7)
RESULT FROM REINSURANCE AND INSURANCE SERVICE (A)+(B)		517.3	243.2
V. INSURANCE AND REINSURANCE SERVICE FINANCE REVENUE/EXPENSE			—
1 Insurance/Reinsurance finance revenue (+)		600.3	1,087.5
2 Insurance/Reinsurance finance expense (-)		(926.6)	(927.7)
FINANCIAL RESULT FROM INSURANCE AND REINSURANCE CONTRACTS (C)		(326.3)	159.8
VI. FINANCE REVENUE/EXPENSE NOT RELATED TO INSURANCE SERVICE			—
1 Finance revenue not related to insurance service (+)		959.1	491.3
2 Finance expense not related to insurance service (-)		(263.8)	(254.4)
3 Result from equity-accounted companies			
a) Share in profits from equity-accounted companies		8.1	6.7
b) Share in losses from equity-accounted companies		(0.2)	(0.8)
4 Reversal of financial asset impairment provision (+)		16.6	10.3
5 Allowance to the financial asset impairment provision (-)	9	(20.8)	(11.0)
FINANCIAL RESULT NOT RELATED TO INSURANCE SERVICE (D)		699.0	242.1
FINANCIAL RESULT (C)+(D)		372.6	401.9
VII. OTHER INSURANCE REVENUE/EXPENSE			—
1 Other non-technical revenue (+)		28.9	42.3
2 Other non-technical expenses (-)		(92.5)	(84.8)
3 Positive exchange differences (+)		878.0	831.2
4 Negative exchange differences (-)		(846.5)	(796.4)
RESULT FROM OTHER INSURANCE REVENUE/EXPENSE (E)		(32.1)	(7.7)
VIII. OTHER ACTIVITIES			—
1 Operating revenue (+)		329.3	260.3
2 Operating expenses (-)		(363.1)	(274.7)
3 Revenue from fixed assets and investments (+)		13.2	13.8
4 Expense from fixed assets and investments (-)		(5.0)	(3.0)
5 Net financial income (+)		(20.4)	(33.9)
7 Result from equity-accounted companies			
a) Share in profits from equity-accounted companies		6.5	9.5
b) Share in losses from equity-accounted companies		(12.0)	(0.8)
10 Reversal of asset impairment provision (+)		—	1.5
11 Allowance to the asset impairment provision (-)		(6.6)	(2.5)
12 Result from disposal of non-current assets held for sale, not included in discontinued activities	9	0.1	18.0
RESULT FROM OTHER ACTIVITIES		(58.0)	(11.8)
IX. RESULT FROM RESTATEMENT OF FINANCIAL STATEMENTS		(36.3)	(27.5)
X. RESULT BEFORE TAX FROM ONGOING OPERATIONS		763.6	598.1
XI. TAX ON PROFIT FROM ONGOING OPERATIONS		(196.7)	(133.1)
XII. RESULT AFTER TAX FROM ONGOING OPERATIONS		566.9	465.0
XIII. RESULT AFTER TAX FROM DISCONTINUED OPERATIONS		—	—
XIV. RESULT FOR THE PERIOD		566.9	465.0
1 Attributable to non-controlling interests		266.7	158.4
2 Attributable to the controlling company		300.2	306.6

Figures in millions of euros

(*) Restated figures

EARNINGS PER SHARE (euros)	NOTES	2023	2022
Basic		0.1	0.1
Diluted		0.1	0.1

B.2) CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

ITEM	NOTES	2023	2022 (*)
A) CONSOLIDATED RESULT FOR THE YEAR		566.9	465.0
B) OTHER COMPREHENSIVE INCOME - HEADINGS NOT RECLASSIFIED TO RESULTS		31.4	—
C) OTHER COMPREHENSIVE INCOME - HEADINGS THAT CAN BE SUBSEQUENTLY RECLASSIFIED TO RESULTS		390.2	(345.5)
1. Financial assets at fair value with changes through OCI			
a) Valuation gains (losses)		393.8	(3,050.4)
b) Amounts transferred to P&L		—	(23.5)
c) Other reclassifications		(16.8)	0.5
2. Currency conversion differences			
a) Valuation gains (losses)		159.9	545.3
b) Amounts transferred to P&L		—	—
c) Other reclassifications		—	0.8
3. Insurance/Reinsurance contracts			
a) Valuation gains (losses)		(73.1)	1,894.0
b) Amounts transferred to P&L		—	—
c) Other reclassifications		(1.2)	—
4. Equity-accounted entities			
a) Valuation gains (losses)		7.8	16.4
b) Amounts transferred to P&L		—	—
c) Other reclassifications		—	—
5. Other recognized revenue and expenses		0.4	1.3
6. Tax on profits		(80.6)	270.1
TOTAL COMPREHENSIVE INCOME FOR THE YEAR (A+B+C)		988.5	119.5
1. Attributable to the controlling company		672.9	(86.6)
2. Attributable to non-controlling interests		315.6	206.1

Figures in millions of euros

(*) Restated figures

C) CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS ON JUNE 30, 2023 AND 2022

ITEM	NOTES	EQUITY ATTRIBUTABLE TO THE CONTROLLING COMPANY										NON-CONTROLLING INTERESTS	TOTAL EQUITY		
		SHARE CAPITAL	SHARE PREMIUM	RESERVES	INTERIM DIVIDEND	TREASURY STOCK	RESULT ATTRIBUTABLE TO CONTROLLING COMPANY	OTHER EQUITY INSTRUMENTS	VALUATION CHANGE ADJUSTMENTS	CURRENCY CONVERSION DIFFERENCES					
OPENING BALANCE AS ON JANUARY 1, 2022													1,203.0	9,666.6	
1	Changes in accounting policies	—	—	595.7	—	—	—	—	—	—	—	—	—	(27.1)	(243.0)
2	Correction of errors	—	—	—	—	—	—	—	—	—	—	—	—	—	—
ADJUSTED OPENING BALANCE													1,175.9	9,423.6	
I. TOTAL COMPREHENSIVE REVENUE (EXPENSES)													206.1	119.4	
II. TRANSACTIONS WITH THE CONTROLLING COMPANY'S SHAREHOLDERS AND NON-CONTROLLING INTERESTS													(79.8)	(332.2)	
1	Capital increases (decreases)	—	—	—	—	—	—	—	—	—	—	—	—	14.1	14.1
2	Dividend distribution	—	—	(261.7)	—	—	—	—	—	—	—	—	—	(102.6)	(364.3)
3	Increases (decreases) from business combinations	—	—	—	—	—	—	—	—	—	—	—	—	8.3	8.3
4	Transactions with treasury stock	—	—	(1.5)	—	10.6	—	—	—	—	—	—	—	—	9.3
5	Other transactions with the controlling company's shareholders and non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	—	0.4	0.4
III. OTHER VARIATIONS IN EQUITY													(4.5)	(14.6)	
1	Transfers between equity items	—	—	580.4	184.8	—	—	—	—	—	—	—	—	—	—
2	Other variations	—	—	(10.1)	—	—	—	—	—	—	—	—	—	(4.5)	(14.6)
CLOSING BALANCE AS ON JUNE 30, 2022													1,297.7	9,196.2	

Figures in millions of euros

ITEM	NOTES	EQUITY ATTRIBUTABLE TO THE CONTROLLING COMPANY SHAREHOLDERS' EQUITY										TOTAL EQUITY
		SHARE CAPITAL	SHARE PREMIUM	RESERVES	INTERIM DIVIDEND	TREASURY STOCK	RESULT ATTRIBUTABLE TO CONTROLLING COMPANY	OTHER EQUITY INSTRUMENTS	VALUATION CHANGE ADJUSTMENTS	CURRENCY CONVERSION DIFFERENCE	NON-CONTROLLING INTERESTS	
OPENING BALANCE AS ON JANUARY 1, 2023		308.0	1,506.7	7,986.4	(184.8)	(41.4)	563.6	0.3	(923.4)	(1,418.3)	1,072.6	8,869.7
1 Changes in accounting policies	2.3	—	—	(145.0)	—	—	—	—	141.2	—	—	(3.8)
2 Correction of errors		—	—	—	—	—	—	—	—	—	—	—
ADJUSTED OPENING BALANCE		308.0	1,506.7	7,841.4	(184.8)	(41.4)	563.6	0.3	(782.2)	(1,418.3)	1,072.6	8,865.9
I. TOTAL COMPREHENSIVE REVENUE (EXPENSES)		—	—	31.4	—	—	300.2	—	209.7	131.6	315.5	988.4
II. TRANSACTIONS WITH THE CONTROLLING COMPANY'S SHAREHOLDERS AND NON-CONTROLLING INTERESTS		—	—	(262.6)	—	7.0	—	(0.3)	—	—	(257.9)	(513.8)
1 Capital increases (decreases)		—	—	—	—	—	—	—	—	—	0.8	0.8
2 Dividend distribution		—	—	(261.9)	—	—	—	—	—	—	(258.2)	(520.1)
3 Increases (decreases) from business combinations		—	—	—	—	—	—	—	—	—	—	—
4 Transactions with treasury stock	7	—	—	(0.7)	—	7.0	—	(0.3)	—	—	—	6.0
5 Other transactions with the controlling company's shareholders and non-controlling interests		—	—	—	—	—	—	—	—	—	(0.5)	(0.5)
III. OTHER VARIATIONS IN EQUITY		—	—	352.5	184.8	—	(563.6)	—	—	—	(0.2)	(26.5)
1 Transfers between equity items		—	—	378.8	184.8	—	(563.6)	—	—	—	—	—
2 Other variations		—	—	(26.3)	—	—	—	—	—	—	(0.2)	(26.5)
CLOSING BALANCE AS ON JUNE 30, 2023		308.0	1,506.7	7,962.7	—	(34.4)	300.2	—	(572.5)	(1,286.7)	1,130.0	9,314.0

Figures in millions of euros

D) CONSOLIDATED CASH FLOW STATEMENT FOR THE HALF-YEARS ENDED JUNE 30, 2023 AND 2022

ITEM	NOTES	2023	2022 (*)
1. Insurance activity:			
Cash received from insurance activity		14,060.0	13,220.1
Cash paid from insurance activity		(13,086.5)	(13,072.6)
2. Other operating activity:			
Cash received from other operating activity		313.3	319.6
Cash payments from other operating activity		(441.8)	(482.3)
3. Income tax received (paid)		(199.4)	(119.0)
NET CASH FLOWS FROM OPERATING ACTIVITY		645.6	(134.2)
1. Investment activity collections:			
Property, plant and equipment		4.3	13.2
Real estate investments		49.4	122.5
Intangible fixed assets		0.1	6.3
Financial instruments		7,088.5	11,615.0
Shareholdings		1,325.3	959.0
Controlled companies and other business units		2.4	4.9
Interest collected		245.6	298.7
Dividends collected		32.2	45.5
Other proceeds related to investment activity		20.1	34.4
2. Investment activity payments:			
Property, plant and equipment		(24.7)	(31.6)
Real estate investments		(12.5)	(29.8)
Intangible fixed assets		(53.8)	(69.8)
Financial instruments		(8,221.0)	(11,668.7)
Shareholdings		(884.2)	(1,107.3)
Controlled companies and other business units		(173.2)	—
Other payments related to investment activity		(12.3)	(46.0)
NET CASH FLOWS FROM INVESTMENT ACTIVITY		(613.8)	146.3
1. Financing activity collections:			
Subordinated liabilities		—	500.0
Equity instrument issue and capital increase collections		—	36.2
Sale of treasury stock		6.2	9.0
Other financing activity collections		310.2	183.4
2. Financing activity payments:			
Dividends paid to shareholders		(518.3)	(345.5)
Interest paid		(67.7)	(54.8)
Subordinated liabilities		—	—
Payments for return of shareholder contributions		—	—
Purchase of treasury stock		—	—
Other finance activity payments		(319.9)	(758.2)
NET CASH FLOW FROM FINANCING ACTIVITY		(589.5)	(429.9)
Conversion differences in cash flow and cash balances		(30.3)	59.6
NET INCREASE (DECREASE) IN CASH FLOW		(588.0)	(358.2)
OPENING CASH BALANCE		2,574.6	2,887.6
CLOSING CASH BALANCE		1,986.6	2,529.4

Figures in millions of euros

(*) Restated figures

E) NOTES ON THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. GENERAL INFORMATION REGARDING THE COMPANY AND ITS ACTIVITIES

MAPFRE S.A. (hereinafter the “controlling company”) is a listed company, parent of a number of companies engaged in insurance in its various lines of business, both Life and Non-Life, finance, real estate investment and services.

MAPFRE S.A. is a subsidiary of CARTERA MAPFRE, S.L., Single-Member Company (hereinafter CARTERA MAPFRE), which is 100 percent controlled by Fundación MAPFRE.

The scope of activity of the controlling company and its subsidiaries (hereinafter “MAPFRE”, “the Group” or “MAPFRE Group”) includes the Spanish territory, European Economic Area countries, and other countries.

The controlling company was incorporated in Spain and has its registered office in Majadahonda (Madrid), Carretera de Pozuelo, 52.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

2.1. BASIS OF PRESENTATION

The condensed consolidated interim financial statements for the half-year ended June 30, 2023 (hereinafter “interim financial statements”) were prepared in accordance with the International Accounting Standard EU-IAS 34 on interim financial information. The aforementioned interim financial statements do not include all the information that would be required for complete consolidated annual reports prepared in accordance with the International Financial Reporting Standards adopted by the European Union (EU-IFRS), so the attached interim financial statements should be read together with the consolidated annual accounts for the Group for the financial year ended on December 31, 2022.

The figures presented in the interim financial statements have been rounded for the ease of reporting. Therefore, the totals of the rows or columns may not coincide with the arithmetic sums of the amounts included therein.

The interim financial statements were approved by the Board of Directors at their meeting on July 27, 2023.

2.2. COMPARABILITY OF INFORMATION

In 2023 the Group has applied the standards EU-IFRS 17 regarding Insurance Contracts and EU-IFRS 9 regarding Financial Instruments. Said standards replace EU-IFRS 4 and EU-IAS 39, respectively. The information related to insurance contracts contained in the financial statements attached herein as well as in the annual accounts from December 31, 2022 and the Notes from June 30, 2022 have been restated, exclusively for the purpose of comparison.

MAPFRE Group, in line with EU-IFRS 17 and EU-IFRS 9 in their initial joint application, has decided to adapt, for the purpose of comparison, EU-IFRS 9 classification and measurement criteria to those financial assets strictly related to insurance contracts. This approach, which is called “classification overlay,” permits not applying impairment requirements to the comparative information, and is what the Group has followed.

2.3. ACCOUNTING POLICIES

No significant errors have been detected in the consolidated accounts from previous years.

The accounting methods and policies applied in the preparation of the consolidated interim financial statements for the period are the same as those applied in the preparation of the most recent approved consolidated annual accounts corresponding to 2022, with the exception, fundamentally, of the information indicated in the previous section regarding EU-IFRS 17 regarding Insurance Contracts and EU-IFRS 9 regarding Financial Instruments.

Note 2.5. “Comparability of Information” of the consolidated annual accounts to December 31, 2022 indicates the main valuation standards for insurance contracts according to EU-IFRS 17 and for financial instruments according to EU-IFRS 9.

The main implications resulting from the application of the previously mentioned standards are as follows:

EU-IFRS 17:

- a. Insurance and reinsurance contracts are divided into homogenous groups for initial recognition and measurement.
- b. For the general approach (BBA) and the Variable Fee Approach (VFA), groups of insurance contracts are recognized and measured as the accumulated value of:

- i. The present value of future cash flows, including the risk adjustment (fulfillment cash flows), according to all information available consistent with observable market data.
 - ii. The unearned profit in the group of contracts (contractual service margin), which is released using the metric best suited for each product typology, reflecting the insurance service provision.
- c. Profit from a group of insurance contracts is recognized throughout the duration of the period in which insurance contract services are provided, and as risk is released. If a group of contracts produces losses, said losses are recognized immediately.
 - d. The risk adjustment has been estimated using a percentile methodological approach based on the Value at Risk (VaR) calculations of the obligations associated with the Life and Non-Life business, using the Solvency II calibration.
 - e. Where there are embedded derivatives, they are separated from the insurance contract and measured under EU-IFRS 9, and goods and services are measured under EU-IFRS 15. Insurance revenue and insurance service expenses exclude any investment component, understanding as such the amounts that an insurance contract requires be reimbursed to the policyholder if an insured event does not occur.
 - f. The financial statements separate revenue from ordinary insurance activity, insurance service expenses, and finance income or expenses from insurance, which include financial income and expenses from insurance products measured under the VFA.

The Group, based on the defined technical directives, will primarily measure the insurance and reinsurance contracts as follows:

Insurance contracts	Approach(**)
Non-Life and Life lines with duration of less than one year (*)	PAA
Burial line	BBA
Life contracts with duration greater than one year	BBA
Contracts with a direct participation component (i.e. Unit Linked, some Life products with profit sharing)	VFA
Reinsurance contracts	
Ceded	PAA
Accepted	PAA
Retroceded	PAA

(*) Contracts with duration greater than one year but with no significant valuation difference expected from the BBA will also be measured using the PAA

(**) Building Block Approach (BBA); Variable Fee Approach (VFA); Premium Allocation Approach (PAA).

EU-IFRS 9:

The classification and measurement of Financial Instruments is determined based on the combination of the business model established by the Group for the management of these instruments, and the contractual cash flow characteristics.

The previous classification categories for financial assets established by EU-IAS 39 have been substituted by the following:

- Amortized cost (applicable to debt instruments).
- Fair value with changes through P&L (applicable to debt instruments, equity instruments, and hedging instruments). Financial assets have been designated in this category with the aim of significantly reducing accounting asymmetries.
- Fair value with changes through OCI:
 - With recycling through OCI (applicable to debt instruments).
 - Without recycling through OCI (applicable to equity instruments).

Financial swaps, which are considered to be assets equivalent to debt instruments or loans and given that they are included in a business model where the objective is the receipt of expected contractual cash flows, are included in the classification at fair value with changes through OCI and recycling through OCI, thus better reflecting the economic reality of the financial instrument.

For debt instruments not classified “at fair value with changes through P&L” the value impairment is determined in line with the “expected loss” model (replacing the previous “incurred loss” approach) which includes forward-looking expectations. At the close of the period, a provision for expected credit losses will be recorded for all debt instruments not classified at fair value with changes through P&L.

The Group has internal mechanisms that determine if there is any evidence of an increase in credit risk that could lead to a value correction for lifetime expected credit losses. To this end, indicators (both qualitative and quantitative) have been defined as early warning signs that make it possible to anticipate a potential breach.

Impairment requirements in EU-IFRS 9 have implied an increase in the provision for impairment for financial instruments, net of tax effects, recorded in the transition balance sheet at January 1, 2023, under the heading “Reserves”, for the amount of (42.2) million euros.

TRANSITION BALANCE SHEET

The balance sheet at December 31, 2021 under EU-IFRS 4 and at January 1, 2022 under EU-IFRS 17 is as follows:

EU-IFRS 4

ASSETS (EU-IFRS 4)	12.31.2021
A) INTANGIBLE ASSETS	2,911.2
B) PROPERTY, PLANT AND EQUIPMENT	1,295.0
C) INVESTMENTS	39,243.0
D) INVESTMENTS ON BEHALF OF LIFE INSURANCE POLICYHOLDERS BEARING THE INVESTMENT RISK	2,957.3
E) INVENTORIES	54.0
F) PARTICIPATION OF REINSURANCE IN TECHNICAL PROVISIONS	6,084.6
G) DEFERRED TAX ASSETS	299.6
H) RECEIVABLES	5,594.7
I) CASH AND EQUIVALENTS	2,887.6
J) ACCRUAL ADJUSTMENTS	1,902.5
K) OTHER ASSETS	247.4
L) NON-CURRENT ASSETS HELD FOR SALE AND FROM DISCONTINUED OPERATIONS	377.3
TOTAL ASSETS	63,854.2

Figures in millions of euros

EQUITY AND LIABILITIES (EU-IFRS 4)	12.31.2021
A) EQUITY	9,666.6
B) SUBORDINATED LIABILITIES	1,122.2
C) TECHNICAL PROVISIONS	39,968.3
D) TECHNICAL PROVISIONS FOR LIFE INSURANCE WHERE POLICYHOLDERS BEAR INVESTMENT RISK	2,957.3
E) PROVISIONS FOR RISKS AND EXPENSES	653.6
F) DEPOSITS RECEIVED ON CEDED AND RETROCEDED REINSURANCE	82.4
G) DEFERRED TAX LIABILITIES	537.7
H) DEBT	8,441.8
I) ACCRUAL ADJUSTMENTS	300.5
J) LIABILITIES LINKED TO NON-CURRENT ASSETS HELD FOR SALE AND FROM DISCONTINUED OPERATIONS	123.8
TOTAL EQUITY AND LIABILITIES	63,854.2

Figures in millions of euros

EU-IFRS 17

ASSETS (EU-IFRS 17)	01.01.2022
A) INTANGIBLE ASSETS	2,774.4
B) PROPERTY, PLANT AND EQUIPMENT	1,295.0
C) INVESTMENTS	41,989.4
D) INSURANCE CONTRACT ASSETS	14.2
E) REINSURANCE CONTRACT ASSETS	5,440.0
F) INVENTORIES	54.0
G) DEFERRED TAX ASSETS	299.8
H) RECEIVABLES	934.9
I) CASH	2,887.6
J) ACCRUAL ADJUSTMENTS	202.6
K) OTHER ASSETS	247.4
L) NON-CURRENT ASSETS HELD FOR SALE AND FROM DISCONTINUED OPERATIONS	370.6
TOTAL ASSETS	56,509.9

Figures in millions of euros

EQUITY AND LIABILITIES (EU-IFRS 17)	01.01.2022
A) EQUITY	9,423.6
B) SUBORDINATED LIABILITIES	1,122.2
C) INSURANCE CONTRACT LIABILITIES	38,198.7
D) REINSURANCE CONTRACT LIABILITIES	23.0
E) PROVISIONS FOR RISKS AND EXPENSES	653.6
F) DEFERRED TAX LIABILITIES	518.7
G) DEBT	6,362.3
H) ACCRUAL ADJUSTMENTS	90.1
I) LIABILITIES LINKED TO NON-CURRENT ASSETS HELD FOR SALE AND FROM DISCONTINUED OPERATIONS	117.7
TOTAL EQUITY AND LIABILITIES	56,509.9

Figures in millions of euros

Impact of the Standards' entry into force

The entry into force of the previously mentioned Standards has had the following impacts on the Group's consolidated financial statements

EU-IFRS 17:

The impact on equity at transition (January 1, 2022) has implied a 2.5 percent reduction of shareholders' equity.

The Contractual Service Margin (CSM) resulting from the application of the new standards for operations coming from insurance contracts reaches 2.2 billion euros.

EU-IFRS 9:

The following table shows the reconciliation of the book values according to EU-IAS 39 with the balances according to EU-IFRS 9 at January 1, 2023:

Item	Measurement under EU-IAS 39 12.31.2022	Classification and measurement of financial instruments	Amortization	Measurement under EU-IFRS 9 01.01.2023
Financial assets held to maturity	1,381.2	(1,381.2)		
Financial assets at amortized cost		1,266.9	(3.9)	1,263.0
Financial assets available for sale	25,052.6	(25,052.6)		
Financial assets at fair value with changes through OCI		20,303.2	(51.8)	20,303.2
Financial assets held for trading	5,189.6	(5,189.6)		
Financial assets at fair value with changes through P&L		13,058.3		13,058.3
Investments on behalf of Life insurance policyholders bearing the investment risk	3,037.1	(3,037.1)		
FINANCIAL INVESTMENTS	34,660.5	(32.1)	(55.7)	34,624.5

Figures in millions of euros

The impact of the impairment associated with the Financial assets at fair value with changes through OCI for the gross amount of (51.8) million euros does not impact equity.

2.4. CHANGES IN THE SCOPE OF CONSOLIDATION

The breakdown of the most significant changes in the consolidation scope during the half-year ended on June 30, 2023 is as follows:

Shareholding acquisitions and increases

Company name	Item	Effective date	Amount	% Voting rights	
				Acquisition	Total
LE FINANCIERE RESPONSABLE	Acquisition	05/01/2023	1.1	26.05%	51.00%

2.5. CONVERSION OF THE FINANCIAL STATEMENTS OF FOREIGN COMPANIES INCLUDED IN THE CONSOLIDATION

Hyperinflationary economies

Venezuela, Argentina and Turkey continue to be considered hyperinflationary, with a (36.3) million euro negative impact on results in the period, indicated in the line "Result from the restatement of financial statements".

3. SEASONALITY OF OPERATIONS

In the insurance business, the seasonality component is considered in the temporal allocation of revenue, since this is done in accordance with the temporal distribution of claims over the coverage period of the contract.

4. DIVIDENDS PAID

The breakdown of the dividends paid by the controlling company in the half-years ended on June 30, 2023 and 2022 is as follows:

ITEM	Total dividend		Dividend per share	
	(million euros)		(in cents of euros)	
	2023	2022	2023	2022
Final dividend for the previous financial year	261.9	261.7	8.57	8.57
Interim dividend for current financial year	—	—	—	—
Total	261.9	261.7	8.57	8.57

The dividends per share indicated above correspond to the amount per share outstanding at the date of payment of the dividend, after having proportionately applied the amount corresponding to treasury stock to the remaining shares.

This dividend payout was approved by the Ordinary Annual General Shareholder Meeting and complies with the requirements and limitations that are laid down in the legal regulations and the corporate bylaws.

5. FINANCIAL INSTRUMENTS

5.1. FINANCIAL ASSETS

The breakdown by nature and category of financial assets on June 30, 2023 and December 31, 2022 is as follows:

Item	Amortized cost		Fair value with changes through OCI		Fair value with changes through P&L	
	2023	2022 (*)	2023	2022 (*)	2023	2022 (*)
Derivatives (not for hedging)	—	—	—	—	1.9	4.2
Equity instruments and mutual funds	—	—	1,062.0	2,579.1	5,034.5	4,371.0
Debt instruments	822.0	1,092.9	19,846.5	17,713.5	9,084.9	8,658.3
Hybrid instruments	—	—	—	—	15.0	15.3
Other financial assets	367.6	174.0	14.1	10.6	11.8	9.5
Total	1,189.6	1,266.9	20,922.6	20,303.2	14,148.1	13,058.3

Figures in millions of euros

(*) Restated figures

The fair value assessments of the financial investments have been classified according to the levels of the variables used:

- Level 1. Quotation price: Unadjusted price quoted in active markets.
- Level 2. Observable data: Prices quoted in active markets for instruments similar to the one being assessed or other valuation techniques in which all the significant variables are based on observable market data. The valuation is made via a model that discounts future financial flows, including reimbursement value, using a rate curve with two main components:
 - Zero coupon swap curve of the currency of the issue, which is considered to be the best approximation to the risk-free interest rate.
 - Spread of the additional risk, which will be the spread added to or subtracted from the zero coupon swap curve that reflects the risks inherent to the issue being assessed, such as: credit, liquidity and optionality risk.
- Level 3. Other valuations: Variables specific to each case. Financial assets at this level represent 1.0 percent of the total portfolio assessed at fair value. For these purposes, it is possible to distinguish between:

- Equity assets, where in general the realizable value is estimated according to the individual characteristics of the asset.
- Fixed-income assets with complex future flow structures (interest rates linked to financial variables, with caps and/or floors) and one or more early redemptions, and in which the issuer has no similar issuances on the market or any unquoted issuance from an issuer with no similar issuances. In these cases, the assets are usually assessed by requesting a benchmark valuation from a third party.

With regard to the sensitivity of fair value assessment, changes in the unobservable variables used in the aforementioned individual valuations would not significantly alter the fair value obtained.

The valuation process for financial assets consists of the following stages:

- The business model is decided at the time of acquisition, depending on the characteristics of the liabilities it is going to be assigned, and on the local and international legislation for accounting and insurance.

- The established business model and contractual cash flows dictate the type of valuation performed. However, a mark-to-market valuation is performed at least once a month for all assets, using the aforementioned valuation methods (Level 1, Level 2 and Level 3).
- The valuations are performed directly by the Group's entities, although in some countries an independent financial institution carries them out in line with the local regulations.

Furthermore, the Executive Committee of the controlling company regularly analyzes the value of all investments and capital gains and losses.

Investments at fair value classified according to the valuation levels and variables at June 30, 2023 and December 31, 2022, are shown in the following chart:

The valuation policy is decided by the Investment Committees and/or Risk Committees, and is reviewed at least once a quarter.

Item	Book value (fair value)						Total	
	Level 1. Quotation price		Level 2. Observable data		Level 3. Other measurements		2023	2022 (*)
	2023	2022 (*)	2023	2022 (*)	2023	2022 (*)		
<u>1. Investments at Fair Value with changes through P&L</u>								
1.1. Equity instruments and mutual funds	4,413.2	3,811.7	117.5	143.6	503.8	415.6	5,034.5	4,371.1
1.2. Debt instruments	6,651.7	6,164.1	2,433.2	2,494.2	—	—	9,084.8	8,658.3
1.3. Derivatives	2.0	1.7	—	2.5	—	—	1.9	4.2
1.4. Hybrid instruments	—	—	15.0	15.3	—	—	15.0	15.3
1.5. Other	6.6	9.5	4.0	—	1.3	—	11.8	9.5
Total financial investments at fair value with changes through P&L	11,073.5	9,987.0	2,569.7	2,655.6	505.1	415.6	14,148.1	13,058.4
<u>2. Investments at fair value with changes through OCI</u>								
2.1. Equity instruments and mutual funds	999.7	2,500.4	49.7	78.3	12.6	0.4	1,062.0	2,579.1
2.2. Debt instruments and other	14,557.2	12,978.0	5,303.4	4,746.0	—	—	19,860.6	17,724.1
Total financial investments at fair value with changes through OCI	15,556.9	15,478.4	5,353.1	4,824.3	12.6	0.4	20,922.6	20,303.2

Figures in millions of euros

(*) Restated figures

Quotation values are monitored and verified on a regular basis in order to decide whether any transfers between levels are required:

- If the quotation source for a particular asset is no longer representative, it is transferred from Level 1 to Level 2.
- Assets are transferred from Levels 2 and 3 to Level 1 if a reasonable quotation source is verified.
- Assets are transferred to Level 3 when there are no longer any observable market data.

In the half year ending June 30, 2023, there were no transfers between levels.

A reconciliation of the opening and closing balances on June 30, 2023 for Level 3 financial assets in the available-for-sale portfolio is shown below:

Item	Equity instruments and mutual funds	Debt instruments	Other financial assets	Total
Opening balance	416.0	—	—	416.0
Purchases	24.2	—	1.3	25.5
Disposals	(1.4)	—	—	(1.4)
Gains and losses	24.3	—	—	24.3
Other	53.3	—	—	53.3
Closing balance	516.4	—	1.3	517.7

Figures in millions of euros

The investments measured at amortized cost, as on June 30, 2023 and December 31, 2022 are shown in the accompanying chart:

Item	Book value (amortized cost)		Fair value						Total	
			Level 1. Quotation price		Level 2. Observable data		Level 3. Other measurements			
	2023	2022 (*)	2023	2022 (*)	2023	2022 (*)	2023	2022 (*)	2023	2022 (*)
Debt instruments	822.0	1,092.9	675.6	802.4	95.0	66.8	48.1	47.8	818.7	917.0
Other investments	367.6	174.0	295.9	133.3	—	37.0	3.5	3.4	299.4	173.7
Total	1,189.6	1,266.9	971.5	935.7	95.0	103.8	51.6	51.2	1,118.1	1,090.7

Figures in millions of euros

(*) Restated figures

At June 30, 2023, the Group has fixed income assets handed over as collateral for financial swap transactions, the market value of which reaches 331.5 million euros (297.1 million euros at December 31, 2022). At June 30, 2023, assets received as collateral reached 324.1 million euros (348.8 million euros at December 31, 2022). In both cases, the collateral matures on a daily basis, at which time a new collateral is established, or the existing collateral is maintained or definitively cancelled. The existence of said collateral makes it possible to mitigate counterparty risk (CVA/DVA) for the majority of Group swaps.

5.2. NON-CURRENT ASSETS HELD FOR SALE AND ASSOCIATED LIABILITIES

The main “Assets held for sale” at June 30, 2023 and December 31, 2022 correspond to FUNESPAÑA for the amount of 25.1 million euros.

5.3. ISSUING, REPURCHASES AND REIMBURSEMENTS OF DEBT INSTRUMENTS

At June 30, 2023 and December 31, 2022, the subordinated liability balance includes the amortized cost of the subordinated notes issued by the controlling company.

5.4. OTHER FINANCIAL LIABILITIES

The concept “Other financial liabilities” includes the amount of financial obligations due not included in other headings. The following table shows a breakdown at June 30, 2023 and December 31, 2022:

Other financial liabilities	Amount	
	2023	2022 (*)
Non-controlling interests in mutual funds	188.2	1,039.8
Financial liabilities from leases	342.9	317.1
Other financial liabilities	654.5	690.1
Total	1,185.6	2,047.0

Figures in millions of euros

(*) Restated figures

At June 30, 2023 and December 31, 2022, the fair value of the previous liabilities does not significantly differ from their book value.

Regarding the fair value level, the valuation of these liabilities is classified at Level 2, with the exception of the balance of “Non-controlling interests in mutual funds”, valued at net asset value (primarily Level 1). In the first half of 2023, no transfers between the different hierarchy levels have been made.

6. INSURANCE AND REINSURANCE OPERATIONS

The entry into force of EU-IFRS 17 regarding Insurance Contracts is a relevant change in the measurement and presentation of the insurance and reinsurance contracts on the balance sheet and the income statement.

Balance sheet

The changes imply a new method of measuring and presenting insurance assets and liabilities such as technical provisions for insurance and reinsurance, as well as all receivables and debts related to insurance and reinsurance activity. With the new measurement standard, all flows coming from prior concepts are included in two headings - one for liability or asset for direct insurance and accepted reinsurance contracts, and another identical heading for ceded reinsurance.

The amounts of the assets and liabilities for insurance and reinsurance contracts are presented with disclosure according to the measurement approach used (Building Block Approach (BBA); Variable Fee Approach (VFA); Premium Allocation Approach (PAA)), differentiating between those that correspond to remaining coverage and those that correspond to claims.

The most relevant assets and liabilities for insurance and reinsurance contracts at June 30, 2023 and December 31, 2022 are shown in the following chart.

ASSET	JUNE 30, 2023	DECEMBER 31, 2022 (*)
CEDED REINSURANCE CONTRACT ASSETS	5,688.8	5,666.7
I. BBA measurement for Assets for remaining coverage	—	—
Present value of future cash flow estimates	—	—
Non-financial risk adjustment	—	—
Contractual service margin	—	—
II. BBA measurement for Assets for incurred claims	3.7	3.5
Present value of future cash flow estimates	3.7	3.5
Non-financial risk adjustment	—	—
III. PAA measurement for Assets for remaining coverage	1,296.3	1,329.1
Premiums allocated to future periods	1,433.8	1,461.8
Acquisition expenses allocated to future periods	(175.8)	(167.2)
Loss component	38.3	34.5
VI. PAA measurement for Assets for incurred claims	4,388.8	4,334.1
Present value of future cash flow estimates	4,175.1	4,160.8
Non-financial risk adjustment	213.7	173.3

Figures in million euros

(*) Restated figures

LIABILITY	JUNE 30, 2023	DECEMBER 31, 2022(*)
INSURANCE CONTRACT LIABILITIES (**)	37,018.0	35,564.7
I. BBA measurement for Liabilities for remaining coverage	10,014.8	9,000.6
Present value of future cash flow estimates	7,810.7	6,946.9
• Present value of future cash flows	7,756.0	6,917.5
• Present value of future cash flows Loss component	54.7	29.4
Non-financial risk adjustment	136.6	109.9
Contractual service margin	2,067.6	1,943.8
II. BBA measurement for Liabilities for incurred claims	332.8	323.7
Present value of future cash flow estimates	330.7	322.2
Non-financial risk adjustment	2.1	1.5
III. VFA measurement for Liabilities for remaining coverage	8,600.1	8,535.0
Present value of future cash flow estimates	8,161.4	8,143.1
• Present value of future cash flows	8,140.1	8,124.5
• Present value of future cash flows Loss component	21.3	18.6
Non-financial risk adjustment	57.5	46.7
Contractual service margin	381.2	345.2
IV. VFA measurement for Liabilities for incurred claims	171.1	182.6
Present value of future cash flow estimates	171.1	182.6
Non-financial risk adjustment	—	—
V. PAA measurement for Liabilities for remaining coverage	5,525.1	5,539.6
Premiums allocated to future periods	6,204.5	6,253.9
Acquisition expenses allocated to future periods	(887.7)	(923.4)
Loss component	208.3	209.1
VI. PAA measurement for Liabilities for incurred claims	12,374.1	11,983.2
Present value of future cash flow estimates	11,804.2	11,480.4
Non-financial risk adjustment	569.9	502.8

Figures in million euros

(*) Restated figures

(**) Includes direct insurance and accepted reinsurance operations

The Group measures the majority of the insurance and reinsurance contracts using the PAA, recognizing in the heading for premiums allocated to future periods the part of this that has not been earned, and the corresponding expenses in a separate line. As such, the loss component for onerous contract groups for which the loss was initially recognized in the result is disclosed, recording the premium in the result as it is earned. The adjustment for non-financial risk is disclosed separately in the liability for incurred claims.

In the case of the BBA and VFA, all components of remaining coverage are disclosed: Present value of future cash flow estimates; Non-financial risk adjustment; and Contractual Service Margin (CSM). The CSM, which at June 30, 2023 reached almost 2.5 billion euros, is a component of liabilities, or assets depending on the case, representing unearned revenue that will be recognized in results as insurance service is provided. The earned part of the CSM is recognized through the P&L as insurance service revenue in each period, reflecting the services provided.

Income Statement

In the income statement, revenue from premiums is eliminated and substituted by insurance service revenue, which includes the release of the liability for remaining coverage, which basically comprises the release of the CSM in contracts measured using BBA and VFA, and the release of the premium in contracts measured using the simplified PAA, as well as changes in the non-financial risk adjustment.

The main components of the result from insurance service to June 30, 2023 and 2022 are provided in the following chart.

INCOME STATEMENT	2023	2022 [*]
INSURANCE SERVICE REVENUE (**)	11,992.8	10,960.2
Release of liability for remaining coverage	11,890.5	10,888.3
• Claims and other expected insurance service expenses	548.8	506.5
• Changes in the non-financial risk adjustment	11.9	12.0
• Release of CSM	153.7	130.7
• Release of premium (PAA)	11,176.1	10,239.1
Release of acquisition expenses allocated to the period	102.3	71.9
INSURANCE SERVICE EXPENSES	(10,521.7)	(10,132.3)
Claims and other insurance service expenses	(7,840.0)	(7,957.5)
• Claims	(7,381.1)	(7,520.2)
• Other fulfillment expenses	(458.9)	(437.3)
Acquisition expenses	(2,596.0)	(2,327.9)
Losses in onerous contract groups and reversals of these losses	(28.6)	(69.4)
Changes in the liability for incurred claims	(57.1)	222.5
RESULT FROM INSURANCE SERVICE	1,471.1	827.9

Figures in million euros

[*] Restated figures

[**] Includes direct insurance and accepted reinsurance operations

Both the loss recorded in the initial recognition of the contract as well as its release over the course of the contract lifespan are recognized in the heading "Losses in onerous contract groups and reversals of these losses".

The following provides a breakdown of the main components of the result from reinsurance service at June 30, 2023 and 2022:

INCOME STATEMENT	2023	2022 (*)
REINSURANCE SERVICE REVENUE	1,212.4	1,390.6
Amount recoverable for claims and other expenses	1,353.3	1,791.8
Changes in the amounts recoverable for changes in liabilities for incurred claims	(145.3)	(387.6)
Changes in cash flows related to onerous underlying contracts	4.4	(13.6)
REINSURANCE SERVICE EXPENSES	(2,166.2)	(1,975.3)
RESULT FROM REINSURANCE SERVICE	(953.8)	(584.7)

Figures in million euros

(*) Restated figures

The heading “Reinsurance service expenses” primarily includes flows corresponding to ceded premiums less commissions.

7. EQUITY

Paid-up capital

The share capital of the controlling company as on June 30, 2023 is represented by 3,079,553,273 shares, each with a face value of 0.10 euros, fully subscribed and paid-up. All shares carry identical voting and dividend rights.

CARTERA MAPFRE directly held 69.7 percent of the share capital as on June 30, 2023 and December 31, 2022.

All shares representing the share capital of the controlling company are admitted to official trading on the Spanish stock market.

The share premium reached 1.5 billion euros at June 30, 2023 and December 31, 2022 and is fully available.

Treasury stock

In the first half of 2023, 35,760 shares were delivered to directors of subsidiaries as part of a variable remuneration plan, for the amount of 0.1 million euros.

Regarding the Stock-option plan for employees approved in 2021 and carried out in 2022, this plan contemplates giving additional free shares which was carried out in May 2023 and which has implied giving 1,968,119 shares for the amount of 4.1 million euros.

Further, in 2022, MAPFRE launched a Stock-option plan for employees in Spain, with the aim of increasing their tie to the company's future profits and strategy. The plan offered the option of voluntarily dedicating an annual amount of remuneration toward acquiring MAPFRE S.A. shares, which are being delivered on a monthly basis over the course of 2023.

As a result of these transactions, there has been a 6.9 million euro reduction in treasury stock as well as a 0.7 million euro reduction in Group reserves.

At June 30, 2023, the controlling Company held 16,434,651 shares of treasury stock, representing 0.53 percent of the capital, for an amount of 34.4 million euros.

As on June 30, 2023 and December 31, 2022, no other Group company held shares in the controlling company.

8. DUE TO CREDIT INSTITUTIONS

Credit

As on June 30, 2023 and December 31, 2022 the breakdown of the main credit line is as follows:

Borrowing entity	Maturity	Limit		Utilized	
		2023	2022	2023	2022
MAPFRE, S.A.	02/26/2025	1,000.0	1,000.0	330.0	237.0
Total		1,000.0	1,000.0	330.0	237.0

Figures in millions of euros

This credit line is a syndicated loan facility ceded by a group of ten banking undertakings. It accrues interest at a rate linked to market variables and the Group's sustainability parameters.

Loans

At June 30, 2023 and December 31, 2022, there were other bank loans, the most relevant being the following:

Borrowing entity	Maturity	2023	2022
MAPFRE VIDA	04/01/2026	55.0	73.3
MAPFRE ESPAÑA	02/21/2024	12.8	26.5
MAPFRE DOMINICANA	03/11/2027	20.1	22.9
Total		87.9	122.7

Figures in millions of euros

The MAPFRE VIDA and MAPFRE ESPAÑA loans accrue interest linked to the Euribor, amortized via flat, annual payments, the first being made two years from the date of its formalization.

The MAPFRE DOMINICANA loan accrues interest linked to market variables, and MAPFRE Group sustainability parameters and amortizes via biannual flat payments.

9. ASSET IMPAIRMENT

The breakdown of expenses for asset impairment accounted for during the half-years ending June 30, 2023 and 2022 is as follows:

Impairment in	2023	2022 (*)
Real estate investments	3.1	1.8
Financial investments	12.3	1.1
Receivables	12.0	10.6
Total	27.4	13.5

Figures in millions of euros

(*) Restated figures

10. FINANCIAL INFORMATION BY SEGMENT

The breakdown by Business Unit of revenue from contracts and of the results, for the half-years ending June 30, 2023 and 2022 is as follows:

Business unit	Recurring revenue		Result			
			Before tax		Attributable to controlling company	
	2023	2022 (*)	2023	2022 (*)	2023	2022 (*)
Iberia	3,900.1	3,641.0	163.0	123.8	113.9	98.9
Brazil	2,528.3	2,534.5	453.1	235.8	113.3	41.4
Other- LATAM	2,710.5	2,408.9	89.0	112.3	61.1	87.7
North America	1,394.2	1,340.3	(8.6)	8.0	(8.5)	1.5
Emea	675.3	618.8	(3.4)	(28.0)	(14.5)	(21.5)
Total Insurance Units	11,208.4	10,543.5	693.1	451.9	265.3	208.0
Reinsurance and Global Risks	4,750.6	4,197.3	172.4	51.9	125.4	41.9
Assistance	236.9	252.1	2.7	11.2	1.1	8.9
Total Business Units	16,195.9	14,992.9	868.2	515.0	391.8	258.8
Holding, consolidation adjustments and other (**)	(2,661.4)	(2,381.8)	(104.6)	83.1	(91.6)	47.8
Total	13,534.5	12,611.1	763.6	598.1	300.2	306.6

Figures in millions of euros

(*) Restated figures

(*) In 2022, the EU-IFRS 9 overlay approach is included

Recurring revenue includes revenue from insurance and reinsurance as well as operating revenue from other activities.

The breakdown by Business Unit in the previous chart is provided with an eye to operating segments, which are aligned with the Group organizational structure, and with the information provided to Management and the markets.

11. CONTINGENT ASSETS AND LIABILITIES

MAPFRE initiated legal proceedings in the courts of Madrid against the company that performed the valuation, Oliver Wyman, and against Caixabank, based on the incorrectness of the insurance business valuation carried out by said company in relation to establishing the price of the Bankia Vida shares that Caixabank had to pay for the termination of the bancassurance alliance between Bankia and MAPFRE.

Additionally, MAPFRE and Caixabank decided to submit to arbitration the discrepancy regarding whether MAPFRE should receive, as established in the contract, an additional 10 percent of the total Life and Non-Life business value in the alliance. In accordance with the valuation established by Oliver Wyman, this additional 10 percent would reach 52 million euros, though the amount could be modified in line with the result of the valuation proceedings. The arbitration began at the end of 2021. The definitive decision is expected to be reached before the end of 2023. If the decision is in MAPFRE's favor, the income will be recognized when the decision is final.

As established in the legislation, the contingent assets are not subject to recognition in the financial statements until it is practically certain that the payment will be made, with no payment for this concept having been registered at the close of June 2023.

12. BUSINESS COMBINATIONS

In the first half of 2023, there have been no significant business combinations in the Group.

13. TRANSACTIONS WITH RELATED PARTIES

13.1. EXPENSES AND REVENUE

The breakdown of expenses and revenue with related parties for the half-years ended on June 30, 2023 and 2022 is as follows:

Item	Significant shareholders		Other related parties		Total	
	2023	2022	2023	2022	2023	2022
	Leases	—	—	—	0.3	—
Services received	—	0.3	—	—	—	0.3
Other expenses	—	—	—	0.1	—	0.1
Total expenses	—	0.3	—	0.4	—	0.7
Services provided	0.2	—	—	—	0.2	—
Other revenues	—	—	—	0.6	—	0.6
Total revenue	0.2	—	—	0.6	0.2	0.6

Figures in millions of euros

13.2. OTHER TRANSACTIONS

The breakdown of other transactions with related parties for the half-years ended on June 30, 2023 and 2022 is as follows:

Item	Significant shareholders		Other related parties		Total	
	2023	2022	2023	2022	2023	2022
	Dividends and other attributable results	183.5	183.9	—	—	183.5

Figures in millions of euros

13.3. REMUNERATION OF KEY MANAGEMENT STAFF

The breakdown of remuneration of the controlling Company's Board of Directors for the half-years ended on June 30, 2023 and 2022 is as follows:

Item	2023	2022
Fixed remuneration	1.5	1.2
Variable remuneration	1.3	1.1
Bylaw perquisites	1.4	1.5
Other concepts	0.1	0.2
Total	4.3	4.0

Figures in millions of euros

Executive directors (who are deemed to be both the Controlling company's executives as well as those performing executive duties in other MAPFRE Group companies) receive the remuneration established in their contracts, including, among other things, fixed salary, variable incentives linked to results, Life and Disability insurance, and other general benefits established for the company's staff. There are also certain commitments for retirement, permanent disability, and death pension benefits, externalized through Life insurance policies. All of these are pursuant to the compensation policy established by the Group for its senior managers, whether or not they are directors. Contributions to defined benefit plans (including employment pension plans) totaling 2.56 million euros were recorded as expenses for the first-half of 2023 (2.5 million euros in 2022), with the accumulated rights (consolidated and non-consolidated) reaching the amount of 38.73 million euros in the first half of 2023 (33.2 million euros in 2022).

Regarding incentive plans, The Board of Directors of MAPFRE S.A. approved on February 9, 2022 a proposal from the company's Appointments and Remuneration Committee regarding a long-term incentive plan for the 2022-2026 period, comprising three overlapping cycles of a three-year measurement period each for objectives, and intended for specific key directors and professionals in the Company and Group companies. Each year, the Board of Directors of MAPFRE S.A., as proposed by the company's Appointments and Remuneration Committee, will determine the objectives for each cycle and establish at the beginning of each cycle the amount to be received in cash and in MAPFRE S.A. shares when the established objectives are met. The amount generated in the first half of 2023 is the following:

- The amount corresponding to the first overlapping cycle (2022-2024) reached a total of 0.24 million euros in cash and equity instruments (generating 0.29 million euros in cash and equity instruments in the first half of 2022).
- The amount corresponding to the second overlapping cycle (2023-2025) reached a total of 0.08 million euros in cash and equity instruments.

With regard to short-term variable remuneration accrued in the first half and in previous periods, 2.64 million euros are pending payment (2.5 million euros at 2022).

Additionally in 2023, the Board of Directors of MAPFRE S.A. approved on February 8, 2023 a proposal from the company's Appointments and Remuneration Committee regarding a 2023 extraordinary annual bonus for a specific collective and tied to the Auto combined ratio along with the earned premium growth and the difference between premium growth and the variation in expenses. No amount has accrued for this short-term concept in the first half of 2023 (0.04 million euros in 2022, regarding another bonus with different objectives).

The breakdown of remuneration of Senior Management for the half-years ended on June 30, 2023 and 2022 is as follows:

ITEM	2023	2022
No. of senior management members	7	8
Fixed remuneration	1.1	1.2
Variable remuneration	0.7	0.8
Other concepts	0.1	0.2
Total	1.9	2.2

Figures in millions of euros

Contributions to defined contribution plans (including employment pension plans) totaling 1.97 million euros were recorded as expenses in the first half of 2023 (2.2 million euros in 2022), with the accumulated rights (consolidated and non-consolidated) reaching the amount of 14.13 million euros at June 30, 2023 (13.7 million euros in 2022).

Regarding incentive plans, The Board of Directors of MAPFRE S.A. approved on February 9, 2022 a proposal from the company's Appointments and Remuneration Committee regarding a long-term incentive plan for the 2022-2026 period, comprising three overlapping cycles of a three-year measurement period each for objectives, and intended for specific key directors and professionals in the Company and Group companies. Each year, the Board of Directors of MAPFRE S.A., as proposed by the company's Appointments and Remuneration Committee, will determine the objectives for each cycle and establish at the beginning of each cycle the amount to be received in cash and in MAPFRE S.A. shares when the established objectives are met. The amount generated in the first half of 2023 is the following:

- The amount corresponding to the first overlapping cycle (2022-2024) reached a total of 0.20 million euros in cash and equity instruments (generating 0.31 million euros in cash and equity instruments in the first half of 2022).
- The amount corresponding to the second overlapping cycle (2023-2025) reached a total of 0.06 million euros in cash and equity instruments.

Of the short-term variable remuneration accrued the first half and in previous periods, 1.4 million euros are pending payment (1.6 million euros in 2022).

Additionally in 2023, the Board of Directors of MAPFRE S.A. approved on February 8, 2023 a proposal from the company's Appointments and Remuneration Committee regarding a 2023 extraordinary annual bonus for a specific collective and tied to the Auto combined ratio along with the earned premium growth and the difference between premium growth and the variation in expenses. No amount has accrued for this short-term component in the first half of 2023 (0.04 million euros in in 2022, regarding another bonus with different objectives).

13.4. AVERAGE WORKFORCE

The table below shows the average number of Group employees for the half-years ending June 30, 2023 and 2022:

Average staff	2023	2022
Men	13,749	14,114
Women	17,169	17,841
Total	30,918	31,955

14. FISCAL SITUATION

As a result of the inspection activity carried out in Fiscal Group 9/85, affecting MAPFRE S.A. as the controlling company and MAPFRE ESPAÑA, MAPFRE VIDA, MAPFRE INTERNACIONAL, MAPFRE RE, MAPFRE ASISTENCIA, MAPFRE GLOBAL RISKS and other companies controlled by the Group, on March 11, 2020, the Corporate Income Tax pertaining to the period 2013 to 2016, and all other taxes for the period 2014 to 2016, notices of agreement and notices of disagreement were signed.

With regard to the notices of disagreement regarding Corporate tax for 2013 to 2016, referring primarily to the deductibility of certain personnel expenses, of the technical provision for claims and stabilization reserve, the deduction for technological innovation expenses and the repercussions for subsidiaries of canons from the use of the MAPFRE brand, the associated settlements have been contested before the Contentious-Administrative Chamber of the Spanish High Court, and are currently pending notification to formalize the lawsuit,

In reference to the settlements for the notices of disagreement resulting from the above mentioned inspections, MAPFRE considers, based on the criteria of its fiscal advisors, that there are solid defense arguments in the administrative and legal proceedings, and therefore has not made specific provisions for this concept.

Regarding previous inspection activity pertaining to Fiscal Group 9/85 of which MAPFRE S.A. is the Controlling company, concerning Corporate Income Tax from 2007 to 2009, in which deductions applied for Research and Development (R&D) expenses deductions were partially regularized, the resolution from the TEAC, partially favorable, was appealed before the Spanish High Court, which passed a sentence dated June 16, 2021 cancelling the above mentioned settlement payment. Said sentence has been appealed before the Supreme Administrative Court, and this appeal is pending vote and sentencing.

In accordance with current legislation, the statements made for the different taxes may not be considered final until they have been inspected by the tax authorities or until the term of the statute of limitations has passed (four years for Spanish companies).

At June 30, 2023 the view of the Directors and advisors of the consolidated companies regarding the possibility of tax liabilities arising and significantly affecting the financial position of the consolidated companies was remote.

15. OTHER INFORMATION

Ukraine invasion

Russia's invasion of Ukraine territory continues today, with the direct impacts on insurance and reinsurance activity and on investments held in Russia and Belarus being irrelevant.

MAPFRE Group continues to apply the global directives issued, restricting direct insurance and reinsurance operations for Russian or Belarusian citizens with interests located in or destined for Russia or Belarus.

16. EVENTS SUBSEQUENT TO CLOSING

There have been no events subsequent to the close of June 2023.