

2019

Individual Annual Accounts and Management report

Other documentation
of interest to shareholders 2019



MAPFRE

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KPMG Auditores, S.L.
Paseo de la Castellana, 259 C
28046 Madrid

Independent Auditor's Report on the Annual Accounts

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

To the Shareholders of MAPFRE, S.A.

Report on the Annual Accounts

Opinion

We have audited the annual accounts of MAPFRE, S.A. (the "Company"), which comprise the balance sheet at 31 December 2019, and the income statement, statement of changes in net equity, cash flow statement and notes for the year then ended.

In our opinion, the accompanying annual accounts give a true and fair view, in all material respects, of the equity and financial position of the Company at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with the applicable financial reporting framework, (specified in note 2 to the accompanying annual accounts) and, in particular, with the accounting principles and criteria set forth therein.

Basis for Opinion

We conducted our audit in accordance with prevailing legislation regulating the audit of accounts in Spain. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Annual Accounts section of our report.

We are independent of the Company in accordance with the ethical requirements, including those regarding independence, that are relevant to our audit of the annual accounts in Spain pursuant to the legislation regulating the audit of accounts. We have not provided any non-audit services, nor have any situations or circumstances arisen which, under the aforementioned regulations, have affected the required independence such that this has been compromised.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the annual accounts of the current period. These matters were addressed in the context of our audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**Valuation of non-current investments in group companies and associates
(Euros 9,592,379 thousand)**

See notes 4.c) and 8 of the notes to the annual accounts

<i>Key audit matter</i>	<i>How the issue was addressed in our audit</i>
<p>The Entity, holding company of Mapfre Group, has recognised non-current investments in group companies and associates.</p> <p>Recoverable value of these non-current investments in group companies and associates is determined by the use of valuation technics that require of management judgement and estimations and assumptions that consider macroeconomics factors, internal circumstances of the Group companies and their competitors, discount rates, growth rates or estimations of the future evolution of their businesses.</p> <p>Due to the level of uncertainty and judgement associated to the mentioned estimations, as well as the significance of the carried amount of the investments, we consider this to be a key audit matter.</p>	<p>Our audit procedures included, among others, the following:</p> <ul style="list-style-type: none"> - Evaluation of the criteria used by the Company in the identification of impairment indicators of the investments in group companies and associates. - Understanding the process of estimation of the recoverable value of the group investments and associates, and evaluation of design and implementation of the relevant controls related to the process that the Company has in place. - Evaluation of the reasonability of the methodology and assumptions used in the estimation of the recoverable value of the investments in group companies and associates, with the collaboration of our corporate finance specialists. <p>We have checked the consistency between the expected cash flow used in the calculation of the value in use with the business plans approved by the Directors of the Group’s companies, and their reasonability based in historical experience and market expectations in the markets in which they operate.</p> <p>Additionally, we have evaluated the discount and growth rates used in the calculation of the recoverable values, as well as performed sensitivity analysis over the key inputs used in the model, with the goal of assessing their impact in the valuation.</p> <ul style="list-style-type: none"> - Evaluation that the information within the annual accounts is in compliance with the legal financial reporting requirements applicable to the Company.



Other Information: Directors' Report

Other information solely comprises the 2019 directors' report, the preparation of which is the responsibility of the parent's directors and which does not form an integral part of the annual accounts.

Our audit opinion on the annual accounts does not encompass the directors' report. Our responsibility regarding the information contained in the directors' report is defined in the legislation regulating the audit of accounts, which establishes two different levels for this information:

- a) A specific level applicable to non-financial information statement, as well as certain information included in the Annual Corporate Governance Report (ACGR), as defined in article 35.2. b) of the Audit Law 22/2015, which solely requires that we verify whether said information has been included in the director's report or, where applicable, that the director's report includes the corresponding reference to the separate non-financial report as stipulated by prevailing regulations and if not, report on this matter.
- b) A general level applicable to the rest of the information included in the directors' report, which consists of assessing and reporting on the consistency of this information with the annual accounts, based on knowledge of the Company obtained during the audit of the aforementioned accounts and without including any information other than that obtained as evidence during the audit. Also, assessing and reporting on whether the content and presentation of this part of the directors' report are in accordance with applicable legislation. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report them.

Based on the work carried out, as described in the preceding paragraphs, we have verified that directors' report includes a reference that the non-financial information mentioned in a) above has been provided in the consolidated directors' report of Mapfre Group, that the information from the ACGR previously mentioned is included in the directors' report, and that the rest of the information contained in the directors' report is consistent with that disclosed in the annual accounts for 2019 and the content and presentation of the report are in accordance with applicable legislation.

Directors' and Audit and Compliance Committee's responsibility for the Annual Accounts

The directors are responsible for the preparation of the accompanying annual accounts in such a way that they give a true and fair view of the equity, financial position and financial performance of the Company, in accordance with the financial reporting framework applicable to the entity in Spain, and for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.



The audit and compliance committee is responsible for overseeing the preparation and presentation of the annual accounts.

Auditor's Responsibilities for the Audit of the Annual Accounts _____

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with prevailing legislation regulating the audit of accounts in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with prevailing legislation regulating the audit of accounts in Spain, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, and not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the audit and compliance committee of MAPFRE, S.A. regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



We also provide the Company's audit and compliance committee of the Entity with a statement that we have complied with the applicable ethical requirements, including those regarding independence, and to communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the Company's audit and compliance committee, we determine those that were of most significance in the audit of the annual accounts of the current period and which are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Additional Report to the Audit and Compliance Committee _____

The opinion expressed in this report is consistent with our additional report to the Company's Audit and Compliance Committee dated 12 February 2020.

Contract Period _____

We were appointed as auditors by the shareholders of MAPFRE, S.A. at the ordinary general meeting on 9 March 2018 for a period of 3 years, from the year ended 31 December of 2018.

Previously, we had been appointed as auditors by the shareholders for a period of 3 years, and have been auditing uninterrupted the Company's Annual Accounts since the year ended 31 December 2015.

KPMG Auditores, S.L. (S0702)

(Signed on original in Spanish)

Jorge Segovia Delgado

R.O.A.C: 21903

12 February 2020

ANNUAL ACCOUNTS

MANAGEMENT REPORT

FISCAL YEAR 2019

MAPFRE S.A.

ANNUAL ACCOUNTS

FISCAL YEAR 2019

Balance sheet

Income statement

Statement of changes in equity

Cash flow statement

Annual report

MAPFRE S.A.

BALANCE SHEET AS AT DECEMBER 31, 2019 AND 2018

ASSETS	Notes from the Annual Report	2019	2018
A) NON-CURRENT ASSETS		9,999,853	9,983,556
I. Intangible fixed assets	6	428	1,122
5. Computer applications		428	1,122
II. Property, plant and equipment	5	15,609	16,226
1. Land and buildings		11,948	12,137
2. Facilities and other property, plant and equipment		3,482	4,089
3. Fixed assets in progress and advance payments		179	--
IV. Non-current investments in Group companies and associates	8	9,929,879	9,914,749
1. Equity instruments		9,592,379	9,536,749
2. Loans to companies		337,500	378,000
V. Non-current financial investments	8	27,028	24,390
1. Equity instruments		21,905	19,189
2. Loans to third parties		91	54
6. Other investments		5,032	5,147
VI. Deferred tax assets	12	26,909	27,069
B) CURRENT ASSETS		309,662	282,134
III. Trade and other receivables		95,302	53,209
1. Trade receivables for sales and services rendered	8	5	33
2. Trade receivables, Group companies and associates	8	--	17
3. Sundry receivables	8	240	265
4. Personnel	8	460	367
5. Current tax assets	12	93,814	52,527
6. Other receivables from government agencies		783	--
IV. Current investments in Group companies and associates	8.18	196,080	200,055
2. Loans to companies		150,123	150,903
5. Other financial assets		45,957	49,152
V. Current financial investments	8	57	57
2. Loans to third parties		57	57
VI. Current accruals		3,056	4,166
VII. Cash and other equivalent liquid assets		15,167	24,647
1. Cash		15,167	24,647
TOTAL ASSETS (A+B)		10,309,515	10,265,690

Thousands of euros

BALANCE SHEET AS AT DECEMBER 31, 2019 AND 2018

EQUITY AND LIABILITIES	Notes from the Annual Report	2019	2018
A) EQUITY		7,456,537	7,384,036
A-1) SHAREHOLDERS' EQUITY		7,456,537	7,384,036
I. Capital		307,955	307,955
1. Authorized share capital	9	307,955	307,955
II. Share premium	9	3,338,720	3,338,720
III. Reserves		3,231,920	3,140,511
1. Legal and statutory	9	61,591	61,591
2. Other reserves	--	3,170,329	3,078,920
IV. (Treasury stock)	9	(63,836)	(48,250)
V. Results for previous years		383,458	336,479
1. Retained earnings	--	383,458	336,479
VII. Result for the period	3	443,093	493,455
VIII. (Interim dividend)	3	(184,773)	(184,834)
IX. Other equity instruments		--	--
B) NON-CURRENT LIABILITIES		2,711,017	2,590,517
I. Non-current provisions		10,990	11,792
1. Long-term employee benefit obligations	14	10,990	11,694
4. Other provisions	14	--	98
II. Non-current debt		2,699,919	2,578,617
1. Debentures and other negotiable securities	8.10	2,089,554	2,088,252
2. Due to credit institutions	8	610,000	490,000
5. Other financial liabilities	8	365	365
III. Non-current debt with Group companies and associates	8.18	--	--
IV. Deferred tax liabilities		108	108
C) CURRENT LIABILITIES		141,961	291,137
II. Current provisions	14	--	--
III. Current debt		36,352	36,412
1. Debentures and other negotiable securities	8.10	36,337	36,337
2. Due to credit institutions	8	5	43
5. Other financial liabilities	8	10	32
IV. Current debt with Group companies and associates	8.18	64,599	216,291
V. Trade and other payables		41,010	38,434
3. Sundry creditors	8	16,483	12,976
4. Personnel (remuneration pending payment)	8	11,311	11,225
5. Current tax liabilities	12	--	26
6. Other debts with government agencies	--	13,216	14,207
TOTAL EQUITY AND LIABILITIES (A+B+C)		10,309,515	10,265,690

Thousands of euros

INCOME STATEMENT FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

INCOME STATEMENT	Notes from the Annual Report	2019	2018
ONGOING OPERATIONS			
Revenue		616,263	750,118
Dividends and interest from Group companies and associates		616,263	750,118
• Dividends	8.18	601,546	741,258
• Interest	8.18	14,717	8,860
Other operating revenue	--	62,752	86,973
• Non-core and other operating revenue	18	62,752	86,973
Personnel expenses	--	(67,506)	(67,928)
• Wages, salaries and similar	--	(46,066)	(50,335)
• Social security contributions	13	(21,474)	(22,553)
• Provisions	14	34	4,960
Other operating expenses		(93,661)	(90,730)
• External services	--	(92,422)	(90,698)
• Taxes	--	(1,239)	(32)
Amortization and depreciation of fixed assets	5.6	(2,055)	(2,697)
Excess provisions		--	--
Impairment and gains/(losses) on fixed asset disposal		(94)	(44)
Impairment of Group companies and associates	8	(45,437)	(151,622)
Other earnings	--	21	(4)
EARNINGS FROM OPERATIONS		470,283	524,066
Financial income	8	371	394
Acquisitions in equity instruments	--	--	--
• From third parties	--	--	--
From negotiable securities and other financial instruments	--	371	394
• From third parties	--	371	394
Financial expenses		(70,083)	(67,007)
• For debt with Group companies and associates	8.18	(1,431)	(11,663)
• For debt with third parties	8	(68,457)	(55,146)
• For update of provisions	8	(195)	(198)
Fair value variation in financial instruments		--	--
• Trading portfolio and other	8	--	--
Foreign exchange differences	8	(4)	(15)
Impairment and gains/losses on financial instrument disposal	8	4,074	--
• Impairment and loss		(5,600)	--
• Earnings from disposal and other		9,674	--
FINANCIAL RESULT		(65,642)	(66,628)
EARNINGS BEFORE TAX		404,641	457,438
Tax on profits	12	38,452	36,017
RESULT FOR THE PERIOD FROM ONGOING OPERATIONS		443,093	493,455
DISCONTINUED OPERATIONS			
Result for the period after tax from discontinued operations		--	--
RESULT FOR THE PERIOD		443,093	493,455

Thousands of euros

STATEMENT OF CHANGES IN EQUITY AT DECEMBER 31, 2019 AND 2018

A) STATEMENTS OF RECOGNIZED INCOME AND EXPENSE

INCOME STATEMENT	Notes from the Annual Report	2019	2018
A) Result of the income statement	3	443,093	493,455
Revenue and expenses posted directly to equity			
I. For valuation of financial instruments			
1. Financial assets for sale	--	--	--
2. Other revenues/expenses	--	--	--
IV. For actuarial gains and losses and other adjustments		--	--
VII. Tax effect		--	--
B) Total revenue and expenses posted directly in equity (I+IV+VII)	--	--	--
Transfers to the income statement			
VIII. For valuation of financial instruments			
1. Financial assets for sale	--	--	--
XIII. Tax effect			
C) Total transfers to the income statement (VIII+XIII)		--	--
TOTAL RECOGNIZED REVENUE AND EXPENSES (A+B+C)	--	443,093	493,455

Thousands of euros

STATEMENT OF CHANGES IN EQUITY AT DECEMBER 31, 2019 AND 2018**B) STATEMENT OF TOTAL CHANGES IN EQUITY**

ITEM	Capital		Share premium	Reserves	(Treasury stock)	Result from previous years	Other shareholder contributions	Result for the period	(Interim dividend)	Other equity instruments	Valuation change adjustments	Grants, donations and bequests received	TOTAL
	Authorized	Uncalled											
ADJUSTED BALANCE, BEGINNING OF 2018	307,955	--	3,338,720	3,136,783	(52,356)	289,403	--	495,530	(184,772)	2,867	--	--	7,334,129
I. Total recognized revenue and expenses	--	--	--	--	--	--	--	493,455	--	--	--	--	493,455
1. Share capital increases	--	--	--	--	--	--	--	--	--	--	--	--	--
4. (-) Distribution of dividends	--	--	--	--	--	--	--	(261,825)	(184,834)	--	--	--	(446,659)
4. bis. Distribution of earnings	--	--	--	1,857	--	47,076	--	(233,705)	184,772	--	--	--	--
5 Operations with treasury stock (Note 9)	--	--	--	1,931	4,106	--	--	--	--	--	--	--	6,037
6. Increases in equity resulting from a business combination	--	--	--	--	--	--	--	--	--	--	--	--	--
III. Other variations in equity	--	--	--	(60)	--	--	--	--	--	(2,867)	--	--	(2,927)
CLOSING BALANCE FOR YEAR 2018	307,955	--	3,338,720	3,140,511	(48,250)	336,479	--	493,455	(184,834)	--	--	--	7,384,036
II. Correction of errors 2018	--	--	--	--	--	--	--	--	--	--	--	--	--
ADJUSTED BALANCE, BEGINNING OF 2019	307,955	--	3,338,720	3,140,511	(48,250)	336,479	--	493,455	(184,834)	--	--	--	7,384,036
I. Total recognized revenue and expenses	--	--	--	--	--	--	--	443,093	--	--	--	--	443,093
1. Share capital increases	--	--	--	--	--	--	--	--	--	--	--	--	--
4. (-) Distribution of dividends	--	--	--	--	--	--	--	(261,642)	(184,773)	--	--	--	(446,415)
4. bis. Distribution of earnings	--	--	--	--	--	46,979	--	(231,813)	184,834	--	--	--	--
5 Operations with treasury stock (Note 9)	--	--	--	905	(15,586)	--	--	--	--	--	--	--	(14,681)
6. Increases in equity resulting from a business combination	--	--	--	--	--	--	--	--	--	--	--	--	--
III. Other variations in equity (Note 8)	--	--	--	90,504	--	--	--	--	--	--	--	--	90,504
CLOSING BALANCE FOR YEAR 2018	307,955	--	3,338,720	3,231,920	(63,836)	383,458	--	443,093	(184,773)	--	--	--	7,456,537

Thousands of euros

CASH FLOW STATEMENT AT DECEMBER 31, 2019 AND 2018

A) CASH FLOWS FROM OPERATING ACTIVITIES	Notes from the Annual Report	2019	2018
1. Result for the period before tax		404,641	457,438
2. Adjustments to results		(463,368)	(487,900)
a) Amortization and depreciation of fixed assets	5.6	2,055	2,697
b) Corrections in value due to impairment (+/-)	8	45,437	151,622
e) Results of fixed asset cancellations and disposals (+/-)	--	94	44
f) Results of financial instruments cancellations and disposals (+/-)	--	(4,074)	--
g) Financial income (-)	8	(371)	(394)
b) Financial expenses (+)	8	70,083	67,007
i) Exchange rate differences (+/-)	8	4	15
j) Fair value variation in financial instruments (+/-)	8	--	--
k) Other revenues and expenses	--	(576,596)	(708,891)
3. Changes in working capital		(35,399)	(52,021)
b) Debtors and other receivables (+/-)	--	(54,018)	(81,626)
c) Other current assets (+/-)	--	16,043	49,323
d) Creditors and other payables (+/-)	--	2,576	(19,718)
e) Other current liabilities (+/-)	--	--	--
f) Other non-current assets and liabilities (+/-)	--	--	--
4. Other cash flows from operating activities	--	535,294	683,115
a) Interest paid (-)		(96,394)	(96,006)
b) Dividend receipts (+)	--	601,543	741,258
c) Interest collected (+)	--	18,220	6,157
d) Payment (receipt) of income tax (+/-)	--	11,925	31,706
e) Other payments (collection) (-/+)	--	--	--
5. Cash flows from operating activities (+/-1+/-2+/-3+/-4)	--	441,168	600,632
B) CASH FLOWS FROM INVESTING ACTIVITIES			
6. Payments for investments (-)		(218,792)	(627,225)
a) Group companies and associates	8	(210,459)	(617,846)
g) Other assets	8	(8,333)	(9,379)
7. Collections for divestments (+)		247,682	263,504
a) Group companies and associates	8	247,665	263,420
e) Other financial assets	8	17	84
8. Cash flows from investing activities (7+6)		28,890	(363,721)
C) CASH FLOW FROM FINANCING ACTIVITIES			
9. Payments and collections for equity instruments		(14,676)	6,039
c) Acquisition of treasury equity instruments (-)	9	(19,302)	--
e) Disposal of treasury equity instruments (+)	9	4,626	6,039
10. Payments and collections for financial liability instruments		(18,400)	186,700
a) Issuing			
1. Debentures and other negotiable securities (+)	10	--	500,000
2. Due to credit institutions (+)	8	367,000	480,000
3. Debt with Group companies and associates (+)	--	--	--
b) Return and redemption of			
1. Debentures and other negotiable securities (-)	10	--	--
2. Due to credit institutions (-)	8	(247,000)	(590,000)
3. Debt with Group companies and associates (-)	--	(138,400)	(203,300)
11. Payments for dividends and remuneration of other equity instruments		(446,462)	(446,659)
a) Dividends (-)	--	(446,462)	(446,659)
12. Cash flows from financing activities (+/-9/10-11)		(479,538)	(253,920)
D) EFFECT OF EXCHANGE RATE VARIATIONS			
E) NET INCREASE / DECREASE OF CASH OR EQUIVALENTS (+/-5+/-8+/-12+/-D)	--	(9,480)	(17,009)
Cash or cash equivalents at the beginning of the year		24,647	41,656
Cash or cash equivalents at the end of the year		15,167	24,647

Thousands of euros

ANNUAL REPORT

FISCAL YEAR 2019

1. COMPANY ACTIVITY

MAPFRE S.A. (the "Company") is a corporation (Spanish "sociedad anónima") whose main activity is the investment of its funds in real-estate assets and tradeable financial securities.

The Company's scope of action includes the entire Spanish territory.

Its registered office is at Crta. de Pozuelo, 52, Majadahonda (Madrid, Spain). The Company is the controlling company of the MAPFRE Group, which comprises MAPFRE S.A. and several companies operating in the insurance, property, financial and services sectors.

The Company is a subsidiary of CARTERA MAPFRE, S.L., Single-Member Company, with registered address at Carretera de Pozuelo, 52, Majadahonda (Madrid, Spain). The annual accounts of that company for the year ended December 31, 2019 will be prepared by its board of directors on March 30, 2020 and will be placed on file at the Madrid Companies' Registry.

The ultimate controlling company is Fundación MAPFRE, a non-profit company whose registered address is Paseo de Recoletos No. 23, Madrid and whose consolidated annual accounts will be filed with the Madrid Companies' Registry and a copy sent to the Foundations Register.

2. BASIS OF PRESENTATION OF THE ANNUAL ACCOUNTS

a) TRUE AND FAIR VIEW

The application of legal provisions regarding accounting matters have resulted in a true and fair view of the Company's equity, financial position and results for the year, and the accuracy of the cash flows reported on the cash flow statement. The directors consider that it is not necessary to include supplementary information in this regard.

The Board of Directors expects the individual and consolidated annual accounts for 2019 prepared on February 11, 2020 to be approved by the Annual General Meeting with no changes.

b) ACCOUNTING PRINCIPLES

The annual accounts have been prepared in accordance with the Spanish General Chart of Accounts approved under Royal Decree 1514/2007 of November 16 and subsequently

amended through Royal Decree 1159/2010 of September 17 and Royal Decree 602/2016 of December 2, as well as with all other applicable mercantile legislation.

c) CRITICAL ASPECTS OF MEASURING AND ESTIMATING UNCERTAINTY

When preparing the annual accounts, judgments and estimates were used that are based on assumptions about the future and uncertainties. These primarily refer to asset impairment, deferred tax assets and provisions.

The estimates and assumptions used are reviewed regularly, and are based on past experience and on other factors that have been deemed most reasonable in each instance. If these reviews lead to changes in estimates in a given period, their effect would apply to that period and, as the case may be, to subsequent periods.

d) COMPARISON OF INFORMATION

There is nothing preventing the annual accounts of the current year from being compared with those of the previous year.

e) CORRECTIONS OF ERRORS

No significant errors were found in the Company's annual accounts from previous years.

3. DISTRIBUTION OF PROFITS

The Company's Board of Directors has proposed the following distribution of profits for approval at the Annual General Meeting:

BASIS OF DISTRIBUTION	AMOUNT
Profit for the fiscal period	443,092,794.75
Retained earnings	383,458,419.15
TOTAL	826,551,213.90
DISTRIBUTION	IMPORTE
To dividends	446,535,224.59
To retained earnings	380,015,989.31
TOTAL	826,551,213.90

Figures in euros

The planned distribution of dividends in the distribution of profits complies with the requirements and limitations established under legal regulations and the corporate bylaws. The requirements and limitations related to restricted reserves are set out in Note 9 "Shareholders' equity."

During the fiscal year, the Company distributed an interim dividend of 184,773,244.10 euros (184,834,843.67 euros in 2018), which is recorded in equity under the heading "Interim dividend."

The liquidity statement prepared by the Board of Directors for the distribution of the interim dividend is shown below.

ITEM	DATE OF AGREEMENT
	September 26, 2019
Cash available on date of agreement	6,192
Increases in cash forecast within one year	804,605
(+) From expected current collection operations	704,605
(+) From expected financial operations	100,000
Decreases in cash forecast within one year	(401,642)
(-) From expected current payment transactions	(94,941)
(-) From expected financial transactions	(306,701)
Cash available within one year	409,155

Thousands of euros

The distribution of profits for fiscal year 2018, carried out during 2019, is presented in the statement of total changes in equity.

4. RECOGNITION AND MEASUREMENT STANDARDS

The recognition and measurement standards applied are indicated below:

a) Fixed assets

Intangible fixed assets

Intangible fixed assets recognized comply with the identifiable criterion and are carried at cost less accumulated amortization and any impairment losses.

They are measured at their acquisition price or production cost and usually are systematically amortized according to their useful life.

Property, plant and equipment

The assets included under property, plant and equipment are measured at cost of acquisition or production, including indirect taxes that are not directly recoverable from the Spanish tax authorities, less accumulated depreciation and impairment losses.

Depreciation is calculated on a straight-line basis, on the cost of the asset less the residual value and less the value of land, in accordance with the estimated useful life.

The costs of renovating, expanding or improving property, plant and equipment are recognized as an increase in the value of the asset when they entail an increase in capacity, productivity or extension of the useful life of each asset.

Impairment of fixed assets

At least at the fiscal year-end, and wherever there are indications of impairment, the Company considers whether the fixed assets may have suffered a loss in value. If such evidence exists, the recoverable amount of the asset is estimated.

Recoverable amount is the greater of an asset's fair value less costs to sell and its value in use.

If the book value exceeds the recoverable amount, the excess is recognized as a loss, reducing the book value of the asset to its recoverable amount.

Valuation adjustments to assets due to impairment and the reversal thereof are recognized as an expense or revenue, respectively, on the income statement under "Impairment and gains/(losses) from disposal of fixed assets."

If there is an increase in the recoverable amount of an asset other than goodwill, any previously recognized impairment loss is reversed, increasing the book value of the asset to its recoverable amount. This increase never exceeds the book value, net of amortization or depreciation, that would be recorded had an impairment loss not been recognized in previous years. The reversal is recognized on the income statement, unless the asset was previously subject to revaluation against "Valuation change adjustments", in which case the reversal is treated as a revaluation increase. Amortization and depreciation expenses are adjusted in the following periods after the valuation adjustment or its reversal.

b) Operating leases

The Company classifies the lease contracts it holds as operating leases given that the lessor does not substantially transfer to the lessee all the risks and benefits of ownership. The revenue and expenses arising from operating leasing are recorded on the income statement over the life of the contract on an accruals basis.

c) Financial instruments

FINANCIAL ASSETS

All assets comprising cash, equity instruments of other companies, or that entail a contractual right to receive cash or another financial asset, or any exchange of financial instruments under favorable conditions, are classified as financial assets.

The fair value of financial assets is determined through the use of market prices, provided that the available quotations of the instruments can be considered representative. In order for them to be considered as such, they must be published regularly in standard information systems provided by recognized financial brokers.

If market valuation is not possible, a valuation will be performed with internal models using, as far as possible, public market data that satisfactorily replicates the valuation of the instruments quoted. This valuation methodology will be based on the discounting of (determined or estimated) future flows from the assets using the risk-free discount curve. Depending on the characteristics of the issue concerned and the issuer, a specific credit risk will be assigned, which will apply to a different degree to each of the flows to be received.

For participations in mutual funds classified as assets available for sale, the fair value will be the realizable value of the fund as at the date of valuation.

Operations in the currency market are recorded on the settlement date, while financial assets traded on Spanish over-the-counter markets are recognized on the trading date, for equity instruments, and on the settlement date, for debt securities.

Financial assets are classified as:

Loans and receivables

This category includes trade and non-trade receivables.

Following initial recognition at their fair value, they are measured at amortized cost. Any interest accrued is posted on the income statement, applying the effective interest method.

Loans and receivables also include deposits in credit institutions, which are measured at amortized cost. Revenue generated on these deposits is recognized at the effective fixed interest rate.

Trade receivables and other items such as advances, loans to personnel or dividends receivable maturing in less than a year and without a contractual interest rate are

measured at their face value when the effect of not discounting cash flows is immaterial to the initial recognition or to subsequent valuation, unless there is impairment.

Impairment exists when there is a decrease or delay in future estimated cash flows that could result from debtor insolvency.

Valuation adjustments due to impairment and their reversal, if applicable, are performed at the close of the fiscal year, recognizing an expense or revenue, respectively, on the income statement. Nevertheless, impairment losses may only be reversed up to the limit of the amortized cost that would have been recorded if an impairment loss had not been recognized in previous years.

Investments in the equity of Group companies, jointly controlled companies and associates

Investments in the equity of Group companies, jointly controlled companies and associates is initially recognized and measured at cost minus the accumulated amount of valuation adjustments for impairment, if applicable.

In the case of non-monetary contributions to Group companies, the contributor values the investment at the book value of the assets and liabilities delivered in the Group's most recent consolidated annual accounts. Any difference between the book value of the investment contributed and the value assigned to the interest received is posted in a reserve account.

When a value is assigned due to derecognition or for another reason, the weighted average cost method is applied for homogeneous groups.

In the case of the sale of preferential subscription rights and similar rights or the division of these rights to exercise them, the cost of the rights reduces the book value of the respective assets.

At the close of the fiscal year, when there is objective evidence that the book value of the investment is not recoverable, the necessary valuation adjustments are made.

A valuation adjustment equates to the difference between the book value of the investment and the recoverable amount. The latter is the higher of fair value less costs to sell and the present value of the future cash flows derived from the investment.

Valuation adjustments due to impairment and their reversal, if applicable, are recorded as an expense or revenue for the fiscal year on the income statement.

Financial assets available for sale

This category includes debt securities and equity instruments of other companies that are not classified in any other financial asset category.

Initial recognition and subsequent measurement are at fair value, plus the preferential subscription rights acquired, without subtracting transaction costs that could arise from disposal.

Changes in fair value are recognized directly in equity until the financial asset is written off or becomes impaired, at which time they are recorded on the income statement.

Impairment losses and currency exchange differences in financial assets carried in foreign currencies are registered in the income statement. The amount of interest calculated applying the effective interest rate method and dividends accrued are also recorded on the income statement.

Investment in equity instruments whose fair value may not be reliably calculated are measured at their cost minus the accumulated valuation adjustments due to impairment.

When a value is assigned to these assets due to derecognition or for another reason, the weighted average cost method is applied for homogeneous groups.

In case of sale of preferential subscription rights and similar rights, the cost of the rights reduces the book value of the respective assets.

At least at the close of the financial year, the pertinent corrections in value are made, providing there is objective evidence that the value of an available-for-sale financial asset is impaired, the amount of which is recognized in the income statement. Reversals of valuation adjustments are credited to the income statement, with the exception of those associated with equity instruments, the reversal for which is recognized directly in equity.

For equity instruments, investments are analyzed individually to determine whether any impairment exists, when the market value has fallen either over a prolonged period (18 months) or by a significant amount (40 percent) compared to cost.

Cash and other equivalent liquid assets

Cash includes cash on hand and demand deposits, while cash equivalents correspond to highly liquid short-term investments that can be easily converted to fixed amounts of cash and have an insignificant risk of change in value.

Interest and dividends received from financial assets

The interest and dividends from financial assets accrued after acquisition are recognized as revenue on the income statement. The interest is recognized using the effective interest rate method, and dividends when the right to receive them is declared.

To this end, the amount of accrued and non-accrued explicit interest and the dividends agreed upon acquisition are recorded separately in the initial valuation of financial assets, bearing in mind their maturity.

Additionally, when the distributed dividends come from earnings generated prior to the acquisition date, because amounts were distributed that are greater than the profits generated by the investee since the acquisition, they are not recognized as revenue and they reduce the book value of the investment.

Derecognition of financial assets

Financial assets are derecognized when the contractual rights over the cash flows of the financial asset expire or when they are transferred, whereupon the risks and benefits of ownership are substantially transferred.

When a financial asset is canceled, the difference between the net received compensation of the attributable transaction costs and the book value of the financial asset, plus any accumulated amount recognized directly as equity, determines the resulting gains or losses and is part of the result for the financial year.

FINANCIAL LIABILITIES

All instruments issued, incurred or assumed that imply a direct or indirect contractual obligation for the Company are recorded as financial liabilities, in accordance with the economic reality of delivering cash or another financial asset or exchanging financial assets and liabilities with third parties in unfavorable conditions.

Financial liabilities are classified as:

Debits and payables

These correspond to trade and non-trade payables.

After initial recognition at their fair value (transaction price), they are measured at their amortized cost, and any interest is recorded on the income statement, applying the effective interest rate method.

In the case of trade payables maturing within a year and without a contractual interest rate, as well as third-party called capital for holdings whose amount are expected to be paid in the short-term, both the initial valuation and subsequent valuations are performed at the face value when the effect of not discounting cash flows is immaterial.

Derecognition of financial liabilities

Financial liabilities are derecognized when the obligation inherent to them has expired. Additionally, an own financial liabilities acquired are derecognized even when there is an intention to reassign them in the future.

If there is an exchange of debt instruments with significantly different conditions, the original liability is canceled and the new liability is recognized.

The difference between the book value of the financial liability or the derecognized part of the liability and the compensation paid, including attributable transaction costs, and including any transferred asset other than cash or the liability assumed, is recognized on the income statement during the fiscal year in which it occurs.

If there is an exchange of debt instruments without significantly different conditions, the original liability is not derecognized, and any commission paid is recorded as an adjustment to the book value.

Own equity instruments

All items that show a residual investment in Company assets once its liabilities have been deducted are classified in this category.

Treasury stock is measured at its net acquisition cost and recorded in equity. Expenses incurred on acquisition are recognized in equity as a decrease in the value of reserves.

All transactions performed with own equity instruments are recorded in equity as a variation in the value of shareholders' equity.

d) Transactions in foreign currency

Transactions in foreign currencies are converted to euros by applying the exchange rate in force on the transaction date.

At fiscal year-end, the balances that correspond to monetary items expressed in foreign currencies are converted at the exchange rate of the euro on that date, and all exchange differences are allocated in the income statement, except for monetary financial assets that are available for sale and in which exchange rates other than those generated from the amortized cost are recognized directly in equity.

Non-monetary items that are measured at historical cost are generally recorded by applying the exchange rate of the transaction date. When determining the net equity of an investee, adjusted for any unrealized gains that exist on the valuation date, the closing exchange rate is applied to the net equity and unrealized gains that exist on that date.

Non-monetary items at fair value are recorded by applying the exchange rate on the date when the fair value was determined, recognizing any losses and gains derived from the valuation as net equity or as earnings, depending on the nature of the item.

When presenting the cash flow statement, the flows from transactions in foreign currencies are converted to euros by applying the spot exchange rate on the dates of exchange to the amount in foreign currency.

The effect of the variation in exchange rates on cash and other equivalent liquid assets expressed in foreign currency is presented separately on the cash flow statement as "Effect of exchange rate variations."

e) Corporate tax

Corporate tax is treated as an expense for the fiscal year and is recorded as such on the income statement, including both the tax burden of current tax and the effect of any changes in deferred tax.

However, corporate tax related to items where modifications in their value are directly recognized in equity are not posted to the income statement but to equity, and the changes in value are included in those items net of the tax effect.

Current tax assets or liabilities are measured at the amounts that are expected to be recovered or paid, as per the tax rules and rates that are in force or approved and pending publication at year-end.

The Company files taxes as part of a consolidated tax group. The expense for corporate tax on the companies in the consolidated tax group is determined taking into account the parameters used in calculated individual tax as well as the following items:

- Temporary and permanent differences arising as a result of eliminating gains and losses on intergroup transactions, derived from the process of determining the consolidated tax base.
- Tax credits and deductions corresponding to each Group company in the consolidated tax group. To that end, tax credits and deductions are recorded in the company that carried out the related activity or that obtained the gain resulting in entitlement to the tax credit or deduction.

Temporary differences derived from the elimination of gains and losses between companies in the tax group are recognized in the company that generated the gain or loss, and are measured at the applicable tax rate.

Tax losses incurred in certain Group companies that have been offset by profits of other companies in the Group give rise to a reciprocal credit and debit between the companies, as appropriate. In the event that tax losses cannot be offset by profits of other Group companies, the tax loss carryforwards are recognized as deferred tax assets by the corresponding companies, considering that they will be offset by future profits of the tax group.

As the Group's controlling company, the Company recognizes the total amount payable for consolidated corporate tax as a payable or a receivable with the different Group companies and associates, as appropriate.

Deferred tax is recorded for temporary differences on the reporting date between the tax base of the assets and the liabilities and their book values. The tax base of an equity item is the amount attributed to it for tax purposes.

The tax effect of temporary differences is included for all taxable temporary differences under the corresponding headings of "Deferred tax assets" and "Deferred tax liabilities," excluding the exceptions provided in current regulations, if applicable.

The Company recognizes deferred tax assets for all deductible temporary differences, unused tax receivables and tax loss carryforwards to the extent that it is likely that the Company will have future taxable profits allowing these assets to be used.

Unless evidenced otherwise, it is not considered likely that the Company will avail of future taxable profits if recovery is to take place more than ten years after fiscal year-end.

The Company recognizes deferred tax assets that have not been recognized due to expiry of the ten-year recovery period if the future reversal period does not exceed ten years from the date of fiscal year-end or when there are sufficient liabilities derived from temporary tax differences.

The deferred tax assets and liabilities are measured according to anticipated tax rates for the fiscal years in which they will be recovered or settled, respectively.

Deferred tax assets and deferred tax liabilities are recognized on the balance sheet as non-current assets or liabilities, regardless of the expected date of realization or settlement.

f) Revenue and expenses

Revenue and expenses are measured in accordance with the General Chart of Accounts.

Revenue from services provided are recognized when the transaction earnings are estimated reliably, taking into account the percentage of completion of the service at the close of the fiscal year.

If the gains or losses from providing a service cannot be estimated reliably, revenue is only recognized to the extent to which recognized expenses are recoverable.

Given the Company's activity, the accrued dividends and other revenue from the funding granted to investees are included under "Revenue," and therefore, pursuant to the provisions of the Spanish Accounting and Auditing Institute (ICAC), they are recorded under that heading on the income statement.

g) Provisions and contingencies

Provisions are recognized when there is a current obligation, whether legal or implicit, as a result of a past event, and it is estimated that there will be a probable outflow of funds that include future economic benefits.

They are measured at the fiscal year-end at the present value of the best possible estimate of the amount needed to cancel or transfer the obligation to a third party. The resulting adjustments are recorded when the provision is discounted as a financial expense on an accruals basis.

The compensation to be received from a third party on settling the obligation, provided that there is no doubt that it will be received, does not entail a decrease in the debt, and the collection right is recognized in the asset whose amount will not exceed the amount of the obligation recorded in the accounts.

h) Personnel expenses

Remuneration for employees may be short-term, post-employment benefits, compensation for termination, other medium and long-term remuneration, and share-based payments.

Short-term remuneration

These are posted according to the services provided by employees on an accrual basis.

Post-employment benefits

These essentially consist of defined contribution plans and defined benefit plans, as well as life insurance covering death between the ages of 65 and 77.

Defined contribution plans

These are those in which the Company makes pre-determined contributions to a separate company (whether linked to the Group or external) and has no legal or implicit obligation to make any additional contributions in the event of an insufficiency of assets to honor the payment of benefits. The obligation is limited to the contribution agreed on to deposit in a fund and the amount of benefits to be received by employees is determined by the contributions made plus the yield obtained on the investments made by the fund.

Defined benefit plans

These are post-employment benefit plans that differ from defined contribution plans.

The liability recognized on the balance sheet for defined benefit pension plans is equal to the present value of the defined benefits obligation on the balance sheet date less, where applicable, the fair value of plan assets.

The defined benefit obligation is determined separately for each plan using the projected credit unit actuarial valuation method.

Actuarial gains and losses are recognized in equity.

All the obligations for defined benefit plans that remain on the balance sheet correspond to retired personnel.

Compensation for termination

Compensation for termination is recognized as a liability and expense when there is a proven agreement to rescind the work relationship before the normal date of employee retirement or when there is an offer to encourage voluntary rescission of the contracts.

Other medium- and long-term remuneration and share-based payments

Other long-term remuneration besides those described in the preceding paragraphs and referring specifically to the award for years of service or time with the company are recorded in line with the aforementioned principles; the only exceptions are past service costs, which are recognized immediately and recorded as an offsetting liability under the

heading "Long-term provisions", and actuarial gains and losses, which are recorded on the income statement.

In 2019, a new medium-term incentive plan was approved for certain members of the MAPFRE executive team. The plan is extraordinary, non-cumulative and multi-year, commencing January 1, 2019 and ending March 31, 2022, with payment of part of the incentives deferred to the period 2023-2025. The payment of incentives is dependent on fulfilling certain corporate and specific objectives, as well as the director remaining in the Group's employ. It will be paid partly in cash (50%) and partly in MAPFRE S.A. shares (50%), and is subject to reduction or recovery clauses.

At the close of each year of the plan, fulfillment of the objectives is evaluated and the amount accrued is recorded on the income statement, with a credit to a provisions account for the part of cash remuneration and a credit to equity for the part corresponding to shares. The part of the incentive to be received in MAPFRE S.A. shares is measured taking into account the fair value of the assigned equity instruments.

Each year, until the vesting period date, the number of equity instruments included in the calculation of the transaction amount is adjusted. No additional adjustments are made after the vesting date.

The previous medium-term incentive plan approved in 2016 expired in fiscal year 2018.

i) Related-party transactions

Transactions with related parties linked to the usual activities of the Company are conducted under market conditions and are recorded according to the aforementioned valuation rules.

5. PROPERTY, PLANT AND EQUIPMENT

The accompanying table shows the movements under this heading for the last two fiscal years:

HEADINGS	OPENING BALANCE		INFLOWS		OUTFLOWS		CLOSING BALANCE	
	2019	2018	2019	2018	2019	2018	2019	2018
Land and buildings	13,454	13,448	--	6	--	--	13,454	13,454
Facilities and other property, plant and equipment	8,041	5,591	578	2,532	(197)	(82)	8,422	8,041
Fixed assets in progress and advance payments	--	--	179	--	--	--	179	--
TOTAL COST	21,495	19,039	757	2,538	(197)	(82)	22,055	21,495
Cumulative amortization	(5,269)	(4,220)	(1,259)	(1,066)	82	17	(6,446)	(5,269)
NET TOTAL	16,226	14,819	(502)	1,472	(115)	(65)	15,609	16,226

Thousands of euros

The main additions in both fiscal years correspond to disbursements for improvements to property, plant and equipment.

The depreciation of items of property, plant and equipment is calculated on a straight-line basis according to useful life. Below are details of the depreciation rates applied by groups of items:

ITEM GROUPS	% DEPRECIATION
Buildings	2
Vehicles	16
Furniture and fittings	10
Data processing equipment	25

No items of property, plant and equipment were acquired from Group companies or associates in the last two fiscal years.

No items of property, plant or equipment are located outside Spanish territory.

At the close of the last two fiscal years, there were no fully depreciated assets in use.

The Company has insurance policies covering the net book value of property, plant and equipment.

6. INTANGIBLE FIXED ASSETS

The accompanying table shows the movements under this heading for the last two fiscal years:

HEADINGS	OPENING BALANCE		INFLOWS		OUTFLOWS		CLOSING BALANCE	
	2019	2018	2019	2018	2019	2018	2019	2018
Computer applications	15,982	15,824	185	425	(83)	(267)	16,084	15,982
TOTAL COST	15,982	15,824	185	425	(83)	(267)	16,084	15,982
Cumulative amortization	(14,860)	(13,229)	(798)	(1,631)	2	--	(15,656)	(14,860)
NET TOTAL	1,122	2,595	(613)	(1,206)	(81)	(267)	428	1,122

Thousands of euros

The main additions in both fiscal years correspond to disbursements for the development of current computer applications and the purchase of new licenses.

The annual amortization rate is 33%.

There are no intangible fixed assets outside Spanish territory.

At the close of the last two fiscal years, there were no fully depreciated assets in use.

7. LEASES

Operating leases

The Company is the lessee in operating leases on a building. The contract is for a one-year term and may be extended by one-year increments if neither party informs the other of its desire to terminate the contract giving two months' notice. There is no restriction on the lessee whatsoever regarding the prerogative to sign these leases.

The future minimum payments to be paid until the end of the lease term on non-cancellable operating leases amount to 3,587,000 euros, calculated as on December 31, 2019 (2,897,000 euros as on December 31, 2018).

Leasing expenses registered in fiscal years 2019 and 2018 amount to 3,547,000 euros and 2,854,000 euros, respectively.

8. FINANCIAL INSTRUMENTS

The following table shows the book value of the financial assets recorded in the last two fiscal years.

Financial assets

A.- Long-term financial instruments								
Class	Equity instruments		Debt securities		Credit derivatives and Other		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Loans and receivables	--	--	--	--	342,623	383,201	342,623	383,201
Assets available for sale - Valued at fair value	21,905	19,189	--	--	--	--	21,905	19,189
TOTAL A	21,905	19,189	--	--	342,623	383,201	364,528	402,390
B.- Short-term financial instruments								
Class	Equity instruments		Debt securities		Credit derivatives and Other		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Loans, receivables and other assets	--	--	--	--	196,842	200,794	196,842	200,794
TOTAL B	--	--	--	--	196,842	200,794	196,842	200,794
TOTAL A + B	21,905	19,189	--	--	539,465	583,995	561,370	603,184

Thousands of euros

Financial liabilities

The book value of the financial liabilities corresponding to the last two fiscal years is shown below.

A.- Long-term financial instruments								
Class	Due to credit institutions		Debentures and other negotiable securities		Loans and Other		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Debits and payables	610,000	490,000	2,089,554	2,088,252	365	365	2,699,919	2,578,617
Liabilities designated at fair value through gains or losses:								
Other	--	--	--	--	--	--	--	--
TOTAL A	610,000	490,000	2,089,554	2,088,252	365	365	2,699,919	2,578,617
B.- Short-term financial instruments								
Class	Due to credit institutions		Debentures and other negotiable securities		Loans and Other		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Debits and payables	--	--	36,337	36,337	92,408	240,567	128,745	276,904
Liabilities designated at fair value through gains or losses:								
Other	--	--	--	--	--	--	--	--
TOTAL B	--	--	36,337	36,337	92,408	240,567	128,745	276,904
TOTAL A + B	610,000	490,000	2,125,891	2,124,589	92,773	240,932	2,828,664	2,855,521

Thousands of euros

Credit line limits at December 31 of the last two fiscal years are indicated below.

Bank	Maturity	Limit		Drawn down	
		2019	2018	2019	2018
BANCO SANTANDER	26.02.2024	1,000,000	1,000,000	610,000	490,000
CARTERA MAPFRE S.L.U.	10.09.2020	400,000	400,000	--	--
Total		1,400,000	1,400,000	610,000	490,000

Thousands of euros

Banco de Santander is the agent bank of the aforementioned line of credit, which is a syndicated loan with other banks and which bears interest at a rate pegged to market variables. In fiscal year 2018, it was renewed, its conditions modified and its maturity extended. Among the modified conditions, it was converted into sustainable financing, linking its interest also to the Group's sustainability parameters. As stipulated in the contract, in January 2020, its maturity was extended from February 2024 to February 2025.

Accrued interest payable on the line of credit during the period amounted to 2,186,000 euros (2,273,000 euros in 2018).

The line of credit granted by CARTERA MAPFRE, S.L.U. bears interest at a variable rate tied to the three-month Euribor plus a spread of 1.5%, and may be extended for successive one-year periods.

The maturities of financial instruments in the last two fiscal years, without considering the financial discount, are shown below:

Fiscal year 2019

HEADINGS	Maturity in						Closing
	2020	2021	2022	2023	2024	Subsequent	balance
Financial assets							
- Other investments	196,842	50,500	50,500	50,500	50,500	140,623	539,465
Total financial assets	196,842	50,500	50,500	50,500	50,500	140,623	539,465
Financial liabilities							
- Debentures and other negotiable securities	63,125	63,125	63,125	63,125	63,125	2,293,750	2,609,375
- Due to credit institutions	1,678	1,678	1,678	1,678	611,678	--	618,390
- Other financial liabilities	64,609	--	--	--	--	365	64,974
Total financial liabilities	129,412	64,803	64,803	64,803	674,803	2,294,115	3,292,739

Thousands of euros

Fiscal year 2018

HEADINGS	Maturity in						Closing
	2019	2020	2021	2022	2023	Subsequent	balance
Financial assets							
- Other investments	200,794	50,500	50,500	50,500	50,500	181,201	583,995
Total financial assets	200,794	50,500	50,500	50,500	50,500	181,201	583,995
Financial liabilities							
- Debentures and other negotiable securities	63,125	63,125	63,125	63,125	63,125	2,320,538	2,636,163
- Due to credit institutions	490,150	--	--	--	--	--	490,150
- Other financial liabilities	217,754	--	--	--	--	365	218,119
Total financial liabilities	771,029	63,125	63,125	63,125	63,125	2,320,903	3,344,432

Thousands of euros

Information regarding the income statement and equity

The following table provides information regarding the income statement and the equity of financial instruments for the last two fiscal years:

HEADINGS	Financial income or expense		Impairment			
			Registered loss		Reversal gains	
	2019	2018	2019	2018	2019	2018
Financial assets						
Equity instruments	601,546	741,258	(51,037)	(151,622)	--	--
Receivables	14,717	8,860	--	--	--	--
Trading portfolio and other	--	--	--	--	--	--
Other financial assets	371	394	--	--	--	--
Impairment and result of disposal of financial instruments	4,074	--	--	--	--	--
Foreign exchange differences	(4)	(15)	--	--	--	--
Subtotal	620,704	750,497	(51,037)	(151,622)	--	--
Financial liabilities						
Debt with Group companies	(1,431)	(11,663)	--	--	--	--
Debt with third parties	(68,457)	(55,146)	--	--	--	--
For update of provisions	(195)	(198)	--	--	--	--
Subtotal	(70,083)	(67,007)	--	--	--	--
TOTAL	550,621	683,490	(51,037)	(151,622)	--	--

Thousands of euros

Fair value gains or losses on equity instruments correspond to changes in valuation adjustments in Group companies and associates and in the available-for-sale portfolio, as shown below:

Name	(Impairment) Reversal year 2019	(Impairment) Reversal year 2018
MAPFRE INMUEBLES	1,447	2,122
MAPFRE ASISTENCIA	(46,882)	(151,429)
DESURCIC	(2)	(6)
PREMINEN PRICE COMPARISON HL	--	(2,309)
INSPOP-COMPARE (ADMIRAL GROUP)	(5,600)	--
TOTAL	(51,037)	(151,622)

Thousands of euros

During the year the Company sold 1,013,484 shares in MAPFRE RE, generating a profit of 9,464,000 euros.

The accrued dividends and other revenue from the funding granted to investees are recognized under "Revenue," as established in note 4.f).

Group companies and associates

Annex 1 of the annual report contains details of the Group companies and associates in which direct equity investments have been held in the last two fiscal years.

The results of companies included in the aforementioned annex correspond entirely to ongoing operations.

In compliance with Article 155 of the Recast Text of the Spanish Limited Liability Companies Act, the corresponding notifications were made, when applicable, to investees.

The main operations undertaken in the last two fiscal years with Group companies and associates are described in Note 18 of the annual report.

The minority shareholders of the affiliate MAPFRE RE have a put option on the shares of that company. If exercised, MAPFRE or a MAPFRE Group company would have to acquire the shares from the selling minority shareholder. The purchase price for the shares will be calculated using the previously agreed formulas in each case. As on December 31, 2019 and 2018, taking into account the variables included in the aforementioned formula, the commitment assumed by the Group in the event of exercising the option would amount to an approximate amount of 108.75 and 98.09 million euros, respectively.

Note 18 "Related-party transactions" details the amounts of capital increases of Group companies over the last two fiscal years.

In March 2019, the administrative authorization to carry out the business restructuring operation of MAPFRE GLOBAL RISKS was obtained, through which:

- The purely insurance or reinsurance activities of MAPFRE GLOBAL RISKS, together with the assets and liabilities linked to them, were transferred to MAPFRE ESPAÑA and MAPFRE RE, respectively.
- An entity was created that will continue the operations of MAPFRE GLOBAL RISKS in the analysis and underwriting of large industrial and commercial risks, and will act as an agent of MAPFRE ESPAÑA and MAPFRE RE.

As a result of this corporate restructuring, a positive impact of 90,725,000 euros in equity was recorded during the year and has been included under the “Other Reserves” heading.

Financial instruments risk

Credit and market risks are managed centrally through the MAPFRE Group Investment Area, which applies a prudent investment policy to mitigate exposure to these kinds of risks.

Liquidity is managed by the Company, which maintains sufficient balances of current assets and lines of credit to cover any event derived from its obligations. It also has the Group's support for financing operations when additional liquidity is required.

There were no significant amounts in the last two years regarding financial assets exposed to interest rate risk.

The following table shows the significant information for the last two years regarding the level of exposure to the interest rate risk of financial liabilities:

Item	Amount of the liability exposed to risk							
	Interest rate		Fair value		Not exposed to risk		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Issue of debentures and other negotiable securities	2,125,891	2,124,589	--	--	--	--	2,125,891	2,124,589
Other financial liabilities	--	--	365	365	610,005	490,043	610,370	490,408
Total	2,125,891	2,614,632	365	365	610,005	490,043	2,736,261	2,614,997

Thousands of euros

All amounts corresponding to financial assets and liabilities are denominated in euros, with the exception of holdings in entities located overseas.

9. SHAREHOLDERS' EQUITY

SHARE CAPITAL

The Company's share capital as on December 31, 2019 and 2018 was represented by 3,079,553,273 shares with a face value of 0.10 euros each, fully subscribed and paid-up. All shares carry the same political and economic rights.

All shares representing the Company's share capital are admitted to official trading on the Madrid and Barcelona stock markets.

The Annual General Meeting of March 9, 2018 authorized the directors of the Company to increase capital up to a maximum of 153,977,663.65 euros, equivalent to 50% of the share capital at the time. This authorization was granted for a period of five years. Furthermore, the directors were authorized to issue analogous fixed income securities or debentures, convertible or not, for a maximum amount of 2 billion euros.

CARTERA MAPFRE directly held 67.6% of the Company's share capital as on December 31 of the last two fiscal years.

SHARE PREMIUM

This reserve is unrestricted and corresponds to the provisions made as a result of the capital increases, as indicated below.

DATE	ISSUE TYPE	AMOUNT
June 1985	200%	956
October 1985	300%	4,015
January 1986	600%	11,040
June 1986	600%	2,428
January 2007	3,192%	3,320,281
TOTAL		3,338,720

Thousands of euros

LEGAL RESERVE

The legal reserve, which at the end of the last two years amounted to 61,591,065 euros, cannot be distributed to shareholders unless the Company is liquidated. In that case, it may only be used to offset potential losses.

OTHER RESTRICTIONS ON THE AVAILABILITY OF RESERVES

"Reserves" includes reserve for redenomination of the share capital to euros, which in accordance with Article 28 of Law 46/1998 may not be distributed. Additionally, a capitalization reserve totaling 48,857,000 euros is included, which will be available once five years have elapsed since its creation.

TREASURY STOCK

In 2019, a total of 7,897,336 treasury stocks were purchased in the market and 1,889,387 shares were delivered to executives of subsidiaries as part of their variable remuneration, representing an increase of 6,057,949 treasury stocks, equivalent to 0.1967% of capital and amounting to 15,585,821.85 euros. In the previous fiscal year, 2,079,216 treasury stocks were sold, representing 0.0675% of capital and amounting to 4,106,350.17 euros.

As a result of the events occurring in the fiscal year, a positive impact in the amount of 910,979.10 euros was registered (1,930,622.54 euros in fiscal 2018) and this has been included under the heading "Other Reserves".

At the close of the fiscal year, the Company owned 30,489,839 treasury shares (24,431,890 in 2018), which represented 0.9901% of capital (0.7934% in 2018) at an average of 2.09 euros per share (1.97 in 2018).

The total face value of the treasury stock acquired was 3,048,984 euros (2,443,189 euros in 2018).

10. NON-CONVERTIBLE DEBENTURES

At December 31, 2019 and 2018, the balance of this account included the face value of the debentures issued by the Company and was represented through book entries, the most significant terms and conditions of which are as follows:

Description	Nominal amount	Book value		Outstanding interests		Issue date	Expiration date	Coupon	Market	Rating
		31/12/2019	31/12/2018	31/12/2019	31/12/2018					
September 2018 issue	500.000	496.761	496.457	6.498	6.498	07-09-18	07-09-48	4,13%	AIAF	BBB-
March 2017 issue	600.000	598.034	597.808	19.777	19.777	31-03-17	31-03-47	4,38%	AIAF	BBB
May 2016 issue	1.000.000	994.759	993.987	10.062	10.062	19-05-16	19-05-26	1,63%	AIAF	A-
TOTAL	2.100.000	2.089.554	2.088.252	36.337	36.337					

Thousands of euros

The most relevant conditions related to subordinated obligations are detailed below.

September 2018 issue

This issue included an initial call option on September 7, 2028, with the interest payable from this date up to 2048 being the three-month Euribor plus 4.30%, payable quarterly.

March 2017 issue

This issue included an initial call option on March 31, 2027, with the interest payable from this date up to 2047 being the three-month Euribor plus 4.54 percent, payable quarterly.

The issuer is obliged to defer interest payments in the case where there is any non-compliance with the Solvency Capital Requirement or Minimum Capital Requirement, the pertinent regulatory has prohibited interest payments, or the issuer cannot settle the liabilities that are past due and payable. Redemption will occur in special cases as a result of reform or modification of tax regulations, due to lack of interchangeability of the issuer's own funds and as a result of a change in treatment by credit ratings agencies.

11. FOREIGN CURRENCY

At the end of the last two years there were no significant amounts of asset and liability items denominated in foreign currency.

12. FISCAL SITUATION

Since 1985, the Company has been included for corporate tax purposes in Tax Group 9/85, consisting of the Company and those subsidiaries that meet the requirements to be eligible for this tax regime.

In 2019, the following companies belonged to Tax Group No. 9/85:

MAPFRE S.A.; MAPFRE RE, COMPAÑÍA INTERNACIONAL DE REASEGUROS S.A.; MAPFRE INMUEBLES S.G.A.; DESARROLLOS URBANOS CIC S.A.; SERVICIOS INMOBILIARIOS MAPFRE S.A.; MAPFRE ASISTENCIA, CIA. INTERNACIONAL DE SEGUROS S.A.; IBEROASISTENCIA S.A.; IBEROASISTENCIA CONSULTING DE SOLUCIONES Y TECNOLOGÍAS S.A.; MAPFRE INTERNACIONAL S.A.; MAPFRE VIDA S.A. DE SEGUROS Y REASEGUROS SOBRE LA VIDA HUMANA; MAPFRE INVERSIÓN S.V.S.A.; MAPFRE ASSET MANAGEMENT S.G.I.I.C.S.A.; MAPFRE VIDA PENSIONES S.G.F.P. S.A; CONSULTORA ACTUARIAL Y DE PENSIONES, MAPFRE VIDA S.A.; GESTIÓN MODA SHOPPING S.A.; MIRACETI S.A.; MAPFRE ESPAÑA S.A.; MULTISERVICIOS MAPFRE S.A.; MAPFRE TECH S.A.; GESTIÓN DE CENTROS MEDICOS MAPFRE S.A.U.; MAPFRE PARTICIPACIONES S.A.; MAPFRE VIDEO Y COMUNICACIÓN S.A.; CENTRO DE EXPERIMENTACIÓN Y SEGURIDAD VIAL MAPFRE S.A.; CLUB MAPFRE S.A.; MAPFRE CONSULTORES DE SEGUROS Y REASEGUROS S.A.; MAPFRE AUTOMOCIÓN S.A; VERTI ASEGURADORA CIA DE SEGUROS Y REASEGUROS S.A.; MEDISEMAP AGENCIA DE SEGUROS S.L.; MAQUAVIT INMUEBLES S.L.; MAPFRE AM INVESTMENT HOLDING S.A.U.; FUNESPAÑA S.A.; SERVICIOS FUNERARIOS

FUNEMADRID S.A.; ALL FUNERAL SERVICES S.L.; FUNERARIAS REUNIDAS EL BIERZO S.A.; GAB MANAGEMENT & CONSULTING S.R.L.; SALUD DIGITAL MAPFRE S.A.; MAPFRE GLOBAL RISKS AGENCIA DE SUSCRIPCIÓN S.A.; RISK MED SOLUTIONS S.A.

The reconciliation of the accounting profit to the corporate tax base for the last two years is shown in the accompanying table.

RECONCILIATION OF THE BOOK RESULT WITH THE TAXABLE RATE OF THE CORPORATION TAX						
Item	Income statement		Revenue and expenses posted directly to equity		TOTAL	
	2019	2018	2019	2018	2019	2018
Balance of revenue and expenses of the year	443,093	493,455	--	--	443,093	493,455
Corporation tax	(38,452)	(36,017)	--	--	(38,452)	(36,017)
Permanent differences	(559,163)	(583,535)	--	--	(559,163)	(583,535)
Temporary differences:						
- originating in the year	8,052	9,526	--	--	8,052	9,526
- originating in previous years	(50)	(17,980)	--	--	(50)	(17,980)
Compensation of negative tax bases of previous years	--	--	--	--	--	--
Individual taxable rate (fiscal result)	(146,520)	(134,551)	--	--	(146,520)	(134,551)
Permanent differences for fiscal consolidation	(3,325)	(2,318)	--	--	(3,325)	(2,318)
Individual taxable rate after consolidation	(149,845)	(136,869)	--	--	(149,845)	(136,869)

Thousands of euros

Increases and decreases in the past two years:

Increases due to permanent differences originating in the income statement relate to expenses that are not tax deductible, including contributions made to support programs for exceptional public-interest events pursuant to Law 49/2002, and valuation adjustments to equity instruments (equity investments in Group companies and associates) duly accounted for.

The amount of the decreases due to permanent differences arising from the income statement corresponds to the tax-exempt dividends, as well as the income obtained in the transfer of shares in investee companies that meet the requirements to apply the exemption.

The increases due to temporary differences originating in the year in the income statement correspond principally to expenses that are considered to be tax-deductible for pension commitments and other staff commitments.

Decreases due to temporary differences originating in prior years on the income statement primarily relate to: the recovery of adjustments for pension commitments and to the application of provisions for other staff commitments that were not deductible in the fiscal year they were recorded; the recovery of a tenth of the amortization and depreciation of intangible fixed assets and plant, property and equipment that was not tax deductible in 2013 and 2014;

and the recovery of the impairment loss on equity instruments that was not tax-deductible when it was provisioned for.

Increases due to the inclusion of negative temporary differences from previous years correspond to the recovery of the provision that was deducted for tax purposes in previous years due to impairment of the investee portfolio, which is subsequently eliminated in the calculation of the consolidated tax base of fiscal group 9/85.

Shown below for the periods ended December 31, 2019 and 2018 are the main components of the corporate tax expense from continuing operations and the reconciliation between the corporate tax expense for and the sum of multiplying accounting profit by the applicable tax rate.

Item	Amount	
	2019	2018
Tax expense		
Result before taxes from ongoing operations	404,641	457,438
25% of the result before taxes from ongoing operations	(101,160)	(114,360)
Tax effect of the permanent differences	139,791	145,884
Permanent differences for fiscal consolidation	--	--
Tax incentives for the year	311	2,825
Total (expense)/revenue from current tax originating in the year	38,942	34,349
Expense from current tax originating in previous fiscal years	(490)	1,668
Adjustment to temporary differences Law 27/2014 (General Provisions)	--	--
(Expense)/revenue for tax of ongoing operations	38,452	36,017
Tax on profits to be (paid)/received	38,452	36,017
Taxes withheld and payments on account	--	--
Temporary differences	(1,169)	2,693
Tax effect of capital increase expenses posted to equity	--	--
Tax credits and incentives applied, registered in previous years and applied in the current year	490	(1,668)
Tax on profits from discontinued operations	--	--
Net tax on profits to be (paid)/received	37,773	37,042

Thousands of euros

The table below includes tax-deductible amounts in prior years in connection with valuation adjustments to investments in Group companies, jointly controlled entities and associates, and the difference in the year in the shareholders' equity of these entities, as well as the amounts included in the tax base as a result of tax reversals and the amounts pending inclusion. In reference to the above, Royal Decree-Law 3/2016, dated December 2, introduced a new minimum reversal regime for amounts pending inclusion. This provided for a minimum recovery of a fifth of the pending amount from fiscal year 2016 onward, always provided that this amount was higher than the increase in shareholders' equity of the investee for that fiscal year and to the amount of dividends received by it. The calculation of the minimum applicable reversal is also found in the following table.

COMPANY	Deductible tax revenue		Reversal for difference in shareholders' equity		Reversal for dividends		Minimum reversal (fifth part of 2016)		Recovery made during the fiscal year		Amounts pending recovery
	2019	Previous years	2019	2018	2019	2018	2019	2018	2019	2018	
MAPFRE INMUEBLES	---	7,438	544	1,389	---	---	3,719	3,719	3,719	3,719	3,719
Total	---	7,438	544	1,389	---	---	3,719	3,719	3,719	3,719	3,719

Thousands of euros

The applicable tax rate for fiscal years 2019 and 2018 was 25 percent.

The following tables offer a breakdown of the movements for years 2019 and 2018 under the "Deferred tax assets" heading, differentiating the corresponding amounts in terms of items debited or credited directly to equity.

Fiscal year 2019

Item	Opening balance	Originating from		Cancellations	Closing balance
		Results	Equity		
Assets					
Commitments to personnel	9,815	1,739	--	(750)	10,804
Equity instruments impairment	13,238	--	--	--	13,238
Other items	4,016	375	--	(1,524)	2,867
Total	27,069	2,114	--	(2,274)	26,909

Thousands of euros

Fiscal year 2018

Item	Opening balance	Originating from		Cancellations	Closing balance
		Results	Equity		
Assets					
Commitments to personnel	10,155	2,797	--	(3,137)	9,815
Equity instruments impairment	13,768	930	--	(1,460)	13,238
Other items	5,725	682	--	(2,391)	4,016
Total	29,648	4,409	--	(6,988)	27,069

Thousands of euros

The breakdown of movements for years 2019 and 2018 under the heading "Deferred tax liabilities" is also shown below, differentiating the amounts in terms of items debit or credited directly against equity for the period.

Fiscal year 2019

Item	Opening balance	Originating from		Cancellations	Closing balance
		Results	Equity		
Liabilities					
Profit from sales of equity instruments	108	--	--	--	108
TOTAL	108	--	--	--	108

Thousands of euros

Fiscal year 2018

Item	Opening balance	Originating from		Cancellations	Closing balance
		Results	Equity		
Liabilities					
Profit from sales of equity instruments	107	1	--	--	108
TOTAL	107	1	--	--	108

Thousands of euros

There are no tax loss carryforwards pending offset. The tax breaks held by the Company for the last two years are shown below:

Fiscal year 2019

Modality	Year to which they correspond	Amount applied in the fiscal year	Amount pending application	Amount not registered	Deadline for use
Double taxation deduction	2019	--	--	--	--
Other	2019	311	--	--	--
TOTAL		311	--	--	--

Thousands of euros

Fiscal year 2018

Modality	Year to which they correspond	Amount applied in the fiscal year	Amount pending application	Amount not registered	Deadline for use
Double taxation deduction	2018	--	--	--	--
Other	2018	2825	--	--	--
TOTAL		2,825	--	--	--

Thousands of euros

In 2011, the Company applied a deduction of 2,175,741 euros for reinvestment of extraordinary profits, as referred to in Article 42 of the Recast Text of the Corporate Tax Law approved by Royal Decree-Law 4/2004 of March 5, against a tax base of 18,131,178 euros. The commitment

to reinvestment was completely covered during the year by investments made by Tax Group 9/85.

In the fiscal years 2015, 2016 and 2017, and in accordance with article 25 of Corporate Tax Law 27/2014 of November 27, the Company availed itself of the tax benefit for reduction of the capitalization reserve, as the controlling company of Tax Group 9/85.

The following table shows the appropriations to capitalization reserves per year of allocation:

Fiscal year	Amount
2017	1,857
2016	12,000
2015	35,000
TOTAL	48,857

Thousands of euros

The consolidated tax return of Tax Group 9/85 for fiscal year 2019 shows a corporate tax rebate of 44,027,130 euros, recognized in the assets of the Company (51,091,834 euros in 2018), and is still awaiting a repayment from previous years of 49,787,232 euros, having received the amount of 48,356,808 euros before these accounts were formulated.

As a result of its distribution among the Group companies, the Company has registered in the last two years the following receivables and payables, generated in the period, compared to the companies dominated by the Tax Group 9/85

As a result of its distribution between the Group companies, the Company's receivables and payables recorded in the last two years, generated during the period, from/to the controlled companies in Tax Group 9/85 were as shown in the accompanying table:

COMPANY	AMOUNT			
	CREDIT		DEBIT	
	2019	2018	2019	2018
MAPFRE VIDA S A DE SEGUROS Y REASEG SOBRE LA VIDA HUMANA	--	--	2,124	7,320
MAPFRE RE COMPAÑÍA INTERNACIONAL DE REASEGUROS S A	--	7,365	7,883	--
MAPFRE INMUEBLES S A	980	4,498	--	--
MAPFRE INVERSION S V S A	547	269	--	--
MAPFRE VIDA PENSIONES S G F P S A	211	56	--	--
MAPFRE ASSET MANAGEMENT S G I I C S A	3,752	1,150	--	--
CONSULTORA ACTUARIAL Y DE PENSIONES MAPFRE VIDA S A	--	--	3	--
GESTION MODA SHOPPING S A	4	3	--	--
MIRACETI S A	108	46	--	--
MAPFRE VIDEO Y COMUNICACIÓN S A (MAVICO)	147	35	--	--
MAPFRE CONSULTORES DE SEGUROS Y REASEGUROS S A	2	1	--	--
MAPFRE ASISTENCIA CIA INTERNACIONAL DE SEGUROS S A	--	--	1,955	2,340
IBEROASISTENCIA S A	--	--	14	66
CENTRO DE EXPERIMENTACIÓN Y SEGURIDAD VIAL MAPFRE S A	15	--	--	201
CLUB MAPFRE S A	2	--	--	3
DESARROLLOS URBANOS CIC S A (DESURCIC)	--	--	362	1,162
MAPFRE INTERNACIONAL	--	--	18,431	20,359
MULTISERVICIOS MAPFRE S A (MULTIMAP)	133	--	--	107
SERVICIOS INMOBILIARIOS MAPFRE S A (SERVIMAP)	50	15	--	--
MAPFRE TECH	--	--	1,752	1,267
MAPFRE AUTOMOCIÓN	--	--	293	288
IBEROASIS CONSULTING DE SOLUCIONES Y TECNOLOGIAS S A	--	--	31	154
M PARTICIPACIONES (formerly SERVICFINANZAS)	--	--	299	4
MAPFRE GLOBAL RISKS S A	--	--	--	9,255
CENTROS MEDICOS MAPFRE SA	--	--	1,227	1,601
VERTI ASEGURADORA CIA DE SEGUROS Y REASEGUROS S A	--	51	910	--
MEDISEMAP AGENCIA DE SEGUROS S L	--	3	18	--
MAPFRE ESPAÑA COMPAÑÍA DE SEGUROS Y REASEGUROS S A	25,786	16,859	--	--
FUNESPAÑA S A	--	--	90	326
SERVICIOS FUNERARIOS FUNEMADRID S A	190	67	--	--
ALL FUNERAL SERVICES S L	67	47	--	--
FUNERARIAS REUNIDAS EL BIERZO S A	104	29	--	--
GAB MANAGEMENT & CONSULTING S R L	1	--	--	--
POMPES FÚNEBRES DOMINGO S L	--	6	--	--
BIOINGENIERIA ARAGONESA	1	--	--	1
MAQUAVIT	--	19	61	--
MAPFRE AM INVESTMENT HOLDING S A U	--	--	87	96
SALUD DIGITAL MAPFRE	--	--	2,791	17
MAPFRE GLOBAL RISKS AGENCIA DE SUSCRIPCIÓN SA	15	--	--	2
RISK MED SOLUTIONS	--	--	39	--
TOTAL	32,115	30,519	38,370	44,569

Thousands of euros

The total amount payable to the Spanish tax authorities in 2019, and the net amount of the aforementioned receivables and payables, gives rise to the amount to be collected by the Company, namely 37,772,571.75 euros (37,042,351.99 euros in 2018).

MAPFRE S.A.

During the past two years, no significant eliminations were made in the consolidated Tax Group due to temporary differences.

The following table breaks down the amounts pending reversal as a result of the eliminations for temporary differences of the Company in the Tax Group.

Item	Purchasing company	Amount	Year eliminated
• Shares sale			
- MAPFRE SOFT	MAPFRE INTERNACIONAL S.A.	(2)	2003
- MUSINI	MAPFRE GLOBAL RISKS S.A.	(92)	2004
- MAPFRE CAUCIÓN Y CRÉDITO	MAPFRE GLOBAL RISKS S.A.	10,251	2005
- MAPFRE SERVICIOS DE INFORMAT.	MAPFRE INTERNET S.A.	1,262	2010
- MAPFRE INMUEBLES S.G.A.	MAPFRE CAUCIÓN Y CRÉDITO	(16)	2010
- MAPFRE INMUEBLES S.G.A.	MAPFRE ESPAÑA S.A.	(1,764)	2010
- MAPFRE INMUEBLES S.G.A.	MAPFRE GLOBAL RISKS S.A.	(184)	2010
- MAPFRE INMUEBLES S.G.A.	MAPFRE ESPAÑA S.A.	(956)	2010
- MAPFRE INMUEBLES S.G.A.	MAPFRE VIDA, S.A. DE SEGUROS Y REASEGUROS SOBRE LA VIDA HUMANA	(251)	2010
- MAPFRE INMUEBLES S.G.A.	MAPFRE ESPAÑA S.A.	(697)	2011
- MAPFRE INMUEBLES S.G.A.	MAPFRE VIDA, S.A. DE SEGUROS Y REASEGUROS SOBRE LA VIDA HUMANA	(98)	2011
- MAPFRE INMUEBLES S.G.A.	MAPFRE ESPAÑA S.A.	(371)	2011
- MAPFRE ESPAÑA	MAPFRE AUTOMOCIÓN	(15)	2015
- MAPFRE SA	MAPFRE INTERNACIONAL S.A.	(13)	2016
- MAPFRE ESPAÑA	MAPFRE INTERNACIONAL S.A.	207	2016
- MAPFRE VIDA	MAPFRE INTERNACIONAL S.A.	23	2016
- MAPFRE GLOBAL RISKS	MAPFRE INTERNACIONAL S.A.	(7)	2016
- MAPFRE GLOBAL RISKS	MAPFRE ESPAÑA S.A.	(43)	2016
Total		7,234	

Thousands of euros

The following table shows the incorporations in the consolidated Tax Group during the past two years.

Temporary differences	Company	Fiscal year	
		2019	2018
• Impairment Group companies	- MAPFRE INMUEBLES S.G.A.	3,719	3,719
Total temporary differences		3,719	3,719

Thousands of euros

In accordance with current legislation, the statements filed for the different taxes may not be considered final until they have been inspected by tax authorities or the expiration period of four years has elapsed.

Verification by tax authorities

In accordance with current legislation, the declarations made by the different taxes cannot be considered definitive until they have been inspected by the tax authorities or the statute of limitations has elapsed (which is four years for Spanish companies).

During the 2019 fiscal year, the verification actions initiated on December 4, 2017 in relation to the Corporate Tax, fiscal years 2013 to 2016, referred to the Tax Consolidation Group No. 9/85, of which MAPFRE S.A. is the controlling entity. Likewise, and as regards the Value Added Tax (hereinafter, VAT), the Company was informed in its capacity as representative of the VAT Group No. 87/10, the initiation of verification actions for the years 2014 to 2016. Insofar as MAPFRE S.A. is concerned, the actions extend to all taxes to which it is subject individually for the years 2014 to 2016 and to Corporation Tax for the year 2013.

To date, in relation to MAPFRE S.A., minutes have been formalized in conformity and disagreement relating to the 2014-2016 fiscal years on the withholdings for personal work (mainly, in relation to exemption from severance pay and reduction of irregular returns) without the conforming document that was signed having had a significant impact on results. Regarding the document signed in disagreement, for irrelevant amounts, the resolution of the allegations made against the minutes is pending.

MAPFRE S.A. considers that, according to the criteria expressed by internal tax advisors, the regularizations practiced have no significant impact on the individual annual accounts, in that there are strong defense arguments pertaining or that they will in fact be appealed. Consequently, no provision has been recorded for this concept.

The Inspection continues its course and the minutes that are finally initiated in relation to the Corporation Tax and VAT (mainly in matters of deductibility of personnel expenses, compensation of negative tax bases and pro rata deduction of VAT) will be signed in accordance and in disagreement, also considering the insignificant impact on results of the minutes that are signed in compliance and the solid defense arguments of MAPFRE's position in the minutes that are signed in disagreement, which is why specific provision for this concept has not been registered.

Once these inspection actions are completed, the periods from 2017 to 2019 will be subject to revision.

Business restructuring operations

In March 2019, administrative authorization was obtained to carry out the total spin-off operation of the MAPFRE GLOBAL RISKS COMPAÑÍA DE SEGUROS Y REASEGUROS SA entity, which had been agreed in 2018, in favor of the MAPFRE RE COMPAÑÍA DE REASEGUROS SA, MAPFRE ESPAÑA COMPAÑÍA DE SEGUROS Y REASEGUROS SA, MAPFRE PARTICIPACIONES SA and MAPFRE GLOBAL RISKS SUBSCRIPTION AGENCY entities.

For the purposes of the provisions of article 86 of Law 27/2014 of Corporation Tax, MAPFRE S.A., as a partner of the spin-off entity, provides the following information:

- The accounting and tax value of the securities delivered was 529,066 886 euros.
- The amount accounted for in relation to the securities received was 619,792,379 euros.

During 2016, the merger by absorption of MAPFRE AMÉRICA S.A. (absorbing company) and MAPFRE INTERNACIONAL S.A. (absorbed company) into MAPFRE INTERNACIONAL S.A., took place, with the absorbed company changing its name to MAPFRE INTERNACIONAL S.A.

Both transactions were covered by the Special Regime foreseen in Chapter VII, Title VII of Corporate Tax Law 27/2014 of November 27.

On September 6, 2013, 100 percent of the shares of SEGUROS GERAIS held by MAPFRE INTERNACIONAL were spun off to MAPFRE FAMILIAR. MAPFRE S.A. is the sole partner of the companies involved in the transaction.

On February 22, 2011, the capital of MAPFRE VIDA was increased via non-monetary contributions from the companies CAJA CASTILLA LA MANCHA VIDA Y PENSIONES DE SEGUROS Y REASEGUROS and UNIÓN DUERO COMPAÑÍA DE SEGUROS VIDA S.A.

On June 6, 2011 the capital of MAQUAVIT INMUEBLES was increased via the contribution of the holdings of the company MAPFRE QUAVITAE – a transaction covered under the Special Regime of Chapter VIII, Title VII of Royal Decree-Law 4/2004.

The 2011 annual report contains mandatory accounting information concerning these operations.

All the aforementioned operations were subject to the Special Regime of Chapter VIII, Title VII of Royal Legislative Decree 4/2004.

Up to 2008, the following merger operations were carried out, under the tax deferral regime established in the Corporate Tax regulations:

- Merger by absorption of MAPFRE-CAJAMADRID HOLDING DE ENTIDADES ASEGURADORAS S.A. by MAPFRE S.A.
- Merger by absorption of MAPFRE AUTOMOBILES, COMPAÑÍA DE SEGUROS Y REASEGUROS S.A., MAPFRE CAJA SALUD, COMPAÑÍA DE SEGUROS, S.A. and MAPFRE GUANARTEME, COMPAÑÍA DE SEGUROS DE CANARIAS S.A. by MAPFRE SEGUROS GENERALES, COMPAÑÍA DE SEGUROS Y REASEGUROS S.A. (which changed its company name to MAPFRE FAMILIAR, COMPAÑÍA DE SEGUROS Y REASEGUROS S.A.).

- Merger by absorption of MAPFRE AGROPECUARIA, COMPAÑÍA DE SEGUROS Y REASEGUROS S.A. by MAPFRE EMPRESAS, COMPAÑÍA DE SEGUROS Y REASEGUROS S.A.
- Merger by absorption of MAPFRE AMÉRICA VIDA S.A. by MAPFRE AMÉRICA S.A.

In 2008, the capital of MAPFRE INTERNACIONAL was increased via share contributions from the Turkish company GENEL SIGORTA.

In 2007, the capital of MAPFRE INTERNACIONAL was increased via contributions from the companies MAPFRE SEGUROS GERAIS, CATTOLICA and MAPFRE USA.

In 2006, a capital increase took place in MAPFRE INTERNACIONAL through the contribution of the Company's stake in MIDDLE SEA and MAPFRE ASIAN INSURANCE CORPORATION.

On January 31, 2003 there was a capital increase in MAPFRE RE in which the Company contributed the property on Paseo de Recoletos No. 25, Madrid, which it had received in the en bloc assignment of assets and liabilities of INCALBARSA, formalized on December 27, 2000.

This property had a book value of 11,868,822.10 euros at the time of the contribution and accumulated depreciation of 1,567,104.37 euros.

As a result of the non-monetary contribution in the aforementioned capital increase, the Company received MAPFRE RE shares amounting to 30,000,000 euros.

In 2001, the Company carried out a securities redemption operation through which shares in MAPFRE SEGUROS GENERALES, Compañía de Seguros y Reaseguros S.A. were contributed to a capital increase of MAPFRE-CAJA MADRID, Holding de Entidades Seguradoras S.A.

- The book value of the 455,054 shares of MAPFRE SEGUROS GENERALES contributed to said capital increase of MAPFRE-CAJA MADRID was 4,045,896.15 euros.
- The Company recorded the 4,946,766 shares received from MAPFRE CAJA MADRID, Holding de Entidades Aseguradoras S.A. in said capital increase at 4,045,896.15 euros.

In 2000, the Company carried out business restructuring operations consisting of the contribution of shares in MAPFRE VIDA, Sociedad Anónima de Seguros y Reaseguros sobre la Vida Humana S.A., MAPFRE CAUCIÓN Y CRÉDITO, Compañía de Seguros de Reaseguros S.A. and MAPFRE SEGUROS GENERALES, Compañía de Seguros y Reaseguros S.A. to a capital increase of MAPFRE-CAJA MADRID Holding de Entidades Seguradoras S.A.

In that same year, the global assignment of assets and liabilities of INCALBARSA S.A. was formalized in favor of the sole shareholder, CORPORACIÓN MAPFRE S.A.

In the annual accounts of the years in which the operations described above were formalized, the mandatory accounting information relating to them is included.

All restructuring operations previously described were subject to the Special Deferral Regime provided for in Chapter VIII of Title VII of Royal Legislative Decree 4/2004, which approved the Recast Text of the Corporate Tax Law.

VAT Group

Since 2010, and for the purposes of value added tax, the Company forms part of the VAT Group 87/10 formed by the controlling company itself, MAPFRE S.A., and those of its controlled companies that agreed to join the VAT Group when it was created.

In 2019, the following companies comprised VAT Tax Group No. 87/10:

MAPFRE S.A.; MAPFRE INTERNACIONAL S.A.; MAPFRE RE COMPAÑÍA DE REASEGUROS S.A.; MAPFRE ESPAÑA, COMPAÑÍA DE SEGUROS Y REASEGUROS S.A.; MAPFRE VIDA S.A.; MAPFRE ASISTENCIA CIA INTERNACIONAL DE SEGUROS Y REASEGUROS S.A.; BANKIA MAPFRE VIDA S.A. DE SEGUROS Y REASEGUROS; CCM VIDA Y PENSIONES DE SEGUROS Y REASEGUROS S.A.; BANKINTER VIDA SOCIEDAD DE SEGUROS Y REASEGUROS S.A.; VERTI ASEGURADORA COMPAÑÍA DE SEGUROS Y REASEGUROS, S.A; MAPFRE TECH S.A; BANKINTER SEGUROS GENERALES, S.A. DE SEGUROS Y REASEGUROS.; MAPFRE INVERSIÓN SOCIEDAD DE VALORES S.A.; MAPFRE ASSET MANAGEMENT SGIIC S.A.; CENTRO DE EXPERIMENTACIÓN Y SEGURIDAD VIAL MAPFRE S.A.; MAPFRE GLOBAL RISKS AGENCIA DE SUSCRIPCIÓN S.A.

13. REVENUE AND EXPENSES

The following table shows the employee benefits paid by the Company in the last two years:

BREAKDOWN OF SOCIAL SECURITY CONTRIBUTIONS	AMOUNT	
	2019	2018
Social security	7,668	6,775
Contributions to pensions	7,140	7,507
Other employee benefits	6,666	8,271
TOTAL	21,474	22,553

Thousands of euros

14. PROVISIONS AND CONTINGENCIES

The following table shows the movement in the provisions recognized on the balance sheet for the last two years.

HEADING	OPENING BALANCE		INCREASES		DECREASES		CLOSING BALANCE	
	2019	2018	2019	2018	2019	2018	2019	2018
Long-term provisions								
Long-term employee benefit obligations	11,694	15,069	1,504	2,052	(2,208)	(5,427)	10,990	11,694
Other provisions	98	245	--	277	(98)	(424)	--	98
Short-term provisions								
Current provisions	--	--	--	--	--	--	--	--
TOTAL	11,792	15,314	1,504	2,329	(2,306)	(5,851)	10,990	11,792

Thousands of euros

At December 31 of the last two fiscal years, "Long-term defined benefit obligations" primarily included:

- Defined benefit plans that are externalized, detailed in note 16 of the Annual Report, amounting to 4,599,000 euros (4,680,000 euros in 2018).
- Long service bonuses, detailed under "Personnel expenses", amounting to 3,883,000 euros (3,513,000 euros in 2018).
- Life insurance covering death between the ages of 65 and 77 years detailed in the note on measurement bases for "Personnel expenses", for 1,706,000 euros (1,437,000 euros in 2018).

At the close of the last two fiscal years, and up to the date these annual accounts were prepared, there was no evidence of the existence of contingent assets and contingent liabilities for significant amounts.

15. ENVIRONMENTAL INFORMATION

The Company did not have any environmental-related item in the last two fiscal years that might be significant or specifically included in these annual accounts.

16. MEDIUM-TERM AND LONG-TERM EMPLOYEE REMUNERATION AND SHARE-BASED PAYMENTS

Long-term remuneration

The current defined benefit and defined contribution plans are measured as described in the recognition and measurement bases.

The expense for defined contribution pension plans amounted to 7,140,000 euros in 2019 (7,507,000 euros in 2018).

Existing defined benefit plans, all of them instruments taking the form of insurance policies underwritten by MAPFRE VIDA, are those in which the benefit is established based on final salaries, and entitling the beneficiary to a life annuity, tied to the annual consumer price index (CPI). They apply entirely to retired personnel.

A) Amounts recognized on the balance sheet

The reconciliation of the present value of the obligation arising from defined benefit plans in the last two years is shown below:

Item	2019	2018
Present value of obligation as on January 1	4,680	4,751
• Current year's service costs	--	--
• Interest cost	195	199
• Actuarial gains and losses	49	60
• Benefits paid	(258)	(254)
• Settlements	--	--
• Other items	(67)	(76)
Present value of obligation as on December 31	4,599	4,680

Thousands of euros

The following table shows the reconciliation of the opening and closing balances of plan assets and the redemption rights for the last two years, the value of which corresponds to the mathematical provision for the policies externalizing commitments.

Item	2019	2018
Value of reimbursement right at January 1	4,680	4,751
• Expected return from allocated assets	195	199
• Employer contributions	--	--
• Actuarial gains and losses	49	60
• Benefits paid.	(258)	(254)
• Settlements	--	--
• Other items	(67)	(76)
Value of reimbursement right at December 31	4,599	4,680

Thousands of euros

B) Assumptions

The main actuarial assumptions used at the close of the last two years were the mortality tables PERM/F-2000 and an annual CPI increase of three percent in both years, using an identical discount rate and expected return on assets as the products include cash flow matching.

Other medium-term remuneration and share-based payments

The Board of Directors approved a medium-term incentive plan in 2019 that was measured and recognized on the income statement in line with indications set down in the measurement bases described in note 4 h) "Personnel expenses". No provision was made for this concept because the objectives established in the Plan were not met.

In fiscal year 2018, the total provision for this concept was reversed due to the failure to achieve the expected objectives. An amount of 3,182,000 euros has been reversed in relation to the remuneration in cash and 2,867,000 euros in equity for the part relating to share-based payments.

17. SUBSEQUENT EVENTS

There have been no significant events subsequent to year-end.

18. RELATED-PARTY TRANSACTIONS

Below are the main transactions performed with related parties over the last two years.

Expenses and revenue	Group companies		Other related parties		TOTAL	
	2019	2018	2019	2018	2019	2018
1) Financial expenses	(1,431)	(11,663)	--	--	(1,431)	(11,663)
4) Leasing	(4,968)	(5,065)	--	--	(4,968)	(5,065)
9) Other expenses	(16,034)	(14,170)	--	--	(16,034)	(14,170)
EXPENSES	(22,433)	(30,898)	--	--	(22,433)	(30,898)
10) Financial income	14,717	8,860	--	--	14,717	8,860
13) Dividends received	601,546	741,258	--	--	601,546	741,258
15) Provision of services	62,752	86,973	--	--	62,752	86,973
REVENUE	679,015	837,091	--	--	679,015	837,091

Thousands of euros

Other transactions	Group companies		Other related parties		TOTAL	
	2019	2018	2019	2018	2019	2018
Financing agreements: credits and capital contributions delivered.	194,675	617,498	--	--	194,675	617,498
Amortization or cancellation of credits.	(227,500)	(257,784)	--	--	(227,500)	(257,784)
Repayment or cancellation of loans.	138,400	203,300	--	--	138,400	203,300
Dividends and other profits distributed.	--	--	304,568	304,949	304,568	304,949

Thousands of euros

The following table shows the capital contributions in Group companies and associates in the last two years.

Investments	Group companies	
	2019	2018
Capital increases		
MAPFRE INTERNACIONAL	--	199,999
MAPFRE AM INVESTMENT HOLDING S A U	5,000	--
MAPFRE ASISTENCIA	--	30,999
TOTAL	5,000	230,998

Thousands of euros

As on December 31 of the last two years, there has been an outstanding disbursement on MAPFRE ASISTENCIA shares amounting to 19,999,000 euros.

The following table shows the amount of balances receivable from and payable to Group companies at the close of the last two years:

Item	Assets		Pasivos	
	2019	2018	2019	2018
Loans and receivables	487,275	525,150	--	138,400
Loan interest	348	3,753	--	28,695
Tax group	32,115	30,519	63,009	44,569
Other items	13,842	18,633	1,590	4,627
TOTAL	533,580	578,055	64,599	216,291

Thousands of euros

For the last two years, there are no financial expenses associated with the drawdown on the CARTERA MAPFRE line of credit described in Note 8.

Transactions with related parties are related to the normal trading activities of the Company and were conducted at arm's length.

The following table shows the remuneration paid out over the last two years to members of the Company's Board of Directors:

Item	Amount:	
	2019	2018
Short-term remunerations		
Salary	2,192	2,669
Short-term variable remuneration	1,643	1,805
Fixed allowance	1,805	1,927
Travel, subsistence and accommodation allowances	60	--
Other items	15	812
Medium-term variable remuneration	792	1,128
TOTAL	6,507	8,341
Other remuneration		
Life Insurance	76	84

Thousands of euros

The basic remuneration of external directors comprises an annual fixed amount for their membership of the Board of Directors, which totaled 110,000 euros in the last two fiscal years. The Vice Chairman-Lead Board Director has a fixed annual allocation of 110,000 euros. Members of the Steering Committee received 10,000 euros in the 2019 fiscal year (20,000 euros in 2018). In the case of the chairperson of the Audit and Compliance Committee, this amount is 68,000 euros (65,000 euros in 2018). In addition, the chairperson of a steering committee receives 60,000 euros (57,000 euros in 2018). The remuneration of members of the Audit or Compliance Committee amounts to 48,000 euros (45,000 euros in 2018) and the remaining members of steering committees receive 39,000 (37,000 euros in 2018).

In addition, the members benefit from life insurance in the event of death with an insured capital of 150,253 euros, and they also enjoy some of the benefits offered to personnel, such as health insurance.

Executive directors receive the remuneration established in their contracts, including a fixed salary, incentives of varying amounts linked to results, life and disability insurance, and other general benefits established for Company personnel. They also receive certain retirement-related pension complements embodied in defined contribution plans in the event of retirement, externalized through a life insurance policy. All of these payments are pursuant to the remuneration policy established by the Group for its senior executives, whether they are board directors or not. In 2019, contributions to defined benefit plans were 3,809,000 euros, recognized as expenses for the fiscal year (4,385,000 euros in 2018), with the amount for accumulated rights reaching 19.791.000 and 15.502.000 euros at December 31 2019 and 2018, respectively.

Executive directors do not receive the fixed amount established for external directors.

With respect to short-term variable remuneration already accrued, at the close of fiscal year 2019, 2,573, 510 euros was pending payment (2,826,590 euros in 2018).

The basic remuneration for external directors is approved at the Annual General Meeting at the proposal of the Board of Directors and pursuant to the report issued by the Appointments and Remuneration Committee. The amount of the contractual remuneration for executive directors and the fixed payment for serving on the boards or on the steering committees is approved by the Board of Directors, subject to a report by the aforementioned committee.

The amount paid for public liability insurance to cover damages caused by acts or omissions on the parts of administrators reached 429,000 euros (367,000 euros in 2018).

During the last two years, the Company's directors did not undertake any operations with the Company itself or with any other Group company, either outside the scope of the companies' ordinary trading activities or not at arm's length.

During the last two years, no conflicts of interest, either direct or indirect, arose between the directors or their related parties and the Company.

The remuneration paid to C-Suite executives in the last two years is shown below:

	2019	2018
No. of senior management members	8	7
Fixed remunerations	2,209	2,124
Variable remunerations	1,258	1,192
Other remuneration	186	81
TOTAL	3,653	3,397
Life Insurance	27	31

Thousands of euros

With regard to the 2016-2019 medium-term incentive scheme, the full provision was reversed in fiscal year 2018 as the objectives set were not met.

In addition, contributions to defined contribution plans were recognized as expenses of 1,046,000 euros in fiscal year 2019 (826,000 euros in 2018).

19. OTHER INFORMATION

The following tables show the average and year-end headcount during the last two years, by category and gender.

Average number of employees

ITEM	2019		2018	
	Men	Women	Men	Women
Board Directors and C-Suite	13	4	12	2
Senior Management	94	52	95	53
Technicians	145	142	144	146
Associates	16	52	16	58
TOTAL AVERAGE NUMBER OF EMPLOYEES	268	250	267	259

Number of employees at year-end

ITEM	2019		2018	
	Men	Women	Men	Women
Board Directors and C-Suite	13	4	14	2
Senior Management	97	53	95	53
Technicians	143	147	145	153
Associates	16	48	16	58
TOTAL NUMBER OF EMPLOYEES	269	252	270	266

The table below shows the average number of employees with a disability of 33% or more employed in Spain, along with the category they belong to.

ITEM	2019	2018
Senior Management	2	2
Advisors	3	4
Associates	4	4
TOTAL	9	10

Fees charged by the external auditor are shown below. It is deemed that these fees do not compromise the independence of the auditors.

ITEM	AMOUNTS	
	2019	2018
Audit services	493	465
Other verification services	173	260
Tax services	--	--
Other services	--	--
Total services of main auditor	666	725

Thousands of euros

Other verification services include services provided by KPMG Auditores, S.L. to the Company during fiscal year 2019, which include the six-month review, the solvency review; and the report of agreed procedures on the description of (SCIIF).

In addition, other entities affiliated with KPMG International have billed the Company 63,000 euros for the independent review of the information contained in the Statement of Non-financial Information (EINF).

Information regarding the services provided by KPMG Auditores, S.L. to the companies linked by a control relationship to MAPFRE S.A. during the year ended December 31, 2019 is included in the Annual Accounts of MAPFRE S.A. and its subsidiary companies as of December 31, 2019.

Details of payments made to providers in the last two years are shown below.

ITEM	2019	2018
	Days	Days
Average provider payment period	20	20
Ratio of paid operations	20	20
Ratio of operations pending payment	--	--
	Amounts	Amounts
Payments made	92,892	100,939
Payments pending	5,933	3,328
Total payments for the year	98,825	104,267

Thousands of euros

APPENDIX 1

Fiscal year 2019

Name	Legal form	Address	Activity	PARTICIPATION				Capital	Reserves	Other equity items	Earnings for the year		Book value	(Impairment) /Reversal year	Accumulat ed impairment	Dividends received
				%		Voting rights					Earnings from operations	Other earnings				
				Direct	Indirect	Direct	Indirect									
MAPFRE TECH	S.A.	Ctra.Pozuelo, 52 Majadahonda - 28222 Madrid	IT	0.7746	99.1657	0.7746	99.1657	30,990	-10,356	--	1283	-3,835	--	--	240	--
MAPFRE Internacional	S.A.	Ctra.Pozuelo, 52 Majadahonda - 28222 Madrid	Holding	100.0000	--	100.0000	--	824,432	4,941,325	-584,513	316,942	-56,223	4,141,763	--	--	100,306
MAPFRE Re Cia. de Reaseguros	S.A.	Paseo de Recoletos, 25 28004 Madrid	Reinsurance	93.7719	0.0003	93.7719	0.0003	293,284	13,12,922	82,465	57,502	--	776,969	--	--	67,928
MAPFRE Asistencia, Cia Internacional de Seguros y Reaseguros	S.A.	Sor Ángela de la Cruz, No. 6, 28020 Madrid.	Insurance and reinsurance	99.9970	0.0030	99.9970	0.0030	365,176	-75,259	-38,962	-13,353	-74,638	142,482	(46,882)	225,422	--
MAPFRE Inmuebles	S.G.A.	Ctra.Pozuelo, 52 Majadahonda - 28222 Madrid	Real estate	9.9979	89.9949	9.9979	89.9949	593,474	-97,057	--	-1,846	7,313	55,805	1,447	51,192	--
Maquavit Inmuebles	S.L.	Ctra.Pozuelo, 52 Majadahonda - 28222 Madrid	Real estate	100.0000	--	100.0000	--	37,436	-132	--	-94	2,557	26,662	--	--	3,152
MAPFRE Vida	S.A.	Ctra.Pozuelo, 52 Majadahonda - 28222 Madrid	Insurance and reinsurance	99.9199	--	99.9199	--	60,242	1,499,157	271,759	178,746	57,275	1,133,045	--	--	190,491
Fancy Investment	S.A.	Avda. 18 de Julio, 841 Montevideo ((Uruguay)	Financial	100.0000	--	100.0000	--	9,476	3,670	-5,684	--	997	8,560	--	--	--
MAPFRE Consultores de Seguros y Reaseguros	S.A.	Paseo de Recoletos, 25 28004 Madrid	Advisory and management services	50.0000	49.9997	50.0000	49.9997	120	202	--	-5	22	61	--	--	--
MAPFRE Inversión	S.A.	Ctra.Pozuelo, 50 Majadahonda - 28222 Madrid	Securities company	0.0009	99.9190	0.0009	99.9190	33,055	153,725	8,898	-14,061	55,986	2	--	--	--
MAPFRE AM Investment	S.A.	Ctra.Pozuelo, 50 Majadahonda - 28222 Madrid	Holding	100.0000	--	100.0000	--	20,000	-289	--	10	-19	20,000	--	--	4
MAPFRE Asset Management	S.A.	Ctra.Pozuelo, 50 Majadahonda - 28222 Madrid	Real estate investment management	0.0147	99.9052	0.0147	99.9052	2,043	-6,030	2,237	-10,861	43,408	2	--	--	--
MAPFRE ESPAÑA	S.A.	Ctra.Pozuelo, 52 Majadahonda - 28222 Madrid	Insurance and reinsurance	83.5168	16.4825	83.5168	16.4825	564,624	1,125,569	590,345	280,661	-7,614	3,054,021	--	--	239,665
MAPFRE Participaciones	S.A.	Ctra.Pozuelo, 52 Majadahonda - 28222 Madrid	Financial	100.0000	--	100.0000	--	216	295,337	91,255	235	48,097	225,855	--	--	--

The amounts for Equity Accounts and results of the companies correspond to consolidated data.

The English version is a translation of the original in Spanish for information purposes only. In case of discrepancy, the Spanish version shall prevail.

Fiscal year 2019

Name	Legal form	Address	Activity	Thousands of euros												
				PARTICIPATION				Capital	Reserves	Other equity items	Earnings for the year		Book value	(Impairment) / Reversal year	Accumulated impairment	Dividends received
				%		Voting rights					Earnings from operations	Other earnings				
				Direct	Indirect	Direct	Indirect									
Desarrollos Urbanos	S.A.	Ctra.Pozuelo, 52 Majadahonda - 28222 Madrid	Real estate	0.0784	99.9144	0.0784	99.9144	383	1,318	--	279	-1,117	3	2	45	--
MGR Agencia de Suscripción	S.A.	Ctra.Pozuelo, 52 Majadahonda - 28222 Madrid	Insurance and reinsurance	100.0000	--	100.0000	--	60	2,045	--	-241	923	1952	--	--	--
Premien Price Comparison Holding	LTDA	Ty Admital David Street, Cardiff CF102EH	Crime insurance policy price	50.0000	--	50.0000	--	--	--	--	--	--	591	--	2309	--
Total													9,592,371	-45,437	279,208	
Other investments													8			
Total investments in Group companies and associates													9,592,379			

The amounts for Equity Accounts and results of the companies correspond to consolidated data.

Fiscal year 2018

Name	Legal form	Address	Activity	Thousands of euros												
				PARTICIPATION				Capital	Reserves	Other equity items	Earnings for the year		Book value	(Impairment) /Reversal year	Accumulat ed impairment	Dividends received
				%		Voting rights					Earnings from operations	Other earnings				
				Direct	Indirect	Direct	Indirect									
MAPFRE TECH	S.A.	Crta.Pozuelo, 52 Majadahonda - 28222 Madrid	IT	0.7746	99.1526	0.7746	99.1526	30,990	(10,867)	--	157	570	--	--	240	--
MAPFRE Internacional	S.A.	Crta.Pozuelo, 52 Majadahonda - 28222 Madrid	Holding	100.0000	0.0000	100.0000	0.0000	784,432	5,169,317	(800,784)	190,014	(31,051)	4,141,763	--	--	--
MAPFRE Re Cia. de Reaseguros	S.A.	Paseo de Recoletos, 25 28004 Madrid	Reinsurance	92.2454	0.0003	92.2454	0.0003	223,916	895,828	2,420	149,137	--	383,360	--	--	92,615
MAPFRE Asistencia, Cia Internacional de Seguros y Reaseguros	S.A.	Sor Ángela de la Cruz, No. 6. 28020 Madrid.	Insurance and reinsurance	99.9970	0.0030	99.9970	0.0030	365,176	(64,159)	(49,102)	(28,258)	18,153	189,364	(151,429)	178,540	--
MAPFRE Inmuebles	S.G.A.	Crta.Pozuelo, 52 Majadahonda - 28222 Madrid	Real estate	9.9977	89.9944	9.9977	89.9944	593,474	(110,932)	--	(4,615)	18,520	54,358	2,122	52,639	--
Maquavit Inmuebles	S.L.	Crta.Pozuelo, 52 Majadahonda - 28222 Madrid	Real estate	100.0000	--	100.0000	--	37,436	1,633	--	(527)	1915	26,662	--	--	--
MAPFRE Vida	S.A.	Crta.Pozuelo, 52 Majadahonda - 28222 Madrid	Insurance and reinsurance	99.9121	--	99.9121	--	60,242	1,430,542	165,313	121,326	57,061	1,132,946	--	--	371,972
Fancy Investment	S.A.	Avda. 18 de Julio, 841 Montevideo ((Uruguay)	Financial	100.0000	--	100.0000	--	11,024	4,444	(6,720)	--	483	10,118	--	--	--
MAPFRE Consultores de Seguros y Reaseguros	S.A.	Paseo de Recoletos, 25 28004 Madrid	Advisory and management services	50.0000	49.99965	50.0000	49.9997	120	168	--	(12)	48	61	--	--	--
MAPFRE Inversión	S.A.	Crta.Pozuelo, 50 Majadahonda - 28222 Madrid	Securities company	0.0009	99.9120079	0.0009	99.9120079	33,055	149,101	4,705	(14,134)	55,663	2	--	--	1
MAPFRE AM Investment	S.A.	Crta.Pozuelo, 50 Majadahonda - 28222 Madrid	Holding	100.0000	--	100.0000	--	15,000	(243)	--	64	-256	15,000	--	--	4
MAPFRE Asset Management	S.A.	Crta.Pozuelo, 50 Majadahonda - 28222 Madrid	Real estate investment management firm	0.0147	99.89741371	0.0147	99.89741371	2,043	(7,884)	2,155	(10,366)	41,481	2	--	--	1
MAPFRE ESPAÑA	S.A.	Crta.Pozuelo, 52 Majadahonda - 28222 Madrid	Insurance and reinsurance	83.5168	16.4825	83.5168	16.4825	564,624	1,098,244	260,206	295,925	6,253	3,050,931	--	--	231,063
MAPFRE Global Risks	S.A.	Crta.Pozuelo, 52 Majadahonda - 28222 Madrid	Insurance	100.0000	--	100.0000	--	20,132	1,052,364	33,489	73,191	382	529,067	--	--	45,602

The amounts for Equity Accounts and results of the companies correspond to consolidated data.

The English version is a translation of the original in Spanish for information purposes only. In case of discrepancy, the Spanish version shall prevail.

Fiscal year 2018

Name	Legal form	Address	Activity	PARTICIPATION				Thousands of euros									
				%		Voting rights		Capital	Reserves	Other equity items	Earnings for the year		Book value	(Impairment) /Reversal year	Accumulat ed impairment	Dividends received	
				Direct	Indirect	Direct	Indirect				Earnings from operations	Other earnings					
Clube Mapfre do Brasil	LTDA	Avda. dos Autonomistas, 701 Vila-Yara – Osasco SP CEP 06020-000 (Brazil)	Consultancy	0.3314	99.6686	0.3314	99.6686	151,830	23,496	(86,204)	(5,680)	6,395	86	--	--	--	
Desarrollos Urbanos	S.A.	Crta.Pozuelo, 52 Majadahonda - 28222 Madrid	Real estate	0.0784	99.9137	0.0784	99.9137	383	4,805	--	1,162	(4,647)	3	(6)	43	--	
SERVIFINANZAS	S.A.	Crta.Pozuelo, 52 Majadahonda - 28222 Madrid	Financial	100.0000	0.0000	100.0000	0.0000	216	49	--	--	11	267	--	--	--	
MGR Agencia de Suscripción	S.A.	Crta.Pozuelo, 52 Majadahonda - 28222 Madrid	Insurance and reinsurance	100.0000	0.0000	100.0000	0.0000	60	--	--	2	(7)	60	--	--	--	
Preminen Price Comparison Holding	LTDA	Ty Admital David Street, Cardiff CF102EH	Online insurance policy price comparison company	50.0000	0.0000	50.0000	0.0000	10,000	10	--	--	(4,627)	2,691	(2,309)	2,309	--	
Total												9,536,741	(15,1622)	233,771			
Other investments												8					
Total investments in Group companies and associates												9,536,749					

The amounts for Equity Accounts and results of the companies correspond to consolidated data.

No companies are listed on the stock market.

(*) Recoverable amount determined based on the fair value of the company's assets and liabilities.

INDIVIDUAL MANAGEMENT REPORT

2019

MAPFRE S.A.

The English version is a translation of the original in Spanish for information purposes only. In case of discrepancy, the Spanish version shall prevail.

MAPFRE S.A.

2019 INDIVIDUAL MANAGEMENT REPORT

MAPFRE S.A. (the "Company") is a corporation (Spanish "sociedad anónima") whose main activity is the investment of its funds in real-estate assets and tradeable financial securities.

A. KEY INDIVIDUAL FIGURES

Key income statement figures are as follows:

- Dividend revenue from Group companies amounted to 601.50 million euros, down 18.86 percent on the prior year.
- Operating expenses amounted to 163.2 million euros, a 1.2 percent increase on 2018.
- Financial income amounted to 0.4 million euros for the last two years.
- Financial expenses stood at 70 million euros, 4.5 percent up on the prior year.
- During the fiscal year, the Company recognized impairment allowances of 45.4 million euros in respect of equity investments in Group companies and associates (151.6 million euros in 2018).
- As a result of the foregoing, earnings before tax stood at 404.6 million euros, down 11.5 percent against the prior year.
- A corporate tax rebate of 38.5 million euros was posted in 2019, compared with 36 million euros in 2018.
- Post-tax profit was 443.1 million euros, down 10.2 percent on the previous year.

Key balance sheet figures are as follows:

MAPFRE S.A.'s shareholders' equity amounted to 7,456.5 million euros, a year-on-year increase of 72.5 million euros (1.1 percent). This rise was due to the difference between the profit for the year and the dividends paid during the year, which stood at 261.6 million euros, the final dividend for the 2018 year distributed in 2019 and 184.8 million euros for the interim dividend charged against the year's profits.

- Assets totaled 10,309.5 million euros, of which 9,929.8 million euros relate to long-term investments in Group companies and associates and 196 million euros correspond to short-term investments in Group companies and associates.

B. MAIN ACTIVITIES

The main variations in the Company's financing sources during 2019 were as follows:

- Partial cancellations of loans with Group companies amounting to 333.1 million euros, and granting of new loans amounting to 227.5 million euros.
- Partial cancellation of the syndicated loan, maturing in December 2023, in the amount of 247 million euros and new drawdowns of 367 million euros.

Investments in Group companies

During the fiscal year, the Company had the following expenditure in respect of investments in Group companies:

- Capital increase in MAPFRE AM INVESTMENT HOLDING S.A. of 5 million euros.

C. MAPFRE AND ITS SHAREHOLDERS

The MAPFRE share

- The table below shows the key information relating to MAPFRE shares at the end of 2019:

Number of shares outstanding	3,079,553,273 fully subscribed and paid up
Face value of each share	0.1 euros
Share class	Common, represented by book entries. All outstanding shares carry identical voting and dividend rights
Stock exchange listings	Madrid and Barcelona Stock Exchanges (continuous market)
Stock market index membership	IBEX 35; IBEX Top Dividend STOXX Europe 600 Insurance; EURO STOXX Insurance MSCI Spain; FTSE All-World; FTSE Developed Europe; FTSE4Good ¹ and FTSE4Good IBEX ¹ DJSI World ¹
ISIN code	ES0124244E34

In 2019 MAPFRE S.A. shares traded for 253 days on the continuous market with a frequency index of 100 percent. According to data published by the Spanish stock market operator (BME), an average of 5,128,636 shares were traded daily on this platform compared to 5,515,638 in 2018, a decrease of 7.02 percent. The effective average daily transaction value was 12.9 million euros, compared to 14.6 million euros in the prior year, some 11.4 percent lower.

At the end of 2019, four Spanish and international investment banks had "buy" recommendations for the Company's shares, compared to seven "hold" recommendations and nine with the stock on their "sell" lists.

¹ Indices that measure the outcome of a company's actions to uphold and support sustainable development and human rights.

VALUE AND RETURN

The share price performance is shown in the following table, compared to two key benchmark indices (the IBEX 35 and the STOXX Europe 600 Insurance):

	1 YEAR	3 YEARS	5 YEARS
MAPFRE	1.7%	-18.6%	-16.1%
STOXX Europe 600 Insurance	24.4%	19.7%	28.8%
IBEX 35	11.8%	2.1%	-7.1%

MAPFRE's earnings per share (EPS) during the same period are shown below:

	2019	2018	2017	2016	2015
EPS (euros)	0.20	0.17	0.23	0.25	0.23
INCREASE	+15.2%	-24.5%	-9.7%	9.4%	-16.1%

SHAREHOLDER STRUCTURE AND REMUNERATION

At the end of fiscal year 2019, Fundación MAPFRE held 67.7 percent of the Company's shares, excluding treasury stock, which represented 1 percent of the shareholder structure. Spanish institutional shareholders accounted for 3.8 percent and institutional shareholders in other countries, 19.5 percent. The remaining 8 percent is held by non-institutional shareholders.

The dividend policy establishes that shareholder remuneration must be linked to the Company's earnings, solvency, liquidity and investment plans, and also aligned with the interests of all its shareholders. One of the objectives set for the three-year period 2019-2021 is to adequately remunerate shareholders.

On December 23, 2019, the interim dividend charged to 2019 profits was paid at 0.0606 euros per share (gross), after the amount corresponding to treasury stock had been applied to the remaining shares on a proportional basis. The total dividend paid out in the year was 0.145 euros per share, giving a total remuneration of 446.5 million euros.

The final dividend for fiscal year 2019 to be proposed at the Annual General Meeting amounts to 0.085 euros per share (gross). Consequently, the total dividend against 2019 earnings amounts to 0.145 euros per share (gross), representing a payout ratio of 73.3 percent.

Dividend payments and the dividend yield, calculated on an average share price basis, are indicated below:

	2019	2018	2017	2016	2015
DIVIDEND PER SHARE (euros)	0.145	0.145	0.145	0.13	0.14
DIVIDEND YIELD	5,7%	5.5%	4.9%	5.8%	4.9%

D. ENVIRONMENT

MAPFRE is committed to environmentally sustainable development, most notably the fight against climate change. Its desire to play a significant role in these issues requires a short-, medium- and long-term strategy to be in place, to which end, climate scenarios and the global context are continuously analyzed.

The Group has an Environmental Policy that is in the process of being revised with the aim of incorporating the new commitments made toward a circular economy.

During 2019, MAPFRE worked to redesign its environmental strategic model to manage all aspects associated with environmental and energy sustainability, greenhouse gas emissions and the circular economy. The model will enable plans and programs to be defined, minimizing the risks identified and paving the way to exploiting the opportunities that arise.

With regard to the carbon footprint, further progress has been made certifying greenhouse gas emissions under the UNE-EN-ISO 14064 standard, having verified the inventories of several countries.

In relation to climate change mitigation and adaptation, the measures defined in the 2020 Energy Efficiency and Climate Change Strategic Plan continue to be rolled out, resulting in the plan being completed ahead of schedule. In addition, and demonstrating our leadership on climate issues, MAPFRE has established new and ambitious objectives:

Over the medium-term, MAPFRE is committed to becoming a carbon-neutral company by 2030.

In the short-term, it is committed to becoming carbon neutral in its activities in Spain and Portugal by 2021.

Work has continued to analyze adopting the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) of the Financial Stability Board (FSB) to determine the financial impact of climate change. As part of this, MAPFRE, along with 21 other global insurers and reinsurers, is a member of the UNEP-FI Working Group. The main objective of this group is to analyze scenarios that allow financial models and metrics to be developed to adequately estimate the possible implications of climate change on business.

Furthermore, bearing in mind the impacts of climate change on our planet's biodiversity, specific conservation programs will continue to be developed, including the project to reforest the Doñana National Park through the "100 Companies for Forests" initiative of WWF Spain, as well as the annual protection of an endangered species and its habitat.

With regard to fostering environmental responsibility in society, the third corporate volunteering day "Everyone for the Environment" was held during the year. Degraded areas were reforested, again demonstrating the commitment and involvement of employees in this area.

E. ACQUISITION AND DISPOSAL OF TREASURY STOCK

MAPFRE S.A. shares are bought and sold in accordance with the regulations in force, the relevant agreements adopted at the Annual General Meeting, and the MAPFRE Group Treasury Stock Policy on how to handle transactions which involve the Company's own shares.

In 2019, a total of 7,897,336 treasury stocks were purchased in the market and 1,839,387 shares were delivered to executives of subsidiaries as part of their variable remuneration, representing an increase of 6,057,949 treasury stocks, equivalent to 0.1967 percent of capital and amounting to 15,585,821.85 euros. In the previous fiscal year, 2,079,216 treasury stocks were sold, representing 0.0675 percent of capital and amounting to 4,106,350.17 euros.

As a result of the events occurring in the fiscal year, a positive impact in the amount of 910,979.10 euros was registered (1,930,622.54 euros in fiscal 2018) and this has been included under the heading "Other Reserves".

At the close of the fiscal year, the Company owned 30,489,839 treasury shares (24,431,890 in 2018), which represented 0.9901 percent of capital (0.7934 percent in 2018) at an average of 2.09 euros per share.

The total face value of the shares acquired was 3,048,984 euros (2,443,189 euros in 2018).

F. HUMAN RESOURCES

The following tables show the average and year-end headcount during the last two years, by category and gender.

Average number of employees

ITEM	2019		2018	
	Men	Women	Men	Women
Board Directors and C-Suite	13	4	12	2
Senior Management	94	52	95	53
Technicians	145	142	144	146
Associates	16	52	16	58
TOTAL AVERAGE NUMBER OF EMPLOYEES	268	250	267	259

Number of employees at year-end

ITEM	2019		2018	
	Men	Women	Men	Women
Board Directors and C-Suite	13	4	14	2
Senior Management	97	53	95	53
Technicians	143	147	145	153
Associates	16	48	16	58
TOTAL NUMBER OF EMPLOYEES	269	252	270	266

The following table shows the average number of employees in the Group with a degree of disability equal to or higher than 33 percent, indicating the categories to which they belong.

ITEM	2019	2018
Senior Management	2	2
Advisors	3	4
Associates	4	4
TOTAL	9	10

MAPFRE's objectives for its workforce include the professional development of its employees and enhancing their employability and well-being by developing their abilities and skills. All of this is pursued in an atmosphere of commitment and mutual respect that is free of insults, intimidation, harassment or discrimination, in a workplace that guarantees job security and stability.

MAPFRE applies a Code of Ethics and Conduct that is inspired by its Institutional and Business Principles, and which is conceived to reflect corporate values and the basic principles that should guide the conduct of the Company and its staff.

The Respect for People Policy guarantees a working environment in which any harassment or violent or offensive behavior threatening the rights and dignity of others is not accepted. The Group expressly opposes, and does not tolerate, any harassment in the workplace, regardless of who the victim or perpetrator is. This commitment must be complied with in all relationships between employees, and in those relationships between employees and providers, customers, collaborators and other stakeholders, and it also extends to all the organizations with which MAPFRE works.

In implementing its Diversity and Equal Opportunities Policy, MAPFRE has undertaken a series of public pledges concerning gender diversity and functional diversity.

Through its Promotion, Selection and Mobility Policy, MAPFRE is committed to offering its employees new opportunities for professional development through development plans and programs, training schedules and mobility between areas and countries, in order to increase their employability, job satisfaction and dedication to the Company. The profiles needed to implement the business strategy and talent in the organization are identified, and individual development plans drawn for each employee, thereby ensuring suitable management replacement and succession plans are in place and strategic needs covered.

MAPFRE has defined a global selection procedure that guarantees objectivity, maximum rigor and non-discrimination in all selection processes. Furthermore, the tests used during selection are standardized worldwide with a view to finding the candidate with the most appropriate profile for each job position. A total of 41 selection processes were conducted in 2019.

In 2019, the Group invested 872,000 euros in staff training (1,014,000 euros in 2018).

The Compensation Policy is intended to set appropriate remuneration levels for each function and job position and performance by professionals, and to serve as a source of motivation and satisfaction for staff, thus encouraging them to reach their objectives and deliver on MAPFRE's strategy. The policy guarantees equality and external competitiveness in each market and forms part of the in-house development of employees.

The objective of the Policy on Health, Well-being and Prevention of Occupational Risks is to protect and promote a safe and healthy workplace and improve the health of our employees and their families, both in and outside the workplace.

G. EXTERNAL AUDIT

Fees charged by the external auditor are shown below. It is deemed that these fees do not compromise the independence of the auditors.

ITEM	AMOUNTS	
	2019	2018
Audit services	493	465
Other verification services	173	260
Tax services	--	--
Other services	--	--
Total services of main auditor	666	725

Thousands of euros

Other verification services include services provided by KPMG Auditores, S.L. to the Company during fiscal year 2019, which include the six-month review, the solvency review; and the report of agreed procedures on the description of (SCIIF).

In addition, other entities affiliated with KPMG International have billed the Company 63,000 euros for the independent review of the information contained in the Statement of Non-financial Information (EINF).

Information regarding the services provided by KPMG Auditores, S.L. to the companies linked by a control relationship to MAPFRE S.A. during the year ended December 31, 2019 is included in the Annual Accounts of MAPFRE S.A. and its subsidiary companies as of December 31, 2019.

H. GOVERNING BODIES

At the Annual General Meeting held on March 8, 2019, Mr. José Manuel Inchausti Pérez, Mr. Georg Daschner, Mr. Antonio Gómez Ciria, Mr. Luis Hernando de Larramendi Martínez, Mr. Antonio Miguel Romero de Olano and Mr. Alfonso Rebuelta Badías were re-elected as directors.

On August 18, 2019, Mr. Georg Daschner ceased to perform his functions as a member of the Board of Directors, in compliance with the provisions of the Regulations of the Board of Directors.

At the Board of Directors meeting held on September 26, 2019, Ms. Rosa María García García was appointed as a director via the co-optation procedure, replacing Mr. Georg Daschner.

During the meeting of the Board of Directors on July 25, 2019, Mr. José Antonio Colomer Guiu was appointed Chairman of the Risk Committee and as a member of the Steering Committee, Ms. Ana Isabel Fernández Álvarez as Chairwoman of the Audit and Compliance Committee, replacing Mr. José Antonio Colomer Guiu who continues as a member of said committee, and Mr. Antonio Gómez Ciria as a member of the Risk Committee, all effective as and from August 18, 2019,.

Throughout the year 2020, the mandates of Mr. José Antonio Colomer Guiu, Ms. María Leticia de Freitas Costa and Ms. Rosa María García García, who were appointed by the co-optation procedure on the date indicated above, will expire. The Appointments and Remuneration Committee has proposed their re-election as directors.

Likewise, during the year 2020, the term of Mr. Ignacio Baeza Gómez, whose re-election is being proposed to the Annual General Meeting, will expire. This proposal has the backing of the Appointments and Remuneration Committee.

I. AVERAGE PROVIDER PAYMENT PERIOD

Details of payments made to providers in the last two years are shown below.

ITEM	2019	2018
	Days	Days
Average provider payment period	20	20
Ratio of paid operations	20	20
Ratio of operations pending payment	--	--
	Amounts	Amounts
Payments made	92,892	100,939
Payments pending	5,933	3,328
Total payments for the year	98,825	104,267

Thousands of euros

J. RESEARCH, DEVELOPMENT AND INNOVATION

MAPFRE has a long history of being an innovative company. Innovation is one of its main levers in driving organic growth and extending its strategic horizon, constantly generating differential value propositions for customers, from a cross-cutting and end-to-end vision that allows the Company to respond to the challenges of the business.

In 2018, the MAPFRE innovation model was developed around the proven internal strategic capabilities and digitization of models and solutions for customers, but also organizing an open relationship model that connects external agents and the innovation ecosystem (technology-based startups and other market players who are able to offer disruptive solutions at some link in the insurance value chain – insurtechs). This model is called MAPFRE Open Innovation.

During 2019, firm steps were taken to accelerate transformation in MAPFRE and strengthen its leadership position, adapting faster and moving toward new business models and innovative solutions that arise from the digital and technological changes taking place today in order to offer the best solutions and services to customers.

Significant actions taken during the fiscal year include:

- The launch of two insur_space calls, attracting bids from various startups for the two programs: Acceleration and Adoption
- MAPFRE's participation as an anchor investor in the venture capital fund "Alma Mundi Insurtech Fund, FCRE", which exclusively focuses on the insurtech space and has acquired stakes in seven startups in the sector
- Consolidation of #innova, MAPFRE's intrapreneurship program.

In addition, the change needed to adapt the organization to the new digital requirements is being managed through the Digital Challenge initiative, providing the flexible and agile work environment and tools that foster collaborative work and knowledge-sharing. In addition, new behaviors (collaborate, innovate and be agile) are being promoted, and digital and strategic profiles and new forms of leadership are being developed.

Moreover, to evaluate the quality perceived by customers, the MAPFRE Quality Observatory applies a global customer experience measurement model, through customer surveys in all countries where the Group operates, covering all insurance lines and customer support services on a twice-yearly basis. This is done by analyzing the Net Promoter Score (NPS[®]) to evaluate customer satisfaction and critical customer touchpoints, and recommendations are drawn up regarding the main areas that could be improved.

In 2019, the eighth and ninth NPS measurement waves were carried out, involving a representative sample of MAPFRE's portfolios. These waves, with over 140,000 respondents, covered 81.9 percent of the total private Non-Life premiums of the Group.

In addition, once a year, the Observatory measures the customer experience scores of MAPFRE's major competitors in each country/line of business. Approximately 120 companies are analyzed around the world. The results of this work show that in 2019, the Company was able to reach the objective set of exceeding 71 percent of the premium volume measured in which the NPS of MAPFRE customers is higher than the average NPS of the competitors analyzed.

K. ENVIRONMENTAL, SOCIAL AND GOVERNANCE FACTORS AND RISKS

The concept of sustainability is founded on three fundamental pillars: economic, social and environmental development. For this reason, managing risks and business opportunities associated with environmental, social and governance (ESG) issues plays a key role in sustainable development.

Proper monitoring of these aspects provides the organization with additional information about potential risks as well as a clearer insight into social movements and transformations and the expectations of its stakeholders. In this context, MAPFRE's business model and strategy are an example of how the Company tackles global challenges regarding sustainability; how it manages ESG risks; and how it innovates in developing insurance products and solutions for the benefit of its customers and society.

The management of ESG risks helps in decision-making on important issues such as underwriting, investment, product and service innovation, sustainability, the environment and reputation management – the latter being essential to gaining the

trust of our stakeholders. Consequently, ESG risks are naturally incorporated into the management and control processes implemented by the Group.

Climate change is part of the MAPFRE sustainability strategy. As a global insurance company, MAPFRE has jointly pledged to contribute to defining a standard of technical and financial action for the entire sector that will help the insurance industry manage the risks and opportunities of transitioning to a low-carbon economy, and reduce the impact of climate change for the whole of society. The increasing frequency and severity of natural disasters and MAPFRE's presence in countries with a high exposure to this risk can impact the Group's results. To forecast these events and minimize their economic impact, MAPFRE companies are working on a variety of aspects: i) efficient control of exposure to catastrophic risks; ii) ensuring proper loss adjustment; and iii) coordinating a sufficient response and service to affected customers.

To guarantee effective risk management, the Group has developed a series of policies.

The Risk Management Policy provides the framework for managing risks and, in turn, for developing specific risk policies.

The Compliance Function Policy has the main objective of minimizing the likelihood of legal and non-compliance risk by establishing effective prevention and control mechanisms.

L. NON-FINANCIAL INFORMATION

The information concerning the Company's non-financial information statement is included in the Integrated Report, which is part of the Consolidated Management Report of the MAPFRE Group – the parent of which is MAPFRE S.A. – and which will be filed, together with the Consolidated Annual Accounts, in the Madrid Companies' Registry.

M. SIGNIFICANT EVENTS FOR THE COMPANY AFTER THE YEAR-END CLOSE

There were no significant events subsequent to the year-end close.

N. OUTLOOK

The global economy in general remains stable, albeit with rather modest performance. By 2020, an average growth of 3 percent is expected at the global level, which may accelerate in the following quarters and converge with the average of the second half of the last decade, close to global potential. A recession has been ruled out for the time being, unless unforeseen risks emerge causing an adjustment in what is a systemic economy.

Advanced economies are not expected to contribute significantly to projected growth, as they are facing downturns and falling short of potential growth, posting expansion of 2 percent or less on average over the next biennium. Emerging countries, meanwhile, are set to make more significant contributions, growing steadily by around or above 4.5 percent on average over the coming years thanks to more benign borrowing conditions, better terms of trade for commodity-producing countries, and certain countries like Brazil, Mexico and Turkey emerging from sluggishness, as well as a likely easing of socio-political issues that are triggering uncertainty and disruption in several emerging economies (Andean countries, Hong Kong, etc.).

The cyclical momentum is toward the stabilization of activity at low levels, which has caused many economies to rethink how public policies are designed and implemented. In the United States, GDP growth has settled below 2 percent, mainly underpinned by domestic demand thanks to support from the Federal Reserve (Fed). The Economic and Monetary Union (EMU), for its part, has again recorded a pronounced sluggishness that has forced the lax monetary stance to be extended. In addition, the need to complement this stance with profound fiscal stimuli is being discussed.

China's economy has continued to enjoy the momentum seen last year and, despite high-frequency data indicating some loss of buoyancy, continues to grow steadily (as per official figures).

In emerging markets, although many of the vulnerabilities are softened by the shift in US monetary policy, their reliance on foreign saving makes them very sensitive to external corrections, being able to create and spread their financial shocks to the region through investor expectations. Therefore, we believe that while such markets are set to move into more buoyant phases of the economic cycle, they are also likely to be more fragile.

A recession would be the alternative scenario, which we believe is necessary to highlight, given that it would accelerate geopolitical trends (such as the reversal of globalization and the growing social discontent today) that are once again the sign of the times in this third decade of this century.

O. ANNUAL CORPORATE GOVERNANCE REPORT

The Consolidated Management Report includes the Company's Annual Corporate Governance Report, issued pursuant to the provisions of Article 49.4 of the Spanish Code of Commerce. The report will also be available from the date of publication of these accounts on the corporate website (www.mapfre.com) and on the CNMV website (www.cnmv.es).

PROPOSED RESOLUTIONS FOR THE ANNUAL GENERAL
MEETING OF MAPFRE S.A.

1. To approve the individual and consolidated Annual Accounts for fiscal year 2019.
2. To approve the Integrated Report for fiscal year 2019, which includes the non-financial statement of MAPFRE S.A. and that of its consolidated group.
3. To approve the distribution of the result for fiscal year 2019 proposed by the Board of Directors and consequently distribute a total dividend of 0.145 euros gross per share. Part of this dividend, the sum of 0.06 euros gross per share, was paid out in advance following a resolution passed by the Board of Directors on September 26, 2019 and the rest, up to the agreed total, amounting to 0.085 euros gross per share, will be paid on a date to be determined by the Board of Directors, during the period from May 1 to June 30, 2020. The amount corresponding to treasury stock will be applied on a proportional basis to the remaining shares.
4. To approve the management of the Board of Directors in fiscal year 2019.
5. To reelect the Board Director Mr. Ignacio Baeza Gómez as Executive Board Director for a further four years.

This proposal was approved in a report from the Appointments and Remuneration Committee and shall be deemed approved, if applicable, without prejudice to compliance with the bylaws and standards of good governance.

6. To reelect the Board Director Mr. José Antonio Colomer Guiu as an independent board director for a further four years.
7. To reelect the Board Director Ms. María Leticia de Freitas Costa as an independent board director for a further four years.
8. To ratify the appointment of the Board Director Ms. Rosa María García García, appointed by the Board of Directors on September 26, 2019, via the co-option procedure, and reelect her for a period of four years as an independent board director.

Said proposals have been brought before the Board of Directors, through the Appointments and Remuneration Committee and shall be deemed approved, if applicable, without prejudice to compliance with the bylaws and standards of good governance.

9. To approve, pursuant to Article 529(19) of the Recast Text of the Spanish Corporations Act, the Board Directors' Compensation Policy for the period 2020-2022, whose text has been made available to shareholders for the purpose of the call to attend the Annual General Meeting, and includes the maximum amount of annual remuneration for Board Directors in their condition as such.
10. To endorse the 2019 Annual Report on Board Director Remuneration that is submitted, in an advisory capacity, to the Annual General Meeting, with the favorable report of the Appointments and Remuneration Committee.
11. To authorize the Board of Directors to delegate the powers conferred by the Annual General Meeting, as provided for under article 249 bis of the Recast Text of the Spanish Corporations Act, regarding the prior agreements in favor of the Steering Committee, with express powers of substitution for each and every member of the Board of Directors.
12. To delegate the broadest powers to the Chairman and to the Secretary of the Board of Directors so that either of them may appear before a Notary and proceed to execute and submit for presentation as a public deed the resolutions referred to herein by executing the necessary public and private documents required to register them in the Company Registry; with the express authority to make as many amendments, clarifications, rectifications and corrections as are required or necessary in order to adapt the resolutions to the requirements of the Company Registrar and thereby obtain their full or partial registration as set out in Section 63 of the Company Registry Regulations.
13. To authorize the Board of Directors to clarify and interpret the aforementioned resolutions.



BOARD OF DIRECTORS REPORT ON THE PROPOSALS FOR THE APPOINTMENT,
REELECTION AND RATIFICATION OF BOARD DIRECTORS

Madrid, February 11, 2020

I. BACKGROUND AND JUSTIFICATION FOR THE PROPOSALS

This report is prepared by the Board of Directors of MAPFRE S.A. ("MAPFRE", or the "Company") in accordance with Article 529 (10).5 of the Recast Text of the Spanish Corporations Act, to justify the following proposals for the appointment, reelection and ratification of Board Directors submitted for approval by the Annual General Meeting under Agenda item 5: (i) Mr. Ignacio Baeza Gómez, with the status of Executive Board Director; and (ii) Mr. José Antonio Colomer Guiu, Ms. María Leticia de Freitas Costa and Ms. Rosa María García García, with the status of independent board directors.

The aim of this report is to assess the competence, experience and merits of the candidates proposed for appointment, re-election and ratification to the Annual General Meeting, for which the Board of Directors has taken into consideration the suitability of the Board Directors' professional profiles, the specific nature of the business and the international character of the Company. The Board of Directors has also verified that the candidates meet the requirements for prestige, suitability, solvency, competence, experience, qualifications, training, availability and commitment to their function, and that they are neither directly nor indirectly affected by any of the causes for incompatibility, prohibition or conflict of interest established by Law, the Bylaws or the Regulations for the Board of Directors.

The Appointments and Remuneration Committee issued, in advance, a report in which it recognized the dedication of Mr. Ignacio Baeza Gómez to his role as Executive Board Director, which was approved at its meeting on February 5, 2020. The Committee also agreed at that meeting to propose the reelection of Mr. José Antonio Colomer Guiu, Ms. Maria Leticia de Freitas Costa and Ms. Rosa María García García as Board Directors, with the status of independent board directors.

II. PROPOSALS

Mr. Ignacio Baeza Gómez

Bachelor of Economics and Business Sciences from the Complutense University of Madrid and a Masters in Business Administration (MBA) from Las Palmas MBA Business School. He has spent a large part of his professional career at MAPFRE, holding several senior executive positions since he joined in 1996. He has been First Vice Chairman of the Board of Directors of MAPFRE since July 2018.

Mr. Baeza Gómez has been Executive Board Director since the acceptance of his appointment by the Annual General Meeting on March 8, 2008, having been reelected for the last time at the Annual General Meeting on March 11, 2016. He is also currently a member of its Steering Committee, Chairman of MAPFRE ASISTENCIA, Board Director of MAPFRE INTERNACIONAL, Joint and Several



Director of MAPFRE PARTICIPACIONES and First Vice Chairman of the Board of Trustees of FUNDACIÓN MAPFRE and Chairman of the Board of Trustees of FUNDACIÓN CANARIA MAPFRE GUANARTEME.

The Board of Directors, in the light of the Report of the Appointments and Remuneration Committee, considers that the conduct of Mr. Baeza Gómez as a member of the MAPFRE Board of Directors since his last appointment by the Annual General Meeting has been very satisfactory in all aspects: performance of the role of Board Director; performance of his roles in the Committee and/or Steering Committees, quantity and quality of his work; and dedication to the role. In the view of the Board of Directors this, together with his economic training and knowledge, and his broad experience in the insurance industry during his professional career at MAPFRE justifies his reelection as a Board Director with the category of Executive Board Director.

Mr. José Antonio Colomer Guiu

Business Administration Degree (ESADE School of Business Management and Administration - Barcelona). He has pursued much of his career at BBVA, S.A., where he has held the positions of Member of BBVA Continental, Chairman & CEO of BBVA in Puerto Rico, Chairman of BBVA Provincial in Venezuela and Managing Director of BBVA Continental in Peru. He is currently Chairman of the Board of Directors of GO FRUSELVA, S.A.

Mr. Colomer Guiu has been an Independent Board Director of the Company since his appointment by co-option was accepted by the Board of Directors on February 9, 2016, having been last reelected to the Annual General Meeting on March 11, 2016. He is currently also Chairman of its Risk Committee and a Member of its Steering Committee and its Appointments and Remuneration and Audit and Compliance Committees, as well as Board Director of MAPFRE ESPAÑA and MAPFRE Vida.

The Board of Directors, in view of the proposal formulated by the Appointments and Remuneration Committee, considers that the outstanding personal and professional career of Mr. Colomer Guiu, together with his extensive experience and knowledge in the banking and finance industry and in the Spanish and Latin American markets, justifies his reelection as a Board Director, with the category of independent board director.

Ms. María Leticia de Freitas Costa

She graduated in Product Engineering from the Polytechnic School of São Paulo University (USP) and has a Masters in Business Administration (MBA) from Cornell University, New York. She was a Systems Analyst at Industrias Villares, S.A. and a consultant and Chairman of Booz & Company in Brazil, where she mainly pursued her career until 2010. She is currently the Director of the Insper



Center for Strategic Research and a partner at Prada Assessoria. She is also a member of the Boards of Directors of Martins, S.A., Localiza Rent a Car, S.A., RBS Midia, TOTVS, S.A. and Embraer, S.A.

Ms. de Freitas Costa has been an Independent Board Director since her appointment was accepted by the Board of Directors on July 23, 2015, having been last reelected at the Annual General Meeting on March 11, 2016. She is currently also Vice Chairman of MAPFRE PARTICIPAÇÕES and a Board Director of BB MAPFRE PARTICIPAÇÕES.

The Board of Directors, in view of the proposal made by the Appointments and Remuneration Committee, considers that the outstanding personal and professional career of Ms. de Freitas Costa, together with her extensive knowledge and experience in the financial and strategic consulting sectors, as well as the Brazilian market, justifies her reelection as a Board Director, with the category of independent board director.

Ms. Rosa María García García

She has a degree in Mathematics from the Autonomous University of Madrid. She has pursued much of her professional career at Microsoft, where she held a number of senior management positions. She has also been Independent Chairman of the Board of Directors of Siemens Gamesa, Chairman and CEO of Siemens, Member of the Board of Directors of Banesto, Bolsas y Mercados Españoles, Acerinox and Bankinter. She is currently a member of the Boards of Directors of Tubacex, S.A. and Sener Grupo de Ingeniería, S.A.

Ms. García García has been an independent board director of the Company since the Board of Directors' acceptance of her appointment by co-option on September 26, 2019. She is currently also a member of its Appointments and Remuneration Committee and a Board Director of MAPFRE ESPAÑA.

The Board of Directors, in view of the proposal formulated by the Appointments and Remuneration Committee, considers that the outstanding personal and professional career of Ms. García García, together with her extensive experience and knowledge in the fields of technology, energy and the capital markets, justifies her ratification and reelection as a Board Director, with the category of independent board director.

REPORT TO THE MAPFRE S.A. BOARD OF DIRECTORS
IN CONNECTION WITH THE PROPOSAL TO REELECT
MR. IGNACIO BAEZA GÓMEZ AS EXECUTIVE BOARD DIRECTOR

The MAPFRE Appointments and Remuneration Committee, at the meeting held on February 6, 2019, unanimously agreed to present the following report to the MAPFRE S.A. Board of Directors in accordance with the provisions of Article 529 (10).6 of the Spanish Corporations Act and Article 6.5 of the Board of Directors Regulations, with regard to the proposed reelection of Mr. Ignacio Baeza Gómez as a Board Director for a period of four years.

The Appointments and Remuneration Committee considers that the conduct of Mr. Ignacio Baeza Gómez as a member of the MAPFRE S.A. Board of Directors since his appointment by the Annual General Meeting on March 11, 2016 has been very satisfactory in all aspects: performance of the role of Board Director; performance of his roles in the Committee and/or Steering Committees, quantity and quality of his work; and dedication to the role.

In view of the above, the Appointments and Remuneration Committee unanimously agrees to approve the proposed reelection of Mr. Ignacio Baeza Gómez as a member of the Board of Directors for a further period of four years.

Madrid, February 6, 2020
Committee Secretary

Ángel L. Dávila Bermejo

**PROPOSAL FOR THE REELECTION OF MR. JOSÉ ANTONIO COLOMER
GUIU
AS INDEPENDENT BOARD DIRECTOR**

The MAPFRE Appointments and Remuneration Committee, at the meeting held on February 6, 2020, unanimously agreed to propose to the MAPFRE S.A. Board of Directors in accordance with the provisions of Article 529 (10).4 of the Spanish Corporations Act and Article 6.2 of the Board of Directors Regulations, that the Annual General Meeting should approve the reelection of Mr. José Antonio Colomer Guiu as an Independent Board Director for a period of four years.

The Appointments and Remuneration Committee considers that the conduct of Mr. José Antonio Colomer Guiu as a member of the MAPFRE S.A. Board of Directors since his appointment by the Annual General Meeting on March 11, 2016 has been very satisfactory in all aspects: performance of the role of Board Director; performance of his roles in the Committee and/or Steering Committees, quantity and quality of his work; and dedication to the role.

Madrid, February 6, 2020
Committee Secretary

Ángel L. Dávila Bermejo

**PROPOSAL FOR THE REELECTION OF MS. MARIA LETICIA DE FREITAS
COSTA AS AN INDEPENDENT BOARD DIRECTOR**

The MAPFRE Appointments and Remuneration Committee, at the meeting held on February 6, 2020, unanimously agreed to propose to the MAPFRE S.A. Board of Directors in accordance with the provisions of Article 529 (10).4 of the Spanish Corporations Act and Article 6.2 of the Board of Directors Regulations, that the Annual General Meeting should approve the reelection of Ms. María Leticia de Freitas Costa as Independent Board Director for a period of four years.

"The Appointments and Remuneration Committee considers that the conduct of Ms. María Leticia de Freitas Costa as a member of the MAPFRE S.A. Board of Directors since her appointment by the Annual General Meeting on March 11, 2016 has been very satisfactory in all aspects: performance of the role of Board Director; quantity and quality of her work; and dedication to the role.

Madrid, February 6, 2020
Committee Secretary

Ángel L. Dávila Bermejo

PROPOSAL FOR REELECTION OF MS. ROSA MARÍA GARCÍA GARCÍA
AS INDEPENDENT BOARD DIRECTOR

The MAPFRE Appointments and Remuneration Committee, at the meeting held on February 6, 2020, unanimously agreed to propose to the MAPFRE S.A. Board of Directors in accordance with the provisions of Article 529 (10).4 of the Spanish Corporations Act and Article 6.2 of the Board of Directors Regulations, that the Annual General Meeting should approve the reelection of Ms. Rosa María García García as an Independent Board Director for a period of four years.

The Appointments and Remuneration Committee considers that the conduct of Ms. Rosa María García García as a member of the MAPFRE, S.A. Board of Directors since her appointment by the Board, through the co-option procedure, on September 26, 2019, has been very satisfactory in all aspects: performance of the role of Board Director; quantity and quality of her work; and dedication to the role.

Madrid, February 6, 2020
Committee Secretary

Ángel L. Dávila Bermejo



**COMPENSATION POLICY FOR BOARD DIRECTORS
OF MAPFRE S.A. 2020–2022**

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1. INTRODUCTION

Article 17 of the Company Bylaws of MAPFRE S.A. (hereinafter, "MAPFRE" or "the Company") sets out the remuneration system for board directors, which must comply with the compensation policy for board directors approved at the Annual General Meeting and with the legally established terms and conditions.

In accordance with Article 529 novodecies of the Spanish Companies Act, this policy must comply with the remuneration system established in the Corporate Bylaws and must be approved at an Annual General Meeting at least every three years as a separate point on the agenda.

The article also states that the compensation policy for board directors will remain effective for the three fiscal years following the year in which it was approved, and that any amendment or replacement of the policy during the effective period will require prior approval by the Annual General Meeting in accordance with the established procedure.

2. GENERAL PRINCIPLES

The aim of the policy is to promote the long-term profitability and sustainability of the company, and it therefore includes the necessary precautions to prevent an excessive assumption of risk or unfavorable outcomes.

To this end, the remuneration for board directors is governed by the following general principles:

- Priority of the creation of value and profitability in the medium- and long-term over short-term results.
- Reasonable proportionality between the company's economic situation and the market standards of comparable companies.
- Alignment with the sales and risk management strategy, risk profile, objectives, and risk management practices.
- Appropriate and efficient risk management within the established risk tolerance limits.
- Attraction and retention of talent.
- Appropriate compensation for dedication, qualification and responsibility.
- Appropriate proportion of fixed and variable components, avoiding excessive reliance on variable components.
- Deferred payment of a significant portion of the variable remuneration.
- Possibility of ex-post adjustments to the variable remuneration.
- Avoidance of conflicts of interest.

3. REMUNERATION FOR BOARD DIRECTORS IN THEIR STATUS AS SUCH

In accordance with Article 529 septdecies of the Capital Companies Act, the compensation policy for board directors will determine the remuneration for board directors in their status as such, within the remuneration system established in the Corporate Bylaws, and it must state the maximum total amount of the annual remuneration payable to such board directors. Thereafter, it is up to the Board of Directors to determine the remuneration for each board director in their status as such.

In accordance with Article 17 of the Company Bylaws, board directors will receive a fixed amount for their membership on the Board of Directors as basic remuneration and, where applicable, for membership of the Steering Committee and sub-steering committees, which may be higher for people who occupy positions on the Board itself or who chair any of the Board committees or sub-committees. In addition, members of the Steering Committee shall receive an allowance for attending its meetings. This remuneration may be supplemented with other non-monetary compensation (Life or medical insurance, discounts on products sold by companies in the MAPFRE Group) that have been generally established for the Company's personnel.

The maximum total amount of annual remuneration payable to board directors in their status as such is established as 4 million euros.

Subject to this limit, and pursuant to the recommendation of the Appointments and Remuneration Committee, the Board of Directors will determine the amount of the aforementioned fixed sums on an annual basis.

4. REMUNERATION FOR EXECUTIVE BOARD DIRECTORS

In accordance with Article 529 octodecies of the Capital Companies Act, the remuneration payable to directors for performing executive functions must comply with the compensation policy for board directors. This must indicate the amount of the annual fixed remuneration and its variation in the period to which the policy refers, the different parameters for establishing the variable components and the main terms and conditions of their contracts, including in particular their duration, indemnification for early termination or conclusion of the contractual relationship, and any exclusivity, non-compete, continuity of service and loyalty agreements.

As stated in Article 17 of the Company Bylaws, board directors who have been assigned executive functions in the company or Group are excluded from the remuneration system indicated in Point 3 and are entitled to receive remuneration exclusively for performing those executive functions. This remuneration may include the delivery of shares, share option rights or other share value-referenced amounts, subject to the requirements set forth in current legislation at the time.

This remuneration will be determined by the Board of Directors and all the corresponding items must be stated in the contract between the company and the executive board director, which must be approved by the Board of Directors

pursuant to the recommendation of the Appointments and Remuneration Committee.

4.1 Fixed remuneration

The fixed remuneration for each executive board director will be established in line with their functions, level of responsibility and professional profile, in accordance with the criteria governing MAPFRE Group senior executives.

The fixed remuneration amount for executive board directors will be agreed on an annual basis.

For fiscal year 2020, the fixed remuneration of the executive board directors amounted to 2,618,258 euros, of which 2,214,258 euros corresponded to the Company, and 404,000 euros to other companies of the Group.

4.2 Variable remuneration

4.2.1 Short-term variable remuneration

The short-term variable remuneration system for executive board directors will be based mainly on an annual element linked to the Company's consolidated net profit. This remuneration, which will be paid entirely in cash, may amount to a total of 3,863,576 euros in 2020, of which 3,257,576 euros would correspond to the Company, and 606,000 euros would correspond to other companies in the Group.

In addition, short-term elements may be set up, linked to the fulfillment of specific objectives established by the Board of Directors.

For the 2020 fiscal year, an element linked to the Return on Equity (ROE) and the Global Non-Life Combined Ratio in the fiscal year has been established for executive board directors, amounting to a total of 1,200,000 euros, of which 980,000 euros would correspond to the Company, and 220,000 euros would correspond to other companies in the Group.

4.2.2 Medium- and long-term variable remuneration

The medium- and long-term variable remuneration system for executive board directors is arranged through their participation in multi-year incentive plans approved, where applicable, by the Board of Directors, pursuant to the recommendation made by the Appointments and Remuneration Committee, in relation to the Group's executive team.

The accrual and payment of these incentives will, in any event, be conditional on the achievement of the objectives in the Plan, which

have been set in line with the Group's Strategic Plan, and on the recipient's continued employment in the Company or in the Group, in accordance with the terms established in the aforementioned plan.

These incentives may be paid in cash or through the delivery of MAPFRE shares, share option rights or other share value-referenced amounts, subject to the requirements set forth in current legislation. With regard to the incentives payable in shares, MAPFRE may subtract the number of shares required to make the corresponding payment for IRPF (Impuesto sobre la Renta de Personas Físicas — Spanish personal income tax) or any other applicable taxes.

On February 6, 2019, the Board of Directors, acting on the recommendation of the Appointments and Remuneration Committee, approved an extraordinary medium-term incentive plan for key executives of the MAPFRE Group, including executive board directors. Non-cumulative and multi-year, this plan runs from January 1, 2019 to March 31, 2022.

The amount derived from this Plan depends on each beneficiary fulfilling the objectives set for them in the plan and, in general (except for expressly established special cases of severance), maintaining their relationship with the Group until the end date of the plan. The incentive will partly be paid in cash and partly by means of MAPFRE S.A. shares. The receipt of 60 percent of the incentive by each executive board director will be deferred for a period of three years, in thirds, with 50 percent of the deferred part paid in cash and the remaining 50 percent in shares. The incentive will also be subject to malus and clawback clauses.

Calculation of the amount of incentive payable will depend on the degree of achievement of the objectives, which have been set in line with the Group's Strategic Plan and refer to the Earnings per share (EPS), Total Shareholder Return (TSR), Return on Equity (ROE) and Conversion Rate.

The rules for calculating the incentive are as follows:

- The fulfillment of the objectives weighted as a whole must reach an average of 50 percent, otherwise there is no entitlement to receive the incentive.
- If the fulfillment of the objectives is between 50 and 80 percent, 60 percent of the incentive will be paid.
- If the fulfillment of the objectives is between 80 and 100 percent (inclusive), the same proportion of the incentive will be paid.
- If the fulfillment of the objectives exceeds 100 percent, with an upper limit of 150 percent, the incentive paid will be proportional to the fulfillment of 100 percent of the objectives, plus a multiplication coefficient of 2 on the surplus fulfillment above 100 percent.

- If the fulfillment of the objectives exceeds 150 percent, 200 percent of the incentive will be paid.

4.2.3 Common provisions

Variable remuneration will be determined, applied and maintained in accordance with the company's sales and risk management strategy, risk profile, objectives, risk management practices, and the performance and short, medium and long-term interests of MAPFRE as a whole. It will also include measures to prevent conflicts of interest.

In accordance with these principles, the following specific mechanisms will be used to determine variable remuneration components:

a) Proportion between fixed and variable components.

The fixed and variable components of the remuneration package must be balanced in such a way that the fixed component constitutes a sufficiently large part of the total remuneration, therefore enabling the application of a completely flexible policy with regard to the variable components of the remuneration package, even including the possibility of not paying them. Accordingly, and to avoid the excessive assumption of risk, the percentage of the variable component with respect to the fixed remuneration should not exceed 150 percent.

b) Variable remuneration criteria.

Variable remuneration linked to performance will be based on a combination of the following factors:

- Individual performance, evaluated according to financial or other criteria.
- Performance of the activity segment/department.
- Overall result of the company and GROUP.

The performance evaluation will include an adjustment for exposure to present and future risks.

c) Deferred variable remuneration component

The payment of at least 30 percent of the variable remuneration will be deferred for at least three years in line with the nature and

time horizon of the company's business and risks and the specific activities of each executive board director.

This deferred remuneration will be paid on a pro rata basis throughout the years of deferral, calculated according to the number of years in question.

d) Ex-post adjustments (malus and clawback clauses)

Contracts drawn up with executive board directors must include malus and clawback clauses affecting up to 100 percent of the total variable remuneration.

Malus clause

Deferred variable remuneration that has accrued and is pending payment is subject to a partial or total reduction if any of the following circumstances arise before the payment date:

1. Restatement of the annual accounts for reasons other than a change in legislation and provided that the variable remuneration resulting from the restatement is zero or less than the amount initially accrued as per the variable remuneration model.
2. Provisos contained in the auditor's report that reduce the earnings of the company subject to the payment of outstanding variable remuneration.
3. Variable remuneration accrued as a direct or indirect consequence of:
 - a. Fraudulent action by the executive board director.
 - b. Actions conducted by the executive board director that cause serious damage to the Company through their fault or negligence.
 - c. Actions conducted by the executive board director that are a gross or willful breach of the regulations in force.

The reasons for applying the malus clause may be modified, extended or adapted in line with the regulations in force at the time or if deemed appropriate by the governing body.

Clawback clause

The variable remuneration already paid to executive board directors, irrespective of whether it has been deferred or not, will

be subject to partial or total recovery if during the three years immediately following its payment it is revealed that said payment was in total or partial breach of the conditions established for its accrual or it was made on the basis of information that has since been proved to be false or inaccurate.

The Board of Directors' determination that the circumstances leading to the application of this clause have arisen and that a percentage of the variable remuneration must be paid back to the company, plus the procedure by which the company may claim the proportional return of the amount paid or even offset it against other types of remuneration owing to the executive board director concerned, and this individual's obligation to pay back part or all of the said amount to the company, must be carried out in accordance with the regulations approved to this effect.

4.3 Social protection and social benefits

In addition to the aforementioned fixed and variable remuneration, as members of the Group's executive team, executive board directors may be beneficiaries of defined-contribution pension commitments in the event of retirement, death or permanent disability. The contribution and vesting conditions will be set out in their respective contracts.

Executive board directors will also be entitled to the social benefits generally established for the C-Suite and the Company's personnel.

4.4 Other main conditions of the contracts

Executive directors must have an exclusive relationship with the company.

There are no contractual conditions relating to post-contractual non-compete agreements or continuity of service.

The term of the contracts of the executive board directors is related to their time as a board director. Removal from their position as a board director entails the lifting of the suspension of the relationship prior to their appointment as an executive board director.

The expiration on the date of maturity of this previous relationship will not lead in itself to any economic right, without prejudice to the right of the Board of Directors to agree, on the recommendation of its Chairman and the Appointments and Remuneration Committee, extraordinary bonuses based on performance during their career.

Except where there is good cause for dismissal, the early termination of the previous relationship will entail indemnification under the terms established in the Workers' Statute in relation to unfair dismissal.

5. EFFECTIVE PERIOD

This policy applies to the remuneration of MAPFRE S.A. board directors during the fiscal years 2020, 2021 and 2022, unless a new agreement is adopted at the Annual General Meeting.



REPORT OF THE APPOINTMENTS AND REMUNERATION COMMITTEE REGARDING
THE COMPENSATION POLICY FOR THE BOARD DIRECTORS OF MAPFRE S.A.

Madrid, February 6, 2020

1. GUIDELINES FRAMEWORK

In accordance with Article 529 novodecies of the Spanish Companies Act, "*the compensation policy for board directors will follow the remuneration system established by company statutes and will be approved by shareholders at the Annual General Meeting at least every three years as a separate point on the agenda.*" In accordance with that Article "*the proposed compensation policy for the Board of Directors will be justified and must be accompanied by a specific report from the Appointments and Remuneration Committee.*" The policy "will remain in force for the three years following that in which it was approved at the Annual General Meeting."

In accordance with the above, Article 23 of the Company Bylaws and Article 11.1.f) of the Regulations of the MAPFRE S.A. Board of Directors, the Appointments and Remuneration Committee has the authority to "propose to the Board of Directors the compensation policy for board directors [...], as well as individual remuneration and the other terms and conditions of the Executive Board Directors' contracts, ensuring their observance."

This document constitutes the legal report justifying the proposed compensation policy for board directors that will be submitted for the approval of the Board of Directors to be raised, if appropriate, at the Annual General Meeting.

2. APPOINTMENTS AND REMUNERATION COMMITTEE

The Appointments and Remuneration Committee is the delegate body of the Board of Directors for the coordinated development of appointments and compensation policy regarding the board directors.

In the performance of its functions, the Committee periodically carries out a comparative study of the remuneration of the members of the Board of Directors of IBEX 35 companies, the results and conclusions of which were taken into account when creating the compensation policy referred to in this report.

Acting on the recommendation of the Board of Directors, the Annual General Meeting of March 8, 2019 approved the Compensation Policy for Board Directors for the 2019–2021 period. Notwithstanding the above, the Committee considers it necessary to adopt a new compensation policy in order to reflect new modalities of short-term variable remuneration.

3. GENERAL PRINCIPLES OF THE COMPENSATION POLICY FOR BOARD DIRECTORS

The preparation of the compensation policy for board directors took into account the following:

- Applicable regulations:

The Appointments and Remuneration Committee has verified that the policy is in line with the provisions of Articles 217, 529.17.1, 529.18.1 and concordant sections of the Spanish Companies Act, as well as Article 275 of the European Commission's Delegated Regulation 2015/35 which supplements Directive 2009/138 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II).

- GENERAL PRINCIPLES

The policy referred to in this report is based on the following principles which, in the case of the Executive Board Directors, are the same as those for executive personnel at the Company and the Group:

- a) Priority of the creation of value and profitability in the medium- and long-term over short-term results.
- b) Reasonable proportionality between the company's economic situation and the market standards of comparable companies.
- c) Alignment with the company's sales and risk management strategy, risk profile, objectives, and risk management practices.
- d) Appropriate and efficient risk management within the established risk tolerance limits.
- e) Attraction and retention of talent.
- f) Appropriate compensation for dedication, qualification and responsibility.
- g) Appropriate proportion of fixed and variable components, avoiding excessive reliance on variable components.
- h) Deferred payment of a significant portion of the variable remuneration.
- i) Possibility of ex-post adjustments to the variable remuneration.
- j) Avoidance of conflicts of interest.

4. TERM OF THE COMPENSATION POLICY FOR BOARD DIRECTORS

If approved by the Annual General Meeting, the policy referred to in this report will remain in force during fiscal years 2020, 2021 and 2022. Any amendments thereof will require the prior authorization of the Annual General Meeting in accordance with the stipulations of the current legislation.

5. PROPOSED RESOLUTION

The Appointments and Remuneration Committee at MAPFRE S.A. held a meeting on February 6, 2020 and considered that the remuneration principles and systems applicable to both the remuneration of board directors in their position as such and, where applicable, for the performance of executive functions, that are set out in the compensation policy for board directors is in line with the provisions of the Spanish Companies Act and, in particular, Articles 217 and 529 sexdecies through 529 novodecies, inclusive, and that the provisions in force regarding Solvency II are adequate to allow the Group to attain its objectives.

As a result, the Committee adopted the following resolutions at the aforementioned meeting:

- To submit the Compensation Policy for Board Directors of MAPFRE S.A. for the period 2020–2022 to the Board of Directors so that it may be presented at the Annual General Meeting as a separate point on the agenda.
- To prepare this report regarding the compensation policy for board directors, the approval of which is proposed.

REPORT TO THE ANNUAL GENERAL MEETING ON AMENDMENTS
TO REGULATIONS FOR THE
MAPFRE S.A. BOARD OF DIRECTORS APPROVED
SINCE THE LAST ANNUAL GENERAL MEETING

Since the last Annual General Meeting, on March 8, 2019, the Board of Directors of MAPFRE S.A. agreed, at its meeting on December 13, 2019, to the following amendments to the Board of Directors Regulations:

- The amendment of Article 2 in order to include the new non-delegable competence of the Board of Directors introduced by Spanish Law 11/2018, of December 28, 2018, which amends the Commercial Code, the Recast Text of the Spanish Corporations Law approved by Royal Legislative Decree 1/2010, of July 2, 2010, and Law 22/2015, of July 20, 2015, on Account Auditing, regarding Non-financial Information and Diversity.
- The amendment of Section 3 of Article 9 in order to eliminate a minimum annual number of meetings to be held by the Steering Committee.
- The amendment of Sections 1 and 3 of Article 12 in order to eliminate references to the former functions of the Risk Committee in terms of compliance.

The above amendments have been notified to the Spanish National Securities and Exchange Commission (the "CNMV") as a significant fact and the full text of the Regulations for the Board of Directors currently in force is available on the company's website (www.mapfre.com).



ANNUAL REPORT ON THE REMUNERATION OF DIRECTORS OF PUBLICLY TRADED COMPANIES

ISSUER'S IDENTITY DATA

End date of the reference fiscal year: [12/31/2019]

Tax ID: [A08055741]

Company Name:

[**MAPFRE S.A.**]

Registered office:

[CARRETERA DE POZUELO A MAJADAHONDA, 52 EDIF.1 (MAJADAHONDA) MADRID]

A. COMPENSATION POLICY OF THE COMPANY FOR THE CURRENT FISCAL YEAR

- A.1.** Explains the current compensation policy for board directors applicable to the current fiscal year. If applicable, certain information regarding the compensation policy approved by the Annual General Meeting may be included, provided that such inclusion is clear, specific and definite.

The resolutions specific to the current fiscal year shall be described, both for compensation of board directors for their status as such and for the performance of executive functions that may be performed by the board in compliance with the provisions in contracts signed with the executive directors and with the compensation policy approved by the Annual General Meeting.

In any event, at a minimum the following items shall be indicated:

- Description of the procedures and entities within the company involved in determining and approving the compensation policy and its conditions.
- Indicate and if applicable explain whether comparable companies have been taken into consideration in establishing the compensation policy of the company.
- Information regarding whether any external advisor took part, and if so, that individual's identity.

i) General principles underpinning the current policy:

The remuneration of board directors is determined in accordance with the provisions of regulations applicable to corporations, the corporate bylaws and regulations of the company's Board of Directors, and the decisions adopted by the Annual General Meeting.

In the meeting held on February 11, 2020, the Board of Directors agreed to refer a new Compensation Policy for Board Directors for the period 2020-2022 to the Annual General Meeting. The general principles are:

- Priority of the creation of value and profitability in the medium and long-term over short-term results.
- Reasonable proportion between the company's economic situation and the market standards of comparable companies.
- Alignment with the commercial and risk management strategy, risk profile, objectives, and risk management practices.
- Appropriate and efficient risk management within the established risk tolerance limits.
- Attraction and retention of talent.
- Appropriate remuneration for dedication, qualification and responsibility.
- Appropriate proportion of fixed and variable components, avoiding excessive reliance on variable components.
- Deferred payment of a significant portion of the variable remuneration.
- Possibility of ex-post adjustments to the variable remuneration.
- Avoidance of conflicts of interest.

Based on the principles indicated above, the remuneration system for board directors, in their status as such, is defined by the following characteristics:

- It is transparent in terms of the board directors' remuneration information.
- It provides an incentive to reward dedication, qualifications and responsibility, without constituting an obstacle to the duty of loyalty.
- It consists of a fixed amount for membership of the Board of Directors and, where applicable, of the Steering Committee and sub-steering committees, which may be higher for people with positions on the Board or who chair the sub-steering committees. In addition, members of the Steering Committee shall receive an allowance for attending its meetings. This remuneration is supplemented with other non-monetary benefits (Life or health insurance, discounts on products marketed by companies of the MAPFRE Group, etc.) established on a general basis for the company's personnel.

- It does not include variable components or those indexed to share value.
- Board directors are reimbursed for traveling expenses and other costs incurred to attend company meetings or carry out their functions.

The remuneration system for board directors who carry out executive functions within the company is based on the following criteria:

- The remuneration for carrying out executive functions is determined in line with those functions, levels of responsibility and professional profile, in accordance with the criteria governing the remuneration of MAPFRE Group senior executives.
- This remuneration consists of a balanced and efficient relationship between fixed and variable components, with fixed components forming a sufficiently high proportion of total remuneration.
- Executive board directors may not receive the remuneration assigned to board directors in their status as such.
- The remuneration of executive board directors is designed with a view to the medium- and long-term, which drives their performance in strategic terms while encouraging them to achieve short-term results.
- The remuneration system is compatible with appropriate and effective risk management, with the business strategy and with the long-term values and interests of the company, without variable remuneration compromising the company's capacity to maintain an adequate capital base.
- It takes into account market trends and its position in the market reflects the strategic approach of the company, being effective for attracting and retaining the best professionals.
- It guarantees equality for all MAPFRE professionals, regardless of their gender, race or beliefs.

The compensation policy is therefore aimed at creating value for the company, seeking alignment with the interests of shareholders, with prudent risk management and strict compliance with current regulations regarding the remuneration of directors of publicly traded companies.

With regard to the criteria followed to determine the different components in the remuneration package for board directors, in the case of external board directors, the aim is compensate them in accordance with their professional experience, dedication to the position and the responsibility involved, while ensuring that their objectivity in the defense of company interests is not affected by the remuneration received.

For executive board directors, as for the rest of the Group's executive managers, the aim is to provide competitive remuneration packages that will attract and retain outstanding professionals while establishing and sustaining a stable relationship between remuneration, results and accepted risk (this risk therefore constitutes a determining factor of the variable remuneration in the medium-term).

[THE INFORMATION IN THIS SECTION CONTINUES IN SECTION D OF THIS REPORT]

- Relative importance of the variable remuneration items in relation to fixed items (remuneration mix) and which criteria and objectives have been considered in its establishment, and to guarantee a proper balance between fixed and variable remuneration items. In particular, explain the actions taken by the company relating to the remuneration system to reduce exposure to excessive risk and adjust it to the company's long term goals, values, and interests which will include, where appropriate, reference to measures provided to guarantee that the compensation policy gives due consideration to the long-term results of the company, the measures adopted with regard to the categories of personnel whose professional activities have a material effect on the risk profile of the company, and measures designed to avoid conflicts of interest, if applicable.

It also indicates whether the company has set any accrual or vesting period for specific remuneration variables, in cash, shares or other financial instruments, a deferral period for payment of sums or provision of accrued and vested financial instruments, or whether any reduction of deferred remuneration clause has been agreed upon that obligates the director to return any remuneration received whenever that remuneration based on data which is clearly shown later to be inaccurate.

Executive board directors have a short-term variable remuneration system based mainly on an annual component linked to the Company's consolidated net profit and, in addition, another component linked to the fulfillment of specific objectives established by the Board of Directors. They also have multi-year variable incentive schemes linked to the achievement of objectives established in line with the Group's Strategic Plan.

In accordance with the Compensation Policy for Board Members, the fixed and variable components (short, medium and long-term) of the remuneration package must be balanced in such a way that the fixed component constitutes a sufficiently large part of the total remuneration, thus enabling the application of a completely flexible policy with regard to the variable components of the remuneration package, including the possibility of not paying these. To avoid the excessive assumption of risk, the percentage of the variable component with respect to the fixed remuneration should not exceed 150 percent.

The weight of the annual variable remuneration for the 2020 fiscal year (with consideration of proration of multi-annual variables and contribution to the defined-contribution pensions commitment as their calculation is partly connected to the meeting of annual objectives and the variable premium of the pension commitment) over fixed remuneration (with consideration of other pension commitments) is 110.01 percent of the Executive Board Directors, and is in a range between 87.42 percent and 120.86 percent.

For the purpose of an appropriate balance between fixed and variable components, the Company has used the remuneration practices of IBEX35 companies as its reference.

Furthermore, employee categories whose professional activity could have a material impact on the company's risk profile have a variable remuneration system linked to the achievement of pre-set objectives directly matched to strategic plans that is also subject to deferral rules. In particular, executive board directors of the Company have been assigned, in the 2019-2021 Medium-term Incentive Plan, a multi-year variable remuneration with objectives (Earning per Share (EPS), Total Shareholder Return (TSR), Return on Equity (ROE) and the Transformation Index) pegged generally to averages of a period of three years, so that it is only possible to obtain the remuneration through management that generates results and business models that are sustainable over time.

Regarding deferral of short-term variable remuneration for executive board directors, the payment of at least thirty percent of it will be deferred for a minimum of three years.

In addition, in the case of medium and long-term variable remuneration, the payment of at least sixty percent of the same will be deferred for a minimum of three years. In addition, executive board directors are required to hold shares received as incentives as stock during a period for a maximum of two years from its payout. Furthermore, contracts for executive board directors include the following clauses that may affect 100 percent of the variable remuneration:

- Reduction clause (malus): provides for the partial or total reduction of remuneration accrued and pending issue under certain serious circumstances, either for improper actions or situations that effect the settlement.
- Recovery cause (clawback): provides specifically for the partial or total return of variable remuneration paid within three years following its payout.

In relation to potential conflicts of interest, the internal regulations of the company establish that these must be reported to the governing bodies of MAPFRE through General Counsel by those affected. These governing bodies must establish whether or not there is a conflict of interest, and if this is case they must establish measures to protect the company interest in accordance with the circumstances. These measures must be accepted by those affected.

- Amount and form of fixed components that are provided will be accrued by the board directors within the fiscal year based on their position.

External board directors receive a fixed amount for their membership of the Board of Directors as basic remuneration and, where applicable, for membership of the Steering Committee and sub-steering committees, which may be higher for people who occupy positions on the Board itself or who chair any of the Board committees or sub-committees. In addition, members of the Steering Committee shall receive an allowance for attending its meetings. This remuneration may be supplemented with other non-monetary remuneration as established for the company staff in general.

(i) Fixed allocation and attendance allowance.

Basic remuneration of external board directors consists of an annual fixed allocation for membership on the Board of Directors, and on the Steering committees if applicable. In addition, members of the Steering Committee shall receive an allowance for attending its meetings. The amounts for these categories for fiscal year 2020 shall be as follows:

- Membership of the Board of Directors: 110,000 euros
- Vice Chairman of the Board of Directors - Independent Lead Board Director: 220,000 euros
- Membership of the Steering Committee: 10,000 euros plus an attendance allowance of 3,000 euros per meeting

- - Chairperson of the Audit and Compliance Committee: 68,000 euros
- Members of the Audit and Compliance Committee: 48,000 euros
- Chairperson of the Appointments and Remuneration Committee: 60,000 euros
- Voting Members of the Appointments and Remuneration Committee: 39,000 euros
- Chairperson of the Risks Committee: 60,000 euros
- Voting Members of the Risk Committee: 39,000 euros

(ii) Life insurance and other non-monetary benefits.

External board directors have life insurance with an insured capital of 150,253 euros in case of death, and other benefits such as discounts on products sold by MAPFRE Group companies in line with those established for the company staff in general.

(iii) Amounts for taking part in the Boards of Directors of subsidiary companies.

External board directors who are members of the Board of Directors of subsidiary companies also receive a fixed amount for this membership and, as applicable, for membership of their management committees.

These amounts vary depending on the size and geographic location of the subsidiary company.

- Amount and form of fixed components that will be accrued in the fiscal year for performance of senior management functions of executive board directors.

(i) Fixed remuneration.

Executive board directors will not receive the fixed allocation or attendance allowance set for external board directors.

Board directors' fixed remuneration for carrying out their executive functions is determined in line with the policy established for the remuneration of MAPFRE senior managers, and in accordance with the stipulations of their respective contracts.

For 2020, the fixed salary remuneration of the five Executive Board Directors totals 2,618,258 euros, of which 2,214,258 euros corresponds to the company and 404,000 euros to other companies of the Group.

(ii) Life insurance and other benefits.

Executive board directors are entitled to the allowances or social benefits established for senior executives as well as those established for company staff in general, as stipulated in the collective bargaining agreement signed by MAPFRE.

Part of these company benefits for executive board directors includes a specific health insurance policy and a supplementary life insurance policy with an insured value of 400 percent of the fixed remuneration in case of death or total disability, with a double indemnity clause for accidental death. They also receive additional benefits such as discounts on products sold by MAPFRE Group companies

- Amount and form of any remuneration component in kind that will be accrued in the fiscal year, including but not limited to insurance premiums paid in favor of the board director.

External board directors are entitled to the following company benefits in accordance with the policy established for company staff in general:

- Life insurance, described above.
- Discounts on products sold by companies belonging to the MAPFRE Group.
- Christmas gift.

In the case of executive board directors, in addition to the company benefits applicable to all senior executives and for all MAPFRE staff they are entitled to receive the following as remuneration in kind:

- Specific Health Insurance, described above.

- Specific life insurance policy, described above.
- The private use of a company vehicle according to the terms and conditions established in the policy for assignment of MAPFRE vehicles.
- Amount and form of variable components, distinguished by short- and long-term types. Financial and non-financial parameters, the latter including social, environmental and climate change parameters, selected to determine the variable remuneration in the current year, explanation of the extent to which such parameters relate to the performance of both the board director, the company and its risk profile, and the methodology, time required and techniques envisaged to determine, at year end, the degree of attainment of the parameters used in the design of variable remuneration.

It indicates in monetary terms the range of the various variable components in relation to the degree of compliance with established objectives and parameters, and any maximum monetary amount in absolute terms, if applicable.

As indicated above, only executive board directors receive variable remuneration, three types of which can be distinguished:

(i) Short-term variable remuneration:

The executive board directors of the Group are part of the senior management collective that has set up a short-term variable remuneration system based mainly on an annual component linked to the objective of net consolidated profits of the company. In 2020 this short-term variable remuneration may reach a maximum total of 3,863,576 euros, with 3,257,576 euros corresponding to the company and 606,000 euros to other companies in the Group.

On February 11, 2020, the Board of Directors, at the behest of the Appointments and Remuneration Committee, approved an additional short-term component for the 2020 financial year, which is jointly linked to Return on Equity (ROE) and The Combined Global Non-Life Ratio for the year.

The Compensation Policy of the Directors for the period 2020-2022 escalated by the Board of Directors to the Annual General Meeting of Shareholders states that in 2020 this remuneration can reach a total amount of 1,200,000 euros, 980,000 euros of which is for the Company and 220,000 euros of which is for other Group companies.

The short-term variable remuneration, which is paid, in all cases, in cash, is approved annually by the Board of Directors, after the report by the Appointments and Remuneration Committee, which also assesses, at year end, the degree of fulfillment of the objectives.

Payment of at least 30 per 100 of the short-term variable remuneration shall be deferred for a minimum of three years.

(ii) Medium- and long-term variable remuneration:

In 2019, the Board of Directors of MAPFRE S.A., at the behest of the Appointments and Remuneration Committee, approved the Medium-Term Incentives Plan 2019-2021, which is extraordinary, non-binding and multi-annual. The period of evaluation of the degree of attainment of the objectives of the Plan runs from January 1, 2019 to December 31, 2021, where the executive board directors take part in their capacity as senior executives.

The payment from this Plan is subject to the fulfillment of the Plan objectives, as well as remaining within the Group, under the terms set out in that Plan. The incentive will partly be paid in cash and partly by means of shares in MAPFRE S.A. The receipt of 60 percent of the incentive by each executive board director will be deferred for a period of three years, in thirds, with 50 percent of the deferred part paid in cash and the remaining 50 percent in shares. The incentive shall be subject to malus or clawback clauses and the shares must be kept for a maximum period of two years, starting from the payment date.

The quantification of the incentive to be paid depends on the degree of fulfillment of the objectives that have been established in line with the Group's strategic plan. The objective-setting metrics set out in this report are for Total Shareholder Return (TSR), Return on Equity (ROE), Earnings per Share (EPS), and The Transformation Index (IT).

The rules for calculating the incentive are as follows:

- The fulfillment of the objectives weighted as a whole must reach an average of 50 percent, otherwise there is no entitlement to receive the incentive.

- For any percentage of fulfillment of the objectives between 50 and 80 percent, the degree of attainment of the incentive would be 60 percent.
- If the fulfillment of the objectives is between 80 and 100 percent, the degree of attainment of the Incentive is calculated proportionally.
- If the fulfillment of the objectives is equal to or higher than 100 percent, with an upper limit of 150 percent, the degree of attainment of the incentive corresponds to a fulfillment of 100 percent of the objectives, applying a multiplication coefficient of 2 on the excess fulfillment above 100 percent.
- For any percentage of fulfillment of the objectives above 150 percent, the degree of attainment would be 200 percent.

The Compensation Policy for board directors for the period 2019-2021 that was approved by the Annual General Meeting held on March 8, 2019, established a total of 2,586,212 shares as the maximum number of shares that may be distributed for this purpose.

To avoid excessive assumption of risk, the percentage of the variable element (short, medium and long-term) in relation to the executive directors' fixed remuneration must not exceed 150%.

- Principal characteristics of the long-term savings systems. The information will include the contingencies covered by the system, if it is of definite contribution or benefit, the annual contribution to be made to the defined contribution systems, the benefit to which the beneficiaries are entitled in the case of defined benefit systems, the conditions for consolidation of the board directors' economic rights and their compatibility with any type of payment or indemnification for termination or early termination, or arising from the termination of the contractual relationship, in the terms provided, between the company and the board director.

It must be indicated whether or not the vesting or accrual of any of the long-term savings plans is linked with the attainment of specific objectives or parameters related to the long and short-term performance of the board director.

Under the provisions of their contracts, executive board directors, like other company employees, are beneficiaries of the MAPFRE Employment System Pension Plan, saving insurance and mixed saving insurance policies.

Additionally, executive board directors, under the compensation policy in place for MAPFRE senior executives, are entitled to specific contribution pension agreements in the event of retirement, death or permanent disability, which are externalized through group life insurance.

Expenses for 2020 under this item are predicted to amount to 4,591,099 euros, with 3,834,371 euros corresponding to the Company and 756,728 euros to other companies in the Group.

The annual vesting of defined contribution pension commitments is partially related to the attainment of objectives that determine the collection of annual variable remuneration by the executive board director.

The conditions for vesting economic rights in favor of executive board directors are set forth in the contracts that govern their relationship with the Company. The rights are vested, in some cases, from the time of 10 years of service to the MAPFRE Group and 5 years of senior executive, circumstances that are applicable to all executive board directors, and in others, at the time the covered contingencies are met (retirement, permanent disability and death), as well as in the case of improper dismissal or termination of the board director's relationship with by MAPFRE for reasons not attributable to the board director.

There is no incompatibility with any kind of indemnification for early termination or the conclusion of the contractual relationship between the company and the board director.

- Any type of payment or indemnification due to early termination or dismissal or arising from the contractual relationship between the company and the board director under the terms provided between the company and the board director, whether at the behest of the company or the board director, as well as any agreements such as agreements for exclusivity, post-contractual non-competition and permanence or loyalty, which give the board director the right to any type of payment.

In the case of external board directors, there is no indemnification agreed or paid if they terminate their functions as board directors. In the case of executive board directors, the termination of their role implies lifting the suspension of the relationship prior to their appointment as such. Early termination of the previous relationship entails indemnification under the terms established in the workers' statute in relation to unfair dismissal, except where there is good cause for dismissal.

- Indicate the terms and conditions that must be included in the contracts of people who perform senior management functions as executive board directors. This information should cover aspects such as duration, limits to compensation amounts, continuity of service clauses, notice periods, as well as the amount paid in lieu of this notice period, and any other clauses related to hiring bonuses, indemnification or financial protection in the event of early termination or the conclusion of the contractual relationship between the company and the executive board director. Include agreements or accords of non-competition, exclusivity, non-separation or loyalty and post-contractual non-competition, unless they have been indicated in the previous paragraph.

The term of the contracts of the executive board directors is related to their time as an executive board director. Removal from this position entails the lifting of the suspension of the relationship prior to the appointment as such.

Contracts governing the prior relationship establish the termination of this relationship as January 1 of the year after which the board director reaches the age of 60, unless annual extensions are implemented at the initiative of the company until the date on which the executive reaches the age of 65, as a maximum. The termination on the date of its expiration of the previous relationship shall not in itself entail any economic right, unless the company chooses not to extend the contract until the age of 65, in which case the board director would receive indemnification up to one monthly payment for the number of months remaining until they reach the aforementioned age.

Without prejudice to the foregoing, the Board of Directors has the power to agree, on the proposal of its Chairman and the Appointments and Remuneration Committee, on an extraordinary basis, performance-based bonuses during the career.

In the event of early termination by decision of the company, the company must inform the board director of their removal three (3) months prior to the date of termination.

Executive board directors must have an exclusive relationship with the company, and there are no contractual conditions relating to post-contractual non-competition agreements or continuity of service.

There are no clauses related to hiring bonuses.

- The type and estimated amount of any other supplementary remuneration that shall be accrued by the board directors in the current fiscal year in compensation for services rendered other than those involved in their position.

Board directors will receive no remuneration whatsoever for services other than those involved in their responsibilities as board directors or executive functions, if applicable, with the exception of Alfonso Rebuelta Badías, for his duties with the MAPFRE GLOBAL RISKS Council, for which he will receive 35,000 euros in 2020.

- Other remunerative items such as those arising, if applicable, from the granting by the company of advance payments, loans and guarantees and other remunerations to board directors.

None of the Group companies have granted any payments in advance or loans to board directors, or has provided guarantees on their behalf.

- The type and estimated amount of any other supplementary remuneration provided that is not covered in the above sections, whether paid by the company or another company of the group, that will be accrued by the board directors in the current fiscal year.

There are no remuneration items other than those described above.

A.2. Explain any relevant change to the compensation policy applicable in the current fiscal year arising due to:

- A new policy or a modification of a policy already approved by the Annual General Meeting.
- Relevant changes in specific rulings agreed upon by the board for the current fiscal year on the current compensation policy regarding remuneration for the previous year.
- Proposals that the Board of Directors may have agreed to present to the Annual General Meeting to which this annual report will be submitted and that it is proposed to be adopted for the current fiscal year.

At its meeting held on March 8, 2019, the Annual General Meeting approved, on the proposal of the Board of Directors, the Compensation Policy of board directors for the period 2019-2021, For the purpose of incorporating the Medium-term Incentive Plan 2019-2021 described in section A.1 above.

As indicated in section A.1, in the meeting held on February 11, 2020, the Board of Directors agreed to submit a new board director Remuneration Policy for the period 2020-2022 to the Annual General Meeting, in order to modify the characteristics of the short-term variable remuneration for 2020.

A.3. Provide the direct link to the document presenting the current compensation policy for the company that should be available on the company's website.

https://www.mapfre.com/corporativo-es/images/13-politica-remuneraciones-consejeros-2019-2021_tcm884-535045.pdf

A.4. In light of the data provided in section B.4, explain how the vote of the shareholders at the Annual General Meeting at which the annual report on remuneration for the previous fiscal year was submitted to vote on an advisory basis was taken into consideration.

As indicated in section B.4, the annual report on remuneration for fiscal year 2018 was approved with the support of 85.95 percent of the votes cast in the meeting of the Annual General Meeting held on March 8, 2019. The Board of Directors considers that the remuneration practices contained in the report have the agreement of a significant majority of shareholders and are in accordance with the practices of other IBEX 35 companies and international insurance groups, and it has therefore decided to continue with them. In this regard, the Board of Directors submitted to the Annual General Meeting the Compensation Policy for board directors for the 2020-2022 period.

B. GENERAL SUMMARY OF HOW THE COMPENSATION POLICY WAS APPLIED DURING THE CLOSED FISCAL YEAR

B.1. Explain the process that was followed to apply the compensation policy and determine the individual remuneration indicated in section C of this report. This information shall include the role played by the remuneration committee, the decisions taken by the Board of Directors and, where appropriate, the identity and role of external advisers whose services have been used in the process of applying the compensation policy in the closed fiscal year.

At the proposal of the Appointments and Remuneration Committee, the Board of Directors unanimously approved the items and amounts assigned to each of the directors for the 2019 fiscal years at their meeting held on February 6, 2019, and which appear in section C of this report.

Regarding the short-term variable remuneration for executive board directors, at the close of the 2019 fiscal year the amount was determined based on the fulfillment of the objective in relation to the consolidated profits obtained by the Company. For the determination of medium-term variable remuneration, it was generally determined in March 2019 for the Medium-Term Incentive Plan 2016-2018, on the fulfillment of corporate and specific objectives by board directors.

B.2. Explain the various actions adopted by the company related to the remuneration system and how they have contributed to reducing exposure to excessive risk and adapting it to the long-term objectives, values and interests of the company, including a reference to measures provided to guarantee that the compensation policy gave due consideration to the long-term results of the company and reached an adequate balance between the fixed and variable remuneration components, which measures were adopted with regard to the categories of personnel whose professional activities have a material effect on the risk profile of the company, which measures were adopted to avoid conflicts of interest, if applicable.

The actions taken by the Company in relation to the remuneration system, to reduce exposure to excessive risks and to adjust remuneration to the entity's long-term objectives, values and interests, which have been detailed in section A.1 above as part of the description of the remuneration system applicable to board directors.

B.3. Explain how the remuneration accrued during the fiscal year meets the provisions of the current compensation policy.

Also report on the relationship between the remuneration obtained by directors and the company's results or other measures of performance, in the short- and long-term, explaining where applicable how variations in the company's performance have affected the variation in the remuneration for board directors, including accrued payments that have been deferred, and how these contribute to the company's short- and long-term results.

As indicated in section B.2 above, at its meeting of March 8, 2019, the Annual General Meeting approved the Compensation Policy of Board Directors for the period 2019-2021, which provides for the existence of fixed remuneration elements and, in the case of executive board directors, variable elements in the short-, medium- and long-term, the characteristics of which are established therein.

All remunerative items for which remuneration has been accrued during the 2019 fiscal year, both by board directors acting as such and executive board directors, are expressly provided in the policy without any remuneration being accrued or distributed in the fiscal year for items not provided therein.

As indicated in section A.1, only executive board directors receive variable remuneration.

The linkage of short-term variable remuneration to the results of the company has been total in all board directors (100 per cent). Therefore, and given the relative importance of the variable element in remuneration, total linking of the directive to favorable management of the company has been achieved.

Information regarding the ratio between after-tax results and non-controlling interests of the Company and the average variable annual remuneration for the last three fiscal years is broken down below:

A. Fiscal year 2019:

- After-tax result and non-controlling interests of MAPFRE S.A.: 609,239,000 euros.
- Average short-term variable remuneration: 389,673 euros.
- Ratio: 0.064%

B. Fiscal year 2018:

- After-tax result and non-controlling interests of MAPFRE S.A.: 528,859,000 euros.
- Average short-term variable remuneration: 386,920 euros.
- Ratio: 0.073%

C. Fiscal year 2017:

- After-tax result and non-controlling interests of MAPFRE S.A.: 700,510,000 euros.
- Average short-term variable remuneration: 396,231 euros.

- Ratio: 0.057%

There is a high correlation between ordinary company results and the amount of annual variable remuneration received by the executive board directors.

With regard to medium- and long-term remuneration, 2019 the Medium-Term Incentive Plan 2016-2018, not consolidated, approved by the Board of Directors of MAPFRE S.A. in the 2016 fiscal year, the settlement period of which expired on March 31, 2019, of which the executive board directors were a member, as senior managers, have been settled under the terms described in paragraph C of this report.

The amount derived from this plan depended in general on each beneficiary fulfilling certain corporate and specific objectives and (except for special cases of severance expressly established), remaining in the Group's employment until the termination date of the plan. The incentive is partly paid in cash and partly by means of MAPFRE S.A. shares. The receipt of 60 percent of the incentive by each executive board director is deferred for a period of three years, in thirds, with the deferred part paid in cash and the other part to be paid in shares. The incentive is also subject to reduction (malus) or recovery (clawback) clauses. In addition, board directors are required to hold shares received as incentives as stock during a period for a maximum of two years from its payout.

The quantification of the settled incentive has depended on the degree of success in reaching the targets regarding the Total Shareholder Return (TSR) and Return on Equity (ROE) and to specific individual objectives related to the metrics and financial indicators of the MAPFRE Group Balanced Scorecard, technical ratios (expense ratio, net combined ratio, etc.) and the return on written premiums.

The rules for calculating the incentive are as follows:

- The fulfillment of the objectives weighted as a whole must reach an average of 50 percent, otherwise there is no entitlement to receive the incentive.
- If the fulfillment of objectives is between 50 percent and 80 percent, 60 percent of the incentive will be paid.
- If the fulfillment of objectives is between 80 percent and 100 percent, the same proportion of the incentive will be paid.
- If the fulfillment of objectives exceeds 100 percent, with an upper limit of 150 percent, the incentive paid will be proportional to the fulfillment of 100 percent of the objectives, plus a multiplication coefficient of 2 on the surplus fulfillment above 100 percent.

The Compensation Policy for board directors for the period 2016-2018 established a total of 2,645,655 shares as the maximum number of shares to be be distributed for this purpose.

Also, in the case of the Medium-Term Incentive Plan for 2019-2021, objectives tied to share value (TSR - Total Shareholder Return and EPS - Earnings Per Share), the ROE and the Conversion Rate (CR) of the company have also been established, with weights between 20 and 30 percent, which represents a high correlation of this remunerative element with the long-term performance of the Company.

Therefore, and in line with the calculation standards for compliance with the objectives indicated in section A.1, medium- and long-term variable remuneration is directly tied not only to the medium- and long-term company results but also to various indicators related to the profitability of the company and its sustainability to avoid any excessive assumption of risk.

B.4. Report on the result of the advisory vote at the Annual General Meeting on the annual report on remuneration for the previous fiscal year, indicating the number of any negative votes cast.

	Number	% of total
Votes cast	2,512,523,62	99.04

	Number	% cast
Negative votes	346,897,686	13.81
Votes in favor	2,159,413,173	85.95
Abstentions	6,212,762	0.25

Observations

B.5. Explain how the fixed elements accrued during the fiscal year for the board directors in their positions as such were determined, and how they varied from the prior year.

External board directors received a fixed amount in 2019 as basic remuneration for their membership on the Board of Directors and, as applicable, of the Steering Committee and delegate bodies, which was higher for those who occupied positions on the Board or chaired its committees. This remuneration was supplemented with other non-monetary compensation of a general nature established for company personnel.

(i) Fixed allocation and attendance allowance.

Basic remuneration of external board directors consisted of an annual fixed allocation for membership on the Board of Directors of the Company, and on the Steering committees if applicable. The amounts relating to these items for fiscal years 2019 and 2018 are indicated below, along with any existing variation, if applicable:

- Membership of the Board of Directors: 110,000 euros in 2019 and 2018.
- Vice-Chairman of the Board – Lead Board Director: 220,000 euros in 2019 and 2018.
- Membership of the Steering Committee: 10,000 euros plus an attendance allowance of 3,000 euros per meeting in 2019 and 20,000 euros in 2018 (increase of 25%). This increase results from the modification of the remuneration system of the members of the Steering Committee to a fixed allocation for membership of said body and an attendance allowance for its meetings, which was included in the compensation policy for board directors for the period 2019-2021.
- Chair of the Audit and Compliance Committee: 68,000 euros in 2019 and 65,000 euros in 2018 (4.6% increase).
- Members of the Audit and Compliance Committee: 48,000 euros in 2019 and 45,000 euros in 2018 (6.7% increase).
- Chair of the appointments and remuneration Committee: 60,000 euros in 2019 and 57,000 euros in 2018 (increase of 5.3%).
- Members of the appointments and remuneration Committee: 39,000 euros in 2019 and 37,000 euros in 2018 (5.4% increase).
- Chair of the Risk Committee: 60,000 euros in 2019 and 57,000 in 2018 (increase of 5.3%).
- Members of the Risk Committee: 39,000 euros in 2019 and 37,000 in 2018 (increase of 5.4%).

(ii) Life insurance and other non-monetary benefits.

During 2019, external board directors were provided with a life insurance policy in the event of death under the same conditions as described in section A.1 above.

(iii) Amounts for membership of the Board of Directors of subsidiary companies

External board directors who are members of the Board of Directors of subsidiary companies also receive a fixed amount for this membership and, as applicable, for membership on their management committees, under the same conditions described in section A.1 above.

B.6. Explain how the balances accrued during the closed fiscal year for each of the executive board directors for the performance of their senior management functions were determined, and how they varied from the prior year.

As indicated in section C.1, the salary of the executive board directors in fiscal year 2019 totals 2,592,335 euros, of which 2,192,335 euros relates to the Company and 400,000 euros to other companies of the Group.

These amounts were set by the Board of Directors in their meeting of February 6, 2019, on the recommendation of the Appointments and Remuneration Committee, with consideration of the external reports provided by the Ernst & Young consulting firm and KPMG.

The individual breakdown of the balances received by the people that held the position of executive board director in fiscal year 2019 are indicated below, with its variance from the prior fiscal year:

- Antonio Huertas Mejías: 836,543 euros in 2019 and 824,180 in 2018 (increase of 1.5%).
- Ignacio Baeza Gómez: 536,247 euros in 2019 and 505,894 in 2018 (increase of 6%).
- José Manuel Inchausti Pérez: 400,000 euros in 2019 and 334,950 euros in 2018. He was appointed board director on July 18, 2018. (19.42% increase)
- Francisco José Marco Orenes: 389,297 euros in 2019 and 360,460 euros in 2018 (increase of 8%).

- Fernando Mata Verdejo: 430,248 euros in 2019 and 413,700 in 2018 (increase of 4%).

B.7. Explain the nature and the principal characteristics of the variable elements of the remuneration systems accrued in the closed fiscal year.

In particular:

- Identify each of the remuneration plans that governed the different variable forms of remuneration accrued by each of the board directors during the closed fiscal year, including information on their extent, their date of approval, date of implementation, accrual periods and term, criteria used to evaluate performance and how this affected the determination of the variable amount accrued, and measurement criteria used and the period required to be in a position to properly measure all stipulated conditions and criteria.

In the case of plans involving stock options or other financial instruments, the general characteristics of each plan will include information regarding their conditions both for acquiring unconditional title (vesting) and for enabling the exercise of such options or financial instruments, including the price and period for exercise.

- Each of the board directors, and their category (executive board directors, nominee external board directors, independent external board directors and other external board directors) who are beneficiaries of remuneration systems or plans which include variable remuneration.
- If applicable, include information on the applied accrual or postponement periods for payment established and/or the retention/non-disposal periods for any shares or other financial instruments.

Explain the short-term variable elements of the remuneration systems:

Only executive board directors have received short-term variable remuneration linked to the company's consolidated net profit. As indicated in section C.1, the short-term variable remuneration of executive board directors for the 2019 fiscal year was overall 1,948,364 euros, with 1,642,764 euros relating to the company, and 305,600 euros to other companies of the Group. This remuneration is always paid in cash.

Short-term variable remuneration for executive board directors accrued from January 1 to December 31, 2019. At the end of 2019 the amount was determined based on the fulfillment of the Company's profit objectives.

The annual variable remuneration is approved annually by the Board of Directors following a report from the Appointments and Remuneration Committee, which at the end of the fiscal year also assesses the degree to which the objectives have been met.

Regarding deferral of variable remuneration for board directors, the payment of at least 30 percent of the annual variable remuneration will be deferred for a minimum of three years.

In addition, the executive board directors' contracts include the reduction (malus) and recovery (clawback) clauses in the terms described in section A.1 above.

The Company has no option plans involving stock or other financial instruments.

Explain the long-term variable elements of the remuneration systems

Only executive board directors receive variable medium- and long-term remuneration. These board directors are part of the group of beneficiaries of The Incentive Plan for 2016-2018, the settlement of which was carried out in 2019, and The Incentive Plan for 2019-2021.

The approval date, maximum amount, deferral rules, retention periods and other characteristics of the 2016-2018 Incentive plan and 2019-2021 Incentive Plan are set out in sections B.3 and A.1, respectively.

B.8. Indicate whether there has been any reduction of or claims for the return of specific variable elements, if any, in the first case when payment is vested or deferred, or in the second case vested and paid, based on data which was clearly demonstrated as inaccurate at a later date. Describe the amounts reduced or returned due to the application of reduction or return (clawback) clauses, why they were applied and the fiscal years involved.

No remuneration amount has ever been reduced or claimed for any reason.

B.9. Explain the principal characteristics of the long-term savings plans whose amount or annual equivalent cost appear in the tables in section C, including retirement and any other survival benefit provision that is financed in whole or part by the company, whether provided internally or externally, indicating the type of plan, whether it is a defined contribution or defined benefit plan, the situations that it covers and the conditions for vesting in any type of indemnification due to early cancellation or termination of the contractual relationship between the company and the board director.

During fiscal year 2019, the executive board directors were beneficiaries of the same long-term savings systems as described in section A.1.

Under this item, a total amount of 1,472,191 euros was recorded in relation to contributions made to savings systems with consolidated rights and to the amount of accumulated funds consolidated in fiscal year 2019, of which 1,310,691 euros corresponded to the Company, and 161,500 euros to other companies of the Group.

B.10. Explain, if applicable, the indemnifications or any other type of payment related to early cancellation, whether at the behest of the company or the director, or the termination of the contract under the terms provided therein, accrued and/or received by the directors during the closed fiscal year.

No indemnification was paid to directors in fiscal year 2019.

B.11. Indicate whether any significant modifications were made to the contracts of those individuals that held senior management positions as executive directors, and if so, explain them. Also, explain the principal conditions of the new contracts signed with executive directors during the fiscal year, unless they have already been explained in section A.1.

In the fiscal year 2019, Mr. Antonio Huertas Mejías' contract was amended to change the system of contributions of his pension commitment, from a constant periodic premium to a fixed periodic premium and another variable referenced to comply with the budget for the vested result after taxes and non-controlling interests for the fiscal year. This amendment has been approved by the governing bodies of the Company.

With the exception of the foregoing, there have been no significant changes in the contracts of the other members who carry out C-Suite functions as board directors.

B.12. Explain any supplementary remuneration earned by the board directors for services rendered other than those inherent to their position.

No director has performed any services other than those involved in their responsibilities as directors or executive functions, if applicable, with the exception of those performed by Alfonso Rebuella Badías, for his membership in the MAPFRE GLOBAL RISKS Advisory Council, for which he received 35,000 euros.

B.13. Explain any remuneration derived from the concession of advance payments, loans or guarantees, specifying the interest rate, their essential characteristics and the amounts returned and any obligations undertaken on their behalf by way of a guarantee.

None of the Group companies granted any advance payments or loans to directors, or have provided guarantees on their behalf during fiscal year 2019.

B.14. Provide details on the remuneration in kind accrued by the directors during the fiscal year, briefly explaining the nature of the different salary components.

During the 2019 fiscal year, the board directors were beneficiaries of the social benefits in force for the fiscal year 2020 and in the terms already described in paragraph A.1, with the exception of health insurance of the executive directors, which was granted to all Company personnel in 2019.

B.15. Explain the remuneration earned by board directors by virtue of the payments made by the company to a third party for which the directors render services, when such payments are intended to compensate the board directors for the services provided to the company.

No such remuneration was earned under this heading during 2019.

B.16. Explain any other remuneration item other than those indicated above, whatever its nature or the Group company paying it, especially if treated as a related party transaction or if its payment could distort the true and fair image of the total remuneration earned by directors.

There were no other remuneration items other than the ones cited above in fiscal year 2019.

C. BREAKDOWN OF THE INDIVIDUAL REMUNERATION EARNED BY EACH BOARD DIRECTOR

Name	Type	Vesting period fiscal year 2019
Mr. ANTONIO HUERTAS MEJÍAS	Chairman and CEO	From 01/01/2019 to 31/12/2019
Mr. IGNACIO BAEZA GÓMEZ	Executive Vice Chairman	From 01/01/2019 to 31/12/2019
Ms. CATALINA MIÑARRO BRUGAROLAS	Independent Vice Chairman	From 01/01/2019 to 31/12/2019
Mr. JOSÉ MANUEL INCHAUSTI PÉREZ	Executive Vice Chairman	From 01/01/2019 to 31/12/2019
Mr. JOSÉ ANTONIO COLOMER GUIU	Independent Board Director	From 01/01/2019 to 31/12/2019
Mr. GEORG DASCHNER	Independent Board Director	From 01/01/2019 to 18/08/2019
Ms. ANA ISABEL FERNÁNDEZ ÁLVAREZ	Independent Board Director	From 01/01/2019 to 31/12/2019
Ms. MARÍA LETICIA DE FREITAS COSTA	Independent Board Director	From 01/01/2019 to 31/12/2019
Ms. ROSA MARÍA GARCÍA GARCÍA	Independent Board Director	From 09/26/2019 to 31/12/2019
Mr. ANTONIO GÓMEZ CIRIA	Independent Board Director	From 01/01/2019 to 31/12/2019
Mr. LUIS HERNANDO DE LARRAMENDI MARTÍNEZ	Nominee Board Director	From 01/01/2019 to 31/12/2019
Mr. FRANCISCO JOSÉ MARCO ORENES	Executive Board Director	From 01/01/2019 to 31/12/2019
Mr. FERNANDO MATA VERDEJO	Executive Board Director	From 01/01/2019 to 31/12/2019
Mr. ANTONIO MIGUEL-ROMERO DE OLANO	Nominee Director	From 01/01/2019 to 31/12/2019
Ms. MARÍA DEL PILAR PERALES VISCASILLAS	Independent Board Director	From 01/01/2019 to 31/12/2019
Mr. ALFONSO REBUelta BADÍAS	Nominee Board Director	From 01/01/2019 to 31/12/2019

C.1. Complete the following tables on the individual remuneration for each of the directors (including the remuneration for executive functions) earned during the year.

a) Remuneration from the company that is the subject of this report:

i) Remuneration in cash (thousands of euros)

Name	Fixed remuneration	Attendance fees	Remuneration for membership of Board committees	Salary	Fixed remuneration	Long-term variable remuneration	Indemnification	Other items	Total fiscal year 2019	Total fiscal year 2018
Mr. ANTONIO HUERTAS MEJÍAS				836	649	576		2	2,063	2,131
Mr. IGNACIO BAEZA GÓMEZ				536	409	216		5	1,166	1,113
Ms. CATALINA MIÑARRO BRUGAROLAS	220	15	70					1	306	302
Mr. JOSÉ MANUEL INCHAUSTI PÉREZ										
Mr. JOSÉ ANTONIO COLOMER GUIU	110	9	151					1	271	249
Mr. GEORG DASCHNER	70	6	44						120	187
Ms. ANA ISABEL FERNÁNDEZ ÁLVAREZ	110		94					1	205	192
Ms. MARÍA LETICIA DE FREITAS COSTA	110								110	110
Ms. ROSA MARÍA GARCÍA GARCÍA	29								29	
Mr. ANTONIO GÓMEZ CIRIA	110		14					1	125	
Mr. LUIS HERNANDO DE LARRAMENDI MARTÍNEZ	110	15	49					3	177	169
Mr. FRANCISCO JOSÉ MARCO ORENES				389	295			3	687	621
Mr. FERNANDO MATA VERDEJO				430	291			6	727	702
Mr. ANTONIO MIGUEL-ROMERO DE OLANO	110	15	97					2	224	213
Ms. MARÍA DEL PILAR PERALES VISCASILLAS	110		48						158	150
Mr. ALFONSO REBUELTA BADIÁS	110		39					3	152	149

Observations

ii) Table of remuneration system movements based on shares and gross profits from shares or vested financial instruments

Name	Name of Plan	Financial instruments at the beginning of the fiscal year 2019		Financial instruments granted during the fiscal year 2019		Financial instruments vested in fiscal year				Expired but not exercised instruments	Financial instruments at the end of the fiscal year 2019	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent/vested shares	Price of vested shares	Gross profits from vested shares or financial instruments (thousands of €)		No. of instruments	No. of instruments
Mr. ANTONIO HUERTAS MEJÍAS	Incentives Plan for Medium-Term 2016-2018 with delivery of Shares	621,263	621,263					0.00				
Mr. ANTONIO HUERTAS MEJÍAS	Incentives Plan for Medium-Term 2019-2021 with delivery of Shares			775,864	775,864			0.00			775,864	775,864
Mr. IGNACIO BAEZA GÓMEZ	Incentives Plan for Medium-Term 2016-2018 with delivery of Shares	436,263	436,263					0.00				
Mr. IGNACIO BAEZA GÓMEZ	Incentives Medium-Term incentives 2019-2021 with			560,346	560,346			0.00			560,346	560,346

Name	Name of Plan	Financial instruments at the beginning of the fiscal year 2019		Financial instruments granted during the fiscal year 2019		Financial instruments vested in fiscal year				Expired but not exercised instruments	Financial instruments at the end of the fiscal year 2019	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent/vested shares	Price of vested shares	Gross profits from vested shares or financial instruments (thousands of €)		No. of instruments	No. of instruments
	delivery of shares											
Mr. FRANCISCO JOSÉ MARCO ORENES	Medium-Term Incentives Plan 2016-2018 with delivery of shares	258,860	258,860					0.00				
Mr. FRANCISCO JOSÉ MARCO ORENES	Medium-Term Incentives Plan 2019-2021 with delivery of shares			387,932	387,932			0.00			387,932	387,932
Mr. FERNANDO MATA VERDEJO	Medium-Term Incentives Plan 2016-2018 with delivery of shares	253,065	253,065					0.00				
Mr. FERNANDO MATA VERDEJO	Medium-Term Incentives Plan 2019-2021 with delivery of shares			387,932	387,932			0.00			387,932	387,932

Observations

The previous board directors who are beneficiaries of the "Medium-Term Incentive Plan 2016-2018 with delivery of shares" have not received any incentive because the degree of achievement regarding the objective outlined in the aforementioned plan has not been achieved.

iii) Long-term savings systems

Name	Remuneration by vesting of rights to savings systems
Mr. ANTONIO HUERTAS MEJÍAS	541
Mr. IGNACIO BAEZA GÓMEZ	471
Mr. FRANCISCO JOSÉ MARCO ORENES	145
Mr. FERNANDO MATA VERDEJO	153

Name	Contribution during the year made by the company (thousands of euros)				Amount of accumulated funds (thousands of euros)			
	Savings systems with vested economic rights		Savings systems without vested economic rights		Savings systems with vested economic rights		Savings systems without vested economic rights	
	Fiscal year 2019	Fiscal year 2018	Fiscal year 2019	Fiscal year 2018	Fiscal year 2019	Fiscal year 2018	Fiscal year 2019	Fiscal year 2018
Mr. ANTONIO HUERTAS MEJÍAS	541	527	1,200	1,200	4,423	3,747	6,237	4,930
Mr. IGNACIO BAEZA GÓMEZ	471	459			2,488	1,942		
Mr. JOSÉ MANUEL INCHAUSTI PÉREZ					871	818		
Mr. FRANCISCO JOSÉ MARCO ORENES	145	136	753	753	813	641	2,369	1,585

Name	Contribution during the year made by the company (thousands of euros)				Amount of accumulated funds (thousands of euros)			
	Savings systems with vested economic rights		Savings systems without vested economic rights		Savings systems with vested economic rights		Savings systems without vested economic rights	
	Fiscal year 2019	Fiscal year 2018	Fiscal year 2019	Fiscal year 2018	Fiscal year 2019	Fiscal year 2018	Fiscal year 2019	Fiscal year 2018
Mr. FERNANDO MATA VERDEJO	153	151	545	545	866	680	1,723	1,159

Observations

iv) Breakdown of other items

Name	Item	Amount of remuneration
Mr. ANTONIO HUERTAS MEJÍAS	Life insurance premiums	18
Mr. IGNACIO BAEZA GÓMEZ	Life insurance premiums	14
Mr. JOSÉ ANTONIO COLOMER GUIU	Life insurance premiums	3
Mr. GEORG DASCHNER	Life insurance premiums	3
Ms. ANA ISABEL FERNÁNDEZ ÁLVAREZ	Life insurance premiums	1
Ms. MARÍA LETICIA DE FREITAS COSTA	Life insurance premiums	1
Mr. ANTONIO GÓMEZ CIRIA	Life insurance premiums	2
Mr. LUIS HERNANDO DE LARRAMENDI MARTÍNEZ	Life insurance premiums	3
Mr. FRANCISCO JOSÉ MARCO ORENES	Life insurance premiums	14
Mr. FERNANDO MATA VERDEJO	Life insurance premiums	12
Mr. ANTONIO MIGUEL-ROMERO DE OLANO	Life insurance premiums	2

Name	Item	Amount of remuneration
Mr. ALFONSO REBUelta BADÍAS	Life insurance premiums	3

Observations

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b) Remuneration to the company's board directors for membership of boards in other Group companies:

i) Remuneration in cash (thousands of euros)

Name	Fixed remuneration	Attendance fees	Remuneration for membership of Board committees	Salary	Fixed remuneration	Long-term variable remuneration	Indemnification	Other items	Total fiscal year 2019	Total fiscal year 2018
Mr. ANTONIO HUERTAS MEJÍAS										
Mr. IGNACIO BAEZA GÓMEZ										
Ms. CATALINA MIÑARRO BRUGAROLAS	96		11						107	96
Mr. JOSÉ MANUEL INCHAUSTI PÉREZ				400	306	225		7	938	693
Mr. JOSÉ ANTONIO COLOMER GUIU	48								48	47
Mr. GEORG DASCHNER	32								32	37
Ms. ANA ISABEL FERNÁNDEZ ÁLVAREZ	96								96	90
Ms. MARÍA LETICIA DE FREITAS COSTA	85								85	48
Ms. ROSA MARÍA GARCÍA GARCÍA	10								10	
Mr. ANTONIO GÓMEZ CIRIA	96		11						107	
Mr. LUIS HERNANDO DE LARRAMENDI MARTÍNEZ	107		11						118	114

Name	Fixed remuneration	Attendance fees	Remuneration for membership of Board committees	Salary	Fixed remuneration	Long-term variable remuneration	Indemnification	Other items	Total fiscal year 2019	Total fiscal year 2018
Mr. FRANCISCO JOSÉ MARCO ORENES										
Mr. FERNANDO MATA VERDEJO										
Mr. ANTONIO MIGUEL-ROMERO DE OLANO	96		22						118	116
Ms. MARÍA DEL PILAR PERALES VISCASILLAS	107		11						118	112
Mr. ALFONSO REBUelta BADÍAS	107							35	142	144

Observations

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ii) Table of remuneration system movements based on shares and gross profits from shares or vested financial instruments

Name	Name of Plan	Financial instruments at the beginning of the fiscal year 2019		Financial instruments granted during the fiscal year 2019		Financial instruments vested in fiscal year				Expired but not exercised instruments	Financial instruments at the end of the fiscal year 2019	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent/vested shares	Price of vested shares	Gross profits from vested shares or financial instruments (thousands of €)	No. of instruments	No. of instruments	No. of equivalent shares
Mr. JOSÉ MANUEL INCHAUSTI PÉREZ	Incentive Plan to	324,437	324,437			103,544	103,544	2.51	260			

Name	Name of Plan	Financial instruments at the beginning of the fiscal year 2019		Financial instruments granted during the fiscal year 2019		Financial instruments vested in fiscal year				Expired but not exercised instruments	Financial instruments at the end of the fiscal year 2019	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent/vested shares	Price of vested shares	Gross profits from shares or vested financial instruments (thousands of €)	No. of instruments	No. of instruments	No. of equivalent shares
	Medium-Term 2016-2018 with delivery of shares											
Mr. JOSÉ MANUEL INCHAUSTI PÉREZ	Medium-Term Incentives Plan 2019-2021 with delivery of shares			474,138	474,138			0.00			474,138	474,138

Observations

The delivery of the shares corresponding to the "Medium-Term Incentive Plan 2016-2018 with Share Delivery" will be broken down over a period of three years into thirds, from March 31, 2019, that is, within the period 2020-2022.

iii) Long-term savings systems

Name	Remuneration by vesting of rights to savings systems
Mr. JOSÉ MANUEL INCHAUSTI PÉREZ	161

Name	Contribution during the year made by the company (thousands of euros)				Amount of accumulated funds (thousands of euros)			
	Savings systems with vested economic rights		Savings systems without vested economic rights		Savings systems with vested economic rights		Savings systems without vested economic rights	
	Fiscal year 2019	Fiscal year 2018	Fiscal year 2019	Fiscal year 2018	Fiscal year 2019	Fiscal year 2018	Fiscal year 2019	Fiscal year 2018
Mr. ANTONIO HUERTAS MEJÍAS					725	689		
Mr. IGNACIO BAEZA GÓMEZ					1,937	1,866		
Mr. JOSÉ MANUEL INCHAUSTI PÉREZ	161	136	600	600	829	507	1,648	1,028
Mr. FRANCISCO JOSÉ MARCO ORENES					1,106	1,037	299	292
Mr. FERNANDO MATA VERDEJO					475	453		

Observations

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iv) Breakdown of other items

Name	Item	Amount of remuneration
Mr. JOSÉ MANUEL INCHAUSTI PÉREZ	Life insurance premiums	6

Observations

c) Summary of remuneration (thousands of euros)

The summary must include the amounts corresponding to all remuneration items described in this report that have been earned by directors, in thousands of euros.

Name	Remuneration earned within the company					Remuneration earned within Group companies				
	Total remuneration in cash	Gross profit of shares or financial instruments consolidated	Remuneration via savings systems	Remuneration by other means	Total 2019 company	Total remuneration in cash	Gross profit of shares or financial instruments consolidated	Remuneration via savings systems	Remuneration by other means	Total 2019 Group
Mr. ANTONIO HUERTAS MEJÍAS	2,063		541	18	2,622					
Mr. IGNACIO BAEZA GÓMEZ	1,166		471	14	1,651					
Ms. CATALINA MIÑARRO BRUGAROLAS	306				306	107				107
Mr. JOSÉ MANUEL INCHAUSTI PÉREZ						938	260	161	6	1,365
Mr. JOSÉ ANTONIO COLOMER GUIU	271			3	274	48				48
Mr. GEORG DASCHNER	120			3	123	32				32
Ms. ANA ISABEL FERNÁNDEZ ÁLVAREZ	205			1	206	96				96

Name	Remuneration earned within the company					Remuneration earned within Group companies				
	Total remuneration in cash	Gross profits from vested financial instruments or shares	Remuneration via savings systems	Remuneration by other means	Total 2019 company	Total remuneration in cash	Gross profits from vested financial instruments or shares	Remuneration via savings systems	Remuneration by other means	Total 2019 Group
Ms. MARÍA LETICIA DE FREITAS COSTA	110			1	111	85				85
Ms. ROSA MARÍA GARCÍA GARCÍA	29				29	10				10
Mr. ANTONIO GÓMEZ CIRIA	125			2	127	107				107
Mr. LUIS HERNANDO DE LARRAMENDI MARTÍNEZ	177			3	180	118				118
Mr. FRANCISCO JOSÉ MARCO ORENES	687		145	14	846					
Mr. FERNANDO MATA VERDEJO	727		153	12	892					
Mr. ANTONIO MIGUEL-ROMERO DE OLANO	224			2	226	118				118
Ms. MARÍA DEL PILAR PERALES VISCASILLAS	158				158	118				118
Mr. ALFONSO REBUELTA BADÍAS	152			3	155	142				142
TOTAL	6,520		1,310	76	7,906	1,919	260	161	6	2,346

Observations

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D. OTHER USEFUL INFORMATION

If there is any relevant aspect regarding the remuneration of directors which has not been covered in the other sections of this report but which should be included to provide more complete and explanatory information about the remuneration structure and practices of the company in relation to its board directors, please provide a brief explanation here.

ii) Description of the procedures and entities within the Company involved in determining and approving the Compensation Policy:

MAPFRE is aware of the importance of having a corporate governance system to steer the structure and operations of its management bodies in the interests of the company and its shareholders.

The MAPFRE Board of Directors has implemented regulations which take into account the principles and elements of the corporate governance system and comprise the internal regulations and operations of the Board, the Steering Committee and the Sub-Steering Committees, as well as the rights and duties of the directors in carrying out their functions.

In order to comply with the legal requirements for remuneration of directors and to continue adhering to corporate governance best practices regarding remuneration, the Regulations of the Board of Directors govern the areas related to remuneration of the Board of Directors and the Appointments and Remuneration Committee.

Accordingly, the MAPFRE Board of Directors carries out the following functions:

- Decisions regarding the remuneration of directors, within the statutory framework and, as applicable, the compensation policy approved by the Annual General Meeting.
- Approval of the terms and conditions of the contracts of the managing director and directors who perform executive functions.
- Definition of the remuneration of board directors who perform executive functions.

The MAPFRE corporate governance system is designed to ensure that the recommendations regarding remuneration that are submitted to the company's Board of Directors originate in the Appointments and Remuneration Committee, which analyzes them previously in consultation with the different internal services within the company and external experts where necessary. The committee is also assisted by the company's senior executive responsible for the Human Resources Corporate Area.

In accordance with Article 11 of the Regulations of the MAPFRE Board of Directors, the Appointments and Remuneration Committee recommends to the Board of Directors the remuneration policy for directors, for general managers and for those who perform senior management functions and report directly to the Board, to the Steering Committee or to the managing directors, as well as individual remuneration and the other terms and conditions of the executive directors' contracts, ensuring their observance.

To exercise the aforementioned responsibilities, the committee must consult the Chairman of the Board and consider his recommendations on issues related to executive directors and senior managers.

In accordance with the Regulations of the Board of Directors, and with the provisions of the legislation in force, the Appointments and Remuneration Committee must consist of a minimum of three and a maximum of five directors, all non-executive, and at least two of whom must be independent. This committee must also be chaired by an independent director.

The committee meets whenever necessary to ensure the correct exercise of its functions and responsibilities, and five meetings were held in 2019.

As on the date of preparation of this report, the committee is made up of the following members:

President: Ms Catalina Miñarro Brugarolas (independent).

Voting Member: José Antonio Colomer Guiu (Independent).

Voting Member: Luis Hernando de Larramendi Martínez (nominee).

Voting Member: Alfonso Rebuelta Badías (nominee).

The Board of Directors agreed in its meeting on February 11, 2020, to appoint Ms. Rosa María García as a member of the Appointments and Remuneration Committee.

Remuneration practices of companies listed on the IBEX35 were taken into consideration in the preparation of the remuneration policy for Board Members for the 2020-2022 period that the Board of Directors has resolved to submit to the Annual General Meeting this coming March 13, based on the following external reports:

- KPMG report "Remuneration of Board Members of IBEX35 Companies 2019 Edition".
- EY report "Remuneration of IBEX35 Board Members 2019".
- "2019 Executive Survey Report- Spain" By Willis Towers Watson.

This annual report on remuneration was approved by the company's Board of Directors at its meeting on:

[02/11/2020]

Indicate whether any board directors voted against the report or abstained.

[] Yes

[] No

REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE ON THE INDEPENDENCE OF THE EXTERNAL AUDITOR

1. Introduction

The Recast Text of the Companies Act includes in its article 529 quaterdecies, section 4, the functions that, as a minimum, the Audit Committee must assume. Among them, mention is made of issuing annually, prior to the issuing of the accounts audit report, a report in which an opinion must be expressed on whether the independence of the account auditors or audit companies is compromised.

Said article also establishes that the Audit Committee must receive annually from the external auditors the declaration of its independence in relation to the entity or entities related to it directly or indirectly, as well as detailed and individualized information on the additional services of any class rendered and the corresponding fees received from these entities by the external auditor or by the persons or entities related to it, in accordance with the provisions of the regulations governing the activity of auditing accounts.

Additionally, in the Regulations of the Board of Directors of MAPFRE S.A., article 10.f, it is also mentioned as a basic function of the Audit and Compliance Committee to issue said report.

In order to comply with the provisions of the aforementioned regulations, and in accordance with its powers, the Audit and Compliance Committee, at its meeting held on February 10, 2020, has agreed to issue this report.

AUDIT AND COMPLIANCE COMMITTEE REPORT
ON RELATED-PARTY TRANSACTIONS IN FISCAL YEAR 2019

Article 529 of the Spanish Corporations Law establishes that the Board of Directors shall hold non-delegable power to approve, subject to a report of the Audit and Compliance Committee, transactions with related parties, where such parties include board directors and shareholders with significant shareholdings. Notwithstanding the above, transactions of a standard nature carried out at generally applicable prices are legally exempt from this obligation if the amount does not exceed 1 percent of the company's annual revenue.

This article also states that, in duly justified urgent circumstances, the above decisions may be taken by delegated bodies or individuals, where such decisions must be ratified in the first meeting of the Board of Directors held after the adoption of such a decision.

In accordance with the provisions of the prevailing legislation, Article 2 of the Regulations for the Board of Directors of MAPFRE S.A. includes the following non-delegable competences of the Board:

- To authorize –subject to a report from the Audit and Compliance Committee– transactions that the company or Group companies may carry out with Board Directors or shareholders in a conflict of interest position, in accordance with the provisions of the applicable legislation.

By virtue of the provisions of Article 8 of the Regulations for the Board of Directors, Board Directors must abstain from attending and taking part in deliberations and votes on decisions that affect them personally and in situations of conflicts of interest, under the terms set out in the prevailing legislation.

Moreover, the Board of Directors of MAPFRE S.A. approved on July 23, 2015 its Policy for Managing Conflicts of Interest and Transactions Related to Significant Shareholders and Senior Representative and Management Roles, which describes the procedure to be followed with regard to such transactions.

With respect to related-party transactions with Senior Representative and Management Roles, in fiscal year 2019 the Company and the companies in its Group carried out the transactions described in this report with the same or with persons related thereto.

With respect to related-party transactions with shareholders, transactions that are significant because of their amount or because of their subject matter carried out by the Company or by companies in its Group with shareholders holding a significant stake or with parties related thereto are listed in the Annual Corporate Governance Report and in the 2019 financial statements.

The following transactions are listed, in relation to which the Audit and Compliance Committee issued a favorable report prior to the Board of Directors meeting:

- Renewal of the line of credit granted by CARTERA MAPFRE, S.L.U. to MAPFRE, S.A.

At the meeting held on July 23, 2018, the Committee analyzed the renewal of the line of credit granted by CARTERA MAPFRE, S.L.U. to MAPFRE S.A. for another year, also revising the interest rate to reflect the current market conditions, applying the following terms with immediate effect:

- Maximum amount: 400 million euros
- Maturity: September 10, 2020, automatically renewable for successive annual periods unless expressly stated otherwise. The applicable interest rate will be updated if renewed in accordance with the market conditions in force at that time.
- Interest: 3-Month Euribor plus 1.50 percent, payable quarterly. The 3-Month Euribor is updated in each interest period, taking it as zero if it is negative.

Taking into account the report issued by the MAPFRE S.A. Administration and Treasury Assistant General Management, the Committee issued a favorable report regarding the transaction to the Board of Directors.

- Loan in favor of a Senior Executive of MAPFRE URUGUAY

At the meeting held on October 29, 2019, the Committee considered the granting of a loan with a personal guarantee in favor of a Senior Executive

of MAPFRE URUGUAY, in the amount of USD 89,608.19 and with an interest rate of 10.69 percent.

The Committee, taking into account the Average Rates of Financial Intermediation Companies published by the Central Bank of Uruguay, agreed to submit a favorable report on the transaction to the Board of Directors.

Both the Regulations for the Board of Directors of MAPFRE S.A. and the text of the Policy for Managing Conflicts of Interest and Transactions Related to Significant Shareholders and Senior Representative and Management Roles are available on the corporate website (www.mapfre.com).

In accordance with recommendation 6 of the Good Governance Code of Listed Companies of the Spanish National Securities and Exchange Commission (the "CNMV"), the Audit and Compliance Committee of MAPFRE S.A. authorizes this report for issue on the corporate website prior to the Ordinary Annual General Meeting to be held on March 13, 2020.

Madrid, February 10, 2020
Committee Secretary

Ángel L. Dávila Bermejo

**REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE
TO THE MAPFRE S.A. BOARD OF DIRECTORS REGARDING
ITS COMPOSITION AND FUNCTIONING IN FISCAL YEAR 2019**

The Audit and Compliance Committee is the delegate body of the Board of Directors of MAPFRE S.A. (hereinafter, the "Company") for the undertaking, among other things, of supervisory functions relating to the integrity of finance information and the effectiveness of internal control, internal audit and risk management.

Its governing regulations are contained in Article 22 of the Bylaws and in Article 10 of the Board of Directors' Regulations.

1. Composition

The Audit and Compliance Committee must consist of at least three but not more than five Board Directors, all of whom shall be non-executive, and at least the majority of whom must be Independent Board Directors, and one of whom will be designated in view of his or her knowledge and experience in matters of accounting, auditing or both. Its Chairman should be an Independent Board Director and must be substituted in this position every four years, only being able to be reelected to the post one year after leaving that position. Its Secretary will be that of the Board of Directors.

As on December 31, 2019 the Audit and Compliance Committee was composed of the following Directors:

Name	Position	Category
Ms. Ana Isabel Fernández Álvarez	Chairwoman	Independent
Mr. José Antonio Colomer Guiu	Member	Independent
Mr. Antonio Miguel-Romero de Olano	Member	Nominee
Ms. María del Pilar Perales Viscasillas	Member	Independent

2. Competences

The Audit and Compliance Committee has the following responsibilities assigned in accordance with Article 10 of the Regulations for the Board of Directors:

- a) To apprise the Annual General Meeting of matters that are the responsibility of the Committee and, in particular, regarding the results of the audit, to explain how the said audit has contributed to the integrity of the financial information and role that the Committee has played in that process.
- b) To supervise the efficiency of the Company's internal control, internal audit and risk management systems, as well as to discuss with the External Auditor the significant weaknesses in the internal control system detected when carrying out audits, but without compromising the External Auditor's independence. Recommendations or proposals to this end may be presented to the Board of Directors, where applicable, together with the corresponding term for monitoring them.
- c) To supervise the process for drawing up and presenting the mandatory financial information, and to present recommendations or proposals to the Board of Directors with a view to safeguarding its integrity.
- d) To bring before the Board of Directors the proposals for the selection, appointment, reelection and substitution of the External Auditor, being accountable both for the selection process, as contemplated in the corresponding legislation currently in force, and for the conditions of their hiring, and regularly to gather from them information relating to the audit plan and its execution, while preserving their independence in the performance of their functions.
- e) To establish appropriate relationships with the External Auditor in order to receive information concerning those issues which may jeopardize their independence, so that they may be examined by the Committee, and any other issues relating to the accounts auditing process, and where appropriate, authorizations for services other than those prohibited in the terms contemplated in the corresponding legislation currently in force for auditing accounts, for the regime of independence, as well as other communications envisaged in account audit legislation and auditing standards. In any case, they must receive annual written confirmation from the External Auditor of their independence from the company or

companies directly or indirectly linked to it, as well as detailed and individualized information concerning the additional services of any type rendered and the professional fees corresponding to these companies received by the said External Auditor, or by the people or companies linked to them in accordance with the provisions of the accounts auditing legislation in force.

- f) To issue a yearly report, prior to the publication of the accounts audit report, expressing an opinion concerning whether the independence of the External Auditor has been compromised. This report in any case must contain, the reasoned evaluation of the provision of each and every one of the additional services to which the above letter makes reference, individually considered and jointly, apart from those concerning legal audits and in relation to the independent status or with the regulatory statutes for account auditing activity.
- g) To ensure that, as far as possible, the External Auditor of the Group takes responsibility for auditing all the companies belonging to it.
- h) To ensure the independence and efficacy of the Internal Audit function; to propose the selection, appointment, reelection and removal of its most senior management, as well as its annual budget; to receive regular information on its activities; and to check that senior management takes the conclusions and recommendations of its reports into account.
- i) To give prior notification to the Board of Directors of all matters stipulated by Law, in the Bylaws or this Regulation, specifically with regard to:
 - Financial information that the Company must make public periodically.
 - Creation of or acquisition of shareholdings in special purpose companies or registered in countries or territories considered to be tax havens.
 - Transactions with related parties.
- j) To establish and supervise a mechanism that enables employees to confidentially report any irregularities they notice within the company that may be of potential importance, especially financial and accounting irregularities.

- k) To verify the application of the established good governance regulations at all times.
- l) To supervise compliance with internal and external regulations, especially with internal codes of conduct, regulations and procedures for the prevention of money laundering and financing terrorism, as well as making proposals for their improvement.
- m) To supervise the adoption of initiatives and measures resulting from inspection reports or actions taken by administrative authorities responsible for supervision and control.

3. Operational framework

As laid down in the Board of Directors' Regulations, the Audit and Compliance Committee usually meets on a quarterly basis, as well as holding ordinary or extraordinary meetings whenever required, attended by the Group Chief Internal Audit Officer.

During the 2019 fiscal year the Committee met 10 times¹, when the main topics addressed were as follows:

- **Information for the Annual General Meeting:**

The Chairman of the Audit and Compliance Committee, and the other members of the Committee, attended the Annual General Meeting held on March 8, 2019. The shareholders did not raise any questions regarding matters within its remit.

- **Economic/financial information**

In accordance with its assigned responsibilities, in 2019 the MAPFRE Audit and Compliance Committee verified the following documentation:

- Management Report and Individual and Consolidated Annual Accounts of MAPFRE S.A. and its dependent companies for 2018.
-

¹ Independently of the above meetings, the Audit and Compliance Committee has adopted resolutions through the written procedure, without a meeting.

- Solvency and Financial Condition Report of the MAPFRE Group and the subsidiaries residing in Spain that carry out insurance and reinsurance activities.
- The Integrated Report for 2018, which follows the guidelines and recommendations of the International Integrated Reporting Framework.
- Report on the limited review of intermediate, summarized, consolidated financial statements of MAPFRE S.A. corresponding to the interim period ending on June 30, 2019.

- **Information to the Board of Directors**

The Audit and Compliance Committee gave a favorable report to the Board of Directors on the information that MAPFRE sends to the Spanish National Securities and Exchange Commission (the "CNMV") every quarter. This economic and financial information is reviewed in advance by the Internal Audit Corporate Area.

- **Internal Audit Supervision**

The Audit and Compliance Committee has been informed of the Annual Internal Audit Plan for fiscal year 2019 for MAPFRE and its subsidiaries, which includes the Annual Report for 2018, the Audit Plan for 2019, the structure and budget for the Unit and the training plan for internal auditors.

The Audit and Compliance Committee also received and reviewed the Internal Audit Unit Activity Reports which are issued quarterly by the Corporate Internal Audit Area and which place special emphasis on significant issues arising during the quarter relating to the internal audit reports and internal control. These reports also include monitoring of compliance with the objectives of the Audit Plans, the implementation of the recommendations, information on auditor training and collaboration with the external auditor and other areas within the company. Detailed information was presented monthly to the Committee on the monitoring and progress of the recommendations.

The general directives for the 2020 Internal Audit Plan were also presented and the Committee was notified of the different management appointments in the Services and Internal Audit Units during 2019, as well as the new Internal Audit structure for 2020.

In addition, the Committee was informed of the expected budget for the Internal Audit Unit for the 2019 and 2020 fiscal years and the forecast for 2021 and 2022.

Finally, the Audit and Compliance Committee has agreed to update the Internal Audit Statute and has transferred responsibility for updating the Internal Audit Policy up to the level of the Board of Directors.

- **Internal control and risk management**

The internal control evaluation reports on MAPFRE Group insurance and reinsurance companies relating to fiscal year 2018 and prepared by the Internal Audit Corporate Area were presented to the Audit and Compliance Committee.

With regard to the Internal Financial Information Control System (SCIIF), the Audit and Compliance Committee received an Audit Report from KPMG entitled "Information relating to the System for the Internal Control over Finance Information" corresponding to 2018, which summarized the internal control procedures established by MAPFRE S.A. with regard to annual financial information.

The Committee was also provided with the Own Risk and Solvency Assessment (ORSA), the Solvency and Financial Condition Report (FCR) and the Quantitative Reporting Templates (QRTs).

Moreover, in relation to the revision of Risk Management and Solvency II, the Committee was informed of the most important aspects implemented by Internal Audit as part of its supervisory functions of the risk management system, such as the audits on Solvency II and internal control, and the risk-based audit plan.

- **External auditing**

The Audit and Compliance Committee was informed of the budget for the external audit of the Individual and Consolidated Annual Accounts of MAPFRE S.A. and its dependent companies for the 2019 fiscal year, and approved the payment of extraordinary fees to KPMG as a result of the diversion of hours employed in the auditing of the annual accounts for the 2018 fiscal year corresponding to a number of MAPFRE companies. In the same way, the Committee authorized additional services provided by

KPMG in a number of MAPFRE companies and the total amount for the fees to be received for the same.

KPMG presented the 2019 annual Accounts Audit Plan to the Audit and Compliance Committee, which included the work schedule, the scope of the Group Audit, the members of the work team, preliminary assessment of risks and the accounting and regulatory changes affecting the review period. Moreover, KPMG presented to the Committee the Preliminary Memorandum of the Audit of the Annual Accounts for fiscal year 2019. These preliminary reports are issued by the audit firm for all subsidiaries of MAPFRE on the Interim Financial Statements of the Company as on September 30.

Furthermore, and with the aim of guaranteeing the independence of the external auditor, the Audit and Compliance Committee undertook quarterly monitoring of the fees invoiced by the main audit company for services other than auditing Annual Accounts and supervised the relation between the fees paid to the audit company and the total revenue for the former, which according to MAPFRE S.A. Board of Directors Regulations should not exceed 5 percent.

The external auditor KPMG attended the meetings of the Audit and Compliance Committee to discuss matters relating to the audit of the Annual Accounts, the limited review reports at June 30, 2019 and the preliminary reports prior to the audit of the accounts, as well as matters concerning the limited review process of the Solvency and Financial Condition Report of the MAPFRE Group and the subsidiaries residing in Spain that engage in insurance and reinsurance activities.

Furthermore, and with the aim of verifying the information and contributing to the principle of transparency in matters of Corporate Social Responsibility, the external auditor, KPMG, was responsible for verifying the non-financial information in MAPFRE's Integrated Report corresponding to the 2018 fiscal year; this report was verified by the Committee. In addition, the Committee was informed of the fees proposed by KPMG for issuance of the report verifying the non-financial information in the 2019 Integrated Report.

- **Related-party transactions**

The Audit and Compliance Committee published a report on related-party transactions in 2018, to be made available to shareholders at the General Meeting.

The Committee also analyzed beforehand related-party transactions carried out in 2019 between MAPFRE Group companies and large shareholders and Senior Representative or Management positions at MAPFRE, under the terms established in the legislation currently in force. In all cases the Committee prepared the relevant report that was provided to the Board of Directors for its approval, if appropriate, of the related-party transactions.

- **Regulatory and legal compliance**

The Committee was provided with a report on regulatory compliance actions in 2018 and the verification plan for 2019.

Similarly, the Committee was informed of the degree of compliance by MAPFRE Group with the Corporate Policies and the policies adopted as a result of the guidelines framework established by Solvency II.

Moreover, the Committee was provided with information on the degree of compliance with and development of the Penal Prevention Model.

Finally, the Audit and Compliance Committee submitted the updating of the Compliance and Outsourcing Policies to the Board of Directors.

- **Supervision of a mechanism for notifying irregularities**

The Audit and Compliance Committee was informed of the activities carried out in 2018 by the Financial and Accounting Complaints Channel.

- **Other issues**

In addition to those previously described, the Audit and Compliance Committee also addressed the following matters during 2019:

- Fiscal Policies applied in 2018, in compliance with the recommendations contained in the Tributary Good Practice Code.

- Main issues addressed and agreements reached by the Audit Committees for MAPFRE subsidiaries.
- Assessment of the composition and functioning of the Committee during the 2018 fiscal year in accordance with that established in Recommendation No. 36 of the Good Governance Code for listed companies in the Spanish National Securities and Exchange Commission (the "CNMV"), with unanimous agreement on the qualification of its composition and functioning this year as very satisfactory.
- Treasury stock operations undertaken in the 2019 financial year.
- Information on legislative developments and accounting criteria for the preparation of mandatory financial information.

4. 2019 assessment

The assessment has been carried out with the assistance of the external consultant Deloitte Legal, S.L.P., and the report made by that consultant on the basis of the review of the corporate information, of the self-assessment questionnaires conducted by each Board Director and of the interviews held with each of them has been taken as a reference.

The result of the process of assessment of the Audit and Compliance Committee's composition and functions in 2019 was very positive, subject to the following suggestion for improvement:

- To continue developing programs to update the knowledge of Board Directors on matters related to their specific needs.

In view of the above, the Audit and Compliance Committee has unanimously agreed to submit this report to the MAPFRE S.A. Board of Directors for them to assess the functioning of the Committee during the 2019 fiscal year based on its contents together with those of the assessment report issued by the external consultant.

Madrid, February 10, 2020

Committee Secretary

Ángel L. Dávila Bermejo

REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE
TO THE MAPFRE S.A. BOARD OF DIRECTORS REGARDING
ITS COMPOSITION AND FUNCTIONING IN FISCAL YEAR 2019

The Audit and Compliance Committee is the delegate body of the Board of Directors of MAPFRE S.A. (hereinafter, the "Company") for the undertaking, among other things, of supervisory functions relating to the integrity of finance information and the effectiveness of internal control, internal audit and risk management.

Its governing regulations are contained in Article 22 of the Bylaws and in Article 10 of the Board of Directors' Regulations.

1. Composition

The Audit and Compliance Committee must consist of at least three but not more than five Board Directors, all of whom shall be non-executive, and at least the majority of whom must be Independent Board Directors, and one of whom will be designated in view of his or her knowledge and experience in matters of accounting, auditing or both. Its Chairman should be an Independent Board Director and must be substituted in this position every four years, only being able to be reelected to the post one year after leaving that position. Its Secretary will be that of the Board of Directors.

As on December 31, 2019 the Audit and Compliance Committee was composed of the following Directors:

Name	Position	Category
Ms. Ana Isabel Fernández Álvarez	Chairwoman	Independent
Mr. José Antonio Colomer Guiu	Member	Independent
Mr. Antonio Miguel-Romero de Olano	Member	Nominee
Ms. María del Pilar Perales Viscasillas	Member	Independent

2. Competences

The Audit and Compliance Committee has the following responsibilities assigned in accordance with Article 10 of the Regulations for the Board of Directors:

- a) To apprise the Annual General Meeting of matters that are the responsibility of the Committee and, in particular, regarding the results of the audit, to explain how the said audit has contributed to the integrity of the financial information and role that the Committee has played in that process.
- b) To supervise the efficiency of the Company's internal control, internal audit and risk management systems, as well as to discuss with the External Auditor the significant weaknesses in the internal control system detected when carrying out audits, but without compromising the External Auditor's independence. Recommendations or proposals to this end may be presented to the Board of Directors, where applicable, together with the corresponding term for monitoring them.
- c) To supervise the process for drawing up and presenting the mandatory financial information, and to present recommendations or proposals to the Board of Directors with a view to safeguarding its integrity.
- d) To bring before the Board of Directors the proposals for the selection, appointment, reelection and substitution of the External Auditor, being accountable both for the selection process, as contemplated in the corresponding legislation currently in force, and for the conditions of their hiring, and regularly to gather from them information relating to the audit plan and its execution, while preserving their independence in the performance of their functions.
- e) To establish appropriate relationships with the External Auditor in order to receive information concerning those issues which may jeopardize their independence, so that they may be examined by the Committee, and any other issues relating to the accounts auditing process, and where appropriate, authorizations for services other than those prohibited in the terms contemplated in the corresponding legislation currently in force for auditing accounts, for the regime of independence, as well as other communications envisaged in account audit legislation and auditing standards. In any case, they must receive annual written confirmation from the External Auditor of their independence from the company or

companies directly or indirectly linked to it, as well as detailed and individualized information concerning the additional services of any type rendered and the professional fees corresponding to these companies received by the said External Auditor, or by the people or companies linked to them in accordance with the provisions of the accounts auditing legislation in force.

- f) To issue a yearly report, prior to the publication of the accounts audit report, expressing an opinion concerning whether the independence of the External Auditor has been compromised. This report in any case must contain, the reasoned evaluation of the provision of each and every one of the additional services to which the above letter makes reference, individually considered and jointly, apart from those concerning legal audits and in relation to the independent status or with the regulatory statutes for account auditing activity.
- g) To ensure that, as far as possible, the External Auditor of the Group takes responsibility for auditing all the companies belonging to it.
- h) To ensure the independence and efficacy of the Internal Audit function; to propose the selection, appointment, reelection and removal of its most senior management, as well as its annual budget; to receive regular information on its activities; and to check that senior management takes the conclusions and recommendations of its reports into account.
- i) To give prior notification to the Board of Directors of all matters stipulated by Law, in the Bylaws or this Regulation, specifically with regard to:
 - Financial information that the Company must make public periodically.
 - Creation of or acquisition of shareholdings in special purpose companies or registered in countries or territories considered to be tax havens.
 - Transactions with related parties.
- j) To establish and supervise a mechanism that enables employees to confidentially report any irregularities they notice within the company that may be of potential importance, especially financial and accounting irregularities.

- k) To verify the application of the established good governance regulations at all times.
- l) To supervise compliance with internal and external regulations, especially with internal codes of conduct, regulations and procedures for the prevention of money laundering and financing terrorism, as well as making proposals for their improvement.
- m) To supervise the adoption of initiatives and measures resulting from inspection reports or actions taken by administrative authorities responsible for supervision and control.

3. Operational framework

As laid down in the Board of Directors' Regulations, the Audit and Compliance Committee usually meets on a quarterly basis, as well as holding ordinary or extraordinary meetings whenever required, attended by the Group Chief Internal Audit Officer.

During the 2019 fiscal year the Committee met 10 times¹, when the main topics addressed were as follows:

- **Information for the Annual General Meeting:**

The Chairman of the Audit and Compliance Committee, and the other members of the Committee, attended the Annual General Meeting held on March 8, 2019. The shareholders did not raise any questions regarding matters within its remit.

- **Economic/financial information**

In accordance with its assigned responsibilities, in 2019 the MAPFRE Audit and Compliance Committee verified the following documentation:

- Management Report and Individual and Consolidated Annual Accounts of MAPFRE S.A. and its dependent companies for 2018.
-

¹ Independently of the above meetings, the Audit and Compliance Committee has adopted resolutions through the written procedure, without a meeting.

- Solvency and Financial Condition Report of the MAPFRE Group and the subsidiaries residing in Spain that carry out insurance and reinsurance activities.
- The Integrated Report for 2018, which follows the guidelines and recommendations of the International Integrated Reporting Framework.
- Report on the limited review of intermediate, summarized, consolidated financial statements of MAPFRE S.A. corresponding to the interim period ending on June 30, 2019.

- **Information to the Board of Directors**

The Audit and Compliance Committee gave a favorable report to the Board of Directors on the information that MAPFRE sends to the Spanish National Securities and Exchange Commission (the "CNMV") every quarter. This economic and financial information is reviewed in advance by the Internal Audit Corporate Area.

- **Internal Audit Supervision**

The Audit and Compliance Committee has been informed of the Annual Internal Audit Plan for fiscal year 2019 for MAPFRE and its subsidiaries, which includes the Annual Report for 2018, the Audit Plan for 2019, the structure and budget for the Unit and the training plan for internal auditors.

The Audit and Compliance Committee also received and reviewed the Internal Audit Unit Activity Reports which are issued quarterly by the Corporate Internal Audit Area and which place special emphasis on significant issues arising during the quarter relating to the internal audit reports and internal control. These reports also include monitoring of compliance with the objectives of the Audit Plans, the implementation of the recommendations, information on auditor training and collaboration with the external auditor and other areas within the company. Detailed information was presented monthly to the Committee on the monitoring and progress of the recommendations.

The general directives for the 2020 Internal Audit Plan were also presented and the Committee was notified of the different management appointments in the Services and Internal Audit Units during 2019, as well as the new Internal Audit structure for 2020.

In addition, the Committee was informed of the expected budget for the Internal Audit Unit for the 2019 and 2020 fiscal years and the forecast for 2021 and 2022.

Finally, the Audit and Compliance Committee has agreed to update the Internal Audit Statute and has transferred responsibility for updating the Internal Audit Policy up to the level of the Board of Directors.

- **Internal control and risk management**

The internal control evaluation reports on MAPFRE Group insurance and reinsurance companies relating to fiscal year 2018 and prepared by the Internal Audit Corporate Area were presented to the Audit and Compliance Committee.

With regard to the Internal Financial Information Control System (SCIIF), the Audit and Compliance Committee received an Audit Report from KPMG entitled "Information relating to the System for the Internal Control over Finance Information" corresponding to 2018, which summarized the internal control procedures established by MAPFRE S.A. with regard to annual financial information.

The Committee was also provided with the Own Risk and Solvency Assessment (ORSA), the Solvency and Financial Condition Report (FCR) and the Quantitative Reporting Templates (QRTs).

Moreover, in relation to the revision of Risk Management and Solvency II, the Committee was informed of the most important aspects implemented by Internal Audit as part of its supervisory functions of the risk management system, such as the audits on Solvency II and internal control, and the risk-based audit plan.

- **External auditing**

The Audit and Compliance Committee was informed of the budget for the external audit of the Individual and Consolidated Annual Accounts of MAPFRE S.A. and its dependent companies for the 2019 fiscal year, and approved the payment of extraordinary fees to KPMG as a result of the diversion of hours employed in the auditing of the annual accounts for the 2018 fiscal year corresponding to a number of MAPFRE companies. In the same way, the Committee authorized additional services provided by

KPMG in a number of MAPFRE companies and the total amount for the fees to be received for the same.

KPMG presented the 2019 annual Accounts Audit Plan to the Audit and Compliance Committee, which included the work schedule, the scope of the Group Audit, the members of the work team, preliminary assessment of risks and the accounting and regulatory changes affecting the review period. Moreover, KPMG presented to the Committee the Preliminary Memorandum of the Audit of the Annual Accounts for fiscal year 2019. These preliminary reports are issued by the audit firm for all subsidiaries of MAPFRE on the Interim Financial Statements of the Company as on September 30.

Furthermore, and with the aim of guaranteeing the independence of the external auditor, the Audit and Compliance Committee undertook quarterly monitoring of the fees invoiced by the main audit company for services other than auditing Annual Accounts and supervised the relation between the fees paid to the audit company and the total revenue for the former, which according to MAPFRE S.A. Board of Directors Regulations should not exceed 5 percent.

The external auditor KPMG attended the meetings of the Audit and Compliance Committee to discuss matters relating to the audit of the Annual Accounts, the limited review reports at June 30, 2019 and the preliminary reports prior to the audit of the accounts, as well as matters concerning the limited review process of the Solvency and Financial Condition Report of the MAPFRE Group and the subsidiaries residing in Spain that engage in insurance and reinsurance activities.

Furthermore, and with the aim of verifying the information and contributing to the principle of transparency in matters of Corporate Social Responsibility, the external auditor, KPMG, was responsible for verifying the non-financial information in MAPFRE's Integrated Report corresponding to the 2018 fiscal year; this report was verified by the Committee. In addition, the Committee was informed of the fees proposed by KPMG for issuance of the report verifying the non-financial information in the 2019 Integrated Report.

- **Related-party transactions**

The Audit and Compliance Committee published a report on related-party transactions in 2018, to be made available to shareholders at the General Meeting.

The Committee also analyzed beforehand related-party transactions carried out in 2019 between MAPFRE Group companies and large shareholders and Senior Representative or Management positions at MAPFRE, under the terms established in the legislation currently in force. In all cases the Committee prepared the relevant report that was provided to the Board of Directors for its approval, if appropriate, of the related-party transactions.

- **Regulatory and legal compliance**

The Committee was provided with a report on regulatory compliance actions in 2018 and the verification plan for 2019.

Similarly, the Committee was informed of the degree of compliance by MAPFRE Group with the Corporate Policies and the policies adopted as a result of the guidelines framework established by Solvency II.

Moreover, the Committee was provided with information on the degree of compliance with and development of the Penal Prevention Model.

Finally, the Audit and Compliance Committee submitted the updating of the Compliance and Outsourcing Policies to the Board of Directors.

- **Supervision of a mechanism for notifying irregularities**

The Audit and Compliance Committee was informed of the activities carried out in 2018 by the Financial and Accounting Complaints Channel.

- **Other issues**

In addition to those previously described, the Audit and Compliance Committee also addressed the following matters during 2019:

- Fiscal Policies applied in 2018, in compliance with the recommendations contained in the Tributary Good Practice Code.

- Main issues addressed and agreements reached by the Audit Committees for MAPFRE subsidiaries.
- Assessment of the composition and functioning of the Committee during the 2018 fiscal year in accordance with that established in Recommendation No. 36 of the Good Governance Code for listed companies in the Spanish National Securities and Exchange Commission (the "CNMV"), with unanimous agreement on the qualification of its composition and functioning this year as very satisfactory.
- Treasury stock operations undertaken in the 2019 financial year.
- Information on legislative developments and accounting criteria for the preparation of mandatory financial information.

4. 2019 assessment

The assessment has been carried out with the assistance of the external consultant Deloitte Legal, S.L.P., and the report made by that consultant on the basis of the review of the corporate information, of the self-assessment questionnaires conducted by each Board Director and of the interviews held with each of them has been taken as a reference.

The result of the process of assessment of the Audit and Compliance Committee's composition and functions in 2019 was very positive, subject to the following suggestion for improvement:

- To continue developing programs to update the knowledge of Board Directors on matters related to their specific needs.

In view of the above, the Audit and Compliance Committee has unanimously agreed to submit this report to the MAPFRE S.A. Board of Directors for them to assess the functioning of the Committee during the 2019 fiscal year based on its contents together with those of the assessment report issued by the external consultant.

Madrid, February 10, 2020

Committee Secretary

Ángel L. Dávila Bermejo

**REPORT OF THE APPOINTMENTS AND REMUNERATION COMMITTEE
TO THE MAPFRE S.A. BOARD OF DIRECTORS REGARDING ITS
COMPOSITION AND FUNCTIONING IN FISCAL YEAR 2019**

The Appointments and Remuneration Committee is the delegate body of the Board of Directors of MAPFRE S.A. (hereinafter, the "Company") for undertaking the functions of appointment, termination and reelection of Board Directors and Senior Managers of MAPFRE S.A. and its Group, and for establishing remuneration.

Its governing regulations are contained in Article 23 of the Bylaws and in Article 11 of the Board of Directors' Regulations.

1. Composition

The Appointments and Remuneration Committee should consist of a minimum of three and a maximum of five Board Directors, all non executive and at least two of whom should be Independent Board Directors. The Chairman should have the condition of Independent Board Director and the Secretary is that of the Board of Directors.

As on December 31, 2019 the Appointments and Remuneration Committee was composed of the following Board Directors:

Name	Position	Category
Ms. Catalina Miñarro Brugarolas	Chairwoman	Independent
Mr. José Antonio Colomer Guiu	Member	Independent
Mr. Luis Hernando de Larramendi Martínez	Member	Nominee
Mr. Alfonso Rebuelta Badías	Member	Nominee

2. Competences

The Appointments and Remuneration Committee has the following responsibilities assigned in accordance with Article 11 of the Regulations for the Board of Directors:

- a) To evaluate the balance of skills, knowledge and experience required on the Board, defining the functions and capabilities required of the candidates to fill each vacancy accordingly and deciding the time and dedication necessary for them to properly perform their functions.
- b) To establish a representation target for the gender least represented on the Board of Directors and to draw up guidelines on how to achieve this target.
- c) To bring before the Board of Directors the appointment proposals of Independent Board Directors for them to be designated by co-opting or for them to be subject to the decision of the Annual General Meeting, as well as proposals for reappointment or removal, and to report on cases related to proposals that affect the remaining Board Directors.
- d) To notify proposals for the appointment and termination of senior managers and their basic contractual conditions.
- e) To examine and organize the succession of the Chairman of the Board, and where appropriate, to make the corresponding proposals to the Board so that this succession is orderly and well-planned.
- f) To propose to the Board of Directors the remuneration policy for Board Directors and general managers or anyone who performs C-Suite functions under the direct control of the Board, the Steering Committee or the Managing Directors, as well as individual remuneration and other conditions of the contracts of Executive Board Directors, ensuring their enforcement.
- g) To propose to the Board of Directors the candidates for Fundación MAPFRE Trustees whose appointment is the responsibility of the Company.
- h) To authorize the appointment of External Directors in the other Group companies.

3. Operational framework

As laid down in the Board of Directors Regulations, the Appointments and Remuneration Committee meets whenever necessary in order to perform its functions appropriately, and to this effect the Senior Manager supervising the Human Resources Division will be in attendance.

During the 2019 financial year the Committee met six times¹, when the main topics addressed were as follows:

- **Appointment and reelection of directors:**

In compliance with the Board Director Selection Policy and the Board Renewal Plan approved in 2015, the Appointments and Remuneration Committee completed the selection processes and made proposals to the Board of Directors for the appointment of a new Independent Board Director and the reelection of an Independent Board Director, and reported to the Board of Directors with regard to proposals for the reelection of an Executive Director and of three Nominee Directors.

To this effect, the Appointments and Remuneration Committee contributed to the analysis of the requirements of the Company and those of the Group and to the assessment of prestige and suitability, avoiding at all times any implicit bias which may imply discrimination, especially with regard to the selection of candidates or one gender or the other.

In each case, the Committee assessed the personal and professional qualities of the candidates and took into account the need for a plurality of profiles on the Board to enable suitable balance and diversity in training, experience, gender and nationality.

Furthermore, and in accordance with the provisions established in the regulations currently in force, the Appointments and Remuneration Committee analyzed the suitability of the members of the Board of Directors to be a part of said body, assessing the existence of circumstances that may affect their personal and professional prestige.

¹ Independently of the above-mentioned meetings, the Appointments and Remuneration Committee has adopted resolutions through the written procedure, without a meeting.

In particular, in matters of gender diversity the policy establishes that by 2020 the number of female Board Directors should represent at least 30 percent of the total members of the Board of Directors, having already reached the said objective as on December 31, 2019, when the percentage of women represented 33 percent.

The Committee has also reported favorably on the proposals for appointments and terminations of the external directors of the companies of the MAPFRE Group.

- **Assessment of the Chairman of the Board and CEO**

The Appointments and Remuneration Committee assessed the Chairman of the Board of Directors and CEO of MAPFRE S.A.

The Appointments and Remuneration Committee, following timely analysis, deemed the conduct of the Chairman of the Board of Directors of MAPFRE S.A. and CEO to be very satisfactory, in both the aforementioned capacity and in that of the most senior management representative of the Group, in all aspects: fulfillment of the institutional principles established in the rules of good governance; performance of the functions of providing high institutional representation of the company and direction of the activities of its Board of Directors and delegated bodies, inherent to the position of Chairman and CEO; and performance of the executive C-Suite of the activities of the Group.

- **Remuneration Policy for Board Directors 2019-2021**

The Appointments and Remuneration Committee issued a favorable report for the 2019-2021 Compensation Policy for Board Directors, with a view to its submission by the Board of Directors to the Annual General Meeting, and which was approved at the meeting on March 8, 2019.

- **Medium-Term Incentives Plan 2019-2021**

The Appointments and Remuneration Committee issued a favorable report on the proposal, as well as the successive amendments, of the

Medium-Term Incentive Plan 2019-2021 with a view to its approval by the Board of Directors

- **Remuneration to Board Directors:**

In compliance with its responsibilities and within the framework of the Board Directors' Remuneration Policy approved by Shareholders at the Annual General Meeting held on March 8, 2019, the Appointments and Remuneration Committee made a proposal for the remuneration of Board Directors in their condition as such, and the contract conditions, including remuneration, for Executive Board Directors corresponding to the 2019 fiscal year, for their approval by the Board of Directors.

- **Annual Report on Board Director Remuneration**

The Appointments and Remuneration Committee issued a favorable report for the Annual Report on Board Director Remuneration corresponding to the 2018 fiscal year, for its submission on a consultation basis by the Board of Directors to the Annual General Meeting, and which was approved at the meeting held on March 8, 2019.

- **C-Suite Appointments**

The Appointments and Remuneration Committee analyzed the proposals for appointments and dismissals for members of the MAPFRE S.A. and MAPFRE Group C-Suite, issuing a report on same to be submitted for approval by the MAPFRE Group administrative bodies corresponding to each case.

- **Contract conditions for C-Suite members:**

The Committee analyzed, and presented to the Board of Directors, the proposals for the applicable contract conditions, including fixed and variable remuneration, corresponding to the 2019 fiscal year for C-Suite members in the MAPFRE Group, under the terms provided for in the MAPFRE Group Compensation Policy.

- **Remuneration and relevant personnel from MAPFRE INVERSIÓN SOCIEDAD DE VALORES, S.A. and MAPFRE ASSET MANAGEMENT, S.G.I.I.C.**

In accordance with the current regulations, the Company's Appointments and Remuneration Committee performs functions related to remuneration for MAPFRE INVERSIÓN SOCIEDAD DE VALORES, S.A. and MAPFRE ASSET MANAGEMENT, S.G.I.I.C., S.A. To this effect, it issued a favorable report for the remuneration of relevant personnel from these companies in fiscal year 2019 and the list of persons comprising this category.

- **Appointment and reelection of Fundación MAPFRE trustees**

In accordance with the provisions of the Board of Directors Regulations, the Appointments and Remuneration Committee has proposed to the Board the appointment of a Fundación MAPFRE Trustee.

- **Report on the composition and functioning of the Committee in 2018**

The Appointments and Remuneration Committee prepared a report on its composition and functioning during the 2018 fiscal year.

- **Technical Guide of the Spanish National Securities and Exchange Commission (the "CNMV") on Appointments and Remuneration Committees**

The Appointments and Remuneration Committee was informed of the contents of the Technical Guide of the Spanish National Securities and Exchange Commission (the "CNMV") on Appointments and Remuneration Committees.

- **Assessment of the independence of the external consultant**

The Appointments and Remuneration Committee favorably reported on the independence of Deloitte Legal S.L.P. as an external advisor in the assessment process of the Board of Directors of MAPFRE S.A. and its delegated bodies in 2019.

4. 2019 assessment

The assessment was carried out with the assistance of the external consultant Deloitte Legal, S.L.P., and the report made by that consultant on the basis of the review of the corporate information, of the self-assessment questionnaires conducted by each board director and of the interviews held with each of them was taken as a reference.

The result of the process of assessment of the composition and functioning of the Appointments and Remuneration Committee in 2019 was very positive, while the following suggestions for improvement were made:

- To evaluate the incorporation of a third independent board director, in line with recommendation 47, pertaining to a majority of independent directors, of the Code of Good Governance of the CNMV.
- To develop the program of training of Board Directors and to complete the planning schedule for this in the medium-term (one year), so as to facilitate adequate planning on the part of the Board Directors.
- To develop a competency matrix that defines the skills and knowledge that members of the Board of Directors should cover based on the characteristics of the MAPFRE Group, so as to facilitate the Committee with the definition of the adequate profiles required for future Board incorporation.
- To promote a succession protocol for the Chairman and CEO, which contemplates a succession plan that would allow the Group to be sufficiently prepared to tackle unforeseen situations and guarantee the project's long-term stability.

In view of the above, the Audit Committee has unanimously agreed to submit this report to the MAPFRE S.A. Board of Directors for them to evaluate the functioning of the Committee during the 2019 fiscal year based on its contents together with those of the assessment report issued by the external consultant.

Madrid, February 6, 2020
Committee Secretary

Ángel L. Dávila Bermejo



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