

ANNUAL ACCOUNTS

MANAGEMENT REPORT

FISCAL YEAR 2019

MAPFRE S.A.



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

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

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

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).

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
<u>Long-term provisions</u>								
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
<u>Short-term provisions</u>								
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	Accumulated 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	--	1,283	-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	--	--	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	--	--	--	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	(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	--	-1846	7,313	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	--	--	3,152	
MAPFRE Vida	S.A.	Ctra.Pozuelo, 52 Majadahonda - 28222 Madrid	Insurance and reinsurance	99.9189	--	99.9189	--	60,242	1,499,457	271,759	178,746	57,275	--	--	190,491	
Fancy Investment	S.A.	Avenida de Julio, 841 Montevideo (Uruguay)	Financial	100.0000	--	100.0000	--	9,476	3,670	-5,684	--	987	--	--	--	
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	--	--	--	
MAPFRE Inversión	S.A.	Ctra.Pozuelo, 50 Majadahonda - 28222 Madrid	Securities company	0.0009	99.9180	0.0009	99.9180	33,055	153,725	8,898	-14,061	55,986	--	--	--	
MAPFRE AM Investment	S.A.	Ctra.Pozuelo, 50 Majadahonda - 28222 Madrid	Holding	100.0000	--	100.0000	--	20,000	-289	--	10	-19	--	--	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	--	--	--	
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	--	--	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	--	--	--	

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	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	1338	--	279	-1117	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 CF:102EH	Online insurance policy price	50.0000	--	50.0000	--	--	--	--	--	--	5191	--	2309	--
Total																
Other investments																
Total investments in Group companies and associates																
													9,592,371	-45,437	279,208	
													8			
													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	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	99.1526	0.7746	99.1526	30,990	--	157	570	--	--	240	--	
MAPFRE Internacional	S.A.	Ctra.Pozuelo, 52 Majadahonda - 28222 Madrid	Holding	100.0000	0.0000	100.0000	0.0000	784,432	(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	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	(49,102)	(28,258)	18,153	189,364	(151,429)	178,540	--	
MAPFRE Inmuebles	S.G.A.	Ctra.Pozuelo, 52 Majadahonda - 28222 Madrid	Real estate	9.9977	89.9944	9.9977	89.9944	593,474	--	(4,615)	18,520	54,358	2,122	52,639	--	
Maquavit Inmuebles	S.L.	Ctra.Pozuelo, 52 Majadahonda - 28222 Madrid	Real estate	100.0000	--	100.0000	--	37,436	--	(527)	1915	26,662	--	--	--	
MAPFRE Vida	S.A.	Ctra.Pozuelo, 52 Majadahonda - 28222 Madrid	Insurance and reinsurance	99.9121	--	99.9121	--	60,242	165,313	12,126	57,061	1,132,946	--	--	371,972	
Fancy Investment	S.A.	Avenida 18 de Julio, 841 Montevideo (Uruguay)	Financial	100.0000	--	100.0000	--	11,024	(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	--	(12)	48	61	--	--	--	
MAPFRE Inversión	S.A.	Ctra.Pozuelo, 50 Majadahonda - 28222 Madrid	Securities company	0.0009	99.9120079	0.0009	99.9120079	33,055	4,705	(4,134)	55,663	2	--	--	1	
MAPFRE AM Investment	S.A.	Ctra.Pozuelo, 50 Majadahonda - 28222 Madrid	Holding	100.0000	--	100.0000	--	15,000	--	64	-256	15,000	--	--	4	
MAPFRE Asset Management	S.A.	Ctra.Pozuelo, 50 Majadahonda - 28222 Madrid	Real estate investment management firm	0.047	99.89741371	0.047	99.89741371	2,043	2,155	(10,366)	41,481	2	--	--	1	
MAPFRE ESPAÑA	S.A.	Ctra.Pozuelo, 52 Majadahonda - 28222 Madrid	Insurance and reinsurance	83.5168	16.4825	83.5168	16.4825	564,624	260,206	295,925	6,253	3,050,931	--	--	231,063	
MAPFRE Global Risks	S.A.	Ctra.Pozuelo, 52 Majadahonda - 28222 Madrid	Insurance	100.0000	--	100.0000	--	20,132	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	Accumulated impairment	Dividends received
				Direct	Indirect	Direct	Indirect				Earnings from operations	Other earnings				
Clube Mapfre do Brasil	LTDA	Avenida dos Autoconstrutores, 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	--	--	--
Desarrollo Urbano	S.A.	Ctra. 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.	Ctra. Pozuelo, 52 Majadahonda - 28222 Madrid	Financial	100.0000	0.0000	100.0000	0.0000	216	49	--	--	11	267	--	--	--
MGR Agencia de Suscripción	S.A.	Ctra. Pozuelo, 52 Majadahonda - 28222 Madrid	Insurance and reinsurance	100.0000	0.0000	100.0000	0.0000	60	--	--	2	(7)	60	--	--	--
Premieren Price Comparison Holding	LTDA	Ty Admiral 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).