



MAPFRE POSTS EARNINGS OF 271 MILLION EUROS
FOR THE FIRST HALF, AFFECTED BY COVID-19

KEY POINTS FROM THE FIRST HALF OF THE YEAR

- **The cost of reported claims related to COVID-19 exceeds 153 million euros.**
- **Resilience of the insurance units: earnings are up 12.7 percent to 429 million euros.**
- **Group revenue amounts to 13.28 billion euros (-11.8 percent) and premiums reach almost 11 billion (-12.3 percent) in a context of global economic stagnation.**
- **Spain (218 million euros), the USA (66 million euros) and Brazil (60 million euros) are the largest Group earnings contributors.**
- **Independent business owners and SMEs in Spain receive over 55 million euros in insurance discounts to deal with the consequences of the coronavirus.**
- **The solvency ratio to March stands at 177.2 percent.**

MAPFRE's revenue for the first six months of this year amounted to 13.28 billion euros, an 11.8 percent decrease compared to the same period last year, while premiums totaled 10.98 billion euros, down 12.3 percent. This decrease falls within the context of the economic downturn caused by the COVID-19 crisis, which began in mid-March and intensified throughout the second quarter of the year, affecting all countries. However, there are three factors that determined the 1.55 billion reduction in premiums, namely:

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- The impact of currency devaluations, particularly the Brazilian real, which resulted in total premium reductions of 580 million euros.
- The Pemex two-year policy, worth 445 million euros, which was issued in 2019.
- The 412-million-euro reduction in Life-Savings premiums in Spain.

Earnings were also affected by this situation and the Group's result at the end of June was 271 million euros, 27.7 percent lower than the result obtained between January and June of the previous year. The result was strongly impacted by COVID-19 claims recorded in the Reinsurance Unit, the cost of which amounted to almost 87 million euros gross, as well as by the earthquakes in Puerto Rico (83 million euros gross) and Storm Gloria in Spain (22 million euros gross). In the insurance units, COVID-19 is expected to have a neutral effect on MAPFRE, with a decrease in the frequency of Automobile claims, compensated for mainly by direct claims in Burial and Health.

Since the beginning of the crisis, MAPFRE has mobilized resources and taken measures to guarantee both the protection of its employees and business continuity (for which it has earmarked 24 million euros), but it is not yet possible to know the true extent of this crisis. However, the strength of MAPFRE's balance sheet, its high levels of capital and solvency, as well as its liquidity position and the availability of additional funding mean that the impact on the Group will be limited.

The Group's combined ratio at the end of June was 96.7 percent (+0.8 percentage points compared to a year ago), a significant improvement compared to March of this year. It is important to note that the lockdown implemented due to the COVID-19 crisis has led to reduced automobile claim frequency in all countries, although the same frequency has risen in other lines, such as Health and Burial in Spain. The reinsurance business line has been most affected by claims related to COVID-19, with an attributable net impact of 57 million euros on this business, of which 50 million derive from business interruption coverage and the remainder from the credit line.

The Group's equity stood at 9.54 billion euros at the close of June, 5.6 percent lower than in December 2019, while shareholders' equity totaled 8.34 billion euros, down 5.8 percent from December of last year. Total assets were 70.17 billion euros, down 3.2 percent from the close of 2019, as a result of the fall in stock markets, currency depreciation, and reduced activity.

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Group investments stood at 51.35 billion euros at the end of the first half of the year, 4.1 percent less than in December 2019. The majority of these investments, 55.3 percent (28.4 billion), pertain to sovereign debt, while 18.5 percent (9.48 billion) are in corporate fixed income and 4.8 percent (2.45 billion) are in equity.

The solvency ratio stood at 177.2 percent in March 2020, with 85.5 percent Tier 1 (highest quality) capital, highlighting the Group's strength and stability and continued management capacity. These levels remain within the tolerance limits set by the Board of Directors, which will facilitate MAPFRE in dealing with this situation and allow it to take appropriate measures to reduce the consequences of this crisis.

1. Business performance:

The Insurance Unit's premiums between January and June of this year amounted to 9.1 billion euros, a 14.4 percent decrease compared to the same period last year, principally due to the global economic standstill that has resulted from the COVID-19-crisis. Earnings at the insurance units however, increased by 12.7 percent to 429 million euros, proof of the resilience of the Group's core business. The Insurance Unit's combined ratio stood at 93.8 percent.

- The Iberia Regional Area (Spain and Portugal) premiums in the first six months of the year amounted to 3.98 billion euros, 8.3 percent less than in the first half of the previous year. Spain remains the Group's driving force in terms of earnings, with a contribution of 218 million euros to overall earnings.

It is important to emphasize that a range of support measures for clients has been implemented to help them deal with the COVID-19 situation and that the insurance discounts for independent business owners and SMEs in Spain already exceeded 55 million euros by June.

The insurance business in Spain also contracted by 8 percent, with premiums standing at 3.91 billion euros. In the Automobile line, premiums fell by 5.8 percent to 1.09 billion, with a significant decrease in the combined ratio (12.1 percentage points) to 81 percent, as a direct result of the lockdown and lack of related economic activity.

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In the Homeowners business however, cumulative growth to June was 4 percent, and 8 percent for Condominiums, while commercial lines registered a 14.3 percent increase in premiums during the first half of this year.

A good growth rate is being maintained in the Health and Accident line, with premium volume of 618 million euros, up 4.6 percent.

MAPFRE VIDA's premiums stood at 911 million euros (-30.8 percent) at the end of June, influenced by low interest rates, which makes it difficult to sell Life-Savings products, and reduced issuing in the bancassurance business. Nevertheless, the strong performance of Life Protection products stands out, growing 4.2 percent. Pension funds equity fell by 2.7 percent to 5.33 billion euros, while that of mutual funds and others stood at 3.46 billion, 3.8 percent less than the end of December the previous year.

- Premiums in the Brazil Regional Area stood at 1.61 billion euros, 21.6 percent less than the same period last year. In local currency however, the business remained stable. Net earnings for this regional area rose by 23.4 percent to 60 million euros, and there was a significant improvement of almost 3 percentage points in the combined ratio, which stood at 88.8 percent, influenced by reduced claim frequency in June in the Automobile line and agricultural insurance, although this increased in other areas, such as industrial and simple risks. It is important to note the positive development in the result of the Automobile business, which closed the half-year with a profit of 5.7 million euros, compared to losses of 10 million euros in June 2019.
- The LATAM North Regional Area business fell by 29.2 percent to 887 million euros in premiums. This fall is due in part to the renewal of the Pemex multi-year policy, which took place in June 2019. Excluding this, premiums in the region would have grown by 9.9 percent. It is also important to note the positive trend in earnings for this regional area, which were up 50.8 percent to 44 million euros, and the improvement of more than 5 percentage points registered in the combined ratio, which stood at 87.8 percent.

In Mexico, premiums amounted to 450 million euros, showing a 51.9 percent drop. Despite this, the performance of the Life-Savings business

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(+48.3 percent) stands out. Business earnings in Mexico to June rose 45.4 percent to 21 million euros.

The Dominican Republic doubled revenue to 175 million euros, driven by the incorporation of the Ars Palic health business, while Panama recorded premium growth of 20.3 percent, to 124 million euros.

- The LATAM South Regional Area premiums stood at 727 million euros at the end of June, down 10 percent as a result of the depreciation of the region's major currencies: the Colombian peso (11.4 percent), the Chilean peso (16.2 percent), and the Argentine peso (39 percent). In fact, issuing in local currency grew by more than 20 percent in most countries. Earnings for this regional area grew 6.4 percent to 27 million euros, while the combined ratio also improved by almost 2 percentage points to 93.9 percent.

It is important to highlight the positive performance in Peru, which, despite seeing premiums decrease by 11.5 percent to 253 million euros, remains the region's largest contributor to Group earnings, with 10 million euros.

- In the North American Regional Area, premiums totaled 1.12 billion euros (-8.2 percent), with an attributable result of 53 million, which is 16.8 percent higher than the same period last year. The combined ratio also improved, standing at 99.1 percent.

In the United States, where Automobile claim frequency decreased significantly in June, premiums fell by 10.1 percent during the first half of the year to 897 million euros, as a result of both the lockdown measures and the withdrawal from some states carried out in 2019. The trend in performance remains positive, with earnings rising by 87.2 percent to 66 million euros.

In Puerto Rico, the business remained stable during the first six months of the year, with premium volume of 219 million euros. The net result was however negative because of the two earthquakes the country suffered in the first half of the year, with a net impact on the insurance business of 26 million euros.

- EURASIA Regional Area premiums stood at 776 million euros (-18.4 percent). In addition to economic stagnation arising from COVID-19, the sharp depreciation of the Turkish lira (12.6 percent) has also had a significant impact on this region's performance. This regional area returned

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to positive earnings, delivering a profit of 23 million euros, with a highly significant improvement of close to 11 percentage points in the combined ratio, which stood at 97.1 percent.

In Turkey, premiums were 182 million euros (-24.3 percent) and earnings amounted to 14 million, (compared to a loss of 3 million last year). In Germany, premiums grew by 3 percent to 215 million euros, while Italy, (the first European country to be significantly affected by COVID-19), posted premium volume of 181 million euros (-31.7 percent).

The Reinsurance Unit's premiums at the half-year close were 2.12 billion euros (-5.1 percent), producing a negative result of 48 million as a consequence of the cost of claims arising from COVID-19 (57 million), the earthquakes in Puerto Rico, and the effects of Storm Gloria in Spain.

MAPFRE GLOBAL RISKS premiums were up by 38.8 percent to 787 million euros. The negative result (4 million) was influenced by the impact of the earthquakes in Puerto Rico (9 million net).

Lastly, the Asistencia Unit's revenue fell by 22.4 percent to 386 million euros. The result (-13 million euros) was influenced by claims for travel cancellation, the cost of which exceeded 18 million euros.

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MAIN CONSOLIDATED FIGURES

Results	Million €		% Var. 2019 / 2020
	6M 2019	6M 2020	
GROSS WRITTEN AND ACCEPTED PREMIUMS	12.528,3	10.982,7	-12,3%
Non-Life	9.704,0	8.762,8	-9,7%
Life	2.824,3	2.219,9	-21,4%
TOTAL CONSOLIDATED REVENUES	15.051,1	13.277,0	-11,8%
RESULTS BEFORE TAX	749,2	536,5	-28,4%
RESULTS AFTER TAX AND NON-CONTROLLING INTERESTS	374,5	270,7	-27,7%
EARNINGS PER SHARE (euro cents)	12,16	8,79	-27,7%

Balance Sheet	Million €		% Var. 2019 / 2020
	12M 2019	6M 2020	
TOTAL ASSETS	72.509,9	70.171,2	-3,2%
ASSETS UNDER MANAGEMENT	63.637,9	60.889,9	-4,3%
SHAREHOLDERS' EQUITY	8.854,3	8.341,6	-5,8%

Premiums	Million €		% Var. 2019 / 2020
	6M 2019	6M 2020	
IBERIA	4.337,4	3.977,7	-8,3%
LATAM	4.115,7	3.225,4	-21,6%
INTERNATIONAL	2.166,9	1.891,6	-12,7%
TOTAL INSURANCE	10.620,0	9.094,7	-14,4%
REINSURANCE AND GLOBAL RISKS	2.804,1	2.910,0	3,8%
ASISTENCIA	452,2	337,7	-25,3%
Holdings, eliminations and other	(1.348,0)	(1.359,7)	-0,9%
MAPFRE S.A.	12.528,3	10.982,7	-12,3%

Attributable Result	Million €		% Var. 2019 / 2020
	6M 2019	6M 2020	
IBERIA	231,7	221,2	-4,6%
LATAM	103,5	131,2	26,8%
INTERNATIONAL	45,0	76,2	69,3%
TOTAL INSURANCE	380,2	428,6	12,7%
REINSURANCE AND GLOBAL RISKS	84,9	(51,7)	-160,9%
ASISTENCIA	(5,6)	(13,3)	-138,8%
Holdings, eliminations and other	(85,0)	(93,0)	-9,4%
MAPFRE S.A.	374,5	270,7	-27,7%

The Alternative Performance Measures (APMs) used in the report, which refer to financial measures not defined or specified in the applicable financial reporting framework, along with their definition and method of calculation, can be found on our website at the following address: <https://www.mapfre.com/corporativo-es/accionistas-inversores/informacion-financiera/medidas-alternativas-rendimiento/>

For more information, please visit <https://noticias.mapfre.com/en/>

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