



Madrid, December 29, 2021

**SPANISH SECURITIES AND EXCHANGE COMMISSION**

**PRIVILEGED INFORMATION**

In line with the current provisions, please find attached privileged information for shareholders and the public in general.

Ángel L. Dávila Bermejo  
General Counsel

**Termination of the  
bancassurance agreements  
with BANKIA and business  
restructuring in Spain**

December 29, 2021



**MAPFRE**

Your trusted global insurance company

# Overview

- Total proceeds received by MAPFRE for the sale to CAIXABANK of 51% of BANKIA VIDA (BV), as well as for the termination of the agency contract for the distribution of Non-Life insurance amount to €571 mn. This sum corresponds to:
  - 100% of the market value of MAPFRE's 51% stake in BV (€294 mn) and the Non-Life insurance business (€225 mn), as determined by an independent appraiser
  - Plus 10% (≈€52 mn) that corresponds to MAPFRE for the termination of the alliance as a result of BANKIA's merger
- Arbitration is sought for MAPFRE's right to receive an additional 10% of the value of the Life and Non-Life businesses if, according to the bancassurance agreements signed, the termination of the alliance as a result of BANKIA's merger constitutes a circumstance (e.g. change in control) that grants MAPFRE the right to receive 120% of the valuation, instead of 110%, as CAIXABANK affirms, as it considers the merger as an extension of the BANKIA network
- MAPFRE disagrees with the market value assigned to BANKIA VIDA business

## Compensation

- Part of the proceeds received will be used to improve operational efficiency and reduce financial expenses, resulting in annual savings of over €46 mn
- MAPFRE reaffirms its commitment to return to the pre-Covid dividend level as soon as possible
- Investments will continue to be made in the business, analyzing both organic and inorganic opportunities, with a focus on strategic markets and channels

## Use of proceeds

# MAPFRE disagrees with the market value assigned to BANKIA VIDA business

## Valuation multiples – BANKIA VIDA

Valuation	294
Equity <sup>1</sup>	321
MCEV <sup>2</sup>	365
Valuation/MCEV	0.8 x
Valuation/Equity	0.9 x
X times earnings (PER) <sup>3</sup>	4.4 x

The figures reflect MAPFRE's 51% stake in BV

(1) At 12.31.2020 (2) Market Consistent Embedded Value at 12.31.2020. Includes the equity value of the company, plus the present value of future profits of the portfolio in force (3) 2020 result

- It is a very profitable company distributing dividends every year
- Its financial statements have been audited with a favorable opinion
- There was a perpetual exclusivity agreement for the distribution of Life insurance through BANKIA's former branch network
- Its *MCEV*<sup>2</sup>, verified by an actuarial expert, amounted to €715 mn. This value does not include the future profits from new policies resulting from the exclusive distribution agreement.

Notice is hereby given of **MAPFRE's express disagreement with the market value of the Life insurance business** determined by the independent appraiser, as it does not follow the instructions given by the parties for its calculation, and accordingly MAPFRE will exercise the necessary legal actions to defend its legitimate rights

# Impacts on MAPFRE's financial statements

## 1. Transaction profit (€171 mn)

- €141 mn correspond to the capital gain from the closing of the transaction
- €30 mn correspond to the result attributed to MAPFRE for the 51% stake in BV from April to the closing date

mn€	Compensation	Gross gain <sup>1</sup>	Transaction profit		▶ €171 mn
			Net gain <sup>2</sup>	Net result since April <sup>2</sup>	
<b>TOTAL</b>	<b>571</b>	<b>191</b>	<b>141</b>	<b>30</b>	
MAPFRE VIDA	324	0	-1	30	
MAPFRE ESPAÑA	247	191	141		

## 2. Impact on year-end result due to accounting reclassification (€31 mn)

- Following the deconsolidation of the subsidiary, an additional €31 mn will be reflected in the consolidated result as a consequence of the reclassification of BV's unrealized capital gains from valuation adjustment reserves to year-end results, in line with IFRS 10 criteria
- This will have a neutral impact in equity

## 3. Potential contingent assets and revenue (€52 mn)

- Arbitration is sought for MAPFRE's right to receive an additional 10% of the value of the Life and Non-Life businesses if, according to the bancassurance agreements signed, the termination of the alliance as a result of BANKIA's merger constitutes a circumstance (e.g. change in control) that grants MAPFRE the right to receive 120% of the valuation, instead of 110%, as CAIXABANK affirms, as it considers the merger as an extension of the BANKIA network
- It will be accounted in P&L as soon as the real collection right is recognized (expected to be settled in 2022)

1. Before taxes and minorities  
 2. After taxes and minorities, to the last closing figure known (11.30.2021)

# Business and debt restructuring > contributing to future profitability (I/II)

## Transformation of operating model in Spain

1

- Leaner and more efficient operating model (MAPFRE ESPAÑA and MAPFRE VIDA)
- Advances in digitalization, automation and process streamlining
- **€100 mn** for a new voluntary retirement program provisioned in December 2021, in addition to the €75 mn provisioned in June 2021, to be executed between 2022 and 2023
- Payback period: 5 years

2

## Business model transformation in Italy

- Adapting to current business needs
- Currently in analysis and quantification phase

3

## Optimization of debt structure to current financial needs

- Tender offer carried out in December, cancelling ≈€143 mn nominal amount of outstanding senior debt (May 2026 maturity), with a total net impact of **-€9 mn\*** in P&L in 2021
- Flexibility to adapt syndicated credit facility to financing needs

## Business and debt restructuring > contributing to future profitability (II/II)

<b>Breakdown of savings</b>	2021	2022	2023	2024	2025*	Acc. 2021-25
Restructuring plan - Spain	3	22	39	44	44	152
Restructuring plan - Italy	Pending quantification					
Financial expenses**	-	2	2	2	2	9
<b>Total</b>	<b>3</b>	<b>24</b>	<b>41</b>	<b>46</b>	<b>46</b>	<b>161</b>

\* Savings from restructuring plans will be recurrent in following years, while savings from financial expenses correspond to debt maturing in 2026

\*\* Estimates subject to potential changes

## Closing remarks > focus on three priorities



### Shareholder value

- Commitment to sustainable dividend path
- Flexibility to invest in future growth with a focus on core markets



### Leaner and more efficient operations

- Adapting the new operating model to changes in clients, channels and market context



### Financial flexibility

- Optimize debt structure to current financial needs





# Investor Relations

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## Upcoming events – Q1 2022\*:

13 January	BNP Spain Investors Day
17 January	Pre-close call
20 January – 9 February	Blackout period
10 February	Results release
11 March	AGM
15-17 March	Morgan Stanley European Financials Conference

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