S&P Global
Market Intelligence

# Mapfre, S.A. BME:MAP

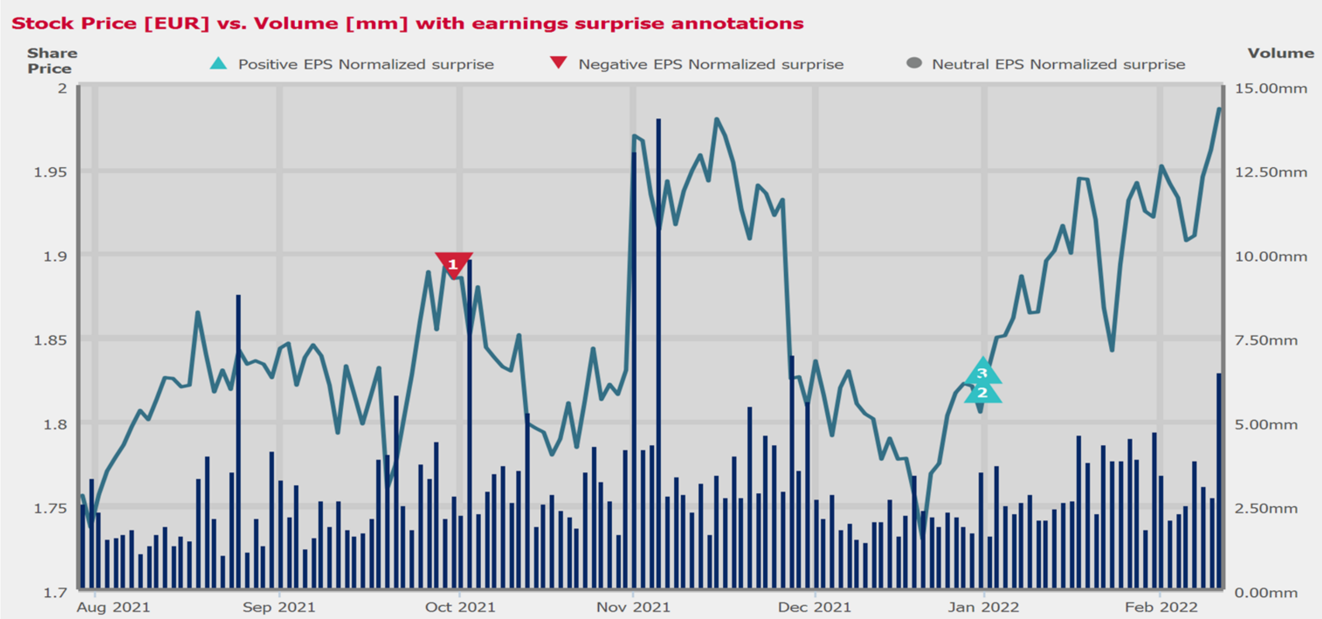
# FY 2021 Earnings Call Transcripts

## Thursday, February 10, 2022 11:30 AM GMT

## S&P Global Market Intelligence Estimates

| | -FQ4 2021- | | | -FQ1 2022- | -FY 2021- | | | -FY 2022- |
|---|---|---|---|---|---|---|---|---|
| | CONSENSUS | ACTUAL | SURPRISE | CONSENSUS | CONSENSUS | ACTUAL | SURPRISE | CONSENSUS |
| **EPS Normalized** | 0.07 | 0.10 | ▲42.86 | 0.13 | 0.23 | 0.25 | ▲8.70 | 0.23 |
| **Revenue (mm)** | 5391.24 | 5522.60 | ▲2.44 | 6080.08 | 21922.76 | 22154.60 | ▲1.06 | 21999.76 |

Currency: EUR
Consensus as of Feb-10-2022 9:07 AM GMT




| - EPS NORMALIZED - | | | |
|---|---|---|---|
| | CONSENSUS | ACTUAL | SURPRISE |
| **FY 2021** | 0.23 | 0.25 | ▲8.70 % |

# Table of Contents

# Call Participants

### EXECUTIVES

**Antonio Huertas Mejias**
*Chairman & CEO*

Felipe Navarro López de Chicheri
*Head of Capital Markets & Investor Relations and Treasurer*

**Fernando Mata Verdejo**
*Group CFO & Director*

### ANALYSTS

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# Presentation

Felipe Navarro López de Chicheri
*Head of Capital Markets & Investor Relations and Treasurer*

Good afternoon, everyone, and welcome to MAPFRE results presentation for the full year 2021. The is Felipe Navarro, Head of Investor Relations and Capital Markets as well as Corporate Treasure.

It's a pleasure to have the opportunity to see you again in person. And we want to welcome especially those who have come today to MAPFRE's auditorium to attend this event. Hopefully, we can return to normality in the coming months, and we'll be able to gradually resume personal contact with all of you. For safety reasons, all the people in this room have been tested before being admitted.

On this special occasion, it's a pleasure to have Mr. Antonio Huertas, our CEO. He will give us an overview on the key highlights of the year as well as some reflections on performance during the last strategic plan. For more details about the new strategic plan, you'll have to wait to our next AGM that will be held on March 11. On our website, you will find more details about the AGM agenda together with the full year disclosure and annual report. It is always a pleasure to introduce Fernando Mata, our CFO, who will walk us through the main financial trends.

Before we start, let me explain some organizational details. This time, you will have access to interpretation services, both here and at home. So please feel free to choose the language that better suits you, either English or Spanish.

As usual, at the end of the presentation, we will open the Q&A session. The questions can be made either in English or Spanish. For those of you who are here with us today, you will have the opportunity to ask your questions in person. And for those of you connected online, you can participate with the "Ask a question" link in the bottom of your screen. We will try to answer all the questions as time allows. The IR team will be available to answer any pending questions after the call.

Now let me turn the call over to our CEO. Antonio, the floor is yours.

**Antonio Huertas Mejias**
*Chairman & CEO*

Thank you, Felipe. I hope you are staying healthy. It's my pleasure to be here with you today. As Felipe said, this event that once again it's taking place in person. The first thing I would like to say that we are very, very happy with our results. Our development during the last year has been very, very positive. But let me now say a few words about the last 4 quarters before to analysis the whole year and even the development of our last 3-year strategic plan.

First, we saw, during the last quarter, a significantly lower impact from COVID in the Life Protection and Health claims in Lat Am. In Brazil, Mexico, we expect the improving trends to consolidate, but we will have to see how Omicron develops in the Americas during upcoming months. Thanks to the -- thanks to growing vaccination rates, we expect a similar pattern in Europe with high infection rates, but putting less stress on health care systems and lower mortality rates.

Also, there has been an increase in the Motor combined ratio across geographies, driven by the economic recovery and increased mobility. The pressure on average premiums during the last 2 years, as a result of premium discounts and other rebates implemented during the pandemic to protect our portfolio, also put pressure on the ratio. These discounts will continue to be phased out and we will closely monitor inflation.

Also, improving trends in Homeowners also helped mitigate the increase in Motor trends and top line -- general top line performance was outstanding. In Iberia, there was a strong growth in Non-Life, especially Commercial and Condominiums, but also in Motor, we beat all the markets in the largest line where we operate. The Life Savings business had a good quarter on the back of large group like policies.

MAPFRE RE was also growing in double digits, supported by tariff increases. January renewals have taken place in positive terms. Finally, in Brazil, premiums were up with a strong bancassurance performance. Results were also strong, especially in Iberia and Brazil, despite normalization of Motor trends, where reinsurance benefited from the absence of relevant NatCat losses.

We actively managed our portfolio, which allowed us to continue opportunistically, realizing gains during the fourth quarter, especially in equity, reaching over EUR 50 million. This is evidence of a well-diversified portfolio and successful investment management. Furthermore, we still have over EUR 100 million of unrealized gains left in our actively managed Non-Life portfolios in the euro area and North America.

We have also reached a turning point in our fixed income portfolio. After year-on-year declines on yields, we have seen stability in Europe and even increases in some Latin American markets. We have also taken the opportunity to reduce duration.

Finally, we closed our agreements with Bankia, helping us with the proceeds to reinforce efficiency process. Excluding the impact of restructuring, we finished the year with spend ratio under 28%. In conclusion about the fourth quarter, this quarter results give us reasons to be very positive with our outlook for 2022.

Let me continue now by giving you an overview of the key highlights of 2021. We have returned to growth in our main markets, any market share, but with a disciplined approach. We are also benefiting from a more stable evolution of currencies.

Revenue performance was outstanding, reaching over EUR 27 million. Total premiums are up over 8% and the insurance business has grown by 9% with outstanding performance in Spain. MAPFRE has recorded a 10% increase and premiums in Brazil were up by 15% in local currency.

Profitability has also been strong, meeting important metrics of our 2021 guidance. We can boast EUR 765 million net result, up by 45%. The ROE was up nearly 3 percentage points, reaching 9%. Performance at insurance units was also outstanding, supported by active management of our investment portfolio and the extraordinary income from the Bankia resolution, offsetting the losses from COVID claims, especially in Life premiums in Lat Am as well as NatCat events. We are also quite satisfied with the performance at MAPFRE RE, which has returned to robust profitability.

Transformation is also one of our main priorities. We are streamlining our business model and structure while leveraging the benefits of diversification. We continue prioritizing spend reduction. In December, we announced additional restructuring in Spain and Italy, provisioning over EUR 200 million throughout the year.

In Spain, we are adapting our operational model to changes in our clients, channels and the context market. This new model is the result of advances in digitalization as well as the need to centralize several functions, including underwriting and claims management. New technologies will allow us to work with more efficient structures and centralized management.

In Italy, as you know, the dealership channel was considered nonstrategic and we are adopting our structure while investing in a plan to move towards a pure digital operation, replicating the business model currently used in Spain and Germany.

There have been also smaller restructuring plans executed in the system business as well in Latin America with a more limited impact on results. We are also focused on our footprint, and we are selling operations in nonstrategic countries in the assistant care business, with recent announcement of the sale of InsureandGo business in Australia. We are also realigning our reinsurance position in Asia.

Furthermore, in the U.S., in the fourth quarter, we continued moving ahead in our exit of the state of Florida. We have also signed an exclusive agreement with AAA in Washington and Northern Idaho for Homeowner and car insurance distribution in line with our support to this alliance with this important Motor Club in the U.S.

As for the Bankia transaction, we have now closed the chapter. And now more than ever, we will be focused on new business opportunities and growing profitably.

Finally, we are committed to creating sustainable value for our shareholders. The Board has proposed a final dividend of EUR 0.085 to be approved at the AGM in March. Together with the EUR 0.06 that we paid in November, this brings the total dividend paid against 2021 fiscal year to pre-COVID levels at EUR 0.145, which is what we have promised to deliver. We can't emphasize enough the strength of our commitment to our shareholders. Yet, as a reference for the last 5 years, our dividend yield has outperformed the index by over 2 points and has not gone below 4.5% in the last 10 years.

Now a brief overview about our development during the last 3 years. The 3-year strategic plan was strongly affected by changes in the economic and market context as a result of the pandemic. Obviously, we provided annual guidance for 2021 to give a clearer view of how MAPFRE could evolve in this new context based on our outlook at the beginning of the year.

On the revenue side, we outperformed guidance, reaching over EUR 27 billion when we had expected flat performance during the year. Growth has been excellent, underpinned by strong commercial activity, the economic recovery as well as supportive reinsurance pricing. We had guided to 3% growth in insurance units and we finished the year at 9% despite challenging market conditions, which is a proof of successful commercial strategy and the trust of our clients. Additionally, we finished the year with an adjusted result in excess of our EUR 700 million target, excluding the net impacts from Bankia.

Most importantly, we have continued to reiterate our strong commitment to shareholders, returning to pre-COVID dividend levels with a payout above 50%. We have achieved this while maintaining an excellent solvency and liquidity position. We have consistently met our 50% minimum payout commitment since 2012, even in the worst moment of the COVID-related crisis. It has been possible, thanks to our strong solvency and financial flexibility and continuous dividend upstreaming from the business units.

We had guided to an adjusted ROE of 8.5%, excluding the impacts from Bankia. We closed the year slightly lower at 8.3% due to the pandemic impact in Lat Am together with continuous restructuring and rapid normalization of Motor mobility. The combined ratio closed 2021 at 97.5%. Adjusting for restructuring costs, the ratio was 96%, 1 point above guidance, mainly due to the fast-changing trend in Motor and NatCat losses. All in all, we are quite happy with the results this year throughout the entire 3-year plan given the challenges faced and the constantly changing environment.

Thank you now, and I will hand the floor over to Fernando, please.

**Fernando Mata Verdejo**
*Group CFO & Director*

Thank you very much, Antonio. Good afternoon, everybody, and good morning to those in the Americas. Now I will comment on some of the full year figures.

Premiums are up over 8% in euros. There is a slight difference from the advanced figure released in January due to minor accounting adjustment that affects mainly in North America from -- we published a 7.8% growth in premiums and the final number is 8.2%.

At constant exchange rates, growth was 10.7% with some trends in both Non-Life and Life. So currency movements reduced growth by approximately 3 percentage points with the average exchange rates for the U.S. dollar down around 3% and the Brazilian real down around 6% on the year.

On the other hand, you know well, the renewal of a multiyear policy in Mexico added over 2 points to growth. The combined ratio was affected by the return to a pre-COVID mobility levels as well as the provision booked for restructuring in Spain and Italy throughout the year, of which EUR 173 million were allocated to Non-Life and another EUR 28 million were allocated to Life. Excluding this provision, the Non-Life combined ratio would be 96.1% for the group and 95.6% at insurance units.

Regarding the attributable result and ROE, both metrics were already commented on by Antonio. And finally, shareholders' equity is slightly down on the year, mainly due to the reduction of unrealized capital gains due to the rising interest rates.

The pandemic and the economic scenario is bringing more complexity to our operations and producing a wider range of individual extraordinary items. We know that this can make it difficult to follow the underlying trends. And in order to provide more clarity, we have classified these extraordinary impacts into 2 different categories. The first comprises large nonoperating transactions which are usually nonrecurring. These include, for 2020, a goodwill write-off following recommendation for prudence sake from ESMA. And for 2021, an extraordinary gain from the termination of the Bankia agreement and the related restructuring costs.

Adjusting for these impacts, the attributable result would have reached EUR 703 million in 2021, up almost 7%. Please bear in mind the additional 10% compensation from the termination of the Bankia agreement, which will amount to EUR 52 million before taxes and minorities, is still pending arbitration.

The second category of extraordinary items referred to those linked to the ongoing business management, such as individual significant losses like NatCat claims and COVID losses in both the reinsurance and the Life business in Lat Am.

This category also comprises a capital gains realized on the equity portfolio in Iberia and MAPFRE RE and the USA. We took advantage of favorable equity markets throughout the year to compensate the above-mentioned large losses.

Gains in actively managed portfolio were around EUR 140 million, significantly up on the year. And even so, at the end of December, there were still over EUR 100 million pretax of unrealized gains in equity in our actively managed Non-Life portfolio in the euro area mainly and North America. Full disclosure of the different components of these items are included in the Annex. And also, we have included a full disclosure of the Bankia again and the related restructuring costs with a comparison with preliminary figures that we presented in December.

During 2021, insurance operations contributed over EUR 18 billion in premiums and over EUR 700 million in results to the group with an adjusted combined ratio of 95.6%. There have been 2 main trends related to the pandemic: first, in Latin America, the Life Protection and Health businesses were still heavily impacted by COVID claims; and secondly, as the Chairman -- as the CEO said, motor mobility and related frequency has almost converted to pre-pandemic levels across all geographies.

Let's go with Iberia. I would like to highlight the positive performance of these units. Premiums are up 8.5%, outperforming the market in both Life and many Non-Life segments. We're growing over 1% in Motor, while the market is down 1%, with vehicles insured up nearly 4%. Growth is also robust in other segments with high single-digit growth in Health, Condominiums and Commercial lines. Combined ratio has increased to 98% with a 3 percentage point impact from restructuring plans. Adjusting for this, the ratio was 94.9%, up 3 points during the year.

The increase is due to both higher motor mobility, especially during the fourth quarter, as well as the impact of premium discounts from the last 2 years on the average premium. The net result was up significantly on the back of the Bankia transaction. And adjusting for this, the net result is still at similar levels as 2020.

In Brazil, premiums were up over 8% and 15% in local currency, with healthy growth trends in Agro, Motor and Life Protection. The attributable result reached over 70 -- sorry, EUR 74 million, although still affected by the impact of the pandemic on Life Protection. Combined ratio remains pretty strong, well under 90%. And the economic outlook continues to improve, and the Selic rate is significantly up. The currency is relatively stable compared to last year, while we're keeping an eye on inflation trends.

Premiums in Lat Am South grew over 11% in euros. And premiums in Lat Am North are up over 8% when excluding the large multiyear policy in Mexico. Local currency growth was solid in most segments and it's worth mentioning Colombia, up 31%; Peru, up over 16%; Dominican Republic, up 9%; and Panama, up 8%. Performance in North America continues to be affected by strong competition, premium rebates and growing mobility trends. In the U.S., we should expect growth to catch up as new rates phase in.

Eurasia, premiums are down due to the nonrenewal of an important dealership distributor in Italy as well as the depreciation of the Turkish lira. All countries have contributed positively to results except Italy, which was affected by the restructuring cost.

And MAPFRE RE premiums are up over 10%, supported by positive pricing trends. The combined ratio is 97%, which was affected by one large NatCat event. You remember Storm Bernd that hit Germany and Central Europe in summer. The net result is up significantly, both in reinsurance, up over EUR 116 million, and also in GLOBAL RISKS, up EUR 19 million.

In assistance, volumes are down over 21%, and we continue with streamlining. The unit, let me say, finally, reached breakeven and next year should be less volatile. At the end of December, some operations are held by for sale in Europe and Asia and which are expected to be closed in the first half of 2022.

This is a slide I would like to comment on the Life business at insurance units. In Iberia, premium performance has been outstanding, thanks to the rollover of product maturities with a focus on unit-linked. There were also several large single premium growth savings policies issued during the second half of the year. And in Brazil, local currency growth was healthy with improving trends throughout the year, helping offset the fall in the currency.

The Life result was relatively stable at 183 million, with an increase in Iberia, offsetting the deterioration in Lat Am as a result of higher Life Protection claims from COVID. In Brazil, mortality has been steadily falling since June, good news, finally reaching a turning point in the fourth quarter. The situation in Colombia and Peru is also improving, while in Mexico, [ claim suspicion ] was still high during Q4.

In Iberia, there have been several extraordinary impacts. Adjusting for the Bankia transaction and restructuring, the result is up over EUR 30 million, mainly due to the release of an unearned provision, probably you remember in June, from the bancassurance channel. There was also a positive impact in the year from the effect of the higher discount rates on provisions.

On the right, you can see the total impact for Life Protection claims in Lat Am in the year was EUR 107 million, of which EUR 42 million were in Brazil. In the rest of Latin America, the strongest impacts were in Mexico, Colombia and Peru. However, trends improved in the fourth quarter, as I said, which makes us more optimistic about the outlook for the coming year.

I would like to say just a few words about assets under management. Spanish service debt -- Spanish service continues to be the largest exposure in our portfolio with EUR 12 billion, followed by Italian debt with EUR 2.8 billion. A large share of these positions are allocated to immunized portfolio.

Investment portfolio is slightly up, mainly due to the rally in equity markets, which helped to mitigate the fall in fixed income investments driven by higher yields with the Spanish bond up over 50 basis points during the year. It is also worth mentioning that around 30% of equity and mutual funds are in actively managed portfolio. And the remaining 70% is in Life portfolios, where the investment risk is mainly borne by third parties.

Our cash position should be highlighted with [ EUR 2.9 billion ] at year-end. 2021 was a great year for the asset management business. Pension and mutual funds are growing 12% and 19%, respectively, both due to market movements as well as net contributions reaching nearly, for both products, EUR 600 million.

On the top are the details of our euro area actively managed fixed income portfolios. Market value of these portfolios is around EUR 12.3 billion. In the Iberian Non-Life portfolio, the yield is around 2%. After year-on-year declines, we have reached a turning point and the yield is up 6 basis points. The yield in MAPFRE RE is also up on the year.

In Non-life, we have reduced duration significantly, over 1 year in Iberia and slightly under 1 year in MAPFRE RE. As a reminder, the loan duration in Iberia Non-Life is mainly due to their Burial portfolio with over EUR 1.7 billion and with duration over 19 years.

On the bottom, you can see the details of the fixed income portfolios in other markets with portfolio yields up around 90 basis points in Brazil, now over 7%, with relatively stability in North America, while in this region, market yields are up over 60 basis points, which makes us more optimistic about reinvestment rates.

Shareholders' equity stood at a little over EUR 8.4 billion, slightly up in the quarter. Currency conversions differences are up EUR 139 million in the year, stemming from a notable appreciation of the U.S. dollar, together with stability in the Brazilian real, with a slightly improving trend during this last 4th quarter. On the negative side, there was a 40% decline in the Turkish lira, which had an important impact on equity, EUR 41 million. On the right, there is a breakdown of currency conversion differences annual movements and the standard sensitivity analysis that we produced.

Net unrealized gains on the available-for-sale portfolio were down EUR 478 million, mainly due to the increase in interest rates in the euro area and also the United States. On the other hand, unrealized capital gains in equity, these are good news, were up by over EUR 60 million. The breakdown of the change by region is as follow: Lat Am, a fall of EUR 144 million; Iberia, down almost EUR 200 million; and MAPFRE and North America, both down around EUR 65 million.

The chart on the left, you can see the breakdown of the capital structure, which is stable year-on-year, amounting to nearly EUR 13 billion. As usual, equity is the largest component, representing over 3 quarters. Leverage is around 24%, slightly higher than the previous year, but within our risk appetite.

As you know, in December, we announced a tender offer targeted at bondholders of MAPFRE senior bonds. As a result, nearly EUR 143 million were bought back. This was temporarily financed with short-term bank debt, which was fully canceled at the beginning of 2022 once the proceeds from Bankia transaction were streamed from Iberia to the Holding. Considering this, the leverage ratio would have been a little over 23%. And as always said, we will continue analyzing opportunities to actively optimize our capital position.

On the right, you can see solvency ratio was a little under 194% at September, near the midpoint of our range, stable in the quarter. We will release full year figures in March, beginning of March, and the ratio should convert to the 200% target as a result of the Bankia transaction.

Well, it's here finally. I know it's quite a little bit complex, but this is the first time we're going to give you some ideas about the new IFRS. I would like to say something about the current status of the IFRS 17 & 9 implementation, which, by the way, is on track, and we'll be ready to go live for 2023. We started the process 3 years ago. Most major decisions at the group level were already adopted. But there will be still some fine-tuning from a local perspective although we are not expecting major changes for business management.

What are the main changes that will be introduced? There will be a new accounting disclosure of insurance contract figures together with changes in valuation methods. In our case, not that big change because around 70% of premiums will be valued under the premium allocation approach, quite similar to the current one; and 5% under the variable fee approach, similar as well. So the remaining 25% will be valued under building block approach, the new methodology brought by the IFRS, but we should expect a limited impact in P&L.

Other changes include the mark-to-market of liabilities, eliminating the need for shadow accounting adjustments and bringing forward potential losses in both assets and liabilities on an ongoing basis.

Finally, there will be a change in the treatment of equity investment in portfolios classified as fair value through OCI. Realized capital gains and losses will be recorded directly in other comprehensive income, OCI, not in P&L as we are doing currently. Furthermore, this investment will not be subject to impairment tests.

Overall, which is the good thing, we do not expect major implication on strategy, business management, investment policies nor risk appetite. We know it is complex. And for the time being, current KPIs for business management will be kept in parallel with the new IFRS KPIs when available because so far, we're still waiting for these KPIs.

For capital management, we do not foresee any impact on dividend upstreaming, leverage or solvency. Regarding fixed income, no relevant impairments are expected and credit rates exposure, particularly in Latin America, will continue to be actively managed. We will keep you, obviously, updated through the year with any news.

Now let me hand the floor over to Antonio for the closing remarks.

**Antonio Huertas Mejias**
*Chairman & CEO*

Yes. A couple of areas more to make some thoughts about our development during the last year. So conclusion, in 2021, we experienced a quite strong growth with excellent performance in our main markets.

First of all, as I said at the beginning of my presentation, we are very satisfied, in general, but more obviously with Iberia, our largest operation. And we are well positioned for profitable growth. We are moving ahead with our transformation and digitalization plans to have a leaner and more efficient operations.

Profitability is robust in the U.S. also, especially in the Northeast, and we are benefiting from a successful restructuring process. The integration of the U.S. assistant operations will bring us scalability benefits, in general, or new business opportunities, while we continue strengthening our growth capacity and multichannel approach.

In Latin America, we successfully adapted our business model to the new environment. The pandemic and economic situation in this region remains challenging, but with a significantly improved outlook. MAPFRE RE is reporting resilient results underpinned by its investment approach and a strong contribution from GLOBAL RISKS together with an improvement of -- improvement in pricing environment. These results have allowed us to meet our main metrics in our -- 2021 and we get close to the other 2.

We are committed to creating long-term value for our shareholders. And thanks to our strong solvency and financial flexibility levels, we have been able to return to our pre-COVID dividend. Sustainable dividends going forward will be supported by positive growth momentum and profitability trends. We will be carefully monitoring the impact of post-pandemic normalization of Motor across markets and implementing tariff measures to help offset this impact.

As I said earlier, we will reveal details and targets for the new strategic plan from 2022 to '24 at our AGM on March 11, which will be focused on growth, accelerating our transformation, continuing to streamline operations, boosting digitalization and implementing new measures to improve Motor profitability.
And no more. Thank you very much for your attention. I will now hand the call over to Felipe to begin the Q&A session. Thank you very much.

# Question and Answer

Felipe Navarro López de Chicheri
*Head of Capital Markets & Investor Relations and Treasurer*

Thank you very much, Antonio. Please let me remind you briefly the details of this Q&A session. First of all, we are honored to have here with us Antonio Huertas, CEO of MAPFRE. As we understand that there will be a lot of moving parts in the numbers of this quarter as a result of the Bankia transaction, we would appreciate if you leave this nitty-gritty of the specific numbers for the IR team after the call. I mean we will be at your disposal.

Those of you who are here in person can raise your hand and we'll give you the floor so that you can ask the questions. For those of you home or at the office, you can use a platform and I will read the questions and if it's possible to ask the questions both in Spanish or English, for your convenience. Don't forget to use interpretation service at your disposal so that you don't miss any details. Just as a reminder, for those here with us in person, please introduce yourselves before asking your questions. It's quite difficult to see with the lights.

And now let's start with the first question. Is there somebody from the floor? Yes.

**Francisco Riquel**
*Alantra Equities Sociedad de Valores, S.A., Research Division*

[Interpreted] I'll be using Spanish. Francisco Riquel from Alantra. Thank you very much for your presentation. Thank you for giving us the chance to come in here and be in person and listen to it live. Thank you once again. Two questions, if I could.

The first one is about your business in Spain and the combined ratio, that 95% or 94.9% that you have reported with those one-offs. The question is, do you think this is sustainable as a ratio, thinking about the inflationary and high-cost environment that we have, particularly for the employment aspect and thinking about property, et cetera, et cetera? Could you perhaps also expand for us on the savings that you will be making for the restructuring plan that you presented today?

And as industry leaders, talk to us about tariffs, could you? You are working on your renewals in the industry, both for Motor and other lines, aren't you?

**Antonio Huertas Mejias**
*Chairman & CEO*

[Interpreted] Anything else?

**Francisco Riquel**
*Alantra Equities Sociedad de Valores, S.A., Research Division*

[Interpreted] I did have another question.

**Antonio Huertas Mejias**
*Chairman & CEO*

[Interpreted] Yes, go on. Go ahead.

**Francisco Riquel**
*Alantra Equities Sociedad de Valores, S.A., Research Division*

[Interpreted] And then there is another question, I think this is the second one. Could you give us some guidance on -- once the Bankia issue is all out of the way, what is your best estimate for the surplus capital that you will have by the close of that process to be able to invest? And what are your strategic priorities for that investment?

**Antonio Huertas Mejias**
*Chairman & CEO*

[Interpreted] I'll answer certainly the first question before passing the floor to my colleague here. Yes, you're right. It's a good combined ratio, but it can always be improved on here in Spain. We're still living through very uncertain times. I'm thinking here about the impact on mobility and the new normality, the new normal, which hasn't really got to its full point.

We haven't yet got back to frequency levels in pre-COVID times. But yes, there is this upward trend definitely in Motor insurance. We've identified this quite clearly.

I'm talking about Motor, yes, all the time. But in this new context, the market tariffs will have to go up, but the level of sophistication in the market pricing that each company has in Spain will allow us to do it one way or another. We are absolutely clear ourselves that we have the ability -- the capability to be able to penalize those bad risks and to be able to give good rates for good risk. The combined ratio for Motor for the end of the year was not that good.

And generally, I would say the business line has performed worse than we usually expect it to perform. But of course, it was an exceptional year, wasn't it? Particularly 2020, when there was hardly any vehicle mobility at all. There were other relevant impacts. You've mentioned yourselves, price increases, inflation and, of course, the impact of the update on the different parameter that we have. But we do think that we can bring the combined ratio figure up to somewhat close to pre-COVID levels.

Of course, we have pressure on ourselves as we are market leaders, but we have shown everyone that we are able to keep a good level of pricing to be competitive, high level of technical expertise, and we can still gain market share.

**Fernando Mata Verdejo**
*Group CFO & Director*

[Interpreted] Yes, let me take that question about the "pricing range." We've always done this. We've always updated it. And I think EUR 10 million has perhaps been the impact there. With no impact at all on the tariff, the inflationary environment isn't that relevant.

And a question about Bankia. We will, of course, devote to earmark EUR 200 million to the restructure. We have to pay our employees. And what else, we're actively looking around, of course. We've said this many times before, we want to grow in our key markets. And of course, the Spanish market is key to us right now. And we would like to also grow in those channels where we have lost our proportional weight in the digital business and bancassurance.

Capital allocation, we don't know that yet. And I think we'd expect perhaps to be close to EUR 200 million. We will be publishing this. We would probably have that figure by the time we get to the shareholders' meeting, and we will disclose the figure in the first week, of course, in January -- March rather, apologies, March.

Savings, we haven't updated the figure yet because of Italy. We haven't got the full figures yet for Italy. As you know, we're still negotiating in Italy. Most of that, of course, will be earmarked for reallocations for suppliers, et cetera. But we still need the final figures from Italy. But I would just say that in December that the figures -- the right ones -- the net effect in 2022 will -- combined all of the effects for restructuring plans everywhere will be EUR 24 million; in 2023, EUR 41 million; and 2024, EUR 46 million.

And that would be the savings that will carry forward. And that will, of course, help us to offset the lack of profit from Bankia, that Life part of the business. So EUR 44 million with the total of the 4 quarters that we -- that is the amount we will not, of course, have on our books in 2022. What we will do is protect our Non-Life portfolio. I'm not sure that's been published probably, but we've lost the new production. Our insurance clients are all there. We will ensure that they will continue to renew their policies and we'll cover their needs. So just -- this is just as what we've done in the past with Barclays and BBVA in the past for other portfolios. So I think we just have to wait.

When we talk about what are we going to bring in new, I think you have to look at what's happened whenever we've seen people go off in the market to competitors. And it's usually because we are not keen on having them. We will continue to protect the ones we have on our books now, Santander, Bankinter. We should perhaps take better -- more advantage of the Bankinter partnership we have with P&C and we've done very little over the last 10 years.

And we really do need to protect our position with CCM. It's now Unicaja after the restructuring process. We've stayed on with that merged bank, and we would hope that in the final phase of the competitive tender that we might be able to do more there.

Felipe Navarro López de Chicheri
*Head of Capital Markets & Investor Relations and Treasurer*

[Interpreted] Well, thank you very much. We have a question that has come in online. Andrew Sinclair from Bank of America is asking, when do you expect the impact of COVID on premiums would appear from pricing?

**Fernando Mata Verdejo**
*Group CFO & Director*

[Interpreted] Well, thank you, Andrew. We've already seen that effect come through in the combined ratio, that is the premium that is not used in early 2021. All those discounts were already canceled, but we still have Q4 to come in, I think. This is a little bit more to be added, but there's no more of those discounts anymore in premiums. And as we've always done, our tariff discounts are always based on the risk profile of the policyholders.

Felipe Navarro López de Chicheri
*Head of Capital Markets & Investor Relations and Treasurer*

[Interpreted] Questions from the floor, please?

José Antonio Tamayo Ascorbebeitia

[Interpreted] José Antonio Tamayo speaking. My question then. Those cost savings that you've told us about today, you mentioned Italy, didn't you? What about Spain? With the announced restructuring here in Spain, what cost savings can we expect due to attain, thanks to that restructuring, or would your combined ratio improve as a result? Will you give us some figures?

And then you were talking about streamlining or simplifying your footprint -- your geographical footprint, which I see you mentioned in the conclusions. What markets, if you can talk about the market specifically, what markets would MAPFRE prefer not to do business in? Or what about your critical mass? Or maybe I could ask this the other way around.

There are 2 markets, USA and Brazil. If you look at the volume of premiums right now, what would be a reasonable profitability that we might expect to get from those 2 markets in a few years' time? Because I can see there's a lot of room for improvement in those countries despite you've got good results this year.

**Antonio Huertas Mejias**
*Chairman & CEO*

[Interpreted] Let me start answering your second question first. The current situation, looking at our MAPFRE, look at our footprint as we move forward, I think we've made that public in insurance, we are where we want to be. That doesn't mean to say that we're happy with what's happening in all the places where we are and we're happy to be in. But it's very, very complex to exit business as an insurance company, you know that.

And remember, in Latin America, we have a regional idea about the business, but sometimes the profitability might not be high enough, but the contribution of value that we're making to be able to service our clients on a regional basis is big. It's true, though, that in other regions and other units, we have that appetite. In the U.S., in insurance, we -- I would say that 95% of our business is now in Massachusetts, where we have a huge competitive edge there to be able to continue growing. And that is the challenge that we have to face now with acceptable levels of profitability. And they're not at that little now. So yes, of course, we have the U.S. position.

In Brazil, we have a plan -- a major plan. Following the reorganization of our partnership with Banco do Brasil, we invested a huge amount to be able to reacquire those B2C insurance business. But then the whole plan really was curtailed by the pandemic. And we have to wait for things to go back to normality in Brazil. It hasn't happened yet in Brazil. There are still lots of ups and downs in the economic recovery there in Brazil and mobility as well.

Nevertheless, we're sure that the plan that we're implementing, which is from be home -- as I said before, we had to put it in the home during the pandemic, will be reactivated and will give us the results that we want. And the platform that we have, there's a great commitment that we're seeing in the figures that we've reported to you, a lot of increase there in the figures. That's why we've had that excellent percentage increase in local currency.

So USA and Brazil, yes, we can prove things there. Nevertheless, there are still strategic operations for us. The challenge, well, we have ASISTENCIA, the assistant business unit. We've exited from 15 countries over the last 3 years. We were in 40 countries before. I mean that's a big step forward. And we've also said that we would leave InsureandGo in Australia. We announced that.

Asia is no longer a strategic priority for us in both of our business lines: insurance and assistance. And we will also say that in Florida, that this is an asset that is available. And all of that would take us to a point where over the next 3 years, we'll be able to maintain our geographical footprint as it is.

We don't want to expand on it, but we want to really build up our business in Spain, USA and Brazil. These are the 3 pillars, in volume terms, of our bottom line. And Mexico, Germany, Puerto Rico, Peru and GLOBAL RISKs and ASISTENCIA that we have the main engines for growth.

**Fernando Mata Verdejo**
*Group CFO & Director*

[Interpreted] The cost savings. José Antonio, I was talking about Spain actually with regards to cost savings because we're still missing the figure for VERTI, which is our recovery of debt.

Felipe Navarro López de Chicheri
*Head of Capital Markets & Investor Relations and Treasurer*

[Interpreted] Thank you very much. We have a question from Maria del Paz Ojeda from Banco de Sabadell. She's asking about Brazil's combined ratio. It's at 88% right now, which seems quite a strong combined ratio. What is the key contribution? Where did it come for -- come from, rather, from the combined ratio? Is that sustainable? What are your expectations for 2023?

**Fernando Mata Verdejo**
*Group CFO & Director*

[Interpreted] It is a great combined ratio, I want to say that first and foremost, that 88%. And the biggest contribution, of course, is the banking channel there in Brazil. As Antonio said, we're still having problems in the Motor insurance line in MAPFRE. It's the agricultural farming business. It's the biggest component there. But of course, the weather is making it very volatile.

If the premiums are at the right level, then you've got the subsidies there from the Brazilian government. And we think if that continues, then, of course, our combined ratio will hold up over time, provided, I was going to say this, things go well. But we haven't started the year off very well because of the [ intermittent ] rain in Brazil and now there's a drought. But this is a business line that up to now has been able to give us and report this excellent combined ratio.

Felipe Navarro López de Chicheri
*Head of Capital Markets & Investor Relations and Treasurer*

[Interpreted] Any other questions here from the floor, Madrid? Well, let's continue with the questions that have been sent in online.

Paz Ojeda is asking about Solvency II. What is the impact of breaking off from Bankia? And will that ratio change?

**Fernando Mata Verdejo**
*Group CFO & Director*

[Interpreted] Paz, we had an estimate that we come up with, which we included in the MD&A. It's in Solvency. We did a stand-alone estimate and we said that between 8 to 10 percentage points, it should be the improvement there. There are a lot of moving parts. We always say that, don't we, when we talk about how you calculate Solvency II.

And in the text, I said that 200%, we -- normal circumstances, we should actually reach that figure, underpinned by the Bankia transaction. But keep that figure in mind, 8 to 10 maybe if it rains slightly less. But we have to, first of all, see everything that happens once Bankia leaves.

Felipe Navarro López de Chicheri
*Head of Capital Markets & Investor Relations and Treasurer*

[Interpreted] Paz is also asking us about our guidance with regard to the targets that we've set out for the realized capital gains, EUR 250 million in the year was the figure. I think we're talking a bit more, aren't we? And the question is, will we be getting back to that public target in 2022, I think, particularly bearing in mind that we have the unrealized capital gains in equity that we filled up in 2021?

**Fernando Mata Verdejo**
*Group CFO & Director*

[Interpreted] That's right. Yes. I think you've interpreted this correctly. We do have high exposure in equities, yes. And that does, however, give us that flexibility that we need. We're able to offset adverse results because of one-off claims or COVID as a result. Last year, we said it was EUR 100 million unrealized capital gains. And we used to say that, didn't we? But it was going up, it's EUR 250 million this time.

And we often say that capital gains is like shaking a tree and the fruit falls off. No, this is active management of an investment, and you have to sell it when the price is high and you have to buy when price is low. It's as simple as that [indiscernible] but you have to get it right. I would even dare to say that EUR 250 million is too much. We've -- I think we hit EUR 140 million in the 3 lines, and we've matched it. I don't know whether you saw the underlying results. We've basically matched up with the COVID impact in Lat Am.

Well, let's also look at IFRS 9. As I said before, we are not -- those unrealized capital gains won't be able to go through the P&L account. And you would expect us to have a lower figure for capital gains in equities. And that would also mean that we have fewer adverse, COVID-related or weather events.

Felipe Navarro López de Chicheri
*Head of Capital Markets & Investor Relations and Treasurer*

[Interpreted] Thank you very much. Any other questions here? If not, we'll carry on with questions that are coming in remotely.

Paz Ojeda once again, from Banco de Sabadell, is asking us about the breakdown of the details of the impact that we have put in related to COVID-19. EUR 37 million in Q4, higher than in Q3. EUR 22 million there were for MAPFRE RE. Could you talk us through the breakdown of that segment and especially to give us a forecast for the next few quarters?

**Fernando Mata Verdejo**
*Group CFO & Director*

[Interpreted] Yes. Thank you, Paz. What we've done has been to put MAPFRE RE COVID impact together with Life Protection in Lat Am because the underlying is the same thing there. It's our coverage. Therefore, deaths basically for Life Protection, fatalities were slightly behind there with regard to the background there. MAPFRE RE has a certain portions of Life Protection in Lat Am.

What happened in Q4 is that we had that time lag there that we -- it's the financial entities of the report [indiscernible] to us. But anyway, the rest can be covered, that positivity can be covered completely at the level of MAPFRE RE and should not affect the final result.

If you look at the trend, though, in our direct insurance information for this operation, that fall off in Q4 and particularly in frequency in December, well, should be seen again in MAPFRE RE, but once again, with that time line, we're slightly behind because of the way [indiscernible] comes in.

Felipe Navarro López de Chicheri
*Head of Capital Markets & Investor Relations and Treasurer*

[Interpreted] Thank you very much. Andrew Sinclair from Bank of America is asking, have you adjusted the price for Life Protection adjustment against COVID-19-related claims or losses? Or are you just hopefully -- putting your trust and hope in the vaccines and maybe the fact that this variant is not as damaging as before that you will go back to the pre-COVID claims ratios?

**Antonio Huertas Mejias**
*Chairman & CEO*

[Interpreted] Thank you, Andrew. Of course, we have to put all of our confidence and trust in our vaccines to help us, but they're not helping the insurance problems. We have to do that. They are helping us out with regard to health problems. And yes, policy by policy, we have to do some intense negotiation. And that's exactly what we're doing in Latin America.

So there is a bit of a time lag there because some of those policies aren't necessarily annual policies. They might be multiyear policies. And so it's not easy -- it's not easy or right to put in increases there for a very short return period to be able to offset what's happened with COVID. But for the last few months -- for months now, we've been reappraising all of our contracts there, policies there to ensure that we get that window for renewals and make sure that we can see the positive impact on tariffs.

We're quite optimistic because we put this in process now. And of course, because of the mortality rate. You're right, the fatality rate of this new variant is lower. And of course, Latin American population, they're younger than the European population we have insured and they're perhaps more resilient and more resistance to the fatality rate. It's about client and customer profile as well. But of course, we did have this adverse circumstance. We don't expect any adverse impact like that this year.

**Fernando Mata Verdejo**
*Group CFO & Director*

[Interpreted] If I could, Antonio. Andrew, at the end of the year, we have our supervisory college meetings attended by representatives of the supervisory bodies from all over the Americas. We had it -- we had a video conference meeting this time. And the perception is very clear on all sides. And the insurance companies and the reinsurance companies, which is often the main distribution channel, as the regulators also see that there is a problem with the tariffs, the payments because, of course, the policies and the premiums that are before did not contemplate a pandemic like this.

And the only way this insurance model can be sustainable in Latin America is to get a consensus on the part of everybody, institutions, consumers, regulators and insurance companies that we have to adapt the risk premium to the pandemic.

Felipe Navarro López de Chicheri
*Head of Capital Markets & Investor Relations and Treasurer*

[Interpreted] Thank you very much, Fernando. We do have a few more questions that are coming in online. [indiscernible] is asking about the future of cyber risk insurance. What are the key risks there?

**Antonio Huertas Mejias**
*Chairman & CEO*

[Interpreted] Quite obviously, we could talk long -- at length about that as we were ourselves hit by a cyber attack, a major one, here in Spain. I think it was about 18 months ago, wasn't it? It was in August. It's a reality, yes. But it's a reality that still has to be developed, thinking about companies and particularly the small and medium-sized companies that are our clients in MAPFRE and even Spain as the country.

The main concern internationally is how can we come up with solutions to this? We form part of, of course, an insurance association working on this. And there are other international institutions that are all trying to suggest solutions, and it's always going to be on the base of a public-private partnership. And we'll never be able to do that otherwise. We'll never be able to come up with the right solutions just on our own practically.

In fact, we can and we have brought out an insurance policy against cyber attacks for small and medium-sized enterprises, and it's been a massive success. We've sold thousands of policies for this on time because it's -- there's been a lot of discussion -- public discussion about these risks and these small and medium-sized companies perhaps don't come to us for this product. But if there is a good product on the market at the right price, they'd pick it up.

I think it will be about perhaps adapting this to the types of businesses and the amount of money they're willing to pay for insurance. I mean cyber risk for a country, I mean it's impossible to ensure that as an overall amount. You have to break it down and fragment it, find partial solutions. It's not just about insurance there, it's about prevention and there's so much more that has to be done in the Spanish business sector here. There's a lot of fragility and vulnerability here.

So I think we need to advocate more information in our current plan that we will present in March. One of the areas of opportunities that we've quite clearly identified with a level of uncertainty, of course, about how we are going to offer the solutions is cyber risk. Yes, it's an opportunity.

Felipe Navarro López de Chicheri
*Head of Capital Markets & Investor Relations and Treasurer*

[Interpreted] Thank you very much, Antonio. There's a question about the release of reserves. On Slide 8 of our presentation today, we -- Fernando mentioned this release of funds. So what's been the impact, I think, on the combined ratio? Let me see. I think it was about the adjustment. I guess, I'm just checking through here.

**Fernando Mata Verdejo**
*Group CFO & Director*

[Interpreted] Yes, I do remember. Yes. Yes. It has no effect on the combined ratio because it's Life. However, there are a number of marginal old portfolios which are not matched up. I'm talking about Spanish regulations here. So those flows are actually updated according to the free risk curve.

There's a certain amount of matching done between assets and liabilities in the sense that this -- the fixed income -- the capital gains or losses that came from the ups and downs that go to equity, whereas the provision from the free risk curve go through P&L. And as there are, any chart movements up and down there, as in Q4, then you have small amounts of single-digit -- single comes under the mathematical provisions is as straightforward as that. So that lack of matching will die out with IFRS 17, quite obviously, and this is the very last year that we will see that.

Well, obviously, there is a ceiling. I mean once you get a guaranteed income, volatility disappears, and there'll be no -- there's no impact. But any brisk ups and downs there in the curve of a certain period of time in a quarter does, of course, lead to some drop there in the mathematical provisions. But this is the old state.

Felipe Navarro López de Chicheri
*Head of Capital Markets & Investor Relations and Treasurer*

[Interpreted] There's another question about the impact of the release of reserves in Spain for the combined ratio. It's the adjustment for the recurring result. I think we say EUR 17 million, I think, is the figure if I'm not wrong, that we're giving for restructuring? Let me just check here in my notes.

**Fernando Mata Verdejo**
*Group CFO & Director*

[Interpreted] Reserves, Non-Life or Life?

Felipe Navarro López de Chicheri
*Head of Capital Markets & Investor Relations and Treasurer*

[Interpreted] I think it's Life. I think it was a Life operation, there was a release of reserves there.

**Fernando Mata Verdejo**
*Group CFO & Director*

[Interpreted] Well, that was a noninsurance liability linked to a contingency, the earn-out provision that we were talking about back in July. It was effective up to December 2020. And once it was over, we just simply released that liability, that provision.

Felipe Navarro López de Chicheri
*Head of Capital Markets & Investor Relations and Treasurer*

[Interpreted] Yes, I think we said that in June, didn't we? Paz Ojeda is asking about the agreement we have for health insurance, about what prospects we have for that partnership?

**Antonio Huertas Mejias**
*Chairman & CEO*

[Interpreted] Well, we're always developing our multichannel policies. We're looking for partners to expand that. And we have this exclusive distribution agreement for our Health insurance policy through their big centers. It's not -- it's nothing huge for the figures, if we're looking at the figures, but it's one way of helping our distribution in the Spanish market. It's strategic as a business line, strategic channel. And you've probably seen that we're growing more than the market. In 2021, we doubled the market share. I think we went to almost 10%. It was 5% of the market.

Felipe Navarro López de Chicheri
*Head of Capital Markets & Investor Relations and Treasurer*

[Interpreted] Thank you very much. There's another question from Paz Ojeda about that 96.1% combined ratio in 2021, which was above the 95% target that we had set. And she asked whether we could expand more on the main reason for that?

**Fernando Mata Verdejo**
*Group CFO & Director*

[Interpreted] Well, Paz, I think the most difficult thing was to hit a 95% target with the pandemic on our hands. We have had a higher-than-guidance target for -- rather achievement for MAPFRE RE. I think insurance, I think, was 95.6% with all of operations, and even in Iberia, taking out restructuring, it was below 95%, whereas in the MD&A, we saw -- we were looking at 3-year combined ratios pre-COVID, COVID and this year with fluctuations of 10 percentage points up or down.

Same with Burial. It's very, very tricky to see all of those drivers and those moving -- movements there that make up the combined ratio. We haven't put it in. We've talked about this, haven't we, Antonio, in-house about the impact of the Non-Life COVID losses. We've only been talking about Life here, which is irrelevant, but it's still EUR 130 million and EUR 13 billion premiums there for that. So just one single percentage point -- 1 percentage point increase in combined ratio for Non-Life COVID losses.

So otherwise, we'd be at 95%. Well, with my hand on my heart, Antonio would say the same, that this is a bit of a surprise, and this is a work we still have to do. This is the challenge that we have for next year. And it's Motor insurance. We've done a lot of work there on our premiums. You've seen our average premiums in Spain. We've got -- there's been an increase in 4% in units and 1% in premiums. And we have really improved our portfolio, and we have to have a growing portfolio. That's the only way to grow to have more and more insurance policyholders so that we can ensure we can cover them, all that insurance needs.

So that combined ratio, I think, has hedged a little. We've hedged a bit there with the average cost and then the losses. In some cases, above pre-pandemic levels. But there are some segments that we are below still in the frequency rate, the pre-pandemic levels, but the biggest part is premiums. Let us do more on premium because we put -- we've taken away the discounts now.

We have to update tariffs all over in all geographies; 3% is increase in Massachusetts, and that's been approved. We're exiting Florida, as you've heard from Antonio, and there's a very small portfolio, but it's 19% there, and we will do an increase all over in Latin America because that's the reality. We have seen premium reductions to protect our portfolio. Now we have to put up the risk premium and adapt it to the context.

Felipe Navarro López de Chicheri
*Head of Capital Markets & Investor Relations and Treasurer*

[Interpreted] Thank you very much, Fernando. There is a question here from Philip Ross from Mediobanca. For MAPFRE RE and GLOBAL RISKS, could you talk through the January renewal campaign?

**Antonio Huertas Mejias**
*Chairman & CEO*

[Interpreted] Yes. We have a double feeling there. As insurance company -- as a reinsurance company, of course, for reinsurance -- on the reinsurance side, [ we never had ] any rise that is not proportional to the risk in territory is complicated because it means you can be less competitive. But I understand that as GLOBAL RISKS on reinsurance, we're doing 2 things, aren't we?

The January renewal process has been good. We're satisfied with MAPFRE RE with the prices that have been attained overall. Perhaps they were slightly down, didn't reach the right level in some territories. But overall, I would say, where there have been these NatCat events over the last 3 years, the prices are the right ones. And given the circumstances of the market for MAPFRE RE, the whole process has been very demanding.

The process of contracted its own protection against catastrophic events for the client companies. There's been a lot of work done there because you're talking about double-digit increases in the prices for renewal of those coverages more linked to NatCat.

Felipe Navarro López de Chicheri
*Head of Capital Markets & Investor Relations and Treasurer*

[Interpreted] Thank you very much, Antonio. One more question on MAPFRE RE and on the business in Peru. That Repsol refinery, the leakage that might entail expenses there for losses. Is this something to do with MAPFRE RE?

**Antonio Huertas Mejias**
*Chairman & CEO*

[Interpreted] Yes. Repsol is a MAPFRE customer, has been a historical -- historic one from us and MAPFRE RE. And, of course, we're together with them as they move into different markets. We are one of their key co-insurance companies. There will be expenses. Yes, Repsol has a very broad protection plan for the geographical way that has been affected from MAPFRE RE or MAPFRE GLOBAL.

In this case, we do not expect any relevant impact because I said before, there is a retrocession back to Repsol contractors. But we're collaborating with them, of course. And of course, this is confidential climate information, we can't disclose it. But they are doing everything they can in the region to minimize the impact. But for MAPFRE, there will not be any impact.

Felipe Navarro López de Chicheri
*Head of Capital Markets & Investor Relations and Treasurer*

[Interpreted] There are no more questions coming in remotely. Any more questions from anyone here in the room? If not...

We have received some questions to the platform that we feel we have already been answered through the Q&A. If any further clarification is necessary, do not hesitate to contact us later.

Before we close this event, let me remind you some important events in this quarter's agenda. Remember that the AGM will take place on March 11 on first call, providing the sufficient quorum. And it is a pleasure to announce our next Investors Day on March 23. We will give you more color on the strategic -- on the new strategic plan. More details about the agenda and logistics will be provided at a later date.

And please remember that you can contact the Investor Relations team at any time if you have any doubts about the full year results released today. Thank you for your attention today and especially to those who have taken the time to come in, in-person. Hopefully, we'll be able to see each other more often going forward. Have a nice day.

**Antonio Huertas Mejias**
*Chairman & CEO*

Thank you very much.

**Fernando Mata Verdejo**
*Group CFO & Director*

Thank you.
[Portions of this transcript that are marked [Interpreted] were spoken by an interpreter present on the live call.]