



# MAPFRE S.A.

**Annual Accounts**

**31 December 2018**

**Directors' Report**

2018

(With Independent Auditor's Report Thereon)

(Free translation from the originals in Spanish. In the event of discrepancy, the Spanish-language versions prevail.)



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**

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We have audited the annual accounts of MAPFRE, S.A. (the "Company"), which comprise the balance sheet at 31 December 2018, 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 2018, 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**

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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 9,536,749 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"> <li>- Evaluation of the criteria used by the Company in the identification of impairment indicators of the investments in group companies and associates.</li> <li>- 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.</li> <li>- 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.</li> </ul> <p>We have checked the consistency between the expected cash flow estimates in the calculation of the value in use, with the business plans approved by the Directors of the Group's companies. Likewise, we have compared the companies forecasted cash flows estimated in previous exercises with the real actual experienced.</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"> <li>- Evaluation that the information within the annual accounts is in compliance with the legal financial reporting requirements applicable to the Company.</li> </ul> |



## **Other Information: Directors' Report**

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Other information solely comprises the 2018 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 included in the Annual Report on the Corporate Governance, as defined in article 35.2. b) of the Audit Law 22/2015, which consists of merely verifying that this information has been provided in the directors' report 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 the specific information mentioned in a) above has been provided 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 2018 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**

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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**

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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 7 February 2019.

### **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

R.O.A.C: 21903

7 February 2019

**ANNUAL ACCOUNTS**

**MANAGEMENT REPORT**

**FISCAL YEAR 2018**

**MAPFRE S.A.**

**MAPFRE S.A.**

## **ANNUAL ACCOUNTS**

**FISCAL YEAR 2018**

**Balance sheet**

**Income statement**

**Statement of changes in net equity**

**Cash flow statement**

**Annual report**

**MAPFRE S.A.**

**BALANCE SHEET AT DECEMBER 31, 2018 AND 2017**

| ASSETS                                                               | Notes from the Annual Report | 2018              | 2017              |
|----------------------------------------------------------------------|------------------------------|-------------------|-------------------|
| <b>A) NON-CURRENT ASSETS</b>                                         |                              | <b>9,983,556</b>  | <b>9,705,643</b>  |
| <b>I) Intangible fixed assets</b>                                    |                              | <b>1,122</b>      | <b>2,595</b>      |
| 5. Computer applications                                             | 6                            | 1,122             | 2,595             |
| <b>II. Property, plant and equipment</b>                             | <b>5</b>                     | <b>16,226</b>     | <b>14,819</b>     |
| 1. Land and buildings                                                |                              | 12,137            | 12,319            |
| 2. Facilities and other property, plant and equipment                |                              | 4,089             | 2,500             |
| <b>IV. Non-current investments in group companies and associates</b> | <b>8</b>                     | <b>9,914,749</b>  | <b>9,643,434</b>  |
| 1. Equity instruments                                                |                              | 9,536,749         | 9,464,934         |
| 2. Loans to companies                                                | 8                            | 378,000           | 178,500           |
| <b>V. Non-current financial investments</b>                          | <b>8</b>                     | <b>24,390</b>     | <b>15,147</b>     |
| 1. Equity instruments                                                |                              | 19,189            | 9,894             |
| 2. Loans to third parties                                            |                              | 54                | 73                |
| 6. Other investments                                                 |                              | 5,147             | 5,180             |
| <b>VI. Deferred tax assets</b>                                       | <b>12</b>                    | <b>27,069</b>     | <b>29,648</b>     |
| <b>(B) CURRENT ASSETS</b>                                            |                              | <b>282,134</b>    | <b>367,046</b>    |
| <b>III. Trade and other receivables</b>                              |                              | <b>53,209</b>     | <b>3,289</b>      |
| 1. Trade receivables for sales and services rendered                 | 8                            | 33                | 9                 |
| 2. Trade receivables, group companies and associates                 | 8                            | 17                | 16                |
| 3. Sundry receivables                                                | 8                            | 265               | 217               |
| 4. Personnel                                                         | 8                            | 367               | 368               |
| 5. Current tax assets                                                | 12                           | 52,527            | 1,444             |
| 6. Other receivables from government agencies                        | --                           | --                | 1,235             |
| <b>IV. Current investments in group companies and associates</b>     | <b>8.18</b>                  | <b>200,055</b>    | <b>316,677</b>    |
| 2. Loans to companies                                                | --                           | 150,903           | 218,667           |
| 5. Other financial assets                                            | --                           | 49,152            | 98,010            |
| <b>V. Current financial investments</b>                              | <b>8</b>                     | <b>57</b>         | <b>333</b>        |
| 2. Loans to third parties                                            | 8                            | 57                | 333               |
| <b>VI. Current accruals</b>                                          |                              | <b>4,166</b>      | <b>5,091</b>      |
| <b>VII. Cash and other equivalent liquid assets</b>                  |                              | <b>24,647</b>     | <b>41,656</b>     |
| 1. Cash                                                              | --                           | 24,647            | 41,656            |
| <b>TOTAL ASSETS (A+B)</b>                                            |                              | <b>10,265,690</b> | <b>10,072,689</b> |

Thousands of euros

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**BALANCE SHEET AT DECEMBER 31, 2018 AND 2017**

| EQUITY AND LIABILITIES                                           | Notes from the Annual Report | 2018              | 2017              |
|------------------------------------------------------------------|------------------------------|-------------------|-------------------|
| <b>A) EQUITY</b>                                                 |                              | <b>7,384,036</b>  | <b>7,334,129</b>  |
| <b>A-1) SHAREHOLDERS' EQUITY</b>                                 |                              | <b>7,384,036</b>  | <b>7,334,129</b>  |
| <b>I) Capital</b>                                                |                              | <b>307,955</b>    | <b>307,955</b>    |
| 1. Authorized share capital                                      | 9                            | 307,955           | 307,955           |
| <b>II. Share premium</b>                                         | <b>9</b>                     | <b>3,338,720</b>  | <b>3,338,720</b>  |
| <b>III. Reserves</b>                                             |                              | <b>3,140,511</b>  | <b>3,136,783</b>  |
| 1. Legal and statutory                                           | 9                            | 61,591            | 61,591            |
| 2. Other reserves                                                | --                           | 3,078,920         | 3,075,192         |
| <b>IV. (Treasury stock)</b>                                      | <b>9</b>                     | <b>(48,250)</b>   | <b>(52,356)</b>   |
| <b>V. Results for previous years</b>                             |                              | <b>336,479</b>    | <b>289,403</b>    |
| 1. Retained earnings                                             | --                           | 336,479           | 289,403           |
| <b>VII. Result for the period</b>                                | <b>3</b>                     | <b>493,455</b>    | <b>495,530</b>    |
| <b>VIII. (Interim dividend)</b>                                  | <b>3</b>                     | <b>(184,834)</b>  | <b>(184,773)</b>  |
| <b>IX. Other equity instruments</b>                              | <b>9</b>                     | <b>--</b>         | <b>2,867</b>      |
| <b>(B) NON-CURRENT LIABILITIES</b>                               |                              | <b>2,590,517</b>  | <b>2,367,246</b>  |
| <b>I) Non-current provisions</b>                                 |                              | <b>11,792</b>     | <b>15,314</b>     |
| 1. Non-current employee benefit obligations                      | 14                           | 11,694            | 15,069            |
| 4. Other provisions                                              | 14                           | 98                | 245               |
| <b>II. Non-current debt</b>                                      |                              | <b>2,578,617</b>  | <b>2,191,185</b>  |
| 1. Debentures and other negotiable securities (-)                | 8.10                         | 2,088,252         | 1,590,820         |
| 2. Due to credit institutions                                    | 8                            | 490,000           | 600,000           |
| 5. Other financial liabilities                                   | 8                            | 365               | 365               |
| <b>III. Non-current debt with group companies and associates</b> | <b>8.18</b>                  | <b>--</b>         | <b>160,640</b>    |
| <b>IV. Deferred tax liabilities</b>                              | <b>12</b>                    | <b>108</b>        | <b>107</b>        |
| <b>(C) CURRENT LIABILITIES</b>                                   |                              | <b>291,137</b>    | <b>371,314</b>    |
| <b>II. Current provisions</b>                                    | <b>14</b>                    | <b>--</b>         | <b>--</b>         |
| <b>III. Current debt</b>                                         |                              | <b>36,412</b>     | <b>29,956</b>     |
| 1. Debentures and other negotiable securities (-)                | 8.10                         | 36,337            | 29,839            |
| 2. Due to credit institutions                                    | 8                            | 43                | 75                |
| 5. Other financial liabilities                                   | 8                            | 32                | 42                |
| <b>IV. Current debt with group companies and associates</b>      | <b>8.18</b>                  | <b>216,291</b>    | <b>283,206</b>    |
| <b>V. Trade and other payables</b>                               |                              | <b>38,434</b>     | <b>58,152</b>     |
| 3. Sundry creditors                                              | 8                            | 12,976            | 19,147            |
| 4. Personnel (remuneration pending payment)                      | 8                            | 11,225            | 12,699            |
| 5. Current tax liabilities                                       | 12                           | 26                | 13,999            |
| 6. Other debts with government agencies                          |                              | 14,207            | 12,307            |
| <b>TOTAL EQUITY AND LIABILITIES (A+B+C)</b>                      |                              | <b>10,265,690</b> | <b>10,072,689</b> |

Thousands of euros

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# INCOME STATEMENT FOR FISCAL YEARS ENDED DECEMBER 31, 2018 AND 2017

| Profit and loss account                                      | Notes from the Annual Report | 2018            | 2017            |
|--------------------------------------------------------------|------------------------------|-----------------|-----------------|
| <b>CONTINUING OPERATIONS</b>                                 |                              |                 |                 |
| Revenue                                                      |                              | 750,118         | 638,745         |
| Dividends and interest from group companies and associates   |                              | 750,118         | 638,745         |
| • Dividends                                                  | 8.18                         | 741,258         | 632,193         |
| • Interest                                                   | 8.18                         | 8,860           | 6,552           |
| Other operating revenue                                      |                              | 86,973          | 76,030          |
| • Non-core and other operating revenue                       | 18                           | 86,973          | 76,030          |
| Personnel expenses                                           |                              | (67,928)        | (71,320)        |
| • Wages, salaries and similar                                | --                           | (50,335)        | (48,305)        |
| • Social security contributions                              | 13                           | (22,553)        | (21,530)        |
| • Provisions                                                 | 14                           | 4,960           | (1,485)         |
| Other operating expenses                                     |                              | (90,730)        | (76,000)        |
| • External services                                          | --                           | (90,698)        | (75,968)        |
| • Taxes                                                      | --                           | (32)            | (32)            |
| Amortization and depreciation of fixed assets                | 5.6                          | (2,697)         | (3,652)         |
| Excess provisions                                            |                              | --              | --              |
| Impairment and gains/losses on fixed asset disposal          | --                           | (44)            | --              |
| Impairment of Group and associated companies                 | 8                            | (151,622)       | (27,800)        |
| Other earnings                                               | --                           | (4)             | (6)             |
| <b>EARNINGS FROM OPERATIONS</b>                              |                              | <b>524,066</b>  | <b>535,997</b>  |
| Financial income                                             | 8                            | 394             | 433             |
| Acquisitions in equity instruments                           | --                           | --              | 49              |
| • From third parties                                         | --                           | --              | 49              |
| From negotiable securities and other financial instruments   | --                           | 394             | 384             |
| • From third parties                                         | --                           | 394             | 384             |
| <b>FINANCIAL EXPENSES</b>                                    |                              | <b>(67,007)</b> | <b>(77,883)</b> |
| • For debt with Group and associated companies               | 8.18                         | (11,663)        | (16,428)        |
| • For debt with third parties                                | 8                            | (55,146)        | (61,256)        |
| • For update of provisions                                   | 8                            | (198)           | (199)           |
| Fair value variation in financial instruments                |                              | --              | (43)            |
| • Trading portfolio and other                                | 8                            | --              | (43)            |
| Foreign exchange differences                                 | 8                            | (15)            | (22)            |
| Impairment and gains/losses on financial instrument disposal | 8                            | --              | 572             |
| • Impairment and loss                                        |                              | --              | 333             |
| • Earnings from disposal and other                           |                              | --              | 239             |
| <b>FINANCIAL RESULT</b>                                      |                              | <b>(66,628)</b> | <b>(76,943)</b> |
| <b>EARNINGS BEFORE TAX</b>                                   |                              | <b>457,438</b>  | <b>459,054</b>  |
| Tax on profits                                               | 12                           | 36,017          | 36,476          |
| <b>RESULT FOR THE PERIOD FROM ONGOING OPERATIONS</b>         |                              | <b>493,455</b>  | <b>495,530</b>  |
| <b>DISCONTINUED OPERATIONS</b>                               |                              |                 |                 |
| Result for the period after tax from discontinued operations |                              | --              | --              |
| <b>RESULT FOR THE PERIOD</b>                                 |                              | <b>493,455</b>  | <b>495,530</b>  |

Thousands of euros

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**STATEMENT OF CHANGES IN NET EQUITY AT DECEMBER 31, 2018 AND 2017**

**A) STATEMENTS OF RECOGNIZED INCOME AND EXPENSES**

| Profit and loss account                                                    | Notes from the Annual Report | 2018           | 2017           |
|----------------------------------------------------------------------------|------------------------------|----------------|----------------|
| <b>A) Result of the profit and loss account</b>                            | <b>3</b>                     | <b>493,455</b> | <b>495,530</b> |
| <b>Revenue and expenses posted directly to equity</b>                      |                              |                |                |
| <b>I. For valuation of financial instruments</b>                           |                              |                |                |
| 1. Financial assets for sale                                               | --                           | --             | --             |
| 2. Other revenues/expenses                                                 |                              |                |                |
| <b>IV. By actuarial gains and losses and other adjustments</b>             | --                           | --             | --             |
| <b>VII. Tax effect</b>                                                     | --                           | --             | --             |
| <b>(B) Total revenue and expenses posted directly in equity (I+IV+VII)</b> | --                           | --             | --             |
| <b>Transfers to the profit and loss account</b>                            |                              |                |                |
| <b>VIII. For valuation of financial instruments</b>                        |                              |                |                |
| 1. Financial assets for sale                                               | --                           | --             | --             |
| <b>XIII. Tax effect</b>                                                    | --                           | --             | --             |
| <b>(C) Total transfers to the profit and loss account (VIII+XIII)</b>      |                              | --             | --             |
| <b>TOTAL RECOGNIZED REVENUE AND EXPENSES (A+B+C)</b>                       | --                           | <b>493,455</b> | <b>495,530</b> |

Thousands of euros



# STATEMENT OF CHANGES IN NET EQUITY AT DECEMBER 31, 2018 AND 2017

## B) FULL STATEMENT OF 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 2017                          | 307,955    | --       | 3,338,720     | 3,120,074 | (60,234)         | 279,195                    | --                              | 468,831               | (184,773)          | 2,918                    | --                           | --                                      | 7,272,686 |
| I. Total recognized revenue and expenses                     | --         | --       | --            | --        | --               | --                         | --                              | 495,530               | --                 | --                       | --                           | --                                      | 495,530   |
| 1. Share capital increases                                   | --         | --       | --            | --        | --               | --                         | --                              | --                    | --                 | --                       | --                           | --                                      | --        |
| 4. Distribution of dividends                                 | --         | --       | --            | --        | --               | --                         | --                              | (261,762)             | (184,772)          | --                       | --                           | --                                      | (446,534) |
| 4. bis. Distribution of earnings                             | --         | --       | --            | 12,000    | --               | 10,208                     | --                              | (206,980)             | 184,772            | --                       | --                           | --                                      | --        |
| 5. Operations with treasury stock (Note 9)                   | --         | --       | --            | 4,702     | 7,878            | --                         | --                              | --                    | --                 | --                       | --                           | --                                      | 12,580    |
| 6. Decrease in equity resulting from a business combination  | --         | --       | --            | --        | --               | --                         | --                              | --                    | --                 | --                       | --                           | --                                      | --        |
| III. Other variations in equity                              | --         | --       | --            | 7         | --               | --                         | --                              | (89)                  | --                 | (51)                     | --                           | --                                      | (133)     |
| CLOSING BALANCE FOR YEAR 2017                                | 307,955    | --       | 3,338,720     | 3,136,783 | (52,356)         | 289,403                    | --                              | 495,530               | (184,772)          | 2,867                    | --                           | --                                      | 7,334,129 |
| II. Adjustments for errors 2017                              | --         | --       | --            | --        | --               | --                         | --                              | --                    | --                 | --                       | --                           | --                                      | --        |
| 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 or own equity (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 |

Thousands of euros

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**CASH FLOW STATEMENT AT DECEMBER 31, 2018 AND 2017**

| <b>A) CASH FLOWS FROM OPERATING ACTIVITIES</b>                                 | <b>Notes from the Annual Report</b> | <b>2018</b>      | <b>2017</b>      |
|--------------------------------------------------------------------------------|-------------------------------------|------------------|------------------|
| <b>1. Earnings of the year before tax</b>                                      |                                     | <b>457,438</b>   | <b>459,054</b>   |
| <b>2. Adjustments to results</b>                                               |                                     | <b>(487,900)</b> | <b>(525,761)</b> |
| a) Amortization and depreciation of fixed assets                               | 5.6                                 | 2,697            | 3,652            |
| b) Corrections in value due to impairment (+/-)                                | 8                                   | 151,622          | 27,800           |
| e) Results of fixed asset cancellations and disposals (+/-)                    | --                                  | 44               | --               |
| f) Results of financial instruments cancellations and disposals (+/-)          | --                                  | --               | (572)            |
| g) Financial income (-)                                                        | 8                                   | (394)            | (433)            |
| b) Financial expenses (+)                                                      | 8                                   | 67,007           | 77,883           |
| i) Exchange rate differences (+/-)                                             | 8                                   | 15               | 22               |
| j) Fair value variation in financial instruments (+/-)                         | 8                                   | --               | 43               |
| k) Other revenues and expenses                                                 | --                                  | (708,891)        | (634,156)        |
| <b>3. Changes in working capital</b>                                           | --                                  | <b>(52,021)</b>  | <b>1,061</b>     |
| b) Debtors and other receivables (+/-)                                         | --                                  | (81,626)         | (5,815)          |
| c) Other current assets (+/-)                                                  | --                                  | 49,323           | 4,622            |
| d) Creditors and other payables (+/-)                                          | --                                  | (19,718)         | 2,254            |
| e) Other current liabilities (+/-)                                             | --                                  | --               | --               |
| f) Other non-current assets and liabilities (+/-)                              | --                                  | --               | --               |
| <b>4. Other cash flows of operating activities</b>                             | --                                  | <b>683,115</b>   | <b>633,455</b>   |
| a) Interest paid (-)                                                           | --                                  | (96,006)         | (58,283)         |
| b) Dividend receipts (+)                                                       | --                                  | 741,258          | 632,209          |
| c) Interest collected (+)                                                      | --                                  | 6,157            | 6,155            |
| d) Payment (receipt) of income tax (+/-)                                       | --                                  | 31,706           | 53,374           |
| e) Other payments (collection) (-/+)                                           | --                                  | --               | --               |
| <b>5. Cash flows from operating activities (+/-1+/-2+/-3+/-4)</b>              | --                                  | <b>600,632</b>   | <b>567,809</b>   |
| <b>B) CASH FLOWS FROM INVESTMENT ACTIVITIES</b>                                |                                     |                  |                  |
| <b>6. Payments for investments (-)</b>                                         |                                     | <b>(627,225)</b> | <b>(476,318)</b> |
| a) Group and associated companies                                              | 8                                   | (617,846)        | (436,977)        |
| g) Other assets                                                                | 8                                   | (9,379)          | (39,341)         |
| <b>7. Collections for divestments (+)</b>                                      |                                     | <b>263,504</b>   | <b>222,940</b>   |
| a) Group and associated companies                                              | 8                                   | 263,420          | 210,908          |
| e) Other financial assets                                                      | 8                                   | 84               | 12,032           |
| <b>8. Cash flows from investment activities (7+6)</b>                          |                                     | <b>(363,721)</b> | <b>(253,378)</b> |
| <b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>                                  |                                     |                  |                  |
| <b>9. Payments and collections for equity instruments</b>                      |                                     | <b>6,039</b>     | <b>12,580</b>    |
| c) Acquisition of treasury equity instruments (-)                              | 9                                   | --               | --               |
| e) Disposal of treasury equity instruments (+)                                 | 9                                   | 6,039            | 12,580           |
| <b>10. Payments and collections for financial liability instruments</b>        |                                     | <b>186,700</b>   | <b>134,450</b>   |
| a) Issuing                                                                     |                                     |                  |                  |
| 1. Debentures and other negotiable securities (+)                              | 10                                  | 500,000          | 600,000          |
| 2. Due to credit institutions (+)                                              | 8                                   | 480,000          | 950,000          |
| 3. Debts with group and associated companies. (+)                              | --                                  | --               | --               |
| b) Return and redemption of                                                    |                                     |                  |                  |
| 1. Debentures and other negotiable securities (-)                              | 10                                  | --               | (578,450)        |
| 2. Due to credit institutions                                                  | 8                                   | (590,000)        | (830,000)        |
| 3. Debts with group and associated companies. (-)                              | --                                  | (203,300)        | (7,100)          |
| <b>11. Payments for dividends and remuneration of other equity instruments</b> | --                                  | <b>(446,659)</b> | <b>(446,535)</b> |
| A) Dividends (-)                                                               | --                                  | (446,659)        | (446,535)        |
| <b>12. Cash flows from financing activities (+/-9/10-11)</b>                   | --                                  | <b>(253,920)</b> | <b>(299,505)</b> |
| <b>D) EFFECT OF EXCHANGE RATE VARIATIONS</b>                                   |                                     |                  |                  |
| <b>E) NET INCREASE / DECREASE OF CASH OR EQUIVALENTS (+/-5+/-8+/-12+/-D)</b>   | --                                  | <b>(17,009)</b>  | <b>14,926</b>    |
| <b>Cash or cash equivalents at the beginning of the year</b>                   |                                     | <b>41,656</b>    | <b>26,730</b>    |
| <b>Cash or cash equivalents at the end of the year</b>                         |                                     | <b>24,647</b>    | <b>41,656</b>    |

Thousands of euros

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# ANNUAL REPORT

FISCAL YEAR 2018

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## 1. COMPANY ACTIVITY

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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 tradable financial securities.

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

The registered offices are situated at Carretera de Pozuelo, 52, Majadahonda (Madrid, Spain). The Company is the parent 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. (a 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, 2017 will be prepared by its Board of Directors on March 28, 2019 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.

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## 2. BASIS OF PRESENTATION OF THE ANNUAL ACCOUNTS

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### a) FAITHFUL IMAGE

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, as well as of 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 2018, which were prepared on February 6, 2019 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 impairment of the value of assets, deferred tax assets and provisions.

The estimates and assumptions used are reviewed regularly, and are based on historical 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 shall be applied during that period and, as the case may be, in subsequent periods.

**d) COMPARING 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.

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**3. APPROPRIATION OF EARNINGS**


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

| <b>BASIS OF DISTRIBUTION</b> | <b>Amount:</b>        |
|------------------------------|-----------------------|
| Gains and losses             | 493,454,755.39        |
| Retained earnings            | 336,479,150.07        |
| <b>TOTAL</b>                 | <b>829,933,905.46</b> |
| <b>DISTRIBUTION</b>          | <b>Amount:</b>        |
| To dividends                 | 446,535,224.59        |
| To retained earnings         | 383,398,680.87        |
| <b>TOTAL</b>                 | <b>829,933,905.46</b> |

Figures in euros

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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".

In 2018, the Company distributed an interim dividend for a total amount of 184,834,843.67 euros (184,773,196.38 euros in 2017), 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<br>September 28, 2018 |
|-------------------------------------------------|-----------------------------------------|
| Cash available on date of the resolution        | 36,959                                  |
| Increases in cash forecast within one year      | 770,752                                 |
| (+) From expected current collection operations | 575,752                                 |
| (+) From expected financial transactions        | 195,000                                 |
| Decreases in cash forecast within one year      | (431,267)                               |
| From expected current payment transactions      | (83,447)                                |
| From expected financial transactions            | (347,820)                               |
| Cash available within one year                  | 376,444                                 |

Thousands of euros

The distribution of profits for 2017, carried out during 2018, 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 assets

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

Intangible assets are valued at the cost of acquisition or production and are amortized, in general, on a straight-line basis.

### **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, 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 goods are included as the greatest value of the asset when they entail an increase in capacity, productivity or extension of their useful life.

### **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.

Corrections in value due to impairment, as well as the reversal of the asset items, are recognized as an expense or revenue, respectively, in the income statement, under the item "Impairment and gain/(loss) from disposal of fixed assets."

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

### **b) Operational Leasing**

The Company classifies the lease contracts it holds as operational given that the lessor does not substantially transfer to the lessee all the risks and benefits of the property. The revenue and expenses arising from operational leasing are recorded in the income statement for the life of the contract, following the principle of accrual.

**c) Financial instruments**

**FINANCIAL ASSETS**

All assets corresponding to 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, as long as 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 future asset flows (determined or estimated) using the discount curve free from risk. 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.

Operations in the currency market are recorded on the settlement date, while financial assets traded in secondary markets of the Spanish market 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 receivables for commercial and non-commercial operations.

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

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

Receivables for commercial operations and other line items, such as advances, personnel loans or dividends receivable with maturity of up to one year and without a contractual interest rate are measured at their face value when the effect of not updating cash flows is not significant 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.

Corrections in value due to impairment and its reversal, if applicable, are made at the close of the fiscal year, recognizing an expense or revenue, respectively, in 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.

### **Financial assets held for trading**

Derivative financial instruments that do not entail a financial guarantee contract and were not designated as a hedging instrument are classified in this category.

Initial recognition and subsequent valuation are done at fair value, without subtracting transaction costs. The changes that occur in the fair value are posted in the income statement for the fiscal year.

### **Investment in Group equity and multi-group and associated companies**

Investment in the Group equity, multi-group and associated companies is initially recognized and measured at cost minus the accumulated amount of corrections in value due to 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 a balance sheet cancellation or for another reason, the weighted average cost method is applied for homogeneous groups.

In the case of the sale of preemptive subscription rights and similar rights or the separation of 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 corrections in value are made.

The amount of the correction in value corresponds to the difference between the book value of the investment and the recoverable amount. The latter is the greatest difference between



its fair value minus sale costs and the current value of the future cash flows derived from the investment.

Corrections in value due to impairment and its reversal, if applicable, are recorded as an expense or revenue for the fiscal year in 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 impairment is perceived, at which time they are recorded in 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 in the income statement.

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

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

In case of sale of preemptive 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. Reversal of corrections in value are credited to the income statement, with the exception of equity instruments, the reversal for which is made directly in equity.

For equity instruments, investments are analyzed individually to determine whether any impairment exists, when the market has declined either over a prolonged period (18 months) or in 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 in the income statement. 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 at the moment of acquisition are recorded independently 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.

### **Cancellation of financial assets**

Financial assets are canceled when the contractual rights over the cash flows of the financial asset expire or when they are transferred, whereupon the risks and benefits derived from their 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 debits for commercial and non-commercial operations.

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

In the case of debits for commercial operations with maturity of up to one year and without a contractual interest rate, as well as third-party called capital for holdings whose amount will be paid in the short term, both the initial valuation and subsequent valuations are performed at the face value when the effect of not updating cash flows is not significant.

### **Financial liabilities held for trading**

Derivative financial instruments that are not a financial guarantee contract and were not allocated as hedging instruments are classified in this category.

Initial recognition and subsequent valuation are performed at fair value, without subtracting transaction costs that could arise from disposal. The changes that occur in the fair value are posted to the income statement of the fiscal year.

The put options on the stake held by a minority shareholder in a controlled company, when the acquirer does not have access to the economic profits associated with the shares subject to the option, are recognized both initially and subsequently at fair value.

### **Cancellation of financial liabilities**

Financial liabilities are canceled when the obligation inherent to them has expired. Additionally, acquired shareholders' financial liabilities are canceled 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 canceled part of the liability and the compensation paid, including attributable transaction costs and the compensation that encompasses any transferred asset other than the cash or liability assumed, is recognized in 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 removed from the balance sheet, and the paid commissions are recorded as an adjustment to the book value.

### **Shareholders' equity instruments**

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

Treasury stock is assessed 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 under 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 the close of the fiscal year, 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 at the transaction date. When determining the net equity of an investee company, corrected for the tacit capital gains that exist on the date of valuation, the closing exchange rate is applied to the net equity and the tacit capital gains that exist on that date.

Non-monetary items that are measured at fair value are recorded by applying the exchange rate on the date when the fair value was determined, recognizing the 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 cash 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 in the cash flow statement as "Effect of the variations in exchange rates."

## e) Tax on profits

Tax on profits is treated as an expense for the fiscal year and is recorded as such in the income statement, including both the tax burden of the current tax and the effect corresponding to the movement of the deferred tax.

However, tax on profits 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.

The assets or liabilities due to current tax on profits are measured at the amounts that are expected to be recovered or paid, using the tax regulations and rates that are in force or approved and pending publication at the close of the fiscal year.

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 processing 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 necessary to secure the tax credit or deduction.

Temporary differences derived from 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 losses carried forward are recognized as deferred tax assets by the corresponding companies, considering that they will be offset by future profits of the tax group.

The Company, as controlling company of the Group, recognizes the total amount payable for consolidated corporate tax as a payable or a receivable with the different Group and associated companies, as appropriate.

Deferred tax liabilities derived from temporary tax differences are recognized in all cases, except when they arise from the initial recognition of goodwill or from an asset or liability in a transaction that is not a business consolidation, on the date of the transaction, if it does not affect the book earnings or the taxable earnings.

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.

Deferred tax is recorded for temporary differences on the date of the balance 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 Company recognizes deferred tax assets for all temporary deductible differences, unused tax receivables and outstanding negative tax bases if it is likely that the Company or tax group may have future tax profits allowing the reversal of these assets.

Unless evidenced otherwise, the Company does not foresee future tax profits if recovery is to take place more than ten years after the date of fiscal year closure.

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 closure or when there are sufficient liabilities derived from temporary tax differences.

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

Deferred tax assets and deferred tax liabilities are recognized in the balance sheet as non-current assets or liabilities, regardless of the expected date of payment 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 the service performed at the close of the fiscal year.

If the gains or losses on a service provision transaction cannot be estimated reliably, revenue is only recognized to the extent in which the expenses recognized are recoverable.

Given the Company's activity, the accrued dividends and other revenue from the funding granted to investee companies are part of the item "Revenue," and therefore, pursuant to the provisions of the Spanish Accounting and Auditing Institute (ICAC), they are recorded under that heading of 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 a probable disbursement of resources that include future economic profits.

They are measured at the close of the fiscal year 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 updated as a financial expense as it accrues.

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) Staff 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 recorded pursuant 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 age 65 and 77.

##### Defined contribution plans

These are those in which the company in question 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 by the investments in which the fund was materialized.

#### Defined benefit plans

These are post-employment benefit plans that differ from the 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 the assets set aside for the plan.

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

Actuarial gains and losses are recorded in equity accounts.

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

#### Termination payments

Termination payments are recognized as a liability and as an expense when there is a demonstrable intention of termination of the labor relationship before the normal retirement date of employees, or when there is an offer to encourage the voluntary termination of labor 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 the cost of past services, which is recognized immediately and recorded as an offsetting liability entry under the heading "Long-term provisions", and actuarial gains and losses, which are recorded in the income statement.

In 2016, 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, 2016 and ending March 31, 2019, with payment of the part of the incentives deferred to the period 2020-2022. The payment of incentives is dependent on fulfilling certain corporate and specific objectives, as well as the director remaining in the Group's employ. The incentive will partly be paid in cash (50 percent) and partly by means of MAPFRE S.A. shares (50 percent), 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 in 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 valuation of the incentive to be received in MAPFRE S.A. shares is conducted taking into account the fair value of the assigned equity instruments.

Each year, during the irrevocable period for the concession, the number of equity instruments included in the determination of the transaction amount is adjusted. After the date of Irrevocability of the concession, additional adjustments are not made.

#### 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 |               |
|-----------------------------------|-----------------|---------------|--------------|-------------|-------------|-------------|-----------------|---------------|
|                                   | 2018            | 2017          | 2018         | 2017        | 2018        | 2017        | 2018            | 2017          |
| Land and buildings                | 13,448          | 13,448        | 6            | --          | --          | --          | 13,454          | 13,448        |
| Technical installations and other | 5,591           | 4,853         | 2,532        | 783         | (82)        | (45)        | 8,041           | 5,591         |
| <b>TOTAL COST</b>                 | <b>19,039</b>   | <b>18,301</b> | <b>2,538</b> | <b>783</b>  | <b>(82)</b> | <b>(45)</b> | <b>21,495</b>   | <b>19,039</b> |
| CUMULATIVE DEPRECIATION           | (4,220)         | (3,462)       | (1,066)      | (803)       | 17          | 45          | (5,269)         | (4,220)       |
| <b>Net Total</b>                  | <b>14,819</b>   | <b>14,839</b> | <b>1,472</b> | <b>(20)</b> | <b>(65)</b> | <b>--</b>   | <b>16,226</b>   | <b>14,819</b> |

Thousands of euros

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

The depreciation of property, plant and equipment is calculated using the straight-line method and in accordance with the related useful life. The rates of depreciation applied to the different groups of items are indicated below:

| GROUPS OF ELEMENTS        | % DEPRECIATION |
|---------------------------|----------------|
| Buildings                 | 2              |
| Vehicles                  | 16             |
| Furniture and fittings    | 10             |
| Data processing equipment | 25             |

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

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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<br>BALANCE |               | INFLOWS        |                | OUTFLOWS     |              | CLOSING<br>BALANCE |               |
|-------------------------|--------------------|---------------|----------------|----------------|--------------|--------------|--------------------|---------------|
|                         | 2018               | 2017          | 2018           | 2017           | 2018         | 2017         | 2018               | 2017          |
| Computer applications   | 15,824             | 14,888        | 425            | 1,097          | (267)        | (161)        | 15,982             | 15,824        |
| <b>TOTAL COST</b>       | <b>15,824</b>      | <b>14,888</b> | <b>425</b>     | <b>1,097</b>   | <b>(267)</b> | <b>(161)</b> | <b>15,982</b>      | <b>15,824</b> |
| Cumulative depreciation | (13,229)           | (10,483)      | (1,631)        | (2,849)        | --           | 103          | (14,860)           | (13,229)      |
| <b>NET TOTAL</b>        | <b>2,595</b>       | <b>4,405</b>  | <b>(1,206)</b> | <b>(1,752)</b> | <b>(267)</b> | <b>(58)</b>  | <b>1,122</b>       | <b>2,595</b>  |

Thousands of euros

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

The annual amortization ratio is 33 percent.

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. LEASING**

### **Operational Leasing**

The Company is the lessee under operational leases on a building. The contract is for a one-year term and may be extended by one-year increments if neither party manifests to the other its desire to terminate the contract with two months anticipation. There is no restriction on the lessee whatsoever regarding the prerogative to sign these leases.

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Minimum future payments to be made up to their expiry regarding non-cancelable operating leases are 2,897,000 euros calculated as on December 31, 2019. (2,794,000 euros calculated as on December 31, 2018).

Lease expenses amounted to 2,854,000 euros and 2,753,000 euros in 2018 and 2017, 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          |                |
|                                      | 2018               | 2017         | 2018            | 2017      | 2018                         | 2017           | 2018           | 2017           |
| Loans, receivables and other assets  | 19,189             | 9,894        | --              | --        | 383,201                      | 183,753        | 402,390        | 193,647        |
| <b>TOTAL A</b>                       | <b>19,189</b>      | <b>9,894</b> | <b>--</b>       | <b>--</b> | <b>383,201</b>               | <b>183,753</b> | <b>402,390</b> | <b>193,647</b> |
| B.- Short-term financial instruments |                    |              |                 |           |                              |                |                |                |
| Class                                | Equity instruments |              | Debt securities |           | Credit derivatives and Other |                | TOTAL          |                |
|                                      | 2018               | 2017         | 2018            | 2017      | 2018                         | 2017           | 2018           | 2017           |
| Loans, receivables and other assets  | --                 | --           | --              | --        | 200,794                      | 317,620        | 200,794        | 317,620        |
| <b>TOTAL B</b>                       | <b>--</b>          | <b>--</b>    | <b>--</b>       | <b>--</b> | <b>200,794</b>               | <b>317,620</b> | <b>200,794</b> | <b>317,620</b> |
| <b>TOTAL A + B</b>                   | <b>19,189</b>      | <b>9,894</b> | <b>--</b>       | <b>--</b> | <b>583,995</b>               | <b>501,373</b> | <b>603,184</b> | <b>511,267</b> |

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     |                  | Derivatives and Other |                | TOTAL            |                  |
|                                                                    | 2018                       | 2017           | 2018                                           | 2017             | 2018                  | 2017           | 2018             | 2017             |
| Debits and payables                                                | 490,000                    | 600,000        | 2,088,252                                      | 1,590,820        | 365                   | 161,005        | 2,578,617        | 2,351,825        |
| Liabilities at fair value with changes in profit and loss account: |                            |                |                                                |                  |                       |                |                  |                  |
| Other                                                              | --                         | --             | --                                             | --               | --                    | --             | --               | --               |
| <b>TOTAL A</b>                                                     | <b>490,000</b>             | <b>600,000</b> | <b>2,088,252</b>                               | <b>1,590,820</b> | <b>365</b>            | <b>161,005</b> | <b>2,578,617</b> | <b>2,351,825</b> |
| B.- Short-term financial instruments                               |                            |                |                                                |                  |                       |                |                  |                  |
| Class                                                              | Due to credit institutions |                | Debentures and other negotiable securities (-) |                  | Derivatives and Other |                | TOTAL            |                  |
|                                                                    | 2018                       | 2017           | 2018                                           | 2017             | 2018                  | 2017           | 2018             | 2017             |
| Debits and payables                                                | --                         | --             | 36,337                                         | 29,839           | 240,567               | 315,169        | 276,904          | 345,008          |
| Liabilities at fair value with changes in profit and loss account: |                            |                |                                                |                  |                       |                |                  |                  |
| Other                                                              | --                         | --             | --                                             | --               | --                    | --             | --               | --               |
| <b>TOTAL B</b>                                                     | <b>--</b>                  | <b>--</b>      | <b>36,337</b>                                  | <b>29,839</b>    | <b>240,567</b>        | <b>315,169</b> | <b>276,904</b>   | <b>345,008</b>   |
| <b>TOTAL A + B</b>                                                 | <b>490,000</b>             | <b>600,000</b> | <b>2,124,589</b>                               | <b>1,620,659</b> | <b>240,932</b>        | <b>476,174</b> | <b>2,855,521</b> | <b>2,696,833</b> |

Thousands of euros

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MAPFRE S.A.

The liabilities for changes in profit and loss expired in 2017, having been recognized as a positive result to the amount of 239,000 euros during that same period.

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

| Bank                | Maturity   | Limit            |                  | Drawn down     |                |
|---------------------|------------|------------------|------------------|----------------|----------------|
|                     |            | 2018             | 2017             | 2018           | 2017           |
| Banco Santander     | 02/26/2023 | 1,000,000        | 1,000,000        | 490,000        | 600,000        |
| CARTERA MAPFRE S.L. | 09/10/2019 | 400,000          | 400,000          | --             | --             |
| <b>TOTAL</b>        |            | <b>1,400,000</b> | <b>1,400,000</b> | <b>490,000</b> | <b>600,000</b> |

Thousands of euros

Banco Santander is the agent bank of the aforementioned credit line, and this credit line encompasses syndicated loans with other institutions. This credit line was novated in 2018, and its conditions were modified and extended. Among the modified conditions, worth noting is that it was transformed into a sustainable loan, with its interest rate also linked to Group sustainability parameters. In January 2019, as per the contract stipulations, the maturity date for this loan was extended to February 2023 to February 2024.

Accrued interest payable on the line of credit at the end of the year amounted to 2,273,000 euros (3,103,000 euros in 2017). The loan accrues interest at a rate linked to market variables.

The line of credit granted by CARTERA MAPFRE, S.L. accrues interest at a variable rate referenced to the three-month Euribor plus a differential of 1.5 percent and may be extended for successive annual periods.

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

**2018**

| HEADINGS                                     | Maturity in    |               |               |               |               |                  | Closing          |
|----------------------------------------------|----------------|---------------|---------------|---------------|---------------|------------------|------------------|
|                                              | 2019           | 2020          | 2021          | 2022          | 2023          | Subsequent       | balance          |
| <b><u>Financial assets</u></b>               |                |               |               |               |               |                  |                  |
| - Other investments                          | 200,794        | 50,500        | 50,500        | 50,500        | 50,500        | 181,201          | 583,995          |
| <b>Total financial assets</b>                | <b>200,794</b> | <b>50,500</b> | <b>50,500</b> | <b>50,500</b> | <b>50,500</b> | <b>181,201</b>   | <b>583,995</b>   |
| <b><u>Financial liabilities</u></b>          |                |               |               |               |               |                  |                  |
| - 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          |
| <b>Total financial liabilities</b>           | <b>771,029</b> | <b>63,125</b> | <b>63,125</b> | <b>63,125</b> | <b>63,125</b> | <b>2,320,903</b> | <b>3,344,432</b> |

Thousands of euros

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2017

| HEADINGS                                     | Maturity in    |                |               |                |               |                  | Closing          |
|----------------------------------------------|----------------|----------------|---------------|----------------|---------------|------------------|------------------|
|                                              | 2018           | 2019           | 2020          | 2021           | 2022          | Subsequent       | balance          |
| <b>Financial assets</b>                      |                |                |               |                |               |                  |                  |
| - Other investments                          | 317,620        | 25,500         | 25,500        | 25,500         | 25,500        | 81,753           | 501,373          |
| <b>Total financial assets</b>                | <b>317,620</b> | <b>25,500</b>  | <b>25,500</b> | <b>25,500</b>  | <b>25,500</b> | <b>81,753</b>    | <b>501,373</b>   |
| <b>Financial liabilities</b>                 |                |                |               |                |               |                  |                  |
| - Debentures and other negotiable securities | 42,500         | 42,500         | 42,500        | 42,500         | 42,500        | 1,766,411        | 1,978,911        |
| - Due to credit institutions                 | 3,600          | 3,600          | 3,600         | 603,600        | --            | --               | 614,400          |
| - Other financial liabilities                | 270,925        | 168,526        | --            | --             | --            | 365              | 439,816          |
| <b>Total financial liabilities</b>           | <b>317,025</b> | <b>214,626</b> | <b>46,100</b> | <b>646,100</b> | <b>42,500</b> | <b>1,766,776</b> | <b>3,033,127</b> |

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       |                 |                |            |
|------------------------------|-----------------------------|-----------------|------------------|-----------------|----------------|------------|
|                              |                             |                 | Recorded loss    |                 | Reversal gains |            |
|                              | 2018                        | 2017            | 2018             | 2017            | 2018           | 2017       |
| <b>Financial assets</b>      |                             |                 |                  |                 |                |            |
| Equity instruments           | 741,258                     | 632,193         | (151,622)        | (27,800)        | --             | --         |
| Receivables                  | 8,860                       | 6,552           | --               | --              | --             | 333        |
| Trading portfolio and other  | --                          | (43)            | --               | --              | --             | --         |
| Other financial assets       | 394                         | 433             | --               | --              | --             | --         |
| Foreign exchange differences | (15)                        | (22)            | --               | --              | --             | --         |
| <b>Subtotal</b>              | <b>750,497</b>              | <b>639,113</b>  | <b>(151,622)</b> | <b>(27,800)</b> | <b>--</b>      | <b>333</b> |
| <b>Financial liabilities</b> |                             |                 |                  |                 |                |            |
| Debt with Group companies    | (11,663)                    | (16,428)        | --               | --              | --             | --         |
| Debt with third parties      | (55,146)                    | (61,256)        | --               | --              | --             | --         |
| For update of provisions     | (198)                       | (199)           | --               | --              | --             | --         |
| <b>Subtotal</b>              | <b>(67,007)</b>             | <b>(77,883)</b> | <b>--</b>        | <b>--</b>       | <b>--</b>      | <b>--</b>  |
| <b>TOTAL</b>                 | <b>683,490</b>              | <b>561,230</b>  | <b>(151,622)</b> | <b>(27,800)</b> | <b>--</b>      | <b>333</b> |

Thousands of euros

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Fair value gains or losses recorded by equity instruments correspond to movements of corrections in value in Group and associated companies and in the available-for-sale portfolio, as shown below:

| Name                              | (Impairment) Reversal year<br>2018 | (Impairment) Reversal year<br>2017 |
|-----------------------------------|------------------------------------|------------------------------------|
| MAPFRE INMUEBLES                  | 2,122                              | (652)                              |
| MAPFRE TECH                       | --                                 | --                                 |
| MAPFRE ASISTENCIA                 | (151,429)                          | (27,111)                           |
| DESURCIC                          | (6)                                | (37)                               |
| PREMINEN PRICE COMPARISON HOLDING | (2,309)                            | --                                 |
| <b>TOTAL</b>                      | <b>(151,622)</b>                   | <b>(27,800)</b>                    |

Thousands of euros

The accrued dividends and other revenue from the funding granted to investee companies are part of the item "Revenue," as established in note 4.f).

### **Group and associated companies**

Annex 1 of the annual report contains details of the Group and associated companies held directly in the last two fiscal years.

The results of companies included in the aforementioned annex correspond in their totality to continuous operations.

In compliance with Article 155 of the consolidated text of the Corporate Enterprises Act, the corresponding notifications were made, when applicable, to the investee companies.

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

Non-controlling shareholders of the MAPFRE RE subsidiary have a put option on the shares of this 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.

Note 18 "Operations with Related Parties" details the amounts of capital increases of Group companies over the last two financial years.

In April 2018, MAPFRE approved a new configuration of its reinsurance and large commercial risks business. Under the new arrangement, MAPFRE GLOBAL RISKS will continue developing its management capacity and market knowledge, while the insurance or reinsurance risk will be assigned to those Group companies, which due to their specialization, scale or capacity, are best positioned to manage same with a better level of efficiency and profitability. As such, a restructuring operating is currently underway through which:

- Purely insurance and reinsurance, along with the assets and liabilities to same, are to be transferred to MAPFRE ESPAÑA and MAPFRE RE respectively.
- MAPFRE GLOBAL RISKS' operations regarding the analysis and underwriting of large industrial and commercial risks will continue to be carried out through an entity established in 2018, and it will act on behalf of MAPFRE ESPAÑA and MAPFRE RE.

As at the date of formulating these annual accounts, the above-described company restructuring was still pending approval from the Spanish regulatory body.

### **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 and 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 the financial liabilities:

| Item                                                   | Amount of the liability exposed to risk |                  |            |            |                     |           |                  |                  |
|--------------------------------------------------------|-----------------------------------------|------------------|------------|------------|---------------------|-----------|------------------|------------------|
|                                                        | Interest rate                           |                  | Fair value |            | Not exposed to risk |           | Total            |                  |
|                                                        | 2018                                    | 2017             | 2018       | 2017       | 2018                | 2017      | 2018             | 2017             |
| Issuance of debentures and other negotiable securities | 2,124,589                               | 1,620,659        | --         | --         | --                  | --        | 2,124,589        | 1,620,659        |
| Other financial liabilities .                          | 490,043                                 | 600,075          | 365        | 365        | --                  | --        | 490,408          | 600,440          |
| <b>Total</b>                                           | <b>2,614,632</b>                        | <b>2,220,734</b> | <b>365</b> | <b>365</b> | <b>--</b>           | <b>--</b> | <b>2,614,997</b> | <b>2,221,099</b> |

Thousands of euros

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

## 9. SHAREHOLDERS' EQUITY

### SHARE CAPITAL

The share capital of the Company at December 31, 2018 and 2017 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 identical voting and dividend rights.

All shares representing the share capital of the Company 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 percent of the share capital at the time. This authorization was extended 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.  
authorization.

CARTERA MAPFRE directly held 67.60 percent of the share capital of the Company as at 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         | ISSUANCE 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        |
| <b>TOTAL</b> |               | <b>3,338,720</b> |

Thousands of euros

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**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 this case, it may only be used to offset potential losses.

**OTHER RESTRICTIONS ON THE AVAILABILITY OF RESERVES**

“Reserves” includes reserve for re-denomination 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**

At December 31, 2016, the Company had acquired 30,500,000 treasury shares; these represent 0.99 percent of the capital. The price paid was 60,233,635.85 euros, at an average of 1.97 euros per share.

The Company reduced the number of treasury shares to 2,079,216 in 2018 (3,988,894 in 2017), representing 0.07 percent of the capital (0.13 percent in 2017). The cost of this reduction totaled 4,106,350.17 euros (7,877,560.29 euros in 2017), giving rise to a positive impact totaling 1,930,622.54 euros, which was entered under the “Other Reserves” heading.

At fiscal year-end, the Company holds 24,431,890 treasury shares (26,511,106 in 2017), representing 0.79 percent of the capital (0.86 percent in 2017) at an average of 1.97 euros per share.

The total face value of shares acquired was 2,443,189 euros (2,651,110.60 euros in 2017).

**10. NON-CONVERTIBLE DEBENTURES**

At December 31, 2018 and 2017, the balance in this account represents the nominal amount of the subordinate obligations issued by the Company and represented by book entries. The most relevant terms and conditions are described below:

| Description             | Nominal amount:  | Book value       |                  | Outstanding interest |               | Issuing date | Expiration date | Coupon | Market | AA.  |
|-------------------------|------------------|------------------|------------------|----------------------|---------------|--------------|-----------------|--------|--------|------|
|                         |                  | 12/31/2018       | 12/31/2017       | 12/31/2018           | 12/31/2017    |              |                 |        |        |      |
| September 2018 issuance | 500,000          | 496,457          | -                | 6,498                |               | 07-09-18     | 07-09-48        | 4.13%  | AIAF   | BBB- |
| March 2017 issuance     | 600,000          | 597,808          | 597,591          | 19,777               | 19,777        | 31-03-17     | 31-03-47        | 4.38%  | AIAF   | BBB- |
| May 2016 issuance       | 1,000,000        | 993,987          | 993,229          | 10,062               | 10,062        | 19-05-16     | 19-05-26        | 1.63%  | AIAF   | BBB+ |
| <b>TOTAL</b>            | <b>2,100,000</b> | <b>2,088,252</b> | <b>1,590,820</b> | <b>36,337</b>        | <b>29,839</b> |              |                 |        |        |      |

Thousands of euros

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### **September 2018 issue**

This issue included an initial redemption option on September 9, 2028, with the interest payable from this date up to 2048 being the three-month Euribor plus 4.3 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, or prohibition of making interest payments on the part of the relevant Regulator, or incapacity on the part of the issuer to meet required matured and enforceable liabilities.

### **March 2017 issue**

This issue included an initial redemption option on March 31, 2027, with the interest payable from this date up to 2047 being Euribor at three months 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, or prohibition of making interest payments on the part of the relevant Regulator, or incapacity on the part of the issuer to meet required matured and enforceable liabilities.

For both issues, the 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 resources and as a result of the treatment awarded same by the Ratings Agencies.

On June 29, 2017, the Board of Directors approved early redemption, on the first available redemption date, of the totality of the subordinated debt issued in June 2007, with a face value of 575,850,000 euros (609,946,078 with interest included), with an effective redemption date of July 24, 2017.

As on December 31, 2018, the Company's working capital was negative in the amount of 9,003,000 euros (4,268,000 in 2017) even though the financing of its liabilities and liquidity requirements is guaranteed via the financial support it can rely on from the Group, as well as the dividends expected receivable in 2018 and the credit lines available.

## **11. FOREIGN CURRENCY**

At the end of the last two years there were no significant amounts of asset and liability items expressed 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 2018, 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 GLOBAL RISKS S.A.; SERVIFINANZAS 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.; BIOINGENIERIA ARAGONESA S.L.; MAPFRE AM INVESTMENT HOLDING S.A.U.; FUNESPAÑA S.A.; SERVICIOS FUNERARIOS FUNESMADRID S.A.; ALL FUNERAL SERVICES S.L.; FUNERARIAS REUNIDAS EL BIERZO S.A.; GAB MANAGEMENT & CONSULTING S.R.L.; POMPES FÚNEBRES DOMINGO S.L.; SALUD DIGITAL MAPFRE S.A.; MAPFRE GLOBAL RISKS AGENCIA DE SUSCRIPCIÓN S.A.

The reconciliation of the book earnings with 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                                                                           | Profit and loss account |           | Revenue and expenses posted directly to equity |      | TOTAL     |           |
|                                                                                | 2018                    | 2017      | 2018                                           | 2017 | 2018      | 2017      |
| Balance of revenue and expenses of the year                                    | 493,455                 | 495,530   | --                                             | --   | 493,455   | 495,530   |
| Corporation tax                                                                | (36,017)                | (36,476)  | --                                             | --   | (36,017)  | (36,476)  |
| Permanent differences                                                          | (583,535)               | (595,948) | --                                             | --   | (583,535) | (595,948) |
| Temporary differences                                                          |                         |           |                                                |      |           |           |
| - originating in the year                                                      | 9,526                   | 15,058    | --                                             | --   | 9,526     | 15,058    |
| - originating in previous years                                                | (17,980)                | 148       | --                                             | --   | (17,980)  | 148       |
| Compensation of negative tax bases of previous years                           | --                      | --        | --                                             | --   | --        | --        |
| Individual taxable rate (fiscal result)                                        | (134,551)               | (121,688) | --                                             | --   | (134,551) | (121,688) |
| Permanent differences for fiscal consolidation                                 | (2,318)                 | 12        | --                                             | --   | (2,318)   | 12        |
| Individual taxable rate after consolidation                                    | (136,869)               | (121,676) | --                                             | --   | (136,869) | (121,676) |

Thousands of euros

#### Increases and decreases in the past two years:

Increases due to permanent differences 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 corrections in the value of equity instruments (participations in Group and associated companies) duly accounted for.

Decreases due to permanent differences in the income statement relate to tax-exempt dividends.

The increases for temporary differences from the previous year basically correspond to expenses considered non-tax-deductible for commitments related to pensions and other medium-term remuneration of personnel.

Decreases due to temporary differences originating in prior years in the income statement primarily relate to the recovery of adjustments in pension commitments and the application of provisions for other medium-term remuneration of personnel that were not deductible in the fiscal year they were recorded, to the recovery of the tenth portion of amortization of intangible assets that was not tax deductible in 2013 and 2014 and to the accounting recovery of the impairment of the value of equity instruments that was not deductible at the time it was recorded.

The increases due to the incorporation of negative temporary differences from previous years correspond to the recovery of the tax-deductible provision in previous years due to the impairment of the portfolio of investee companies.

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Shown below for the years ending December 31, 2018 and 2017 are the main components of the expense for the tax on profits from ongoing operations and the reconciliation between the expense for the tax on profits and the product of multiplying the book earnings by the applicable tax rate.

| Item                                                                                       | Amount        |               |
|--------------------------------------------------------------------------------------------|---------------|---------------|
|                                                                                            | 2018          | 2017          |
| <b>Tax expense</b>                                                                         |               |               |
| Result before taxes from ongoing operations                                                | 457,438       | 459,054       |
| 25 percent of result before taxes from ongoing operations                                  | (114,360)     | (114,764)     |
| Tax effect of the permanent differences                                                    | 145,884       | 148,987       |
| Permanent differences for fiscal consolidation                                             | --            | --            |
| Tax incentives for the year                                                                | 2,825         | 2,325         |
| <b>Total (expense)/ revenue from current tax originating in the year</b>                   | <b>34,349</b> | <b>36,548</b> |
| Expense from current tax originating in previous years                                     | 1,668         | (72)          |
| Adjustment to temporary differences Law 27/2014 (General Provisions)                       | --            | --            |
| <b>(Expense)/revenue for tax of ongoing operations</b>                                     | <b>36,017</b> | <b>36,476</b> |
| <b>Tax on profits to be (paid)/received</b>                                                | <b>36,017</b> | <b>36,476</b> |
| Withholdings and advance payments                                                          | --            | 6             |
| Temporary differences                                                                      | 2,693         | (3,805)       |
| Tax effect of capital increase expenses posted to equity                                   | --            | --            |
| Tax credits and incentives recorded in previous years and appropriated in the current year | (1,668)       | 72            |
| Tax on profits from discontinued operations                                                | --            | --            |
| <b>Net tax on profits to be (paid)/ received</b>                                           | <b>37,042</b> | <b>32,750</b> |

Thousands of euros

The breakdown of income or expense for income tax on earnings for the periods 2018 and 2017 is as follows:

| Item                                                                   | 2,018         | 2,017         |
|------------------------------------------------------------------------|---------------|---------------|
| Income /(expense) for current tax                                      | 31,656        | 40,353        |
| Income /(expense) for deferred tax                                     | 2,693         | (3,805)       |
| <b>Total (expense)/income from current tax originating in the year</b> | <b>34,349</b> | <b>36,548</b> |

Thousands of euros

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The table below includes tax-deductible amounts in prior years in connection with corrections in value of holdings in Group, multi-group and associated companies and the difference in the year in the shareholders' equity of the same, as well as the amounts included in the tax base as a result of tax reversion and the amounts pending inclusion. In reference to the above, Royal Decree Law 3/2016, dated December 2, introduced a new minimum reversion regime for amounts pending inclusion. This provided for a minimum recovery of the fifth part 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 company for that fiscal year and to the amount of dividends received by it. The calculation of the minimum applicable reversion is also found in the following table.

| COMPANY          | Tax-deductible amount |                  | Reversion due to Own Funds differences |            | Reversion for dividends |      | Minimum reversion (fifth part of 2016) |              | Recovery effected in the period |              | Amounts pending recovery |
|------------------|-----------------------|------------------|----------------------------------------|------------|-------------------------|------|----------------------------------------|--------------|---------------------------------|--------------|--------------------------|
|                  | 2018                  | Previous periods | 2018                                   | 2017       | 2018                    | 2017 | 2018                                   | 2017         | 2018                            | 2017         |                          |
| MAPFRE INMUEBLES | ---                   | 11,158           | 1,389                                  | 396        | ---                     | ---  | 3,719                                  | 3,719        | 3,719                           | 3,719        | 7,439                    |
| <b>Total</b>     | ---                   | <b>11,158</b>    | <b>1,389</b>                           | <b>396</b> | ---                     | ---  | <b>3,719</b>                           | <b>3,719</b> | <b>3,719</b>                    | <b>3,719</b> | <b>7,439</b>             |

The applicable tax rate for 2018 and 2017 was 25 percent.

The following tables offer a breakdown of the movements for years 2018 and 2017 under the "Deferred tax assets" heading, differentiating the corresponding amounts in terms of items debited or credited directly to equity.

#### Fiscal year 2018

| Item                          | Opening balance | From         |        | Settled        | Closing balance |
|-------------------------------|-----------------|--------------|--------|----------------|-----------------|
|                               |                 | Earnings     | Equity |                |                 |
| <b>Assets</b>                 |                 |              |        |                |                 |
| 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           |
| <b>Total</b>                  | <b>29,648</b>   | <b>4,409</b> | --     | <b>(6,988)</b> | <b>27,069</b>   |

Thousands of euros

#### Fiscal year 2017

| Item                          | Opening balance | From         |        | Settled        | Closing balance |
|-------------------------------|-----------------|--------------|--------|----------------|-----------------|
|                               |                 | Earnings     | Equity |                |                 |
| <b>Assets</b>                 |                 |              |        |                |                 |
| Commitments to personnel      | 7,837           | 2,506        | --     | (188)          | 10,155          |
| Equity instruments impairment | 13,609          | 1,092        | --     | (933)          | 13,768          |
| Other items                   | 5,226           | 1,416        | --     | (917)          | 5,725           |
| <b>Total</b>                  | <b>26,672</b>   | <b>5,014</b> | --     | <b>(2,038)</b> | <b>29,648</b>   |

Thousands of euros

The breakdown of movements for years 2018 and 2017 under the heading "Deferred tax liabilities" is also shown below, differentiating the amounts in terms of items debit or credited directly to equity.

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### Fiscal year 2018

| Item                                    | Opening balance | Originating from |           | Settled   | Closing balance |
|-----------------------------------------|-----------------|------------------|-----------|-----------|-----------------|
|                                         |                 | Earnings         | Equity    |           |                 |
| <b>Liabilities</b>                      |                 |                  |           |           |                 |
| Profit from sales of equity instruments | 107             | 1                | --        | --        | 108             |
| <b>TOTAL</b>                            | <b>107</b>      | <b>1</b>         | <b>--</b> | <b>--</b> | <b>108</b>      |

Thousands of euros

### Fiscal year 2017

| Item                                    | Opening balance | Originating from |           | Settled   | Closing balance |
|-----------------------------------------|-----------------|------------------|-----------|-----------|-----------------|
|                                         |                 | Earnings         | Equity    |           |                 |
| <b>Liabilities</b>                      |                 |                  |           |           |                 |
| Profit from sales of equity instruments | 107             | --               | 20        | (20)      | 107             |
| <b>TOTAL</b>                            | <b>107</b>      | <b>--</b>        | <b>--</b> | <b>--</b> | <b>107</b>      |

Thousands of euros

There are no negative tax bases from previous years pending compensation. The tax incentives held by the Company for the last two years are shown below:

### Fiscal year 2018

| Module                    | Year to which they correspond | Amount applied in the financial year | Amount pending application | Amount not recorded | Deadline for use |
|---------------------------|-------------------------------|--------------------------------------|----------------------------|---------------------|------------------|
| Double taxation deduction | 2018                          | --                                   | --                         | --                  | --               |
| Other                     | 2018                          | 2,825                                | --                         | --                  | --               |
| <b>TOTAL</b>              |                               | <b>2,825</b>                         | <b>--</b>                  | <b>--</b>           | <b>--</b>        |

Thousands of euros

### Fiscal year 2017

| Module                    | Year to which they correspond | Amount applied in the financial year | Amount pending application | Amount not recorded | Deadline for use |
|---------------------------|-------------------------------|--------------------------------------|----------------------------|---------------------|------------------|
| Double taxation deduction | 2017                          | --                                   | --                         | --                  | --               |
| Other                     | 2017                          | 2,325                                | --                         | --                  | --               |
| <b>TOTAL</b>              |                               | <b>2,325</b>                         | <b>--</b>                  | <b>--</b>           | <b>--</b>        |

Thousands of euros

In 2011, the Company applied a deduction of 2,175,741 euros for reinvestment of extraordinary profits, as referred to in Art. 42 of the revised text of the Corporate Income 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 fiscal 2017, in accordance with article 25 of Corporate Income 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.

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The following table shows the provisions for capitalization reserves per year and generation:

| Year         | Amount:       |
|--------------|---------------|
| 2017         | 1,857         |
| 2016         | 12,000        |
| 2015         | 35,000        |
| <b>TOTAL</b> | <b>48,857</b> |

Thousands of euros

In fiscal year 2017, the consolidated settlement of Tax Group 9/85 entailed payment of 51,091,834 euros, recognized as an asset in the Company (13,394,073 euros payable in 2017), leaving the sum of 1,434,753 euros owed from previous periods pending settlement.

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

| COMPANY                                                  | AMOUNT        |               |               |               |
|----------------------------------------------------------|---------------|---------------|---------------|---------------|
|                                                          | CREDIT        |               | DEBIT         |               |
|                                                          | 2018          | 2017          | 2018          | 2017          |
| MAPFRE VIDA S A DE SEGUROS Y REASEG SOBRE LA VIDA HUMANA | --            | 120           | 7,320         | --            |
| MAPFRE RE COMPAÑÍA INTERNACIONAL DE REASEGUROS S A       | 7,365         | 25,656        | --            | --            |
| MAPFRE INMUEBLES S A                                     | 4,498         | 4,758         | --            | --            |
| MAPFRE INVERSION S V S A                                 | 269           | 5,107         | --            | --            |
| MAPFRE VIDA PENSIONES S G F P S A                        | 56            | 200           | --            | --            |
| MAPFRE ASSET MANAGEMENT S G I I C S A                    | 1,150         | 1,148         | --            | --            |
| CONSULTORA ACTUARIAL Y DE PENSIONES MAPFRE VIDA S A      | --            | 9             | --            | --            |
| GESTION MODA SHOPPING S A                                | 3             | --            | --            | 5             |
| MIRACETI S A                                             | 46            | 75            | --            | --            |
| MAPFRE VIDEO Y COMUNICACIÓN S A (MAVICO)                 | 35            | 195           | --            | --            |
| MAPFRE CONSULTORES DE SEGUROS Y REASEGUROS S A           | 1             | 7             | --            | --            |
| MAPFRE ASISTENCIA CIA INTERNACIONAL DE SEGUROS S A       | --            | --            | 2,340         | 3,626         |
| IBEROASISTENCIA S A                                      | --            | --            | 66            | 70            |
| CENTRO DE EXPERIMENTACIÓN Y SEGURIDAD VIAL MAPFRE S A    | --            | --            | 201           | 57            |
| CLUB MAPFRE S A                                          | --            | --            | 3             | 21            |
| DESARROLLOS URBANOS CIC S A (DESURCIC)                   | --            | --            | 1,162         | 2,483         |
| MAPFRE INTERNACIONAL                                     | --            | --            | 20,359        | 22,006        |
| MULTISERVICIOS MAPFRE S A (MULTIMAP)                     | --            | 128           | 107           | --            |
| SERVICIOS INMOBILIARIOS MAPFRE S A (SERVIMAP)            | 15            | 70            | --            | --            |
| MAPFRE TECH                                              | --            | --            | 1,267         | 1,583         |
| MAPFRE AUTOMOCIÓN                                        | --            | --            | 288           | 237           |
| IBEROASIS CONSULTING DE SOLUCIONES Y TECNOLOGIAS S A     | --            | --            | 154           | 224           |
| SERVIFINANZAS S A                                        | --            | --            | 4             | 5             |
| MAPFRE GLOBAL RISKS S A                                  | --            | 425           | 9,255         | --            |
| CENTROS MEDICOS MAPFRE SA                                | --            | --            | 1,601         | 1,250         |
| VERTI ASEGURADORA CIA DE SEGUROS Y REASEGUROS S A        | 51            | --            | --            | 127           |
| MEDISEMAP AGENCIA DE SEGUROS S L                         | 3             | 12            | --            | --            |
| MAPFRE ESPAÑA COMPAÑÍA DE SEGUROS Y REASEGUROS S A       | 16,859        | 39,934        | --            | --            |
| FUNESPAÑA S A                                            | --            | --            | 326           | 91            |
| SERVICIOS FUNERARIOS FUNEMADRID S A                      | 67            | 173           | --            | --            |
| ALL FUNERAL SERVICES S L                                 | 47            | 189           | --            | --            |
| FUNERARIAS REUNIDAS EL BIERZO S A                        | 29            | 123           | --            | --            |
| GAB MANAGEMENT & CONSULTING S R L                        | --            | 1             | --            | --            |
| POMPES FUNEBRES DOMINGO S L                              | 6             | 34            | --            | --            |
| BIOINGENIERIA ARAGONESA                                  | --            | --            | 1             | 2             |
| MAQUAVIT                                                 | 19            | 181           | --            | --            |
| MAPFRE AM INVESTMENT HOLDING S A U                       | --            | --            | 96            | 35            |
| SALUD DIGITAL MAPFRE                                     | --            | --            | 17            | --            |
| MAPFRE GLOBAL RISKS AGENCIA DE SUSCRIPCIÓN S.A.          | --            | --            | 2             | --            |
| <b>TOTAL</b>                                             | <b>30,519</b> | <b>78,545</b> | <b>44,569</b> | <b>31,822</b> |

Thousands of euros

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# MAPFRE S.A.

The total amount payable to the tax authorities in 2018, and the net amount of the aforementioned receivables and payables, corresponds to the amount to be collected by the Company, namely 37,042,351.99 euros (32,749,030 euros in 2017).

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   |                 |

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

| Temporary differences        | COMPANY                  | Year  |       |
|------------------------------|--------------------------|-------|-------|
|                              |                          | 2018  | 2017  |
| • Impairment Group companies | MAPFRE INMUEBLES, S.G.A. | 3,719 | 3,719 |
| Total temporary differences  |                          | 3,719 | 3,985 |

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.

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### Verification by tax authorities

With respect to tax inspections carried out on income tax filed by the Tax Group from 2007 to 2009, the Company formally contested an additional tax assessment in the amount of 5,497,000 euros in respect of discrepancies in the deduction applied by the Tax Group for Technological Research, Development and Innovation generated by several subsidiaries, which does not affect MAPFRE S.A. The settlement derived was appealed before the TEAC, which partially upheld the allegations, a resolution that is being appealed before the Central Administrative-Financial Court, the claim having been formalized at the date of formulation of these annual accounts.

On December 4 2017, in its condition as controlling company of Tax Group 9/85, MAPFRE S.A. was notified of the commencement of corporate tax inspections for the years 2013 to 2016. In addition, and in its condition as controlling company of VAT Group 87/10, it was notified of the commencement of verification measures for all the periods from January 2014 to December 2016.

Likewise, on the same date MAPFRE S.A. was notified of the commencement of inspections of all payable taxes for years 2014 to 2016, as well as the corporate tax of fiscal year 2013.

Therefore, at December 31, 2018, the Company had open to inspection all taxes to which it is subject for 2015 to 2018, as well as corporate income tax for the periods 2013 and 2014, income tax and VAT for the period 2014. In the opinion of the Company's advisors, there is only a remote possibility of tax liabilities occurring and significantly affecting the financial position of the Company at December 31, 2017.

### Business restructuring operations

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.

This transaction was covered by the Special Regime foreseen in Chapter VII, Title VII of Corporate Income Tax Law 27/2014 of November 27.

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

This transaction was covered under the Special Regime of Chapter VIII, Title VII of Royal Legislative Decree 4/2004.

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., a transaction covered by the Special Regime of Chapter VIII, Title VII of Royal Legislative Decree 4/2004.

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 Legislative Decree 4/2004.

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

Up to 2008, the following merger operations were performed, all of them covered under the Special Tax Regime in Chapter VIII, Title VII of the revised text of the Corporate Income Tax Law:

- Merger by absorption of MAPFRE-CAJAMADRID HOLDING DE ENTIDADES ASEGURADORAS S.A. into MAPFRE S.A. The last balance sheet closed by the absorbed company was included as an annex to the 2008 annual accounts.
- 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. into 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. into MAPFRE EMPRESAS, COMPAÑÍA DE SEGUROS Y REASEGUROS S.A.
- Merger by absorption of MAPFRE AMÉRICA VIDA S.A. into MAPFRE AMÉRICA S.A.

In 2008, the capital of MAPFRE INTERNACIONAL was increased via contributions from the company GENERAL SIGORTA, a transaction that was covered under the Special Regime of Chapter VIII, Title VII of Royal Legislative Decree 4/2004.

The 2008 annual report contains mandatory accounting information concerning these operations.

In 2007, the capital of MAPFRE INTERNACIONAL was increased via contributions from the companies MAPFRE SEGUROS GERAIS, CATTOLICA and MAPFRE USA. This transaction was covered under the Special Regime of Chapter VIII, Title VII of Royal Legislative Decree 4/2004.

The 2007 annual report contains mandatory accounting information concerning these operations.

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, a transaction covered by the Special Regime of Chapter VIII Title VII of Royal Decree Law 4/2004.

The 2006 annual report contains mandatory accounting information concerning this operation.

On January 31, 2003 there was a capital increase of MAPFRE RE in which the Company contributed the property on Paseo de Recoletos No. 25, Madrid, which it had received in the global assignment of assets and liabilities of INCALBARSA, formalized on December 27, 2000. Both operations were covered by the Special Regime of Chapter VIII of Title VII of Royal Decree Law 4/2004.

This property had a book value of 11,868,822.10 euros at the time of the contribution and an 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.

The 2003 annual report contains mandatory accounting information concerning this operation.

In 2001, the Company performed security exchange operations under the Special Regime of Chapter VIII of Title VII of Royal Legislative Decree 4/2004.

For the purposes of the provisions of Article 93 of Royal Decree Law 4/2004, the following information is provided:

- Book value of 455,054 shares of MAPFRE SEGUROS GENERALES, Compañía de Seguros y Reaseguros S.A., contributed to the capital increase of MAPFRE-CAJA MADRID, Holding de Entidades Aseguradoras S.A.: 4,045,896.15 euros.
- Value recorded by the Company for the 4,946,766 shares received from MAPFRE CAJA MADRID, Holding de Entidades Aseguradoras S.A. in the aforementioned capital increase: 4,045,896.15 euros.

The 2001 annual report contains mandatory accounting information concerning these operations.

In 2000, the Company performed operations covered by the Special Regime of Chapter VIII of Title VII of Royal Legislative Decree 4/2004, for the contribution of shares of 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. for a capital increase of MAPFRE-CAJA MADRID Holding de Entidades Aseguradoras S.A.

Also in the year 2000, the global assignment of assets and liabilities of INCALBARSA S.A. was formalized for the sole shareholder, CORPORACIÓN MAPFRE S.A. This transaction was also covered by the Special Regime of Chapter VIII of Title VII of Royal Decree Law 4/2004.

The 2000 annual report contains mandatory accounting information concerning these operations.

#### VAT Group companies

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

In 2018, 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 GLOBAL RISKS 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.

### **13. REVENUE AND EXPENSES**

The following table shows a breakdown of the social security contributions made by the Company in the last two years:

| BREAKDOWN OF SOCIAL SECURITY CONTRIBUTIONS | AMOUNT        |               |
|--------------------------------------------|---------------|---------------|
|                                            | 2018          | 2017          |
| Social security                            | 6,775         | 6,432         |
| Contributions to pensions                  | 7,507         | 7,152         |
| Other social security contributions        | 8,271         | 7,946         |
| <b>TOTAL</b>                               | <b>22,553</b> | <b>21,530</b> |

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.

## 14. PROVISIONS AND CONTINGENCIES

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

| HEADING                                  | OPENING BALANCE |               | INCREASES    |              | DECREASES      |                | CLOSING BALANCE |               |
|------------------------------------------|-----------------|---------------|--------------|--------------|----------------|----------------|-----------------|---------------|
|                                          | 2018            | 2017          | 2018         | 2017         | 2018           | 2017           | 2018            | 2017          |
| <b><u>Long-term provisions</u></b>       |                 |               |              |              |                |                |                 |               |
| Non-current employee benefit obligations | 15,069          | 14,876        | 2,052        | 4,929        | (5,427)        | (4,736)        | 11,694          | 15,069        |
| Other provisions                         | 245             | 1,069         | 277          | 791          | (424)          | (1,616)        | 98              | 245           |
| <b><u>Short-term provisions</u></b>      |                 |               |              |              |                |                |                 |               |
| Current provisions                       | --              | --            |              |              |                |                | --              | --            |
| <b>TOTAL</b>                             | <b>15,314</b>   | <b>15,945</b> | <b>2,329</b> | <b>5,720</b> | <b>(5,851)</b> | <b>(6,352)</b> | <b>11,792</b>   | <b>15,314</b> |

Thousands of euros

At December 31 of the last two fiscal years, "Obligations for long-term benefits to personnel" primarily included:

- Defined benefit plans that are externalized, detailed in note 16 of the annual report, amounting to 4,680,000 euros (4,751,000 euros in 2017).
- Long service bonus detailed in note "Personnel expenses" amounting to 3,513,000 euros (3,397,000 euros in 2017)
- Life insurance covering death between age 65 and 77 years detailed in the note disclosing measurement standards in respect of "Personnel expenses", for 1,437,000 euros (1,354,000 euros in 2017).
- Medium-term remuneration incentives detailed in the note disclosing measurement standards for "Personnel expenses", amounting to 1,416,000 euros (4,886,000 euros in 2017).

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.

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## 15. ENVIRONMENTAL INFORMATION

The Company did not have any environmental-related item in the last two 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 standards.

The amount corresponding to expense by defined-contribution pension plans has increased to 7,507,000 euros in 2018 (7,152,000 euros in 2017).

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

### A) Amounts recognized in the Balance Sheet

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

| Item                                              | 2018         | 2017         |
|---------------------------------------------------|--------------|--------------|
| <b>CURRENT COMMITMENT VALUE AT JANUARY 1</b>      | <b>4,751</b> | <b>4,748</b> |
| • Current year's service costs                    | --           | --           |
| • Interest cost                                   | 199          | 199          |
| • Actuarial gains and losses                      | 60           | 109          |
| • Benefits paid                                   | (254)        | (249)        |
| • Settlements                                     | --           | --           |
| • Other items                                     | (76)         | (56)         |
| <b>Present value of obligation at December 31</b> | <b>4,680</b> | <b>4,751</b> |

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.

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

| Item                                               | 2018         | 2017         |
|----------------------------------------------------|--------------|--------------|
| <b>Value of reimbursement right at January 1</b>   | <b>4,751</b> | <b>4,748</b> |
| • Expected return from allocated assets            | 199          | 199          |
| • Employer contributions                           | --           | --           |
| • Actuarial gains and losses                       | 60           | 109          |
| • Benefits paid                                    | (254)        | (249)        |
| • Settlements                                      | --           | --           |
| • Other items                                      | (76)         | (56)         |
| <b>Value of reimbursement right at December 31</b> | <b>4,680</b> | <b>4,751</b> |

Thousands of euros

## B) Hypothesis

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

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

The Board of Directors approved a medium-term incentive Plan in 2016 that was valued and recognized in the income statement in line with indications set down in the measurement standards of 4h) "Personnel expenses".

In fiscal year 2018, the total provision for this concept in the Company was reversed due to the failure to achieve the expected objectives (In 2017, 387,000 euros were allocated.) A total of 3,182,000 euros was reversed, corresponding to the cash compensation and 2,867,000 euros in equity for the part corresponding to the settlement by means of equity instruments.

The number of benchmark shares taken into account for the purposes of calculating the remuneration in 2017 stood at 2,196,474.

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## 17. SUBSEQUENT EVENTS

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There have been no significant events subsequent to the close of the year.



## 18. OPERATIONS WITH RELATED PARTIES

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

| Expenses and revenue      | Group companies |                 | Other related parties |           | TOTAL           |                 |
|---------------------------|-----------------|-----------------|-----------------------|-----------|-----------------|-----------------|
|                           | 2018            | 2017            | 2018                  | 2017      | 2018            | 2017            |
| 1) Financial expenses     | (11,663)        | (16,428)        | --                    | --        | (11,663)        | (16,428)        |
| 4) Leasing                | (5,065)         | (5,044)         | --                    | --        | (5,065)         | (5,044)         |
| 9) Other expenses         | (14,170)        | (11,203)        | --                    | --        | (14,170)        | (11,203)        |
| <b>EXPENSES</b>           | <b>(30,898)</b> | <b>(32,675)</b> | <b>--</b>             | <b>--</b> | <b>(30,898)</b> | <b>(32,675)</b> |
| 10) Financial income      | 8,860           | 6,552           | --                    | --        | 8,860           | 6,552           |
| 13) Dividends received    | 741,258         | 632,193         | --                    | --        | 741,258         | 632,193         |
| 15) Provision of services | 86,973          | 76,030          | --                    | --        | 86,973          | 76,030          |
| <b>REVENUE</b>            | <b>837,091</b>  | <b>714,775</b>  | <b>--</b>             | <b>--</b> | <b>837,091</b>  | <b>714,775</b>  |

Thousands of euros

| Other transactions                                      | Group companies |           | Other related parties |         | TOTAL     |           |
|---------------------------------------------------------|-----------------|-----------|-----------------------|---------|-----------|-----------|
|                                                         | 2018            | 2017      | 2018                  | 2017    | 2018      | 2017      |
| Acquisition of tangible, intangible or other assets     | --              | (1,058)   | --                    | --      | --        | (1,058)   |
| Financing agreements: Credits and capital contributions | 617,498         | 436,977   | --                    | --      | 617,498   | 436,977   |
| Amortization or cancellation of credits                 | (257,784)       | (209,850) | --                    | --      | (257,784) | (209,850) |
| Financing agreements: Loans and capital contributions   | --              | --        | --                    | --      | --        | --        |
| Repayment or cancellation of loans                      | 203,300         | 7,100     | --                    | --      | 203,300   | 7,100     |
| Dividends and other profits distributed                 | --              | --        | 304,949               | 304,949 | 304,949   | 304,949   |

Thousands of euros

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

| Investments              | Group companies |                |
|--------------------------|-----------------|----------------|
|                          | 2018            | 2017           |
| <b>Capital increases</b> |                 |                |
| MAPFRE INTERNACIONAL     | 199,999         | 135,000        |
| MAPFRE ASISTENCIA        | 30,999          | 49,998         |
| <b>TOTAL</b>             | <b>230,998</b>  | <b>184,998</b> |

Thousands of euros

There has been a pending disbursement of shares of MAPFRE ASISTENCIA for 19,999,000 euros as at December 31 of the last two fiscal years.

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On March 6, 2017 a single-member company called MAPFRE AM Investment Holding S.A. was incorporated, with a share capital of 15,000,000 face value shares of 1 euro each, fully subscribed and paid up by MAPFRE S.A.

The following table shows the amount of pending balances with Group companies at the close of the last two fiscal years:

| Item          | Assets         |                | Liabilities    |                |
|---------------|----------------|----------------|----------------|----------------|
|               | 2018           | 2017           | 2018           | 2017           |
| Loans         | 525,150        | 396,150        | 138,400        | 341,700        |
| Loan interest | 3,753          | 1,017          | 28,695         | 65,317         |
| Tax Group     | 30,519         | 78,541         | 44,569         | 31,818         |
| Other items   | 18,633         | 19,469         | 4,627          | 5,011          |
| <b>TOTAL</b>  | <b>578,055</b> | <b>495,177</b> | <b>216,291</b> | <b>443,846</b> |

Thousands of euros

There have been no financial expenses for the settlement of the CARTERA MAPFRE line of credit described in note 8 for the 2018 fiscal year. (23,000 euros in fiscal year 2017).

Transactions with related parties are related to the normal trading activities of the Company and were conducted according to market conditions.

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

| Item                                     | Amount:      |              |
|------------------------------------------|--------------|--------------|
|                                          | 2018         | 2017         |
| <b>Short-term remunerations</b>          |              |              |
| Salary                                   | 2,669        | 2,997        |
| Short-term variable remuneration         | 1,805        | 1,981        |
| Fixed allowance                          | 1,927        | 1,876        |
| Other items                              | 812          | 115          |
| <b>Medium-term variable remuneration</b> | 1,128        | 1,128        |
| <b>TOTAL</b>                             | <b>8,341</b> | <b>8,097</b> |
| <b>Other remuneration</b>                |              |              |
| Life Insurance                           | 84           | 100          |

Thousands of euros

The basic remuneration of external directors consists of an annual fixed amount for their membership of the Board of Directors, which amounted to 110,000 euros in the last two fiscal years. In 2017, a fixed annual allocation of 110,000 euros was established for Vice Chairpersons and Coordinating Directors. Members of the Steering Committee have received 20,000 euros in each of the past two fiscal periods. In addition, the individual serving as Chairperson of the Audit and Compliance Committee receives 65,000 euros, (55,000 in 2017). Remuneration for the members of the Audit and Compliance Committee receive 45,000 euros (35,000 in 2017), with the other members of the delegate committees receiving 37,000 euros (35,000 euros in 2017).

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 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 directors or not. Contributions to defined benefit plans were recorded as expenses and amounted to 4,385,000 euros in 2018 (4,200,000 euros in 2017).

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

The amount provisioned in relation to medium-term incentive plans was reversed, due to the fact that the stated objectives were not achieved (in fiscal year 2017, 1,328,000 euros had been provisioned).

With respect to the short-term variable remuneration already accrued, at the close of the 2018 fiscal year, 2,826,590 euros was outstanding, (2,620,000 euros in 2017).

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 membership of the boards or steering committees is approved by the Board of Directors, subject to a report by the committee.

The amount paid for professional liability insurance premiums due to damage caused reached 367,000 euros (444,000 euros in 2017).

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 outside normal market conditions.

During the last two years, no conflicts of interest, either direct or indirect, had arisen between the directors or persons linked to same and the Company.

The remuneration paid to senior management in the last two years is shown below:

|                                  | 2018         | 2017         |
|----------------------------------|--------------|--------------|
| No. of senior management members | 7            | 5            |
| Fixed remunerations              | 2,124        | 1,596        |
| Variable remunerations           | 1,192        | 934          |
| Other remuneration               | 81           | 40           |
| <b>TOTAL</b>                     | <b>3,397</b> | <b>2,570</b> |
| Life Insurance                   | 31           | 25           |

Thousands of euros

With regards to the medium-term incentive plan 2016-2019, over the course of the fiscal year in question, the whole provision was reversed, due to the fact that the stated objectives were not met. In 2017, the amount of 97,000 euros had been allocated for this purpose.

In addition, in 2018, contributions to defined benefit plans amounting to 826,000 euros were recognized as expenses for the year (517,000 euros in 2017).

## 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                                     | 2018       |            | 2017       |            |
|------------------------------------------|------------|------------|------------|------------|
|                                          | Men        | Women      | Men        | Women      |
| Board of Directors and Senior Management | 12         | 2          | 9          | 1          |
| Management                               | 95         | 53         | 92         | 48         |
| Technicians                              | 144        | 146        | 132        | 134        |
| Administrators                           | 16         | 58         | 18         | 64         |
| <b>AVERAGE TOTAL NUMBER OF EMPLOYEES</b> | <b>267</b> | <b>259</b> | <b>251</b> | <b>247</b> |

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Number of employees at the end of the year:

| ITEM                                     | 2018       |            | 2017       |            |
|------------------------------------------|------------|------------|------------|------------|
|                                          | Men        | Women      | Men        | Women      |
| Board of Directors and Senior Management | 14         | 2          | 9          | 1          |
| Management                               | 95         | 53         | 95         | 51         |
| Technicians                              | 145        | 153        | 138        | 141        |
| Administrators                           | 16         | 58         | 17         | 63         |
| <b>TOTAL NUMBER OF EMPLOYEES</b>         | <b>270</b> | <b>266</b> | <b>259</b> | <b>256</b> |

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

| Item           | 2018      | 2017     |
|----------------|-----------|----------|
| Management     | 2         | 2        |
| Technicians    | 4         | 2        |
| Administrators | 4         | 5        |
| <b>TOTAL</b>   | <b>10</b> | <b>9</b> |

Remuneration accrued by the external auditor (KPMG Auditores, S.L.) is shown below. It is deemed that these fees do not compromise the independence of the auditors.

| ITEM                                  | AMOUNTS    |            |
|---------------------------------------|------------|------------|
|                                       | 2018       | 2017       |
| Audit services                        | 465        | 456        |
| Other verification services           | 260        | 295        |
| Tax services                          | --         | --         |
| Other services                        | --         | --         |
| <b>Total services of main auditor</b> | <b>725</b> | <b>751</b> |

Thousands of euros

Other verification services include services rendered by KPMG Auditores S.L. to the Company during fiscal 2018, among which the issuing of comfort letters, other regulatory revisions subject to audit, as well as services related to regulatory compliance.

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

| ITEM                                | 2018           | 2017          |
|-------------------------------------|----------------|---------------|
|                                     | Days           | Days          |
| Average supplier payment period     | 20             | 20            |
| Ratio of paid operations            | 20             | 20            |
| Ratio of operations pending payment | --             | --            |
|                                     | Amounts        | Amounts       |
| Payments made                       | 100,939        | 76,174        |
| Payments pending                    | 3,328          | 6,314         |
| <b>Total payments for the year</b>  | <b>104,267</b> | <b>82,488</b> |

Thousands of euros

# Annex 1

## Fiscal year 2018

| Name                                                         | Legal form | Address                                                | Activity                          | STAKE    |             |               |             | Thousands of euros |           |                       |                          |                |           |            |                             |                        |                    |
|--------------------------------------------------------------|------------|--------------------------------------------------------|-----------------------------------|----------|-------------|---------------|-------------|--------------------|-----------|-----------------------|--------------------------|----------------|-----------|------------|-----------------------------|------------------------|--------------------|
|                                                              |            |                                                        |                                   | %        |             | Voting rights |             | Capital            | Reserves  | Other items in equity | Earnings for the year    |                |           | Book value | (Impairment) /Reversal year | Accumulated impairment | Dividends received |
|                                                              |            |                                                        |                                   | Direct   | Indirect    | Direct        | Indirect    |                    |           |                       | Earnings from operations | Other earnings |           |            |                             |                        |                    |
|                                                              |            |                                                        |                                   |          |             |               |             |                    |           |                       |                          |                |           |            |                             |                        |                    |
| MAPFRE TECH                                                  | S.A.       | Carretera Pozuelo, 52<br>Majadahonda - 28222<br>Madrid | IT                                | 0.7746   | 99.1526     | 0.7746        | 99.1526     | 30.980             | (10.867)  | --                    | 157                      | 570            | --        | --         | 240                         | --                     |                    |
| MAPFRE INTERNACIONAL                                         | S.A.       | Carretera Pozuelo, 52<br>Majadahonda - 28222<br>Madrid | Holding                           | 100.0000 | --          | 100.0000      | --          | 784.432            | 5,169,317 | (800,784)             | 190,014                  | (31,051)       | 4,141,763 | --         | --                          | --                     |                    |
| MAPFRE RE Cia. de Reaseguros                                 | S.A.       | Paseo de Recoletos 25<br>28004 Madrid                  | Reinsurance                       | 92.2454  | 0.0003      | 92.2454       | 0.0003      | 223,916            | 895,828   | 2,420                 | 149,137                  | --             | 383,380   | --         | --                          | 92,615                 |                    |
| MAPFRE ASISTENCIA, Cia Internacional de Seguros y Reaseguros | S.A.       | Sor Ángela de la Cruz,<br>No. 6, 28020 Madrid.         | Insurance and reinsurance         | 99.9970  | 0.0030      | 99.9970       | 0.0030      | 365,176            | (64,159)  | (49,102)              | (28,258)                 | 18,153         | 189,634   | (151,429)  | 178,540                     | --                     |                    |
| MAPFRE INMUEBLES                                             | S.G.A.     | Carretera Pozuelo, 52<br>Majadahonda - 28222<br>Madrid | Real Estate                       | 9.9977   | 89.9944     | 9.9977        | 89.9944     | 593,474            | (110,932) | --                    | (4,815)                  | 18,520         | 54,358    | 2,122      | 52,639                      | --                     |                    |
| Maquaviv Inmuebles                                           | S.L.       | Carretera Pozuelo, 52<br>Majadahonda - 28222<br>Madrid | Real Estate                       | 100.0000 | --          | 100.0000      | --          | 37,436             | 1,633     | --                    | (527)                    | 1,915          | 26,662    | --         | --                          | --                     |                    |
| MAPFRE VIDA                                                  | S.A.       | Carretera Pozuelo, 52<br>Majadahonda - 28222<br>Madrid | Insurance and reinsurance         | 99.9121  | --          | 99.9121       | --          | 60,242             | 1,430,542 | 185,313               | 121,326                  | 57,061         | 1,132,946 | --         | --                          | 371,972                |                    |
| Fancy Investment                                             | S.A.       | Avda. 16 de Julio, 641<br>Montevideo (Uruguay)         | Finance                           | 100.0000 | --          | 100.0000      | --          | 11,024             | 4,444     | (6,720)               | --                       | 483            | 10,118    | --         | --                          | --                     |                    |
| MAPFRE Consultores de Seguros y Reaseguros                   | S.A.       | Paseo de Recoletos 25<br>28004 Madrid                  | Advisory and management services  | 50.0000  | 49.9995     | 50.0000       | 49.9997     | 120                | 168       | --                    | (12)                     | 48             | 61        | --         | --                          | --                     |                    |
| MAPFRE Inversión                                             | S.A.       | Carretera Pozuelo, 50<br>Majadahonda - 28222<br>Madrid | Investment company                | 0.0009   | 99.91120079 | 0.0009        | 99.91120079 | 33,055             | 149,101   | 4,705                 | (14,134)                 | 55,663         | 2         | --         | --                          | 1                      |                    |
| MAPFRE AM Investment                                         | S.A.       | Carretera Pozuelo, 50<br>Majadahonda - 28222<br>Madrid | Holding                           | 100.0000 | --          | 100.0000      | --          | 15,000             | (243)     | --                    | 84                       | (256)          | 15,000    | --         | --                          | 4                      |                    |
| MAPFRE ASSET MANAGEMENT                                      | S.A.       | Carretera Pozuelo, 50<br>Majadahonda - 28222<br>Madrid | Institution management investment | 0.0147   | 99.89741371 | 0.0147        | 99.89741371 | 2,043              | (7,884)   | 2,155                 | (10,368)                 | 41,481         | 2         | --         | --                          | 1                      |                    |
| MAPFRE ESPAÑA.                                               | S.A.       | Carretera Pozuelo, 52<br>Majadahonda - 28222<br>Madrid | Insurance and reinsurance         | 83.5168  | 16.4825     | 83.5168       | 16.4825     | 564,624            | 1,099,244 | 260,206               | 295,925                  | 6,253          | 3,050,931 | --         | --                          | 231,063                |                    |
| MAPFRE Global Risks                                          | S.A.       | Carretera Pozuelo, 52<br>Majadahonda - 28222<br>Madrid | INSURANCE                         | 100.0000 | --          | 100.0000      | --          | 20,132             | 1,052,364 | 33,489                | 73,191                   | 382            | 529,087   | --         | --                          | 45,802                 |                    |

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## Fiscal year 2018

| Name                                                | Legal form | Address                                                                 | Activity                                 | STAKE    |          |               |          | Capital | Reserves | Other items in equity | Earnings for the year    |                | Book value | (Impairment) /Reversal year | Accumulated impairment | Dividends received |  |           |  |
|-----------------------------------------------------|------------|-------------------------------------------------------------------------|------------------------------------------|----------|----------|---------------|----------|---------|----------|-----------------------|--------------------------|----------------|------------|-----------------------------|------------------------|--------------------|--|-----------|--|
|                                                     |            |                                                                         |                                          | %        |          | Voting rights |          |         |          |                       | Earnings from operations | Other earnings |            |                             |                        |                    |  |           |  |
|                                                     |            |                                                                         |                                          | Direct   | Indirect | Direct        | Indirect |         |          |                       |                          |                |            |                             |                        |                    |  |           |  |
| Clube Mapfre do Brasil                              | LTDA       | Av. dos Autonomistas, 701 Vila- Yara – Osasco SP CEP 06020-000 (Brazil) | Consultancy                              | 0.3314   | 99.6686  | 0.3314        | 99.6686  | 151,830 | 23,496   | (86,204)              | (5,680)                  | 6,395          | 86         | --                          | --                     | --                 |  |           |  |
| Desarrollos Urbanos                                 | S.A.       | Carretera Pozuelo, 52 Majadahonda - 28222 Madrid                        | Real Estate                              | 0.0784   | 99.9137  | 0.0764        | 99.9137  | 363     | 4,605    | --                    | 1,162                    | (4,647)        | 3          | (6)                         | 43                     | --                 |  |           |  |
| SERVFINANZAS                                        | S.A.       | Carretera Pozuelo, 52 Majadahonda - 28222 Madrid                        | Finance                                  | 100.0000 | --       | 100.0000      | --       | 216     | 49       | --                    | --                       | 11             | 267        | --                          | --                     | --                 |  |           |  |
| MGR Agencia de Suscripción                          | S.A.       | Carretera Pozuelo, 52 Majadahonda - 28222 Madrid                        | Insurance and reinsurance                | 100.0000 | --       | 100.0000      | --       | 60      | --       | --                    | 2                        | (7)            | 60         | --                          | --                     | --                 |  |           |  |
| Premieren Price Comparison Holding                  | LTDA       | Ty Admiral David Street Cardiff CF102EH                                 | Online insurance policy price comparator | 50.0000  | --       | 50.0000       | --       | 10,000  | 10       | --                    | --                       | (4,627)        | 2,691      | (2,309)                     | 2,309                  | --                 |  |           |  |
| TOTAL                                               |            |                                                                         |                                          |          |          |               |          |         |          |                       |                          |                | 9,536,741  | (151,622)                   | 233,771                |                    |  |           |  |
| Other investments                                   |            |                                                                         |                                          |          |          |               |          |         |          |                       |                          |                |            |                             |                        |                    |  | 8         |  |
| Total investments in Group and associated companies |            |                                                                         |                                          |          |          |               |          |         |          |                       |                          |                |            |                             |                        |                    |  | 9,536,749 |  |

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## Fiscal year 2017

| Thousands of euros                                           |            |                                                     |                                                 |          |          |               |          |         |           |                       |                          |                |           |            |                             |                        |                    |
|--------------------------------------------------------------|------------|-----------------------------------------------------|-------------------------------------------------|----------|----------|---------------|----------|---------|-----------|-----------------------|--------------------------|----------------|-----------|------------|-----------------------------|------------------------|--------------------|
| Name                                                         | Legal form | Address                                             | Activity                                        | STAKE    |          |               |          | Capital | Reserves  | Other items in equity | 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.       | Carretera Pozuelo, 52<br>Majadahonda - 28222 Madrid | IT                                              | 0.7746   | 99.1525  | 0.7746        | 99.1525  | 30.980  | (9.052)   | --                    | 1,252                    | (3.028)        | --        | 240        | --                          | --                     | --                 |
| MAPFRE Internacional                                         | S.A.       | Carretera Pozuelo, 52<br>Majadahonda - 28222 Madrid | Holding                                         | 100.0000 | --       | 100.0000      | --       | 624.432 | 5,242.462 | (1,567,003)           | 262,587                  | 21,011         | 3,841,763 | --         | --                          | 99,909                 | --                 |
| MAPFRE Re Cia. de Reaseguros                                 | S.A.       | Paseo de Recoletos 25<br>28004 Madrid               | Reinsurance                                     | 92.2454  | 0.0003   | 92.2454       | 0.0003   | 223.916 | 831,059   | 83,813                | 162,655                  | --             | 383,360   | --         | --                          | 95,281                 | --                 |
| MAPFRE Asistencia, Cia Internacional de Seguros y Reaseguros | S.A.       | Sor Angela de la Cruz,<br>No. 6, 28020 Madrid.      | Insurance and reinsurance                       | 99.9970  | 0.0030   | 99.9970       | 0.0030   | 334,176 | 35,804    | (89,023)              | (44,053)                 | (24,373)       | 308,794   | (27,111)   | 27,111                      | --                     | --                 |
| MAPFRE INMUEBLES                                             | S.G.A.     | Carretera Pozuelo, 52<br>Majadahonda - 28222 Madrid | Real Estate                                     | 9.9977   | 89.9943  | 9.9977        | 89.9943  | 593,474 | (115,132) | --                    | (1,095)                  | 5,306          | (652)     | 54,761     | (652)                       | 54,761                 | --                 |
| Maquaviñ Inmuebles                                           | S.L.       | Carretera Pozuelo, 52<br>Majadahonda - 28222 Madrid | Real Estate                                     | 100.0000 | --       | 100.0000      | --       | 45,436  | 575       | --                    | (416)                    | 1,475          | 34,582    | --         | --                          | --                     | --                 |
| MAPFRE VIDA                                                  | S.A.       | Carretera Pozuelo, 52<br>Majadahonda - 28222 Madrid | Insurance and reinsurance                       | 99.9114  | --       | 99.9114       | --       | 60,242  | 1,324,984 | 210,701               | 131,396                  | 55,205         | 1,132,932 | --         | --                          | 153,682                | --                 |
| Fancy Investment                                             | S.A.       | Avda. 18 de Julio, 841<br>Montevideo (Uruguay)      | Finance                                         | 100.0000 | --       | 100.0000      | --       | 11,024  | 6,757     | (7,387)               | --                       | 1,446          | 10,118    | --         | --                          | --                     | --                 |
| MAPFRE Consultores de Seguros y Reaseguros                   | S.A.       | Paseo de Recoletos 25<br>28004 Madrid               | Advisory and management services                | 50.0000  | 49.9997  | 50.0000       | 49.9997  | 120     | 131       | --                    | (13)                     | 51             | 61        | --         | --                          | --                     | --                 |
| MAPFRE Inversión                                             | S.A.       | Carretera Pozuelo, 50<br>Majadahonda - 28222 Madrid | Investment company                              | 0.0009   | 99.9105  | 0.0009        | 99.9105  | 33,055  | 195,118   | 14,197                | (13,410)                 | 54,128         | 2         | --         | --                          | 1                      | --                 |
| MAPFRE AM Investment                                         | S.A.       | Carretera Pozuelo, 50<br>Majadahonda - 28222 Madrid | Holding                                         | 100.0000 | --       | 100.0000      | --       | 15,000  | (6)       | --                    | (100)                    | --             | 15,000    | --         | --                          | --                     | --                 |
| MAPFRE Asset Management (formerly MAPFRE Inversión DOS)      | S.A.       | Carretera Pozuelo, 50<br>Majadahonda - 28222 Madrid | Institution management investment entity groups | 0.0147   | 99.9967  | 0.0147        | 99.9967  | 2,043   | 11,397    | 3,747                 | (2,543)                  | 10,224         | 2         | --         | 1                           | --                     | --                 |
| MAPFRE ESPAÑA                                                | S.A.       | Carretera Pozuelo, 52<br>Majadahonda - 28222 Madrid | Insurance and reinsurance                       | 83.5168  | 16.4825  | 83.5168       | 16.4825  | 564,624 | 1,014,675 | 350,139               | 323,934                  | 4,399          | 3,050,931 | --         | --                          | 243,900                | --                 |
| MAPFRE Global Risks                                          | S.A.       | Carretera Pozuelo, 52<br>Majadahonda - 28222 Madrid | INSURANCE                                       | 99.9999  | --       | 99.9999       | --       | 20,132  | 1,110,059 | 64,386                | (12,183)                 | 9              | 529,060   | --         | --                          | 39,419                 | --                 |

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## Fiscal year 2017

| Name                                                | Legal form | Address                                                                 | Activity                                 | STAKE   |               |          |                          | Capital | Reserves | Other items in equity | Earnings for the year |         | Book value | (Impairment) /Reversal year | Accumulated impairment | Dividends received |
|-----------------------------------------------------|------------|-------------------------------------------------------------------------|------------------------------------------|---------|---------------|----------|--------------------------|---------|----------|-----------------------|-----------------------|---------|------------|-----------------------------|------------------------|--------------------|
|                                                     |            |                                                                         |                                          | %       | Voting rights |          | Earnings from operations |         |          |                       | Other earnings        |         |            |                             |                        |                    |
|                                                     |            |                                                                         |                                          |         | Direct        | Indirect |                          |         |          |                       |                       | Direct  |            |                             |                        |                    |
| Clube Mapfre do Brasil                              | LTDA       | Av. dos Autonomistas, 701 Vila- Yara – Osasco SP CEP 06020-000 (Brazil) | Consultancy                              | 0.3314  | 99.6688       | 0.3314   | 99.6686                  | 151,830 | 38,461   | (74,819)              | (6,024)               | 6,087   | 86         | --                          | --                     | --                 |
| Premieren Price Comparison Holding                  | LTDA       | Ty Admtrial David Street Cardiff CF-102EH                               | Online insurance policy price comparator | 50.0000 | --            | 50.0000  | --                       | 5,000   | --       | --                    | --                    | (426)   | 5,000      | --                          | --                     | --                 |
| Desarrollos Urbanos                                 | S.A.       | Carretera Pozuelo, 52 Majadahonda - 28222 Madrid                        | Real Estate                              | 0.0784  | 99.9136       | 0.0784   | 99.9136                  | 383     | 76       | 678                   | 2,483                 | (9,932) | --         | (37)                        | 37                     | --                 |
| Total                                               |            |                                                                         |                                          |         |               |          |                          |         |          |                       |                       |         |            |                             |                        |                    |
| Other investments                                   |            |                                                                         |                                          |         |               |          |                          |         |          |                       |                       |         |            |                             |                        |                    |
| Total investments in Group and associated companies |            |                                                                         |                                          |         |               |          |                          |         |          |                       |                       |         |            |                             |                        |                    |
|                                                     |            |                                                                         |                                          |         |               |          |                          |         |          |                       |                       |         | 9,464,927  | (27,800)                    | 82,149                 |                    |
|                                                     |            |                                                                         |                                          |         |               |          |                          |         |          |                       |                       |         | 7          |                             |                        |                    |
|                                                     |            |                                                                         |                                          |         |               |          |                          |         |          |                       |                       |         | 9,464,934  |                             |                        |                    |

No companies are listed on the stock market.

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

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**INDIVIDUAL MANAGEMENT REPORT**

**2018**

**MAPFRE S.A.**

## **MAPFRE S.A.**

### **2018 INDIVIDUAL MANAGEMENT REPORT**

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

#### **A. KEY BASIC FIGURES**

Key figures of the profit and loss account are as follows:

- Dividend revenue from Group companies amounted to 741.3 million euros, up 17.26 percent on the prior year.
- Operating expenses amounted to 161.4 million euros, which is a 6.9 percent increase on the figure for 2017.
- Financial income for the last two fiscal periods totaled 0.4m euros.
- Financial expenses stood at 67.0 million of euros, down 14.0 percent on the prior year.
- During 2017, the Company recognized impairment allowances of 151.6 million euros in respect of equity investments in Group and associated companies (27.8 million euros in 2017).
- Pre-tax earnings amount to 457.4 million euros, representing a decrease of a 0.4 percent compared to the previous year.
- Income tax revenue amounted to 36.0 million euros in 2018, compared with 36.5 million euros in 2017.
- Net income amounts to 493.5 million euros, representing a decrease of a 0.4 percent compared to previous year.

Key balance sheet figures are as follows:

MAPFRE S.A.'s shareholders' equity amounted to 7.4 billion euros, which represents an increase of 49.9 million euros against the previous period, (0.7 percent), due to the difference between the profit for the year and the dividends paid during the year, which stood at 261.7 million euros, being the final dividend for the 2017 year distributed in 2018, and 184.8 million euros for the interim dividend charged against the year's profits.

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- Assets totaled 10.27 billion euros, of which 9.91 billion euros relate to long-term investments in Group and associated companies and 200.0 million euros correspond to short-term investments in Group and associated companies.

## **B. MAIN ACTIVITIES**

The main variations in the Company's financing sources during 2018 were as follows:

- Issuance of simple debentures totaling 500 million euros, maturing in May 2048.
- Partial cancellation of loans from Group companies, in the amount of 203.3 million euros.
- Partial cancellation of the syndicated loan, maturing in December 2023, in the amount of 590.0 million euros and new drawdowns of 480.0 million euros.

### **Investments in Group companies**

During 2018, the Company had the following expenditure in respect of investments in Group companies:

- Capital increase in MAPFRE ASISTENCIA, for 31 million euros.
- Capital increase in MAPFRE INTERNACIONAL, in the amount of 200.0 million euros.

In April 2018, MAPFRE approved a new configuration of its reinsurance and large commercial risks business. Under the new arrangement, MAPFRE GLOBAL RISKS will continue developing its management capacity and market knowledge, while the insurance or reinsurance risk will be assigned to those Group companies, which due to their specialization, scale or capacity, are best positioned to manage same with a better level of efficiency and profitability. As such, a restructuring operating is currently underway through which:

- Purely insurance and reinsurance, along with the assets and liabilities to same, are to be transferred to MAPFRE ESPAÑA and MAPFRE RE respectively.
- A new company is to be created that will continue the operations of MAPFRE GLOBAL RISKS in terms of analysis and underwriting of large commercial risks, and will act as an agent for MAPFRE ESPAÑA and MAPFRE RE.

As at the date of formulating these annual accounts, the above-described company restructuring was still pending approval from the Spanish regulatory body.

## C. MAPFRE AND ITS SHAREHOLDERS

### MAPFRE SHARES

The table below shows the key information relating to MAPFRE shares at the end of Year 2018:

|                               |                                                                                                                                                                                                                                                 |
|-------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Number of shares outstanding  | 3,079,553,273 fully underwritten 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 | <ul style="list-style-type: none"> <li>– IBEX 35</li> <li>– Stoxx Insurance</li> <li>– MSCI Spain</li> <li>– FTSE All-World Developed Europe</li> <li>– FTSE4Good<sup>1</sup> and FTSE4Good IBEX4<sup>1</sup></li> <li>– DJSI World4</li> </ul> |
| ISIN code                     | ES0124244E34                                                                                                                                                                                                                                    |

In 2018 MAPFRE S.A. shares traded for 257 days on the continuous market with a frequency index of 100 percent. According to data published by the Spanish Stock Exchanges and Markets (BME), an average of 5,515,638 shares were traded daily compared to 7,267,696 in 2017, a decrease of 24.1 percent. The effective average daily transactions was 14.6 million euros, compared to 21.5 million euros in the prior year, a decrease of 32.1 percent.

At the end of 2018, seven Spanish and international investment banks had "buy" recommendations for the company's shares, compared to three who held "hold" recommendations, while six had the stock on their "sell" lists.

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<sup>1</sup> Indexes 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 indexes (the IBEX 35 and the STOXX Insurance indexes):

|                        | 1 YEAR | 3 YEARS | 5 YEARS* |
|------------------------|--------|---------|----------|
| <b>MAPFRE</b>          | -13.4% | 0.3%    | -25.5%   |
| <b>Stoxx Insurance</b> | -10.1% | -9.2%   | 13.6%    |
| <b>IBEX 35</b>         | -15.0% | -10.5%  | -13.9%   |

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

|                    | 2018   | 2017  | 2016 | 2015   | 2014 |
|--------------------|--------|-------|------|--------|------|
| <b>EPS (euros)</b> | 0.17   | 0.23  | 0.25 | 0.23   | 0.27 |
| <b>INCREASE</b>    | -26.1% | -8.0% | 8.7% | -14.8% | 3.8% |

## Shareholder structure and remuneration

At the close of 2018, Fundación MAPFRE, through its direct and indirect holdings, owned 68.2 percent of the company's shares including treasury stock; Spanish shareholders owned 12.0 percent and shareholders of other countries owned the remaining 19.8 percent.

Of the Spanish shareholders, 4.3 percent were institutional investors and 7.7 percent were non-institutional investors (principally individuals). With regard to investors resident in other countries, 19.7 percent were institutional investors, while 0.1 percent were non-institutional investors.

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. Among the objectives set for the three-year period 2016-2018 is adequate shareholder remuneration.

In fiscal year 2018, the Board of Directors agreed to pay an interim dividend against the year's results of 0.06 euros per share. The total amount 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 2018 to be proposed at the Annual General Meeting is a dividend of 0.085 euros per share (before tax). Consequently, the total dividend against the results for 2018 amounts to 0.145 euros per share before tax, representing a payout ratio of 84.4 percent.

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

|                         | 2018  | 2017  | 2016 | 2015 | 2014 |
|-------------------------|-------|-------|------|------|------|
| <b>DIVIDEND (euros)</b> | 0.145 | 0.145 | 0.13 | 0.14 | 0.14 |
| <b>DIVIDEND YIELD</b>   | 5.5%  | 4.9%  | 5.8% | 4.9% | 4.7% |

It should also be mentioned that since the economic and financial crisis broke out in 2007, MAPFRE has increased the amount allocated to dividends by 78 percent.

#### **D. ENVIRONMENT**

One of the things that MAPFRE does that enables it to generate trust in shareholders is its commitment to sustainability in the environments in which it operates. This commitment involves one of its major short and medium-term challenges, as the long-term resilience of the Group will continue to be contingent on the strategy adopted for dealing with risks related to climate change, among other variables.

During 2018, actions continued to be implemented to satisfy the commitments assumed under the Environmental Policy approved by the Board of Directors of MAPFRE S.A. on December 13, 2018, including additional commitments related to the inclusion of environmental criteria in the business processes of the company.

MAPFRE carries out Environmental Management activities under the guidelines defined by the triple Integrated Environmental, Energy and Carbon Footprint System (hereinafter SIGMAYE), a strategic model defined in accordance with the international standards ISO 14001, ISO 50001 and ISO 14064.

The transversal design and the global nature of SIGMAYE allows for both corporate and specific local objectives to be established, thereby assuring compliance with applicable legislation and providing minimum criteria for compliance in countries in which legislation is less developed.

In the environmental area, certifications have already been issued to 35 headquarters of Group companies in Spain, Brazil, Mexico, Colombia, Puerto Rico, Paraguay, Portugal, Argentina and Chile, to which can be added 17 headquarter buildings located in Spain with energy management certification.



The expansion of the scope of UNE-EN-ISO 14064 continues to move ahead, and the carbon footprint of the Group companies located in Spain, Puerto Rico, Colombia, Peru and Portugal has been verified.

In relation to mitigation and adaptation to Climate Change, the completion of activities defined in the 2020 Energy Efficiency and Climate Change Strategic Plan continues, with more ambitious challenges and deadlines assumed regarding CO2 neutrality. Group actions in this area have made it possible for MAPFRE to be included on the CDP A list (Driving Sustainable Economies).

It should be noted that MAPFRE is part of a pilot project in the insurance industry promoted by UNEP-FI created to incorporate recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The inclusion of these recommendations will provide the leverage to introduce climate parameters in financial analyses, and so facilitate the dialog among companies and banks, insurers and investors.

Furthermore, bearing in mind the conditions that Climate Change provokes in the biological diversity of our planet, development of specific programs will continue for conservation, including those that sponsor the continuation of the project for reforestation of the Doñana National Park through the *100 Empresas por los Bosques* (100 Companies for Forests) initiative of WWF Spain.

In terms of promoting environmental responsibility in society, the organizing of the second corporate volunteering day, “Everyone for the Environment”, should be mentioned, in which more than 1,500 volunteers - comprising employees and their families - in 25 countries undertook reforestation projects in degraded areas, planting 1,720 trees, removing trash from beaches and rivers, collecting 35 tons of trash and improving and maintaining pathways and parks, among other activities, demonstrating once again the commitment and involvement of our employees in this area.

Lastly, the Global Campaign to publicize the Objectives of Sustainable Development among employees of the Group was reinforced by the highlighting of environmental activities performed by the company and best practices for employees found in 13 of the 17 objectives defined in the 2030 Agenda.

## **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.

MAPFRE Group treasury stock transactions have a legitimate purpose and always comply with the recommendations on treasury stock discretionary transactions issued by the Spanish National Securities and Exchange Commission (the CNMV).

Legitimate purpose refers to:

- Favoring trading liquidity and regularity in the purchase of MAPFRE shares.
- Allowing MAPFRE to access the securities it requires to meet potential obligations to deliver treasury stock, for example as a result of shareholder, executive or employee remuneration or loyalty schemes, or issues of corporate stock or operations.

Treasury stock transactions are always carried out under conditions that ensure neutrality in the price setting of MAPFRE shares in the market and complete transparency in relationships with market supervisors and governing bodies. Furthermore, these transactions are never carried out on the basis of privileged information.

The Treasury Stock Policy includes general rules on aspects such as the transaction volume, maximum and minimum order price, and execution time limits.

At December 31, 2016, the Company had acquired 30,500,000 treasury shares; these represent 0.99 percent of the capital. The price paid was 60,233,635.85 euros, at an average of 1.97 euros per share.

The Company reduced the number of treasury shares to 2,079,216 in 2018 (3,988,894 in 2017), representing 0.07 percent of the capital (0.13 percent in 2017). The cost of this reduction totaled 4,106,350.17 euros (7,877,560.29 euros in 2017), giving rise to a positive impact totaling 1,930,622.54 euros, which was entered under the "Other Reserves" heading.

At fiscal year-end, the Company held 24,431,890 treasury shares (26,511,106 shares in 2017), representing 0.79 percent of the capital (0.86 percent in 2017) at an average of 1.97 euros per share.

The total face value of shares acquired was 2,443,189 euros (2,651,110.60 euros in 2017).

## 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                                     | 2018       |            | 2017       |            |
|------------------------------------------|------------|------------|------------|------------|
|                                          | Men        | Women      | Men        | Women      |
| Board of Directors and Senior Management | 12         | 2          | 9          | 1          |
| Management                               | 95         | 53         | 92         | 48         |
| Technicians                              | 144        | 146        | 132        | 134        |
| Administrators                           | 16         | 58         | 18         | 64         |
| <b>AVERAGE TOTAL NUMBER OF EMPLOYEES</b> | <b>267</b> | <b>259</b> | <b>251</b> | <b>247</b> |

Number of employees at the end of the year.

| ITEM                                     | 2018       |            | 2017       |            |
|------------------------------------------|------------|------------|------------|------------|
|                                          | Men        | Women      | Men        | Women      |
| Board of Directors and Senior Management | 14         | 2          | 9          | 1          |
| Management                               | 95         | 53         | 95         | 51         |
| Technicians                              | 145        | 153        | 138        | 141        |
| Administrators                           | 16         | 58         | 17         | 63         |
| <b>TOTAL NUMBER OF EMPLOYEES</b>         | <b>270</b> | <b>266</b> | <b>259</b> | <b>256</b> |

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           | 2018      | 2017     |
|----------------|-----------|----------|
| Management     | 2         | 2        |
| Technicians    | 4         | 2        |
| Administrators | 4         | 5        |
| <b>TOTAL</b>   | <b>10</b> | <b>9</b> |

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

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MAPFRE has a Code of Ethics and Conduct in place that is inspired by its Institutional and Business Principles and which is intended to reflect corporate values and the basic principles that should guide the conduct of the company and its staff.

The Respect for People Policy expressly states that respect for others is a basic element of employee conduct. MAPFRE rejects any manifestation of workplace harassment, as well as any other behavior that is violent or offensive to the rights and dignity of people, since these situations contaminate the workplace and have negative effects on the health, well-being, self-esteem, dignity and performance of those who suffer them.

The employment policy encourages permanent over temporary contracts, seeking a stable environment in a continuous working relationship. The percentage of staff on permanent contracts in 2018 was 99.1 percent (96.7 percent in 2017).

During the year, MAPFRE continued to roll out its Global Disability Program, and by year-end the company had 10 people with disabilities on its workforce (9 people with disabilities in 2017).

Through its Promotion, Selection and Mobility Policy, MAPFRE is committed to promoting its employees' opportunities for professional development through development plans and programs, training schedules and mobility among areas and countries, in order to increase their employability, their professional satisfaction and their commitment to the company.

MAPFRE has defined a global selection procedure that guarantees objectivity, maximum rigor and non-discrimination throughout all procedures. Furthermore, the tests used during selection are standardized worldwide to cover each position with a candidate having the most appropriate profile. A total of 48 selection processes were completed in 2018.

In 2018 the Group invested 1,014,000 euros in staff training (as against 820,000 euros in 2017).

The remuneration policy is based on each employee's job position, is competitive in comparison to the market, guarantees internal fairness, is flexible and can be adapted to different market collectives and circumstances, and is aligned with strategy.

The Policy on Health, Well-being and Prevention of Occupational Risks establishes that it is vital to protect workers' health, safety and well-being, for both employees and their families, and also for productivity, competitiveness and sustainability of MAPFRE. Every year, employees receive information and are given training on health and healthy habits.

## External Audit

Remuneration accrued by the external auditor (KPMG Auditores, S.L.) is shown below. It is deemed that these fees do not compromise the independence of the auditors.

| ITEM                                  | AMOUNTS    |            |
|---------------------------------------|------------|------------|
|                                       | 2018       | 2017       |
| Audit services                        | 465        | 456        |
| Other verification services           | 260        | 295        |
| Tax services                          | --         | --         |
| Other services                        | --         | --         |
| <b>Total services of main auditor</b> | <b>725</b> | <b>751</b> |

Thousand euros

## Governing bodies

Antonio Huertas Mejías, Catalina Miñarro Brugarolas and María del Pilar Perales Viscasillas were reappointed directors at the Annual General Meeting held on March 9, 2018.

Antonio Núñez Tovar and Rafael Márquez Osorio tendered their resignations as members of the Board of Directors on July 18 and December 29, 2018 respectively, in compliance with the provisions of the Rules of the Board of Directors.

José Manuel Inchausti Pérez was appointed director by the cooptation process effective July 18, 2018 at the meeting of the Board of Directors held on June 18, 2018, to replace Mr. Núñez Tovar. Also, Antonio Gómez Ciria was appointed director by the cooptation process effective January 1, 2019 at the meeting of the Board of Directors held on November 7, 2018, to replace Mr. Márquez Osorio.

On July 18, 2018, Ignacio Baeza Gómez and José Manuel Inchausti Pérez assumed the positions of First Vice Chairman and Third Vice Chairman of the Board of Directors respectively, as per the resolution adopted by the Board on June 18, 2018.

The terms of Georg Daschner and Antonio Gómez Ciria, who was designated by the cooptation process on the date indicated above, will expire during 2019. The Appointments and Remuneration Committee has proposed that these two directors be reappointed.

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The terms of José Manuel Inchausti Pérez, who was designated under the cooptation process indicated above, Luis Hernando de Larramendi Martínez, Antonio Miguel-Romero de Olano and Alfonso Rebuelta Badías, will also expire during fiscal year 2019, and their reappointment is proposed to the Annual General Meeting. These proposals were preceded by favorable reports from the Appointments and Remuneration Committee.

### Average provider payment period

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

| ITEM                                | 2018           | 2017          |
|-------------------------------------|----------------|---------------|
|                                     | Days           | Days          |
| Average supplier payment period     | 20             | 20            |
| Ratio of paid operations            | 20             | 20            |
| Ratio of operations pending payment | --             | --            |
|                                     | Amounts        | Amounts       |
|                                     |                |               |
| Payments made                       | 100,939        | 76,174        |
| Payments pending                    | 3,328          | 6,314         |
| <b>Total payments for the year</b>  | <b>104,267</b> | <b>82,488</b> |

Thousands of euros

### Research, Development and Innovation

Client orientation is one of the main axes of the MAPFRE Strategic Plan, which identifies innovation and digital transformation as two of the key tools to offering insurance solutions focused on client needs and achieving the short-, medium- and long-term strategic objectives while simultaneously bearing in mind the quality of the service delivered to clients.

#### Innovation

MAPFRE's priorities in terms of innovation emanate from the company's strategy, placing the client (taking account of the different segments) at the center.

In order to deal with the fundamental change that is taking place in the insurance industry, the organization must be streamlined, making it more agile and efficient. To this end, in 2018 an array of transformation and innovation platforms were implemented, known as MAPFRE Open Innovation (MOi), which involves an allocation of approximately 100 million euros annually.

The functional parts of MOi are summed up below:

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Strategic Innovation aims to propose solutions using a short- and medium-term methodology with reasonable returns and perfectly measurable objectives that will tackle strategic challenges that enable the organization to stand out from the competition.

Strategic innovation activity is focused on four pillars:

- Establishing knowledge centers worldwide on current trends that directly or indirectly affect the business;
- Deploying a Startup and Case Builder Radar to build bridges between the company and the entrepreneurial ecosystem;
- Management of a global innovation portfolio and the introduction of work methodologies to make agility, flexibility and change the common denominator in project development;
- Launch of the intrapreneurship program, MAPFRE innova, an innovative participatory process open to employees of the company.

Disruptive Innovation was born out of the desire to construct a relationship model with agents outside the organization that allows MAPFRE to import innovation and accelerate its transformation capacities.

Disruptive Innovation focuses on:

- insur\_space MAPFRE, an accelerator facilitating direct interaction with selected, relevant startups.
- Participation in investment vehicles that facilitate a broader grasp of disruptive innovation in insurtech, as well as positioning the company favorably to capitalize on same.
- Maintaining strong relationships with Universities and Business Schools is a proven way to attract talent to the organization and guarantee success in the future, and cooperation agreements with Universities and/or Business Schools that make it possible to recruit, develop and retain talent.

With the changes set in place in 2018 and the vision of consolidating this open innovation model in the coming years, the company is dealing adequately with the fundamental changes in the industry and the new realities in society in order to remain a leader in the markets in which it operates.

## **Digital Transformation**

Under the Group's Strategic Plan (2015-2018), digital transformation was an initiative to be used to respond flexibly to the new needs of clients.

MAPFRE made significant advances in its digital transformation over the course of 2018, launching more than 170 related projects. This effort has enabled significant achievements to be attained with respect to the digitalization of client relationships, (considering a client to be a consumer, distributor and internal client), as well as operations:

- Attracting and converting consumer clients has been improved with the introduction of new intelligent pricing engines in Brazil and Turkey, as well as through the ROPO (Research Online Purchase Offline) model. This was completed in 2018, with digital business having increased by more than 50 percent since 2015.

Self-direction has also been promoted for important products and manageable services via mobile platforms such as the Health app for MAPFRE ESPAÑA. And most important of all, client satisfaction has increased, as indicated by the improved NPS scores in the major markets.

- With distributor clients, we have continued to concentrate on providing them with mobility tools and making the 360° vision available to their clients. Corporate CRM has been recently implemented in Chile, El Salvador and Honduras.
- As far as service providers attending to clients after an incident go, more than 8 million such services were automatically assigned in 2018, a figure that can indeed be considered a success.
- Regarding internal clients and employees, the Digital Challenge was created, which is a corporate strategic initiative that fosters knowledge management, collaborative, flexible and agile work, promotes the use of agile methodologies, in that the transformation involves assimilating new technologies, but above all understanding that the key to success is people and their own transformation.
- Finally, strong progress was made with respect to digitalizing operations, with more than 10 million automated transactions carried out in 2018. Also, Big Data Analytics and Artificial Intelligence use cases were developed, such as improving predictive valuations for vehicle damages, thereby advancing operational improvements.

The Group's commitment for 2015 was to achieve an increase in digital transactions of 30 percent in Spain, Brazil, USA and Mexico in 2015-2018. In fact, real growth over the last three years was 56.8 percent, easily surpassing the commitment undertaken.



MAPFRE has adapted its strategies to new realities so it can continue to be one of the leading global insurers in the 21st century.

## **Quality**

To evaluate the quality perceived by clients, the MAPFRE Quality Observatory applies a global client experience measurement model, and is responsible for carrying out all perceived and delivered quality measurements through client surveys in all countries where the company operates, covering lines of insurance and assistance services on a twice-yearly basis. This is done through the analysis of the Net Promoter Score (NPS) to evaluate client satisfaction and critical client contact points, and recommendations are drawn up regarding the main areas that could be improved.

The reports drawn up by the Quality Observatory provide data on the client experience, assisting with the decision-making process in the different business areas.

In 2018, the VI and VII waves of NPS relational measuring were performed on a representative sample of MAPFRE portfolios covering 81.7 percent of the total private Non-Life premium volume of the Group.

The Observatory also measures the client experience level of MAPFRE's chief competitors in each line/country once a year.

The objective set for the 2016-2018 three year period to exceed the measured premium volume in which the NPS of our clients is greater than the average NPS of our analyzed competitors by 70 percent was reached. Specifically, the NPS reached was greater than 70.4 percent of the average personal Non-Life premiums.

MAPFRE dedicates 196 people, a considerable number of employees, to quality control and monitoring throughout the world, and several companies hold quality certifications. In order to renew these certifications, these companies must maintain the highest customer service standards.

## **Significant events for the Company that occurred after the year-end close**

There were no significant events subsequent to the close of the year, apart from those detailed in the annual report (Note on Shareholders' Equity).

## **Economic Outlook**

The global economy has exhausted its cycle, slowing down to reach a growth rate of about 3.6 percent, in line with its trend. The leading role of the United States should be noted in this regard. Deceleration of activity will be marked by tariff tensions between the USA and China, the expiry of tax rebates initiated by the US administration and monetary easing by the Federal Reserve (FED). Emerging economies are consequently experiencing a capital outflow, with serious repercussions on their financial situations, exchange rates and activity levels.

Hence, 2019 will see a smooth, asynchronous and less intense slowdown in activity, inflation and financial conditions due to the lack of indications of serious imbalances in the balance sheets of agents.

As for levels of activity, global growth of about 3.3 percent is expected, with a product gap in the area of 0.3 percent. Developed countries will grow slightly below 2 percent, with growth being basically sustained by domestic demand, driven by a wealth effect - which will encourage consumption - arising in part from the persistent laxity in financial conditions. As for emerging markets, they will increase about 5 percent due to the predictable improvement in global financial conditions: loosening in depreciation of their currencies, and the end of the upward interest rate cycle in response to normalization by the FED. Despite these global trends, the diverse nature of this point in the cycle found in both developed emerging markets merits special attention.

Global inflation also presents a strongly diverse picture. While the USA has achieved its implicit core inflation objective (2 percent), core inflation in the Economic and Monetary Union (EMU) and Japan remains frozen at 1 percent. Inflation in general is largely determined by price corrections for petroleum, reflected in part by global deceleration.

The current global monetary policy is framed by the neutrality of the FED, laxness in the European Central Bank (ECB) and Japan and the recent hardening of monetary policy in emerging countries, with de facto alignment with the US financial system.

Future (2019) changes will be: given the cyclical moment lack of movement in inflation expectation, the USA expects that interest rates will not exceed a neutral rate of 3 percent. As for the ECB, it will maintain its ongoing lax bias due to decline in activity and core inflation. In fact, the end to purchasing assets was announced in December, and for now only reinvestment of principal will continue, while holding the benchmark rate at 0 percent. These differences in global monetary policy will translate into keeping the US dollar relatively high against the euro and yen.

The current economic situation may provide an opportunity to reverse the procyclicality that has persisted over the last few years. Driven by a reduction in its structural balance sheet in a context of monetary laxity, the US economy has grown, unleashing a series of domestic imbalances that have permeated both the United States and third world countries, especially in emerging markets.

Rather than amounting to a prelude to a new global crisis, the cycle change entails a scenario of ordered adjustment that will correct the imbalances generated by the global pro-cyclical policy of the last five years.

### **Annual Corporate Governance Report**

The annual report on Corporate Governance is included in the consolidated management report, as per Article 49.9 of the Code of Commerce. In addition, said report is available from the time of publication of these accounts on the corporate website ([www.mapfre.com](http://www.mapfre.com)) and on the website of the CNMV ([www.cnmv.es](http://www.cnmv.es)).

The Individual Annual Accounts for MAPFRE S.A., on the preceding pages 1 to 56 herein, and the Individual Management Report on the preceding pages 57 to 73 herein, corresponding to financial year 2018, endorsed by the Secretary of the Board, have been drafted by the Board of Directors at its meeting held on February 6, 2019. The Board Members declare that, as far as they are aware, the aforementioned accounts have been prepared in accordance with the applicable accounting principles and offer a true and fair view of the equity, financial situation, and results of the Company. Likewise, the Management Report includes a true and fair analysis of the development of the results and of the position of the Company, and broadly informs, along with the Consolidated Annual Report, of the risks and uncertainties it faces.

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D. Antonio Huertas Mejías  
Chairman

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D. Antonio Gómez Ciria  
Member

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D. Ignacio Baeza Gómez  
1st Vice Chairman

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D. Luis Hernando de Larramendi Martínez  
Member

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D<sup>a</sup>. Catalina Miñarro Brugarolas  
2nd Vice Chairman

---

D. Francisco J. Marco Orenes  
Member

---

D. José Manuel Inchausti Pérez  
3rd Vice Chairman

---

D. Fernando Mata Verdejo  
Member

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D. José Antonio Colomer Guiu  
Member

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D. Antonio Miguel-Romero de Olano  
Member

---

D. Georg Daschner  
Member

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D<sup>a</sup>. Pilar Perales Viscasillas  
Member

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D<sup>a</sup>. María Leticia de Freitas Costa  
Member

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D. Alfonso Rebuelta Badías  
Member

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D<sup>a</sup>. Ana Isabel Fernández Álvarez  
Member

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D. Ángel Luis Dávila Bermejo  
Secretary and Non-Member

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# MAPFRE S.A. and Subsidiaries

**Consolidated Annual Accounts**

**31 December 2018**

**Consolidated Directors' Report**

**2018**

(With Independent Auditor's Report Thereon)

(Free translation from the originals in Spanish. In the event of discrepancy, the Spanish-language versions prevail.)



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

## **Independent Auditor's Report on the Consolidated 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 Consolidated Annual Accounts**

#### **Opinion**

We have audited the consolidated annual accounts of MAPFRE, S.A. ("the Parent") and subsidiaries (the "Group"), which comprise the balance sheet at December 31, 2018, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the notes to the financial statements, all consolidated, for the year then ended.

In our opinion, the accompanying consolidated annual accounts give a true and fair view, in all material respects, of the equity and financial position of the Group as at 31 December 2018 and of its financial performance and cash flows, all consolidated, for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable in Spain.

#### **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 Consolidated Annual Accounts section of our report.

We are independent of the Group in accordance with the ethical requirements, including those regarding independence, that are relevant to our audit of the consolidated 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 consolidated annual accounts of the current period. These matters were addressed in the context of our audit of the consolidated annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Valuation of mathematical provisions (23,053.66 million of Euros)

See notes 5.15 and 6.14 of the notes to the consolidated annual accounts

| <i>Key audit matter</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <i>How the issue was addressed in our audit</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
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| <p>The Group calculates mathematical provisions for commitments with its policyholders, including some very long-term. Estimating mathematical provisions requires the use of actuarial calculations and methods that employ key assumptions involving a high degree of judgement and uncertainty, among which are the future evolution of mortality, morbidity, administration costs, interest rates, etc.</p> <p>In addition, the IFRS-EU require that the adequacy of insurance contract liabilities be tested, including life insurance liabilities, in order to determine whether sufficient provision has been made on the basis of projected future cash flows associated with contracts in force, taking into account the most up-to-date assumptions available. These tests also require the use of actuarial methods, where the assumptions used have a significant impact.</p> <p>The use of inadequate assumptions in actuarial methods can have a significant impact on the consolidated annual accounts, therefore it has been considered a key audit matter.</p> | <p>Our audit approach included testing the design and implementation of key controls established by the Group in the process of estimating mathematical provisions, including controls on the definition of key assumptions and on the completeness and accuracy of the data bases used when estimating these provisions.</p> <p>Our substantive procedures in relation to the mathematical provisions, which were carried out in collaboration with our actuarial specialists and for a representative sample of contracts selected based on our risk assessment and their significance, consisted primarily of the following:</p> <ul style="list-style-type: none"> <li>• Testing the completeness and accuracy of the data bases used in the actuarial calculations.</li> <li>• Recalculating the life insurance provision, considering the economic and technical conditions of the insurance contracts and those established in prevailing legislation.</li> <li>• As regards the Liability Adequacy Test, assessing the methodology employed by the Group and its principal economic (interest rate curves used for discounting, administration costs, etc.) and technical (mortality, morbidity and lapse rates, etc.) assumptions used to project future cash flows.</li> </ul> <p>We also assessed the adequacy of the information disclosed in the consolidated annual accounts regarding the mathematical provisions, considering the requirements of IFRS-EU.</p> |

## Valuation of the provision for non-life insurance claims (12,714.15 million of Euros)

See notes 5.15 and 6.14 of the notes to the consolidated annual accounts.

| Key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | How the issue was addressed in our audit                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
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| <p>The Group recognises the provision for non-life insurance claims to cover the estimated cost of events occurring up to the closing date. Estimating this provision is complex and requires actuarial methods and calculations based on judgement and significant assumptions, particularly for those lines of business where the claim settlement period can be very long, such as in motor, liability, fire, aviation and transport.</p> <p>When valuing the claims provision, estimates are used on a case-by-case basis, as well as actuarial projection methods based on past information and assumptions on their future evolution. These estimates include assumptions related to the amount of the expected settlement and claim payment patterns, and due to their nature, there is a significant degree of uncertainty, and a change in assumptions could significantly impact the consolidated annual accounts, therefore it has been considered a key audit matter.</p> | <p>Our audit procedures included testing the design and implementation of key controls established by the Group in the process of estimating the claims provision, including controls on the definition of key assumptions, as well as on the completeness and accuracy of the data bases used when estimating these provisions.</p> <p>Our substantive procedures in relation to the claims provision, which were carried out in collaboration with our actuarial specialists and for a representative sample of lines of business selected based on our risk assessment and their significance, consisted primarily of the following:</p> <ul style="list-style-type: none"> <li>• Testing the completeness and accuracy of the data bases used in the actuarial calculations.</li> <li>• Based on our knowledge and experience of the sector, we assessed the reasonableness of the actuarial models and the assumptions used in calculating the claims provision, comparing them to best actuarial practices, regulatory requirements, market assumptions and historical trends.</li> <li>• We estimated the provision for claims and, based on our experience, determined a range for assessing its reasonableness.</li> </ul> <p>We also assessed the adequacy of the information disclosed in the annual accounts on the provisions for non-life insurance claims, considering the requirements of IFRS-EU.</p> |



**Valuation of goodwill and portfolio acquisition costs (2,537.39 million of Euros) See notes 5.1 and 6.1 of the notes to the consolidated annual accounts.**

| Key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | How the issue was addressed in our audit                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
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| <p>The Group has recognised significant goodwill and portfolio acquisition costs from the acquisition of entities or businesses.</p> <p>Valuing these assets requires determination of the cash-generating units (CGUs), the calculation of carrying amount of each CGU, the estimation of the recoverable amount and the identification of facts that may determine the existence of impairment indicators in subsequent closings. Determining the recoverable amount of each CGU includes among other issues, financial projections that consider assumptions about macroeconomic developments, internal circumstances of the entity and competitors, discount rates or future business performance.</p> <p>Given the complexity of the estimates and the use of assumptions that, in general, include uncertainty and judgment, we consider that the valuation of goodwill and portfolio acquisition costs has a significant inherent risk associated and, therefore, has been considered as a key audit matter.</p> <p>The Group performs on an annual basis, or when indications of impairment are identified, an evaluation to determine if there is impairment in the goodwill and registered portfolio acquisition costs. In this sense, our assessment has focused mainly on goodwill and portfolio acquisition costs of the most significance and those whose estimated recoverable value is closer to the carrying amount of the net assets.</p> | <p>Our audit procedures included testing the design and implementation of key controls established by the Group in the process of identifying CGUs, evaluating impairment indicators, having financial projections approved by the Management and defining the assumptions and calculation methods used to estimate the recoverable amount of CGUs.</p> <p>Based on our knowledge and experience, we assessed the reasonableness of the methods used by the Group to estimate the recoverable amounts of CGUs, considering IFRS-EU and best market practices.</p> <p>Our substantive procedures, which were performed for a sample of CGUs, including the most relevant ones, have consisted, basically, in the following:</p> <ul style="list-style-type: none"> <li>• Evaluating the existence of goodwill and portfolio acquisition cost impairment indicators considering external and internal factors such as macroeconomic indicators, sector expectations, the financial performance of CGUs and management's expectations.</li> <li>• In collaboration with our valuation specialists, analysing the discount and growth rates used by the Group to estimate the recoverable amount of CGUs.</li> <li>• Assessing the reasonableness of the financial projections prepared by management, comparing them to the historical financial information of the CGUs, to business plans approved by the Group and to market expectations in the sectors in which they operate.</li> <li>• Performing a sensitivity analysis of the key assumptions and financial projections used to estimate the recoverable amount of CGUs.</li> </ul> <p>We also assessed the adequacy of the information disclosed in the annual accounts on goodwill and portfolio acquisition costs, considering the requirements of IFRS-EU.</p> |

| <b>Valuation of financial instruments not quoted on active markets and recognized at fair value (6,341.75 million of Euros)</b><br><b>See notes 5.5 and 6.4 of the notes to the consolidated annual accounts.</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Key audit matter</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <i>How the issue was addressed in our audit</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <p>The classification of the financial instruments in the different existing portfolios in the applicable financial standards determines the criteria to be applied in their subsequent valuation.</p> <p>The majority of the MAPFRE Group's financial instruments are valued using market prices in active markets. Nonetheless, where there is no quoted price in an active market, the fair value of financial instruments is determined using valuation techniques that consider factors such as non-observable market inputs or complex valuation models that require a high degree of judgement. Changes in the assumptions considered, market events or new regulations can also have a significant impact on valuation.</p> <p>We have considered that there is a significant inherent risk associated with the valuation of financial instruments accounted for at fair value and that are classified hierarchically for valuation purposes by the Group as financial instruments at level 3 (use of some significant input information that is not based on observable market data) and level 2 (significant input information based on directly or indirectly observable market data), in both cases, by the use of complex valuation models, which has been considered a key audit matter .</p> | <p>Our audit approach included assessing the key controls linked to the processes of valuing financial instrument portfolios and performing substantive testing thereon.</p> <p>In collaboration with our specialists in financial instruments, we selected representative samples of the population of the Group's financial instruments, for which its adequate valuation was evaluated, through the performance of various substantive procedures, which included the recalculation of fair value and the evaluation of the reasonableness of the market data used in the valuation models.</p> <p>Additionally, we assessed whether the information disclosed in the consolidated annual accounts on financial instruments adequately reflects the Group's exposure to the risk of valuing financial instruments, and whether it complies with the disclosure requirements of IFRS-EU.</p> |

## Other Information. Consolidated Directors' Report

Other information solely comprises the 2018 consolidated directors' report, the preparation of which is the responsibility of the Parent's Directors and which does not form an integral part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not encompass the consolidated directors' report. Our responsibility regarding the information contained in the consolidated 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 consolidated information, as well as certain information included in the Annual Report on the Corporate Governance (ARCG), 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 Consolidated 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 consolidated directors' report, which consists of assessing and reporting on the consistency of this information with the consolidated annual accounts, based on knowledge of the Group 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 consolidated 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 above, we have verified that the specific non-financial information mentioned in a) above has been provided in a separate report – the “Integrated Report MAPFRE S.A. 2018” – to which the consolidated directors' report makes reference to, that the information of the ARCG, mentioned in this section is included in the directors' report, and that the rest of the information contained in the consolidated directors' report is consistent with that disclosed in the consolidated annual accounts for 2018 and the content and presentation of the report are in accordance with applicable legislation.

### **Directors' and Audit and Compliance Committee's Responsibility for the Consolidated Annual Accounts**

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The Parent's Directors are responsible for the preparation of the accompanying consolidated annual accounts in such a way that they give a true and fair view of the consolidated equity, consolidated financial position and consolidated financial performance of the Group in accordance with IFRS-EU and other provisions of the financial reporting framework applicable to the Group in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated annual accounts, the Parent's Directors are responsible for assessing the Group'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 Group or to cease operations, or have no realistic alternative but to do so.

The Parent's Audit and Compliance Committee is responsible for overseeing the preparation and presentation of the consolidated annual accounts.



## **Auditor's Responsibilities for the Audit of the Consolidated Annual Accounts\_**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent's Directors.
- Conclude on the appropriateness of the Parent's 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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated annual accounts, including the disclosures, and whether the consolidated annual accounts represent the underlying transactions and events in a manner that achieves a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Compliance Committee of the Parent 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 Parent's Audit and Compliance Committee 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 Audit and Compliance Committee of the Parent, we determine those that were of most significance in the audit of the consolidated 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 of the Parent\_\_\_\_\_**

The opinion expressed in this report is consistent with our additional report to the Parent Audit and Compliance Committee dated 7 February 2019.

### **Contract Period \_\_\_\_\_**

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

Previously, we had been appointed as auditors by the shareholders of MAPFRE, S.A. for a period of 3 years, and have been auditing uninterrupted the Group's consolidated 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

7 February 2019

**CONSOLIDATED ANNUAL ACCOUNTS**

**AND**

**CONSOLIDATED MANAGEMENT REPORT**

**FISCAL YEAR 2018**

**MAPFRE S.A.**

## **CONSOLIDATED ANNUAL ACCOUNTS**

**2018**

**MAPFRE S.A.**

## **CONSOLIDATED ANNUAL ACCOUNTS**

**2018**

- A) Consolidated balance sheet**
- B) Consolidated statement of income and comprehensive income**
- C) Consolidated statement of changes in equity**
- D) Consolidated cash flow statement**
- E) Financial information by segment**
- F) Complementary financial information by product and geographical area**
- G) Notes to the consolidated financial statements**

**MAPFRE S.A.**



**A) CONSOLIDATED BALANCE SHEET AS ON DECEMBER 31, 2018 AND 2017**

| ASSETS                                                                                      | Notes       | 2018             | 2017             |
|---------------------------------------------------------------------------------------------|-------------|------------------|------------------|
| <b>A) INTANGIBLE ASSETS</b>                                                                 | <b>6.1</b>  | <b>3,072.36</b>  | <b>3,422.90</b>  |
| I. Goodwill                                                                                 | 6.1         | 1,689.03         | 1,882.96         |
| II. Other intangible assets                                                                 | 6.1         | 1,383.33         | 1,539.94         |
| <b>B) PROPERTY, PLANT AND EQUIPMENT</b>                                                     | <b>6.2</b>  | <b>1,112.34</b>  | <b>1,191.73</b>  |
| I. Real estate for own use                                                                  | 6.2         | 852.66           | 920.64           |
| II. Other property, plant and equipment                                                     | 6.2         | 259.68           | 271.09           |
| <b>C) INVESTMENTS</b>                                                                       |             | <b>43,976.95</b> | <b>44,691.23</b> |
| I. Real estate investments                                                                  | 6.2         | 1,243.60         | 1,250.71         |
| II. Financial investments                                                                   |             |                  |                  |
| 1. Held-to-maturity portfolio                                                               | 6.4         | 1,951.47         | 2,024.26         |
| 2. Available-for-sale portfolio                                                             | 6.4         | 33,753.73        | 34,516.43        |
| 3. Trading portfolio                                                                        | 6.4         | 5,540.77         | 5,462.57         |
| III. Investments recorded by applying the equity method                                     |             | 193.68           | 203.92           |
| IV. Deposits established for accepted reinsurance                                           |             | 806.11           | 790.59           |
| V. Other investments                                                                        |             | 487.59           | 442.75           |
| <b>D) INVESTMENTS ON BEHALF OF LIFE INSURANCE POLICYHOLDERS BEARING THE INVESTMENT RISK</b> | <b>6.5</b>  | <b>2,242.49</b>  | <b>2,320.14</b>  |
| <b>E) INVENTORIES</b>                                                                       | <b>6.6</b>  | <b>60.87</b>     | <b>67.08</b>     |
| <b>F) PARTICIPATION OF REINSURANCE IN TECHNICAL PROVISIONS</b>                              | <b>6.14</b> | <b>5,883.18</b>  | <b>4,989.62</b>  |
| <b>G) DEFERRED TAX ASSETS</b>                                                               | <b>6.21</b> | <b>333.58</b>    | <b>296.81</b>    |
| <b>H) RECEIVABLES</b>                                                                       | <b>6.7</b>  | <b>5,761.20</b>  | <b>6,337.10</b>  |
| I. Receivables on direct insurance and co-insurance operations                              | 6.7         | 3,644.21         | 4,019.46         |
| II. Receivables on reinsurance operations                                                   | 6.7         | 903.08           | 987.25           |
| III. Tax receivables                                                                        |             |                  |                  |
| 1. Tax on profits receivable                                                                | 6.21        | 192.05           | 143.02           |
| 2. Other tax receivables                                                                    |             | 144.65           | 128.65           |
| IV. Corporate and other receivables                                                         | 6.7         | 877.21           | 1,058.72         |
| V. Shareholders, called capital                                                             |             | --               | --               |
| <b>I) CASH</b>                                                                              |             | <b>2,201.41</b>  | <b>1,864.01</b>  |
| <b>J) ACCRUAL ADJUSTMENTS</b>                                                               | <b>5.11</b> | <b>2,168.79</b>  | <b>2,132.33</b>  |
| <b>K) OTHER ASSETS</b>                                                                      |             | <b>136.17</b>    | <b>100.95</b>    |
| <b>L) NON-CURRENT ASSETS HELD FOR SALE AND FROM DISCONTINUED OPERATIONS</b>                 | <b>6.10</b> | <b>341.48</b>    | <b>155.58</b>    |
| <b>TOTAL ASSETS</b>                                                                         |             | <b>67,290.82</b> | <b>67,569.48</b> |

Figures in millions 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.

## MAPFRE S.A. AND SUBSIDIARIES

**A) CONSOLIDATED BALANCE SHEET AS ON DECEMBER 31, 2018 AND 2017**

| EQUITY AND LIABILITIES                                                                            | Notes       | 2018             | 2017             |
|---------------------------------------------------------------------------------------------------|-------------|------------------|------------------|
| <b>A) EQUITY</b>                                                                                  | <b>6.11</b> | <b>9,197.58</b>  | <b>10,512.66</b> |
| I. Paid-up capital                                                                                | 6.11        | 307.95           | 307.95           |
| II. Share premium                                                                                 | 6.11        | 1,506.74         | 1,506.74         |
| III. Reserves                                                                                     |             | 6,323.63         | 6,433.14         |
| IV. Interim dividend                                                                              | 4.2         | (184.83)         | (184.77)         |
| V. Treasury Stock                                                                                 | 6.11        | (48.25)          | (52.36)          |
| VI. Result for the period attributable to controlling company                                     | 4.1         | 528.86           | 700.51           |
| VII. Other equity instruments                                                                     | 6.22        | 4.49             | 10.08            |
| VIII. Valuation change adjustments                                                                | 6.11        | 293.12           | 620.69           |
| IX. Currency conversion differences                                                               | 6.23        | (737.90)         | (730.70)         |
| <b>Equity attributable to the controlling company's shareholders</b>                              |             | <b>7,993.81</b>  | <b>8,611.28</b>  |
| <b>Non-controlling interests</b>                                                                  |             | <b>1,203.77</b>  | <b>1,901.38</b>  |
| <b>B) SUBORDINATED LIABILITIES</b>                                                                | <b>6.12</b> | <b>1,120.54</b>  | <b>617.37</b>    |
| <b>C) TECHNICAL PROVISIONS</b>                                                                    | <b>6.14</b> | <b>46,481.15</b> | <b>45,493.96</b> |
| I. Provisions for unearned premiums and unexpired risks                                           | 6.14        | 7,951.40         | 8,375.10         |
| II. Provisions for life insurance                                                                 | 6.14        | 24,838.47        | 24,992.92        |
| III. Provision for outstanding claims                                                             | 6.14        | 12,714.15        | 11,223.09        |
| IV. Other technical provisions                                                                    | 6.14        | 977.13           | 902.85           |
| <b>D) TECHNICAL PROVISIONS FOR LIFE INSURANCE WHERE POLICYHOLDERS BEAR THE INVESTMENT RISK</b>    | <b>6.14</b> | <b>2,242.49</b>  | <b>2,320.14</b>  |
| <b>E) PROVISIONS FOR RISKS AND EXPENSES</b>                                                       | <b>6.15</b> | <b>641.49</b>    | <b>661.76</b>    |
| <b>F) DEPOSITS RECEIVED ON CEDED AND RETROCEDED REINSURANCE</b>                                   | <b>6.16</b> | <b>79.50</b>     | <b>42.42</b>     |
| <b>G) DEFERRED TAX LIABILITIES</b>                                                                | <b>6.21</b> | <b>499.32</b>    | <b>588.04</b>    |
| <b>H) DEBT</b>                                                                                    | <b>6.17</b> | <b>6,596.44</b>  | <b>7,073.74</b>  |
| I. Issue of debentures and other negotiable securities                                            | 6.13        | 1,004.05         | 1,003.29         |
| II. Due to credit institutions                                                                    | 6.13        | 545.69           | 706.74           |
| III. Other financial liabilities                                                                  | 6.13        | 1,262.80         | 1,235.17         |
| IV. Due on direct insurance and co-insurance operations                                           | 6.17        | 1,094.78         | 972.11           |
| V. Due on reinsurance operations                                                                  | 6.17        | 852.64           | 1,218.63         |
| VI. Tax liabilities                                                                               |             |                  |                  |
| 1. Tax on profits to be paid                                                                      | 6.21        | 130.14           | 167.63           |
| 2. Other tax liabilities                                                                          | 6.17        | 320.57           | 343.17           |
| VII. Other debts                                                                                  | 6.17        | 1,385.77         | 1,427.00         |
| <b>I) ACCRUAL ADJUSTMENTS</b>                                                                     | <b>5.11</b> | <b>238.35</b>    | <b>258.30</b>    |
| <b>J) LIABILITIES LINKED TO NON-CURRENT ASSETS HELD FOR SALE AND FROM DISCONTINUED OPERATIONS</b> | <b>6.10</b> | <b>193.96</b>    | <b>1.09</b>      |
| <b>TOTAL EQUITY AND LIABILITIES</b>                                                               |             | <b>67,290.82</b> | <b>67,569.48</b> |

Figures in millions of euros

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## MAPFRE S.A. AND SUBSIDIARIES

**B) CONSOLIDATED STATEMENT OF INCOME AND COMPREHENSIVE INCOME FOR YEARS ENDING DECEMBER 31, 2018 AND 2017**
**B.1) CONSOLIDATED INCOME STATEMENT**

| ITEM                                                                                                                   | Notes | 2018               | 2017               |
|------------------------------------------------------------------------------------------------------------------------|-------|--------------------|--------------------|
| <b>I. REVENUE FROM INSURANCE BUSINESS</b>                                                                              |       |                    |                    |
| 1. Premiums allocated to the financial year, net                                                                       |       |                    |                    |
| a) Written premiums, direct insurance                                                                                  | 7.A.2 | 19,102.23          | 19,982.34          |
| b) Premiums from accepted reinsurance                                                                                  | 7.A.2 | 3,434.87           | 3,498.35           |
| c) Premiums from ceded reinsurance                                                                                     | 6.20  | (3,374.34)         | (4,064.44)         |
| d) Variations in provisions for unearned premiums and unexpired risks                                                  |       |                    |                    |
| Direct insurance                                                                                                       | 6.14  | 35.43              | (515.55)           |
| Accepted reinsurance                                                                                                   | 6.14  | 172.54             | 74.10              |
| Ceded reinsurance                                                                                                      | 6.20  | (158.71)           | 334.86             |
| 2. Share in profits from equity-accounted companies                                                                    |       | 12.08              | 10.97              |
| 3. Revenue from investments                                                                                            |       |                    |                    |
| a) From operations                                                                                                     | 6.18  | 2,176.09           | 2,363.88           |
| b) From equity                                                                                                         | 6.18  | 214.03             | 195.27             |
| 4. Gains on investments on behalf of life insurance policyholders bearing the                                          | 6.5   | 88.09              | 131.02             |
| 5. Other technical revenue                                                                                             |       | 61.01              | 63.67              |
| 6. Other non-technical revenue                                                                                         |       | 69.53              | 194.61             |
| 7. Positive foreign exchange differences                                                                               | 6.23  | 959.39             | 1,039.86           |
| 8. Reversal of the asset impairment provision                                                                          | 6.8   | 41.11              | 21.07              |
| <b>TOTAL REVENUE FROM INSURANCE BUSINESS</b>                                                                           |       | <b>22,833.35</b>   | <b>23,330.01</b>   |
| <b>II. EXPENSES FROM INSURANCE BUSINESS</b>                                                                            |       |                    |                    |
| 1. Incurred claims for the year, net                                                                                   |       |                    |                    |
| a) Claims paid and variation in provision for claims, net                                                              |       |                    |                    |
| Direct insurance                                                                                                       | 5.15  | (13,802.19)        | (13,218.93)        |
| Accepted reinsurance                                                                                                   | 5.15  | (2,465.61)         | (2,382.90)         |
| Ceded reinsurance                                                                                                      | 6.20  | 3,677.06           | 2,881.19           |
| b) Claims-related expenses                                                                                             | 6.19  | (815.84)           | (855.71)           |
| 2. Variation in other technical provisions, net                                                                        | 5.15  | (564.75)           | (806.59)           |
| 3. Profit sharing and returned premiums                                                                                |       | (38.70)            | (46.80)            |
| 4. Net operating expenses                                                                                              | 6.19  |                    |                    |
| a) Acquisition expenses                                                                                                |       | (4,810.80)         | (4,924.76)         |
| b) Administration expenses                                                                                             |       | (745.58)           | (760.01)           |
| c) Commissions and participation in reinsurance                                                                        | 6.20  | 567.66             | 557.03             |
| 5. Share in losses from equity-accounted companies                                                                     |       | --                 | (0.08)             |
| 6. Expenses from investments                                                                                           |       |                    |                    |
| a) From operations                                                                                                     | 6.18  | (710.82)           | (627.80)           |
| b) From equity and financial accounts                                                                                  | 6.18  | (92.91)            | (44.84)            |
| 7. Losses on investments on behalf of life insurance policyholders bearing the                                         | 6.5   | (146.16)           | (8.47)             |
| 8. Other technical expenses                                                                                            | 6.19  | (139.13)           | (129.57)           |
| 9. Other non-technical expenses                                                                                        | 6.19  | (149.69)           | (114.33)           |
| 10. Negative foreign exchange differences                                                                              | 6.23  | (946.70)           | (1,019.39)         |
| 11. Allowance to the asset impairment provision                                                                        | 6.8   | (229.26)           | (162.58)           |
| <b>TOTAL EXPENSES FROM INSURANCE BUSINESS</b>                                                                          |       | <b>(21,413.42)</b> | <b>(21,664.54)</b> |
| <b>RESULT FROM THE INSURANCE BUSINESS</b>                                                                              |       | <b>1,419.93</b>    | <b>1,665.47</b>    |
| <b>III. OTHER ACTIVITIES</b>                                                                                           |       |                    |                    |
| 1. Operating revenue                                                                                                   |       | 321.00             | 363.02             |
| 2. Operating expenses                                                                                                  | 6.19  | (401.62)           | (489.79)           |
| 3. Net financial income                                                                                                |       |                    |                    |
| a) Financial income                                                                                                    | 6.18  | 82.58              | 97.59              |
| b) Financial expenses                                                                                                  | 6.18  | (85.29)            | (99.81)            |
| 4. Results from non-controlling interests                                                                              |       |                    |                    |
| a) Share in profits from equity-accounted companies                                                                    |       | 2.29               | 3.00               |
| b) Share in losses from equity-accounted companies                                                                     |       | (0.03)             | (0.03)             |
| 5. Reversal of asset impairment provision                                                                              | 6.8   | 25.41              | 19.01              |
| 6. Allowance to the asset impairment provision                                                                         | 6.8   | (15.09)            | (25.25)            |
| 7. Result from the disposal of non-current assets classified as held for sale, not included in discontinued operations |       | --                 | --                 |
| <b>RESULT FROM OTHER ACTIVITIES</b>                                                                                    |       | <b>(70.75)</b>     | <b>(132.26)</b>    |
| <b>IV. RESULT ON RESTATEMENT OF FINANCIAL ACCOUNTS</b>                                                                 | 3.3   | <b>(18.72)</b>     | <b>(24.50)</b>     |
| <b>V. RESULT BEFORE TAX FROM ONGOING OPERATIONS</b>                                                                    |       | <b>1,330.46</b>    | <b>1,508.71</b>    |
| <b>VI. TAX ON PROFIT FROM ONGOING OPERATIONS</b>                                                                       | 6.21  | <b>(452.94)</b>    | <b>(410.35)</b>    |
| <b>VII. RESULT AFTER TAX FROM ONGOING OPERATIONS</b>                                                                   |       | <b>877.52</b>      | <b>1,098.36</b>    |
| <b>VIII. RESULT AFTER TAX FROM DISCONTINUED OPERATIONS</b>                                                             | 6.10  | <b>--</b>          | <b>--</b>          |
| <b>IX. RESULT FOR THE PERIOD</b>                                                                                       |       | <b>877.52</b>      | <b>1,098.36</b>    |
| 1. Attributable to non-controlling interests                                                                           |       | 348.66             | 397.85             |
| 2. Attributable to the controlling company                                                                             | 4.1   | 528.86             | 700.51             |

Figures in millions of euros

| Earnings per share (Euros) |     |      |      |
|----------------------------|-----|------|------|
| Basic                      | 4.1 | 0.17 | 0.23 |
| Diluted                    | 4.1 | 0.17 | 0.23 |

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. AND SUBSIDIARIES

## B.2) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| ITEM                                            | NOTES       | GROSS AMOUNT    |                 | TAX ON PROFITS  |                 | ATTRIBUTABLE TO NON-CONTROLLING INTERESTS |                 | ATTRIBUTABLE TO CONTROLLING COMPANY |                 |
|-------------------------------------------------|-------------|-----------------|-----------------|-----------------|-----------------|-------------------------------------------|-----------------|-------------------------------------|-----------------|
|                                                 |             | 2018            | 2017            | 2018            | 2017            | 2018                                      | 2017            | 2018                                | 2017            |
| <b>A) CONSOLIDATED RESULT FOR THE YEAR</b>      |             | <b>1,330.46</b> | <b>1,508.71</b> | <b>(452.94)</b> | <b>(410.35)</b> | <b>348.66</b>                             | <b>397.85</b>   | <b>528.86</b>                       | <b>700.51</b>   |
| <b>B) OTHER RECOGNIZED REVENUE (EXPENSES)</b>   |             | <b>(677.52)</b> | <b>(902.44)</b> | <b>122.72</b>   | <b>15.60</b>    | <b>(124.44)</b>                           | <b>(213.77)</b> | <b>(430.36)</b>                     | <b>(673.07)</b> |
| <b>1. Financial assets available for sale</b>   | <b>6.4</b>  | <b>(708.57)</b> | <b>(466.90)</b> | <b>185.97</b>   | <b>124.58</b>   | <b>(49.81)</b>                            | <b>(56.83)</b>  | <b>(472.79)</b>                     | <b>(285.49)</b> |
| a) Valuation gains (losses)                     |             | (564.26)        | (263.93)        | 150.17          | 71.10           |                                           |                 |                                     |                 |
| b) Amounts transferred to the income statement  |             | (144.29)        | (204.58)        | 35.80           | 53.27           |                                           |                 |                                     |                 |
| c) Other reclassifications                      |             | (0.02)          | 1.61            | --              | 0.21            |                                           |                 |                                     |                 |
| <b>2. Currency conversion differences</b>       | <b>6.23</b> | <b>(202.50)</b> | <b>(852.03)</b> | <b>(0.41)</b>   | <b>0.99</b>     | <b>(100.11)</b>                           | <b>(211.95)</b> | <b>(102.80)</b>                     | <b>(639.09)</b> |
| a) Valuation gains (losses)                     |             | (215.62)        | (850.52)        | (0.41)          | 0.99            |                                           |                 |                                     |                 |
| b) Amounts transferred to the income statement  |             | 0.25            | (0.03)          | --              | --              |                                           |                 |                                     |                 |
| c) Other reclassifications                      |             | 12.87           | (1.48)          | --              | --              |                                           |                 |                                     |                 |
| <b>3. Shadow accounting</b>                     |             | <b>232.47</b>   | <b>419.13</b>   | <b>(63.34)</b>  | <b>(110.03)</b> | <b>25.28</b>                              | <b>54.93</b>    | <b>143.85</b>                       | <b>254.17</b>   |
| a) Valuation gains (losses)                     | 6.14        | 211.95          | 381.55          | (58.21)         | (100.63)        |                                           |                 |                                     |                 |
| b) Amounts transferred to the income statement  |             | 20.52           | 37.58           | (5.13)          | (9.40)          |                                           |                 |                                     |                 |
| c) Other reclassifications                      |             | --              | --              | --              | --              |                                           |                 |                                     |                 |
| <b>4. Equity-accounted entities</b>             |             | <b>(1.64)</b>   | <b>(0.07)</b>   | <b>0.50</b>     | <b>--</b>       | <b>0.03</b>                               | <b>0.02</b>     | <b>(1.17)</b>                       | <b>(0.09)</b>   |
| a) Valuation gains (losses)                     |             | (1.33)          | 0.08            | 0.50            | --              |                                           |                 |                                     |                 |
| b) Amounts transferred to the income statement  |             | 0.06            | 0.04            | --              | --              |                                           |                 |                                     |                 |
| c) Other reclassifications                      |             | (0.37)          | (0.19)          | --              | --              |                                           |                 |                                     |                 |
| <b>5. Other recognized revenue and expenses</b> |             | <b>2.72</b>     | <b>(2.57)</b>   | <b>--</b>       | <b>0.06</b>     | <b>0.17</b>                               | <b>0.06</b>     | <b>2.55</b>                         | <b>(2.57)</b>   |
| <b>TOTAL</b>                                    |             | <b>652.94</b>   | <b>606.27</b>   | <b>(330.22)</b> | <b>(394.75)</b> | <b>224.22</b>                             | <b>184.08</b>   | <b>98.50</b>                        | <b>27.44</b>    |

Figures in millions of euros

All the items included in the consolidated statement of comprehensive income and expenses may be reclassified to the consolidated income statement in line with EU-IFRS.

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## MAPFRE S.A. AND SUBSIDIARIES

C) CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS ON DECEMBER 31, 2018 AND 2017

| ITEM                                                                                          | NOTES | EQUITY ATTRIBUTABLE TO CONTROLLING COMPANY |               |          |                  |                |                                                         |                          |                              |                                 | NON-CONTROLLING INTERESTS | TOTAL EQUITY |
|-----------------------------------------------------------------------------------------------|-------|--------------------------------------------|---------------|----------|------------------|----------------|---------------------------------------------------------|--------------------------|------------------------------|---------------------------------|---------------------------|--------------|
|                                                                                               |       | SHAREHOLDERS' FUNDS                        |               |          |                  |                |                                                         |                          |                              |                                 |                           |              |
|                                                                                               |       | SHARE CAPITAL                              | SHARE PREMIUM | RESERVES | INTERIM DIVIDEND | TREASURY STOCK | RESULT FOR THE YEAR ATTRIBUTABLE TO CONTROLLING COMPANY | OTHER EQUITY INSTRUMENTS | VALUATION CHANGE ADJUSTMENTS | CURRENCY CONVERSION DIFFERENCES |                           |              |
| OPENING BALANCE AS ON JANUARY 1, 2017                                                         |       | 307.95                                     | 1,506.74      | 6,208.62 | (184.77)         | (60.23)        | 775.45                                                  | 9.68                     | 654.67                       | (91.61)                         | 2,316.98                  | 11,443.48    |
| 1. Changes in accounting policies (Note 2.4)                                                  |       | --                                         | --            | --       | --               | --             | --                                                      | --                       | --                           | --                              | --                        | --           |
| 2. Correction of errors                                                                       |       | --                                         | --            | --       | --               | --             | --                                                      | --                       | --                           | --                              | --                        | --           |
| ADJUSTED BALANCE AS ON JANUARY 1, 2017                                                        |       | 307.95                                     | 1,506.74      | 6,208.62 | (184.77)         | (60.23)        | 775.45                                                  | 9.68                     | 654.67                       | (91.61)                         | 2,316.98                  | 11,443.48    |
| I. TOTAL COMPREHENSIVE REVENUE (EXPENSES)                                                     |       | --                                         | --            | --       | --               | --             | 700.51                                                  | --                       | (33.98)                      | (639.09)                        | 184.08                    | 211.52       |
| II. OPERATIONS WITH THE CONTROLLING COMPANY'S SHAREHOLDERS AND NON-CONTROLLING INTERESTS      |       | --                                         | --            | (279.67) | (184.77)         | 7.87           | --                                                      | --                       | --                           | --                              | (582.42)                  | (1,038.99)   |
| 1. Capital increases (decreases)                                                              |       | --                                         | --            | --       | --               | --             | --                                                      | --                       | --                           | --                              | --                        | --           |
| 2. Distribution of dividends                                                                  | 4.2   | --                                         | --            | (261.92) | (184.77)         | --             | --                                                      | --                       | --                           | --                              | (572.91)                  | (1,019.60)   |
| 3. Increases (decreases) from business combinations                                           |       | --                                         | --            | --       | --               | --             | --                                                      | --                       | --                           | --                              | (0.80)                    | (0.80)       |
| 4. Other operations with the controlling company's shareholders and non-controlling interests | 6.9   | --                                         | --            | (22.45)  | --               | --             | --                                                      | --                       | --                           | --                              | (8.71)                    | (31.16)      |
| 5. Operations with treasury stock and own shares                                              | 6.11  | --                                         | --            | 4.70     | --               | 7.87           | --                                                      | --                       | --                           | --                              | --                        | 12.57        |
| III. OTHER VARIATIONS IN EQUITY                                                               |       | --                                         | --            | 504.19   | 184.77           | --             | (775.45)                                                | 0.40                     | --                           | --                              | (17.26)                   | (103.35)     |
| 1. Transfers among equity items                                                               |       | --                                         | --            | 590.68   | 184.77           | --             | (775.45)                                                | --                       | --                           | --                              | --                        | --           |
| 2. Other variations                                                                           | 3.3   | --                                         | --            | (86.49)  | --               | --             | --                                                      | 0.40                     | --                           | --                              | (17.26)                   | (103.35)     |
| CLOSING BALANCE AS ON DECEMBER 31, 2017                                                       |       | 307.95                                     | 1,506.74      | 6,433.14 | (184.77)         | (52.36)        | 700.51                                                  | 10.08                    | 620.69                       | (730.70)                        | 1,901.38                  | 10,512.66    |

|                                                                                               |                   |        |          |          |          |         |          |        |          |          |          |            |
|-----------------------------------------------------------------------------------------------|-------------------|--------|----------|----------|----------|---------|----------|--------|----------|----------|----------|------------|
| OPENING BALANCE AS ON JANUARY 1, 2018                                                         |                   | 307.95 | 1,506.74 | 6,433.14 | (184.77) | (52.36) | 700.51   | 10.08  | 620.69   | (730.70) | 1,901.38 | 10,512.66  |
| 1. Changes in accounting policies                                                             |                   | --     | --       | --       | --       | --      | --       | --     | --       | --       | --       | --         |
| 2. Correction of errors                                                                       |                   | --     | --       | --       | --       | --      | --       | --     | --       | --       | --       | --         |
| ADJUSTED BALANCE AS ON JANUARY 1, 2018                                                        |                   | 307.95 | 1,506.74 | 6,433.14 | (184.77) | (52.36) | 700.51   | 10.08  | 620.69   | (730.70) | 1,901.38 | 10,512.66  |
| I. TOTAL COMPREHENSIVE REVENUE (EXPENSES)                                                     |                   | --     | --       | --       | --       | --      | 528.86   | --     | (327.57) | (102.80) | 224.22   | 322.71     |
| II. OPERATIONS WITH THE CONTROLLING COMPANY'S SHAREHOLDERS AND NON-CONTROLLING INTERESTS      |                   | --     | --       | (455.44) | (184.83) | 4.11    | --       | --     | --       | --       | (879.87) | (1,516.03) |
| 1. Capital increases (decreases)                                                              | 6.26              | --     | --       | --       | --       | --      | --       | --     | --       | --       | (71.39)  | (71.39)    |
| 2. Distribution of dividends                                                                  | 4.2               | --     | --       | (261.82) | (184.83) | --      | --       | --     | --       | --       | (416.43) | (863.08)   |
| 3. Increases (decreases) from business combinations                                           |                   | --     | --       | 0.79     | --       | --      | --       | --     | --       | --       | 7.99     | 8.78       |
| 4. Other operations with the controlling company's shareholders and non-controlling interests | 6.9 and 6.26      | --     | --       | (196.34) | --       | --      | --       | --     | --       | --       | (400.04) | (596.38)   |
| 5. Operations with treasury stock and own shares                                              | 6.11              | --     | --       | 1.93     | --       | 4.11    | --       | --     | --       | --       | --       | 6.04       |
| III. OTHER VARIATIONS IN EQUITY                                                               |                   | --     | --       | 345.93   | 184.77   | --      | (700.51) | (5.59) | --       | 95.60    | (41.96)  | (121.76)   |
| 1. Transfers among equity items                                                               |                   | --     | --       | 515.74   | 184.77   | --      | (700.51) | --     | --       | --       | --       | --         |
| 2. Other variations                                                                           | 3.3, 6.7 and 6.26 | --     | --       | (169.81) | --       | --      | --       | (5.59) | --       | 95.60    | (41.96)  | (121.76)   |
| CLOSING BALANCE AS ON DECEMBER 31, 2018                                                       |                   | 307.95 | 1,506.74 | 6,323.63 | (184.83) | (48.25) | 528.86   | 4.49   | 293.12   | (737.90) | 1,203.77 | 9,197.58   |

Figures in millions of euros

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## MAPFRE S.A. AND SUBSIDIARIES

**D) CONSOLIDATED CASH FLOW STATEMENT FOR YEARS ENDING DECEMBER 31, 2018 AND 2017**

| ITEM                                                              | NOTES | 2018               | 2017               |
|-------------------------------------------------------------------|-------|--------------------|--------------------|
| <b>1. Insurance activity:</b>                                     |       | <b>1,304.56</b>    | <b>1,362.27</b>    |
| Cash received from insurance activity                             |       | 24,550.51          | 24,497.41          |
| Cash payments from insurance activity                             |       | (23,245.95)        | (23,135.14)        |
| <b>2. Other operating activities:</b>                             |       | <b>(343.66)</b>    | <b>(410.38)</b>    |
| Cash received from other operating activities                     |       | 574.38             | 800.20             |
| Cash payments from other operating activities                     |       | (918.04)           | (1,210.58)         |
| <b>3. Receipt (payment) of income tax</b>                         |       | <b>(529.32)</b>    | <b>(497.80)</b>    |
| <b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>                   |       | <b>431.58</b>      | <b>454.09</b>      |
| <b>1. Proceeds from investment activities:</b>                    |       | <b>20,544.37</b>   | <b>20,132.61</b>   |
| Property, plant and equipment                                     |       | 27.29              | 56.24              |
| Real estate investments                                           |       | 107.76             | 54.58              |
| Intangible fixed assets                                           |       | 3.17               | 0.57               |
| Financial instruments                                             |       | 17,395.36          | 16,958.98          |
| Equity instruments                                                |       | 1,695.10           | 1,834.70           |
| Controlled companies and other business units                     |       | 135.32             | 29.83              |
| Interest collected                                                |       | 1,067.08           | 1,089.15           |
| Dividends collected                                               |       | 71.00              | 69.85              |
| Other proceeds related to investment activities                   |       | 42.29              | 38.71              |
| <b>2. Payments from investment activities:</b>                    |       | <b>(19,674.60)</b> | <b>(19,100.39)</b> |
| Property, plant and equipment                                     | 6.2   | (65.69)            | (121.19)           |
| Real estate investments                                           | 6.2   | (10.52)            | (14.24)            |
| Intangible fixed assets                                           |       | (82.52)            | (98.37)            |
| Financial instruments                                             |       | (17,275.56)        | (16,375.32)        |
| Equity instruments                                                |       | (2,214.38)         | (2,340.32)         |
| Controlled companies and other business units                     |       | --                 | (127.35)           |
| Other payments related to investment activities                   |       | (25.93)            | (23.60)            |
| <b>NET CASH FLOWS FROM INVESTMENT ACTIVITIES</b>                  |       | <b>869.77</b>      | <b>1,032.22</b>    |
| <b>1. Proceeds from financing activities</b>                      |       | <b>1,515.92</b>    | <b>1,227.70</b>    |
| Subordinated liabilities                                          |       | 496.95             | 600.00             |
| Proceeds from issuing of equity instruments and capital increases |       | --                 | --                 |
| Proceeds from sale of treasury stock                              | 6.11  | 6.05               | 12.50              |
| Other proceeds related to financing activities                    |       | 1,012.92           | 615.20             |
| <b>2. Payments from financing activities</b>                      |       | <b>(2,455.46)</b>  | <b>(2,212.73)</b>  |
| Dividends paid to shareholders                                    |       | (863.09)           | (1,019.47)         |
| Interest paid                                                     |       | (57.34)            | (67.94)            |
| Subordinated liabilities                                          |       | --                 | (578.45)           |
| Payments on return of shareholders' contributions                 |       | (123.38)           | --                 |
| Purchase of treasury stock                                        | 6.11  | --                 | --                 |
| Other payments related to financing activities                    | 6.9   | (1,411.65)         | (546.87)           |
| <b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>                    |       | <b>(939.54)</b>    | <b>(985.03)</b>    |
| <b>Conversion differences in cash flow and cash balances</b>      |       | <b>(24.41)</b>     | <b>(88.40)</b>     |
| <b>NET INCREASE/(DECREASE) IN CASH FLOW</b>                       |       | <b>337.40</b>      | <b>412.88</b>      |
| <b>OPENING CASH BALANCE</b>                                       |       | <b>1,864.01</b>    | <b>1,451.13</b>    |
| <b>CLOSING CASH BALANCE</b>                                       |       | <b>2,201.41</b>    | <b>1,864.01</b>    |

Figures in millions of euros

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## MAPFRE S.A. AND SUBSIDIARIES

## E) FINANCIAL INFORMATION BY SEGMENT - CONSOLIDATED INCOME STATEMENT FOR YEAR ENDING DECEMBER 31, 2018

| ITEM                                                                                                                   | IBERIA            | LATAM NORTH     | LATAM SOUTH       | BRAZIL            | NORTH AMERICA     |
|------------------------------------------------------------------------------------------------------------------------|-------------------|-----------------|-------------------|-------------------|-------------------|
| <b>I. REVENUE FROM INSURANCE BUSINESS</b>                                                                              |                   |                 |                   |                   |                   |
| 1. Premiums allocated to the financial year, net                                                                       |                   |                 |                   |                   |                   |
| a) Written premiums, direct insurance                                                                                  | 7,645.30          | 1,292.55        | 1,605.75          | 3,972.20          | 2,402.41          |
| b) Premiums from accepted reinsurance                                                                                  | 12.61             | 16.80           | --                | --                | 22.87             |
| c) Premiums from ceded reinsurance                                                                                     | (719.72)          | (457.71)        | (624.54)          | (624.48)          | (382.37)          |
| d) Variations in provisions for unearned premiums and unexpired risks, net                                             |                   |                 |                   |                   |                   |
| Direct insurance                                                                                                       | (131.05)          | 186.23          | (34.52)           | (0.99)            | 17.89             |
| Accepted reinsurance                                                                                                   | (4.20)            | 1.58            | 1.41              | --                | (1.97)            |
| Ceded reinsurance                                                                                                      | 77.30             | (190.93)        | 6.52              | (7.54)            | (87.46)           |
| 2. Share in profits from equity-accounted companies                                                                    | 20.58             | --              | --                | --                | --                |
| 3. Revenues from investments                                                                                           |                   |                 |                   |                   |                   |
| From operations                                                                                                        | 1,286.58          | 68.04           | 175.75            | 234.23            | 76.70             |
| From equity                                                                                                            | 101.66            | 10.48           | 12.30             | 10.16             | 40.82             |
| 4. Unrealized gains on investments on behalf of life insurance policyholders bearing the investment risk               | 49.46             | 0.44            | 0.01              | 50.02             | --                |
| 5. Other technical revenue                                                                                             | 21.90             | 0.29            | 19.84             | 0.39              | 13.50             |
| 6. Other non-technical revenue                                                                                         | 58.84             | 0.38            | 3.85              | 3.83              | 0.29              |
| 7. Positive foreign exchange differences                                                                               | 16.08             | 11.68           | 13.14             | --                | --                |
| 8. Reversal of the asset impairment provision                                                                          | 22.81             | --              | 18.18             | --                | --                |
| <b>TOTAL REVENUE FROM INSURANCE BUSINESS</b>                                                                           | <b>8,458.15</b>   | <b>939.83</b>   | <b>1,197.69</b>   | <b>3,637.82</b>   | <b>2,102.68</b>   |
| <b>II. EXPENSES FROM INSURANCE BUSINESS</b>                                                                            |                   |                 |                   |                   |                   |
| 1. Incurred claims for the financial year, net                                                                         |                   |                 |                   |                   |                   |
| a) Claims paid and variation in provision for outstanding claims, net                                                  |                   |                 |                   |                   |                   |
| Direct insurance                                                                                                       | (5,628.17)        | (724.62)        | (2,016.56)        | (2,038.82)        | (1,928.05)        |
| Accepted reinsurance                                                                                                   | (1.89)            | (8.04)          | (3.17)            | --                | (22.75)           |
| Ceded reinsurance                                                                                                      | 440.28            | 202.88          | 1,489.31          | 502.33            | 670.31            |
| b) Claims-related expenses                                                                                             | (358.45)          | (12.87)         | (35.54)           | (84.12)           | (174.85)          |
| 2. Variation in other technical provisions, net                                                                        | (248.99)          | (18.22)         | (66.47)           | (149.93)          | (0.16)            |
| 3. Profit sharing and returned premiums                                                                                | (25.06)           | (7.97)          | 0.05              | (1.57)            | --                |
| 4. Net operating expenses                                                                                              |                   |                 |                   |                   |                   |
| a) Acquisition expenses                                                                                                | (1,102.56)        | (260.56)        | (395.46)          | (1,183.88)        | (571.40)          |
| b) Administration expenses                                                                                             | (143.09)          | (56.28)         | (60.91)           | (189.78)          | (113.29)          |
| c) Commissions and participation in reinsurance                                                                        | 121.29            | 61.16           | 82.00             | 74.48             | 114.45            |
| 5. Share in losses from equity-accounted companies                                                                     | --                | --              | --                | --                | --                |
| 6. Expenses from investments                                                                                           |                   |                 |                   |                   |                   |
| a) From operations                                                                                                     | (398.73)          | (17.68)         | (13.39)           | (86.17)           | (8.96)            |
| b) From equity and financial accounts                                                                                  | (86.17)           | (1.06)          | (0.70)            | --                | (3.24)            |
| 7. Unrealized losses on investments on account of life insurance policyholders bearing investment risk                 | (142.60)          | (1.30)          | --                | --                | --                |
| 8. Other technical expenses                                                                                            | (68.84)           | (13.84)         | (20.10)           | (2.32)            | --                |
| 9. Other non-technical expenses                                                                                        | (129.76)          | (0.78)          | (2.94)            | (3.47)            | (0.90)            |
| 10. Negative foreign exchange differences                                                                              | (14.74)           | (11.55)         | (21.98)           | --                | --                |
| 11. Allowance to the asset impairment provision                                                                        | (18.34)           | --              | (23.26)           | --                | (8.29)            |
| <b>TOTAL EXPENSES FROM INSURANCE BUSINESS</b>                                                                          | <b>(7,805.82)</b> | <b>(870.73)</b> | <b>(1,089.12)</b> | <b>(3,163.25)</b> | <b>(2,047.13)</b> |
| <b>RESULT FROM THE INSURANCE BUSINESS</b>                                                                              | <b>652.33</b>     | <b>69.10</b>    | <b>108.57</b>     | <b>474.57</b>     | <b>55.55</b>      |
| <b>III. OTHER ACTIVITIES</b>                                                                                           |                   |                 |                   |                   |                   |
| 1. Operating revenue                                                                                                   | 261.25            | 9.83            | 13.96             | 17.45             | 1.48              |
| 2. Operating expenses                                                                                                  | (213.16)          | (12.42)         | (14.18)           | (31.50)           | (3.26)            |
| 3. Net financial income                                                                                                |                   |                 |                   |                   |                   |
| a) Financial income                                                                                                    | 9.89              | 0.24            | 6.32              | 28.70             | 0.06              |
| b) Financial expenses                                                                                                  | (2.56)            | --              | (0.25)            | (1.59)            | 0.25              |
| 4. Result from non-controlling interests                                                                               |                   |                 |                   |                   |                   |
| a) Share in profits from equity-accounted companies                                                                    | 2.29              | --              | --                | --                | --                |
| b) Share in losses from equity-accounted companies                                                                     | --                | --              | --                | --                | --                |
| 5. Reversal of asset impairment provision                                                                              | 2.25              | --              | --                | --                | --                |
| 6. Allowance to the asset impairment provision                                                                         | (3.72)            | --              | --                | --                | --                |
| 7. Result from the disposal of non-current assets classified as held for sale, not included in discontinued operations | --                | --              | --                | --                | --                |
| <b>RESULT FROM OTHER ACTIVITIES</b>                                                                                    | <b>56.24</b>      | <b>(2.35)</b>   | <b>5.85</b>       | <b>13.06</b>      | <b>(1.47)</b>     |
| <b>IV. RESULT ON RESTATEMENT OF FINANCIAL ACCOUNTS</b>                                                                 | <b>--</b>         | <b>--</b>       | <b>(16.89)</b>    | <b>--</b>         | <b>--</b>         |
| <b>V. RESULT BEFORE TAX FROM ONGOING OPERATIONS</b>                                                                    | <b>708.57</b>     | <b>66.75</b>    | <b>97.53</b>      | <b>487.63</b>     | <b>54.08</b>      |
| <b>VI. TAX ON PROFIT FROM ONGOING OPERATIONS</b>                                                                       | <b>(154.51)</b>   | <b>(13.31)</b>  | <b>(29.90)</b>    | <b>(197.28)</b>   | <b>(19.18)</b>    |
| <b>VII. RESULT AFTER TAX FROM ONGOING OPERATIONS</b>                                                                   | <b>554.06</b>     | <b>53.44</b>    | <b>67.63</b>      | <b>290.35</b>     | <b>34.90</b>      |
| <b>VIII. RESULT AFTER TAX FROM DISCONTINUED OPERATIONS</b>                                                             | <b>--</b>         | <b>--</b>       | <b>--</b>         | <b>--</b>         | <b>--</b>         |
| <b>IX. RESULT FOR THE PERIOD</b>                                                                                       | <b>554.06</b>     | <b>53.44</b>    | <b>67.63</b>      | <b>290.35</b>     | <b>34.90</b>      |
| 1. Attributable to non-controlling interests                                                                           | 73.48             | 9.77            | 8.51              | 236.21            | (0.08)            |
| 2. Attributable to the controlling company                                                                             | 480.58            | 43.67           | 59.12             | 54.14             | 34.98             |

Figures in millions 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.

## MAPFRE S.A. AND SUBSIDIARIES

## E) FINANCIAL INFORMATION BY SEGMENT - CONSOLIDATED INCOME STATEMENT FOR YEAR ENDING DECEMBER 31, 2018

| ITEM                                                                                                                   | EURASIA           | MAPFRE ASISTENCIA | MAPFRE GLOBAL RISKS | MAPFRE RE         | CORPORATE AREAS AND CONSOLIDATION | TOTAL              |
|------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|---------------------|-------------------|-----------------------------------|--------------------|
| <b>I. REVENUE FROM INSURANCE BUSINESS</b>                                                                              |                   |                   |                     |                   |                                   |                    |
| 1. Premiums allocated to the financial year, net                                                                       |                   |                   |                     |                   |                                   |                    |
| a) Written premiums, direct insurance                                                                                  | 1,732.74          | 327.23            | 117.23              | --                | 6.82                              | 19,102.23          |
| b) Premiums from accepted reinsurance                                                                                  | 33.02             | 583.79            | 1,056.68            | 3,787.13          | (2,078.03)                        | 3,434.87           |
| c) Premiums from ceded reinsurance                                                                                     | (491.02)          | (223.89)          | (899.84)            | (1,027.98)        | 2,077.21                          | (3,374.34)         |
| d) Variations in provisions for unearned premiums and unexpired risks, net                                             |                   |                   |                     |                   |                                   |                    |
| Direct insurance                                                                                                       | (70.94)           | (20.92)           | 94.78               | --                | (5.05)                            | 35.43              |
| Accepted reinsurance                                                                                                   | (3.41)            | (42.03)           | (103.85)            | 404.35            | (79.34)                           | 172.54             |
| Ceded reinsurance                                                                                                      | 25.46             | 13.18             | 36.12               | (112.31)          | 80.95                             | (158.71)           |
| 2. Share in profits from equity-accounted companies                                                                    | 0.19              | --                | 3.90                | --                | (12.59)                           | 12.08              |
| 3. Revenues from investments                                                                                           |                   |                   |                     |                   |                                   |                    |
| From operations                                                                                                        | 132.76            | 5.66              | 28.85               | 172.61            | (5.09)                            | 2,176.09           |
| From equity                                                                                                            | 33.47             | --                | --                  | 7.65              | (2.51)                            | 214.03             |
| 4. Unrealized gains on investments on behalf of life insurance policyholders bearing the investment risk               | --                | --                | --                  | --                | (11.84)                           | 88.09              |
| 5. Other technical revenue                                                                                             | 5.03              | --                | 0.54                | --                | (0.48)                            | 61.01              |
| 6. Other non-technical revenue                                                                                         | 0.47              | --                | --                  | 1.98              | (0.11)                            | 69.53              |
| 7. Positive foreign exchange differences                                                                               | 33.89             | 0.34              | 88.24               | 790.95            | 5.07                              | 959.39             |
| 8. Reversal of the asset impairment provision                                                                          | (0.06)            | --                | --                  | 0.18              | --                                | 41.11              |
| <b>TOTAL REVENUE FROM INSURANCE BUSINESS</b>                                                                           | <b>1,431.60</b>   | <b>643.36</b>     | <b>422.65</b>       | <b>4,024.56</b>   | <b>(24.99)</b>                    | <b>22,833.35</b>   |
| <b>II. EXPENSES FROM INSURANCE BUSINESS</b>                                                                            |                   |                   |                     |                   |                                   |                    |
| 1. Incurred claims for the financial year, net                                                                         |                   |                   |                     |                   |                                   |                    |
| a) Claims paid and variation in provision for outstanding claims, net                                                  |                   |                   |                     |                   |                                   |                    |
| Direct insurance                                                                                                       | (1,043.25)        | (138.12)          | (264.53)            | --                | (20.07)                           | (13,802.19)        |
| Accepted reinsurance                                                                                                   | (33.44)           | (235.86)          | (566.09)            | (3,285.61)        | 1,691.24                          | (2,465.61)         |
| Ceded reinsurance                                                                                                      | 212.87            | 79.33             | 656.76              | 1,096.04          | (1,673.05)                        | 3,677.06           |
| b) Claims-related expenses                                                                                             | (42.56)           | (102.84)          | (4.44)              | (0.11)            | (0.06)                            | (815.84)           |
| 2. Variation in other technical provisions, net                                                                        | (95.05)           | --                | --                  | 2.26              | 11.81                             | (564.75)           |
| 3. Profit sharing and returned premiums                                                                                | (3.97)            | --                | (0.18)              | --                | --                                | (38.70)            |
| 4. Net operating expenses                                                                                              |                   |                   |                     |                   |                                   |                    |
| a) Acquisition expenses                                                                                                | (292.09)          | (285.34)          | (136.43)            | (1,014.76)        | 431.68                            | (4,810.80)         |
| b) Administration expenses                                                                                             | (122.62)          | (42.73)           | (6.81)              | (14.66)           | 4.59                              | (745.58)           |
| c) Commissions and participation in reinsurance                                                                        | 195.31            | 83.89             | 51.91               | 214.88            | (431.71)                          | 567.66             |
| 5. Share in losses from equity-accounted companies                                                                     | --                | --                | --                  | --                | --                                | --                 |
| 6. Expenses from investments                                                                                           |                   |                   |                     |                   |                                   |                    |
| a) From operations                                                                                                     | (147.28)          | (1.12)            | (15.57)             | (22.65)           | 0.73                              | (710.82)           |
| b) From equity and financial accounts                                                                                  | (0.14)            | --                | --                  | (1.55)            | (0.05)                            | (92.91)            |
| 7. Unrealized losses on investments on account of life insurance policyholders bearing investment risk                 | (2.26)            | --                | --                  | --                | --                                | (146.16)           |
| 8. Other technical expenses                                                                                            | (7.05)            | (17.74)           | (7.43)              | (2.28)            | 0.47                              | (139.13)           |
| 9. Other non-technical expenses                                                                                        | (2.40)            | --                | (0.73)              | (8.68)            | (0.03)                            | (149.69)           |
| 10. Negative foreign exchange differences                                                                              | (14.30)           | (1.12)            | (87.06)             | (794.57)          | (1.38)                            | (946.70)           |
| 11. Allowance to the asset impairment provision                                                                        | (5.56)            | --                | --                  | --                | (173.81)                          | (229.26)           |
| <b>TOTAL EXPENSES FROM INSURANCE BUSINESS</b>                                                                          | <b>(1,403.79)</b> | <b>(661.65)</b>   | <b>(380.60)</b>     | <b>(3,831.69)</b> | <b>(159.64)</b>                   | <b>(21,413.42)</b> |
| <b>RESULT FROM THE INSURANCE BUSINESS</b>                                                                              | <b>27.81</b>      | <b>(18.29)</b>    | <b>42.05</b>        | <b>192.87</b>     | <b>(184.63)</b>                   | <b>1,419.93</b>    |
| <b>III. OTHER ACTIVITIES</b>                                                                                           |                   |                   |                     |                   |                                   |                    |
| 1. Operating revenue                                                                                                   | 2.96              | 71.67             | 0.37                | --                | (57.97)                           | 321.00             |
| 2. Operating expenses                                                                                                  | (6.08)            | (62.45)           | (0.01)              | --                | (58.56)                           | (401.62)           |
| 3. Net financial income                                                                                                |                   |                   |                     |                   |                                   |                    |
| a) Financial income                                                                                                    | 0.41              | 11.83             | 0.02                | --                | 25.11                             | 82.58              |
| b) Financial expenses                                                                                                  | (0.21)            | (2.89)            | --                  | --                | (78.04)                           | (85.29)            |
| 4. Result from non-controlling interests                                                                               |                   |                   |                     |                   |                                   |                    |
| a) Share in profits from equity-accounted companies                                                                    | --                | --                | --                  | --                | --                                | 2.29               |
| b) Share in losses from equity-accounted companies                                                                     | --                | --                | --                  | --                | (0.03)                            | (0.03)             |
| 5. Reversal of asset impairment provision                                                                              | --                | --                | --                  | --                | 23.16                             | 25.41              |
| 6. Allowance to the asset impairment provision                                                                         | --                | --                | --                  | --                | (11.37)                           | (15.09)            |
| 7. Result from the disposal of non-current assets classified as held for sale, not included in discontinued operations | --                | --                | --                  | --                | --                                | --                 |
| <b>RESULT FROM OTHER ACTIVITIES</b>                                                                                    | <b>(2.92)</b>     | <b>18.16</b>      | <b>0.38</b>         | <b>--</b>         | <b>(157.70)</b>                   | <b>(70.75)</b>     |
| <b>IV. RESULT ON RESTATEMENT OF FINANCIAL ACCOUNTS</b>                                                                 | <b>--</b>         | <b>(0.52)</b>     | <b>--</b>           | <b>--</b>         | <b>(1.31)</b>                     | <b>(18.72)</b>     |
| <b>V. RESULT BEFORE TAX FROM ONGOING OPERATIONS</b>                                                                    | <b>24.89</b>      | <b>(0.65)</b>     | <b>42.43</b>        | <b>192.87</b>     | <b>(343.64)</b>                   | <b>1,330.46</b>    |
| <b>VI. TAX ON PROFIT FROM ONGOING OPERATIONS</b>                                                                       | <b>(4.49)</b>     | <b>(8.13)</b>     | <b>(18.66)</b>      | <b>(43.73)</b>    | <b>36.25</b>                      | <b>(452.94)</b>    |
| <b>VII. RESULT AFTER TAX FROM ONGOING OPERATIONS</b>                                                                   | <b>20.40</b>      | <b>(8.78)</b>     | <b>23.77</b>        | <b>149.14</b>     | <b>(307.39)</b>                   | <b>877.52</b>      |
| <b>VIII. RESULT AFTER TAX FROM DISCONTINUED OPERATIONS</b>                                                             | <b>--</b>         | <b>--</b>         | <b>--</b>           | <b>--</b>         | <b>--</b>                         | <b>--</b>          |
| <b>IX. RESULT FOR THE PERIOD</b>                                                                                       | <b>20.40</b>      | <b>(8.78)</b>     | <b>23.77</b>        | <b>149.14</b>     | <b>(307.39)</b>                   | <b>877.52</b>      |
| 1. Attributable to non-controlling interests                                                                           | 7.95              | 1.33              | --                  | --                | 11.49                             | 348.66             |
| 2. Attributable to the controlling company                                                                             | 12.45             | (10.11)           | 23.77               | 149.14            | (318.88)                          | 528.86             |

Figures in millions of euros

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## MAPFRE S.A. AND SUBSIDIARIES

## E) FINANCIAL INFORMATION BY SEGMENT - CONSOLIDATED INCOME STATEMENT FOR YEAR ENDING DECEMBER 31, 2017

| ITEM                                                                                                                   | IBERIA            | LATAM NORTH     | LATAM SOUTH       | BRAZIL            | NORTH AMERICA     |
|------------------------------------------------------------------------------------------------------------------------|-------------------|-----------------|-------------------|-------------------|-------------------|
| <b>I. REVENUE FROM INSURANCE BUSINESS</b>                                                                              |                   |                 |                   |                   |                   |
| 1. Premiums allocated to the financial year, net                                                                       |                   |                 |                   |                   |                   |
| a) Written premiums, direct insurance                                                                                  | 6,954.87          | 1,739.17        | 1,694.73          | 4,546.87          | 2,506.51          |
| b) Premiums from accepted reinsurance                                                                                  | 5.33              | 32.96           | 4.17              | --                | 22.00             |
| c) Premiums from ceded reinsurance                                                                                     | (510.32)          | (935.05)        | (641.09)          | (760.47)          | (530.26)          |
| d) Variations in provisions for unearned premiums and unexpired risks, net                                             |                   |                 |                   |                   |                   |
| Direct insurance                                                                                                       | (49.52)           | (240.69)        | (66.64)           | (63.44)           | (9.91)            |
| Accepted reinsurance                                                                                                   | (0.20)            | (0.70)          | 0.27              | --                | 5.84              |
| Ceded reinsurance                                                                                                      | (4.93)            | 235.94          | 10.38             | 5.43              | 2.28              |
| 2. Share in profits from equity-accounted companies                                                                    | 8.20              | --              | --                | --                | --                |
| 3. Revenues from investments                                                                                           |                   |                 |                   |                   |                   |
| From operations                                                                                                        | 1,343.83          | 65.33           | 162.89            | 351.26            | 87.10             |
| From equity                                                                                                            | 62.77             | 10.79           | 15.08             | 13.79             | 46.26             |
| 4. Unrealized gains on investments on behalf of life insurance policyholders bearing the investment risk               | 67.79             | 0.38            | --                | 76.58             | --                |
| 5. Other technical revenue                                                                                             | 21.42             | 0.58            | 17.09             | 2.04              | 14.57             |
| 6. Other non-technical revenue                                                                                         | 84.89             | 0.17            | 2.89              | 103.82            | 0.05              |
| 7. Positive foreign exchange differences                                                                               | 10.89             | 15.53           | 5.49              | --                | --                |
| 8. Reversal of the asset impairment provision                                                                          | 16.97             | --              | --                | --                | --                |
| <b>TOTAL REVENUE FROM INSURANCE BUSINESS</b>                                                                           | <b>8,011.99</b>   | <b>924.41</b>   | <b>1,205.26</b>   | <b>4,275.88</b>   | <b>2,144.44</b>   |
| <b>II. EXPENSES FROM INSURANCE BUSINESS</b>                                                                            |                   |                 |                   |                   |                   |
| 1. Incurred claims for the financial year, net                                                                         |                   |                 |                   |                   |                   |
| a) Claims paid and variation in provision for outstanding claims, net                                                  |                   |                 |                   |                   |                   |
| Direct insurance                                                                                                       | (5,219.49)        | (1,002.04)      | (1,009.71)        | (2,100.90)        | (2,388.82)        |
| Accepted reinsurance                                                                                                   | (1.80)            | (6.56)          | (4.07)            | --                | (19.59)           |
| Ceded reinsurance                                                                                                      | 337.54            | 505.03          | 458.40            | 400.23            | 1,024.84          |
| b) Claims-related expenses                                                                                             | (356.05)          | (13.35)         | (41.91)           | (89.29)           | (197.34)          |
| 2. Variation in other technical provisions, net                                                                        | (318.65)          | (31.31)         | (54.35)           | (232.78)          | (0.25)            |
| 3. Profit sharing and returned premiums                                                                                | (22.73)           | (8.57)          | 0.10              | (3.75)            | --                |
| 4. Net operating expenses                                                                                              |                   |                 |                   |                   |                   |
| a) Acquisition expenses                                                                                                | (1,090.00)        | (263.02)        | (399.58)          | (1,298.77)        | (578.31)          |
| b) Administration expenses                                                                                             | (121.20)          | (73.54)         | (71.30)           | (207.16)          | (114.31)          |
| c) Commissions and participation in reinsurance                                                                        | 113.81            | 70.80           | 80.35             | 92.28             | 164.27            |
| 5. Share in losses from equity-accounted companies                                                                     | 3.53              | --              | --                | --                | --                |
| 6. Expenses from investments                                                                                           |                   |                 |                   |                   |                   |
| a) From operations                                                                                                     | (386.25)          | (14.06)         | (12.89)           | (116.32)          | (7.61)            |
| b) From equity and financial accounts                                                                                  | (39.66)           | (0.68)          | (0.72)            | --                | (1.66)            |
| 7. Unrealized losses on investments on account of life insurance policyholders bearing investment risk                 | (8.47)            | --              | --                | --                | --                |
| 8. Other technical expenses                                                                                            | (71.58)           | (8.07)          | (21.10)           | (9.03)            | --                |
| 9. Other non-technical expenses                                                                                        | (102.93)          | (0.26)          | (1.54)            | (0.47)            | (1.23)            |
| 10. Negative foreign exchange differences                                                                              | (12.40)           | (20.53)         | (15.88)           | --                | --                |
| 11. Allowance to the asset impairment provision                                                                        | (20.68)           | --              | (8.14)            | (104.86)          | (3.65)            |
| <b>TOTAL EXPENSES FROM INSURANCE BUSINESS</b>                                                                          | <b>(7,317.01)</b> | <b>(866.16)</b> | <b>(1,102.34)</b> | <b>(3,670.82)</b> | <b>(2,123.66)</b> |
| <b>RESULT FROM THE INSURANCE BUSINESS</b>                                                                              | <b>694.98</b>     | <b>58.25</b>    | <b>102.92</b>     | <b>605.06</b>     | <b>20.78</b>      |
| <b>III. OTHER ACTIVITIES</b>                                                                                           |                   |                 |                   |                   |                   |
| 1. Operating revenue                                                                                                   | 232.68            | 9.96            | 20.21             | 27.82             | 2.01              |
| 2. Operating expenses                                                                                                  | (185.32)          | (10.90)         | (18.51)           | (43.95)           | (1.82)            |
| 3. Net financial income                                                                                                |                   |                 |                   |                   |                   |
| a) Financial income                                                                                                    | 6.30              | 0.21            | 3.62              | 32.57             | --                |
| b) Financial expenses                                                                                                  | (2.63)            | 0.13            | (0.37)            | (1.37)            | (0.08)            |
| 4. Result from non-controlling interests                                                                               |                   |                 |                   |                   |                   |
| a) Share in profits from equity-accounted companies                                                                    | 1.87              | --              | --                | --                | --                |
| b) Share in losses from equity-accounted companies                                                                     | --                | --              | --                | --                | --                |
| 5. Reversal of asset impairment provision                                                                              | 1.49              | --              | --                | --                | --                |
| 6. Allowance to the asset impairment provision                                                                         | (2.49)            | --              | --                | --                | --                |
| 7. Result from the disposal of non-current assets classified as held for sale, not included in discontinued operations | --                | --              | --                | --                | --                |
| <b>RESULT FROM OTHER ACTIVITIES</b>                                                                                    | <b>51.90</b>      | <b>(0.60)</b>   | <b>4.95</b>       | <b>15.07</b>      | <b>0.11</b>       |
| <b>IV. RESULT ON RESTATEMENT OF FINANCIAL ACCOUNTS</b>                                                                 | <b>--</b>         | <b>--</b>       | <b>--</b>         | <b>--</b>         | <b>--</b>         |
| <b>V. RESULT BEFORE TAX FROM ONGOING OPERATIONS</b>                                                                    | <b>746.88</b>     | <b>57.65</b>    | <b>107.87</b>     | <b>620.13</b>     | <b>20.89</b>      |
| <b>VI. TAX ON PROFIT FROM ONGOING OPERATIONS</b>                                                                       | <b>(159.50)</b>   | <b>(14.42)</b>  | <b>(27.30)</b>    | <b>(217.82)</b>   | <b>28.03</b>      |
| <b>VII. RESULT AFTER TAX FROM ONGOING OPERATIONS</b>                                                                   | <b>587.38</b>     | <b>43.23</b>    | <b>80.57</b>      | <b>402.31</b>     | <b>48.92</b>      |
| <b>VIII. RESULT AFTER TAX FROM DISCONTINUED OPERATIONS</b>                                                             | <b>--</b>         | <b>--</b>       | <b>--</b>         | <b>--</b>         | <b>--</b>         |
| <b>IX. RESULT FOR THE PERIOD</b>                                                                                       | <b>587.38</b>     | <b>43.23</b>    | <b>80.57</b>      | <b>402.31</b>     | <b>48.92</b>      |
| 1. Attributable to non-controlling interests                                                                           | 75.86             | 9.45            | 10.36             | 276.93            | 0.23              |
| 2. Attributable to the controlling company                                                                             | 511.52            | 33.78           | 70.21             | 125.38            | 48.69             |

Figures in millions of euros

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## MAPFRE S.A. AND SUBSIDIARIES

## E) FINANCIAL INFORMATION BY SEGMENT - CONSOLIDATED INCOME STATEMENT FOR YEARS ENDING DECEMBER 31, 2017

| ITEM                                                                                                                   | EURASIA           | MAPFRE ASISTENCIA | MAPFRE GLOBAL RISKS | MAPFRE RE         | CORPORATE AREAS AND CONSOLIDATION | TOTAL              |
|------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|---------------------|-------------------|-----------------------------------|--------------------|
| <b>I. REVENUE FROM INSURANCE BUSINESS</b>                                                                              |                   |                   |                     |                   |                                   |                    |
| 1. Premiums allocated to the financial year, net                                                                       |                   |                   |                     |                   |                                   |                    |
| a) Written premiums, direct insurance                                                                                  | 1,842.97          | 341.03            | 344.50              | --                | 11.69                             | 19,982.34          |
| b) Premiums from accepted reinsurance                                                                                  | 26.76             | 642.48            | 912.92              | 4,222.42          | (2,370.69)                        | 3,498.35           |
| c) Premiums from ceded reinsurance                                                                                     | (522.79)          | (217.52)          | (915.87)            | (1,399.63)        | 2,368.56                          | (4,064.44)         |
| d) Variations in provisions for unearned premiums and unexpired risks, net                                             |                   |                   |                     |                   |                                   |                    |
| Direct insurance                                                                                                       | (42.80)           | (34.31)           | (5.42)              | --                | (2.82)                            | (515.55)           |
| Accepted reinsurance                                                                                                   | (16.46)           | (36.33)           | (16.26)             | 174.65            | (36.71)                           | 74.10              |
| Ceded reinsurance                                                                                                      | 16.06             | 17.11             | 13.22               | 2.27              | 37.10                             | 334.86             |
| 2. Share in profits from equity-accounted companies                                                                    | 0.07              | --                | 3.03                | --                | (0.33)                            | 10.97              |
| 3. Revenues from investments                                                                                           |                   |                   |                     |                   |                                   |                    |
| From operations                                                                                                        | 151.17            | 3.28              | 28.32               | 185.64            | (14.94)                           | 2,363.88           |
| From equity                                                                                                            | 36.09             | --                | 0.78                | 7.66              | 2.05                              | 195.27             |
| 4. Unrealized gains on investments on behalf of life insurance policyholders bearing the investment risk               | 2.86              | --                | --                  | --                | (16.59)                           | 131.02             |
| 5. Other technical revenue                                                                                             | 3.54              | --                | 5.35                | 0.02              | (0.94)                            | 63.67              |
| 6. Other non-technical revenue                                                                                         | 1.01              | --                | 1.06                | 0.88              | (0.16)                            | 194.61             |
| 7. Positive foreign exchange differences                                                                               | 12.42             | 0.25              | 149.26              | 797.41            | 48.61                             | 1,039.86           |
| 8. Reversal of the asset impairment provision                                                                          | 0.27              | --                | --                  | 3.83              | --                                | 21.07              |
| <b>TOTAL REVENUE FROM INSURANCE BUSINESS</b>                                                                           | <b>1,511.17</b>   | <b>715.99</b>     | <b>520.89</b>       | <b>3,995.15</b>   | <b>24.83</b>                      | <b>23,330.01</b>   |
| <b>II. EXPENSES FROM INSURANCE BUSINESS</b>                                                                            |                   |                   |                     |                   |                                   |                    |
| 1. Incurred claims for the financial year, net                                                                         |                   |                   |                     |                   |                                   |                    |
| a) Claims paid and variation in provision for outstanding claims, net                                                  |                   |                   |                     |                   |                                   |                    |
| Direct insurance                                                                                                       | (1,156.72)        | (171.36)          | (162.97)            | --                | (6.92)                            | (13,218.93)        |
| Accepted reinsurance                                                                                                   | (10.40)           | (268.85)          | (1,242.66)          | (3,801.88)        | 2,972.91                          | (2,382.90)         |
| Ceded reinsurance                                                                                                      | 288.30            | 78.06             | 1,063.00            | 1,696.19          | (2,970.40)                        | 2,881.19           |
| b) Claims-related expenses                                                                                             | (37.17)           | (115.78)          | (4.37)              | (0.10)            | (0.35)                            | (855.71)           |
| 2. Variation in other technical provisions, net                                                                        | (186.55)          | --                | --                  | 0.73              | 16.57                             | (806.59)           |
| 3. Profit sharing and returned premiums                                                                                | (11.55)           | --                | (0.30)              | --                | --                                | (46.80)            |
| 4. Net operating expenses                                                                                              |                   |                   |                     |                   |                                   |                    |
| a) Acquisition expenses                                                                                                | (284.69)          | (305.32)          | (154.67)            | (1,148.71)        | 598.31                            | (4,924.76)         |
| b) Administration expenses                                                                                             | (113.31)          | (39.01)           | (8.02)              | (16.10)           | 3.94                              | (760.01)           |
| c) Commissions and participation in reinsurance                                                                        | 152.17            | 85.75             | 59.52               | 337.39            | (599.31)                          | 557.03             |
| 5. Share in losses from equity-accounted companies                                                                     | (0.08)            | --                | --                  | --                | (3.53)                            | (0.08)             |
| 6. Expenses from investments                                                                                           |                   |                   |                     |                   |                                   |                    |
| a) From operations                                                                                                     | (56.15)           | (1.38)            | (7.25)              | (26.64)           | 0.75                              | (627.80)           |
| b) From equity and financial accounts                                                                                  | (0.04)            | --                | (0.27)              | (1.62)            | (0.19)                            | (44.84)            |
| 7. Unrealized losses on investments on account of life insurance policyholders bearing investment risk                 | --                | --                | --                  | --                | --                                | (8.47)             |
| 8. Other technical expenses                                                                                            | (10.82)           | (2.02)            | (5.78)              | (2.03)            | 0.86                              | (129.57)           |
| 9. Other non-technical expenses                                                                                        | (1.87)            | --                | (0.11)              | (5.90)            | (0.02)                            | (114.33)           |
| 10. Negative foreign exchange differences                                                                              | (9.77)            | (8.37)            | (146.88)            | (805.27)          | (0.29)                            | (1,019.39)         |
| 11. Allowance to the asset impairment provision                                                                        | (6.54)            | --                | --                  | --                | (18.71)                           | (162.58)           |
| <b>TOTAL EXPENSES FROM INSURANCE BUSINESS</b>                                                                          | <b>(1,445.19)</b> | <b>(748.28)</b>   | <b>(610.76)</b>     | <b>(3,773.94)</b> | <b>(6.38)</b>                     | <b>(21,664.54)</b> |
| <b>RESULT FROM THE INSURANCE BUSINESS</b>                                                                              | <b>65.98</b>      | <b>(32.29)</b>    | <b>(89.87)</b>      | <b>221.21</b>     | <b>18.45</b>                      | <b>1,665.47</b>    |
| <b>III. OTHER ACTIVITIES</b>                                                                                           |                   |                   |                     |                   |                                   |                    |
| 1. Operating revenue                                                                                                   | 3.23              | 129.98            | --                  | --                | (62.87)                           | 363.02             |
| 2. Operating expenses                                                                                                  | (9.52)            | (155.02)          | --                  | --                | (64.75)                           | (489.79)           |
| 3. Net financial income                                                                                                |                   |                   |                     |                   |                                   |                    |
| a) Financial income                                                                                                    | 0.23              | 5.42              | --                  | --                | 49.24                             | 97.59              |
| b) Financial expenses                                                                                                  | (0.11)            | (4.77)            | --                  | --                | (90.61)                           | (99.81)            |
| 4. Result from non-controlling interests                                                                               |                   |                   |                     |                   |                                   |                    |
| a) Share in profits from equity-accounted companies                                                                    | 1.13              | --                | --                  | --                | --                                | 3.00               |
| b) Share in losses from equity-accounted companies                                                                     | --                | --                | --                  | --                | (0.03)                            | (0.03)             |
| 5. Reversal of asset impairment provision                                                                              | --                | --                | 0.01                | --                | 17.51                             | 19.01              |
| 6. Allowance to the asset impairment provision                                                                         | --                | --                | --                  | --                | (22.76)                           | (25.25)            |
| 7. Result from the disposal of non-current assets classified as held for sale, not included in discontinued operations | --                | --                | --                  | --                | --                                | --                 |
| <b>RESULT FROM OTHER ACTIVITIES</b>                                                                                    | <b>(5.04)</b>     | <b>(24.39)</b>    | <b>0.01</b>         | <b>--</b>         | <b>(174.27)</b>                   | <b>(132.26)</b>    |
| <b>IV. RESULT ON RESTATEMENT OF FINANCIAL ACCOUNTS</b>                                                                 | <b>--</b>         | <b>(0.12)</b>     | <b>--</b>           | <b>--</b>         | <b>(24.38)</b>                    | <b>(24.50)</b>     |
| <b>V. RESULT BEFORE TAX FROM ONGOING OPERATIONS</b>                                                                    | <b>60.94</b>      | <b>(56.80)</b>    | <b>(89.86)</b>      | <b>221.21</b>     | <b>(180.20)</b>                   | <b>1,508.71</b>    |
| <b>VI. TAX ON PROFIT FROM ONGOING OPERATIONS</b>                                                                       | <b>(10.81)</b>    | <b>(9.97)</b>     | <b>23.57</b>        | <b>(58.58)</b>    | <b>36.45</b>                      | <b>(410.35)</b>    |
| <b>VII. RESULT AFTER TAX FROM ONGOING OPERATIONS</b>                                                                   | <b>50.13</b>      | <b>(66.77)</b>    | <b>(66.29)</b>      | <b>162.63</b>     | <b>(143.75)</b>                   | <b>1,098.36</b>    |
| <b>VIII. RESULT AFTER TAX FROM DISCONTINUED OPERATIONS</b>                                                             | <b>--</b>         | <b>--</b>         | <b>--</b>           | <b>--</b>         | <b>--</b>                         | <b>--</b>          |
| <b>IX. RESULT FOR THE PERIOD</b>                                                                                       | <b>50.13</b>      | <b>(66.79)</b>    | <b>(66.29)</b>      | <b>162.65</b>     | <b>(143.75)</b>                   | <b>1,098.36</b>    |
| 1. Attributable to non-controlling interests                                                                           | 10.81             | 1.64              | --                  | --                | 12.57                             | 397.85             |
| 2. Attributable to the controlling company                                                                             | 39.32             | (68.43)           | (66.29)             | 162.65            | (156.32)                          | 700.51             |

Figures in millions of euros

## F) SUPPLEMENTARY FINANCIAL INFORMATION BY PRODUCT AND GEOGRAPHICAL AREA

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

# 1. CONSOLIDATED ORDINARY REVENUES FROM EXTERNAL CLIENTS IN FINANCIAL YEARS ENDING DECEMBER 31, 2018 AND 2017

The breakdown of consolidated ordinary revenues, by product and country, in line with the segments broken down in Note 2.2, is as follows:

## 1.a) Information by product

| Products                        | 2018             | 2017             |
|---------------------------------|------------------|------------------|
| Life                            | 4,875.70         | 4,669.50         |
| Automobile                      | 6,881.59         | 7,271.17         |
| Homeowners and commercial risks | 2,413.30         | 2,510.26         |
| Health                          | 1,032.42         | 991.98           |
| Accidents                       | 232.42           | 238.80           |
| Other Non-Life                  | 3,795.47         | 4,441.52         |
| Reinsurance                     | 5,429.72         | 5,782.56         |
| Other Activities                | 882.22           | 925.44           |
| Consolidation adjustments       | (2,684.75)       | (2,987.53)       |
| <b>TOTAL</b>                    | <b>22,858.10</b> | <b>23,843.71</b> |

Figures in millions of euros

## 1.b) Information by country

| Geographic Area / Countries          | 2018             | 2017             |
|--------------------------------------|------------------|------------------|
| <b>IBERIA</b>                        |                  |                  |
| Spain                                | 7,785.21         | 7,053.29         |
| Portugal                             | 133.95           | 139.59           |
| <b>LATAM NORTH</b>                   |                  |                  |
| Mexico                               | 728.51           | 1,192.23         |
| Panama                               | 204.03           | 217.68           |
| Other                                | 386.64           | 372.18           |
| <b>LATAM SOUTH</b>                   |                  |                  |
| Argentina                            | 209.96           | 306.96           |
| Chile                                | 289.41           | 306.88           |
| Colombia                             | 395.16           | 398.75           |
| Peru                                 | 491.55           | 469.93           |
| Other                                | 233.63           | 236.59           |
| <b>BRAZIL</b>                        | 3,989.65         | 4,574.69         |
| <b>NORTH AMERICA</b>                 |                  |                  |
| United States of America             | 2,038.34         | 2,201.62         |
| Puerto Rico                          | 388.43           | 328.91           |
| <b>EURASIA</b>                       |                  |                  |
| Italy                                | 474.15           | 471.44           |
| Malta                                | 391.05           | 352.54           |
| Turkey                               | 487.13           | 654.95           |
| Other                                | 416.39           | 394.02           |
| <b>MAPFRE ASISTENCIA</b>             | 982.69           | 1,113.48         |
| <b>MAPFRE GLOBAL RISKS</b>           | 1,174.28         | 1,257.42         |
| <b>MAPFRE RE</b>                     | 3,787.13         | 4,222.42         |
| <b>CORPORATE AREAS</b>               |                  |                  |
| <b>AND CONSOLIDATION ADJUSTMENTS</b> | (2,129.19)       | (2,421.86)       |
| <b>TOTAL</b>                         | <b>22,858.10</b> | <b>23,843.71</b> |

Figures in millions 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.

Direct insurance and accepted reinsurance premiums, as well as operating revenues from non-insurance activities are considered as ordinary revenues.

## 2. NON-CURRENT ASSETS AT DECEMBER 31, 2018 AND 2017

The breakdown of non-current assets in line with the segments broken down in Note 2.2, is as follows:

| Geographic Area / Countries          | 2018            | 2017            |
|--------------------------------------|-----------------|-----------------|
| <b>IBERIA</b>                        |                 |                 |
| Spain                                | 1,710.42        | 1,695.37        |
| Portugal                             | 14.03           | 20.41           |
| <b>LATAM NORTH</b>                   |                 |                 |
| Mexico                               | 88.88           | 114.55          |
| Panama                               | 56.46           | 56.78           |
| Other                                | 37.27           | 28.32           |
| <b>LATAM SOUTH</b>                   |                 |                 |
| Argentina                            | 35.75           | 35.68           |
| Chile                                | 22.26           | 38.23           |
| Colombia                             | 21.93           | 23.86           |
| Peru                                 | 162.72          | 85.51           |
| Other                                | 23.38           | 21.08           |
| <b>BRAZIL</b>                        | 677.63          | 927.42          |
| <b>NORTH AMERICA</b>                 |                 |                 |
| United States of America             | 501.69          | 352.64          |
| Puerto Rico                          | 56.82           | 65.28           |
| <b>EURASIA</b>                       |                 |                 |
| Italy                                | 51.55           | 34.28           |
| Malta                                | 184.40          | 179.90          |
| Turkey                               | 45.08           | 60.61           |
| Other                                | 39.98           | 40.91           |
| <b>MAPFRE ASISTENCIA</b>             | 121.19          | 135.27          |
| <b>MAPFRE GLOBAL RISKS</b>           | 9.49            | 9.86            |
| <b>MAPFRE RE</b>                     | 72.12           | 64.37           |
| <b>CORPORATE AREAS</b>               | 710.30          | 682.99          |
| <b>AND CONSOLIDATION ADJUSTMENTS</b> |                 |                 |
| <b>TOTAL</b>                         | <b>4,643.35</b> | <b>4,673.32</b> |

Figures in millions of euros

Non-current assets include intangible fixed assets other than goodwill and portfolio acquisition expenses, property, plant and equipment, real estate investments, inventories, tax receivables, corporate and other receivables, other assets, and non-current assets held for sale and from discontinued operations, with information in Note 6.10 herein regarding the latter.

No client contributes, on an individual basis, more than 10 percent of the Group's ordinary revenues.

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**G) CONSOLIDATED ANNUAL REPORT**

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**1. GENERAL INFORMATION REGARDING THE COMPANY AND ITS ACTIVITIES**

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MAPFRE S.A. (hereinafter the “controlling company”) is a listed public limited company and parent of a number of controlled companies engaged in insurance activity in its various lines of business, both Life and Non-Life, finance, securities investment, and services.

MAPFRE S.A. is a subsidiary of CARTERA MAPFRE, S.L. Single-Member Company (hereinafter, CARTERA MAPFRE), fully controlled by Fundación MAPFRE.

The scope of activity of the controlling company and its subsidiaries (hereinafter “MAPFRE”, “the Group” or “MAPFRE Group”) includes the Spanish territory, European Economic Area countries, and other countries.

The controlling company was incorporated in Spain and has its registered office in Majadahonda (Madrid), Carretera de Pozuelo 52.

The MAPFRE Group activities are carried out through four business units: Insurance, Assistance (assistance, services and specialty risks), Global Risks, and Reinsurance; three territorial areas: IBERIA, LATAM and INTERNATIONAL; and six regional areas: IBERIA (Spain and Portugal), BRAZIL, LATAM NORTH (Mexico, Dominican Republic, Panama, El Salvador, Nicaragua, Costa Rica, Honduras and Guatemala), LATAM SOUTH (Colombia, Venezuela, Ecuador, Peru, Chile, Argentina, Uruguay and Paraguay), NORTH AMERICA (United States, Puerto Rico and Canada), and EURASIA (Europe, Middle East, Africa and Asia-Pacific). At the close of 2018, the reorganization of the global risks business is underway (see Note 6.27).

The Insurance Business Unit is organized according to the regional areas of MAPFRE, which comprise the geographical units that plan, support and supervise in the region.

In addition to the activity of the Business Units, there are also Corporate Areas (Finance, Investment, Human Resources, Resources and Institutional Coordination, Business Support, Internal Audit, Strategy and M&A, General Counsel, and Business, Clients and Innovation), which have global responsibilities for all the Group's companies worldwide regarding the development, implementation, and monitoring of global, regional and local corporate policies.

MAPFRE Group maintains its own distribution networks with offices in the countries in which it operates, which it combines with the use of other distribution channels. It also collaborates with mediators—professional insurance distributors—who in their different positions (delegates, agents and brokers) play an important role in marketing operations and serving insured parties.

The Group boosts its distribution capacity by signing distribution agreements—and bancassurance agreements in particular—with different companies.

The internal structure and distribution systems of the controlled companies are tailored to the characteristics of the markets in which they operate.

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The individual and consolidated annual accounts were prepared by the Board of Directors on February 6, 2019 and are expected to be approved by the Annual General Meeting. Spanish regulations provide for the possibility of modifying the consolidated annual accounts if they are not approved by the aforementioned sovereign body.

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## 2. BASIS OF PRESENTATION OF THE CONSOLIDATED ANNUAL ACCOUNTS

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### 2.1. BASIS OF PRESENTATION

The Group's consolidated annual accounts were prepared in accordance with the International Financial Reporting Standards as adopted by the European Union (EU-IFRS), with all companies having carried out the requisite standardization adjustments.

The consolidated annual accounts have been prepared on the cost model basis, except for financial assets available for sale, financial assets for trading and derivative instruments, which are recorded at their fair value.

There was no early application of the rules and interpretations which, having been approved by the European Commission, had not entered into force at the close of 2018. However, their early adoption would not have affected the Group's financial situation and results, with the exception of what is indicated in section 2.5 below.

### 2.2. FINANCIAL INFORMATION BY SEGMENT

Section E) of the consolidated annual accounts contains the financial information broken down by operating segment, which is aligned with the Group organizational structure and with the information provided to Management and to the market. The segments are:

#### Insurance activity and other activities

- INSURANCE
  - IBERIA
  - BRAZIL
  - LATAM NORTH
  - LATAM SOUTH
  - NORTH AMERICA
  - EURASIA
- ASSISTANCE
- GLOBAL RISKS

#### Reinsurance activity

- MAPFRE RE

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Revenues and expenses from the "insurance activity and other activities" corresponding to the Insurance business also include complementary activities relating to the management of property and equipment, and from medical services, assistance, funeral services, technology services, and others. The operating segment corresponding to the Insurance Unit presents its information according to the structure of the Group's regional areas and taking into account the quantitative thresholds established in prevailing regulations.

The operating segments corresponding to the Assistance business unit (MAPFRE ASISTENCIA), the Global Risks business unit (MAPFRE GLOBAL RISKS) and the Reinsurance business unit (MAPFRE RE) include insurance and reinsurance activity, regardless of the geographic location.

Transactions between segments are recorded at fair value and eliminated in the consolidation process.

The amounts shown under "Corporate Areas and consolidation adjustments" include expenses for services rendered by the Global Corporate Areas and the adjustments made on consolidation.

The Consolidated Management Report contains additional information on business performance and characteristics.

## **2.3 FINANCIAL INFORMATION BY PRODUCT AND GEOGRAPHIC AREA**

Section F) of the consolidated annual accounts contains supplementary financial information broken down by product and geographical area.

The information by product is presented for the main activity lines, which are:

- Life
- Automobile
- Homeowners and commercial risks
- Health
- Accidents
- Other Non-Life
- Reinsurance
- Other Activities

The information shown for each geographic area is broken down by the main countries comprising the Group's regional areas, as indicated in Note 1 herein.

## **2.4. CHANGES IN ACCOUNTING POLICIES, CHANGES IN ESTIMATES AND ERRORS**

In 2018, there were no changes in accounting policies, estimates or significant errors that could have had an effect on the Group's financial position or results.

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## 2.5. COMPARISON OF INFORMATION

There is nothing preventing the consolidated annual accounts of this reporting period from being compared with those of the previous period, and the consolidated annual accounts have been prepared in line with the international standards which, having been approved by the European Commission, were in force at the close of the year.

At the date when these annual accounts were prepared, the following applied:

- In relation to EU-IFRS 16 “Leases”, which will enter into force for reporting periods beginning on or after January 1, 2019, a new study has been carried out to analyze the impact on the financial statements during its first year of implementation, based on the current market conditions and the terms and conditions of lease contracts currently in force. The main impacts will be:
  - An increase in assets and liabilities of approximately 300.04 million euros.
  - A decrease in operating expenses and an increase in financial expenses of 11.59 and 16.59 million euros, respectively. The amount of financial expenses will reduce gradually, with financial criteria, during the estimated term of the contracts.
  - A fall of 2.64 million euros in the result for the period attributable to the controlling company. This amount will be offset entirely at the end of the estimated term of the contracts.
- The Group is analyzing the impact of IFRS 17 “Insurance Contracts”, which is expected to be applicable to reporting periods beginning on or after January 1, 2022, and which was approved by the International Accounting Standards Board (IASB), and has not yet been adopted by the European Union. The impact is expected to be significant.
- In relation to EU-IFRS 9 “Financial instruments”, which is also expected to have a significant impact, and the modification of EU-IFRS 4 “Insurance Contracts”, which will apply to reporting periods beginning on or after January 1, 2018, the Group deems, by virtue of the provisions set out in the latter standard, that it is eligible for the temporary deferral approach from the application of IFRS 9 for companies operating primarily in insurance activity (more than 90 percent of liabilities are related to insurance activity). Said temporary deferral is applicable until reporting periods beginning on or after January 1, 2022, on which date the new IFRS 17 “Insurance Contracts” will enter into force.

With the aim of analyzing potential impacts from the application of EU-IFRS 9 “Financial instruments” and to improve the comparability of the information between companies that are applying said regulation and those that have opted for deferral, the modification of EU-IFRS 4 “Insurance Contracts” requires the inclusion of certain information related to flows from financial assets recorded at amortized cost or recorded as assets available for sale. Considering the above, the Group has analyzed the fixed income assets classified in the headings “Held to maturity portfolio” and “Available for sale portfolio”, with the detailed information required for the annual accounts given in Note 6.4. “Financial Investments”.

- The adoption of IFRIC 23 “Uncertainty over Income Tax Treatments”, which will enter into force for periods beginning on or after January 1, 2019, is not expected to significantly impact the financial situation or results of the Group.

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- The Group shall adopt, upon their entry into force, all other applicable standards, amendments and interpretations. The initial application of such is not expected to have a significant impact on the Group's financial situation or result.

## **2.6. CHANGES IN THE SCOPE OF CONSOLIDATION**

The companies that were added to the scope of consolidation in 2018 and 2017 are listed in Annex 1 along with their equity figures and results. Said Annex also contains all the other changes to the scope of consolidation.

The result for the period arising from the loss of control in controlled companies is insignificant (these losses of control are described in Annex 1).

The overall effect on the Group's consolidated equity, financial position and results in 2018 and 2017 derived from other changes in the scope of consolidation with respect to the preceding year is described in the corresponding notes of the consolidated annual report.

## **2.7. ACCOUNTING JUDGMENTS AND ESTIMATES**

In the preparation of the consolidated annual accounts under EU-IFRS, the controlling company's Board of Directors has made judgments and estimates based on assumptions about the future and uncertainties that basically refer to:

- The technical provisions (Note 6.14).
- Impairment losses on certain assets (Notes 6.1, 6.2 and 6.4).
- The calculation of provisions for risks and expenses (Note 6.15).
- The actuarial calculation of post-employment remuneration-related commitments and liabilities (Note 6.22).
- The useful life of intangible assets and of property, plant & equipment items (Notes 5.3 and 6.1).
- The fair value of certain non-listed assets (Note 6.4).

The estimates and assumptions used are reviewed regularly and are based on past experience and other factors that may have been deemed more reasonable in each instance. If these reviews lead to changes in estimates in a given period, their effect shall be applied during that period and, where relevant, in subsequent periods.

### 3. CONSOLIDATION

#### 3.1. CONTROLLED COMPANIES, ASSOCIATED UNDERTAKINGS AND JOINT ARRANGEMENTS

The controlled companies, associated undertakings and joint arrangements included in the consolidation are listed, indicating the integration method, in the table of acquisitions of controlled companies attached as Annex 1 to the consolidated annual report.

Companies are configured as controlled companies when the controlling company holds power over the investee entity, has exposure or rights to variable returns, and has the capacity to influence those returns through the power exercised in the entities. Controlled companies are consolidated from the date when the Group acquires control, and are excluded from the consolidation on the date when it ceases to have such control.

In controlled companies where 50 percent or less of the economic rights are held, the classification as "controlled company" is based on the provisions set out in the shareholder agreements, which can contemplate the following scenarios:

- The administration of the companies is carried out by a Board of Directors, which is responsible for their operating and financial strategies as well as their administration and management, and for overseeing their financial and operating policies, among others. In these cases the Board of Directors is made up of an even number of members and the chairman is always appointed at the recommendation of MAPFRE. The chairman has the casting vote, therefore exercising control over the company.
- MAPFRE is granted the power to appoint and revoke the CEO, Finance Manager, Actuarial Manager, and any other key personnel for the management and control of the company.
- The political rights established do not coincide with the economic rights, which means that MAPFRE has the majority of the voting rights in the General Assembly. Additionally, in these cases the Board of Directors is made up of an even number of members and in the event of a tie one of the directors appointed at the recommendation of MAPFRE has the casting vote.

Non-controlling interests in controlled companies acquired since January 1, 2004 are recorded at the fair value of the percentage of purchased net assets identifiable at the acquisition date. Those acquisitions made before the transition date were recorded at the percentage of purchased net assets at the date of the first consolidation.

Non-controlling interests are shown in consolidated equity separately from the equity attributable to the controlling company shareholders. Non-controlling interests of controlled companies in the consolidated results for the period (and in the total comprehensive consolidated result for the period) are also shown separately in the consolidated income statement (consolidated statement of comprehensive income).

Associated undertakings are companies in which the controlling company exercises a significant influence but which are neither controlled companies nor joint arrangements.

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Significant influence is understood as the power to intervene in decisions on financial and operating policies of the investee company, but without controlling or jointly controlling these policies, presuming that there is significant influence when, either directly or indirectly through its controlled companies, at least 20 percent of the voting rights of the investee company is owned.

Interests in associated undertakings are consolidated by the equity method, including, in the value of interests, the net goodwill identified at the date of acquisition.

When the Group's participation in the losses of an associated undertaking is equal to or higher than the book value of its stake, including any unsecured receivable, the Group does not record additional losses, unless obligations have been incurred or payments have been made on behalf of the associated undertaking.

To determine if an investee company is controlled or associated, the purpose and design of the investee company have been taken into account to ascertain the relevant activities, the way that decisions are taken on these activities, who has the current capacity to direct these activities and who receives their financial returns. The potential voting rights held and exercisable such as purchase options on shares, debt instruments convertible into shares or other instruments giving the controlling company the possibility to increase their voting rights have also been considered.

A joint arrangement is considered to exist when two or more entities undertake an economic activity subject to shared control regulated by means of contractual agreement.

A joint arrangement is classified as a joint venture when the parties have rights to the net assets, in which case their acquisitions are recorded in the consolidated annual accounts using the equity-accounted method.

A joint arrangement is classified as a joint operation when the parties have rights to the net assets and obligations for the liabilities, in which case their interests are recorded in the consolidated annual accounts using the proportionate consolidation method.

The financial statements of the controlled companies, associated undertakings and joint arrangements used for the consolidation correspond to the years ending December 31, 2018 and 2017.

### **3.2. MUTUAL FUNDS**

Mutual funds managed by Group companies in which the participation is greater than 30 percent were consolidated by global integration method.

### **3.3. CONVERSION OF ANNUAL ACCOUNTS OF FOREIGN COMPANIES INCLUDED IN THE CONSOLIDATION**

The functional and presentation currency of the MAPFRE Group is the euro. Accordingly, the balances and operations of Group companies with a different functional currency are translated into euros using the closing exchange rate for balance sheet balances and the average exchange rate weighted for the volume of operations, for transactions.

The exchange differences resulting from applying the aforementioned procedure, as well as those arising from the conversion of loans and other foreign currency hedging instruments for investments in foreign activities, are presented as a separate component in the "Consolidated Statement of Other Comprehensive

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Income" and are shown under equity in the "Currency conversion differences" account, deducting the part of the difference that corresponds to non-controlling interests.

Goodwill and fair value adjustments of assets and liabilities arising from the acquisition of Group companies whose presentation currency is not the euro are treated as assets and liabilities of overseas activities. As such, they are stated in the functional currency of the overseas undertaking and translated at the closing exchange rate.

#### Hyperinflationary economies

The financial statements of the companies registered in countries with a high inflation rate or hyperinflationary economies are adjusted or restated for the effects of changes in prices before their conversion into euros. Adjustments for inflation are performed in line with IAS 29 "Financial reporting in hyperinflationary economies".

In 2017, only Venezuela was considered to have a hyperinflationary economy, while in 2018 Argentina was also considered as such, as a result of reaching, during the year, accumulated inflation of 100 percent over the last three years.

The Group accounting policy for recording operations in hyperinflationary economies consists of recording in reserves both the revaluation of non-monetary items and the currency conversion differences generated from the conversion to euros of the restated financial statements of subsidiaries in these countries. The amounts recognized in Reserves in the last two years from these effects are the following:

| Item                            | Balance<br>12.31.16 | Variation<br>2017 | Balance<br>12.31.17 | Variation<br>2018 | Balance<br>12.31.18 |
|---------------------------------|---------------------|-------------------|---------------------|-------------------|---------------------|
| Restatement for inflation       | 481.67              | 35.63             | 517.30              | 25.51             | 542.81              |
| Currency conversion differences | (832.85)            | (57.05)           | (889.90)            | (180.90)          | (1,070.80)          |
| <b>Net</b>                      | <b>(351.18)</b>     | <b>(21.42)</b>    | <b>(372.60)</b>     | <b>(155.39)</b>   | <b>(527.99)</b>     |

Million euros

The variation in currency conversion differences in 2018 includes 95.60 million euros from subsidiaries in Argentina coming from previous years, which are reclassified to Reserves in the year in which the country is considered to be hyperinflationary.

The following chart gives details about other data related to the conversion of the annual accounts from companies operating in hyperinflationary economies:

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| Country               | Inflation (%) |      | Exchange rate (units of currency per euro) |        | Results from restatement |         | Equity |       |
|-----------------------|---------------|------|--------------------------------------------|--------|--------------------------|---------|--------|-------|
|                       | 2018          | 2017 | 2018                                       | 2017   | 2018                     | 2017    | 2018   | 2017  |
| Argentina             | 48            | 25   | 43                                         | 22     | (17.41)                  | --      | 47.02  | 51.60 |
| Venezuela             | 702,404       | 835  | 4,699                                      | 17,355 | (1.31)                   | (24.50) | 3.50   | 38.17 |
| Total (million euros) |               |      |                                            |        | (18.72)                  | (24.50) | 50.52  | 89.77 |

The exchange rate shown for Venezuela corresponds to the Venezuelan bolivar at the close of 2017 and to the new Sovereign bolivar currency at the close of 2018. Given that there is not reliable official information, at the close of 2018 and 2017, for the consolidation of the financial statements, an exchange rate based on the estimated inflation in the country has been considered.

The results of the restatement are included in the Consolidated Income Statement and represent the loss of purchasing power of the net monetary assets from inflation.

#### Adjustments to the opening balance

The adjustments to opening balance columns in the different tables of the consolidated annual report include the variations that occurred as a result of applying a different conversion exchange rate to the figures for overseas subsidiaries.

The variations in the technical provisions shown in the consolidated income statement differ from those obtained from the difference between the previous balances on the consolidated balance sheets for this year and the previous year as a result of applying a different conversion exchange rate to the figures for overseas subsidiaries.

## **4. EARNINGS PER SHARE AND DIVIDENDS**

### **4.1. EARNINGS PER SHARE**

The calculation of the basic earnings per share—which matches the diluted gains per share, since there is no ordinary potential share—is shown below:

| Item                                                          | 2018        | 2017        |
|---------------------------------------------------------------|-------------|-------------|
| Net profit attributable to controlling company's shareholders | 528.86      | 700.51      |
| Weighted average number of ordinary shares in issue           | 3,079.55    | 3,079.55    |
| <b>Basic earnings per share (euros)</b>                       | <b>0.17</b> | <b>0.23</b> |

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## 4.2. DIVIDENDS

The breakdown of the dividends paid by the controlling company in the last two years is shown below:

| Item             | Total dividend<br>(million euros) |               | Dividend per share<br>(euro cents) |              |
|------------------|-----------------------------------|---------------|------------------------------------|--------------|
|                  | 2018                              | 2017          | 2018                               | 2017         |
| Interim dividend | 184.83                            | 184.77        | 6.00                               | 6.00         |
| Final dividend   | 261.76                            | 261.82        | 8.50                               | 8.50         |
| <b>TOTAL</b>     | <b>446.59</b>                     | <b>446.59</b> | <b>14.50</b>                       | <b>14.50</b> |

The total dividend for 2018 was proposed by the Board of Directors and is pending approval by the Ordinary Annual General Meeting.

The planned dividend payout complies with the requirements and limitations that are set out in the legal regulations and the corporate bylaws.

In 2018 the controlling company distributed an interim dividend equivalent to a total amount of 184,834,843.67 euros, which is recorded in equity under the heading "Interim dividend". The liquidity statement prepared by the Board of Directors for the distribution is shown below.

| Item                                              | Date of Resolution<br>Sep. 28 2018 |
|---------------------------------------------------|------------------------------------|
| <b>Cash available on date of the resolution</b>   | <b>36.66</b>                       |
| <b>Increases in cash forecast within one year</b> | <b>770.75</b>                      |
| (+) From expected current collection transactions | 575.75                             |
| (+) From financial transactions                   | 195.00                             |
| <b>Decreases in cash forecast within one year</b> | <b>(431.27)</b>                    |
| (-) From expected current payment transactions    | (83.45)                            |
| (-) From expected financial transactions          | (347.82)                           |
| <b>Cash available within one year</b>             | <b>376.14</b>                      |

Figures in millions of euros

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## 5. ACCOUNTING POLICIES

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The accounting policies applied to the following entries are indicated below:

### 5.1. INTANGIBLE ASSETS

#### GOODWILL

##### Goodwill on merger

This represents the excess of cost paid on a business combination over the fair value of the identifiable assets and liabilities at the date of the merger.

##### Consolidation differences

- Goodwill on consolidation

This represents the excess net acquisition costs paid over the fair value of the interest in the equity of the controlled company at the date of acquisition, except for acquisitions realized before January 1, 2004, which correspond to goodwill net of amortization recorded in line with Spanish legislation in force at the time. In the case of acquisitions of stakes in the controlled company from non-controlling interests subsequent to the initial one, the controlling company recognizes this excess as a lower amount of reserves.

- Negative consolidation difference

Where the value of the identifiable assets acquired less the value of accepted liabilities is higher than the acquisition cost, this difference is recorded as revenue in the consolidated income statement.

##### Goodwill impairment

After its initial recognition and allocation to a cash-generating unit, its possible loss in value is assessed at least once a year. When the recoverable amount of said cash generating unit is below the net book value, the corresponding loss in value is recognized immediately in the consolidated income statement.

#### OTHER INTANGIBLE ASSETS

##### Other intangible assets from an independent acquisition

The intangible assets acquired by third parties in a market transaction are valued at cost. If their useful life is finite they are amortized based on that life and, if their useful life is indefinite, the value impairment tests are undertaken at least once a year.

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### Internally-generated intangible assets

Research expenses are directly recognized on the consolidated income statement for the year in which they are incurred. Development expenses are recorded as an asset when their probability, feasibility and future recoverability can be reasonably ensured. They are valued by the disbursements made.

The capitalized development expenses are amortized during the period in which revenues or yields are expected to be obtained without prejudice to the valuation that would be made if impairment occurs.

### Amortization of limited useful life intangible assets

- Portfolio acquisition costs

These costs are amortized over the life of the portfolios, in a maximum period of 30 years, and depending on their maintenance.

- Other intangible assets

These are amortized based on their limited useful life following a linear method. The amortization has been recorded as "Provision for amortization" in the expense account by nature.

## **5.2. BUSINESS COMBINATIONS**

The controlling company identifies a business combination when the assets acquired and the liabilities assumed in a transaction constitute a business. The combinations are recorded by applying the acquisition method.

On the acquisition date, which is when control of the acquired business or company is obtained, the goodwill, the identifiable assets acquired, the liabilities assumed, and any non-controlling interest in the acquire are recognized separately.

Goodwill represents the excess of cost, including deferred payments, whether certain or contingent, over the net amount on the date of acquisition of the identifiable assets acquired and the liabilities assumed. In line with the provisions under EU-IFRS 3, the Group has chosen not to increase goodwill in proportion to non-controlling interests.

Initially, the identifiable assets and liabilities assumed are recorded at fair value on the acquisition date. Any acquisition-related costs incurred by the acquirer are recognized as an expense in the period in which they are incurred, except in the case of any costs incurred in issuing debt or shares.

Subsequently, the acquiring company measures the assets acquired, liabilities assumed and equity instruments issued in the business combination in line with the valuation rules applied to those items, according to their nature.

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In business combinations carried out in stages, on the date on which control of the acquisition is obtained, the controlling company once again measures its previously held interests in the acquiree's equity at their acquisition-date fair value and recognizes any resulting gain or loss in the consolidated income statement. Likewise, any valuation change adjustments pending allocation to the result for the period are transferred to the consolidated income statement.

When the valuation process necessary to apply the acquisition method cannot be concluded on the closing date of the fiscal year, annual accounts are prepared with provisional data. These values are adjusted within the necessary period to complete the initial accounting, which period shall never exceed one year from the date of acquisition.

When the business combinations have been recognized in the accounts, any modifications to contingent payments are recorded, for combinations undertaken on or after January 1, 2010, in the consolidated income statement; combinations undertaken earlier are recorded as a change in the business combination cost.

### 5.3. PROPERTY, PLANT AND EQUIPMENT AND REAL ESTATE INVESTMENTS

Property, plant and equipment and real estate investment are valued at their net acquisition cost minus their accumulated amortization and, if applicable, accumulated losses due to impairment.

Investments classified as real estate investments are those non-current real estate assets intended to obtain rental income, gains or both.

Costs incurred after their acquisition are recognized as an asset only when the future financial profits related to them are likely to revert to the Group and the cost of the item may be accurately determined. All other expenses associated with maintenance and repair are charged to the consolidated income statement during the year in which they are incurred.

The depreciation of these elements is calculated linearly based on the cost of acquisition of the asset, less its residual value and the value of the land according the following periods of useful life:

| ITEM GROUP                     | YEARS | ANNUAL RATIO |
|--------------------------------|-------|--------------|
| Buildings and other structures | 50-25 | 2%-4%        |
| Vehicles                       | 6.25  | 16%          |
| Furniture                      | 10    | 10%          |
| Fittings                       | 20-10 | 5%-10%       |
| Data processing equipment      | 4     | 25%          |

The residual value and the useful life of assets are reviewed and adjusted if necessary at the close of each year.

These assets are written off in the accounts when they are transferred or when future economic profit derived from their continuous use is not expected to be obtained. The gains or losses resulting from writing the aforementioned elements off are included on the consolidated income statement.

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## 5.4. LEASING

### Finance leases

Leases transferring to the lessee all the risks and profits inherent to the ownership of the leased asset are classified as finance leases. The lessee records in its assets the leased asset at fair value or at the current value of the minimum payments under the lease if this figure is lower, and this depreciates during the useful life of the leased asset.

Each lease payment is distributed between the liabilities and financial charges in order to arrive at a constant interest rate on the outstanding balance of the debt.

The financial costs are recorded in the consolidated income statement.

### Operating Leases

Leases in which the lessor maintains an important part of the risks and advantages derived from ownership are classified as operating leases. Payments, net of any incentive received from the lessor, are charged to the consolidated income statement on a linear basis during the leasing period.

## 5.5. FINANCIAL INVESTMENTS

### Recognition

Financial assets traded on secondary securities markets are generally recognized on the settlement date.

### Classification

Financial investments are classified in the following portfolios:

- Held-to-maturity portfolio

This includes the securities for which there is the intention and proven financial capacity to hold them until their maturity.

- Available-for-sale portfolio

This includes debt securities not classified in other portfolios and the capital instruments of companies that are not controlled, associated or joint arrangements and that are not included in the "Trading portfolio".

- Trading portfolio

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This includes financial assets originating or acquired with the objective of selling them in the short term, that are part of a portfolio of financial instruments identified and managed together for which there is proof of recent actions to obtain gains in the short term.

Derivative instruments not assigned to a hedging operation and hybrid financial assets completely valued at their fair value are also part of this portfolio.

In hybrid financial assets that simultaneously include a main contract and a financial derivative, these two components are separated and treated independently for the purpose of classifying and valuing them. When this separation is not possible, they are valued at their fair value.

### Valuation

In their initial recognition on the balance sheet, all financial investments are recognized at the fair value of the provided remuneration plus, in the case of financial investments not classified in the "trading portfolio", the transaction costs that are directly attributable to their acquisition. Fair value is the price that would be received for the sale of a financial asset through a transaction ordered between market participants on the date of valuation.

Subsequently, financial investments are measured at their fair value without deducting any transaction cost that may be incurred due to their sale or any form of disposition, with the following exceptions:

- a) Financial investments included in the "held-to-maturity portfolio", which are measured at their amortized cost using the effective interest rate method.
- b) Financial assets that are capital instruments whose fair value cannot be reliably estimated, as well as derivatives that are underlying for these instruments and that are settled by providing them, and that are measured at cost.

The fair value measurement of financial investments included in the available-for-sale portfolio and the trading portfolio are classified according to the levels of the variables used in their valuation:

- Level 1. Quoted price: Unadjusted price quoted in active markets.
- Level 2. Observable data: Prices quoted in active markets for instruments similar to the one being valued or other valuation techniques in which all the significant variables are based on observable market data. The valuation is made via a model that discounts future financial flows, including the reimbursement value, using a rate curve with two main components:
  - Zero coupon swap curve of the currency of the issuance, which is considered to be the best approximation to the risk-free interest rate.
  - Spread of the additional risk, which will be the spread added to or subtracted from the zero coupon swap curve that reflects the risks inherent to the issuance being valued, such as credit, liquidity or optionality risk.

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- Level 3. Other valuations: Variables specific to each case. For these purposes, it is possible to distinguish between:
  - Equity assets, where in general the realizable value is estimated according to the individual characteristics of the asset.
  - Fixed-income assets with complex future flow structures (interest rates linked to financial variables, with caps and/or floors) and one or more early redemptions, and in which the issuer has no similar issuances on the market or any unquoted issuances from an issuer with no similar issuances. In these cases, the assets are usually valued by requesting a valuation from a benchmark third party.

### Impairment

The book value of financial investments is corrected under the consolidated income statement when there is objective evidence that an event which entails a negative impact on its future cash flows has occurred or in any other circumstance that would indicate the inability to recover the investment cost of the financial instrument. The amount of losses due to impairment is equal to the difference between its book value and the current value of its future estimated cash flows.

For fixed-income securities in which there is a defaulted interest and/or principal, the potential loss is estimated according to the situation of the issuer. For all other fixed-income securities, an analysis is undertaken based on their credit quality and the degree of solvency of the issues, proceeding to record the impairment if the risk of non-payment is considered to be likely.

For equity instruments, an individual analysis of the investments is undertaken to determine whether or not impairment has occurred. Furthermore, impairment is considered to have occurred when there are prolonged (18 months) or significant (40 percent) decreases in market value in terms of its cost.

The amount of estimated losses due to impairment is recognized on the consolidated income statement, also including any reduction of the fair value of the investments previously recognized in "Valuation change adjustments". The reversal is recognized in the consolidated income statement, except for in the case of equity instruments. In this case, the valuation adjustment recorded in prior years is not recognized in the income statement, but rather any increase in value is taken directly to equity.

For financial swaps of flow exchanges, the amounts accrued for main operations are recognized, posting the resulting amount of the flows under the headings "Other financial liabilities" or "Corporate and other receivables", as applicable.

### **5.6. INVESTMENTS ON BEHALF OF LIFE INSURANCE POLICYHOLDERS BEARING THE INVESTMENT RISK**

These are made in fixed-income securities, equities and mutual funds which are measured at the acquisition cost when they are underwritten or purchased. The acquisition cost is adjusted as greater or lower value of the investment, as applicable, according to its fair value at the close of the period, determined as follows:

- Equities: at their quoted cost (Level 1).

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- Fixed-income securities: at the quoted price if this is representative (Level 1); if this is not the case, by restating the future flows, including the redemption value (Level 2).
- Mutual funds holdings: at their net asset value (Level 1).

Revaluations and depreciations of these assets are recorded as revenues or expenses in the consolidated income statement corresponding to the segment of the insurance unit.

## **5.7. IMPAIRMENT OF OTHER ASSETS**

At the close of each financial year the Group assesses whether there are any signs that the asset items may have suffered a loss in value. If there are such signs, the recoverable value of the asset is estimated.

For assets that are not fit for use and intangible assets with an indefinite useful life, the recoverable value is estimated whether or not there are signs of impairment.

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

If there is an increase of the recoverable value of an asset other than the goodwill, the previously recognized loss due to impairment is reversed, increasing the book value of the asset to its recoverable value. This increase never exceeds the book value net of amortization that would have been recorded if an impairment loss had not been recognized in previous years. The reversal is recognized in the consolidated income statement, unless the asset has already been revalued against "Valuation change adjustments", in which case the reversal is treated as a revaluation increase. After this reversal, the amortization cost is adjusted in the following periods.

## **5.8. INVENTORIES**

Inventories, which include mainly parcels of land, are recognized at the lower amount between their net acquisition cost and their net realizable value.

## **5.9. RECEIVABLES**

These assets are generally valued using the amortized cost, calculated according to the effective interest rate method, deducting, if applicable, the provisions for losses due to noted impairment in value.

For receivables with a maturity exceeding one year and where the parties have not expressly agreed on the applicable interest, the receivables are discounted by taking the current market interest rate for public debt securities with the same or similar maturity as the receivables as the implicit financial interest, without prejudice to taking into account the relevant risk premium.

When there is objective evidence that a loss was incurred due to impairment, the corresponding provision is constituted for the amount estimated not to be recoverable. This amount is equivalent to the difference between the book value of the asset and the current value of the future cash flows, discounted at the

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original effective interest rate of the financial asset, and the loss is recognized on the year's consolidated income statement.

The impairment loss corresponding to premiums pending collection is calculated separately for each line or risk, is presented in the consolidated income statement as a lower amount of written premiums, and consists of the part of the insurance premium accrued in the period which, based on past experience, is unlikely to be collected, taking into account the impact of reinsurance.

The impairment is recognized in the consolidated income statement as an overall amount according to the age of the receipts pending collection, or on an individual basis where dictated by the circumstances and status of receipts.

Receivables for claim recoveries are only capitalized when their realization is considered as certain.

#### **5.10. CASH**

Cash consists of cash (cash in hand and bank deposits) and cash equivalents, which correspond to highly liquid short-term investments (maximum three months) that can be easily converted into fixed amounts of cash and are subject to insignificant risk of change in value.

#### **5.11. ACCRUAL ADJUSTMENTS**

Under this heading of the asset, what are basically included are commissions and other acquisition expenses corresponding to the accrued premiums that can be allocated to the period between the close date and the end of coverage of the contracts. The expenses are allocated to the results actually incurred in the period in accordance with the limit stipulated in the technical conditions.

At the same time, under this liability heading, commissions and other acquisition expenses for the ceded reinsurance that have to be allocated to the year or following years in accordance with the coverage period of the ceded policies are included.

#### **5.12. NON-CURRENT ASSETS HELD FOR SALE AND ASSOCIATED LIABILITIES**

These are generally valued, if applicable, at the lower amount between their book value and fair value, deducting sale costs. These costs are understood as marginal costs directly attributable to the disposal, excluding, if applicable, financial costs and tax on profit expenses.

Non-current assets classified as held-for-sale are not amortized and losses due to the impairment of their book value are recognized on the consolidated income statement. Likewise, if a recovery of the value occurs this is recognized on the consolidated income statement up to an amount equal to the impairment loss previously recognized.

#### **5.13. TREASURY STOCK**

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

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All transactions performed with treasury stock are recognized in equity as a change in the value of shareholders' equity.

#### **5.14. FINANCIAL LIABILITIES AND SUBORDINATED LIABILITIES**

##### Financial liabilities classified as held-for-trading

In their initial recognition, these are recorded at the gross amount received, allocating transaction costs directly to results. Subsequently, they are recorded at fair value, allocating changes to the income statement.

##### Other financial liabilities

In their initial recognition on the balance sheet, they are recorded at fair value, which is the net amount received, deducting transaction costs which are directly attributed to the issuance of the financial liability, like commissions, formalization costs, taxes, fees, etc.... Subsequently, these liabilities are measured at their amortized cost, applying the effective interest rate for financial liabilities.

#### **5.15. INSURANCE OPERATIONS**

##### **A) PREMIUMS**

##### Direct insurance

Premiums from the Non-Life business and Life annual renewable contracts are recognized as revenues throughout the validity of the contracts, in accordance with the period of time elapsed, and accrued by means of the allowance to the provision for unearned premiums.

Premiums from the long-term Life business, whether single premiums or regular premiums, are recognized when the right to collection by the contract issuer arises.

##### Ceded reinsurance

These are recorded in accordance with underwritten reinsurance contracts and under the same criteria as those used for direct insurance.

##### Accepted and retroceded reinsurance

These are posted based on the accounts received from the ceding companies and additionally, in retroceded reinsurance operations, signed retrocession contracts are considered.

##### Co-insurance

These are recorded in line with the accounts received from the opening company and the participation in contracts underwritten.

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## B) TECHNICAL PROVISIONS

The main assumptions and methods used to establish the provisions are described below.

### a) Direct insurance of companies belonging to the European Economic Area

#### Provision for unearned premiums

This is calculated on a policy-by-policy basis and reflects the insurance premium accrued during the period subject to allocation to future periods, less the security surcharge.

#### Provision for unexpired risks

This is calculated on an individual business line basis and supplements the provision for unearned premiums for the amount in which this provision does not sufficiently reflect the valuation of risks and expenses to be covered, corresponding to the coverage period not elapsed at the closing date.

For the Automobile line, this provision has been calculated taking into account all the guarantees covered with the products marketed by the different companies.

#### Provisions for Life insurance

- In Life insurance policies with a coverage period equal to or less than one year, the provision for unearned premiums is calculated on a policy-by-policy basis and reflects the insurance premium accrued in the period subject to allocation to future periods.

When this provision is not sufficient, the provision for unexpired risks is calculated to cover the valuation of risks and expenses to be covered, corresponding to the coverage period not elapsed at the closing date for the financial year.

- In Life insurance policies with a coverage period exceeding one year, the mathematical provision has been calculated on a policy-by-policy basis as the difference between the current actuarial value of the future obligations of the controlled companies operating in this line, and those of the policyholder or insured person. The calculation basis is the inventory premium accrued in the period, represented by the pure premium plus the surcharge for administration expenses, both determined using the best estimates for mortality, illness, investment yields and administration expenses when the contracts are issued, as specified in the technical conditions of the relevant products and types and remaining unchanged throughout the life of the contract unless their inadequacy becomes evident, in which case the calculation of the mathematical provision would be changed.

Written policies that contain a profit sharing clause in force at the close of each period share, pro rata to their mathematical provisions or technical results and as specifically laid down in each contract, in the net yields obtained from the investments allocated to covering these

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provisions. The amount resulting from this profit sharing is recorded as a greater amount than the technical provisions.

- This consolidated balance sheet heading also includes the provision for profit sharing and for premium returns, which includes the amount of profits accrued in favor of policyholders, insured persons or beneficiaries and the premiums that must be reimbursed to policyholders or insured persons.

#### Provision for outstanding claims

This represents the estimated appraisals of the pending liabilities arising from the claims occurring prior to the close of the period, less any advance payments already made. It includes the appraisals of claims pending settlement or payment and pending reporting, as well as the internal and external expenses involved in the settlement of claims; in the Life insurance business, it also includes maturities and redemptions pending payment. The calculations take into account any additional provisions for deviations in the appraisals of claims subject to long handling periods.

#### Other technical provisions

The most significant provision included under this heading is the "Funeral Insurance Provision", which is calculated on a policy-by-policy basis as the difference between the current actuarial value of future obligations of the controlled companies operating in this line and those of the policyholder or insured person.

For certain portfolios, the Funeral insurance provision is calculated using methods based on Group capitalization, with a financial-actuarial restatement being made of projected flows of premiums and expected claims up to the expiration of the collective insurance.

#### Technical provisions for Life insurance where policyholders bear the investment risk

The provisions for Life insurance where the contract stipulates that the investment risk will be fully borne by the policyholder have been calculated on a policy-by-policy basis and are measured according to the assets specifically allocated to determine the value of the rights.

### **b) Direct insurance of companies outside the European Economic Area**

Technical provisions are calculated in line with the local criteria in force in each country, except in the cases when their application could distort the true and fair image that must be shown in the financial statements, in which case they are adapted to the controlling company's criteria.

Life insurance provisions have been calculated in line with the operating assumptions, mortality tables and technical interest rate commonly used in the industry in the respective countries.

### **c) Ceded reinsurance**

Technical provisions for cessions to reinsurers are shown in the balance sheet assets and are calculated according to the written reinsurance agreements and under the same criteria as those used for direct insurance.

**d) Accepted reinsurance**

Provision for unearned premiums

Reinsurance operations are recorded based on the accounts received from the ceding companies and the provision for unearned premiums is estimated by provisioning the recorded unearned premium according to the average period of policy coverage.

The acquisition expenses communicated by the ceding companies are accrued and included in the consolidated balance sheet under the heading "Accrual adjustment" of the asset, with these expenses corresponding to those actually incurred in the period. When the cedants do not communicate the acquisition expense amounts, they are accrued risk by risk for the facultative proportional reinsurance and globally for the rest of the proportional business.

Provision for unexpired risks

This is calculated on an individual business line basis and supplements the provision for unearned premiums for the amount in which this provision does not sufficiently reflect the valuation of risks and expenses to be covered corresponding to the coverage period not elapsed at the closing date.

Provision for outstanding claims

Provisions for outstanding claims are provided for the amounts communicated by the cedant or, in the lack thereof, for the withheld deposits, and include, where necessary based on available historic information, additional provisions for claims that were incurred but not reported (IBNR) as well as for deviations of the existing ones based on own experience. The final expected cost is estimated and provisioned based on experience and through the use of actuarial methods.

**e) Retroceded reinsurance**

Retroceded reinsurance operations and their corresponding technical provisions are recorded using the same criteria as those used for accepted reinsurance and according to the signed retrocession contracts.

**f) Liability adequacy test**

The recorded technical provisions are usually subject to a reasonability test for the purpose of determining their adequacy on the basis of projections of all future cash flows of current contracts, taking into account the temporary value of the money and using assumptions (economic, biometric, etc.), in line with the experience of each company. If the result of this test indicates the inadequacy of the provisions, they are adjusted and charged to the results for the period.

**g) Shadow accounting**

In order to mitigate the accounting asymmetries arising from applying different valuation methods for assets and liabilities, and to reflect the effect of profit sharing of the insured persons, EU-IFRS allow “shadow accounting”, which means that losses or gains in the allocated assets are recognized when measuring technical provisions, up to the limit of the amounts assumed by the policyholder.

**C) OTHER ASSETS AND LIABILITIES DERIVED FROM INSURANCE AND REINSURANCE CONTRACTS**

**a) Deposit components in insurance contracts**

Some Life insurance contracts contain both an insurance component and a deposit component. The two components are not measured separately because all the rights and obligations arising from the deposit component are recognized.

**b) Embedded derivatives in insurance contracts**

Some Life insurance contracts contain embedded derivatives, essentially consisting of guaranteed redemption values and maturity values. Embedded derivatives are not measured separately from the main insurance contract because they fulfill the conditions to be classified as insurance contracts, and their embedded value is therefore measured jointly with the main contract, pursuant to EU-IFRS 4.

**c) Insurance contracts acquired in business combinations or portfolio transfers**

Insurance contracts acquired in business combinations or portfolio transfers are recognized on the balance sheet as follows:

C.1) The liabilities arising from the insurance contracts are recorded pursuant to EU-IFRS 4.

C.2) An intangible asset is recorded, representing the difference between:

- The fair value of the rights acquired and all the other assumed contractual obligations, and
- The amount described in Section C.1) above.

This intangible asset is amortized in accordance with the policies in force at the time of the purchase and the future generation of profits from them.

**D) AGRICULTURAL CO-INSURANCE IN SPAIN**

Earned premiums, provisions for unearned premiums, claims paid, provisions for claims and commissions are recorded according to the participation in the pool, according to the type of business, with the following specifications:

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D.1) Earned premiums: net of cancelations.

D.2) Claims paid: net of the part subject to allocation to the Insurance Compensation Consortium due to a higher than expected loss ratio.

D.3) Commissions: stated in the consolidated income statement under the heading "Acquisition expenses", less the accrued amount at the close of the period. Commissions arising from the participation in the pool are recorded under the heading "Other technical revenue", less the commissions paid to mediators. The heading "Other technical expenses" includes the expenses directly related to this production.

## **E) LOSS RATIO**

The estimated cost of claims, both from the Life and Non-Life business, is recognized on the date of their occurrence and includes all necessary expenses to be incurred up to the settlement of the claim.

The best estimate of the cost of IBNR claims [incurred but not reported] prior to the end of each financial period, based on past experience, are reported through the incurred but not reported claims provision (IBNR).

Payments of claims are made against the previously recognized provision.

Claims corresponding to accepted reinsurance are recorded in line with the accounts received from the ceding companies, estimating the final expected cost. In the case of ceded and retroceded reinsurance, they are recorded according to the underwritten reinsurance contracts and under the same criteria used for the direct insurance and accepted reinsurance, respectively.

## **F) MOST SIGNIFICANT ASSUMPTIONS AND OTHER SOURCES FOR ESTIMATING UNCERTAINTIES**

For assets, liabilities, revenues and expenses related to insurance contracts, as a general rule, the assumptions used are those that were made when issuing these contracts, as specified in the technical conditions.

In general, the estimates and assumptions used are reviewed regularly and are based on past experience and other factors that might have been deemed more reasonable. If these reviews lead to changes in estimates in a given period, their effect shall be applied during that period and, as the case may be, in subsequent periods.

The main assumption is based on the behavior and development of the claims, using their frequency and costs in recent years. Likewise, estimates and assumptions about interest rates and foreign currency exchange, delays in paying claims and any other external factor that could affect the estimates are taken into account.

For liabilities, assumptions are based on the best possible estimate when issuing the contracts, and if an insufficiency became evident, the provisions required to cover it would be constituted.

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## **G) IMPAIRMENT**

When there is objective evidence that a loss was incurred due to impairment of the assets derived from insurance and reinsurance contracts, the general valuation criterion indicated in Note 5.9. Receivables is applied.

### **5.16. PROVISIONS FOR RISKS AND EXPENSES**

These are recognized when there is a current obligation (whether legal or implicit) as a result of a past event and a reliable estimate of the obligation amount can be made.

If it is highly likely that part or all of a provision will be reimbursed, the reimbursement is recognized as a separate asset.

### **5.17. DEBT**

Valuations are generally carried out at the amortized cost using the effective interest rate method.

For debts with a maturity exceeding one year and when the parties have not expressly agreed on the applicable interest, they are discounted by taking the interest in force in the market for public debt securities with the same or similar term as the maturity of the debts as the implicit financial interest, without prejudice to taking into account the relevant risk premium.

### **5.18. GENERAL CRITERION FOR REVENUES AND EXPENSES**

The revenues and expenses apart from those related to insurance operations are allocated according to the accrual criterion, based on the actual flow of goods and services they represented, regardless of the date of the monetary or financial flow arising from them.

As of January 1, 2018, recognition of revenue from non-insurance activities is made when the promised goods or services are transferred to a customer, in line with the contract between them, considering that a good or service has been transferred when the client obtains control of it (be it over a period of time or in a specific moment). The amount recognized corresponds to the amount of the consideration the company is entitled to for the transfer of the goods or services.

### **5.19 REMUNERATION FOR EMPLOYEES**

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

#### **a) Short-term remuneration**

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

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**b) Post-employment benefits**

These 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 plans in which the company in question 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 amount of benefits to be received by employees is determined by the contributions made plus the yield obtained by the investments in which the fund was materialized.

Defined benefit plans

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

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

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

Actuarial gains and losses are recorded in equity accounts.

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

**c) Compensation for termination**

This is recognized as a liability and expense when there is evidence of an 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.

**d) Other medium and long-term remuneration and share-based payments**

Other long-term remunerations besides those described in the preceding paragraphs and referring specifically to the reward for years of service or time with the company, are recorded in line with the aforementioned principles. The only exceptions are the cost of past services, which is recognized immediately and recorded as an offsetting entry under the heading "Provisions for risks and expenses", and actuarial gains and losses which are recorded on the consolidated income statement.

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### Incentive plans

In 2016 a 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, 2016 and ending March 31, 2019, with payment of part of the incentives deferred to the period 2020-2022. The payment of incentives is dependent on fulfilling certain corporate and individual objectives, as well as remaining in the Group's employment. The incentives will be paid partly in cash (50 percent) and partly in MAPFRE S.A. shares (50 percent), and payment is subject to malus or clawback clauses. At the close of each year, the fulfillment of objectives will be evaluated and the amount accrued will be recorded in the consolidated income statement under a liability account for the part of the remuneration paid in cash and under an equity account for the part corresponding to equity instruments. The valuation of the part of the incentive paid in MAPFRE S.A. shares takes into account the fair value of the equity instruments assigned at the transfer date, based on the terms and conditions of the plan.

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

## **5.20. REVENUES AND EXPENSES FROM INVESTMENTS**

These are classified either as operating or equity depending on their origin since they are assigned to cover technical provisions or materialize shareholders' equity, respectively.

Changes in fair value are recorded according to the portfolio in which financial investments are classified:

### **a) Trading portfolio**

Recorded directly in the consolidated income statement distinguishing between the part attributable to yields, which are recognized as interest or, if applicable, as dividends, and the part that is recorded as realized and unrealized results.

### **b) Held-to-maturity portfolio**

Recorded when the financial instrument is disposed of and in case of impairment.

### **c) Available-for-sale portfolio**

Recognized directly in the company's equity until it is written off or impairment occurs, at which time they are recorded in the consolidated income statement.

In all cases, the interest of financial instruments is recorded on the consolidated income statement by applying the effective interest rate method.

## **5.21. RECLASSIFICATION OF EXPENSES BY DESTINATION AND ALLOCATION TO ACTIVITY SEGMENTS**

The criteria to follow for reclassifying expenses by destination are mainly based on the position held by each of the employees, distributing their direct and indirect cost according to this position.

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For expenses directly or indirectly related to personnel, individual studies are undertaken, allocating them to the destination according to the position held for these expenses.

The established destinations are as follows:

- Claims-related expenses
- Expenses allocated to investments
- Other technical expenses
- Other non-technical expenses
- Acquisition expenses
- Administration expenses
- Operating expenses from other activities

Expenses have been allocated to the different segments, according to the Business Unit or Regional Area in which the activity originated:

## **5.22. TRANSACTIONS AND BALANCES IN FOREIGN CURRENCY**

With the exception of reinsurance activities, transactions in foreign currencies are translated into each Group company's functional currency at the exchange rate in force on the transaction date.

Reinsurance operations in foreign currency are recorded at the exchange rate established at the beginning of each quarter of the year. Subsequently, at the end of each quarter, they are all treated as one operation, being converted at the exchange rate in force at the time and recording the resulting difference on the consolidated income statement.

At year end, the existing balances in foreign currencies are translated at the exchange rate of the functional currency prevailing on that date, and all exchange differences are recorded in the consolidated income statement, the only exception being those which are directly allocated to "Foreign exchange conversion differences", i.e. those arising from the monetary items that form part of the net investment in a foreign operation and from the non-monetary ones measured at fair value, where changes in value are directly recognized in equity.

## **5.23. TAX ON PROFITS**

Tax on profits is treated as an expense in the year and is recorded as such in the consolidated income statement, including both the tax charge for the current tax and the effect corresponding to the movement in deferred tax.

In order to determine this, the balance sheet method is followed, whereby the corresponding assets and deferred tax liabilities necessary to correct the effect of temporary differences are recorded. These are differences that may exist between the book amount of an asset or liability and its valuation for tax purposes.

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Temporary differences may be "Taxable temporary differences", which result in higher tax payments in the future and which generally entail the recognition of a deferred tax liability; or "Deductible temporary differences", which result in lower tax payments in the future and, to the extent in which it is returnable, the registration of a deferred tax asset.

Meanwhile, tax on profits related to items where modifications in their value are directly recognized in equity is not allocated to the consolidated income statement but to equity, and the changes in value are recorded net of the tax effect.

**a) Recognition of deferred tax liabilities**

The Group recognizes deferred tax liabilities in all cases except those in which:

- They arise from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that does not affect the accounting result or the taxable income on the date of the transaction.
- They correspond to differences relating to investments in controlled, associated or joint arrangement companies over which the Group controls the moment of reversal and it is not probable that a reversal occurs in the foreseeable future.

**b) Recognition of deferred tax assets**

The Group recognizes deferred tax assets as long as:

- It is probable that there are sufficient future taxable profits to offset them. However, those assets that arise from the initial recognition of assets or liabilities in a transaction that is not a business combination and that does not affect the accounting result or the taxable income on the date of the transaction are not recognized.
- They correspond to temporary differences relating to investments in controlled, associated or joint arrangement companies to the extent that the temporary differences revert in the foreseeable future and positive future taxable profits are expected to be generated to offset the differences.

**c) Compensation and classification**

The Group only offsets assets and liabilities from tax on profits if there is a legal right to do so according to the tax authorities and it intends to liquidate debts coming from its net value or realize assets and liquidate debts simultaneously.

**d) Deferred tax asset and liability valuation**

The deferred tax assets and liabilities are valued by the tax rates applicable in the period in which assets are expected to be realized or liabilities paid.

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The Group reviews the book value of the deferred tax assets and liabilities at the close of the period, and evaluates if conditions are fulfilled for recognizing deferred tax assets that had not previously been recognized.

## 6. BREAKDOWN OF FINANCIAL STATEMENTS

### 6.1. INTANGIBLE ASSETS

The following tables show the movements under this heading in the last two years:

#### 2018

| Item                                  | Opening balance   | Adjustments to the opening balance | Changes to the scope | Additions or provisions | Disposals, cancellations or reductions | Closing balance   |
|---------------------------------------|-------------------|------------------------------------|----------------------|-------------------------|----------------------------------------|-------------------|
| <b><u>COST</u></b>                    |                   |                                    |                      |                         |                                        |                   |
| GOODWILL                              | 2,024.91          | 10.36                              | (22.02)              | --                      | (61.88)                                | 1,951.37          |
| OTHER INTANGIBLE FIXED ASSETS         |                   |                                    |                      |                         |                                        |                   |
| Portfolio acquisition expenses        | 1,527.22          | (107.61)                           | --                   | 32.44                   | (105.72)                               | 1,346.33          |
| Software                              | 1,075.33          | (11.78)                            | (5.18)               | 101.25                  | (17.81)                                | 1,141.81          |
| Other                                 | 167.42            | 1.17                               | (37.24)              | 38.79                   | (35.50)                                | 134.64            |
| <b>TOTAL COST</b>                     | <b>4,794.88</b>   | <b>(107.86)</b>                    | <b>(64.44)</b>       | <b>172.48</b>           | <b>(220.91)</b>                        | <b>4,574.15</b>   |
| <b><u>CUMULATIVE AMORTIZATION</u></b> |                   |                                    |                      |                         |                                        |                   |
| OTHER INTANGIBLE FIXED ASSETS         |                   |                                    |                      |                         |                                        |                   |
| Portfolio acquisition expenses        | (506.38)          | 26.22                              | --                   | (70.10)                 | 62.70                                  | (487.56)          |
| Software                              | (614.82)          | 8.15                               | 4.32                 | (102.79)                | 3.18                                   | (701.96)          |
| Other                                 | (50.92)           | (0.59)                             | 14.20                | (2.06)                  | 0.02                                   | (39.35)           |
| <b>TOTAL CUMULATIVE AMORTIZATION</b>  | <b>(1,172.12)</b> | <b>33.78</b>                       | <b>18.52</b>         | <b>(174.95)</b>         | <b>65.90</b>                           | <b>(1,228.87)</b> |
| <b><u>IMPAIRMENT</u></b>              |                   |                                    |                      |                         |                                        |                   |
| GOODWILL                              | (141.95)          | 2.18                               | --                   | (173.45)                | 50.88                                  | (262.34)          |
| OTHER INTANGIBLE ASSETS               |                   |                                    |                      |                         |                                        |                   |
| Portfolio acquisition expenses        | (57.75)           | 3.28                               | --                   | --                      | 44.06                                  | (10.41)           |
| Software                              | (0.11)            | (0.01)                             | --                   | --                      | --                                     | (0.12)            |
| Other                                 | (0.05)            | --                                 | --                   | --                      | --                                     | (0.05)            |
| <b>TOTAL IMPAIRMENT</b>               | <b>(199.86)</b>   | <b>5.45</b>                        | <b>--</b>            | <b>(173.45)</b>         | <b>94.94</b>                           | <b>(272.92)</b>   |
| <b>TOTAL GOODWILL</b>                 | <b>1,882.96</b>   | <b>12.54</b>                       | <b>(22.02)</b>       | <b>(173.45)</b>         | <b>(11.00)</b>                         | <b>1,689.03</b>   |
| <b>TOTAL OTHER INTANGIBLE ASSETS</b>  | <b>1,539.94</b>   | <b>(81.17)</b>                     | <b>(23.90)</b>       | <b>(2.47)</b>           | <b>(49.07)</b>                         | <b>1,383.33</b>   |
| <b>TOTAL INTANGIBLE ASSETS</b>        | <b>3,422.90</b>   | <b>(68.63)</b>                     | <b>(45.92)</b>       | <b>(175.92)</b>         | <b>(60.07)</b>                         | <b>3,072.36</b>   |

Figures in millions of euros

The amounts shown as changes in scope in 2018 are primarily the result of the reclassification to the caption "Non-current assets held for sale" of assets from funeral service businesses in Spain (Note 6.10).

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The Portfolio acquisition expense entries come from final price allocation for the acquisition of the business combinations carried out in 2017 (Note 6.25).

Disposals primarily come from the cancellation on the balance sheet of fully amortized and/or impaired assets.

## 2017

| Item                                  | Opening balance   | Adjustments to the opening balance | Changes to the scope | Additions or provisions | Disposals, cancellations or reductions | Closing balance   |
|---------------------------------------|-------------------|------------------------------------|----------------------|-------------------------|----------------------------------------|-------------------|
| <b><u>COST</u></b>                    |                   |                                    |                      |                         |                                        |                   |
| GOODWILL                              | 2,075.24          | (156.73)                           | 106.40               | --                      | --                                     | 2,024.91          |
| OTHER INTANGIBLE FIXED ASSETS         |                   |                                    |                      |                         |                                        |                   |
| Portfolio acquisition expenses        | 1,746.46          | (163.30)                           | --                   | 1.63                    | (57.57)                                | 1,527.22          |
| Software                              | 1,050.91          | (81.92)                            | --                   | 140.04                  | (33.70)                                | 1,075.33          |
| Other                                 | 171.16            | (6.92)                             | --                   | 31.30                   | (28.12)                                | 167.42            |
| <b>TOTAL COST</b>                     | <b>5,043.77</b>   | <b>(408.87)</b>                    | <b>106.40</b>        | <b>172.97</b>           | <b>(119.39)</b>                        | <b>4,794.88</b>   |
| <b><u>CUMULATIVE AMORTIZATION</u></b> |                   |                                    |                      |                         |                                        |                   |
| OTHER INTANGIBLE FIXED ASSETS         |                   |                                    |                      |                         |                                        |                   |
| Portfolio acquisition expenses        | (505.99)          | 47.40                              | --                   | (72.53)                 | 24.74                                  | (506.38)          |
| Software                              | (562.41)          | 35.56                              | --                   | (99.70)                 | 11.73                                  | (614.82)          |
| Other                                 | (47.27)           | 4.09                               | --                   | (9.16)                  | 1.42                                   | (50.92)           |
| <b>TOTAL CUMULATIVE AMORTIZATION</b>  | <b>(1,115.67)</b> | <b>87.05</b>                       | <b>--</b>            | <b>(181.39)</b>         | <b>37.89</b>                           | <b>(1,172.12)</b> |
| <b><u>IMPAIRMENT</u></b>              |                   |                                    |                      |                         |                                        |                   |
| GOODWILL                              | (85.19)           | 5.01                               | --                   | (61.77)                 | --                                     | (141.95)          |
| OTHER INTANGIBLE ASSETS               |                   |                                    |                      |                         |                                        |                   |
| Portfolio acquisition expenses        | (43.27)           | 4.14                               | --                   | (51.45)                 | 32.83                                  | (57.75)           |
| Software                              | (0.67)            | 0.56                               | --                   | --                      | --                                     | (0.11)            |
| Other                                 | (0.05)            | --                                 | --                   | --                      | --                                     | (0.05)            |
| <b>TOTAL IMPAIRMENT</b>               | <b>(129.18)</b>   | <b>9.71</b>                        | <b>--</b>            | <b>(113.22)</b>         | <b>32.83</b>                           | <b>(199.86)</b>   |
| <b>TOTAL GOODWILL</b>                 | <b>1,990.05</b>   | <b>(151.72)</b>                    | <b>106.40</b>        | <b>(61.77)</b>          | <b>--</b>                              | <b>1,882.96</b>   |
| <b>TOTAL OTHER INTANGIBLE ASSETS</b>  | <b>1,808.87</b>   | <b>(160.39)</b>                    | <b>--</b>            | <b>(59.87)</b>          | <b>(48.67)</b>                         | <b>1,539.94</b>   |
| <b>TOTAL INTANGIBLE ASSETS</b>        | <b>3,798.92</b>   | <b>(312.11)</b>                    | <b>106.40</b>        | <b>(121.64)</b>         | <b>(48.67)</b>                         | <b>3,422.90</b>   |

Figures in millions of euros

The amounts shown as changes to the scope in 2017 come from the take-over of the Indonesian insurance company PT Asuransi Bina Dana Arta Tbk (hereinafter, ABDA), Note 6.25.

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### Intangible assets with an indefinite useful life

The useful life of the following intangible assets is considered indefinite since these assets are expected to contribute to future revenues for the Group indefinitely:

| Item                      | Book value |          |
|---------------------------|------------|----------|
|                           | 12/31/18   | 12/31/17 |
| Goodwill on consolidation | 1,679.00   | 1,850.45 |
| Goodwill on merger        | 10.03      | 32.51    |

Figures in millions of euros

The following tables provide detailed information on the cash-generating units to which the different goodwill items and portfolio acquisition expenses are allocated, as well as their book value and, if applicable, the impairment amount and amortization over the last two periods.

### • Goodwill

Goodwill budget 6.1

| Cash-generating unit                                                                    | Business and Geographic Area           | Gross amount at source        |          | Initial<br>12.31.2016 | 2017                 |                               | Initial<br>12.31.2017 | 2018                 |                               | Initial<br>12.31.2018 |
|-----------------------------------------------------------------------------------------|----------------------------------------|-------------------------------|----------|-----------------------|----------------------|-------------------------------|-----------------------|----------------------|-------------------------------|-----------------------|
|                                                                                         |                                        | Millions in original currency | Currency |                       | Entries/(write-offs) | Net impairment for the period |                       | Entries/(write-offs) | Net impairment for the period |                       |
| <b>Goodwill on consolidation</b>                                                        |                                        |                               |          |                       |                      |                               |                       |                      |                               |                       |
| MAPFRE VIDA                                                                             | Life insurance (Spain)                 | 256.40                        | EUR      | 212.57                | --                   | --                            | 212.57                | --                   | --                            | 212.57                |
| MAPFRE GLOBAL RISKS                                                                     | Insurance for Companies                | 40.75                         | EUR      | 40.17                 | --                   | --                            | 40.17                 | --                   | --                            | 40.17                 |
| GRUPO CORPORATIVO L.M.L.                                                                | Non-Life Insurance (Mexico)            | 407.93                        | MXN      | 18.69                 | (1.39)               | --                            | 17.29                 | 0.83                 | --                            | 8.12                  |
| BRIKELL FINANCIAL SERVICES                                                              | Travel assistance (USA)                | 19.58                         | USD      | 17.83                 | (2.17)               | --                            | 15.46                 | 0.73                 | --                            | 6.19                  |
| MAPFRE WARRANTY                                                                         | Extended Warranty                      | 11.40                         | EUR      | 11.08                 | --                   | --                            | 11.08                 | --                   | --                            | 11.08                 |
| BIG MAPFRE SHI                                                                          | Non-Life Insurance (Brazil)            | 350.29                        | BRL      | 102.22                | (14.12)              | --                            | 88.10                 | (5.33)               | --                            | 78.77                 |
| MAPFRE BB SH2                                                                           | Life Insurance (Brazil)                | 229.91                        | BRL      | 64.20                 | (3.77)               | (60.43)                       | --                    | --                   | --                            | --                    |
| ABRAXAS                                                                                 | Travel assistance (United Kingdom)     | 11.26                         | GBP      | 13.19                 | (0.51)               | --                            | 12.68                 | (0.15)               | --                            | 12.53                 |
| GENEL SIGORTA                                                                           | Insurance (Turkey)                     | 856.83                        | TRY      | 42.23                 | (7.78)               | --                            | 34.45                 | (8.62)               | --                            | 25.83                 |
| BANKINTER VIDA                                                                          | Life insurance (Spain)                 | 160.45                        | EUR      | 160.45                | --                   | --                            | 160.45                | --                   | --                            | 160.45                |
| CCM VIDA Y PENSIONES                                                                    | Life and Pensions insurance (Spain)    | 90.51                         | EUR      | 91.34                 | --                   | --                            | 91.34                 | --                   | --                            | 91.34                 |
| MAPFRE USA                                                                              | Non-Life Insurance (USA)               | 982.40                        | USD      | 938.40                | (103.17)             | --                            | 735.23                | 31.32                | (129.64)                      | 636.91                |
| ASEGURADORA MUNDIAL                                                                     | Insurance (Central America)            | 0.98                          | PAB      | 8.55                  | (1.05)               | --                            | 7.50                  | 0.34                 | --                            | 7.84                  |
| INSURANCE AND GO                                                                        | Insurance (United Kingdom)             | 30.72                         | GBP      | 36.81                 | (1.44)               | --                            | 35.37                 | (0.38)               | --                            | 34.99                 |
| CENTURY AUTOMOTIVE                                                                      | Insurance and reinsurance (USA)        | 30.25                         | USD      | 23.63                 | (2.81)               | --                            | 20.72                 | 0.57                 | --                            | 21.69                 |
| BANKINTER SEGUROS GENERALES                                                             | Non-Life Insurance (Spain)             | 12.72                         | EUR      | 12.46                 | --                   | --                            | 12.46                 | --                   | --                            | 12.46                 |
| BANKIA MAPFRE VIDA                                                                      | Life insurance (Spain)                 | 18.69                         | EUR      | 18.69                 | --                   | --                            | 18.69                 | --                   | --                            | 18.69                 |
| SOCIEDAD DE SEGUROS Y REASEGUROS S.A.                                                   | Funeral services (Spain)               | 17.98                         | EUR      | 17.98                 | --                   | --                            | 17.98                 | (0.68)               | --                            | 17.20                 |
| FUNESPAÑA                                                                               | Non-Life Insurance (Germany)           | 125.47                        | EUR      | 125.47                | --                   | --                            | 125.47                | --                   | --                            | 125.47                |
| VERTI VERSICHERUNG AG                                                                   | Non-Life Insurance (Italy)             | 101.36                        | EUR      | 68.27                 | --                   | --                            | 68.27                 | --                   | (21.60)                       | 46.67                 |
| VERTI ASSICURAZIONI S.P.A.                                                              | Insurance (Indonesia)                  | 391,002.00                    | IDR      | --                    | 96.94                | --                            | 96.94                 | (13.49)              | (22.21)                       | 61.24                 |
| ABDA                                                                                    | Insurance (Indonesia)                  | --                            | --       | 42.01                 | (3.68)               | --                            | 38.33                 | 0.46                 | --                            | 38.79                 |
| Other                                                                                   | --                                     | --                            | --       | --                    | --                   | --                            | --                    | --                   | --                            | --                    |
| <b>TOTAL GOODWILL ON CONSOLIDATION</b>                                                  |                                        |                               |          | <b>1,996.93</b>       | <b>(45.85)</b>       | <b>(68.43)</b>                | <b>1,898.45</b>       | <b>2.00</b>          | <b>(173.45)</b>               | <b>1,679.00</b>       |
| <b>Goodwill on merger</b>                                                               |                                        |                               |          |                       |                      |                               |                       |                      |                               |                       |
| BANKINTER VIDA (branch in Portugal)                                                     | Life and Pensions insurance (Portugal) | 5.34                          | EUR      | 5.34                  | --                   | --                            | 5.34                  | --                   | --                            | 5.34                  |
| GRUPO FUNESPAÑA                                                                         | Funeral services (Spain)               | 41.69                         | EUR      | 22.12                 | (0.11)               | --                            | 22.01                 | (22.01)              | --                            | --                    |
| Other                                                                                   | --                                     | --                            | --       | 6.68                  | (0.16)               | (1.34)                        | 5.18                  | (0.47)               | --                            | 4.69                  |
| <b>TOTAL GOODWILL ON MERGER</b>                                                         |                                        |                               |          | <b>34.12</b>          | <b>(0.27)</b>        | <b>(1.34)</b>                 | <b>32.51</b>          | <b>(22.48)</b>       | <b>--</b>                     | <b>10.03</b>          |
| <b>TOTAL GOODWILL</b>                                                                   |                                        |                               |          | <b>1,990.05</b>       | <b>(46.12)</b>       | <b>(69.77)</b>                | <b>1,892.96</b>       | <b>(20.48)</b>       | <b>(173.45)</b>               | <b>1,689.03</b>       |
| <b>Goodwill in associated and multi-group undertakings</b>                              |                                        |                               |          |                       |                      |                               |                       |                      |                               |                       |
| SALVADOR CAETANO AUTO (SGPS) S.A.                                                       | Services (Portugal)                    | 11.31                         | EUR      | --                    | 11.31                | --                            | 11.31                 | --                   | --                            | 11.31                 |
| ABDA                                                                                    | Insurance (Indonesia)                  | 391,002.00                    | IDR      | 27.51                 | (27.51)              | --                            | --                    | --                   | --                            | --                    |
| SOLIMON SEGUROS DE CREDITO, S.A.                                                        | Insurance (Spain)                      | 12.87                         | EUR      | 12.87                 | --                   | --                            | 12.87                 | --                   | --                            | 12.87                 |
| Otros                                                                                   | --                                     | --                            | --       | 4.58                  | 0.05                 | --                            | 4.63                  | 0.44                 | --                            | 5.07                  |
| <b>TOTAL GOODWILL IN ASSOCIATED AND MULTI-GROUP UNDERTAKINGS (EQUITY-ACCOUNTED) (*)</b> |                                        |                               |          | <b>44.96</b>          | <b>(16.15)</b>       | <b>--</b>                     | <b>28.81</b>          | <b>0.44</b>          | <b>--</b>                     | <b>29.25</b>          |

Figures in millions of euros

(\*) Goodwill related to acquisitions of associated and multi-group undertakings is included as the greater value of investments recorded by the equity method.

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• **Portfolio acquisition expenses**

| Cash-generating unit                  | Business and Geographic Area                     | Gross amount at source        |          | Initial<br>12.31.2016 | 2017                 |                                                | Initial<br>12.31.2017 | 2018                 |                                                | Initial<br>12.31.2018 |
|---------------------------------------|--------------------------------------------------|-------------------------------|----------|-----------------------|----------------------|------------------------------------------------|-----------------------|----------------------|------------------------------------------------|-----------------------|
|                                       |                                                  | Millions in original currency | Currency |                       | Entries/(write-offs) | Amortization and net impairment for the period |                       | Entries/(write-offs) | Amortization and net impairment for the period |                       |
| BANKINTER VIDA                        | Life and Pensions insurance (Spain and Portugal) | 200.89                        | EUR      | 148.06                | —                    | (10.01)                                        | 138.05                | --                   | (10.12)                                        | 127.93                |
| BANKIA MAPFRE VIDA                    | Life insurance (Spain)                           | 89.59                         | EUR      | 70.22                 | —                    | (7.12)                                         | 63.10                 | --                   | (6.67)                                         | 56.43                 |
| SOCIEDAD DE SEGUROS Y REASEGUROS S.A. |                                                  |                               |          |                       |                      |                                                |                       |                      |                                                |                       |
| CCM VIDA Y PENSIONES                  | Life and Pensions insurance (Spain)              | 82.55                         | EUR      | 47.92                 | —                    | (4.42)                                         | 43.50                 | --                   | (4.03)                                         | 39.47                 |
| MAPFRE USA                            | Non-Life Insurance (USA)                         | 48.26                         | USD      | 9.30                  | (0.70)               | (8.60)                                         | --                    | --                   | --                                             | --                    |
| BB MAPFRE SH1                         | Life Insurance (Brazil)                          | 3,461.42                      | BRL      | 785.40                | (105.38)             | (36.57)                                        | 643.45                | (67.30)              | (31.81)                                        | 544.34                |
| MAPFRE BB SH2                         | Non-Life Insurance (Brazil)                      | 140.07                        | BRL      | 50.99                 | (3.01)               | (47.98)                                        | --                    | --                   | --                                             | --                    |
| GENEL SIGORTA                         | Insurance (Turkey)                               | 95.40                         | TRY      | 8.29                  | (1.41)               | (1.29)                                         | 5.59                  | (1.32)               | (0.82)                                         | 3.45                  |
| MAPFRE FINISTERRE                     | Non-Life Insurance (Spain)                       | 87.94                         | EUR      | 42.86                 | —                    | (2.59)                                         | 40.27                 | --                   | (2.53)                                         | 37.74                 |
| VERTI VERSICHERUNG AG                 | Non-Life insurance (Germany)                     | 23.52                         | EUR      | 22.05                 | —                    | (3.31)                                         | 18.74                 | --                   | (4.09)                                         | 14.65                 |
| ABDA                                  | Insurance (Indonesia)                            | 481,941.46                    | IDR      | —                     | —                    | —                                              | —                     | 23.60                | (7.82)                                         | 15.78                 |
| Other                                 | —                                                | --                            |          | 12.11                 | 0.37                 | (2.09)                                         | 10.39                 | 0.39                 | (2.21)                                         | 8.57                  |
| TOTAL PORTFOLIO ACQUISITION EXPENSES  |                                                  |                               |          | 1,197.20              | (110.13)             | (123.98)                                       | 963.09                | (44.63)              | (70.10)                                        | 848.36                |

Figures in millions of euros

The book value, net of any impairment, of each of the goodwill and portfolio acquisition expense items described above, and of the net assets associated with each cash-generating unit, is equal to or lower than the amount recoverable from the cash-generating unit to which they are allocated. The following table shows the recoverable value of the main cash-generating units at the close of the last two periods:

| Cash-generating unit       | Contrast value |          | Recoverable value |          |
|----------------------------|----------------|----------|-------------------|----------|
|                            | 2018           | 2017     | 2018              | 2017     |
| MAPFRE VIDA                | 1,781.21       | 2,049.00 | 4,424.07          | 4,648.54 |
| BB MAPFRE SH1              | 823.35         | 967.29   | 3,458.94          | 4,351.62 |
| MAPFRE BB SH2              | --             | 805.87   | --                | 805.87   |
| BANKINTER VIDA (España)    | 270.84         | 273.20   | 584.39            | 574.80   |
| CCM VIDA Y PENSIONES       | 143.81         | 145.50   | 193.74            | 210.67   |
| MAPFRE USA                 | 1,612.18       | 1,800.57 | 1,612.18          | 2,510.20 |
| MAPFRE GENEL SIGORTA       | 149.80         | 224.60   | 158.07            | 371.30   |
| VERTI ASSICURAZIONI S.P.A. | 410.01         | 277.91   | 410.01            | 319.79   |
| VERTI VERSICHERUNG AG      | 289.79         | 293.66   | 295.49            | 495.46   |
| ABDA                       | 117.52         | 147.01   | 117.52            | 150.35   |

Figures in millions of euros

The calculation of the recoverable value of the cash-generating units takes into account the degree of economic development of the country in which the units operate as well as the degree of development of the insurance industry, measured by its weight in the country gross domestic product, and other variables such as market share, projected performance of the commercial network, MAPFRE's past experience in the markets where the cash-generating units are present, etc.

The discount rate (ke) and perpetuity growth rate (g), as defined below, are also taken into account:

1) Discount rate (ke) = Risk-free rate of the country + ( $\beta$  \* Risk premium of the equity market)

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- 2) Perpetuity growth rate (g): calculated according the long-term inflation projection issued by the International Monetary Fund (IMF)

The country risk rate usually corresponds to the actual yield of the 10-year Treasury bonds in local currency issued in the country in which the cash-generating unit operates, increased by the risk premium of the equity market estimated for the insurance industry. The market risk premium for the insurance industry is calculated by modulating the generic premium for the equity market by the Beta ratio for listed insurance companies compared with the region in which the cash-generating unit operates.

The risk-free rate applied varied between 0.25 percent and 15.83 percent in 2018, and between 0.42 percent and 11.43 in 2017.

As a supplement for estimating the discount (ke) and perpetuity growth (g) rates applied to the different cash-generating units analyzed, the external projections of international organizations and other benchmark entities in the field of company ratings are used.

The following discount rates applied to the discounted cash flows were used to calculate the recoverable value of the main cash-generating units:

| Cash-generating unit                                         | Discount rate |        |
|--------------------------------------------------------------|---------------|--------|
|                                                              | 2018          | 2017   |
| MAPFRE USA                                                   | 8.10%         | 7.02%  |
| MAPFRE VIDA, BANKINTER VIDA (Spain) and CCM VIDA Y PENSIONES | 6.44%         | 6.15%  |
| BB MAPFRE SH1                                                | 13.60%        | 14.15% |
| MAPFRE BB SH2                                                | --            | 14.24% |
| GENEL SIGORTA                                                | 19.25%        | 14.09% |
| VERTI ASSICURAZIONI S.P.A.                                   | 6.95%         | 5.88%  |
| VERTI VERSICHERUNG AG                                        | 5.05%         | 4.13%  |
| ABDA                                                         | 11.60%        | 10.81% |

The estimated perpetuity growth rates (g) applicable to the different cash-generating units are based on the long-term inflation projections included in the World Economic Outlook Database published by the International Monetary Fund, which are as follows for the markets in which the main cash-generating units operate:

| Country       | Long-term inflation forecast |       |
|---------------|------------------------------|-------|
|               | 2018                         | 2017  |
| Spain         | 1.94%                        | 1.90% |
| United States | 2.12%                        | 2.24% |
| Turkey        | 13.00%                       | 7.51% |
| Brazil        | 3.97%                        | 4.03% |
| Italy         | 1.71%                        | 1.40% |
| Germany       | 2.56%                        | 2.48% |
| Indonesia     | 2.99%                        | 3.30% |

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Bearing in mind the aforementioned variables, the perpetuity growth rates set for the markets in which the main cash-generating units operate are as follows:

| Country       | Perpetuity growth rate (g) |       |
|---------------|----------------------------|-------|
|               | 2018                       | 2017  |
| Spain         | 1.94%                      | 1.90% |
| United States | 2.12%                      | 2.24% |
| Turkey        | 13.50%                     | 8.01% |
| Brazil        | 4.47%                      | 4.53% |
| Italy         | 1.71%                      | 1.40% |
| Germany       | 2.56%                      | 2.48% |
| Indonesia     | 3.49%                      | 4.00% |

Meanwhile, at least once a year each Group company analyzes the assumptions used to estimate future cash flows and updates them pursuant to actual results and past experience. In general, the cash flow projections for the first five years consider growth rates based on past experience, while in subsequent years the residual value is calculated, establishing perpetual revenues based on the cash flows of the last period of the estimates, with a perpetuity growth rate calculated as described above. Exceptionally, in Brazil, Indonesia and Italy, a time horizon of longer than 5 years has been considered, in line with the duration of the agreements with Banco do Brasil in the case of the former, and with the businesses being recent acquisitions still in development in the cases of Indonesia and Italy.

In the event of reasonable variations in any of the key assumptions, the book value is unlikely to be higher than the recoverable value of the cash-generating units.

Specifically, the studies conducted for the main cash-generating units analyzed reveal the following sensitivity ranges in the event of unfavorable variations in the key assumptions:

- An increase of 1 percentage point in the discount rate applied to each cash-generating unit would imply reductions in the recoverable values of between 9.40 and 41.74 percent in 2018, and between 10.43 percent and 40.40 percent in 2017. This figure would not fall below the book value attributed to any of the units, and as such an impairment has not been provisioned.
- A decrease of 0.25 percentage points in the perpetuity growth rate applied to each cash-generating unit would imply reductions in the recoverable values of between 0.94 and 13.99 percent in 2018, and between 1.84 percent and 17.00 percent in 2017. Once again, this figure would not fall below the book value attributed to any of the units, and as such an impairment has not been provisioned.

If the analysis of the possible impairment of goodwill reveals a recoverable value below the book value, an individual study is conducted of all the key assumptions that have led to this situation, also taking into consideration the sensitivity ranges for calculating their impact.

The impairment loss recorded in 2018 from goodwill for MAPFRE USA, VERTI ITALY and ABDA, for the total amount of 173.45 million euros, originates in the update carried out by the Group at the end of 2018 regarding the macroeconomic environment and other risk factors that could affect the insurance business in the future. As such, the low-interest rate environment in various regions that is creating lower financial

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income, pressure on emerging economies and their currencies, and the unusual frequency of catastrophic claims in recent years in multiple geographies that is marking a change in predictive models, are all risk factors that can condition future result growth patterns. In this context, the Group has updated the projections of results for the areas of business, with improvements in countries whose business model is well-grounded, and slightly modifying medium and long-term profit growth expectations in the countries with greater exposure to these risks. This update of projections has implied the abovementioned extraordinary partial impairment of goodwill in direct insurance operations in the United States, Italy and Indonesia.

For impairment loss recorded in 2017, 104.86 million euros (of which 60.43 million corresponded to goodwill and 44.43 million to portfolio acquisition expenses) are from the loss of value of the automobile business and of some general P&C lines incorporated in the cash-generating unit MAPFRE BB SH2, deriving from the discreet evolution of Brazil's economic environment and the weak economic growth forecast, as well as the negative development of said businesses, with high loss experiences and pressure on rates.

## 6.2. PROPERTY, PLANT AND EQUIPMENT AND REAL ESTATE INVESTMENTS

### Property, plant and equipment

The following tables show the movements under this heading in the last two years:

#### 2018

| Item                                             | Opening balance | Adjustments to the opening balance | Changes to the scope | Additions or provisions | Disposals, cancellations or reductions | Closing balance | Market value    |
|--------------------------------------------------|-----------------|------------------------------------|----------------------|-------------------------|----------------------------------------|-----------------|-----------------|
| <b><u>COST</u></b>                               |                 |                                    |                      |                         |                                        |                 |                 |
| REAL ESTATE FOR OWN USE                          |                 |                                    |                      |                         |                                        |                 |                 |
| Land and natural resources                       | 56.89           | (10.57)                            | (0.23)               | 5.97                    | (5.18)                                 | 46.88           | 89.47           |
| Buildings and other structures                   | 1,095.17        | (5.33)                             | (50.51)              | 18.89                   | (22.70)                                | 1,035.52        | 1,143.52        |
| OTHER PROPERTY, PLANT AND EQUIPMENT              |                 |                                    |                      |                         |                                        |                 |                 |
| Vehicles                                         | 35.33           | (1.22)                             | (5.36)               | 7.54                    | (4.85)                                 | 31.44           | 12.40           |
| Furniture and fittings                           | 469.94          | (2.63)                             | (10.41)              | 40.63                   | (27.41)                                | 470.12          | 169.97          |
| Other property, plant and equipment              | 270.59          | (8.21)                             | (0.19)               | 27.51                   | (26.94)                                | 262.76          | 73.59           |
| Advances and fixed assets in progress            | 7.85            | (0.09)                             | (0.26)               | 24.16                   | (21.84)                                | 9.82            | 9.82            |
| <b>TOTAL COST</b>                                | <b>1,935.77</b> | <b>(28.05)</b>                     | <b>(66.96)</b>       | <b>124.70</b>           | <b>(108.92)</b>                        | <b>1,856.54</b> | <b>1,498.77</b> |
| <b><u>CUMULATIVE DEPRECIATION</u></b>            |                 |                                    |                      |                         |                                        |                 |                 |
| REAL ESTATE FOR OWN USE                          | (213.97)        | 2.76                               | 8.64                 | (19.66)                 | 3.89                                   | (218.34)        | –               |
| OTHER PROPERTY, PLANT AND EQUIPMENT              | (510.01)        | 7.70                               | 13.25                | (60.11)                 | 36.75                                  | (512.42)        | –               |
| <b>TOTAL CUMULATIVE DEPRECIATION</b>             | <b>(723.98)</b> | <b>10.46</b>                       | <b>21.89</b>         | <b>(79.77)</b>          | <b>40.64</b>                           | <b>(730.76)</b> | <b>–</b>        |
| <b><u>IMPAIRMENT</u></b>                         |                 |                                    |                      |                         |                                        |                 |                 |
| REAL ESTATE FOR OWN USE                          |                 |                                    |                      |                         |                                        |                 |                 |
| Land and natural resources                       | –               | –                                  | –                    | –                       | –                                      | –               | –               |
| Buildings and other structures                   | (17.45)         | –                                  | 0.18                 | (2.22)                  | 8.09                                   | (11.40)         | –               |
| OTHER PROPERTY, PLANT AND EQUIPMENT              |                 |                                    |                      |                         |                                        |                 |                 |
| Vehicles                                         | 0.21            | (0.21)                             | –                    | –                       | –                                      | –               | –               |
| Furniture and fittings                           | 0.28            | (0.28)                             | –                    | –                       | –                                      | –               | –               |
| Other property, plant and equipment              | (3.10)          | 1.00                               | –                    | –                       | 0.06                                   | (2.04)          | –               |
| <b>TOTAL IMPAIRMENT</b>                          | <b>(20.06)</b>  | <b>0.51</b>                        | <b>0.18</b>          | <b>(2.22)</b>           | <b>8.15</b>                            | <b>(13.44)</b>  | <b>–</b>        |
| <b>TOTAL REAL ESTATE FOR OWN USE</b>             | <b>920.64</b>   | <b>(13.14)</b>                     | <b>(41.92)</b>       | <b>2.98</b>             | <b>(15.90)</b>                         | <b>852.66</b>   | <b>1,232.99</b> |
| <b>TOTAL OTHER PROPERTY, PLANT AND EQUIPMENT</b> | <b>271.09</b>   | <b>(3.94)</b>                      | <b>(2.97)</b>        | <b>39.73</b>            | <b>(44.23)</b>                         | <b>259.68</b>   | <b>265.78</b>   |
| <b>TOTAL PROPERTY, PLANT &amp; EQUIPMENT</b>     | <b>1,191.73</b> | <b>(17.08)</b>                     | <b>(44.89)</b>       | <b>42.71</b>            | <b>(60.13)</b>                         | <b>1,112.34</b> | <b>1,498.77</b> |

Figures in millions of euros

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The amounts shown as changes in scope in 2018 are primarily the result of the reclassification to the caption “Non-current assets held for sale” of assets from funeral service businesses in Spain (Note 6.10).

## 2017

| Item                                             | Opening balance | Adjustments to the opening balance | Changes to the scope | Additions or provisions | Disposals, cancellations or reductions | Closing balance | Market value    |
|--------------------------------------------------|-----------------|------------------------------------|----------------------|-------------------------|----------------------------------------|-----------------|-----------------|
| <b><u>COST</u></b>                               |                 |                                    |                      |                         |                                        |                 |                 |
| REAL ESTATE FOR OWN USE                          |                 |                                    |                      |                         |                                        |                 |                 |
| Land and natural resources                       | 106.88          | (10.37)                            | 1.96                 | 0.35                    | (41.93)                                | 56.89           | 100.90          |
| Buildings and other structures                   | 1,111.74        | (47.11)                            | 5.00                 | 68.76                   | (43.22)                                | 1,095.17        | 1,165.46        |
| OTHER PROPERTY, PLANT AND EQUIPMENT              |                 |                                    |                      |                         |                                        |                 |                 |
| Vehicles                                         | 38.71           | (3.90)                             | 1.01                 | 3.26                    | (3.75)                                 | 35.33           | 11.11           |
| Furniture and fittings                           | 477.01          | (12.55)                            | 0.58                 | 30.00                   | (25.10)                                | 469.94          | 172.88          |
| Other property, plant and equipment              | 280.39          | (27.08)                            | 1.87                 | 25.42                   | (10.01)                                | 270.59          | 82.02           |
| Advances and fixed assets in progress            | 13.11           | (0.02)                             | --                   | 8.29                    | (13.53)                                | 7.85            | 5.09            |
| <b>TOTAL COST</b>                                | <b>2,027.84</b> | <b>(101.03)</b>                    | <b>10.42</b>         | <b>136.08</b>           | <b>(137.54)</b>                        | <b>1,935.77</b> | <b>1,537.46</b> |
| <b><u>CUMULATIVE DEPRECIATION</u></b>            |                 |                                    |                      |                         |                                        |                 |                 |
| REAL ESTATE FOR OWN USE                          | (203.26)        | 11.84                              | (1.66)               | (27.86)                 | 6.97                                   | (213.97)        | --              |
| OTHER PROPERTY, PLANT AND EQUIPMENT              | (507.92)        | 32.58                              | (2.75)               | (63.55)                 | 31.63                                  | (510.01)        | --              |
| <b>TOTAL CUMULATIVE DEPRECIATION</b>             | <b>(711.18)</b> | <b>44.42</b>                       | <b>(4.41)</b>        | <b>(91.41)</b>          | <b>38.60</b>                           | <b>(723.98)</b> | <b>--</b>       |
| <b><u>IMPAIRMENT</u></b>                         |                 |                                    |                      |                         |                                        |                 |                 |
| REAL ESTATE FOR OWN USE                          |                 |                                    |                      |                         |                                        |                 |                 |
| Land and natural resources                       | --              | --                                 | --                   | --                      | --                                     | --              | --              |
| Buildings and other structures                   | (12.39)         | 0.10                               | --                   | (8.69)                  | 3.53                                   | (17.45)         | --              |
| OTHER PROPERTY, PLANT AND EQUIPMENT              |                 |                                    |                      |                         |                                        |                 |                 |
| Vehicles                                         | (0.52)          | 0.34                               | --                   | --                      | 0.39                                   | 0.21            | --              |
| Furniture and fittings                           | (2.17)          | 0.86                               | --                   | --                      | 1.59                                   | 0.28            | --              |
| Other property, plant and equipment              | (5.01)          | (0.17)                             | --                   | --                      | 2.08                                   | (3.10)          | --              |
| <b>TOTAL IMPAIRMENT</b>                          | <b>(20.09)</b>  | <b>1.13</b>                        | <b>--</b>            | <b>(8.69)</b>           | <b>7.59</b>                            | <b>(20.06)</b>  | <b>--</b>       |
| <b>TOTAL REAL ESTATE FOR OWN USE</b>             | <b>1,002.97</b> | <b>(45.54)</b>                     | <b>5.30</b>          | <b>32.56</b>            | <b>(74.65)</b>                         | <b>920.64</b>   | <b>1,266.36</b> |
| <b>TOTAL OTHER PROPERTY, PLANT AND EQUIPMENT</b> | <b>293.60</b>   | <b>(9.94)</b>                      | <b>0.71</b>          | <b>3.42</b>             | <b>(16.70)</b>                         | <b>271.09</b>   | <b>271.10</b>   |
| <b>TOTAL PROPERTY, PLANT &amp; EQUIPMENT</b>     | <b>1,296.57</b> | <b>(55.48)</b>                     | <b>6.01</b>          | <b>35.98</b>            | <b>(91.35)</b>                         | <b>1,191.73</b> | <b>1,537.46</b> |

Figures in millions of euros

The key disposals of financial year 2017 correspond to the sale of a building on calle Luchana in Madrid, for a price of 72.00 million euros and consolidated earnings before taxes of 38.40 million 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.

## Real estate investment

The following tables show the movements under this heading in the last two years:

### 2018

| Item                                  | Opening balance | Adjustments to the opening balance | Changes to the scope | Additions or provisions | Disposals, cancellations or reductions | Closing balance | Market value    |
|---------------------------------------|-----------------|------------------------------------|----------------------|-------------------------|----------------------------------------|-----------------|-----------------|
| <b><u>COST</u></b>                    |                 |                                    |                      |                         |                                        |                 |                 |
| INVESTMENT IN REAL ESTATE             |                 |                                    |                      |                         |                                        |                 |                 |
| Land and natural resources            | 616.57          | (5.31)                             | –                    | 0.39                    | (14.46)                                | 597.19          | 442.16          |
| Buildings and other structures        | 1,167.48        | 7.24                               | –                    | 25.18                   | (23.25)                                | 1,176.65        | 1,242.13        |
| <b>TOTAL COST</b>                     | <b>1,784.05</b> | <b>1.93</b>                        | <b>–</b>             | <b>25.57</b>            | <b>(37.71)</b>                         | <b>1,773.84</b> | <b>1,684.29</b> |
| <b><u>CUMULATIVE DEPRECIATION</u></b> |                 |                                    |                      |                         |                                        |                 |                 |
| INVESTMENT IN REAL ESTATE             | (266.08)        | (0.15)                             | –                    | (19.47)                 | 3.99                                   | (281.71)        | –               |
| <b>TOTAL CUMULATIVE DEPRECIATION</b>  | <b>(266.08)</b> | <b>(0.15)</b>                      | <b>–</b>             | <b>(19.47)</b>          | <b>3.99</b>                            | <b>(281.71)</b> | <b>–</b>        |
| <b><u>IMPAIRMENT</u></b>              |                 |                                    |                      |                         |                                        |                 |                 |
| INVESTMENT IN REAL ESTATE             |                 |                                    |                      |                         |                                        |                 |                 |
| Land and natural resources            | (218.76)        | –                                  | –                    | (6.80)                  | 22.39                                  | (203.17)        | –               |
| Buildings and other structures        | (48.50)         | (0.04)                             | –                    | (4.98)                  | 8.16                                   | (45.36)         | –               |
| <b>TOTAL IMPAIRMENT</b>               | <b>(267.26)</b> | <b>(0.04)</b>                      | <b>–</b>             | <b>(11.78)</b>          | <b>30.55</b>                           | <b>(248.53)</b> | <b>–</b>        |
| <b>TOTAL REAL ESTATE INVESTMENT</b>   | <b>1,250.71</b> | <b>1.74</b>                        | <b>–</b>             | <b>(5.68)</b>           | <b>(3.17)</b>                          | <b>1,243.60</b> | <b>1,684.29</b> |

Figures in millions of euros

The main disposals in 2018 correspond to the sale of a building in Santiago de Chile, for a sale price of 57.85 million euros and a profit, net of taxes, of 24.70 million euros.

### 2017

| Item                                  | Opening balance | Adjustments to the opening balance | Changes to the scope | Additions or provisions | Disposals, cancellations or reductions | Closing balance | Market value    |
|---------------------------------------|-----------------|------------------------------------|----------------------|-------------------------|----------------------------------------|-----------------|-----------------|
| <b><u>COST</u></b>                    |                 |                                    |                      |                         |                                        |                 |                 |
| INVESTMENT IN REAL ESTATE             |                 |                                    |                      |                         |                                        |                 |                 |
| Land and natural resources            | 644.86          | (18.86)                            | 0.56                 | 7.75                    | (17.74)                                | 616.57          | 443.59          |
| Buildings and other structures        | 1,196.62        | (15.19)                            | 9.51                 | 69.10                   | (92.56)                                | 1,167.48        | 1,235.53        |
| <b>TOTAL COST</b>                     | <b>1,841.48</b> | <b>(34.05)</b>                     | <b>10.07</b>         | <b>76.85</b>            | <b>(110.30)</b>                        | <b>1,784.05</b> | <b>1,679.12</b> |
| <b><u>CUMULATIVE DEPRECIATION</u></b> |                 |                                    |                      |                         |                                        |                 |                 |
| INVESTMENT IN REAL ESTATE             | (272.30)        | 2.59                               | –                    | (20.58)                 | 24.21                                  | (266.08)        | –               |
| <b>TOTAL CUMULATIVE DEPRECIATION</b>  | <b>(272.30)</b> | <b>2.59</b>                        | <b>–</b>             | <b>(20.58)</b>          | <b>24.21</b>                           | <b>(266.08)</b> | <b>–</b>        |
| <b><u>IMPAIRMENT</u></b>              |                 |                                    |                      |                         |                                        |                 |                 |
| INVESTMENT IN REAL ESTATE             |                 |                                    |                      |                         |                                        |                 |                 |
| Land and natural resources            | (228.46)        | 17.95                              | –                    | (12.90)                 | 4.65                                   | (218.76)        | –               |
| Buildings and other structures        | (65.91)         | 0.35                               | –                    | (3.92)                  | 20.98                                  | (48.50)         | –               |
| <b>TOTAL IMPAIRMENT</b>               | <b>(294.37)</b> | <b>18.30</b>                       | <b>–</b>             | <b>(16.82)</b>          | <b>25.63</b>                           | <b>(267.26)</b> | <b>–</b>        |
| <b>TOTAL REAL ESTATE INVESTMENT</b>   | <b>1,274.81</b> | <b>(13.16)</b>                     | <b>10.07</b>         | <b>39.45</b>            | <b>(60.46)</b>                         | <b>1,250.71</b> | <b>1,679.12</b> |

Figures in millions of euros

The impairment entries in both periods refer to the recorded losses following the valuations made.

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Impairment losses for the year are recorded in the "Allowance to the asset impairment provision" and the reversal under "Reversal of the asset impairment provision" in the consolidated income statement.

The market value of real estate investment and of real estate for own use basically represents the value determined by an independent appraiser that uses appraisal techniques based on the variables observed in the market (Level 2). The appraisal methods commonly used are the cost method, the comparison method, the future rental income method and the abbreviated residual method, depending on the characteristics of the asset being appraised.

Moreover, most real estate corresponds to assets assigned to technical provisions and valuations are performed on a regular basis, as established for valuation reviews by the supervisory bodies of insurance activities.

Revenues and expenses derived from real estate investments in 2018 and 2017 are shown in the table below:

| Item                                              | Type of investment   |              |             |             |                  |              |               |               |
|---------------------------------------------------|----------------------|--------------|-------------|-------------|------------------|--------------|---------------|---------------|
|                                                   | Operating investment |              | Equity      |             | Other Activities |              | Total         |               |
|                                                   | 2018                 | 2017         | 2018        | 2017        | 2018             | 2017         | 2018          | 2017          |
| <b>Revenue from real estate investment</b>        |                      |              |             |             |                  |              |               |               |
| From rentals                                      | 42.16                | 40.76        | 2.13        | 2.19        | 13.70            | 12.05        | 57.99         | 55.00         |
| Other                                             | 31.88                | 0.42         | 0.05        | --          | 2.33             | 3.44         | 34.26         | 3.86          |
| Gains on disposals                                | 25.64                | 49.14        | 0.36        | 4.57        | 6.32             | 16.51        | 32.32         | 70.22         |
| <b>Total revenue from real estate investment</b>  | <b>99.68</b>         | <b>90.32</b> | <b>2.54</b> | <b>6.76</b> | <b>22.35</b>     | <b>32.00</b> | <b>124.57</b> | <b>129.08</b> |
| <b>Expenses from real estate investment</b>       |                      |              |             |             |                  |              |               |               |
| Direct operating expenses                         | 23.01                | 23.48        | --          | --          | --               | --           | 23.01         | 23.48         |
| Other expenses                                    | 4.69                 | 6.35         | 0.04        | 0.09        | 8.45             | 9.19         | 13.18         | 15.63         |
| Losses on disposals                               | 5.70                 | 6.00         | --          | 0.02        | 0.05             | 0.28         | 5.75          | 6.30          |
| <b>Total expenses from real estate investment</b> | <b>33.40</b>         | <b>35.83</b> | <b>0.04</b> | <b>0.11</b> | <b>8.50</b>      | <b>9.47</b>  | <b>41.94</b>  | <b>45.41</b>  |

Figures in millions of euros

### 6.3. LEASING

The Group has the following items subject to operating lease agreements:

| Type of assets       | Net book value |        | Maximum duration of Leases (Years) |      | Maximum years elapsed |      |
|----------------------|----------------|--------|------------------------------------|------|-----------------------|------|
|                      | 2018           | 2017   | 2018                               | 2017 | 2018                  | 2017 |
| Property investments | 849.58         | 852.90 | 25                                 | 25   | 23                    | 22   |

Figures in millions 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.

At December 31, 2018 and 2017 the future minimum collections for non-cancelable operating leases were as follows:

| Item                                  | 2018          | 2017          |
|---------------------------------------|---------------|---------------|
| Less than one year                    | 53.18         | 43.31         |
| More than one year but less than five | 143.82        | 104.48        |
| More than five years                  | 96.48         | 80.64         |
| <b>TOTAL</b>                          | <b>293.48</b> | <b>228.43</b> |

Figures in millions of euros

No contingent payments were recorded as revenues in 2018 and 2017.

The Group is the lessee, under operating leases, of buildings and other property, plant and equipment assets.

These leases have an average duration of five years, without renewal clauses in the agreements. There is no restriction on the lessee whatsoever regarding the prerogative to sign these leases.

The future minimum payments payable on non-cancelable operating leases at December 31 were as follows:

| Item                                  | 2018          | 2017          |
|---------------------------------------|---------------|---------------|
| Less than one year                    | 42.09         | 38.23         |
| More than one year but less than five | 157.24        | 176.73        |
| More than five years                  | 232.30        | 312.11        |
| <b>TOTAL</b>                          | <b>431.63</b> | <b>527.07</b> |

Figures in millions of euros

No contingent payments were recorded as expenses in 2018 and 2017.

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## 6.4. FINANCIAL INVESTMENTS

At December 31, 2018 and 2017 the composition of financial investments was as follows:

| Item                                       | Book value       |                  |
|--------------------------------------------|------------------|------------------|
|                                            | 2018             | 2017             |
| <b><u>HELD-TO-MATURITY PORTFOLIO</u></b>   |                  |                  |
| Fixed income                               | 1,939.60         | 2,003.72         |
| Other investments                          | 11.87            | 20.54            |
| <b>TOTAL HELD TO MATURITY PORTFOLIO</b>    | <b>1,951.47</b>  | <b>2,024.26</b>  |
| <b><u>AVAILABLE-FOR-SALE PORTFOLIO</u></b> |                  |                  |
| Shares                                     | 1,799.94         | 2,035.57         |
| Fixed income                               | 31,487.88        | 31,542.28        |
| Mutual Funds                               | 432.38           | 908.62           |
| Other                                      | 33.53            | 29.96            |
| <b>TOTAL AVAILABLE FOR SALE PORTFOLIO</b>  | <b>33,753.73</b> | <b>34,516.43</b> |
| <b><u>TRADING PORTFOLIO</u></b>            |                  |                  |
| Derivatives (not for hedging):             |                  |                  |
| Financial swaps                            | 453.00           | 512.60           |
| Options                                    | 0.70             | 1.97             |
| Other investments:                         |                  |                  |
| Shares                                     | 607.21           | 365.32           |
| Fixed income                               | 3,090.04         | 3,415.04         |
| Mutual Funds                               | 898.05           | 722.76           |
| Hybrids                                    | 413.13           | 323.91           |
| Deposits                                   | --               | 109.50           |
| Other                                      | 78.64            | 11.47            |
| <b>TOTAL TRADING PORTFOLIO</b>             | <b>5,540.77</b>  | <b>5,462.57</b>  |

Figures in millions of euros

The process for the valuation of financial assets is as follows:

- When the asset is acquired, it is assigned to a specific portfolio (held-to-maturity, available for sale, or trading) depending on the characteristics of the liabilities to which it is going to be assigned and on the local and international legislation on accounting and insurance.
- The accounting nature of the portfolios dictates the type of valuation performed. However, at least once a month all assets are valued against the market using the valuation methods mentioned in Note 5.5 "Financial investments" (Level 1, Level 2 and Level 3).
- The valuations are performed directly by the Group's companies, although in some countries an independent financial institution carries them out in line with the local regulations.

The valuation policy is decided by the Investment Committees and/or Risk Committees, and is reviewed at least once a quarter.

Furthermore, the MAPFRE S.A. Executive Committee analyzes the value of all investments, gains and losses on a regular basis.

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With regard to the sensitivity of fair value measurements, changes in the non-observable variables used in the aforementioned individual valuations would not significantly alter the fair value obtained.

Quoted prices are monitored and verified on a regular basis in order to decide whether any transfers between levels are required:

1. If the quotation source for a particular asset is no longer representative, it is transferred from Level 1 to Level 2.
2. Assets are transferred from Levels 2 and 3 to Level 1 if a reasonable quotation source is verified.
3. Assets are transferred to Level 3 when there are no longer any observable market data.

As indicated in Note 2.5, the Group has analyzed the fixed income securities classified in the held to maturity and available for sale portfolios from the most relevant Regional Areas and Units in order to determine which securities receive flows solely from principal and interest (they pass the SPPI test). The results of this analysis are described below, breaking down the book and fair values to December 31, 2018, as well as the variation of the fair value during the year.

| Result                | Book value       | Fair value       |                 |
|-----------------------|------------------|------------------|-----------------|
|                       |                  | Amount           | Variation       |
| Pass SPPI test        | 29,750.01        | 29,928.39        | (178.38)        |
| Do not pass SPPI test | 445.29           | 443.87           | (19.20)         |
| Inconclusive          | 1,671.10         | 1,682.60         | (19.05)         |
| <b>Total analyzed</b> | <b>31,866.40</b> | <b>32,054.86</b> | <b>(216.63)</b> |

Figures in millions of euros

As such, 93 percent of the fair value of the portfolio analyzed corresponds to fixed income financial assets whose receive flows solely from principal and interests. With regard to the financial quality of these securities, 99 percent correspond to instruments with low credit risk (classified as investment grade).

Regarding the securities that do not pass the SPPI test, these imply less than 2 percent of the total portfolio analyzed. As for their credit quality, 88 percent correspond to instruments with low credit risk.

The Group continues to analyze the instrument portfolios (5 percent of the total analyzed), the clauses of which cast doubts regarding the previously mentioned SPPI test, and which are identified in the above chart as "Inconclusive".

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### Held-to-maturity portfolio

The investments allocated to the held-to-maturity portfolio at December 31, 2018 and 2017 are shown below:

| Item              | Book value |          | Fair value               |          |                          |        |                             |       | Revenue from interest |        | Impairment    |      |                |      |
|-------------------|------------|----------|--------------------------|----------|--------------------------|--------|-----------------------------|-------|-----------------------|--------|---------------|------|----------------|------|
|                   |            |          | Level 1. Quotation price |          | Level 2. Observable data |        | Level 3. Other measurements |       |                       |        | Recorded loss |      | Reversal gains |      |
|                   | 2018       | 2017     | 2018                     | 2017     | 2018                     | 2017   | 2018                        | 2017  | 2018                  | 2017   | 2018          | 2017 | 2018           | 2017 |
| Fixed income      | 1,939.60   | 2,003.72 | 1,845.18                 | 1,899.17 | 131.63                   | 151.42 | 37.53                       | 35.17 | 183.12                | 202.01 | --            | --   | --             | --   |
| Other investments | 11.87      | 20.54    | 5.83                     | 10.38    | 0.04                     | 0.13   | 5.99                        | 9.78  | 1.58                  | 2.66   | --            | --   | --             | --   |
| TOTAL             | 1,951.47   | 2,024.26 | 1,851.01                 | 1,909.55 | 131.67                   | 151.55 | 43.52                       | 44.95 | 184.70                | 204.67 | --            | --   | --             | --   |

Figures in millions of euros

In relation to Level 3 financial assets in the held-to-maturity portfolio, no significant transactions were carried out in 2018.

### Available-for-sale portfolio

The investments allocated to the available-for-sale portfolio, at December 31, 2018 and 2017 are shown below:

| Item         | Book value (fair value)  |                  |                          |                 |                             |              |                  |                  | Impairment     |                |                |             |
|--------------|--------------------------|------------------|--------------------------|-----------------|-----------------------------|--------------|------------------|------------------|----------------|----------------|----------------|-------------|
|              | Level 1. Quotation price |                  | Level 2. Observable data |                 | Level 3. Other measurements |              | Total            |                  | Recorded loss  |                | Reversal gains |             |
|              | 2018                     | 2017             | 2018                     | 2017            | 2018                        | 2017         | 2018             | 2017             | 2018           | 2017           | 2018           | 2017        |
| Shares       | 1,745.91                 | 1,990.46         | 49.50                    | 26.53           | 4.53                        | 18.58        | 1,799.94         | 2,035.57         | (4.19)         | (0.01)         | 0.12           | 0.07        |
| Fixed income | 26,702.47                | 27,552.54        | 4,771.83                 | 3,973.56        | 13.58                       | 16.18        | 31,487.88        | 31,542.28        | (10.53)        | (15.34)        | 0.05           | 0.02        |
| Mutual Funds | 322.73                   | 894.62           | 0.52                     | 0.58            | 109.13                      | 13.42        | 432.38           | 908.62           | --             | --             | --             | --          |
| Other        | 29.16                    | 24.60            | 4.35                     | 5.36            | 0.02                        | --           | 33.53            | 29.96            | --             | --             | --             | --          |
| <b>TOTAL</b> | <b>28,800.27</b>         | <b>30,462.22</b> | <b>4,826.20</b>          | <b>4,006.03</b> | <b>127.26</b>               | <b>48.18</b> | <b>33,753.73</b> | <b>34,516.43</b> | <b>(14.72)</b> | <b>(15.35)</b> | <b>0.17</b>    | <b>0.09</b> |

Figures in millions of euros

The valuation adjustments of portfolio investments amounted to 3.42 and 4.12 billion euros at December 31, 2018 and 2017 respectively, which have been recorded net of the tax effect on equity.

Transfers to the consolidated income statement of valuation adjustments of portfolio investments in previous years, undertaken during 2018 and 2017, amount to 144.29 and 204.58 million euros, respectively.

There were asset transfers from Levels 1 to Level 2, for the amount of 975.67 million euros.

There were no variations in valuation techniques at Levels 2 and 3.

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A reconciliation of the opening and closing balances at the close of period for Level 3 financial assets in the available-for-sale portfolio is shown below:

| Available-for-sale portfolio | Equity instruments and mutual funds |        | Debt securities |        | Other financial assets |      | Total   |        |
|------------------------------|-------------------------------------|--------|-----------------|--------|------------------------|------|---------|--------|
|                              | 2018                                | 2017   | 2018            | 2017   | 2018                   | 2017 | 2018    | 2017   |
| Opening balance              | 32.00                               | 23.90  | 16.18           | 24.84  | —                      | —    | 48.18   | 48.74  |
| Acquisitions                 | 72.94                               | 8.14   | 12.85           | —      | —                      | —    | 85.79   | 8.14   |
| Disposals                    | (4.73)                              | (0.23) | (12.91)         | (7.53) | —                      | —    | (17.64) | (7.76) |
| Transfer from Level 1 or 2   | 24.66                               | 1.82   | 0.49            | —      | —                      | —    | 25.15   | 1.82   |
| Transfer to Level 1 or 2     | —                                   | (2.00) | —               | —      | —                      | —    | —       | (2.00) |
| Amortization                 | —                                   | —      | —               | —      | —                      | —    | —       | —      |
| Gains and losses             | (2.91)                              | —      | (3.03)          | —      | —                      | —    | (5.94)  | —      |
| Other                        | (8.30)                              | 0.37   | —               | (1.13) | 0.02                   | —    | (8.28)  | (0.76) |
| Closing balance              | 113.66                              | 32.00  | 13.58           | 16.18  | 0.02                   | —    | 127.26  | 48.18  |

Figures in millions of euros

At the close of 2018 and 2017 the impairment analyses performed for each security in the equity portfolios concluded that there was no significant impairment, or any signs of such, in any of the investments measured at their stock market quoted price as none of the objective situations determining this eventuality had occurred.

With respect to investments in unlisted assets, in 2018, a loss of 3.38 million euros was recognized for the equity investment in SAREB. No provisions were made during the periods 2017 and 2018 for significant impairment to investments in unquoted assets analyzed individually.

At the close of 2018 and 2017, the Group had fixed-income assets as guarantees for financial swap operations with a market value of 425.26 and 322.23 million euros, respectively. These financial assets are classified in the available-for-sale portfolio. At the close of these years, the guaranteed assets amounted to 465.16 and 507.32 million euros, respectively. In both cases the guarantee matures on a daily basis, at which time a new guarantee is established or the existing guarantee is maintained or canceled. The existence of these guarantees mitigated the counterparty risk (CVA/DVA) on a large portion of the Group's derivatives.

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## Trading portfolio

The investments allocated to the trading portfolio at December 31, 2018 and 2017 are shown below:

| Item                                       | Book value (fair value)  |          |                          |        |                             |      |          |          |
|--------------------------------------------|--------------------------|----------|--------------------------|--------|-----------------------------|------|----------|----------|
|                                            | Level 1. Quotation price |          | Level 2. Observable data |        | Level 3. Other measurements |      | Total    |          |
|                                            | 2018                     | 2017     | 2018                     | 2017   | 2018                        | 2017 | 2018     | 2017     |
| <b>Derivatives (not for hedging)</b>       |                          |          |                          |        |                             |      |          |          |
| Financial swaps                            | --                       | --       | 453.00                   | 512.60 | --                          | --   | 453.00   | 512.60   |
| Options                                    | --                       | 1.97     | 0.70                     | --     | --                          | --   | 0.70     | 1.97     |
| <b>TOTAL DERIVATIVES (NOT FOR HEDGING)</b> | --                       | 1.97     | 453.70                   | 512.60 | --                          | --   | 453.70   | 514.57   |
| <b>Other investments</b>                   |                          |          |                          |        |                             |      |          |          |
| Shares                                     | 605.86                   | 363.82   | 0.05                     | 0.05   | 1.30                        | 1.45 | 607.21   | 365.32   |
| Fixed income                               | 2,900.95                 | 3,213.45 | 189.09                   | 201.59 | --                          | --   | 3,090.04 | 3,415.04 |
| Mutual Funds                               | 895.16                   | 690.44   | 2.89                     | 32.32  | --                          | --   | 898.05   | 722.76   |
| Hybrids                                    | 10.59                    | 268.40   | 402.54                   | 55.51  | --                          | --   | 413.13   | 323.91   |
| Deposits                                   | --                       | --       | --                       | 109.50 | --                          | --   | --       | 109.50   |
| Other                                      | 0.41                     | 10.76    | 78.23                    | 0.71   | --                          | --   | 78.64    | 11.47    |
| <b>TOTAL OTHER INVESTMENTS</b>             | 4,412.97                 | 4,546.87 | 672.80                   | 399.68 | 1.30                        | 1.45 | 5,087.07 | 4,948.00 |
| <b>TOTAL TRADING PORTFOLIO</b>             | 4,412.97                 | 4,548.84 | 1,126.50                 | 912.28 | 1.30                        | 1.45 | 5,540.77 | 5,462.57 |

Figures in millions of euros

During 2018 and 2017 no significant transactions were carried out involving Level 3 financial assets held for trading, and no transfers were made from/to this level.

Gains and losses recognized in the 2018 and 2017 results are as follows:

| Item                                       | Gains (Losses) allocated to results |         |          |        |
|--------------------------------------------|-------------------------------------|---------|----------|--------|
|                                            | Unrealized                          |         | Realized |        |
|                                            | 2018                                | 2017    | 2018     | 2017   |
| <b>Derivatives (not for hedging)</b>       |                                     |         |          |        |
| Financial swaps                            | (41.89)                             | (41.57) | (5.80)   | (1.41) |
| Options                                    | --                                  | --      | (0.28)   | (4.56) |
| <b>TOTAL DERIVATIVES (NOT FOR HEDGING)</b> | (41.89)                             | (41.57) | (6.08)   | (5.97) |
| <b>Other investments</b>                   |                                     |         |          |        |
| Shares                                     | (22.47)                             | 0.34    | (1.27)   | 11.39  |
| Fixed income                               | (12.17)                             | (8.85)  | (6.16)   | 0.33   |
| Mutual Funds                               | (55.96)                             | 36.19   | (3.30)   | 10.82  |
| Hybrids                                    | (9.60)                              | (5.96)  | --       | (0.36) |
| Deposits                                   | --                                  | --      | --       | --     |
| Other                                      | (0.08)                              | (0.25)  | 0.10     | 1.25   |
| <b>TOTAL OTHER INVESTMENTS</b>             | (100.28)                            | 21.47   | (10.63)  | 23.43  |
| <b>TOTAL TRADING PORTFOLIO</b>             | (142.17)                            | (20.10) | (16.71)  | 17.46  |

Figures in millions of euros

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The main derivative instruments correspond to financial swaps of certain or predefined flows in which a Group company assumes the obligation to pay certain fixed or predefined amounts, usually stated in euros. The sum of 453.00 million euros was recorded in the trading portfolio for this item in 2018 (512.60 million euros in 2017).

Purchased options are another type of derivative, albeit a less important one, which provide hedging for savings insurance operations in which the insured parties are guaranteed a specific yield based on the performance of the share price of a financial asset, foreign currency or stock market index. At the close of 2018 this item amounted to 0.70 million euros (1.97 million euros in 2017).

Note 7 "Risk Management" provides a breakdown of the maturity of fixed-income securities.

## 6.5. INVESTMENTS ON BEHALF OF LIFE INSURANCE POLICYHOLDERS BEARING THE INVESTMENT RISK

The following table shows the breakdown for the "Investments on behalf of Life insurance policyholders bearing investment risk" heading at December 31, 2018 and 2017:

| Item                  | Book value (fair value)  |                 |                          |               |                             |           |                 |                 | Earnings        |              |              |              |
|-----------------------|--------------------------|-----------------|--------------------------|---------------|-----------------------------|-----------|-----------------|-----------------|-----------------|--------------|--------------|--------------|
|                       | Level 1. Quotation price |                 | Level 2. Observable data |               | Level 3. Other measurements |           | Total           |                 | Unrealized      |              | Realized     |              |
|                       | 2018                     | 2017            | 2018                     | 2017          | 2018                        | 2017      | 2018            | 2017            | 2018            | 2017         | 2018         | 2017         |
| Shares                | 414.99                   | 235.59          | --                       | --            | --                          | --        | 414.99          | 235.59          | (44.92)         | 10.29        | 0.05         | --           |
| Fixed income          | 803.76                   | 718.30          | 260.41                   | 472.23        | --                          | --        | 1,064.17        | 1,190.53        | (47.52)         | 28.30        | 16.95        | 0.78         |
| Mutual funds holdings | 763.25                   | 824.05          | 0.08                     | 69.97         | --                          | --        | 763.33          | 894.02          | (16.12)         | 6.18         | 33.49        | 77.00        |
| <b>TOTAL</b>          | <b>1,982.00</b>          | <b>1,777.94</b> | <b>260.49</b>            | <b>542.20</b> | <b>--</b>                   | <b>--</b> | <b>2,242.49</b> | <b>2,320.14</b> | <b>(108.56)</b> | <b>44.77</b> | <b>50.49</b> | <b>77.78</b> |

Figures in millions of euros

In the balance of "Mutual funds", the amount of Group company majority shareholdings in mutual funds linked to Life insurance where the policyholder bears the investment risk is included, for a total of 134.43 and 127.01 million euros to December 31, 2018 and 2017, respectively. The breakdown of the assets this appears in is the following:

| Item         | 2018          | 2017          |
|--------------|---------------|---------------|
| Fixed income | 33.42         | 22.94         |
| Mutual funds | 88.19         | 87.77         |
| Other        | 12.82         | 16.30         |
| <b>TOTAL</b> | <b>134.43</b> | <b>127.01</b> |

Figures in millions of euros

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## 6.6. INVENTORIES

The following tables show the breakdown of movements under the Inventories heading for the last two periods:

### 2018

| Item                               | Opening balance | Adjustments to the opening balance | Changes to the scope | Entries      | Write-offs     | Impairment (Provision)/ Reversal | Closing balance |
|------------------------------------|-----------------|------------------------------------|----------------------|--------------|----------------|----------------------------------|-----------------|
| Land                               | 38.28           | --                                 | --                   | --           | --             | (2.19)                           | 36.09           |
| Developments and works in progress | 22.16           | --                                 | --                   | 0.03         | --             | --                               | 22.19           |
| Finished products                  | 1.96            | --                                 | --                   | 5.86         | (6.37)         | --                               | 1.45            |
| Raw materials                      | 4.68            | --                                 | --                   | 16.49        | (20.04)        | 0.01                             | 1.14            |
| <b>TOTAL</b>                       | <b>67.08</b>    | <b>--</b>                          | <b>--</b>            | <b>22.38</b> | <b>(26.41)</b> | <b>(2.18)</b>                    | <b>60.87</b>    |

Figures in millions of euros

### 2017

| Item                               | Opening balance | Adjustments to the opening balance | Changes in the scope | Inflows      | Outputs        | Impairment (Provision)/ Reversal | Closing balance |
|------------------------------------|-----------------|------------------------------------|----------------------|--------------|----------------|----------------------------------|-----------------|
| Land                               | 46.54           | --                                 | --                   | --           | --             | (8.26)                           | 38.28           |
| Developments and works in progress | 22.16           | --                                 | --                   | --           | (0.02)         | 0.02                             | 22.16           |
| Finished products                  | 2.01            | (0.08)                             | --                   | 7.37         | (7.30)         | (0.04)                           | 1.96            |
| Raw materials                      | 4.33            | (0.01)                             | --                   | 3.96         | (3.60)         | --                               | 4.68            |
| <b>TOTAL</b>                       | <b>75.04</b>    | <b>(0.09)</b>                      | <b>--</b>            | <b>11.33</b> | <b>(10.92)</b> | <b>(8.28)</b>                    | <b>67.08</b>    |

Figures in millions of euros

No interest costs were capitalized in 2018 and 2017.

## 6.7. RECEIVABLES

The breakdown of the "Receivables" heading at December 31, 2018 and 2017, as well as impairment losses and gains on reversals recorded in the last two years are as follows:

| Item                                                        | Gross amount    |                 | Impairment      |                 | Net balance on balance sheet |                 | Impairment      |                |                |              |
|-------------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|------------------------------|-----------------|-----------------|----------------|----------------|--------------|
|                                                             | 2018            | 2017            | 2018            | 2017            | 2018                         | 2017            | Recorded losses |                | Reversal gains |              |
|                                                             |                 |                 |                 |                 |                              |                 | 2018            | 2017           | 2018           | 2017         |
| Receivables on direct insurance and co-insurance operations | 3,709.38        | 4,097.81        | (65.17)         | (78.35)         | 3,644.21                     | 4,019.46        | (10.82)         | (20.74)        | 9.93           | 7.72         |
| Receivables on reinsurance operations                       | 939.29          | 1,034.06        | (36.21)         | (46.81)         | 903.08                       | 987.25          | (21.95)         | (0.02)         | 15.64          | 3.81         |
| Tax receivables                                             | 336.70          | 271.67          | --              | --              | 336.70                       | 271.67          | --              | --             | --             | --           |
| Corporate and other receivables                             | 895.11          | 1,075.63        | (17.90)         | (16.91)         | 877.21                       | 1,058.72        | (3.02)          | (3.41)         | 2.28           | 2.12         |
| <b>TOTAL</b>                                                | <b>5,880.48</b> | <b>6,479.17</b> | <b>(119.28)</b> | <b>(142.07)</b> | <b>5,761.20</b>              | <b>6,337.10</b> | <b>(35.79)</b>  | <b>(24.17)</b> | <b>27.85</b>   | <b>13.65</b> |

Figures in millions of euros

The heading "Receivables on direct insurance and co-insurance operations" includes premiums pending collection from policyholders and mediators, while the heading "Receivables on reinsurance operations" includes outstanding balances from ceded, retroceded and accepted reinsurance operations. In 2018 two Brazilian subsidiaries have written off unrecoverable balances in "Receivables on direct insurance and co-

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insurance operations" for the amounts of 35.11 and 38.83 million euros, respectively. As the unrecoverable amounts come from prior years, they have been included, net of taxes, in other variations in Reserves and Non-controlling interests in the Consolidated statement of changes in equity, for the total amount, including other minor adjustments in Debt and Technical Provisions, of 26.67 and 27.17 million euros, respectively.

The breakdown for the "Corporate and other receivables" heading at the close of the last two years is as follows:

| Corporate and other receivables                                                                    | Amount        |                 |
|----------------------------------------------------------------------------------------------------|---------------|-----------------|
|                                                                                                    | 2018          | 2017            |
| Debtors of sales or provision of services                                                          | 236.38        | 203.70          |
| Receivables for claim recovery (including collaboration agreements with other insurance companies) | 33.68         | 114.60          |
| Advance payment of policies (Life insurance)                                                       | 29.30         | 31.34           |
| Legal deposits                                                                                     | 326.03        | 441.65          |
| Receivables with Public Administrations                                                            | 0.55          | 5.42            |
| Balance receivables from personnel                                                                 | 27.70         | 26.09           |
| Other debtors                                                                                      | 223.57        | 235.92          |
| <b>TOTAL</b>                                                                                       | <b>877.21</b> | <b>1,058.72</b> |

Figures in millions of euros

Impairment is calculated and, where necessary, recognized, as described in the accounting policy 5.9 "Receivables" in this annual report.

The balances included in the "Receivables" heading do not accrue interest and generally their liquidation is executed the following year.

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## 6.8 ASSET IMPAIRMENT

The following tables show asset impairment for the last two periods:

### 2018

| Impairment in:                                                 | Opening balance | Adjustments to the opening balance | Changes to the scope | Recorded in results |                | Write-off of asset | Closing balance |
|----------------------------------------------------------------|-----------------|------------------------------------|----------------------|---------------------|----------------|--------------------|-----------------|
|                                                                |                 |                                    |                      | Increase            | Decrease       |                    |                 |
| <b>Intangible assets</b>                                       | <b>199.86</b>   | <b>(5.45)</b>                      | <b>--</b>            | <b>173.45</b>       | <b>--</b>      | <b>(94.94)</b>     | <b>272.92</b>   |
| I. Goodwill                                                    | 141.95          | (2.18)                             | --                   | 173.45              | --             | (50.88)            | 262.34          |
| II. Other intangible assets                                    | 57.91           | (3.27)                             | --                   | --                  | --             | (44.06)            | 10.58           |
| <b>Property, plant and equipment</b>                           | <b>20.06</b>    | <b>(0.51)</b>                      | <b>(0.18)</b>        | <b>2.22</b>         | <b>(8.09)</b>  | <b>(0.06)</b>      | <b>13.44</b>    |
| I. Real estate for own use                                     | 17.45           | --                                 | (0.18)               | 2.22                | (8.09)         | --                 | 11.40           |
| II. Other property, plant and equipment                        | 2.61            | (0.51)                             | --                   | --                  | --             | (0.06)             | 2.04            |
| <b>Investments</b>                                             | <b>450.82</b>   | <b>(39.28)</b>                     | <b>--</b>            | <b>28.81</b>        | <b>(28.68)</b> | <b>(16.62)</b>     | <b>395.05</b>   |
| I. Real estate investments                                     | 267.26          | 0.04                               | --                   | 11.78               | (28.51)        | (2.04)             | 248.53          |
| II. Financial investments                                      | --              | --                                 | --                   | --                  | --             | --                 | --              |
| -Held-to-maturity portfolio                                    | --              | --                                 | --                   | --                  | --             | --                 | --              |
| - Available for-sale portfolio                                 | 155.94          | (46.97)                            | --                   | 14.72               | (0.17)         | (14.58)            | 108.94          |
| -Trading portfolio                                             | --              | --                                 | --                   | --                  | --             | --                 | --              |
| III. Investments recorded by applying the equity method        | 18.62           | --                                 | --                   | --                  | --             | --                 | 18.62           |
| IV. Deposits established for accepted reinsurance              | --              | --                                 | --                   | --                  | --             | --                 | --              |
| V. Other investments                                           | 9.00            | 7.95                               | --                   | 2.31                | --             | --                 | 18.96           |
| <b>Inventories</b>                                             | <b>78.59</b>    | <b>--</b>                          | <b>--</b>            | <b>4.08</b>         | <b>(1.90)</b>  | <b>--</b>          | <b>80.77</b>    |
| <b>Receivables</b>                                             | <b>142.07</b>   | <b>(11.03)</b>                     | <b>--</b>            | <b>35.79</b>        | <b>(27.85)</b> | <b>(19.70)</b>     | <b>119.28</b>   |
| I. Receivables on direct insurance and co-insurance operations | 78.35           | (13.66)                            | --                   | 10.82               | (9.93)         | (0.41)             | 65.17           |
| II. Receivables on reinsurance operations                      | 46.81           | 2.38                               | --                   | 21.95               | (15.64)        | (19.29)            | 36.21           |
| III. Tax receivables                                           | --              | --                                 | --                   | --                  | --             | --                 | --              |
| IV. Social security and other receivables                      | 16.91           | 0.25                               | --                   | 3.02                | (2.28)         | --                 | 17.90           |
| <b>Other assets</b>                                            | <b>--</b>       | <b>--</b>                          | <b>--</b>            | <b>--</b>           | <b>--</b>      | <b>--</b>          | <b>--</b>       |
| <b>TOTAL IMPAIRMENT</b>                                        | <b>891.40</b>   | <b>(56.27)</b>                     | <b>(0.18)</b>        | <b>244.35</b>       | <b>(66.52)</b> | <b>(131.32)</b>    | <b>881.46</b>   |

Figures in millions of euros

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## 2017

| Impairment in:                                                 | Opening balance | Adjustments to the opening balance | Changes to the scope | Recorded in results |                | Write-off of asset | Closing balance |
|----------------------------------------------------------------|-----------------|------------------------------------|----------------------|---------------------|----------------|--------------------|-----------------|
|                                                                |                 |                                    |                      | Increase            | Decrease       |                    |                 |
| <b>Intangible assets</b>                                       | <b>129.18</b>   | <b>(9.71)</b>                      | <b>--</b>            | <b>113.22</b>       | <b>--</b>      | <b>(32.83)</b>     | <b>199.86</b>   |
| I. Goodwill                                                    | 85.19           | (5.01)                             | --                   | 61.77               | --             | --                 | 141.95          |
| II. Other intangible assets                                    | 43.99           | (4.70)                             | --                   | 51.45               | --             | (32.83)            | 57.91           |
| <b>Property, plant and equipment</b>                           | <b>20.08</b>    | <b>(1.12)</b>                      | <b>--</b>            | <b>8.69</b>         | <b>(3.53)</b>  | <b>(4.06)</b>      | <b>20.06</b>    |
| I. Real estate for own use                                     | 12.39           | (0.10)                             | --                   | 8.69                | (3.53)         | --                 | 17.45           |
| II. Other property, plant and equipment                        | 7.69            | (1.02)                             | --                   | --                  | --             | (4.06)             | 2.61            |
| <b>Investments</b>                                             | <b>438.51</b>   | <b>12.03</b>                       | <b>--</b>            | <b>32.17</b>        | <b>(21.59)</b> | <b>(10.30)</b>     | <b>450.82</b>   |
| I. Real estate investments                                     | 294.37          | (18.30)                            | --                   | 16.82               | (21.03)        | (4.60)             | 267.26          |
| II. Financial investments                                      | --              | --                                 | --                   | --                  | --             | --                 | --              |
| - Held-to-maturity portfolio                                   | --              | --                                 | --                   | --                  | --             | --                 | --              |
| - Available-for-sale portfolio                                 | 123.27          | 23.25                              | --                   | 15.35               | (0.09)         | (5.84)             | 155.94          |
| - Trading portfolio                                            | --              | --                                 | --                   | --                  | --             | --                 | --              |
| III. Investments recorded by applying the equity method        | 11.16           | 7.46                               | --                   | --                  | --             | --                 | 18.62           |
| IV. Deposits established for accepted reinsurance              | --              | --                                 | --                   | --                  | --             | --                 | --              |
| V. Other investments                                           | 9.71            | (0.38)                             | --                   | --                  | (0.47)         | 0.14               | 9.00            |
| <b>Inventories</b>                                             | <b>65.89</b>    | <b>4.42</b>                        | <b>--</b>            | <b>9.57</b>         | <b>(1.29)</b>  | <b>--</b>          | <b>78.59</b>    |
| <b>Receivables</b>                                             | <b>159.68</b>   | <b>(22.52)</b>                     | <b>--</b>            | <b>24.17</b>        | <b>(13.65)</b> | <b>(5.61)</b>      | <b>142.07</b>   |
| I. Receivables on direct insurance and co-insurance operations | 88.30           | (17.28)                            | --                   | 20.74               | (7.72)         | (5.60)             | 78.35           |
| II. Receivables on reinsurance operations                      | 55.05           | (4.45)                             | --                   | 0.02                | (3.81)         | --                 | 46.81           |
| III. Tax receivables                                           | --              | --                                 | --                   | --                  | --             | --                 | --              |
| IV. Corporate and other receivables                            | 16.33           | (0.79)                             | --                   | 3.41                | (2.12)         | 0.08               | 16.91           |
| <b>Other assets</b>                                            | <b>0.01</b>     | <b>--</b>                          | <b>--</b>            | <b>0.01</b>         | <b>(0.02)</b>  | <b>--</b>          | <b>0.00</b>     |
| <b>TOTAL IMPAIRMENT</b>                                        | <b>813.35</b>   | <b>(16.90)</b>                     | <b>--</b>            | <b>187.83</b>       | <b>(40.08)</b> | <b>(52.80)</b>     | <b>891.40</b>   |

Figures in millions of euros

## 6.9. CASH

### Expenditure

During 2018 and 2017 several disbursements were made related to investments in Group companies and the acquisition of businesses. The most significant acquisitions were as follows:

| Acquiring company                               | Details of acquisition           |            |                                  |                  |
|-------------------------------------------------|----------------------------------|------------|----------------------------------|------------------|
|                                                 | Company                          | Percentage | Activity                         | Amount disbursed |
| <b>2018</b><br>MAPFRE BRASIL PARTICIPAÇÕES S.A. | MAPFRE BB SH2 PARTICIPAÇÕES S.A. | 50.00%     | Holdings from insurance entities | 519.44           |
| <b>2017</b><br>MAPFRE INTERNACIONAL             | ABDA                             | 31.00%     | Non-Life Insurance               | 89.32            |
| MAPFRE INTERNACIONAL                            | ABDA                             | 11.33%     | Non-Life Insurance               | 31.16            |

Figures in millions of euros

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The aforementioned investments were financed using shareholders' equity, the issue of debentures and drawdowns on the long-term line of credit.

Acquisitions in 2018 are framed by the reorganization of the business in the strategic alliance between MAPFRE and Banco do Brasil, by means of which the Group has become shareholder of 100 percent of the business coming from the agent network and the auto and large risk business from the bank channel. The acquisition has generated a reduction in non-controlling interests and in reserves for the amount of 331.62 and 196.34 million euros respectively.

The acquisition of 11.33 percent of ABDA in 2017 came from the tender offer exercised by MAPFRE subsequent to the take-over of said company, in line with Indonesian regulations.

No significant non-monetary transactions related to investment and financing activities have been excluded from the cash flow statement.

### Commitments

Non-controlling interests of the MAPFRE RE subsidiary have a put option on the shares of this company. If exercised, MAPFRE S.A. or a Group company would have to acquire the shares from the selling non-controlling shareholder. The purchase price for the MAPFRE RE shares will be calculated using the previously agreed formula. At December 31, 2018 and 2017, based on the variables included in the aforementioned formula, the commitment assumed by the Group if this option were exercised would amount to a total of approximately 98.09 and 100.92 million euros, respectively.

### 6.10. NON-CURRENT ASSETS HELD FOR SALE, ASSOCIATED LIABILITIES AND DISCONTINUED OPERATIONS

At December 31, 2018 and 2017 the main non-current assets held for sale, discontinued operations and associated liabilities were as follows:

| Item                             | Non-current assets classified as held-for-sale |               | Discontinued operations |           | Total         |               |
|----------------------------------|------------------------------------------------|---------------|-------------------------|-----------|---------------|---------------|
|                                  | 2018                                           | 2017          | 2018                    | 2017      | 2018          | 2017          |
| <b>Assets</b>                    |                                                |               |                         |           |               |               |
| Intangible assets                | 40.66                                          | --            | --                      | --        | 40.66         | --            |
| Property, plant and equipment    | 43.06                                          | --            | --                      | --        | 43.06         | --            |
| Investments                      | 201.81                                         | 25.27         | --                      | --        | 201.81        | 25.27         |
| Credits                          | 16.44                                          | 124.76        | --                      | --        | 16.44         | 124.76        |
| Cash                             | 31.48                                          | --            | --                      | --        | 31.48         | --            |
| Other assets                     | 8.03                                           | 5.55          | --                      | --        | 8.03          | 5.55          |
| <b>Total assets</b>              | <b>341.48</b>                                  | <b>155.58</b> | <b>--</b>               | <b>--</b> | <b>341.48</b> | <b>155.58</b> |
| <b>Related liabilities</b>       |                                                |               |                         |           |               |               |
| Technical provisions             | 63.28                                          | --            | --                      | --        | 63.28         | --            |
| Provision for risks and expenses | 89.96                                          | --            | --                      | --        | 89.96         | --            |
| Deferred tax liabilities         | 1.08                                           | --            | --                      | --        | 1.08          | --            |
| Other debts                      | 39.64                                          | 1.09          | --                      | --        | 39.64         | 1.09          |
| <b>Total liabilities</b>         | <b>193.96</b>                                  | <b>1.09</b>   | <b>--</b>               | <b>--</b> | <b>193.96</b> | <b>1.09</b>   |

Figures in millions of euros

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### Non-current assets classified as held-for-sale and associated liabilities

The following is a description of the key transactions that generated assets and liabilities included in the above chart.

#### 2018

- Funeral service business in Spain

In the last quarter of 2018, MAPFRE España and Santa Lucía S.A. have reached a non-binding memorandum of understanding by virtue of which both parties reflected the preliminary agreements reached with the aim of establishing a strategic alliance for the joint development of their respective funeral service businesses in Spain, through the establishment of a jointly-owned company. According to said non-binding agreement, should the alliance be carried out, MAPFRE España would own a non-controlling interest, and Santa Lucia S.A. would control the jointly-owned company. As a result, 135.74 and 39.04 million euros have been reclassified, respectively, as assets and liabilities held for sale.

- Reorganization of activity in the United\_States

MAPFRE has reorganized its activity in the United States, selling its Life operation and exiting five states where it was operating primarily in the Auto line, due to not having sufficient scale there to make them profitable.

This restructuring is based on the following three transactions:

- a) The sale during the second quarter of 2018 of MAPFRE Life Insurance Company to the Swiss reinsurer Swiss Re. The sale transaction is limited to assets and liabilities, as well as the license MAPFRE had in all states in the U.S. to operate in the Life insurance line.
- b) The sale to the US insurer Plymouth Rock of the business in New York and New Jersey. In the case of New York, MAPFRE sold its subsidiary, MAPFRE Insurance Company, while in New Jersey, the operation was structured as a business portfolio transfer to various entities of the Plymouth Rock group. Both operations, which closed simultaneously, received approval from the regulatory bodies and were closed on January 2, 2019.
- c) The transfer, in April, of the Non-Life business portfolios in the states of Tennessee, Kentucky and Indiana to the entity Safeco Insurance, a subsidiary of the Liberty Mutual Group.

At the close of 2018 the fair value of the assets from these operations was recorded in the "Assets held for sale" for the amount of 112.76 million euros, with associated liabilities reaching 90.91 million euros.

The reorganization of all these businesses in the United States implied recording losses, net of taxes, of approximately 8.60 million dollars (7.20 million euros) at the close of December 2018, and a cash inflow in MAPFRE USA of 68.9 million dollars.

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2017

In June 2017, MAPFRE and Banco CEISS entered into a contract, by virtue of which MAPFRE transferred to Banco CEISS the whole of the shares in the undertakings Duero Vida and Duero Pensiones, for a total price of 141.70 million euros. The fair value of the asset from same contract is included in the heading for credits for "Non-current assets held for sale". After receiving authorization from the Dirección General de Seguros (Insurance Directorate General) in 2018, the shares were transferred and paid for.

In 2018 these assets generated revenue for the amount of 113.94 and 4.03 million euros, respectively (in 2017 they generated 51.09 million euros in revenue and 5.77 million euros of results).

**6.11. EQUITY**

- **Share capital**

The share capital is recorded by the face value of disbursed shares or whose disbursement was demanded.

The controlling company's share capital at December 31, 2018 and 2017 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 identical voting and dividend rights.

The Annual General Meeting of March 9, 2018 authorized the directors of the controlling company to increase the capital up to a maximum of 153,977,663.65 euros, equivalent to 50 percent 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 67.60 percent of the share capital at December 31, 2018 and 2017.

All shares representing the share capital of the controlling company are admitted to official trading on the Madrid and Barcelona stock markets.

- **Treasury Stock**

In 2018 and 2017, treasury stock went down by 2,079,216 and 3,988,894 shares, respectively, representing 0.0675 and 0.1295 percent of the capital, for the amount of 4.11 and 7.87 million euros, respectively. At December 31 2018 and 2017, the controlling company owned 24,431,890 and 26,511,106 treasury stock respectively, representing 0.7934 and 0.8609 percent of the capital, for the amount of 48.25 and 52.36 million euros, respectively. The difference from the sale price, which reached 1.93 million euros (4.70 million euros in 2017), is included in the heading "Reserves".

At December 31, 2018 and 2017 no other Group company held shares in the controlling company.

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- **Valuation change adjustments**

This includes the equity reserves arising as a consequence of revenues and expenses recognized in each year which, pursuant to IFRS, must be recorded in the Group's equity accounts.

The following table shows the nature of the "Valuation change adjustments" recorded under that Equity heading at the close of the last two financial years:

| Item                                  | Amount        |               |
|---------------------------------------|---------------|---------------|
|                                       | 2018          | 2017          |
| <b><u>Fixed income</u></b>            |               |               |
| Capital gains                         | 3,834.87      | 4,082.41      |
| Capital losses                        | (1,772.05)    | (1,756.74)    |
| <b><u>Equity and Mutual Funds</u></b> |               |               |
| Capital gains                         | 142.45        | 282.74        |
| Capital losses                        | (114.17)      | (20.07)       |
| Shadow accounting                     | (1,839.32)    | (1,983.17)    |
| Other adjustments                     | 41.34         | 15.52         |
| <b>TOTAL</b>                          | <b>293.12</b> | <b>620.69</b> |

Figures in millions of euros

- **Restrictions on the availability of reserves**

- The heading "Reserves" includes the controlling company's legal reserve, amounting to 61.59 million euros at December 31, 2018 and 2017, which may not be distributed to shareholders, except in the event of the controlling company's liquidation, and may only be used to offset potential losses.

The same restriction applies to the legal reserves established by the subsidiaries and reflected in their balance sheets.

- There are no other restrictions on the availability of reserves for any significant amount, except for those described in the section regarding "Tax incentives" in Note 6.21.

- **Capital management**

Capital management is focused on ensuring stability and maintaining adequate remuneration, which are achieved through robust solvency margins, financial flexibility, the generation of cash flows, and the creation of value for shareholders.

Managed capital refers to the shareholders' equity permitted by the regulations currently in force and other management models used. The Group Solvency ratio offers great stability, backed by a high level of diversification and strict asset and liability management and investment policies.

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In line with the Group's risk appetite, which corresponds to the level of risk that the Group is prepared to assume to attain its business objectives without any significant deviations (even in adverse circumstances), each business unit operates according to a series of risk tolerance levels based on the capital assigned.

MAPFRE has an internal capitalization and dividend policy that is designed to provide the business units with the capital necessary to cover the risks that have been assumed, all in a rational and objective way.

The volume of dividends for distribution is established in line with the estimated results and shareholders' equity. If actual performance deviates from the estimates made, the assigned capital is revised.

Remuneration for shareholders is linked to the Group's profits, solvency, liquidity and investment plans, as well as shareholders' expectations.

As a general rule, the Board of Directors recommends a distribution of dividends to the Annual General Meeting based on between 50 percent and 65 percent of the result for the period attributable to the controlling company in its consolidated annual accounts.

The risk estimates and assignment of capital to each business unit are described in Note 7 of the annual report, "Risk Management".

The items that form part of the Group's available equity conform to the requirements of current regulations.

## **6.12. SUBORDINATED LIABILITIES**

At December 31, 2018, the balance of this account included the amortized cost of the subordinated debt issued by the controlling company, corresponding to the issuances in September 2018 and March 2017 (only the latter to December 2017).

In 2017, all of the subordinated notes issued by the controlling company in July 2007 were redeemed in advance on the first call date.

The most relevant terms and conditions governing the issuances from September 2018 and March 2017 are described below.

### **Issuance from September 2018**

- Issuance type: subordinated debentures represented by book entries
- Nominal amount: 500 million euros
- Issue date: September 7, 2018
- Maturity: September 7, 2048; first call date September 7, 2028

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- Redemption in special cases: due to reform or modification of tax regulations, non-classification as issuer's own funds, and change in treatment granted by the credit rating agencies.
- Interest from the issuance to the date of the first call option: 4.125 percent per year, payable September 7 each year
- Interest from the first call date: floating rate equal to the Euribor rate at 3 months plus 4.30 percent, payable quarterly
- Interest deferral: the issuer will be obligated to defer interest payment should any Solvency Capital Requirement or Minimum Capital Requirement breach exist, or should the relevant regulator prohibit the issuer from making interest payments, or should the issuer be unable to meet regularly its due and payable liabilities.
- Listing: AIAF market
- Jurisdiction: Spanish
- Rating: BBB-.

The accrued unpaid interest at December 31, 2018 stood at 6.50 million euros and the notes trade at 99.84 percent of their face value.

#### Issuance from March 2017

- Issuance type: subordinated debentures represented by book entries
- Nominal amount: 600 million euros
- Issue date: March 31, 2017
- Maturity: March 31, 2047; first call date March 31, 2027
- Redemption in special cases: due to reform or modification of tax regulations, non-classification as issuer's own funds, and change in treatment granted by the credit rating agencies.
- Interest from the issuance to the date of the first call option: 4.375 percent per year, payable March 31 each year
- Interest from the first call date: floating rate equal to the Euribor rate at 3 months plus 4.543 percent, payable quarterly
- Interest deferral: the issuer will be obligated to defer interest payment should any Solvency Capital Requirement or Minimum Capital Requirement breach exist, or should the relevant regulator prohibit the issuer from making interest payments, or should the issuer be unable to meet regularly its due and payable liabilities.
- Listing: AIAF market

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

- Jurisdiction: Spanish
- Rating: BBB-.

The accrued unpaid interest at December 31, 2018 and 2017 stood at 19.78 million euros and the notes trade at 102.49 percent and 113.99 percent of their face value.

### 6.13. FINANCIAL LIABILITIES

The following table shows the fair value breakdown of the financial liabilities:

| Item                                                | Book value      |                 | Fair value      |                 |
|-----------------------------------------------------|-----------------|-----------------|-----------------|-----------------|
|                                                     | 2018            | 2017            | 2018            | 2017            |
| Issue of debentures and other negotiable securities | 1,004.05        | 1,003.29        | 997.32          | 1,035.26        |
| Due to credit institutions                          | 545.69          | 706.74          | 545.69          | 706.74          |
| Other financial liabilities                         | 1,262.80        | 1,235.17        | 1,256.84        | 1,226.70        |
| <b>TOTAL</b>                                        | <b>2,812.54</b> | <b>2,945.20</b> | <b>2,799.85</b> | <b>2,968.70</b> |

Figures in millions of euros

At December 31, 2018 and 2017 the fair value of the issue of debentures and other negotiable securities corresponded to the quoted price at the close of the period (Level 1), including the accrued interest.

#### Issuance of debentures and other negotiable securities

At December 31, 2018 and 2017 the balance of this account included the amortized cost of the simple debentures issued by MAPFRE S.A. The most relevant terms and conditions governing issuing activity are described below.

- Issue type: simple debentures represented by book entries
- Nominal amount: 1 billion euros
- Issuance date: May 19, 2016
- Issuance period: 10 years
- Maturity: May 19, 2026
- Redemption: single payment on maturity and at par, with no expense for the holder
- Listing: Fixed-income AIAF market
- Coupon: annual fixed 1.625 percent, payable on the anniversaries of the issue date up to and including the end maturity date

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- Issue rating: BBB+

The accrued interest outstanding at December 31, 2018 and 2017 amounted to 10.06 million euros. At December 31, 2018 and 2017 the securities were listed at 98.73 percent and 102.52 percent of their face value, respectively.

#### **Debt payable to lending institutions**

The breakdown of the amounts due to credit institutions at December 31, 2018 and 2017 is shown below:

| Class of debt | Book value    |               | Average interest rate % |      | Guarantees granted |      |
|---------------|---------------|---------------|-------------------------|------|--------------------|------|
|               | 2018          | 2017          | 2018                    | 2017 | 2018               | 2017 |
| Finance lease | 0.40          | 0.67          | 5.28                    | 4.18 | --                 | --   |
| Credits       | 502.82        | 654.98        | 0.50                    | 0.80 | --                 | --   |
| Loans         | 0.59          | 0.89          | --                      | --   | --                 | --   |
| Other         | 41.88         | 50.20         | 1.00                    | 1.00 | --                 | --   |
| <b>TOTAL</b>  | <b>545.69</b> | <b>706.74</b> | --                      | --   | --                 | --   |

Figures in millions of euros

At December 31, 2018 and 2017 the main line of credit was as follows:

| Bank         | Maturity   | Limit           |                 | Drawn down    |               |
|--------------|------------|-----------------|-----------------|---------------|---------------|
|              |            | 2018            | 2017            | 2018          | 2017          |
| Santander    | 02.26.2023 | 1,000.00        | 1,000.00        | 490.00        | 600.00        |
| <b>TOTAL</b> |            | <b>1,000.00</b> | <b>1,000.00</b> | <b>490.00</b> | <b>600.00</b> |

Figures in millions of euros

Banco de Santander is the agent bank of the aforementioned credit line, which is a syndicated loan with other companies and which accrues interest at a rate pegged to market variables. In 2018, it was novated, modifying the conditions and extending its maturity. Among the conditions modified, it is worth pointing out that it became sustainable financing, also linking its interest to the Group sustainability parameters. As set out in the contract, in January 2019 its maturity was extended from February 2023 to February 2024.

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**Other financial liabilities**

The heading "Other financial liabilities" includes the outstanding amount for financial obligations not included in any other items. The following table shows the breakdown at December 31, 2018 and 2017:

| Other financial liabilities                                            | Amount          |                 |
|------------------------------------------------------------------------|-----------------|-----------------|
|                                                                        | 2018            | 2017            |
| Financial liabilities held for trading                                 | 322.36          | 264.94          |
| Other financial liabilities measured at fair value with changes in P&L | 469.60          | 514.13          |
| Non-controlling interests in mutual funds (Note 3.2)                   | 428.15          | 412.69          |
| Derivatives for asset operations (equity swap)                         | --              | --              |
| Other financial liabilities                                            | 42.69           | 43.41           |
| <b>TOTAL</b>                                                           | <b>1,262.80</b> | <b>1,235.17</b> |

Figures in millions of euros

The line of credit granted by CARTERA MAPFRE has a limit of 400.00 million euros, accrues interest at a variable rate referenced to the three-month Euribor, matures on September 10, 2019, and can be extended for successive periods of one year. In 2017, 0.02 million euros were paid in interest arising from this line of credit, with no withdrawals made on this line of credit in 2018.

At December 31, 2018 and 2017 the fair value of these liabilities did not differ significantly from their book value.

Regarding the fair value level, the fair value measurements of these liabilities are classified at Level 2, with the exception of the balance of "Non-controlling interests in mutual funds", valued at liquid value (mostly Level 1).

In 2018 and 2017 no financial liabilities were transferred between Levels 1, 2 and 3. Items are transferred between levels when they no longer meet the criteria for classification under a given level but meet those of one of the other levels. No adjustments were made for own credit risk in connection with the financial liabilities deriving from financial swap transactions, given that they are cash flow exchange operations whose current net value leads to a balance in favor of the counterparty. In any event, the application of adjustments for own credit risk in these transactions would not have a material effect on the income statement or on the company's equity.

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## 6.14. TECHNICAL PROVISIONS

### 1. Breakdown of the composition of technical provisions

The following table shows the balance composition of each of the technical provisions listed on the balance sheet of the last two years.

| Item                                                                 | Direct insurance |                  | Accepted reinsurance |                 | Ceded and retroceded reinsurance |                 |
|----------------------------------------------------------------------|------------------|------------------|----------------------|-----------------|----------------------------------|-----------------|
|                                                                      | 2018             | 2017             | 2018                 | 2017            | 2018                             | 2017            |
| <u>Provisions for Non-life unearned premiums and unexpired risks</u> |                  |                  |                      |                 |                                  |                 |
| 1.1 Provision for unearned premiums                                  | 6,939.18         | 6,969.93         | 963.08               | 1,354.59        | 1,522.70                         | 1,747.58        |
| 1.2 Provision for unexpired risks                                    | 48.06            | 43.37            | 1.08                 | 7.21            | --                               | --              |
| <u>Life insurance provisions</u>                                     |                  |                  |                      |                 |                                  |                 |
| 2.1 Provisions for unearned premiums and unexpired risks             |                  |                  |                      |                 |                                  |                 |
| 2.1.1. Provision for unearned premiums                               | 1,248.19         | 1,266.65         | 510.86               | 504.63          | 5.68                             | 11.95           |
| 2.1.2. Provision for unexpired risks                                 | 25.76            | 158.21           | --                   | --              | --                               | --              |
| 2.2 Mathematical reserves                                            | 22,973.80        | 22,977.24        | 79.86                | 86.19           | 50.27                            | 56.75           |
| <u>Provisions for outstanding claims</u>                             |                  |                  |                      |                 |                                  |                 |
| 3.1 Pending settlement or payment                                    | 8,884.91         | 7,345.04         | 2,298.95             | 2,000.25        | 3,762.77                         | 2,493.19        |
| 3.2 Claims incurred but not reported (IBNR)                          | 1,183.15         | 1,520.62         | 160.98               | 184.37          | 526.03                           | 667.03          |
| 3.3 For claim settlement internal expenses                           | 181.93           | 171.66           | 4.23                 | 1.15            | 14.26                            | 11.54           |
| <u>Other technical provisions</u>                                    |                  |                  |                      |                 |                                  |                 |
| 4.1 Burial                                                           | 909.89           | 829.06           | --                   | --              | 1.08                             | --              |
| 4.2 Other                                                            | 67.24            | 73.79            | --                   | --              | 0.39                             | 1.58            |
| <b>TOTAL</b>                                                         | <b>42,462.11</b> | <b>41,355.57</b> | <b>4,019.04</b>      | <b>4,138.39</b> | <b>5,883.18</b>                  | <b>4,989.62</b> |

Figures in millions of euros

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## 2. Movement of each of the technical provisions

### 2.1. Provisions for unearned premiums, unexpired risks, claims, profit-sharing and other technical provisions

#### A) DIRECT INSURANCE AND ACCEPTED REINSURANCE

**2018**

| Item                                                                 | Opening balance  | Adjustments to the opening balance | Changes to the scope | Provisions       | Reversals          | Closing balance  |
|----------------------------------------------------------------------|------------------|------------------------------------|----------------------|------------------|--------------------|------------------|
| <u>Provisions for Non-Life unearned premiums and unexpired risks</u> |                  |                                    |                      |                  |                    |                  |
| 1.1 Provision for unearned premiums                                  | 8,324.52         | (236.25)                           | --                   | 9,121.87         | (9,307.88)         | 7,902.26         |
| 1.2 Provision for unexpired risks                                    | 50.58            | 3.93                               | --                   | 27.25            | (32.62)            | 49.14            |
| <u>Live insurance provisions</u>                                     |                  |                                    |                      |                  |                    |                  |
| 2.1 Provisions for unearned premiums and unexpired risks             |                  |                                    |                      |                  |                    |                  |
| 2.1.1. Provision for unearned premiums                               | 1,771.28         | (123.26)                           | --                   | 2,039.48         | (1,928.45)         | 1,759.05         |
| 2.1.2. Provision for unexpired risks                                 | 158.21           | (4.83)                             | --                   | 8.26             | (135.88)           | 25.76            |
| 2.2 Mathematical provisions                                          | 23,063.43        | (102.74)                           | --                   | 2,182.55         | (2,089.58)         | 23,053.66        |
| <u>Provisions for outstanding claims</u>                             |                  |                                    |                      |                  |                    |                  |
| 3.1 Direct Insurance Life                                            | 1,134.11         | (52.52)                            | --                   | 2,152.24         | (2,078.83)         | 1,155.00         |
| 3.2 Direct Insurance Non-Life                                        | 7,903.21         | (127.43)                           | --                   | 9,002.80         | (7,683.59)         | 9,094.99         |
| 3.3 Accepted reinsurance                                             | 2,185.77         | (113.36)                           | --                   | 4,517.05         | (4,125.30)         | 2,464.16         |
| <u>Other technical provisions</u>                                    | 902.85           | (3.69)                             | --                   | 955.65           | (877.68)           | 977.13           |
| <b>TOTAL</b>                                                         | <b>45,493.96</b> | <b>(760.15)</b>                    | <b>--</b>            | <b>30,007.15</b> | <b>(28,259.81)</b> | <b>46,481.15</b> |

Figures in millions of euros

**2017**

| Item                                                                 | Opening balance  | Adjustments to the opening balance | Changes to the scope | Provisions       | Reversals          | Closing balance  |
|----------------------------------------------------------------------|------------------|------------------------------------|----------------------|------------------|--------------------|------------------|
| <u>Provisions for Non-Life unearned premiums and unexpired risks</u> |                  |                                    |                      |                  |                    |                  |
| 1.1 Provision for unearned premiums                                  | 8,602.50         | (716.75)                           | 82.44                | 9,736.85         | (9,380.52)         | 8,324.52         |
| 1.2 Provision for unexpired risks                                    | 34.03            | (4.03)                             | --                   | 44.29            | (23.71)            | 50.58            |
| <u>Live insurance provisions</u>                                     |                  |                                    |                      |                  |                    |                  |
| 2.1 Provisions for unearned premiums and unexpired risks             |                  |                                    |                      |                  |                    |                  |
| 2.1.1. Provision for unearned premiums                               | 1,888.80         | (159.13)                           | --                   | 2,094.45         | (2,052.84)         | 1,771.28         |
| 2.1.2. Provision for unexpired risks                                 | 162.02           | (23.74)                            | --                   | 23.74            | (3.81)             | 158.21           |
| 2.2 Mathematical provisions                                          | 23,613.96        | (152.77)                           | --                   | 2,137.09         | (2,534.85)         | 23,063.43        |
| <u>Provisions for outstanding claims</u>                             |                  |                                    |                      |                  |                    |                  |
| 3.1 Direct Insurance Life                                            | 1,194.27         | (105.65)                           | --                   | 1,571.41         | (1,525.92)         | 1,134.11         |
| 3.2 Direct Insurance Non-Life                                        | 7,040.21         | (553.45)                           | 15.90                | 10,170.14        | (8,769.59)         | 7,903.21         |
| 3.3 Accepted reinsurance                                             | 1,852.28         | (18.46)                            | --                   | 3,275.76         | (2,923.81)         | 2,185.77         |
| <u>Other technical provisions</u>                                    | 838.06           | 0.54                               | --                   | 880.38           | (816.13)           | 902.85           |
| <b>TOTAL</b>                                                         | <b>45,226.13</b> | <b>(1,733.44)</b>                  | <b>98.34</b>         | <b>29,934.11</b> | <b>(28,031.18)</b> | <b>45,493.96</b> |

Figures in millions of euros

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## B) CEDED AND RETROCEDED REINSURANCE

### 2018

| Item                             | Opening balance | Adjustments to the opening balance | Changes to the scope | Additions        | Reversals          | Closing balance |
|----------------------------------|-----------------|------------------------------------|----------------------|------------------|--------------------|-----------------|
| Provision for unearned premiums  | 1,747.58        | (66.17)                            | --                   | 2,596.42         | (2,755.13)         | 1,522.70        |
| Provisions for Life insurance    | 68.70           | (7.81)                             | --                   | 53.64            | (58.58)            | 55.95           |
| Provision for outstanding claims | 3,171.76        | (201.33)                           | --                   | 11,787.77        | (10,455.14)        | 4,303.06        |
| Other technical provisions       | 1.58            | (0.05)                             | --                   | 0.42             | (0.48)             | 1.47            |
| <b>TOTAL</b>                     | <b>4,989.62</b> | <b>(275.36)</b>                    | <b>--</b>            | <b>14,438.25</b> | <b>(13,269.33)</b> | <b>5,883.18</b> |

Figures in millions of euros

### 2017

| Item                             | Opening balance | Adjustments to the opening balance | Change to the scope | Additions       | Reversals         | Closing balance |
|----------------------------------|-----------------|------------------------------------|---------------------|-----------------|-------------------|-----------------|
| Provision for unearned premiums  | 1,608.07        | (198.91)                           | 3.56                | 2,849.65        | (2,514.79)        | 1,747.58        |
| Provisions for Life insurance    | 84.89           | (0.04)                             | 0.09                | 86.71           | (102.95)          | 68.70           |
| Provision for outstanding claims | 2,234.85        | (269.42)                           | 0.93                | 6,933.37        | (5,727.97)        | 3,171.76        |
| Other technical provisions       | 6.55            | (0.36)                             | --                  | 0.99            | (5.60)            | 1.58            |
| <b>TOTAL</b>                     | <b>3,934.36</b> | <b>(468.73)</b>                    | <b>4.58</b>         | <b>9,870.72</b> | <b>(8,351.31)</b> | <b>4,989.62</b> |

Figures in millions of euros

## 2.2. Mathematical provisions

| Item                                                           | Direct insurance and accepted reinsurance |                  | Ceded and retroceded reinsurance |              |
|----------------------------------------------------------------|-------------------------------------------|------------------|----------------------------------|--------------|
|                                                                | 2018                                      | 2017             | 2018                             | 2017         |
| <b>Mathematical provisions at beginning of year</b>            | <b>23,063.43</b>                          | <b>23,613.96</b> | <b>56.75</b>                     | <b>60.69</b> |
| Adjustments to the opening balance                             | (102.74)                                  | (152.77)         | (5.63)                           | (2.23)       |
| Business combinations                                          | --                                        | --               | 1.27                             | --           |
| Premiums                                                       | 2,014.35                                  | 2,026.29         | 0.13                             | 68.01        |
| Technical interests                                            | 427.23                                    | 555.56           | 2.05                             | --           |
| Claim payments/collections                                     | (2,089.58)                                | (2,534.85)       | (4.74)                           | (69.72)      |
| Provision adequacy test                                        | (0.01)                                    | --               | --                               | --           |
| Shadow accounting adjustments                                  | (211.95)                                  | (381.55)         | --                               | --           |
| Other                                                          | (47.07)                                   | (63.21)          | 0.44                             | --           |
| Deconsolidation (balance of provision on deconsolidation date) | --                                        | --               | --                               | --           |
| <b>Mathematical provisions at end of year</b>                  | <b>23,053.66</b>                          | <b>23,063.43</b> | <b>50.27</b>                     | <b>56.75</b> |

Figures in millions of euros

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## 2.3. Burial provision

| Item                                                           | Direct insurance and accepted reinsurance |         |
|----------------------------------------------------------------|-------------------------------------------|---------|
|                                                                | 2018                                      | 2017    |
| Provisions at beginning of year                                | 829.06                                    | 762.18  |
| Adjustments to the opening balance                             | (0.06)                                    | (2.07)  |
| Consolidation (balance of provision on consolidation date)     | --                                        | --      |
| Premiums                                                       | 87.20                                     | 85.07   |
| Technical interest                                             | 16.07                                     | 15.91   |
| Claim payments                                                 | (9.19)                                    | (8.30)  |
| Provision adequacy test                                        | --                                        | --      |
| Other                                                          | (13.19)                                   | (23.73) |
| Deconsolidation (balance of provision on deconsolidation date) | --                                        | --      |
| Provisions at end of year                                      | 909.89                                    | 829.06  |

Figures in millions of euros

## 3. Other information

### 3.1. Technical provisions for Life insurance where policyholders bear the investment risk

| Item                                                           | Direct insurance and accepted reinsurance |          |
|----------------------------------------------------------------|-------------------------------------------|----------|
|                                                                | 2018                                      | 2017     |
| Provision at beginning of year                                 | 2,320.14                                  | 2,013.96 |
| Adjustments to the opening balance                             | (85.80)                                   | (120.83) |
| Consolidation (balance of provision on consolidation date)     | --                                        | --       |
| Premiums                                                       | 837.70                                    | 725.73   |
| Payment of claims                                              | (582.97)                                  | (191.22) |
| Asset valuation changes                                        | (45.92)                                   | 122.55   |
| Other                                                          | (200.66)                                  | (230.05) |
| Deconsolidation (balance of provision on deconsolidation date) | --                                        | --       |
| Provision at end of year                                       | 2,242.49                                  | 2,320.14 |

Figures in millions of euros

### 3.2. Provision for unexpired risks

The provision for unexpired risks has been made by the Group's insurance companies in line with the criteria explained in Note 5.15.

### 3.3. Information related to Life insurance

No additional provisions for Life insurance deriving from the liability adequacy test were necessary.

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The characteristics of the main Life insurance types sold by the Group's companies in 2018 and 2017 are listed below.

| LIFE INSURANCE TECHNICAL CONDITIONS                                                                                                                  |                                                     |                                                                             |                    |                        |                                        |
|------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------------------------------|--------------------|------------------------|----------------------------------------|
| Format                                                                                                                                               | Coverage                                            | Tablas                                                                      | Technical Interest | Profit sharing         |                                        |
|                                                                                                                                                      |                                                     |                                                                             |                    | Amount (million euros) | Distribution method                    |
| MAPFRE VIDA                                                                                                                                          |                                                     |                                                                             |                    |                        |                                        |
| Single or regular premium individual contracts, without profit sharing and premiums from contracts where the policyholder bears the investment risk: |                                                     |                                                                             |                    |                        |                                        |
| - Unit-linked: Dividendo Vida II                                                                                                                     | Longevity / Death                                   | PASEM 2010 MEN                                                              | Variable           | --                     | MAPFRE network                         |
| - Unit-linked: Rendimiento activo VI and III                                                                                                         | Longevity / Death                                   | Active yields VI and III                                                    | Variable           | --                     | MAPFRE network                         |
| Individual contract:                                                                                                                                 |                                                     |                                                                             |                    |                        |                                        |
| - Unit-linked: Millón vida                                                                                                                           | Longevity / Death                                   | PASEM 2010 MEN                                                              | 1.10%              | --                     | MAPFRE network                         |
| Single premium annuity group contracts with profit sharing:                                                                                          |                                                     |                                                                             |                    |                        |                                        |
| - Flexivida group insurance with interest and premium reimbursement                                                                                  | Longevity / Death                                   | PASEM 2010 MEN                                                              | 2.40%              | --                     | MAPFRE network                         |
| Single premium group contracts:                                                                                                                      |                                                     |                                                                             |                    |                        |                                        |
| - Savings with profit sharing and without counterinsurance for annuity groups                                                                        | Longevity / Death                                   | PERM/F-95                                                                   | 2.83% (variable)   | --                     | MAPFRE network                         |
| BANKIA MAPFRE VIDA                                                                                                                                   |                                                     |                                                                             |                    |                        |                                        |
| Single premium individual contracts, without profit sharing:                                                                                         |                                                     |                                                                             |                    |                        |                                        |
| - Combined insurance                                                                                                                                 | Longevity / Death                                   | GRM/F-95                                                                    | 3.62%              | --                     | Bank channel                           |
| - Combined insurance                                                                                                                                 | Longevity / Death                                   | GKM/F-95 /55% PASEM2010 MEN                                                 | 3.26%              | --                     | Bank channel                           |
| - Combined insurance                                                                                                                                 | Longevity / Death                                   | GRM/F-95                                                                    | 5% - 3%            | --                     | Bank channel                           |
| Single premium group contracts without profit sharing                                                                                                |                                                     |                                                                             |                    |                        |                                        |
| - Annuity                                                                                                                                            | Death / Disability                                  | GRM/F-95 and PERM/F2000P                                                    | 3.27%              | --                     | Bank channel                           |
| Individually handled single premium group contracts for loan amortization                                                                            |                                                     |                                                                             |                    |                        |                                        |
| - Protection Insurance                                                                                                                               | Loan Amortization                                   | 85% PASEM 2010 MEN                                                          | 0.82%              | --                     | Bank channel                           |
| BANKINTER SEGUROS DE VIDA (SPAIN & PORTUGAL)                                                                                                         |                                                     |                                                                             |                    |                        |                                        |
| Single premium individual contracts with profit sharing                                                                                              | Death / Longevity                                   | PASEF 2010                                                                  | 0.50%<br>0.40%     | --                     | Bank channel                           |
| Regular or single premium individual contracts with profit sharing                                                                                   | Death / Longevity                                   | PASEF 2010                                                                  | 0.50%              | --                     | Bank channel                           |
| Single premium individual contracts without profit sharing: insurance with counterinsurance                                                          | Death / Longevity                                   | PASEM 2010                                                                  | 1.38%              | --                     | Bank channel                           |
| COMPANHIA DE SEGUROS ALIANÇA DO BRASIL                                                                                                               |                                                     |                                                                             |                    |                        |                                        |
| Ouro vida / Ouro vida revisado / BB seguro vida                                                                                                      | Death                                               | AT-49 and AT-83                                                             | --                 | --                     | Bank channel                           |
| Ouro vida 2000 / Ouro vida grupo especial / Ouro vida estilo / BB seguro vida mulher / Other individual Life products                                | Death / Disability                                  | AT-83, AT-49 and Tabúa Alvaro Vindas                                        | --<br>--           | --<br>--               | Bank channel                           |
| Other group Life products                                                                                                                            | Death / Disability                                  | AT-83 and AT-49                                                             | --                 | --                     | Bank channel / broker                  |
| MAPFRE MSV LIFE                                                                                                                                      |                                                     |                                                                             |                    |                        |                                        |
| Without profit sharing                                                                                                                               | Death                                               | 88% AMC00                                                                   | Variable           | --                     | Bank channel / MAPFRE network / broker |
| With profit sharing                                                                                                                                  | Longevity / Death                                   | 88% AMC00                                                                   | Variable           | 37.3                   | Bank channel / MAPFRE network / broker |
| Unit-linked                                                                                                                                          | Longevity / Death                                   | 88% AMC00                                                                   | Variable           | --                     | Bank channel / MAPFRE network / broker |
| MAPFRE COLOMBIA VIDA                                                                                                                                 |                                                     |                                                                             |                    |                        |                                        |
| Pensiones Ley 100                                                                                                                                    | Longevity / Death / Disability / Funeral Assistance | Valid annuitants mortality RV08 and Disability RI10, gender differentiation | 4% real            | --                     | MAPFRE network                         |
| Disability and Longevity Annuity                                                                                                                     | Longevity / Death / Disability / Funeral Assistance | Valid annuitants mortality RV08 and Disability RI10, gender differentiation | 4% real            | --                     | MAPFRE network                         |

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### 3.4. Progression of claims

The following table shows the progression of claims related to Non-Life direct insurance since the year of occurrence until the close of 2018 and 2017. It also shows the breakdown per year of occurrence of the provision for outstanding claims related to this insurance for the two periods.

#### 2018

| Year of occurrence of claims | Item                | Year of occurrence | Trends in claim costs in the years after year of occurrence |                  |                  |                  |                  |                  |                  |                  |                  |                         |
|------------------------------|---------------------|--------------------|-------------------------------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------------|
|                              |                     |                    | 1 year later                                                | 2 years later    | 3 years later    | 4 years later    | 5 years later    | 6 years later    | 7 years later    | 8 years later    | 9 years later    | More than 9 years later |
| 2008 and previous            | Pending provision   | 7,951.29           | 4,027.97                                                    | 2,462.04         | 1,604.43         | 1,114.25         | 798.05           | 569.51           | 478.31           | 426.18           | 391.41           | 332.35                  |
|                              | Cumulative payments | 37,281.45          | 40,830.56                                                   | 42,209.14        | 42,910.85        | 43,365.28        | 43,627.02        | 43,795.79        | 43,874.02        | 43,939.02        | 44,054.19        | 44,119.00               |
|                              | <b>TOTAL COST</b>   | <b>45,232.74</b>   | <b>44,858.53</b>                                            | <b>44,671.18</b> | <b>44,515.28</b> | <b>44,479.53</b> | <b>44,425.07</b> | <b>44,365.30</b> | <b>44,352.33</b> | <b>44,365.20</b> | <b>44,445.60</b> | <b>44,451.35</b>        |
| 2009                         | Pending provision   | 2,453.78           | 881.52                                                      | 521.63           | 315.25           | 235.80           | 162.56           | 139.35           | 110.92           | 88.74            | 76.07            |                         |
|                              | Cumulative payments | 3,730.83           | 5,072.51                                                    | 5,386.61         | 5,565.71         | 5,651.36         | 5,716.35         | 5,759.44         | 5,813.41         | 5,835.58         | 5,857.98         |                         |
|                              | <b>TOTAL COST</b>   | <b>6,184.61</b>    | <b>5,954.03</b>                                             | <b>5,908.24</b>  | <b>5,880.96</b>  | <b>5,887.16</b>  | <b>5,878.91</b>  | <b>5,898.79</b>  | <b>5,924.33</b>  | <b>5,924.32</b>  | <b>5,934.05</b>  |                         |
| 2010                         | Pending provision   | 2,815.09           | 1,088.29                                                    | 643.04           | 373.59           | 251.53           | 178.84           | 140.13           | 105.99           | 84.03            |                  |                         |
|                              | Cumulative payments | 4,555.28           | 6,227.04                                                    | 6,635.03         | 6,931.56         | 7,058.66         | 7,138.26         | 7,224.63         | 7,250.37         | 7,277.20         |                  |                         |
|                              | <b>TOTAL COST</b>   | <b>7,370.37</b>    | <b>7,315.33</b>                                             | <b>7,278.07</b>  | <b>7,305.15</b>  | <b>7,310.19</b>  | <b>7,317.10</b>  | <b>7,364.76</b>  | <b>7,356.36</b>  | <b>7,361.23</b>  |                  |                         |
| 2011                         | Pending provision   | 2,291.11           | 818.99                                                      | 499.91           | 320.47           | 237.20           | 172.18           | 134.63           | 121.38           |                  |                  |                         |
|                              | Cumulative payments | 4,424.89           | 5,888.57                                                    | 6,253.68         | 6,435.69         | 6,525.02         | 6,621.85         | 6,659.08         | 6,696.20         |                  |                  |                         |
|                              | <b>TOTAL COST</b>   | <b>6,716.00</b>    | <b>6,707.56</b>                                             | <b>6,753.59</b>  | <b>6,756.16</b>  | <b>6,762.22</b>  | <b>6,794.03</b>  | <b>6,793.71</b>  | <b>6,817.58</b>  |                  |                  |                         |
| 2012                         | Pending provision   | 2,490.93           | 899.95                                                      | 497.63           | 329.74           | 255.91           | 190.80           | 163.03           |                  |                  |                  |                         |
|                              | Cumulative payments | 4,154.45           | 5,712.68                                                    | 6,114.25         | 6,317.49         | 6,437.35         | 6,504.73         | 6,547.92         |                  |                  |                  |                         |
|                              | <b>TOTAL COST</b>   | <b>6,645.38</b>    | <b>6,612.63</b>                                             | <b>6,611.88</b>  | <b>6,647.23</b>  | <b>6,693.26</b>  | <b>6,695.53</b>  | <b>6,710.95</b>  |                  |                  |                  |                         |
| 2013                         | Pending provision   | 2,554.07           | 965.26                                                      | 569.12           | 361.75           | 246.44           | 198.87           |                  |                  |                  |                  |                         |
|                              | Cumulative payments | 4,351.47           | 5,950.93                                                    | 6,398.03         | 6,626.42         | 6,722.14         | 6,796.34         |                  |                  |                  |                  |                         |
|                              | <b>TOTAL COST</b>   | <b>6,905.54</b>    | <b>6,916.19</b>                                             | <b>6,967.15</b>  | <b>6,988.17</b>  | <b>6,968.58</b>  | <b>6,995.21</b>  |                  |                  |                  |                  |                         |
| 2014                         | Pending provision   | 2,721.45           | 1,046.91                                                    | 583.42           | 377.23           | 285.24           |                  |                  |                  |                  |                  |                         |
|                              | Cumulative payments | 4,696.27           | 6,515.00                                                    | 6,934.10         | 7,117.39         | 7,243.29         |                  |                  |                  |                  |                  |                         |
|                              | <b>TOTAL COST</b>   | <b>7,417.72</b>    | <b>7,561.91</b>                                             | <b>7,517.52</b>  | <b>7,494.62</b>  | <b>7,528.53</b>  |                  |                  |                  |                  |                  |                         |
| 2015                         | Pending provision   | 2,848.91           | 1,127.47                                                    | 767.26           | 484.70           |                  |                  |                  |                  |                  |                  |                         |
|                              | Cumulative payments | 5,058.99           | 6,818.06                                                    | 7,187.10         | 7,433.70         |                  |                  |                  |                  |                  |                  |                         |
|                              | <b>TOTAL COST</b>   | <b>7,907.90</b>    | <b>7,945.53</b>                                             | <b>7,954.36</b>  | <b>7,918.40</b>  |                  |                  |                  |                  |                  |                  |                         |
| 2016                         | Pending provision   | 3,016.63           | 1,401.13                                                    | 841.32           |                  |                  |                  |                  |                  |                  |                  |                         |
|                              | Cumulative payments | 5,004.52           | 6,837.32                                                    | 7,295.03         |                  |                  |                  |                  |                  |                  |                  |                         |
|                              | <b>TOTAL COST</b>   | <b>8,021.15</b>    | <b>8,238.45</b>                                             | <b>8,136.35</b>  |                  |                  |                  |                  |                  |                  |                  |                         |
| 2017                         | Pending provision   | 4,087.49           | 2,215.66                                                    |                  |                  |                  |                  |                  |                  |                  |                  |                         |
|                              | Cumulative payments | 5,216.68           | 7,881.00                                                    |                  |                  |                  |                  |                  |                  |                  |                  |                         |
|                              | <b>TOTAL COST</b>   | <b>9,304.17</b>    | <b>10,096.66</b>                                            |                  |                  |                  |                  |                  |                  |                  |                  |                         |
| 2018                         | Pending provision   | 4,292.34           |                                                             |                  |                  |                  |                  |                  |                  |                  |                  |                         |
|                              | Cumulative payments | 5,363.51           |                                                             |                  |                  |                  |                  |                  |                  |                  |                  |                         |
|                              | <b>TOTAL COST</b>   | <b>9,655.85</b>    |                                                             |                  |                  |                  |                  |                  |                  |                  |                  |                         |

Figures in millions of euros

The increase in 2018 of the total cost of claims occurring in 2017 come primarily from the catastrophic claims from said year (hurricanes in the Caribbean and earthquakes in Mexico), the estimated cost of which for direct insurance has increased throughout 2018 by approximately 712 million euros, and which increase is wholly allocated to reinsurance, as the attributable net cost for the Group has decreased by approximately 2 million euros between December 31 2017 and 2018.

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## MAPFRE S.A. AND SUBSIDIARIES

December 31, 2018

| Item                                                       | Year of occurrence |          |        |        |        |        |        |        |       |       |                   | Total    |
|------------------------------------------------------------|--------------------|----------|--------|--------|--------|--------|--------|--------|-------|-------|-------------------|----------|
|                                                            | 2018               | 2017     | 2016   | 2015   | 2014   | 2013   | 2012   | 2011   | 2010  | 2009  | 2008 and previous |          |
| Provision for outstanding claims Non-Life direct insurance | 4,292.34           | 2,215.66 | 841.32 | 484.70 | 285.24 | 198.87 | 163.03 | 121.38 | 84.03 | 76.07 | 332.35            | 9,094.99 |

Figures in millions of euros

## 2017

| Year of occurrence of claims | Item                | Year of occurrence | Trends in claim costs in the years after year of occurrence |                  |                  |                  |                  |                  |                  |                  |                  |                         |
|------------------------------|---------------------|--------------------|-------------------------------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------------|
|                              |                     |                    | 1 year later                                                | 2 years later    | 3 years later    | 4 years later    | 5 years later    | 6 years later    | 7 years later    | 8 years later    | 9 years later    | More than 9 years later |
| 2007 and previous            | Pending provision   | 7,654.42           | 3,660.53                                                    | 2,343.33         | 1,483.56         | 1,012.25         | 700.47           | 518.58           | 365.00           | 324.12           | 291.01           | 283.88                  |
|                              | Cumulative payments | 31,989.54          | 35,300.58                                                   | 36,360.38        | 37,185.32        | 37,582.53        | 37,827.95        | 37,964.14        | 38,073.88        | 38,103.41        | 38,187.35        | 38,235.13               |
|                              | <b>TOTAL COST</b>   | <b>39,643.96</b>   | <b>38,961.11</b>                                            | <b>38,703.71</b> | <b>38,668.88</b> | <b>38,594.78</b> | <b>38,528.42</b> | <b>38,482.72</b> | <b>38,438.88</b> | <b>38,427.53</b> | <b>38,478.36</b> | <b>38,519.01</b>        |
| 2008                         | Pending provision   | 2,639.48           | 1,093.78                                                    | 625.69           | 414.13           | 309.67           | 245.53           | 189.03           | 154.70           | 137.90           | 122.31           |                         |
|                              | Cumulative payments | 3,950.73           | 5,366.36                                                    | 5,738.64         | 5,939.08         | 6,042.33         | 6,106.66         | 6,149.44         | 6,187.90         | 6,219.15         | 6,250.00         |                         |
|                              | <b>TOTAL COST</b>   | <b>6,590.21</b>    | <b>6,460.14</b>                                             | <b>6,364.33</b>  | <b>6,353.21</b>  | <b>6,352.00</b>  | <b>6,352.19</b>  | <b>6,338.47</b>  | <b>6,342.60</b>  | <b>6,357.05</b>  | <b>6,372.31</b>  |                         |
| 2009                         | Pending provision   | 2,483.01           | 886.97                                                      | 523.23           | 319.78           | 241.77           | 167.16           | 144.77           | 114.98           | 94.65            |                  |                         |
|                              | Cumulative payments | 4,230.48           | 5,601.39                                                    | 5,916.67         | 6,098.51         | 6,186.08         | 6,252.92         | 6,297.22         | 6,352.88         | 6,375.80         |                  |                         |
|                              | <b>TOTAL COST</b>   | <b>6,713.49</b>    | <b>6,488.36</b>                                             | <b>6,439.90</b>  | <b>6,418.29</b>  | <b>6,427.85</b>  | <b>6,420.08</b>  | <b>6,441.99</b>  | <b>6,467.86</b>  | <b>6,470.45</b>  |                  |                         |
| 2010                         | Pending provision   | 2,869.67           | 1,108.00                                                    | 656.56           | 382.49           | 256.88           | 184.16           | 147.50           | 113.34           |                  |                  |                         |
|                              | Cumulative payments | 4,946.56           | 6,655.48                                                    | 7,072.88         | 7,376.77         | 7,506.20         | 7,587.84         | 7,676.68         | 7,702.39         |                  |                  |                         |
|                              | <b>TOTAL COST</b>   | <b>7,816.23</b>    | <b>7,763.48</b>                                             | <b>7,729.44</b>  | <b>7,759.26</b>  | <b>7,763.08</b>  | <b>7,772.00</b>  | <b>7,824.18</b>  | <b>7,815.73</b>  |                  |                  |                         |
| 2011                         | Pending provision   | 2,322.88           | 838.62                                                      | 510.93           | 326.31           | 244.65           | 181.01           | 153.00           |                  |                  |                  |                         |
|                              | Cumulative payments | 4,837.08           | 6,321.07                                                    | 6,704.10         | 6,890.35         | 6,983.62         | 7,085.54         | 7,118.37         |                  |                  |                  |                         |
|                              | <b>TOTAL COST</b>   | <b>7,159.96</b>    | <b>7,159.69</b>                                             | <b>7,215.03</b>  | <b>7,216.66</b>  | <b>7,228.27</b>  | <b>7,266.55</b>  | <b>7,271.37</b>  |                  |                  |                  |                         |
| 2012                         | Pending provision   | 2,535.89           | 915.44                                                      | 508.92           | 341.54           | 266.60           | 202.67           |                  |                  |                  |                  |                         |
|                              | Cumulative payments | 4,533.04           | 6,116.82                                                    | 6,520.18         | 6,728.37         | 6,853.16         | 6,925.31         |                  |                  |                  |                  |                         |
|                              | <b>TOTAL COST</b>   | <b>7,068.93</b>    | <b>7,032.26</b>                                             | <b>7,029.10</b>  | <b>7,069.91</b>  | <b>7,119.76</b>  | <b>7,127.98</b>  |                  |                  |                  |                  |                         |
| 2013                         | Pending provision   | 2,621.53           | 992.36                                                      | 592.89           | 377.11           | 259.20           |                  |                  |                  |                  |                  |                         |
|                              | Cumulative payments | 4,780.18           | 6,414.34                                                    | 6,868.41         | 7,098.88         | 7,202.17         |                  |                  |                  |                  |                  |                         |
|                              | <b>TOTAL COST</b>   | <b>7,401.71</b>    | <b>7,406.70</b>                                             | <b>7,461.30</b>  | <b>7,475.99</b>  | <b>7,461.37</b>  |                  |                  |                  |                  |                  |                         |
| 2014                         | Pending provision   | 2,824.23           | 1,084.91                                                    | 612.84           | 389.85           |                  |                  |                  |                  |                  |                  |                         |
|                              | Cumulative payments | 5,110.13           | 6,978.68                                                    | 7,410.44         | 7,618.91         |                  |                  |                  |                  |                  |                  |                         |
|                              | <b>TOTAL COST</b>   | <b>7,934.36</b>    | <b>8,063.59</b>                                             | <b>8,023.28</b>  | <b>8,008.76</b>  |                  |                  |                  |                  |                  |                  |                         |
| 2015                         | Pending provision   | 2,935.01           | 1,158.65                                                    | 712.46           |                  |                  |                  |                  |                  |                  |                  |                         |
|                              | Cumulative payments | 5,486.79           | 7,298.98                                                    | 7,753.61         |                  |                  |                  |                  |                  |                  |                  |                         |
|                              | <b>TOTAL COST</b>   | <b>8,421.80</b>    | <b>8,457.63</b>                                             | <b>8,466.07</b>  |                  |                  |                  |                  |                  |                  |                  |                         |
| 2016                         | Pending provision   | 3,168.83           | 1,510.52                                                    |                  |                  |                  |                  |                  |                  |                  |                  |                         |
|                              | Cumulative payments | 5,463.50           | 7,266.38                                                    |                  |                  |                  |                  |                  |                  |                  |                  |                         |
|                              | <b>TOTAL COST</b>   | <b>8,632.33</b>    | <b>8,776.90</b>                                             |                  |                  |                  |                  |                  |                  |                  |                  |                         |
| 2017                         | Pending provision   | 4,061.33           |                                                             |                  |                  |                  |                  |                  |                  |                  |                  |                         |
|                              | Cumulative payments | 5,683.30           |                                                             |                  |                  |                  |                  |                  |                  |                  |                  |                         |
|                              | <b>TOTAL COST</b>   | <b>9,744.63</b>    |                                                             |                  |                  |                  |                  |                  |                  |                  |                  |                         |

Figures in millions of euros

December 31, 2017

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## MAPFRE S.A. AND SUBSIDIARIES

| Item                                                       | Year of occurrence |          |        |        |        |        |        |        |       |        |                   |          |
|------------------------------------------------------------|--------------------|----------|--------|--------|--------|--------|--------|--------|-------|--------|-------------------|----------|
|                                                            | 2017               | 2016     | 2015   | 2014   | 2013   | 2012   | 2011   | 2010   | 2009  | 2008   | 2007 and previous | Total    |
| Provision for outstanding claims Non-Life direct insurance | 4,061.33           | 1,510.52 | 712.46 | 389.85 | 259.20 | 202.67 | 153.00 | 113.34 | 94.65 | 122.31 | 283.88            | 7,903.21 |

Figures in millions of euros

As shown in the tables above, the overall percentage of claims attributable to ceded reinsurance is 35.50 percent and 30.52 percent for 2018 and 2017, respectively.

Information about the progression in accepted reinsurance claims per year of occurrence is not provided since as a general rule the ceding companies use accounting methods other than the year of occurrence. In accordance with the studies undertaken for accepted reinsurance, the technical provisions are adequate.

## 6.15. PROVISIONS FOR RISKS AND EXPENSES

The following tables show the movements of provisions for risks and expenses in the last two years.

### 2018

| Item                                             | Opening balance | Adjustments to the opening balance | Changes to the scope | Inflows              |                             | Outflows           |                     | Closing balance |
|--------------------------------------------------|-----------------|------------------------------------|----------------------|----------------------|-----------------------------|--------------------|---------------------|-----------------|
|                                                  |                 |                                    |                      | Allocated provisions | Increased value on discount | Applied provisions | Reversed provisions |                 |
| Provision for tax to be paid                     | 332.49          | (38.70)                            | (0.04)               | 22.69                | 11.24                       | (4.28)             | (10.71)             | 312.69          |
| Provision for payments of liquidation agreements | 16.49           | (0.04)                             | --                   | 17.02                | --                          | (12.17)            | --                  | 21.30           |
| Provisions for restructuring                     | 4.11            | --                                 | --                   | 3.65                 | --                          | (4.11)             | --                  | 3.65            |
| Other provisions for staff-related commitments   | 199.01          | 4.12                               | --                   | 97.46                | 0.01                        | (99.00)            | (0.69)              | 200.91          |
| Other provisions                                 | 109.66          | (12.60)                            | (2.09)               | 63.08                | --                          | (37.69)            | (17.42)             | 102.94          |
| <b>TOTAL</b>                                     | <b>661.76</b>   | <b>(47.22)</b>                     | <b>(2.13)</b>        | <b>203.90</b>        | <b>11.25</b>                | <b>(157.25)</b>    | <b>(28.82)</b>      | <b>641.49</b>   |

Figures in millions of euros

### 2017

| Item                                             | Opening balance | Adjustments to the opening balance | Changes to the scope | Inflows              |                             | Outflows           |                     | Closing balance |
|--------------------------------------------------|-----------------|------------------------------------|----------------------|----------------------|-----------------------------|--------------------|---------------------|-----------------|
|                                                  |                 |                                    |                      | Allocated provisions | Increased value on discount | Applied provisions | Reversed provisions |                 |
| Provision for tax to be paid                     | 363.76          | (46.50)                            | --                   | 3.98                 | 15.71                       | (4.46)             | --                  | 332.49          |
| Provision for payments of liquidation agreements | 18.91           | (0.39)                             | --                   | 12.58                | --                          | (14.61)            | --                  | 16.49           |
| Provisions for restructuring                     | 32.84           | --                                 | --                   | 4.11                 | --                          | (32.84)            | --                  | 4.11            |
| Other provisions for staff-related commitments   | 186.66          | (2.45)                             | 1.33                 | 105.23               | 0.02                        | (88.56)            | (3.22)              | 199.01          |
| Other provisions                                 | 150.58          | (17.76)                            | --                   | 54.20                | 12.48                       | (82.35)            | (7.49)              | 109.66          |
| <b>TOTAL</b>                                     | <b>752.75</b>   | <b>(67.10)</b>                     | <b>1.33</b>          | <b>180.10</b>        | <b>28.21</b>                | <b>(222.82)</b>    | <b>(10.71)</b>      | <b>661.76</b>   |

Figures in millions of euros

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The provisions for risks and expenses include the estimated amounts of tax debts, settlement agreement payments, restructuring, employee incentives and others derived from the activities and inherent risks of the Group companies, which will be paid in the coming years.

The estimates of the amount provided and the period in which the provisions will be liquidated are affected by uncertainties regarding the ruling on filed appeals and performance of other parameters. It was not necessary to design assumptions regarding future events in order to determine the value of the provision. Potential provision reimbursement is not expected.

At December 31, 2018 and 2017 the heading "Provision for taxes" included tax liabilities amounting to 307.42 and 323.37 million euros, respectively, related to the tax contingencies that the Brazilian insurance companies have with the tax authorities in that country, pending the decision by the Brazilian Supreme Court. These contingencies primarily refer to the taxes known as COFINS (tax contribution used to fund social security) amounting to 270.84 million euros (294.15 million euros at December 31, 2017) and the Social Integration Program (PIS) amounting to 6.07 million euros (4.99 million euros at December 31, 2017). These contingencies have arisen due to discrepancies in the interpretation by the Brazilian government and the business sector of the regulation regarding the taxation that applies to the companies' turnover.

The Group is currently involved in legal proceedings with the Brazilian tax authorities in connection with the enforceability of the aforementioned COFINS and PIS taxes, regarding non-operating financial income, for the amount of 163.85 and 170.14 million euros at December 31, 2018 and 2017, respectively. Given the current uncertainty in case law regarding whether the PIS and COFINS calculation base should be extended to include non-operating financial income, as well as the existence of a ruling by the "Procuradoria Geral da Fazenda (the Brazilian General Attorney's Office for the National Treasury) that is favorable to the insurance companies, both the Group and its advisors classify the loss risk as possible.

"Other provisions" for 2018 and 2017 include the contingent payments arising from business combinations, which include the variable part of the price of the business combination that directly depends on the achievement of certain targets linked to the performance of each of the businesses acquired, amounting to 23.51 and 22.66 million euros at December 31, 2018 and 2017, respectively.

The embedded value was taken into account for the calculation. At each reporting date, the amount of the contingent benefit is reevaluated, recognizing any differences with the previous valuation.

Payments are made in full as from the reference date for the calculation of the embedded value, projected for 2018 to 2021 in accordance with the contracts signed with the sellers in each business combination.

#### **6.16. DEPOSITS RECEIVED ON CEDED AND RETROCEDED REINSURANCE**

Deposits on ceded and retroceded reinsurance represent guarantees given to reinsurers in line with the reinsurance coverage contracts entered into pursuant to usual business practices. These deposits accrue interest to be paid and the average renewal period is usually quarterly. The liquidation of the aforementioned interest is performed quarterly.

#### **6.17. DEBT**

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The balances included in the headings "Due on direct insurance and co-insurance operations", "Due on reinsurance operations", "Tax liabilities" and "Other debts" do not accrue payable interest and generally their liquidation is performed in the following year. In 2017, as the Group presented no obligations, a Brazilian subsidiary cancelled a provision for the amount of 102.90 million euros which was initially established to cover possible expenses of various natures.

## 6.18. REVENUES AND EXPENSES FROM INVESTMENTS

The breakdown of revenues and expenses from investments for financial years 2018 and 2017 is shown below:

### Revenues from investments

| Item                                                                          | Revenues from investments from: |                 |               |               | Financial revenues from other activities |              | Total           |                 |
|-------------------------------------------------------------------------------|---------------------------------|-----------------|---------------|---------------|------------------------------------------|--------------|-----------------|-----------------|
|                                                                               | Operations                      |                 | Equity        |               | 2018                                     | 2017         | 2018            | 2017            |
|                                                                               | 2018                            | 2017            | 2018          | 2017          |                                          |              |                 |                 |
| <b>REVENUES FROM INTEREST, DIVIDENDS AND SIMILAR</b>                          |                                 |                 |               |               |                                          |              |                 |                 |
| Real estate investment                                                        |                                 |                 |               |               |                                          |              |                 |                 |
| Rentals                                                                       | 42.16                           | 40.76           | 2.13          | 2.19          | 13.70                                    | 12.05        | 57.99           | 55.00           |
| Other                                                                         | 31.88                           | 0.42            | 0.05          | —             | 2.33                                     | 3.44         | 34.26           | 3.86            |
| Revenues from the held-to-maturity portfolio                                  |                                 |                 |               |               |                                          |              |                 |                 |
| Fixed income                                                                  | 180.32                          | 198.95          | 0.86          | 0.83          | 1.94                                     | 2.23         | 183.12          | 202.01          |
| Other investments                                                             | 1.48                            | 2.55            | 0.10          | 0.11          | —                                        | —            | 1.58            | 2.66            |
| Revenue from the available-for-sale portfolio:                                | 1,117.69                        | 1,149.24        | 128.49        | 67.51         | 4.19                                     | 5.14         | 1,250.37        | 1,221.89        |
| Revenue from the trading portfolio:                                           | 315.39                          | 372.08          | 1.11          | 0.73          | 28.26                                    | 37.38        | 344.76          | 410.19          |
| Other financial returns                                                       | 172.19                          | 175.36          | 42.75         | 71.50         | 17.81                                    | 16.51        | 232.75          | 263.37          |
| <b>TOTAL REVENUE</b>                                                          | <b>1,861.11</b>                 | <b>1,939.36</b> | <b>175.49</b> | <b>142.87</b> | <b>68.23</b>                             | <b>76.75</b> | <b>2,104.83</b> | <b>2,158.98</b> |
| <b>REALIZED AND UNREALIZED GAINS</b>                                          |                                 |                 |               |               |                                          |              |                 |                 |
| Net realized gains:                                                           |                                 |                 |               |               |                                          |              |                 |                 |
| Real estate investment                                                        | 25.64                           | 49.14           | 0.36          | 4.57          | 6.32                                     | 16.51        | 32.32           | 70.22           |
| Financial investments available for sale portfolio                            | 221.55                          | 287.64          | 18.15         | 24.54         | 7.85                                     | 1.98         | 247.55          | 314.16          |
| Financial investments trading portfolio                                       | 21.04                           | 28.63           | 4.03          | 5.51          | 0.07                                     | 0.48         | 25.14           | 34.62           |
| Other                                                                         | 0.69                            | 2.11            | 15.98         | 0.37          | 0.06                                     | 1.39         | 16.73           | 3.87            |
| Unrealized gains:                                                             |                                 |                 |               |               |                                          |              |                 |                 |
| Increase in fair value of the trading portfolio and earnings from derivatives | 39.57                           | 53.74           | 0.02          | 17.41         | 0.02                                     | 0.15         | 39.61           | 71.30           |
| Other                                                                         | 6.49                            | 3.26            | —             | —             | 0.03                                     | 0.33         | 6.52            | 3.59            |
| <b>TOTAL GAINS</b>                                                            | <b>314.98</b>                   | <b>424.52</b>   | <b>38.54</b>  | <b>52.40</b>  | <b>14.35</b>                             | <b>20.84</b> | <b>367.87</b>   | <b>497.76</b>   |
| <b>TOTAL REVENUES FROM INVESTMENT</b>                                         | <b>2,176.09</b>                 | <b>2,363.88</b> | <b>214.03</b> | <b>195.27</b> | <b>82.58</b>                             | <b>97.59</b> | <b>2,472.70</b> | <b>2,656.74</b> |

Figures in millions of euros

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## Expenses from investments

| Item                                                                  | Expenses from investments from: |               |              |              | Financial expenses from other activities |              | Total         |               |
|-----------------------------------------------------------------------|---------------------------------|---------------|--------------|--------------|------------------------------------------|--------------|---------------|---------------|
|                                                                       | Operations                      |               | Equity       |              |                                          |              |               |               |
|                                                                       | 2018                            | 2017          | 2018         | 2017         | 2018                                     | 2017         | 2018          | 2017          |
| <b>FINANCIAL EXPENSES</b>                                             |                                 |               |              |              |                                          |              |               |               |
| Real estate investment                                                |                                 |               |              |              |                                          |              |               |               |
| Direct operational expenses                                           | 23.01                           | 23.48         | --           | --           | --                                       | --           | 23.01         | 23.48         |
| Other expenses                                                        | 4.69                            | 6.35          | 0.04         | 0.09         | 8.45                                     | 9.19         | 13.18         | 15.63         |
| Expenses from held-to-maturity portfolio                              |                                 |               |              |              |                                          |              |               |               |
| Fixed income                                                          | 0.93                            | 0.98          | 0.01         | 0.01         | --                                       | --           | 0.94          | 0.99          |
| Other investments                                                     | 1.73                            | --            | --           | --           | --                                       | --           | 1.73          | --            |
| Expenses from the available for sale portfolio                        | 110.79                          | 124.11        | 29.71        | 31.19        | 1.22                                     | 0.98         | 141.72        | 156.28        |
| Expenses from the trading portfolio:                                  | 153.37                          | 139.79        | --           | 0.20         | 0.40                                     | --           | 153.77        | 139.99        |
| Other financial expenses                                              | 148.81                          | 168.31        | 2.97         | 2.47         | 74.48                                    | 86.44        | 226.26        | 257.22        |
| <b>TOTAL EXPENSES</b>                                                 | <b>443.33</b>                   | <b>463.02</b> | <b>32.73</b> | <b>33.96</b> | <b>84.55</b>                             | <b>96.61</b> | <b>560.61</b> | <b>593.59</b> |
| <b>REALIZED AND UNREALIZED LOSSES</b>                                 |                                 |               |              |              |                                          |              |               |               |
| Net realized losses                                                   |                                 |               |              |              |                                          |              |               |               |
| Real estate investment                                                | 5.70                            | 6.00          | --           | 0.02         | 0.05                                     | 0.28         | 5.75          | 6.30          |
| Financial investments available for sale portfolio                    | 72.51                           | 54.27         | 5.88         | 3.60         | 0.58                                     | 0.24         | 78.97         | 58.11         |
| Financial investments trading portfolio                               | 37.49                           | 16.87         | 4.36         | 0.29         | --                                       | --           | 41.85         | 17.16         |
| Other                                                                 | 3.54                            | 2.09          | 15.50        | 0.10         | 0.06                                     | 1.31         | 19.10         | 3.50          |
| Unrealized losses                                                     |                                 |               |              |              |                                          |              |               |               |
| Decrease in fair value of trading portfolio and losses in derivatives | 147.34                          | 84.53         | 34.44        | 6.87         | --                                       | --           | 181.78        | 91.40         |
| Other                                                                 | 0.91                            | 1.02          | --           | --           | 0.05                                     | 1.37         | 0.96          | 2.39          |
| <b>TOTAL LOSSES</b>                                                   | <b>267.49</b>                   | <b>164.78</b> | <b>60.18</b> | <b>10.88</b> | <b>0.74</b>                              | <b>3.20</b>  | <b>328.41</b> | <b>178.86</b> |
| <b>TOTAL EXPENSES FROM INVESTMENT</b>                                 | <b>710.82</b>                   | <b>627.80</b> | <b>92.91</b> | <b>44.84</b> | <b>85.29</b>                             | <b>99.81</b> | <b>889.02</b> | <b>772.45</b> |

Figures in millions of euros

The expenses arising from investment portfolios mainly stem from financial swaps related to insurance operations.

## 6.19. OPERATING EXPENSES

A breakdown of net operating expenses by purpose and nature, for the last two financial years, is shown below.

### Operating expenses by purpose

| Item                                     | 2018            | 2017            |
|------------------------------------------|-----------------|-----------------|
| Claims-related expenses                  | 815.84          | 855.71          |
| Acquisition expenses                     | 4,810.80        | 4,924.74        |
| Administration expenses                  | 745.58          | 760.01          |
| Expenses from investments                | 803.73          | 672.64          |
| Other technical expenses                 | 139.12          | 129.57          |
| Other non-technical expenses             | 149.69          | 114.33          |
| Operating expenses from other activities | 401.62          | 489.79          |
| <b>TOTAL</b>                             | <b>7,866.38</b> | <b>7,946.79</b> |

Figures in millions of euros

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**Operating expenses by nature**

| Item                                          | 2018            | 2017            |
|-----------------------------------------------|-----------------|-----------------|
| Commissions and other portfolio expenses      | 3,812.37        | 3,880.42        |
| Personnel expenses                            | 1,729.03        | 1,784.86        |
| External services                             |                 |                 |
| - Leasing (shops and buildings)               | 94.16           | 98.94           |
| - Repairs and upkeep (shops and buildings)    | 74.80           | 79.83           |
| - Leasing and repairs (computer equipment)    | 64.11           | 58.72           |
| - Leasing and repairs (computer applications) | 184.51          | 173.81          |
| - Other services (computer applications)      | 149.34          | 140.23          |
| - Supplies (communications)                   | 21.11           | 21.67           |
| - Advertising and marketing                   | 170.98          | 135.34          |
| - Public relations                            | 45.25           | 45.66           |
| - Independent professional services           | 146.19          | 164.16          |
| - Other services                              | 365.99          | 403.87          |
| Taxes                                         | 193.51          | 213.24          |
| Provision for amortization                    | 274.18          | 293.37          |
| Expenses posted directly to purpose           | 540.85          | 452.67          |
| <b>TOTAL</b>                                  | <b>7,866.38</b> | <b>7,946.79</b> |

Figures in millions of euros

The income statement reflects expenses by purpose, i.e., based on the function the expenses fulfill in the operational cycle of the insurance activity (claims-related expenses, the acquisition of insurance contracts, administration, investments or other technical items).

Expenses are initially recognized according to their nature, and are reclassified according to their purpose in those cases in which the nature and purpose are not the same. The reclassification performed in the following subject headings is as follows:

- 1) Claims-related expenses. Includes expenses for personnel assigned to claims management, amortization and depreciation of fixed assets assigned to this activity, fees paid for claims management and expenses incurred for other services necessary for processing claims.
- 2) Net operating expenses. Included in this heading are:
  - Acquisition expenses. Includes commissions, expenses for personnel assigned to production, amortization and depreciation of fixed assets assigned to this activity, expenses for analyzing and processing policy applications and formalizations, as well as advertising, publicity and commercial organization expenses directly related to the acquisition of insurance contracts.
  - Administration expenses. These primarily include expenses for personnel assigned to these functions and amortization and depreciation of fixed assets assigned to this activity, as well as expenses deriving from contentious matters related to premiums, from processing refunds and from ceded and accepted reinsurance.

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- Commissions and participations in reinsurance. Includes compensation from reinsurers to the ceding companies for acquisition and administration expenses incurred by the latter, as well as their participation in the profits of the reinsurer.
- 3) Investment expenses. Includes expenses for personnel assigned to managing investments, charges to amortization and depreciation allowance for fixed assets assigned to this activity, and other internal and external expenses for managing investments, with external expenses including fees, commissions and brokerage fees accrued.

Expenses from investments are classified as from operations or from equity depending on whether they derive from investments corresponding to technical provisions (operating investments) or from investments corresponding to the company's equity (equity investments).

## 6.20. RESULT FROM CEDED AND RETROCEDED REINSURANCE

The result from ceded and retroceded reinsurance for years 2018 and 2017 is the following:

| Item                                                              | Non-Life      |                 | Life           |                | Total         |                 |
|-------------------------------------------------------------------|---------------|-----------------|----------------|----------------|---------------|-----------------|
|                                                                   | 2018          | 2017            | 2018           | 2017           | 2018          | 2017            |
| Premiums                                                          | (3,206.04)    | (3,879.60)      | (168.30)       | (184.84)       | (3,374.34)    | (4,064.44)      |
| Change in the provision for unearned premiums and unexpired risks | (155.90)      | 347.17          | (2.81)         | (12.31)        | (158.71)      | 334.86          |
| Claims paid and change in the provision for claims                | 3,587.13      | 2,781.77        | 89.93          | 99.42          | 3,677.06      | 2,881.19        |
| Change in mathematical provision and other technical provisions   | 5.39          | (0.33)          | (15.63)        | (3.94)         | (10.24)       | (4.27)          |
| Participation of reinsurance in commissions and expenses          | 531.57        | 515.30          | 36.09          | 41.73          | 567.66        | 557.03          |
| <b>Result of ceded and retroceded reinsurance</b>                 | <b>762.15</b> | <b>(235.69)</b> | <b>(60.72)</b> | <b>(59.94)</b> | <b>701.43</b> | <b>(295.63)</b> |

Figures in millions of euros

The increase in "Claims paid and change in the provision for claims" in 2018 for ceded and retroceded reinsurance is primarily due to the increase in provisions for the catastrophic events occurring in 2018 and in 2017 (see note 6.14). The 2018 events include, significantly, the impact of a hydroelectric dam in Colombia, for the amount of 1.03 billion euros, which does not have a relevant effect on the "Result for the period attributable to controlling company" because of the participation of reinsurance.

## 6.21. FISCAL SITUATION

### Fiscal consolidation regulations

- Tax on profits

Since the financial year 1985, some of the consolidated companies with registered offices in Spain have been included for corporate tax purposes in Fiscal Group 9/85. This Group is made up of the controlling company

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and those of its subsidiaries that are eligible for this tax regime. A list of the subsidiaries included in this fiscal Group in 2018 is provided in Annex 1 of this report.

- Value Added Tax

Since the financial year 2010, and for the purposes of value added tax, some of the consolidated companies with a registered address in Spain have been included in the VAT Group 87/10, formed by MAPFRE S.A. as the controlling company and those of its controlled companies that agreed to join the Group when it was created. A list of the subsidiaries that form part of this Group in 2018 is provided in Annex 1 of this report.

### **Components of tax on profits expenses and reconciliation of the accounting profit with the tax cost for ongoing activities**

The main components of the tax on profits expenses from ongoing activities and the reconciliation between the tax on profits expenses and the result of multiplying the accounting profit by the applicable tax rate for the financial years ending December 31 2018 and 2017 are shown below. The Group has reconciled the amounts by aggregating reconciliations made separately using the national rates of each country.

| Item                                                                                                                                   | Amount         |               |
|----------------------------------------------------------------------------------------------------------------------------------------|----------------|---------------|
|                                                                                                                                        | Year 2018      | Year 2017     |
| <b><u>Tax expense</u></b>                                                                                                              |                |               |
| Result before taxes from ongoing operations                                                                                            | 1,330.46       | 1,508.71      |
| 25 percent of result before taxes from ongoing operations                                                                              | 332.62         | 377.18        |
| Tax effect of the permanent differences                                                                                                | (44.29)        | (86.51)       |
| Tax incentive for the financial year                                                                                                   | (25.80)        | (18.79)       |
| Tax effect of tax rates other than 25 percent                                                                                          | 166.28         | 156.19        |
| Total expense from current tax originating in the financial year                                                                       | 428.81         | 428.07        |
| Expense from current tax originating in previous years                                                                                 | 24.13          | (17.01)       |
| Receivables from negative taxable income not recognized from previous periods, deductions pending application or temporary differences | —              | (0.71)        |
| <b>TOTAL TAX EXPENSES OF ONGOING OPERATIONS</b>                                                                                        | <b>452.94</b>  | <b>410.35</b> |
| <b><u>Tax on profits to be paid</u></b>                                                                                                |                |               |
| Withholdings and advance payments                                                                                                      | (404.90)       | (420.52)      |
| Temporary differences and currency conversion differences                                                                              | (29.32)        | 42.32         |
| Tax receivables and incentives applied, registered in previous years                                                                   | (44.37)        | (6.04)        |
| Tax on earnings for discontinued operations                                                                                            | —              | —             |
| <b>TOTAL TAX ON PROFITS TO BE PAID (RECEIVABLE) ORIGINATING IN THE YEAR</b>                                                            | <b>(25.65)</b> | <b>26.11</b>  |
| Tax on profits receivable from previous financial years                                                                                | (36.26)        | (1.50)        |
| <b>NET TOTAL TAX ON PROFITS TO BE PAID (RECEIVABLE)</b>                                                                                | <b>(61.91)</b> | <b>24.61</b>  |

Figures in millions of euros

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In 2017, the “Expense from current tax originating in previous years” includes the reduction in tax liabilities for subsidiaries in the United States, coming from the reduction of the tax rate included in the tax reform approved in this country, for the amount of 37.80 million euros.

### **Deferred tax assets and liabilities**

At December 31, 2018 and 2017 deferred tax assets and liabilities were shown on the consolidated balance sheet for the net amount corresponding to each of the Group’s tax-paying companies. They currently stand as follows:

| Item                         | 2018            | 2017            |
|------------------------------|-----------------|-----------------|
| Deferred tax assets          | 333.58          | 296.81          |
| Deferred tax liabilities     | (499.32)        | (588.04)        |
| <b>Asset (Liability) net</b> | <b>(165.74)</b> | <b>(291.23)</b> |

Figures in millions of euros

In addition to the deferred tax assets recorded in 2018 and 2017, shown in the above table, there are other deferred tax assets deriving from tax loss carryforwards pending offset, amounting to 32.40 and 31.07 million euros, respectively. These assets were not recognized, in accordance with the criteria established under EU-IFRS.

The following tables show the movements in the net balance of deferred taxes in the financial years 2018 and 2017, with a breakdown of the amounts related to items directly debited or credited to equity accounts in each financial year.

### **2018**

| Item                                                                 | Opening balance | Adjustments to the opening balance | Changes to the scope | From          |              | Settled        | Closing balance |
|----------------------------------------------------------------------|-----------------|------------------------------------|----------------------|---------------|--------------|----------------|-----------------|
|                                                                      |                 |                                    |                      | Results       | Equity       |                |                 |
| Portfolio acquisition expenses and other acquisition expenses        | (315.10)        | 26.92                              | --                   | 23.83         | --           | --             | (264.35)        |
| Valuation difference in financial investments                        | (1,196.78)      | (25.73)                            | --                   | 35.80         | 150.17       | 20.41          | (1,016.13)      |
| Other comprehensive revenue and expenses                             | (16.30)         | (0.36)                             | --                   | (1.56)        | --           | 0.78           | (17.44)         |
| Valuation difference in mathematical provisions by shadow accounting | 931.29          | 10.24                              | --                   | (5.13)        | (58.21)      | (10.43)        | 867.76          |
| Stabilization and catastrophe provision                              | (156.29)        | (5.66)                             | --                   | (19.15)       | --           | 13.00          | (168.10)        |
| Other technical provisions                                           | 70.35           | 2.64                               | --                   | (0.26)        | --           | --             | 72.73           |
| Tax receivables on negative taxable income                           | 68.11           | (7.96)                             | (2.03)               | 190.20        | --           | (27.25)        | 221.07          |
| Receivables on tax incentives                                        | 27.79           | 1.29                               | --                   | 25.81         | --           | (42.93)        | 11.96           |
| Pension supplements and other staff-related commitments              | 51.39           | (5.37)                             | (0.52)               | 4.43          | --           | (1.82)         | 48.11           |
| Provisions for uncollected premiums                                  | 19.01           | (0.51)                             | --                   | 6.76          | --           | (6.22)         | 19.04           |
| Provisions for liabilities and others                                | 38.01           | 3.77                               | --                   | 6.00          | --           | (3.98)         | 43.80           |
| Tax receivables derived from PIS, COFINS and REFIS (Note 6.15)       | 139.81          | (14.78)                            | --                   | (149.23)      | --           | --             | (24.20)         |
| Other items                                                          | 47.48           | (19.23)                            | (0.11)               | 9.71          | --           | 2.16           | 40.01           |
| <b>TOTAL</b>                                                         | <b>(291.23)</b> | <b>(34.74)</b>                     | <b>(2.66)</b>        | <b>127.21</b> | <b>91.96</b> | <b>(56.28)</b> | <b>(165.74)</b> |

Figures in millions of euros

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The Results column includes a transfer from Tax receivables from PIS, COFINS and REFIS to Tax receivables for negative taxable income for the amount of 132.28 million euros.

## 2017

| Item                                                                 | Opening balance | Adjustments to the opening balance | Changes to the scope | From          |                | Settled        | Closing balance |
|----------------------------------------------------------------------|-----------------|------------------------------------|----------------------|---------------|----------------|----------------|-----------------|
|                                                                      |                 |                                    |                      | Results       | Equity         |                |                 |
| Portfolio acquisition expenses and other acquisition expenses        | (423.36)        | 44.72                              | --                   | 59.03         | --             | 4.51           | (315.10)        |
| Valuation difference in financial investments                        | (1,337.62)      | 15.78                              | --                   | 53.27         | 71.22          | 0.57           | (1,196.78)      |
| Other comprehensive revenue and expenses                             | (19.07)         | 0.84                               | (0.22)               | 2.47          | --             | (0.32)         | (16.30)         |
| Valuation difference in mathematical provisions by shadow accounting | 1,052.39        | (1.45)                             | --                   | (9.40)        | (100.63)       | (9.62)         | 931.29          |
| Stabilization and catastrophe provision                              | (182.28)        | 2.31                               | --                   | 1.43          | --             | 22.25          | (156.29)        |
| Other technical provisions                                           | 104.93          | (7.52)                             | --                   | (27.06)       | --             | --             | 70.35           |
| Tax receivables on negative taxable income                           | 70.64           | (6.27)                             | --                   | 29.59         | --             | (25.85)        | 68.11           |
| Receivables on tax incentives                                        | 27.39           | --                                 | --                   | 18.79         | --             | (18.39)        | 27.79           |
| Pension supplements and other staff-related commitments              | 47.51           | 0.20                               | --                   | 8.42          | --             | (4.74)         | 51.39           |
| Provisions for uncollected premiums                                  | 23.63           | (0.89)                             | --                   | 2.75          | --             | (6.48)         | 19.01           |
| Provisions for liabilities and others                                | 42.96           | (0.30)                             | --                   | 3.10          | --             | (7.75)         | 38.01           |
| Tax receivables derived from PIS, COFINS (Note 6.15)                 | 182.19          | (23.58)                            | --                   | (18.80)       | --             | --             | 139.81          |
| Other items                                                          | 15.30           | 9.41                               | 0.01                 | 30.42         | 0.02           | (7.68)         | 47.48           |
| <b>TOTAL</b>                                                         | <b>(395.39)</b> | <b>33.25</b>                       | <b>(0.21)</b>        | <b>154.01</b> | <b>(29.39)</b> | <b>(53.50)</b> | <b>(291.23)</b> |

Figures in millions of euros

At December 31, 2018 deferred tax assets and liabilities maturing in less than 12 months amounted to 52.82 and 50.07 million euros, respectively (63.00 and 55.63 million euros, respectively, in 2017).

## Negative taxable income

The negative taxable income pending offset in fully consolidated companies at the close of the last two periods is shown below:

| Year generated    | Amount of negative tax bases  |              |                     |               | Deferred tax assets |              |                       |              |
|-------------------|-------------------------------|--------------|---------------------|---------------|---------------------|--------------|-----------------------|--------------|
|                   | Applied in the financial year |              | Pending application |               | Amount recognized   |              | Amount not recognized |              |
|                   | 2018                          | 2017         | 2018                | 2017          | 2018                | 2017         | 2018                  | 2017         |
| 2010 and previous | --                            | 0.10         | 11.90               | 11.56         | 0.08                | 0.08         | 2.59                  | 2.52         |
| 2011              | --                            | 3.39         | 5.84                | 5.62          | --                  | --           | 1.15                  | 1.17         |
| 2012              | --                            | 4.98         | 8.28                | 9.66          | --                  | 0.54         | 1.70                  | 1.64         |
| 2013              | 6.96                          | 0.06         | 253.46              | 5.71          | 98.99               | --           | 1.11                  | 1.14         |
| 2014              | 10.03                         | 0.51         | 10.13               | 17.44         | 0.02                | 3.29         | 2.14                  | 2.63         |
| 2015              | 5.56                          | 1.49         | 32.36               | 59.73         | 5.32                | 11.23        | 3.87                  | 5.89         |
| 2016              | 35.57                         | 1.04         | 165.97              | 125.97        | 47.78               | 23.37        | 5.56                  | 10.02        |
| 2017              | 40.51                         | --           | 90.23               | 144.05        | 13.74               | 29.59        | 7.17                  | 6.06         |
| 2018              | --                            | --           | 158.03              | --            | 55.14               | --           | 7.11                  | --           |
| <b>Total</b>      | <b>98.63</b>                  | <b>11.57</b> | <b>736.20</b>       | <b>379.74</b> | <b>221.07</b>       | <b>68.10</b> | <b>32.40</b>          | <b>31.07</b> |

Figures in millions of euros

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Assets recognized in relation to deferred taxes on negative tax bases pending offset in consolidated companies represent negative tax bases generated as a result of unusual management events, and future tax profits are likely to exist against which they may be offset.

The amounts of deferred tax assets recording in accounting in 2013 and 2016 include the transfer from the abovementioned Tax receivables from PIS, COFINS and REFIS, for the amount of 98.99 and 33.29 million euros, respectively.

### **Tax incentives**

The tax incentives of the fully consolidated companies for 2018 and 2017 are as follows:

| Module                    | Amount applied in the financial year |              | Amount pending application |              | Amount not recorded |           |
|---------------------------|--------------------------------------|--------------|----------------------------|--------------|---------------------|-----------|
|                           | 2018                                 | 2017         | 2018                       | 2017         | 2018                | 2017      |
| Double taxation deduction | 7.45                                 | 7.94         | --                         | --           | --                  | --        |
| Creation of employment    | --                                   | 0.16         | --                         | --           | --                  | --        |
| Other                     | 35.48                                | 10.3         | 11.96                      | 27.79        | --                  | --        |
| <b>Total</b>              | <b>42.93</b>                         | <b>18.40</b> | <b>11.96</b>               | <b>27.79</b> | <b>--</b>           | <b>--</b> |

Figures in millions of euros

The consolidated tax group no. 9/85 made use in previous years of the reduction for capitalization reserve contemplated in Article 25 of the Corporate Income Tax Act 27/2014, giving rise to a decrease of 0.47 million euros in the consolidated tax payable in 2017.

To enjoy this tax benefit, there must be an increase in shareholders' equity in the period and this increase must be maintained for a period of 5 years, and a reserve must be created equivalent to the amount of the reduction, equivalent to 10 percent of said increase and which will be restricted for the same 5-year period.

The Group's controlling company met this requirement in 2017 with a charge to the freely-distributable reserves existing on its balance sheet at December 31, 2017.

Shareholders' equity and allocated reserves in the last periods, subject to the maintenance requirement, are as follows:

| Year | Increase in Shareholders' Equity | Restricted reserve |
|------|----------------------------------|--------------------|
| 2015 | 324.90                           | 35.00              |
| 2016 | 94.70                            | 12.00              |
| 2017 | 18.57                            | 1.86               |

Figures in millions of euros

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### **Verification by tax authorities**

In accordance with current legislation, the statements made for the different taxes may not be considered final until they have been inspected by the tax authorities or until the statute of limitations has passed (four years for Spanish companies).

As a result of the inspections initiated on February 17, 2012 relating to the corporate income tax returns of Tax Group 9/85 for the financial years 2007 to 2009, which affected MAPFRE S.A., as the controlling company, as well as MAPFRE ASISTENCIA, COMPAÑÍA INTERNACIONAL DE SEGUROS Y REASEGUROS, S.A. (years 2007-2009), MAPFRE GLOBAL RISKS S.A. (years 2008 and 2009), MAPFRE VIDA S.A. DE SEGUROS Y REASEGUROS SOBRE LA VIDA HUMANA (2008 and 2009) and MAPFRE ESPAÑA COMPAÑÍA DE SEGUROS Y REASEGUROS, S.A., a notice of disagreement was signed regarding the sum of 5.54 million euros relating to the deduction for research and development and technological innovation expenses, the payment of which was appealed with the Central Economic Administrative Court, who partially upheld the allegations. An appeal has already been filed with the Contentious Administrative Proceedings of the Audiencia Nacional (National High Court).

A notice of disagreement was also signed for "Withholdings on earnings" in 2008 and 2009, for a total amount of 0.49 million euros, as well as for "Withholdings on investment income" in 2008 and 2009, for 5.38 million euros, affecting MAPFRE VIDA and MAPFRE ESPAÑA, and appeals have been filed with the Audiencia Nacional.

As a result of the limited-scope inspections initiated on June 23, 2014 against MAPFRE ESPAÑA and MAPFRE VIDA, notices of disagreement were signed for "Withholdings on investment income" for 2010 to 2013, in connection with certain risk and savings insurance, and appeals have been filed with Audiencia Nacional. Moreover, on May 10, 2016 notices of disagreement for the same concept were signed regarding the year 2014 and MAPFRE VIDA and BANKIA MAPFRE VIDA. The payments were made to the Spanish tax authorities but appeals were filed with the Central Economic Administrative Court and are pending a ruling on the complaints.

On December 4, 2017 MAPFRE S.A. received notification, as the controlling company of consolidated tax Group number 9/85, of the initiation of inspection activity for corporate income tax pertaining to years 2013 to 2016. Likewise, and in reference to Value Added Tax, they received notification as representative of VAT Group number 87/10, of the initiation of verification activity for the years 2014 to 2016. In reference to MAPFRE S.A. and to the company called MAPFRE ESPAÑA, the activity extends to all the taxes the companies are subject to for the years 2014 to 2016, and the Corporate Taxes for 2013. In the case of MAPFRE RE, MAPFRE INTERNACIONAL and MAPFRE ASISTENCIA, the activity extends to Corporate Taxes for the years 2013 to 2016, to withholdings on investment income for the years 2014 to 2016, and in the case of MAPFRE ASISTENCIA it also extends to the VAT for the years 2014 to 2016. In the case of MAPFRE VIDA, MAPFRE GLOBAL RISKS, MAPFRE TECH and MAPFRE INMUEBLES and SERVICIOS DE PERITACIÓN MAPFRE the activity extends to withholdings on earnings for the years 2014 to 2016.

Notices of agreement were signed regarding Income Tax withholdings affecting the companies MAPFRE GLOBAL RISKS, MAPFRE INMUEBLES, MAPFRE TECH and SERVICIOS DE PERITACION MAPFRE, the amount of which reaches approximately 1.59 million euros. Likewise, a notice of disagreement was signed regarding Income tax withholdings for the amount of 0.90 million euros, which affects MAPFRE INTERNACIONAL. All other activities are still ongoing at the date of preparation of the annual accounts.

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On November 6, 2017 FUNESPAÑA, S.A. received notification, as the controlling company of tax consolidation Group number 97/13, of the initiation of inspection activity for corporate income tax pertaining to the years 2013 and 2014, which in the case of Value Added Tax and withholdings on earnings the companies ALL FUNERAL SERVICES and FUNEMADRID are also affected, for the period November 2013 to December 2014, and which are still ongoing at the date of preparation of the annual accounts.

Consequently, at December 31, 2018 all taxes relating to years 2015 to 2018 of the consolidated companies were open to inspection, as were the corporate taxes for 2013 and 2014 for the tax group of which MAPFRE S.A. is the controlling company, as well as VAT for 2014 for MAPFRE S.A., MAPFRE ESPAÑA and MAPFRE ASISTENCIA, withholdings on investment income for 2014 for MAPFRE S.A., MAPFRE ESPAÑA, MAPFRE RE, MAPFRE ASISTENCIA, MAPFRE INTERNACIONAL, MAPFRE VIDA, MAPFRE GLOBAL RISKS, MAPFRE TECH, MAPFRE INMUEBLES and SERVICIOS DE PERITACIÓN MAPFRE, and withholdings on investment income for 2010 to 2013 in the case of MAPFRE ESPAÑA and MAPFRE VIDA.

In some remaining consolidated companies there are ongoing verifications with tax authorities; the amounts subject to discussion in these verifications are not significant.

At December 31, 2018 the view of the Directors and advisors of the consolidated companies regarding the possibility of tax liabilities arising and significantly affecting the financial position of the consolidated companies was remote.

## 6.22 REMUNERATION FOR EMPLOYEES AND ASSOCIATED RETIRED EMPLOYEES

### Personnel expenses

The personnel expenses breakdown for the last two years is shown in the table below:

| Item                         | Amount          |                 |
|------------------------------|-----------------|-----------------|
|                              | 2018            | 2017            |
| Short-term remuneration      |                 |                 |
| Wages and salaries           | 1,257.80        | 1,234.93        |
| Social security              | 237.15          | 243.19          |
| Other remuneration           | 163.97          | 207.51          |
| Post-employment benefits     | 36.90           | 35.65           |
| Other long-term remuneration | (3.63)          | 3.29            |
| Termination payments         | 36.84           | 60.28           |
| <b>TOTAL</b>                 | <b>1,729.03</b> | <b>1,784.86</b> |

Figures in millions of euros

### Main post-employment benefits

#### **Defined benefit plans**

The main defined benefit plans in force throughout the Group, all of which are instrumented through insurance policies, are measured pursuant to the provisions described in the accounting policies, and are

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those where the benefit is determined according to end salaries, with the benefit paid as a life annuity, subject to review in line with the annual consumer price index (CPI).

In relation to the amounts recognized on the balance sheet, the obligations regarding defined benefit plans amounted to 44.63 and 47.28 million euros at December 31, 2018 and 2017, respectively, fully externalized through written policies with MAPFRE VIDA. Consequently, no assets allocated to these plans are recognized and the liability recognized on the consolidated balance sheet is recorded under the heading "Provisions for life insurance".

There are also obligations relating to pension commitments, externalized through allocated insurance policies, amounting to 12.40 and 12.71 million euros at December 31, 2018 and 2017, respectively. These amounts coincide with the value of the assets allocated to the plan.

#### Settlement of the current value of the commitment

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

| Item                                         | 2018         | 2017         |
|----------------------------------------------|--------------|--------------|
| <b>CURRENT COMMITMENT VALUE AT JANUARY 1</b> | <b>59.99</b> | <b>61.38</b> |
| Interest cost                                | 2.41         | 2.48         |
| Actuarial gains and losses                   | (0.14)       | 1.07         |
| Benefits paid                                | (3.88)       | (3.92)       |
| Other items                                  | (1.35)       | (1.02)       |
| <b>CURRENT VALUE AT DECEMBER 31</b>          | <b>57.03</b> | <b>59.99</b> |

Figures in millions of euros

#### Reconciliation of the opening and closing balances of the assets allocated to the plan and reimbursement rights

The following table shows the reconciliation of the opening and closing balances of the assets allocated to the plan and the reimbursement rights for the last two years.

| Item                                                                                    | 2018         | 2017         |
|-----------------------------------------------------------------------------------------|--------------|--------------|
| <b>VALUE OF ASSETS ALLOCATED TO THE PLAN AND REIMBURSEMENT RIGHTS AT JANUARY 1</b>      | <b>59.99</b> | <b>61.38</b> |
| Expected return of assets allocated to the plan                                         | 2.41         | 2.48         |
| Actuarial gains and losses                                                              | (0.14)       | 1.07         |
| Benefits paid                                                                           | (3.88)       | (3.92)       |
| Other items                                                                             | (1.35)       | (1.02)       |
| <b>VALUE OF ASSETS ALLOCATED TO THE PLAN AND REIMBURSEMENT RIGHTS AS OF DECEMBER 31</b> | <b>57.03</b> | <b>59.99</b> |

Figures in millions of euros

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The assets assigned to the aforementioned policies correspond to equity and debt instruments whose value is determined almost entirely by listed prices in active markets.

The following table shows the amounts recognized in the consolidated income statement for 2018 and 2017.

| Item                                                        | 2018     | 2017     |
|-------------------------------------------------------------|----------|----------|
| Interest cost                                               | 2.41     | 2.48     |
| Expected return of assets allocated to the plan             | (2.41)   | (2.48)   |
| <b>TOTAL EXPENSE RECOGNIZED EXPENSE IN INCOME STATEMENT</b> | <b>–</b> | <b>–</b> |

Figures in millions of euros

The expected rate of return is determined based on the type of guaranteed yield in corresponding insurance policies.

The main actuarial assumptions used at the close of both years were the following: mortality tables PERM/F-2000, annual CPI of 3 percent in both years, the discount rates and the expected return of allocated assets being identical since these are products with flow matching.

No contributions to the aforementioned defined benefit plans are envisaged for 2019.

#### **Other post-employment benefits**

In 2018 and 2017 the personnel expenses correspond to Life insurance covering death between ages 65 and 77, amounting to 1.46 and 1.40 million euros, respectively.

#### **Other medium-term remuneration and share-based payments**

In 2016, the Board of Directors approved a new medium-term incentive plan valued and recognized in the income statement in line with the valuation rule in Note 5.19 "Personnel expenses".

The personnel expenses related to this plan are recorded in the consolidated income statement. In 2018 the provision for 11.51 million euros was partially cancelled (In 2017, expenses were recorded for the amount of 2.91 million euros), with 4.92 million euros recognized at December 31, 2018 (10.84 million euros at December 31, 2017) under liabilities as the remuneration amount to be settled in cash, and 4.49 million euros in 2018 (10.08 million euros in 2017) in equity for the remuneration to be settled through equity instruments. In 2018 the number of reference shares taken into account for the purposes of this remuneration amounted to 2,295,522 (7,720,980 in 2017).

#### **Number of employees**

The following table shows the average number and final number of employees for the last two years, classified by category and gender, and distributed by segment.

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• Average number of employees:

**2018**

| Segment                           | Board of Directors and Senior Management |       | Management |       | Technicians |       | Administrative staff |       | Total  |        |
|-----------------------------------|------------------------------------------|-------|------------|-------|-------------|-------|----------------------|-------|--------|--------|
|                                   | Men                                      | Women | Men        | Women | Men         | Women | Men                  | Women | Men    | Women  |
| IBERIA                            | 5                                        | --    | 1,146      | 564   | 2,742       | 2,494 | 677                  | 1,837 | 4,570  | 4,895  |
| LATAM NORTH                       | 5                                        | 2     | 294        | 275   | 766         | 744   | 338                  | 461   | 1,403  | 1,482  |
| LATAM SOUTH                       | 6                                        | 2     | 432        | 295   | 1,203       | 1,092 | 604                  | 803   | 2,245  | 2,192  |
| BRASIL                            | --                                       | --    | 378        | 261   | 898         | 2,024 | 814                  | 1,218 | 2,090  | 3,503  |
| NORTH AMERICA                     | 4                                        | --    | 296        | 309   | 671         | 1,091 | 226                  | 694   | 1,197  | 2,094  |
| EURASIA                           | 4                                        | --    | 239        | 208   | 657         | 794   | 552                  | 772   | 1,452  | 1,774  |
| MAPFRE ASISTENCIA                 | 2                                        | 1     | 406        | 268   | 577         | 566   | 1,210                | 1,905 | 2,195  | 2,740  |
| MAPFRE GLOBAL RISKS               | 2                                        | --    | 46         | 20    | 95          | 93    | 4                    | 26    | 147    | 139    |
| MAPFRE RE                         | 2                                        | --    | 56         | 32    | 119         | 127   | 12                   | 37    | 189    | 196    |
| CORPORATE AREAS                   | 19                                       | 2     | 215        | 98    | 416         | 289   | 23                   | 93    | 673    | 482    |
| Average total number of employees | 49                                       | 7     | 3,508      | 2,330 | 8,144       | 9,314 | 4,460                | 7,846 | 16,161 | 19,497 |

**2017**

| Segment                           | Board of Directors and Senior Management |       | Management |       | Technicians |       | Administrative staff |       | Total  |        |
|-----------------------------------|------------------------------------------|-------|------------|-------|-------------|-------|----------------------|-------|--------|--------|
|                                   | Men                                      | Women | Men        | Women | Men         | Women | Men                  | Women | Men    | Women  |
| IBERIA                            | 4                                        | 1     | 946        | 336   | 2,940       | 2,640 | 685                  | 1,839 | 4,575  | 4,815  |
| LATAM NORTH                       | 5                                        | 1     | 310        | 289   | 738         | 702   | 390                  | 484   | 1,443  | 1,476  |
| LATAM SOUTH                       | 4                                        | 1     | 457        | 314   | 1,212       | 1,077 | 709                  | 913   | 2,383  | 2,304  |
| BRASIL                            | 3                                        | --    | 399        | 281   | 1,025       | 2,137 | 826                  | 1,221 | 2,253  | 3,639  |
| NORTH AMERICA                     | 2                                        | --    | 306        | 313   | 732         | 1,101 | 177                  | 687   | 1,217  | 2,100  |
| EURASIA                           | 6                                        | 2     | 235        | 194   | 680         | 769   | 537                  | 750   | 1,458  | 1,716  |
| MAPFRE ASISTENCIA                 | 5                                        | 1     | 429        | 306   | 673         | 722   | 1,316                | 2,052 | 2,423  | 3,081  |
| MAPFRE GLOBAL RISKS               | 1                                        | --    | 49         | 19    | 95          | 94    | 6                    | 27    | 150    | 139    |
| MAPFRE RE                         | 2                                        | --    | 57         | 32    | 111         | 115   | 13                   | 37    | 183    | 184    |
| CORPORATE AREAS                   | 12                                       | 1     | 219        | 93    | 446         | 278   | 24                   | 102   | 702    | 474    |
| Average total number of employees | 44                                       | 8     | 3,407      | 2,176 | 8,652       | 9,634 | 4,683                | 8,111 | 16,787 | 19,929 |

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• Number of employees at the end of the year:

**2018**

| Segment                          | Board of Directors and Senior Management |          | Management   |              | Technicians  |              | Administrative staff |              | Total         |               |
|----------------------------------|------------------------------------------|----------|--------------|--------------|--------------|--------------|----------------------|--------------|---------------|---------------|
|                                  | Men                                      | Women    | Men          | Women        | Men          | Women        | Men                  | Women        | Men           | Women         |
| IBERIA                           | 5                                        | --       | 1,138        | 557          | 2,757        | 2,535        | 679                  | 1,867        | 4,579         | 4,959         |
| LATAM NORTH                      | 5                                        | 2        | 326          | 302          | 756          | 750          | 318                  | 454          | 1,405         | 1,508         |
| LATAM SOUTH                      | 7                                        | 2        | 462          | 360          | 1,148        | 1,029        | 598                  | 802          | 2,215         | 2,193         |
| BRASIL                           | --                                       | --       | 413          | 312          | 842          | 1,933        | 787                  | 1,265        | 2,042         | 3,510         |
| NORTH AMERICA                    | 4                                        | --       | 302          | 337          | 648          | 1,067        | 219                  | 678          | 1,173         | 2,082         |
| EURASIA                          | 4                                        | --       | 258          | 224          | 648          | 786          | 549                  | 761          | 1,459         | 1,771         |
| MAPFRE ASISTENCIA                | 1                                        | 1        | 497          | 336          | 457          | 459          | 1,121                | 1,830        | 2,076         | 2,626         |
| MAPFRE GLOBAL RISKS              | 2                                        | --       | 42           | 20           | 87           | 89           | 4                    | 25           | 135           | 134           |
| MAPFRE RE                        | 2                                        | --       | 55           | 32           | 127          | 129          | 11                   | 37           | 195           | 198           |
| CORPORATE AREAS                  | 21                                       | 2        | 212          | 97           | 390          | 296          | 21                   | 91           | 644           | 486           |
| <b>Total number of employees</b> | <b>51</b>                                | <b>7</b> | <b>3,705</b> | <b>2,577</b> | <b>7,860</b> | <b>9,073</b> | <b>4,307</b>         | <b>7,810</b> | <b>15,923</b> | <b>19,467</b> |

**2017**

| Segment                          | Board of Directors and Senior Management |           | Management   |              | Technicians  |              | Administrative staff |              | Total         |               |
|----------------------------------|------------------------------------------|-----------|--------------|--------------|--------------|--------------|----------------------|--------------|---------------|---------------|
|                                  | Men                                      | Women     | Men          | Women        | Men          | Women        | Men                  | Women        | Men           | Women         |
| IBERIA                           | 4                                        | 1         | 950          | 340          | 2,937        | 2,650        | 696                  | 1,877        | 4,587         | 4,868         |
| LATAM NORTH                      | 5                                        | 1         | 302          | 282          | 745          | 712          | 366                  | 468          | 1,418         | 1,463         |
| LATAM SOUTH                      | 4                                        | 1         | 440          | 299          | 1,203        | 1,068        | 673                  | 882          | 2,320         | 2,250         |
| BRASIL                           | 3                                        | --        | 381          | 272          | 971          | 2,019        | 791                  | 1,281        | 2,146         | 3,572         |
| NORTH AMERICA                    | 2                                        | --        | 307          | 313          | 723          | 1,112        | 180                  | 665          | 1,212         | 2,090         |
| EURASIA                          | 8                                        | 4         | 230          | 195          | 672          | 758          | 544                  | 785          | 1,454         | 1,742         |
| MAPFRE ASISTENCIA                | 4                                        | 1         | 420          | 301          | 630          | 625          | 1,294                | 1,998        | 2,348         | 2,925         |
| MAPFRE GLOBAL RISKS              | 1                                        | --        | 49           | 20           | 96           | 97           | 5                    | 25           | 151           | 142           |
| MAPFRE RE                        | 2                                        | --        | 56           | 32           | 114          | 122          | 18                   | 42           | 190           | 196           |
| CORPORATE AREAS                  | 13                                       | 2         | 223          | 97           | 451          | 287          | 23                   | 101          | 710           | 487           |
| <b>Total number of employees</b> | <b>46</b>                                | <b>10</b> | <b>3,358</b> | <b>2,151</b> | <b>8,542</b> | <b>9,450</b> | <b>4,590</b>         | <b>8,124</b> | <b>16,536</b> | <b>19,735</b> |

The following table shows the number of employees in Spain with a degree of disability equal to or higher than 33 percent at the close of the last two years and the average during those years, indicating the categories to which they belong:

| Item                 | 2018           |            | 2017           |            |
|----------------------|----------------|------------|----------------|------------|
|                      | Year-end close | Average    | Year-end close | Average    |
| Management           | 11             | 12         | 13             | 13         |
| Technicians          | 95             | 96         | 74             | 72         |
| Administrative staff | 93             | 90         | 90             | 83         |
| <b>Total</b>         | <b>199</b>     | <b>198</b> | <b>177</b>     | <b>168</b> |

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## 6.23. EARNINGS ON FOREIGN EXCHANGE DIFFERENCES

Foreign exchange gains other than those arising from financial instruments measured at fair value, allocated to the consolidated income statement, amounted to 959.39 million and 1.04 billion euros in 2018 and 2017, respectively.

Negative foreign exchange differences other than those arising from financial instruments measured at fair value, allocated to the consolidated income statement, amounted to 946.70 million and 1.02 billion euros in 2018 and 2017, respectively.

The settlement of the exchange differences recognized in equity at the beginning and end of the year in 2018 and 2017 is shown below.

| Description                                                            | Amount   |          |
|------------------------------------------------------------------------|----------|----------|
|                                                                        | 2018     | 2017     |
| FOREIGN EXCHANGE DIFFERENCES AT THE BEGINNING OF THE YEAR              | (730.70) | (91.61)  |
| Net foreign exchange differences on valuation of non-monetary items    | 1.59     | (7.56)   |
| Net foreign exchange differences on conversion of financial statements | (8.79)   | (631.53) |
| FOREIGN EXCHANGE DIFFERENCES AT THE END OF THE YEAR                    | (737.90) | (730.70) |

Figures in millions of euros

At December 31, 2018 and 2017 the net foreign exchange differences arising from the translation into euros of the financial statements of those Group companies whose functional currency is not the euro were as follows:

| Company/Subgroup                                     | Geographic Area                   | Currency conversion differences |               |                   |                   |                 |                 |
|------------------------------------------------------|-----------------------------------|---------------------------------|---------------|-------------------|-------------------|-----------------|-----------------|
|                                                      |                                   | Gains                           |               | Losses            |                   | Net             |                 |
|                                                      |                                   | 2018                            | 2017          | 2018              | 2017              | 2018            | 2017            |
| <u>Companies consolidated by global integration:</u> |                                   |                                 |               |                   |                   |                 |                 |
| MAPFRE RE                                            | Europe, America and rest of world | 21.88                           | 22.38         | (26.67)           | (19.92)           | (4.79)          | 2.46            |
| MAPFRE INTERNACIONAL                                 | Europe, America and rest of world | 439.20                          | 354.23        | (1,109.04)        | (1,027.11)        | (669.84)        | (672.88)        |
| OTHER                                                | --                                | 27.54                           | 25.78         | (73.70)           | (67.36)           | (46.16)         | (41.58)         |
| <b>TOTAL</b>                                         |                                   | <b>488.62</b>                   | <b>402.39</b> | <b>(1,209.41)</b> | <b>(1,114.39)</b> | <b>(720.79)</b> | <b>(712.00)</b> |

Figures in millions of euros

## 6.24. CONTINGENT ASSETS AND LIABILITIES

At the end of 2018 and 2017, and at the time of preparing these consolidated annual accounts, there was no evidence of the existence of contingent assets and liabilities for significant amounts, other than those disclosed in these notes.

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

## 6.25. BUSINESS COMBINATIONS

### Executed in the financial years 2018 and 2017

In 2018 and 2017 several shareholdings were purchased, the most significant being the take-over of ABDA in 2017. The ABDA take-over consists of a business combination in stages, as MAPFRE already owned 20 percent of the capital. With this operation, MAPFRE consolidated its entry into the Indonesian insurance market it began in 2013, allowing the company to increase its presence in Southeast Asia and position itself in a market with great potential.

The table below shows the fair value of the identifiable assets and liabilities related to the acquisition of these businesses:

| Item                                                | 2017          |
|-----------------------------------------------------|---------------|
|                                                     | ABDA          |
| <b><u>ASSETS</u></b>                                |               |
| Portfolio acquisition expenses                      | 32.44         |
| Investments                                         | 87.03         |
| Receivables                                         | 16.41         |
| Cash                                                | 76.68         |
| Other assets                                        | 11.54         |
| <b>TOTAL ASSETS</b>                                 | <b>224.10</b> |
| <b><u>LIABILITIES</u></b>                           |               |
| Technical provisions                                | 98.34         |
| Deferred tax liabilities                            | 10.45         |
| Debt                                                | 3.77          |
| Other liabilities                                   | 6.08          |
| <b>TOTAL LIABILITIES</b>                            | <b>118.64</b> |
| Fair value of net assets                            | 105.46        |
| Interest acquired                                   | 51%           |
| Fair value of the percentage of acquired net assets | 53.78         |
| First consolidation difference                      | 93.17         |
| <b>Acquisition combination costs</b>                | <b>146.95</b> |

Figures in millions of euros

The definitive amounts of the abovementioned business combinations differ from the provisional amounts recorded in 2017 with the final acquisition price determined in 2018. As the differences in the Consolidated Annual Accounts are not significant, the amounts from 2017 have not been restated.

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The above stated fair values differ from the book values of the company prior to the combination, mainly due to portfolio acquisition expenses and corresponding tax liabilities, which are not recorded on their books.

The original 20 percent stake held in ABDA was recorded at fair value, recognizing a positive effect of 13.50 million euros, net of taxes, in the Group 2017 consolidated income statement.

The net acquisition costs of all the combinations in 2018 and 2017 have been met in full, and at December 31, 2018 and 2017 there were no outstanding amounts pending payment.

The expenses directly attributable to the combinations in 2017, corresponding to independent professional, legal and financial advisory fees and amounting in total to 0.31 million euros, were recorded as expenses in the consolidated income statement.

The aforementioned combination was incorporated into the consolidated group on June 1, 2017, contributing 43.54 million euros to the Group's premiums, and 2.87 million euros to the net result attributable to the controlling company in 2017. If this combination had been executed at the beginning of each year, it would have contributed 76.74 million euros to the Group's premiums, and 6.64 million euros to the net result attributable to the controlling Company in 2017.

The business combinations with an insignificant cost that took place during 2018 and 2017 are listed in Annex 1.

#### **Business combinations in progress**

- Reorganization of the bancassurance alliance with Bankia

MAPFRE and Bankia have reached an agreement to reorganize their bankassurance alliance, by virtue of which MAPFRE VIDA will acquire 51 percent of the share capital of Caja Granada Vida and Caja Murcia Vida y Pensiones, for a consideration of 110.30 million euros, significantly increasing MAPFRE'S Life insurance distribution capacity in the southeast of Spain. This transaction is subject to the approval of the corresponding regulatory and supervisory authorizations.

- Distribution agreement with Banco de Santander

On January 21 2019, MAPFRE and Banco de Santander, S.A. reached an agreement by means of which the financial undertaking will exclusively distribute auto, commercial multirisk, SME multirisk, and third party liability insurance through its network in Spain until December 2037. By virtue of this agreement, MAPFRE will acquire, through its subsidiary MAPFRE ESPAÑA, 50.01 percent of a new created company, for a consideration of 82.20 million euros, and Banco de Santander, S.A., through its subsidiary Santander Seguros, will own the remaining 49.99 percent.

#### **6.26. TRANSACTIONS WITH RELATED PARTIES**

All transactions with related parties have been conducted under market conditions.

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In addition to the transactions described in the other notes accompanying the consolidated annual accounts, the balances and transactions between Group companies are explained below.

#### **Operations with Group companies**

The operations conducted between Group companies, with a zero effect on results because they have been eliminated in the consolidation process, are shown below:

| Item                                                      | 2018     | 2017     |
|-----------------------------------------------------------|----------|----------|
| Received/provided services and other expenses/revenue     | 547.50   | 541.99   |
| Expenses/revenue from real estate investment              | 24.42    | 23.58    |
| Expenses/revenues from investments and financial accounts | 25.93    | 29.65    |
| Dividends distributed                                     | 1,826.36 | 1,854.55 |

Figures in millions of euros

#### **Reinsurance and co-insurance operations**

Reinsurance and co-insurance activities conducted between Group companies, which have been eliminated in the consolidation process, are shown below:

| Item                            | 2018     | 2017     |
|---------------------------------|----------|----------|
| Ceded/accepted premiums         | 2,120.20 | 2,422.03 |
| Benefits and services           | 1,955.02 | 1,697.75 |
| Changes in technical provisions | (79.73)  | (37.10)  |
| Commissions                     | 432.99   | 602.48   |

Figures in millions of euros

The following table shows the balances with reinsurers and ceding companies, deposits given, and technical provisions on reinsurance activities with Group companies, all of which have been eliminated in the consolidation process:

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## MAPFRE S.A. AND SUBSIDIARIES

| Item                     | 2018     | 2017     |
|--------------------------|----------|----------|
| Receivables and payables | 464.20   | 364.95   |
| Deposits                 | 81.25    | 101.22   |
| Technical provisions     | 2,728.75 | 3,063.75 |

Figures in millions of euros

### Information related to controlled companies

The following table shows the dividends distributed by the controlled companies with significant non-controlling interests and the result for the period attributable to non-controlling interests:

| Controlled company                               | Dividends distributed |        |                         |        | Earnings attributable to non-controlling interests |        |
|--------------------------------------------------|-----------------------|--------|-------------------------|--------|----------------------------------------------------|--------|
|                                                  | Controlling company   |        | Non-controlling company |        |                                                    |        |
|                                                  | 2018                  | 2017   | 2018                    | 2017   | 2018                                               | 2017   |
| BB MAPFRE SH1 PARTICIPAÇÕES, S.A.                | 81.82                 | 146.48 | 246.14                  | 440.31 | 269.35                                             | 356.86 |
| BANKIA MAPFRE VIDA, S.A. DE SEGUROS Y REASEGUROS | 97.51                 | 40.78  | 93.86                   | 39.18  | 39.05                                              | 37.41  |
| MAPFRE RE COMPAÑÍA DE REASEGUROS, S.A.           | 92.62                 | 95.28  | 7.79                    | 8.01   | 10.92                                              | 12.37  |
| BANKINTER SEGUROS DE VIDA, S.A.                  | 29.18                 | 23.43  | 29.23                   | 23.43  | 28.82                                              | 25.87  |
| MAPFRE BHD COMPAÑÍA DE SEGUROS, S.A.             | 4.85                  | 5.16   | 6.19                    | 4.95   | 8.96                                               | 8.71   |
| MAPFRE PERÚ VIDA, COMPAÑÍA DE SEGUROS, S.A.      | 6.95                  | 6.28   | 3.88                    | 2.38   | 6.85                                               | 7.10   |
| CAJA CASTILLA LA MANCHA VIDA Y PENSIONES, S.A.   | 4.80                  | 9.71   | 4.80                    | 9.71   | 8.91                                               | 9.16   |

Figures in millions of euros

Additionally, in 2018 non-controlling interests in the companies BB MAPFRE SH1 PARTICIPAÇÕES, S.A., BANKIA MAPFRE VIDA, S.A. DE SEGUROS Y REASEGUROS and BANKINTER SEGUROS DE VIDA, S.A. have received funds for the following items and amounts:

| Controlled company                               | Item                       | Amount |
|--------------------------------------------------|----------------------------|--------|
| BB MAPFRE SH1 PARTICIPAÇÕES, S.A.                | Capital reduction          | 71.39  |
| BANKIA MAPFRE VIDA, S.A. DE SEGUROS Y REASEGUROS | Share premium distribution | 35.86  |
| BANKINTER SEGUROS DE VIDA, S.A.                  | Share premium distribution | 18.21  |

Figures in millions of euros

The distribution of share premiums is included in the Consolidated statement of changes in equity as "Other operations with the controlling company's shareholders and non-controlling interests"

Additionally, on November 30 2018, the business reorganization of the strategic alliance between MAPFRE and Banco do Brasil came into effect. This alliance was initially formed in 2011 and was implemented through the holding companies BB MAPFRE SH1, focused primarily on the Life business, and MAPFRE BB SH2, owner of the insurers operating in other lines.

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## MAPFRE S.A. AND SUBSIDIARIES

The reorganization has been set out in the following terms:

- Partial spin-off of BB MAPFRE SH1 by means of the segregation of the shareholding in MAPFRE Vida (Brazil), which will be absorbed by MAPFRE BB SH2.
- Partial spin-off of MAPFRE BB SH2 by means of the segregation of the shareholding in Aliança do Brasil Seguros (ABS), which will be absorbed by BB MAPFRE SH1.
- BB Seguros sells to MAPFRE BRASIL the whole of its shareholding in BB MAPFRE SH2.

Shareholding changes resulting from this reorganization are included in Annex 1 and the funds paid are indicated in Note 6.9.

The key figures for controlled companies and significant joint arrangements related to insurance activities are shown below:

• Balance sheet

| Entity                                                                    | Investments      |                  | Credits         |                 | Total assets     |                  | Equity          |                 | Technical Provisions |                  |
|---------------------------------------------------------------------------|------------------|------------------|-----------------|-----------------|------------------|------------------|-----------------|-----------------|----------------------|------------------|
|                                                                           | 2018             | 2017             | 2018            | 2017            | 2018             | 2017             | 2018            | 2017            | 2018                 | 2017             |
| <b>Controlled company</b>                                                 |                  |                  |                 |                 |                  |                  |                 |                 |                      |                  |
| MAPFRE VIDA SOCIEDAD ANÓNIMA DE SEGUROS Y REASEGUROS SOBRE LA VIDA HUMANA | 12,625.52        | 12,765.96        | 148.11          | 169.71          | 14,664.52        | 14,879.84        | 1,307.68        | 1,412.81        | 11,468.37            | 11,596.80        |
| BANKIA MAPFRE VIDA, S.A. DE SEGUROS Y REASEGUROS                          | 7,374.07         | 7,612.05         | 12.49           | 18.82           | 7,551.49         | 7,812.95         | 312.05          | 516.78          | 6,752.66             | 6,850.13         |
| MAPFRE ESPAÑA COMPAÑÍA DE SEGUROS Y REASEGUROS S.A.                       | 5,668.82         | 5,528.92         | 937.18          | 915.98          | 8,027.50         | 7,761.46         | 2,216.15        | 2,342.22        | 4,983.15             | 4,657.51         |
| MAPFRE RE COMPAÑÍA DE REASEGUROS, S.A.                                    | 3,918.58         | 4,016.82         | 392.39          | 294.81          | 5,838.83         | 6,191.21         | 1,223.30        | 1,260.67        | 4,167.42             | 4,463.14         |
| M.S.V. LIFE P.L.C.                                                        | 1,982.78         | 1,881.46         | 2.48            | 2.82            | 2,213.36         | 2,116.60         | 159.98          | 161.10          | 1,927.91             | 1,825.37         |
| BANKINTER SEGUROS DE VIDA, S.A.                                           | 1,608.24         | 1,503.25         | 26.68           | 25.01           | 1,837.73         | 1,721.02         | 130.15          | 172.21          | 1,177.64             | 972.76           |
| COMPANHIA DE SEGUROS ALIANÇADO BRASIL, S.A.                               | 1,362.51         | 1,474.80         | 712.50          | 834.94          | 2,773.18         | 3,014.83         | 329.95          | 357.05          | 1,832.08             | 1,975.37         |
| <b>Subtotal controlled companies</b>                                      | <b>34,540.52</b> | <b>34,783.26</b> | <b>2,231.83</b> | <b>2,262.09</b> | <b>42,906.61</b> | <b>43,497.91</b> | <b>5,679.26</b> | <b>6,222.84</b> | <b>32,309.23</b>     | <b>32,341.08</b> |
| <b>Joint Arrangement</b>                                                  |                  |                  |                 |                 |                  |                  |                 |                 |                      |                  |
| SOLUNION SEGUROS DE CREDITO S.A.                                          | 73.08            | 55.21            | 78.10           | 62.10           | 407.82           | 341.18           | 111.29          | 106.43          | 179.95               | 141.62           |
| <b>Subtotal Joint Arrangements</b>                                        | <b>73.08</b>     | <b>55.21</b>     | <b>78.10</b>    | <b>62.10</b>    | <b>407.82</b>    | <b>341.18</b>    | <b>111.29</b>   | <b>106.43</b>   | <b>179.95</b>        | <b>141.62</b>    |

Figures in millions of euros

• Income statement

| Entity                                                                    | Revenue                 |                  |                  |                  | Results                 |                 |                 |                 |                     |                 |
|---------------------------------------------------------------------------|-------------------------|------------------|------------------|------------------|-------------------------|-----------------|-----------------|-----------------|---------------------|-----------------|
|                                                                           | From insurance business |                  | Totals           |                  | From insurance business |                 | From operations |                 | From global account |                 |
|                                                                           | 2018                    | 2017             | 2018             | 2017             | 2018                    | 2017            | 2018            | 2017            | 2018                | 2017            |
| <b>Controlled company</b>                                                 |                         |                  |                  |                  |                         |                 |                 |                 |                     |                 |
| MAPFRE VIDA SOCIEDAD ANÓNIMA DE SEGUROS Y REASEGUROS SOBRE LA VIDA HUMANA | 2,485.53                | 2,287.90         | 2,507.19         | 2,296.68         | 299.48                  | 224.27          | 287.93          | 221.48          | 283.30              | 219.22          |
| BANKIA MAPFRE VIDA, S.A. DE SEGUROS Y REASEGUROS                          | 898.60                  | 758.06           | 903.36           | 760.38           | 105.88                  | 101.39          | 79.63           | 76.26           | 59.66               | 71.18           |
| MAPFRE ESPAÑA COMPAÑÍA DE SEGUROS Y REASEGUROS S.A.                       | 4,483.67                | 4,415.30         | 5,172.78         | 4,915.76         | 515.12                  | 415.21          | 232.77          | 318.53          | 150.27              | 266.20          |
| MAPFRE RE COMPAÑÍA DE REASEGUROS, S.A.                                    | 3,950.61                | 3,911.23         | 4,676.61         | 5,116.86         | 181.81                  | 213.14          | 140.87          | 159.57          | 57.89               | 125.43          |
| M.S.V. LIFE P.L.C.                                                        | 405.57                  | 403.39           | 404.23           | 406.84           | 13.72                   | 12.45           | 10.94           | 10.21           | 10.94               | 10.21           |
| BANKINTER SEGUROS DE VIDA, S.A.                                           | 519.11                  | 427.88           | 532.88           | 441.27           | 77.13                   | 68.96           | 57.60           | 51.68           | 52.70               | 51.65           |
| COMPANHIA DE SEGUROS ALIANÇADO BRASIL, S.A.                               | 1,537.98                | 1,673.75         | 1,805.49         | 2,060.07         | 550.53                  | 625.84          | 354.26          | 409.70          | 357.10              | 413.54          |
| <b>Subtotal controlled companies</b>                                      | <b>14,281.07</b>        | <b>13,877.51</b> | <b>16,007.54</b> | <b>15,977.71</b> | <b>1,543.67</b>         | <b>1,661.26</b> | <b>1,164.00</b> | <b>1,247.43</b> | <b>971.96</b>       | <b>1,157.43</b> |
| <b>Joint Arrangement</b>                                                  |                         |                  |                  |                  |                         |                 |                 |                 |                     |                 |
| SOLUNION SEGUROS DE CREDITO S.A.                                          | 30.94                   | 28.23            | 224.79           | 185.43           | 13.35                   | 12.09           | 6.10            | 5.54            | 4.60                | 2.26            |
| <b>Subtotal Joint Arrangements</b>                                        | <b>30.94</b>            | <b>28.23</b>     | <b>224.79</b>    | <b>185.43</b>    | <b>13.35</b>            | <b>12.09</b>    | <b>6.10</b>     | <b>5.54</b>     | <b>4.60</b>         | <b>2.26</b>     |

Figures in millions of euros

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The key figures for controlled companies and significant joint arrangements related to non-insurance activities are shown below:

- Balance sheet

| Entity                                    | Current assets |               | Total assets  |               | Equity        |               | Current liabilities |               |
|-------------------------------------------|----------------|---------------|---------------|---------------|---------------|---------------|---------------------|---------------|
|                                           | 2018           | 2017          | 2018          | 2017          | 2018          | 2017          | 2018                | 2017          |
| <b>Controlled company</b>                 |                |               |               |               |               |               |                     |               |
| FUNESPAÑA, S.A.                           | 166.58         | 54.78         | 167.69        | 171.45        | 118.79        | 113.27        | 45.76               | 51.80         |
| MAPFRE INVERSIÓN SOCIEDAD DE VALORES S.A. | 71.28          | 58.33         | 209.87        | 234.19        | 165.85        | 200.98        | 37.38               | 25.67         |
| MAPFRE TECH                               | 48.34          | 34.31         | 64.54         | 53.10         | 20.85         | 20.16         | 35.35               | 25.64         |
| CREDIMAPFRE                               | 27.98          | 28.09         | 28.13         | 28.23         | 3.16          | 3.14          | 24.98               | 25.08         |
| <b>Subtotal controlled companies</b>      | <b>314.18</b>  | <b>175.51</b> | <b>470.23</b> | <b>486.97</b> | <b>308.65</b> | <b>337.55</b> | <b>143.47</b>       | <b>128.19</b> |

Figures in millions of euros

- Income statement

| Entity                                    | Revenue       |               | Earnings        |              |                      |              |
|-------------------------------------------|---------------|---------------|-----------------|--------------|----------------------|--------------|
|                                           |               |               | From operations |              | From overall account |              |
|                                           | 2018          | 2017          | 2018            | 2017         | 2018                 | 2017         |
| <b>Controlled company</b>                 |               |               |                 |              |                      |              |
| FUNESPAÑA, S.A.                           | 113.48        | 98.02         | 5.52            | 4.53         | 5.51                 | 4.53         |
| MAPFRE INVERSIÓN SOCIEDAD DE VALORES S.A. | 104.26        | 102.05        | 57.35           | 39.63        | 51.60                | 39.19        |
| MAPFRE TECH                               | 180.88        | 178.16        | 0.73            | (1.78)       | 0.73                 | (1.78)       |
| CREDIMAPFRE                               | 3.37          | 3.81          | 0.14            | 0.04         | 0.14                 | 0.04         |
| <b>Subtotal controlled companies</b>      | <b>401.99</b> | <b>382.04</b> | <b>63.74</b>    | <b>42.42</b> | <b>57.98</b>         | <b>41.98</b> |

Figures in millions of euros

### Information relating to joint arrangements and associated undertakings

In 2018 and 2017 MAPFRE GLOBAL RISKS did not receive any dividends from SOLUNION.

The cost and fair value of the shareholding in the SOLUNION joint venture at the close of the year were 37.1 and 64.01 million euros, respectively (37.10 and 66.10 million euros respectively in 2017).

The following table contains the supplementary information for the joint ventures:

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## MAPFRE S.A. AND SUBSIDIARIES

| Joint Arrangement                | Cash and cash equivalents |             | Financial liabilities |           | Repayment   |             | Interest    |             |             |             | Expenses or income after tax on profit |               |
|----------------------------------|---------------------------|-------------|-----------------------|-----------|-------------|-------------|-------------|-------------|-------------|-------------|----------------------------------------|---------------|
|                                  |                           |             |                       |           |             |             | Revenue     |             | Expenses    |             |                                        |               |
|                                  | 2018                      | 2017        | 2018                  | 2017      | 2018        | 2017        | 2018        | 2017        | 2018        | 2017        | 2018                                   | 2017          |
| SOLUNION SEGUROS DE CREDITO S.A. | 4.70                      | 2.56        | --                    | --        | 2.24        | 1.73        | 2.57        | 3.53        | 2.44        | 1.64        | (2.49)                                 | (2.29)        |
| <b>TOTAL</b>                     | <b>4.70</b>               | <b>2.56</b> | <b>--</b>             | <b>--</b> | <b>2.24</b> | <b>1.73</b> | <b>2.57</b> | <b>3.53</b> | <b>2.44</b> | <b>1.64</b> | <b>(2.49)</b>                          | <b>(2.29)</b> |

Figures in millions of euros

The information relating to the key figures of the associated undertakings is included in Annex 1 of the annual report.

### Remuneration of key management personnel

The following table shows the paid remuneration received in the last two years by members of the Board of Directors of the controlling company:

| Item                              | Amount      |             |
|-----------------------------------|-------------|-------------|
|                                   | 2018        | 2017        |
| Short-term remuneration           |             |             |
| Salary                            | 3.00        | 3.00        |
| Short-term variable remuneration  | 2.09        | 1.98        |
| Fixed allowance                   | 2.75        | 2.47        |
| Other items                       | 0.91        | 0.15        |
| Medium-term variable remuneration | 1.13        | 1.13        |
| <b>TOTAL REMUNERATION</b>         | <b>9.88</b> | <b>8.73</b> |
| Other remuneration                |             |             |
| Life insurance                    | 0.09        | 0.10        |

Figures in millions of euros

The basic remuneration for external directors consists of an annual fixed amount for membership to the Board of Directors, which was 110,000 euros in 2018 and 2017. In 2017, a fixed annual allowance of 110,000 euros was established for the Vice-Chairman-Coordinating Director. The members of the Steering Committee receive 20,000 euros in 2018 and 2017. Said amount reaches 65,000 euros (55,000 in 2017), in the case of people who chair the Audit and Compliance Committee, and 57,000 euros (55,000 in 2017) in the case of people who chair other Steering Committees. Other members of the Audit and Compliance Committee receive 45,000 euros (35,000 in 2017) and other members of other sub-steering committees receive 37,000 euros (35,000 euros in 2017).

Members of the Boards of Directors of Spanish insurance companies receive a fixed allowance of 47,000 euros (45,000 in 2017). The external vice-chairmen of the Boards of Directors of Spanish companies receive 10,000 euros, and those who are members of Steering Committees receive 10,000 euros (8,000 in 2017).

Life insurance is also established in case of death, with an insured capital of 150,253 euros, as well as some of the staff benefits like medical insurance.

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Executive directors (who are deemed to be executives of the controlling company as well as those who perform executive functions in other MAPFRE GROUP companies) receive the remuneration established in their contracts, which includes a fixed salary, incentives with varying amounts linked to results, life and disability insurance, and other general benefits established for the Group's staff. They also receive certain pension supplements for retirement, externalized through a life insurance policy. All of these payments are in line with the compensation policy established by the Group for its senior managers, whether or not they are directors. In 2018 contributions to defined benefit plans amounted to 5.12 million euros, recognized as expenses for the year (4.20 million euros in 2017).

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

In relation to the medium-term incentive plan, a provision for 0.82 million euros was cancelled. A provision was made for 0.10 million euros corresponding to remuneration in cash, and a provision for 0.92 million euros to remuneration to be settled through equity instruments was cancelled. In 2017, 1.33 million euros were provisioned, of which 1.31 million corresponded to remuneration in cash and 0.02 million to remuneration to be settled through equity instruments. At the close of 2018, the amount of the provision for these plans reached 1.55 million euros (3.23 million euros in 2017).

Regarding variable short-term remuneration already paid, at the close of 2018, 3.25 million euros are pending payment (2.62 million euros in 2017).

The basic remuneration for external directors is approved by the Annual General Meeting at the recommendation of the Board of Directors and in keeping with the report drawn up by the Appointments and Remuneration Committee. The amount of the contractual remuneration for executive directors and the fixed allowance for membership to the Boards or Steering Committees are approved by the Board of Directors, subject to a report by the committee.

The insurance premium paid on behalf of the administrators for damages liability was 0.67 million euros (0.44 million euros in 2017).

In reference to senior management, remuneration paid in the last two years is shown below:

| Item                             | Amount      |             |
|----------------------------------|-------------|-------------|
|                                  | 2018        | 2017        |
| No. of senior management members | 7           | 5           |
| Fixed remuneration               | 2.12        | 1.60        |
| Variable remuneration            | 1.19        | 0.93        |
| Other concepts                   | 0.08        | 0.04        |
| <b>TOTAL REMUNERATION</b>        | <b>3.39</b> | <b>2.57</b> |
| Life insurance                   | 0.03        | 0.03        |

Figures in millions 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.

Regarding the medium-term incentive plan, in the current year, part of a provision for 1.02 million euros was cancelled (0.1 million euros was provisioned in 2017) of which 0.51 million euros correspond to remuneration in cash and 0.52 to remuneration to be settled in equity instruments.

Additionally, an expense of 0.83 million euros was recorded in 2018 (0.52 million euros in 2017) as a contribution to defined benefit plans.

## 6.27. EVENTS SUBSEQUENT TO CLOSING

### Non-Life Insurance distribution in the Bankia network

In December 2018 a non-extinguishing, modifying, partial novation contract of the agent contract for the exclusive distribution of Non-Life Insurance was signed with Bankia. This will make it possible to expand the exclusive sale MAPFRE general P&C to the whole BMN network, which will make MAPFRE the exclusive distributor of Non-Life Insurance for the whole Bankia network. This agreement is effective as of January 14 2019, at which date the fixed commission initially established for the amount of 51.40 million euros became effective.

### Distribution agreement with Corporación Actinver in Mexico

On January 9 2019, Corporación Actinver, S.A.B. de C.V. ("Actinver") announced the acceptance of the binding offer made by MAPFRE for the exclusive sale of MAPFRE insurance products through the Actinver network in Mexico, for an undetermined period of time. The definitive terms and conditions of the agreement will be made known when the final contracts are signed.

### Reorganization of global risks business

In April 2018, MAPFRE approved a new configuration for its businesses insuring large industrial and commercial risks. Under this new structure, MAPFRE GLOBAL RISKS will continue to develop its management capacity and its market knowledge, and at the same time, the insurance or reinsurance risk will be assigned to the Group entities which, based on their specialization, size or capacity, are able to take on said risk with the greatest efficiency and profitability. To this end, a business restructuring operation is being carried out through which:

- The purely insurance or reinsurance activities, along with the related assets and liabilities, will be transferred, respectively, to MAPFRE ESPAÑA and MAPFRE RE.
- MAPFRE GLOBAL RISKS' operations regarding the analysis and underwriting of large industrial and commercial risks will continue to be carried out through an entity established in 2018, and it will act on behalf of MAPFRE ESPAÑA and MAPFRE RE.

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At the date of preparation of these annual accounts, this restructuring transaction, which will not affect the consolidated financial statements, is still pending approval from the Spanish supervisory body.

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## **7. RISK MANAGEMENT**

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The Board of Directors of MAPFRE S.A. establishes the risk level that the Group would be ready to assume to attain its business objectives with no significant deviations, even in adverse situations. That level, which establishes limits and sub-limits per risk type, configures the MAPFRE Group's risk appetite.

MAPFRE's structure is based on Units and Companies that are highly autonomous insofar as their management. The governing and management bodies of the Group approve the Units' and Companies' lines of action regarding continuous risk management and supervision through indicators and risk exposure ratios.

The Group Risk Management Area handles all significant aspects related to risk management corresponding to the Group as well as relevant aspects of the different legal undertakings belonging to it, establishing benchmark directives and criteria to be taken on, with any adaptations necessary, by the risk areas of the individual undertakings.

The Governing Bodies regularly receive information at least every six months relating to the quantification of the main risks to which the Group is exposed and the capital resources available to cover them, as well as information relating to compliance with the established risk appetite limits.

Assigned capital is established in general based on estimates based on the budgets for the following year and it is periodically reviewed throughout the year in line with the development of risks in order to ensure compliance with the established risk appetite limits.

These limits provide for certain companies requiring a higher level of capitalization, in relative terms, than the Group average, either because they operate in different countries with different legal requirements, or because their activities are subject to more stringent financial solvency requirements than those of the other Group entities.

Exposure to the types of risk coming from the Group financial instruments and insurance contracts, as well as the processes and methods used for their management and measurement are explained in sections A), B), C) and D) of this Note.

### **A) INSURANCE RISK**

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# 1. Sensitivity to insurance risk

This sensitivity analysis measures the effect on capital fluctuations upward and downward of the determining factors of insurance risk (number of insured risks, average premium value, frequency and cost of claims). One measure of the sensitivity to the Non-Life insurance risk is the impact that a 1 percentage point change in the combined ratio would have on the annual results and, consequently, on equity. The following table shows this effect and the volatility index of the ratio, calculated according to the standard deviation in a five-year time horizon:

| Business Units      | Impact on results of 1% variation in the combined ratio |               | Combined ratio volatility index |
|---------------------|---------------------------------------------------------|---------------|---------------------------------|
|                     | 2018                                                    | 2017          |                                 |
| Insurance           |                                                         |               |                                 |
| - IBERIA            | 34.10                                                   | 33.06         | 1.93%                           |
| - LATAM             | 22.81                                                   | 23.86         | 1.03%                           |
| - INTERNATIONAL     | 19.22                                                   | 36.33         | 1.83%                           |
| Reinsurance         | 19.07                                                   | 17.90         | 0.93%                           |
| Assistance          | 4.78                                                    | 8.38          | 3.07%                           |
| Global Risks        | 2.40                                                    | 2.46          | 18.74%                          |
| <b>CONSOLIDATED</b> | <b>90.62</b>                                            | <b>103.78</b> | <b>0.97%</b>                    |

Figures in millions of euros

For the Life activity, the Market Consistent Embedded Value (MCEV) methodology has been used, which consists of determining the yields of the assets and the credit risk in such a way that the net flows of the assets, discounted to the origin, coincide with their market value. In this way, yields and credit risk cease to be a hypothesis and become a consequence of the market price of the assets.

The Embedded Value of the Life, Accidental Death, Mutual Fund and Pension Fund insurance businesses comprises the adjusted net asset value plus the value of in force business, defined as follows:

- Embedded value: Adjusted Net Asset Value (ANAV) + Value of In Force Business (VIF)
- Adjusted Net Asset Value (ANAV): Adjusted Net Asset Value or ANAV is the same as equity according to the IFRS, adjusted for: committed donations and dividends; goodwill; deferred expenses; and any other element necessary to obtain the economic value of the capital.
- Value of In Force Business (VIF) = PVFP – TVFOG – Coc, being:
  - The Present Value of Future Profits or "PVFP" is equal to the present value of expected future accounting profits of the portfolio in force at the valuation date, after tax and

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discounted to the reference curve. The financial performance of the business in force has been calculated on the basis of interest rates of the reference curve, except for fixed interest rate assets related to Life-Savings insurance, where book yields have been used with an adjustment for credit risk based on the market value of the assets. The PVFP includes the "intrinsic value" of the FOG granted to the insured. The financial performance of future investments has been calculated based on interest rates of the reference curve.

- TVFOG = Time value of financial options and guarantees granted to policyholders. These options are included in the contracts, which implies the existence of potentially valuable underlying guarantees, or options to change, the level or nature of policyholders' benefits and exercisable at the discretion of policyholders, whose potential value is impacted by the performance of financial variables
- CoC = Cost of Capital. In line with Solvency II Risk Margin calculation, the CoC used in the MCEV has been measured by applying a fixed rate of 6% (gross of taxes) to the required solvency capital, excluding market risks.

In line with MCEV principles, a methodology that is aligned with Solvency II criteria has been selected, with the exception of:

- Contract limits: in annual renewable products in which the Solvency II criteria establishes that the limit of the contract with regard to the valuation is at the end of the year in progress, the criteria applied for MCEV has been to project successive renewals, considering the probability of cancellation until the contracts' maturity.
- In line with the above, the cost of capital has been calculated based on a theoretical capital requirement, which would correspond if this same contract limit were applied to the risks calculation.

As such, the key assumptions used have been:

- Discount curves: Risk-free reference rates published by EIOPA (European Insurance and Occupational Pensions Authority) at the valuation date have been used, including volatility adjustments or matching adjustments (by product).
- Solvency II Risk Margin methodology has been followed for the cost of capital, including the factor of 6% per annum (before taxes).

The following table shows the composition of the embedded value of the business of MAPFRE VIDA and its controlled companies, the Life and Burial business of MAPFRE PERU, and the Life business of MAPFRE Group in Brazil (MAPFRE Previdencia, BB MAPFRE SH1 Participações and MAPFRE BB SH2 Participações S.A.) at the close of 2017. The figures at the close of 2016 only include business from MAPFRE VIDA and its controlled companies. The figures for 2018 were not available when the consolidated annual accounts were prepared.

| Item                                                                    | 2017            | 2016            |
|-------------------------------------------------------------------------|-----------------|-----------------|
| Adjusted equity                                                         | 2,596.30        | 1,996.40        |
| Present value of future profits                                         | 5,400.50        | 3,089.30        |
| Time value of financial options and guarantees granted to policyholders | (84.50)         | (93.10)         |
| Cost of regulatory capital requirement                                  | (561.70)        | (444.10)        |
| <b>TOTAL EMBEDDED VALUE</b>                                             | <b>7,350.60</b> | <b>4,548.50</b> |

Figures in millions of euros

The variables to which embedded value was most sensitive in 2017 were as follows:

- A 100 basis-point increase in interest rates, which would reduce the embedded value by 388.4 million euros in the existing portfolio and by 18.9 million euros in new business.
- A 10 percent reduction in the decline in the portfolio, which would increase the embedded value by 236.2 million euros in the existing portfolio and by 33.2 million euros in new business.

The insurance companies in the territorial areas of LATAM and International that operate in the Life insurance business mainly do so through risk schemes.

## 2. Concentrations of insurance risk

The Group has a high degree of insurance risk diversification since it operates in virtually all insurance lines in Spain and has a wide presence in the international markets.

The Group has implemented a system of procedures and limits which allows it to control the level of concentrated insurance risk.

It is standard practice to use reinsurance contracts to mitigate the insurance risk arising from the concentration or accumulation of guarantees exceeding the maximum acceptance levels.

### 2.a) Premiums by risk

The following tables show the breakdown for the last two years of written direct insurance and accepted reinsurance premiums classified according to the type of business underwritten:

## 2018

## MAPFRE S.A. AND SUBSIDIARIES

| Item                                | Accepted reinsurance |                  |             |          | Direct insurance |             |            |          |           |
|-------------------------------------|----------------------|------------------|-------------|----------|------------------|-------------|------------|----------|-----------|
|                                     | Life                 | Non-Life         |             | Total    | Catastrophe risk | Other risks |            |          | Total     |
|                                     |                      | Catastrophe risk | Other risks |          |                  | Life        | Non-Life   |          |           |
|                                     |                      |                  |             |          |                  |             | Automobile | Other    |           |
| Written premiums , direct insurance | --                   | --               | --          | --       | 382.95           | 4,870.58    | 6,812.94   | 7,035.76 | 19,102.23 |
| Premiums from accepted reinsurance  | 600.47               | 461.55           | 2,372.85    | 3,434.87 | --               | --          | --         | --       | --        |

Figures in millions of euros

2017

| Item                               | Accepted reinsurance |                  |             |          | Direct insurance |          |             |          |           |
|------------------------------------|----------------------|------------------|-------------|----------|------------------|----------|-------------|----------|-----------|
|                                    | Life                 | Non-Life         |             | Total    | Catastrophe risk | Life     | Other risks |          | Total     |
|                                    |                      | Catastrophe risk | Other risks |          |                  |          | Non-Life    |          |           |
|                                    |                      |                  |             |          |                  |          | Automobile  | Other    |           |
| Written premiums, direct insurance | --                   | --               | --          | --       | 263.89           | 4,656.44 | 7,210.36    | 7,851.65 | 19,982.34 |
| Premiums from accepted reinsurance | 656.70               | 463.84           | 2,377.81    | 3,498.35 | --               | --       | --          | --       | --        |

Figures in millions of euros

## 2.b) Premiums by product and segment

The following tables show premiums issued for direct insurance and accepted reinsurance by product and segment, in the last two years:

2018

| Product        | IBERIA   | LATAM NORTH | LATAM SOUTH | BRAZIL   | NORTH AMERICA | EURASIA  | MAPFRE ASISTENCIA | MAPFRE GLOBAL RISK | MAPFRE RE | CORPORATE AREAS AND CONSOLIDATION ADJUSTMENTS | Total     |
|----------------|----------|-------------|-------------|----------|---------------|----------|-------------------|--------------------|-----------|-----------------------------------------------|-----------|
| Life           | 2,582.56 | 343.77      | 261.45      | 1,355.71 | 4.03          | 328.09   | --                | --                 | --        | 0.09                                          | 4,875.70  |
| Automobile     | 2,282.91 | 279.65      | 449.96      | 1,013.52 | 1,639.70      | 1,123.71 | 90.70             | --                 | --        | (89.25)                                       | 6,790.50  |
| Homeowners and | 921.08   | 101.53      | 154.39      | 435.30   | 673.90        | 86.73    | --                | --                 | --        | 0.36                                          | 2,413.29  |
| Health         | 554.65   | 211.03      | 72.02       | 1.52     | 63.96         | 125.75   | --                | --                 | --        | 3.49                                          | 1,032.42  |
| Accident       | 109.36   | 15.21       | 95.83       | --       | 1.95          | 10.00    | --                | --                 | --        | 0.06                                          | 232.41    |
| Other Non-Life | 1,207.35 | 358.16      | 532.10      | 1,166.15 | 41.74         | 91.48    | 236.53            | 117.23             | --        | (347.06)                                      | 3,403.68  |
| Reinsurance    | --       | --          | --          | --       | --            | --       | 583.79            | 1,056.68           | 3,787.13  | (1,838.90)                                    | 3,788.70  |
| TOTAL          | 7,657.91 | 1,309.35    | 1,605.75    | 3,972.20 | 2,425.28      | 1,765.76 | 911.02            | 1,173.91           | 3,787.13  | (2,071.21)                                    | 22,537.10 |

Figures in millions of euros

2017

| Product        | IBERIA   | LATAM NORTH | LATAM SOUTH | BRAZIL   | NORTH AMERICA | EURASIA  | MAPFRE ASISTENCIA | MAPFRE GLOBAL RISK | MAPFRE RE | CORPORATE AREAS AND CONSOLIDATION ADJUSTMENTS | Total     |
|----------------|----------|-------------|-------------|----------|---------------|----------|-------------------|--------------------|-----------|-----------------------------------------------|-----------|
| Life           | 2,220.02 | 334.55      | 263.57      | 1,550.88 | 4.49          | 295.77   | --                | --                 | --        | 0.22                                          | 4,669.50  |
| Automobile     | 2,234.65 | 301.08      | 496.12      | 1,205.22 | 1,723.11      | 1,227.07 | 79.43             | --                 | --        | (76.96)                                       | 7,191.72  |
| Homeowners and | 891.53   | 106.62      | 207.99      | 477.46   | 712.51        | 113.37   | --                | --                 | --        | 0.79                                          | 2,510.27  |
| Health         | 519.34   | 193.91      | 69.58       | 2.04     | 77.09         | 124.89   | --                | --                 | --        | 5.13                                          | 991.98    |
| Accident       | 117.29   | 15.68       | 94.24       | --       | 1.89          | 9.50     | --                | --                 | --        | 0.19                                          | 238.79    |
| Other Non-Life | 977.37   | 820.29      | 565.40      | 1,311.27 | 9.42          | 99.13    | 261.02            | 340.35             | --        | (732.51)                                      | 3,651.74  |
| Reinsurance    | --       | --          | --          | --       | --            | --       | 643.06            | 917.07             | 4,222.42  | (1,555.86)                                    | 4,226.69  |
| TOTAL          | 6,960.20 | 1,772.13    | 1,698.90    | 4,546.87 | 2,528.51      | 1,869.73 | 983.51            | 1,257.42           | 4,222.42  | (2,359.00)                                    | 23,480.69 |

Figures in millions of euros

## 2.c) Premiums by currency

The following tables show the breakdown for the last two years of written direct insurance premiums.

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## MAPFRE S.A. AND SUBSIDIARIES

| Currency           | Financial Year   |                  |
|--------------------|------------------|------------------|
|                    | 2018             | 2017             |
| Euro               | 9,023.42         | 8,472.66         |
| US dollar          | 3,622.32         | 4,183.35         |
| Brazilian real     | 3,972.20         | 4,546.87         |
| Mexican peso       | 489.88           | 483.95           |
| Argentine peso     | 168.90           | 243.15           |
| Venezuelan bolivar | 5.56             | 9.37             |
| Turkish lira       | 380.58           | 531.53           |
| Colombian peso     | 309.74           | 393.89           |
| Chilean peso       | 154.05           | 171.51           |
| Pound sterling     | 226.91           | 226.16           |
| Peruvian sol       | 268.55           | 110.75           |
| Indonesian rupiah  | 61.89            | 43.54            |
| Other currencies   | 418.22           | 565.61           |
| <b>TOTAL</b>       | <b>19,102.22</b> | <b>19,982.34</b> |

Figures in millions of euros

### 3. Claims

Section 3.4 of Note 6.14 of the annual report, "Technical Provisions", offers information about the progression of claims.

## B) CREDIT RISK

### 1. Credit risk arising from reinsurance contracts

The following table shows the breakdown of receivables against reinsurers in the last two years:

| Ceded and retroceded reinsurance                               | Book value      |                 |
|----------------------------------------------------------------|-----------------|-----------------|
|                                                                | 2018            | 2017            |
| · Provision for Life insurance                                 | 55.95           | 68.70           |
| · Provision for outstanding claims                             | 4,303.06        | 3,171.77        |
| · Other technical provisions                                   | 1.46            | 1.58            |
| · Receivables on ceded and retroceded reinsurance transactions | 484.16          | 632.62          |
| · Due on ceded and retroceded reinsurance transactions         | (423.21)        | (731.62)        |
| <b>TOTAL NET POSITION</b>                                      | <b>4,421.42</b> | <b>3,143.05</b> |

Figures in millions of euros

The following table shows the breakdown of credits against reinsurers based on the financial solvency margin:

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## MAPFRE S.A. AND SUBSIDIARIES

| Rating                    | Book value      |                 |
|---------------------------|-----------------|-----------------|
|                           | 2018            | 2017            |
| Maximum                   | 1,040.09        | 33.41           |
| Very high                 | 1,028.92        | 1,080.27        |
| High                      | 1,457.50        | 1,350.36        |
| Adequate                  | 389.84          | 194.85          |
| Weak                      | 10.35           | 27.77           |
| Not available             | 494.73          | 456.40          |
| <b>TOTAL NET POSITION</b> | <b>4,421.42</b> | <b>3,143.05</b> |

Figures in millions of euros

The following table shows the type and amount of the guarantees granted by reinsurers in the last two years:

| Type of surety     | Amount        |               |
|--------------------|---------------|---------------|
|                    | 2018          | 2017          |
| Letters of credit  | 2.15          | 2.05          |
| Guarantees         | --            | --            |
| Pledging of assets | --            | --            |
| Other guarantees   | 476.79        | 276.69        |
| <b>TOTAL</b>       | <b>478.94</b> | <b>278.74</b> |

Figures in millions of euros

The balances corresponding to receivables on direct insurance and co-insurance operations amounted to 3.64 and 4.02 billion euros at December 31, 2018 and 2017, respectively. Estimated losses due to impairment are recorded in the income statement as specified in accounting policy 5.9.

## 2. Credit risk arising from other financial instruments

The breakdown for the last two years of the portfolio of fixed-income securities, hybrid securities, deposits and cash, based on the payment capacity of issuers of fixed-income securities and financial institutions, is shown below:

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## MAPFRE S.A. AND SUBSIDIARIES

| Credit rating | Book value                 |                 |                              |                  |                   |                 |                 |                 |
|---------------|----------------------------|-----------------|------------------------------|------------------|-------------------|-----------------|-----------------|-----------------|
|               | Held-to-maturity portfolio |                 | Available-for-sale portfolio |                  | Trading portfolio |                 | Cash            |                 |
|               | 2018                       | 2017            | 2018                         | 2017             | 2018              | 2017            | 2018            | 2017            |
| Maximum       | 1,437.93                   | 978.61          | 1,941.84                     | 1,461.94         | 1,082.78          | 392.38          | 151.86          | 129.46          |
| Very high     | 83.45                      | 796.98          | 3,936.23                     | 3,541.82         | 1,076.59          | 2,137.72        | 299.43          | 142.13          |
| High          | 32.38                      | 34.28           | 18,686.11                    | 3,958.24         | 482.56            | 455.86          | 938.24          | 818.68          |
| Adequate      | 151.00                     | 66.83           | 6,265.73                     | 21,831.15        | 715.47            | 699.92          | 505.91          | 511.85          |
| Weak          | 156.67                     | 44.21           | 463.70                       | 672.12           | 142.84            | 24.05           | 128.88          | 164.32          |
| Not available | 78.17                      | 82.81           | 194.27                       | 77.01            | 2.93              | 138.52          | 177.09          | 97.57           |
| <b>TOTAL</b>  | <b>1,939.60</b>            | <b>2,003.72</b> | <b>31,487.88</b>             | <b>31,542.28</b> | <b>3,503.17</b>   | <b>3,848.45</b> | <b>2,201.41</b> | <b>1,864.01</b> |

Figures in millions of euros

### 3. Fixed-income securities in default

There were no fixed-income securities in default for significant amounts at December 31, 2018 and 2017.

### 4. Receivables

The following table shows the composition of the receivables heading at December 31, 2018 and 2017, as well as impairment losses, gains on recorded impairment reversals, and received amounts for guarantees in the last two years:

| Item                                                        | Net balance on balance sheet |                 | Impairment      |                |                |              | Guarantees Received |           |
|-------------------------------------------------------------|------------------------------|-----------------|-----------------|----------------|----------------|--------------|---------------------|-----------|
|                                                             | 2018                         | 2017            | Recorded losses |                | Reversal gains |              | 2018                | 2017      |
|                                                             |                              |                 | 2018            | 2017           | 2018           | 2017         |                     |           |
| Receivables on direct insurance and co-insurance operations | 3,644.21                     | 4,019.46        | (10.82)         | (20.74)        | 9.93           | 7.72         | --                  | --        |
| Receivables on reinsurance operations                       | 903.08                       | 987.25          | (21.95)         | (0.02)         | 15.64          | 3.81         | --                  | --        |
| Tax receivables                                             | 336.70                       | 271.67          | --              | --             | --             | --           | --                  | --        |
| Corporate and other receivables                             | 877.21                       | 1,058.72        | (3.02)          | (3.41)         | 2.28           | 2.12         | --                  | --        |
| <b>TOTAL</b>                                                | <b>5,761.20</b>              | <b>6,337.10</b> | <b>(35.79)</b>  | <b>(24.17)</b> | <b>27.85</b>   | <b>13.65</b> | <b>--</b>           | <b>--</b> |

Figures in millions of euros

## C) LIQUIDITY RISK

With respect to liquidity risk, MAPFRE has a Liquidity Risk Management Policy and an Asset and Liability Management Policy, which together comprise the benchmark framework for acting in this regard. In MAPFRE, the general practice is based on maintaining sufficient cash balances to comfortably cover the commitments arising from its obligations to insured parties and creditors. Thus, at 31 December 2018, the cash and cash equivalent balance amounted to 2.20 billion euros (1.86 billion euros the previous year), equivalent to 5.07 percent of total financial investments and cash (4.25 percent at the close of 2017). For Life and Savings insurance the investment criteria applied consists in matching the maturities of investments with obligations entered into under the terms of insurance contracts in order to mitigate the long-term liquidity risk. In addition, most fixed-income investments have an investment grade and are traded in organized markets, providing ample capacity to act against potential liquidity stress.

Assets with maturity exceeding one year are described in the "Interest rate risk" section.

Lastly, MAPFRE's low level of debt as regards shareholders' equity, combined with the amount not drawn down from the syndicated loan taken out by the controlling company, provides additional

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liquidity through financing operations. Note 6.13 "Financial liabilities" provides information on the Group's debt with credit institutions and its other financial liabilities.

# 1. Liquidity risk arising from insurance contracts

The table below shows the estimated schedule of disbursements for insurance liabilities recorded at December 31, 2018 and 2017 (non-updated amounts).

## 2018

| Item                                    | Estimated cash outflows in years |                 |                 |                 |                 |                 |                  | Closing balance  |
|-----------------------------------------|----------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|------------------|
|                                         | 2019                             | 2020            | 2021            | 2022            | 2023            | 2024 a 2028     | Subsequent       |                  |
| Provisions for Life insurance           | 2,733.10                         | 2,105.46        | 1,985.52        | 1,871.39        | 1,502.78        | 6,253.93        | 10,105.60        | 26,557.78        |
| Provision for outstanding claims        | 6,161.41                         | 2,433.37        | 1,223.84        | 756.87          | 516.69          | 1,151.78        | 470.19           | 12,714.15        |
| Other technical provisions              | 87.57                            | 36.65           | 38.35           | 40.36           | 42.45           | 245.84          | 485.91           | 977.13           |
| Due on direct insurance and coinsurance | 1,047.43                         | 14.72           | 10.25           | 6.61            | 4.25            | 8.71            | 2.81             | 1,094.78         |
| Due on reinsurance operations           | 841.49                           | 2.24            | 2.09            | 1.03            | 0.67            | 1.38            | 3.74             | 852.64           |
| <b>TOTAL</b>                            | <b>10,871.00</b>                 | <b>4,592.44</b> | <b>3,260.05</b> | <b>2,676.26</b> | <b>2,066.84</b> | <b>7,661.64</b> | <b>11,068.25</b> | <b>42,196.48</b> |

Figures in millions of euros

## 2017

| Item                                    | Estimated cash outflows in years |                 |                 |                 |                 |                 |                  | Closing balance  |
|-----------------------------------------|----------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|------------------|
|                                         | 2018                             | 2019            | 2020            | 2021            | 2022            | 2023 a 2027     | Subsequent       |                  |
| Provisions for Life insurance           | 2,784.13                         | 1,926.14        | 1,977.26        | 1,883.33        | 1,707.55        | 6,385.77        | 10,370.25        | 27,034.43        |
| Provision for outstanding claims        | 5,542.21                         | 2,277.51        | 1,058.77        | 564.19          | 380.33          | 929.23          | 499.73           | 11,251.97        |
| Other technical provisions              | 80.54                            | 29.41           | 30.21           | 31.33           | 32.61           | 185.43          | 513.32           | 902.85           |
| Due on direct insurance and coinsurance | 918.94                           | 12.00           | 6.77            | 4.18            | 2.73            | 6.53            | 20.96            | 972.11           |
| Due on reinsurance operations           | 1,111.34                         | 0.83            | 0.30            | 0.18            | 0.12            | 0.29            | 105.57           | 1,218.63         |
| <b>TOTAL</b>                            | <b>10,437.16</b>                 | <b>4,245.89</b> | <b>3,073.31</b> | <b>2,483.21</b> | <b>2,123.34</b> | <b>7,507.25</b> | <b>11,509.83</b> | <b>41,379.99</b> |

Figures in millions of euros

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## 2. Liquidity risk arising from subordinated liabilities and financial liabilities

The breakdown for the last two years of disbursement maturities for subordinated and financial liabilities, excluding the financial discount, is shown below:

### 2018

| Item                                                                                       | Maturity in   |              |              |              |               |                 | Total           |
|--------------------------------------------------------------------------------------------|---------------|--------------|--------------|--------------|---------------|-----------------|-----------------|
|                                                                                            | 2019          | 2020         | 2021         | 2022         | 2023          | Subsequent      |                 |
| Subordinated liabilities                                                                   | 46.88         | 46.88        | 46.88        | 46.88        | 46.88         | 1,308.13        | 1,542.53        |
| Issue of debentures and other negotiable securities                                        | 16.25         | 16.25        | 16.25        | 16.25        | 16.25         | 1,048.75        | 1,130.00        |
| Due to credit institutions                                                                 | 55.59         | 0.11         | 0.06         | 0.04         | 490.00        | 0.01            | 545.81          |
| Other financial liabilities (excluding for trading, others at fair value and w/o maturity) | 503.75        | 3.42         | 0.34         | 0.30         | 0.25          | 625.38          | 1,133.44        |
| <b>TOTAL</b>                                                                               | <b>622.47</b> | <b>66.66</b> | <b>63.53</b> | <b>63.47</b> | <b>553.38</b> | <b>2,982.27</b> | <b>4,351.78</b> |

Figures in millions of euros

### 2017

| Item                                                                                       | Maturity in   |              |              |               |              |                 | Total           |
|--------------------------------------------------------------------------------------------|---------------|--------------|--------------|---------------|--------------|-----------------|-----------------|
|                                                                                            | 2018          | 2019         | 2020         | 2021          | 2022         | Subsequent      |                 |
| Subordinated liabilities                                                                   | 26.25         | 26.25        | 26.25        | 26.25         | 26.25        | 731.25          | 862.50          |
| Issue of debentures and other negotiable securities                                        | 16.25         | 16.25        | 16.25        | 16.25         | 16.25        | 1,065.00        | 1,146.25        |
| Due to credit institutions                                                                 | 85.07         | 14.01        | 9.25         | 607.32        | 3.78         | 1.64            | 721.07          |
| Other financial liabilities (excluding for trading, others at fair value and w/o maturity) | 39.45         | 0.26         | 0.38         | 0.30          | 0.25         | 80.57           | 121.21          |
| <b>TOTAL</b>                                                                               | <b>167.02</b> | <b>56.77</b> | <b>52.13</b> | <b>650.12</b> | <b>46.53</b> | <b>1,878.46</b> | <b>2,851.03</b> |

Figures in millions of euros

## D) **MARKET RISK**

The MAPFRE Risk Management Area carries out resilience and sensitivity tests regarding the impact of financial variables from the market on its solvency position.

The Group's Investment Area regularly conducts analyses of the sensitivity of the investment portfolio's value to market risk. Among others, the most usual indicators are the modified duration, for fixed-income securities, and the VaR, or value at risk, for equity instruments.

### 1. Interest rate risk

The following tables show the significant information of the last two years regarding the level of exposure to interest rate risk of the financial assets and liabilities:

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. AND SUBSIDIARIES

| Portfolio          | Amount of assets exposed to interest rate risk at fair value |                  |                     |                 |                  |                  |
|--------------------|--------------------------------------------------------------|------------------|---------------------|-----------------|------------------|------------------|
|                    | Fixed interest rate                                          |                  | Not exposed to risk |                 | Total            |                  |
|                    | 2018                                                         | 2017             | 2018                | 2017            | 2018             | 2017             |
| To maturity        | 1,641.07                                                     | 1,818.26         | 310.40              | 206.00          | 1,951.47         | 2,024.26         |
| Available for sale | 28,969.30                                                    | 29,567.64        | 4,784.43            | 4,948.79        | 33,753.73        | 34,516.43        |
| Trading            | 4,413.85                                                     | 4,635.56         | 1,126.92            | 827.01          | 5,540.77         | 5,462.57         |
| <b>TOTAL</b>       | <b>35,024.22</b>                                             | <b>36,021.46</b> | <b>6,221.75</b>     | <b>5,981.80</b> | <b>41,245.97</b> | <b>42,003.26</b> |

Figures in millions of euros

The assets with a fixed interest rate include the immunized portfolios, which amounted to 15.25 and 15.22 billion euros at December 31, 2018 and 2017 respectively, thus reducing the interest rate risk.

| Item                                                | Amount of liabilities exposed to interest rate risk at fair value |                 |                     |                 |                 |                 |
|-----------------------------------------------------|-------------------------------------------------------------------|-----------------|---------------------|-----------------|-----------------|-----------------|
|                                                     | Fixed interest rate                                               |                 | Not exposed to risk |                 | Total           |                 |
|                                                     | 2018                                                              | 2017            | 2018                | 2017            | 2018            | 2017            |
| Subordinated liabilities                            | 1,120.54                                                          | 617.37          | --                  | --              | 1,120.54        | 617.37          |
| Issue of debentures and other negotiable securities | 1,004.05                                                          | 1,003.29        | --                  | --              | 1,004.05        | 1,003.29        |
| Due to credit institutions                          | 12.86                                                             | 57.34           | 532.83              | 649.40          | 545.69          | 706.74          |
| Other financial liabilities                         | 468.52                                                            | 803.68          | 794.28              | 431.49          | 1,262.80        | 1,235.17        |
| <b>TOTAL</b>                                        | <b>2,605.97</b>                                                   | <b>2,481.68</b> | <b>1,327.11</b>     | <b>1,080.89</b> | <b>3,933.08</b> | <b>3,562.57</b> |

Figures in millions of euros

The following tables show the breakdown of financial investments by maturity for 2018 and 2017.

### December 31, 2018

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. AND SUBSIDIARIES

| Item                                      | Closing balance  | Maturity in:    |                 |                 |                 |                 |                                |
|-------------------------------------------|------------------|-----------------|-----------------|-----------------|-----------------|-----------------|--------------------------------|
|                                           |                  | 1 year          | 2 years         | 3 years         | 4 years         | 5 Years         | Subsequent or without maturity |
| <b>HELD TO MATURITY PORTFOLIO</b>         |                  |                 |                 |                 |                 |                 |                                |
| Fixed income                              | 1,939.60         | 257.49          | 198.63          | 110.19          | 265.12          | 231.06          | 877.11                         |
| Other investments                         | 11.87            | 5.97            | 0.02            | --              | 0.19            | 2.01            | 3.68                           |
| <b>TOTAL HELD TO MATURITY PORTFOLIO</b>   | <b>1,951.47</b>  | <b>263.46</b>   | <b>198.65</b>   | <b>110.19</b>   | <b>265.31</b>   | <b>233.07</b>   | <b>880.79</b>                  |
| <b>AVAILABLE FOR SALE PORTFOLIO</b>       |                  |                 |                 |                 |                 |                 |                                |
| Fixed income                              | 31,487.88        | 2,308.96        | 1,934.73        | 2,287.65        | 2,863.52        | 2,764.01        | 19,329.01                      |
| Other investments                         | 33.53            | 27.06           | --              | 0.50            | 4.06            | --              | 1.91                           |
| <b>TOTAL AVAILABLE FOR SALE PORTFOLIO</b> | <b>31,521.41</b> | <b>2,336.02</b> | <b>1,934.73</b> | <b>2,288.15</b> | <b>2,867.58</b> | <b>2,764.01</b> | <b>19,330.92</b>               |
| <b>TRADING PORTFOLIO</b>                  |                  |                 |                 |                 |                 |                 |                                |
| Financial swaps                           | 453.00           | (104.23)        | (122.18)        | (60.31)         | (111.15)        | (97.92)         | 948.78                         |
| Options                                   | 0.70             | --              | 0.70            | --              | --              | --              | --                             |
| Fixed income                              | 3,090.04         | 1,556.55        | 176.29          | 353.52          | 188.82          | 139.78          | 675.08                         |
| Hybrids                                   | 413.13           | 16.51           | --              | 135.78          | 120.89          | 67.22           | 72.73                          |
| Deposits                                  | --               | --              | --              | --              | --              | --              | --                             |
| <b>TOTAL TRADING PORTFOLIO</b>            | <b>3,956.87</b>  | <b>1,468.83</b> | <b>54.81</b>    | <b>428.99</b>   | <b>198.56</b>   | <b>109.08</b>   | <b>1,696.59</b>                |

Figures in millions of euros

December 31, 2017

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. AND SUBSIDIARIES

| Item                                      | Closing balance  | Maturity in:    |                 |                 |                 |                 |                                |
|-------------------------------------------|------------------|-----------------|-----------------|-----------------|-----------------|-----------------|--------------------------------|
|                                           |                  | 1 year          | 2 years         | 3 years         | 4 years         | 5 Years         | Subsequent or without maturity |
| <b>HELD TO MATURITY PORTFOLIO</b>         |                  |                 |                 |                 |                 |                 |                                |
| Fixed income                              | 2,003.72         | 413.70          | 100.13          | 112.16          | 89.67           | 248.55          | 1,039.51                       |
| Other investments                         | 20.54            | 12.76           | --              | 0.19            | 1.67            | 0.10            | 5.82                           |
| <b>TOTAL HELD TO MATURITY PORTFOLIO</b>   | <b>2,024.26</b>  | <b>426.46</b>   | <b>100.13</b>   | <b>112.35</b>   | <b>91.34</b>    | <b>248.65</b>   | <b>1,045.33</b>                |
| <b>AVAILABLE FOR SALE PORTFOLIO</b>       |                  |                 |                 |                 |                 |                 |                                |
| Fixed income                              | 31,542.28        | 2,252.52        | 2,195.00        | 2,072.70        | 2,242.50        | 2,353.05        | 20,426.51                      |
| Other investments                         | 29.96            | 23.77           | 0.68            | --              | 3.92            | 0.28            | 1.31                           |
| <b>TOTAL AVAILABLE FOR SALE PORTFOLIO</b> | <b>31,572.24</b> | <b>2,276.29</b> | <b>2,195.68</b> | <b>2,072.70</b> | <b>2,246.42</b> | <b>2,353.33</b> | <b>20,427.82</b>               |
| <b>TRADING PORTFOLIO</b>                  |                  |                 |                 |                 |                 |                 |                                |
| Financial swaps                           | 512.60           | (59.17)         | (103.86)        | (127.93)        | (29.46)         | (99.52)         | 932.54                         |
| Options                                   | 1.97             | 1.97            | --              | --              | --              | --              | --                             |
| Fixed income                              | 3,415.04         | 1,980.38        | 133.71          | 226.68          | 403.45          | 139.95          | 530.87                         |
| Hybrids                                   | 323.91           | 3.36            | 9.17            | --              | 168.41          | 116.35          | 26.62                          |
| Deposits                                  | 109.50           | 109.50          | --              | --              | --              | --              | --                             |
| <b>TOTAL TRADING PORTFOLIO</b>            | <b>4,363.02</b>  | <b>2,036.04</b> | <b>39.02</b>    | <b>98.75</b>    | <b>542.40</b>   | <b>156.78</b>   | <b>1,490.03</b>                |

Figures in millions of euros

The average interest rate and modified duration of fixed-income investments in 2018 and 2017 are shown below:

| Item                      | 2018 | 2017 |
|---------------------------|------|------|
| Average interest rate (%) | 4.05 | 4.42 |
| Modified duration (%)     | 6.75 | 6.72 |

The modified duration reflects the sensitivity of the value of the assets to movements in interest rates and represents an approximation of the percentage variation that the value of financial assets would experience for every percentage point (100 bp) of variation of interest rates.

The balances included in the "Receivables" heading under the assets on the balance sheet and in the "Due on direct insurance and co-insurance operations", "Due on reinsurance operations", "Tax liabilities" and "Other debts" accounts under the liabilities on the balance sheet do not accrue interest and they are usually settled the following year. Liabilities with a maturity exceeding one year are covered in the section "Liquidity risk arising from subordinated liabilities and financial liabilities".

## 2. Exchange rate risk

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

The following table shows the breakdown of assets and liabilities regarding the currencies in which they are recorded at the end of the last two years.

| Currency                     | Assets           |                  | Liabilities      |                  | Net Total       |                  |
|------------------------------|------------------|------------------|------------------|------------------|-----------------|------------------|
|                              | 2018             | 2017             | 2018             | 2017             | 2018            | 2017             |
| Euro                         | 39,127.49        | 38,917.16        | 36,278.29        | 35,059.83        | 2,849.20        | 3,857.33         |
| US dollar                    | 13,100.62        | 12,824.95        | 10,088.00        | 9,827.60         | 3,012.62        | 2,997.35         |
| Mexican peso                 | 1,000.87         | 856.74           | 739.42           | 643.67           | 261.45          | 213.07           |
| Brazilian real               | 8,068.41         | 9,157.10         | 6,413.87         | 6,859.29         | 1,654.54        | 2,297.81         |
| Turkish lira                 | 845.15           | 1,043.30         | 719.28           | 858.35           | 125.87          | 184.95           |
| Chilean peso                 | 402.63           | 388.81           | 287.37           | 319.20           | 115.26          | 69.61            |
| Venezuelan sovereign Bolivar | 4.42             | 21.24            | 2.71             | 10.16            | 1.71            | 11.08            |
| Argentine peso               | 304.44           | 348.31           | 226.71           | 285.34           | 77.73           | 62.97            |
| Colombian peso               | 1,575.45         | 1,357.77         | 1,270.87         | 1,311.89         | 304.58          | 45.88            |
| Pound sterling               | 606.93           | 485.69           | 413.53           | 419.52           | 193.40          | 66.17            |
| Canadian dollar              | 52.64            | 50.93            | 14.06            | 15.35            | 38.58           | 35.58            |
| Philippine peso              | 109.66           | 95.31            | 87.24            | 73.50            | 22.42           | 21.81            |
| Peruvian sol                 | 327.77           | 503.83           | 266.61           | 363.57           | 61.16           | 140.26           |
| Indonesian rupiah            | 272.10           | 179.26           | 97.73            | 97.24            | 174.37          | 82.02            |
| Other currencies             | 1,492.24         | 1,339.08         | 1,187.55         | 912.30           | 304.69          | 426.77           |
| <b>TOTAL</b>                 | <b>67,290.82</b> | <b>67,569.48</b> | <b>58,093.24</b> | <b>57,056.81</b> | <b>9,197.58</b> | <b>10,512.66</b> |

Figures in millions of euros

The sensitivity of the Group's equity to changes in euro exchange rates against the different currencies in which assets are stated is determined by the net total amount shown in the previous table, having deducted the amount for the non-monetary items. Similarly, the effect of these exchange rate variations on the Group's future results is determined by the volume of earnings obtained in each currency. Annex 1 provides a breakdown of the result obtained by each Group company and the country where its operations are located.

### 3. Stock market risk

The VaR or value at risk (maximum variation expected in a one-year time horizon and at a confidence level of 99 percent) of equities and mutual funds exposed to stock market risk amounted to 638.52 and 656.44 million euros at December 31, 2018 and 2017, respectively.

### 4. Property risk

At December 31, 2018 the Group had property assets representing approximately 4.25 percent of total investments and cash (4.36 percent at December 31, 2017), of which approximately 40.68 percent corresponds to its own offices (42.40 percent at December 31, 2017). This equity serves the dual function of providing administrative and sales support as well as generating revenues from investments and diversifying investments. The breakdown of these property assets is shown in the following table:

## MAPFRE S.A. AND SUBSIDIARIES

| Item                    | Net book value  |                 | Market value    |                 |
|-------------------------|-----------------|-----------------|-----------------|-----------------|
|                         | 2018            | 2017            | 2018            | 2017            |
| Real estate investments | 1,243.60        | 1,250.71        | 1,684.29        | 1,679.12        |
| Real estate for own use | 852.66          | 920.64          | 1,232.99        | 1,266.36        |
| <b>TOTAL</b>            | <b>2,096.26</b> | <b>2,171.35</b> | <b>2,917.28</b> | <b>2,945.48</b> |

Figures in millions of euros

Unrealized gains would offset a fall in the price of the properties equivalent to approximately 28.14 percent of their market value at the close of 2018 (26.28 percent at the close of 2017).

## 8. OTHER INFORMATION

### 8.1. INFORMATION RELATED TO THE GOVERNING BODY

In the last two years, there have not been any conflicts of interest, either direct or indirect, between the directors or the people connected to them and the Group.

In the last two years, the controlling company's directors did not carry out any operations with the controlling company itself or with any other Group company either outside the scope of the companies' ordinary trading activities or outside normal market conditions.

### 8.2. FEES EARNED BY THE AUDITORS

The annual accounts of the controlling company and of the main Group companies for the financial year 2018 have been audited by the firm KPMG, with the main exception of the subsidiaries with registered offices in Chile, whose auditor is Ernst & Young.

The remuneration accrued by the main auditor is shown below. It is deemed that these fees do not compromise the independence of the auditors.

| Item                                  | Amount      |             |
|---------------------------------------|-------------|-------------|
|                                       | 2018        | 2017        |
| Audit services                        | 7.53        | 6.32        |
| Other verification services           | 2.22        | 1.77        |
| Tax services                          | --          | 0.04        |
| Other services                        | 0.02        | 0.01        |
| <b>Total services of main auditor</b> | <b>9.77</b> | <b>8.14</b> |

Figures in millions of euros

The abovementioned amounts include those paid to KPMG Auditores, S.L. to the Group in 2018 for the amount of 2.20 million euros for audit services (2.07 million euros in 2017) and 0.92 million euros for Other verification services (0.62 million in 2017). These include, most notably, issuing comfort letters, other

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regulatory reviews required by the auditor (by regulation or required by external partners), as well as services regarding regulatory compliance, the most relevant of which are those corresponding to the review of the Solvency Reports.

Fees for account audit services rendered by auditors other than the main auditor amounted to 0.26 million euros in 2018 (0.21 million euros in 2017).

### 8.3. ENVIRONMENTAL INFORMATION

The Group companies do not have any environment-related item in the last two financial years that might be significant or specifically included in these consolidated annual accounts.

### 8.4. INFORMATION ON AVERAGE PROVIDER PAYMENT PERIOD

Details of the payments made by the Group's fully consolidated Spanish companies to providers in the financial years 2018 and 2017 are:

| Item                                | Days  |       |
|-------------------------------------|-------|-------|
|                                     | 2018  | 2017  |
| Average provider payment period     | 6.66  | 4.78  |
| Ratio of paid operations            | 6.49  | 4.58  |
| Ratio of operations pending payment | 19.43 | 26.31 |

| Item                                                        | Million euros |          |
|-------------------------------------------------------------|---------------|----------|
|                                                             | 2018          | 2017     |
| Total payments made                                         | 1,693.75      | 1,602.55 |
| Total pending payments exceeding the maximum statutory term | 21.60         | 14.68    |

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SUBSIDIARIES, ASSOCIATED UNDERTAKINGS AND JOINT VENTURES (APPENDIX 1)

| Name                                                     | Address                                                                | Effective Tax Rate | Activity                                                         | Holder                                       | Participation in Capital |           |           |           |                     | Year End Figures (Thousands of Euros) |      |      |      |      | Consolidation Method for Solvency Calculation |
|----------------------------------------------------------|------------------------------------------------------------------------|--------------------|------------------------------------------------------------------|----------------------------------------------|--------------------------|-----------|-----------|-----------|---------------------|---------------------------------------|------|------|------|------|-----------------------------------------------|
|                                                          |                                                                        |                    |                                                                  |                                              | Percentage               | Assets    | Equity    | Revenue   | Result for the year | Consolidation Method                  | 2018 | 2018 | 2018 | 2018 |                                               |
| INSURANCE                                                |                                                                        |                    |                                                                  |                                              |                          |           |           |           |                     |                                       |      |      |      |      |                                               |
| IBERIA                                                   |                                                                        |                    |                                                                  |                                              |                          |           |           |           |                     |                                       |      |      |      |      |                                               |
| MAPFRE ESPAÑA COMPAÑIA DE SEGUROS Y REASEGUROS S.A.      | Ctra. Pozuelo, 50. Majadahonda. (Madrid) España                        | 25.00% (1)(2)      | Insurance and Reinsurance                                        | ■ MAPFRE, S.A.<br>■ MAPFRE GLOBAL RISKS      | 83,5168<br>16,4825       | 8,027,499 | 2,216,146 | 5,172,782 | 232,771             | (A)                                   | (1)  |      |      |      |                                               |
| CLUB MAPFRE, S.A.                                        | Ctra. Pozuelo, 50. Majadahonda. (Madrid) España                        | 25.00% (1)         | Services                                                         | ■ MAPFRE ESPAÑA<br>■ MAPFRE AUTOMOCION S.A.U | 99,9875<br>0,0125        | 9,363     | 3,984     | 20,186    | 66                  | (A)                                   | (1)  |      |      |      |                                               |
| CENTRO DE EXPERIMENTACIÓN Y SEGURIDAD VIAL MAPFRE, S.A.  | Ctra.Valladolid, km 1 (Ávila) España                                   | 25.00% (1)         | Research, training and consultancy                               | ■ MAPFRE ESPAÑA<br>■ MAPFRE, S.A.            | 99,9982<br>0,0018        | 18,653    | 16,571    | 13,452    | (443)               | (A)                                   | (1)  |      |      |      |                                               |
| MAPFRE AUTOMOCION S.A.U                                  | Ctra. De Pamplona a Zaragoza Poligono Ind. Cordovilla (Navarra) España | 25.00% (1)         | Consultancy services and assistance                              | ■ MAPFRE ESPAÑA                              | 100,0000                 | 19,381    | 4,683     | 14,866    | (906)               | (A)                                   | (1)  |      |      |      |                                               |
| VERTI ASEGURADORA, COMPAÑIA DE SEGUROS Y REASEGUROS, S.A | Ctra. Pozuelo, 52. Majadahonda. (Madrid) España                        | 25.00% (1)(2)      | Insurance and Reinsurance                                        | ■ MAPFRE ESPAÑA<br>■ CLUB MAPFRE             | 99,9991<br>0,0009        | 166,239   | 71,705    | 81,123    | 1,353               | (A)                                   | (1)  |      |      |      |                                               |
| RASTREATOR.COM LTD                                       | C/ Juan Hurtado de Mendoza,17 28036 (Madrid) España                    | --                 | Online prices compare professionals                              | ■ MAPFRE ESPAÑA                              | 25,0000                  | --        | --        | --        | --                  | (C)                                   | (3)  |      |      |      |                                               |
| MAPFRE CONSULTORES DE SEGUROS Y REASEGUROS, S.A.         | Paseo de Recoletos, 25 (Madrid) España                                 | 25.00% (1)         | Consultancy and management services                              | ■ MAPFRE ESPAÑA<br>■ MAPFRE, S.A.            | 50,0000<br>50,0000       | 386       | 324       | 211       | 36                  | (A)                                   | (1)  |      |      |      |                                               |
| MULTISERVICIOS MAPFRE MULTIMAP, S.A.                     | Ctra. Pozuelo, 52. Majadahonda. (Madrid) España                        | 25.00% (1)         | Consultancy services and contracting for refurbishment and goods | ■ MAPFRE ESPAÑA<br>■ CENTROS MEDICOS S.A.    | 97,5000<br>2,5000        | 17,671    | 11,833    | 55,337    | 54                  | (A)                                   | (1)  |      |      |      |                                               |
| FUNESPAÑA, S.A.                                          | C/ Sufli, 4 (Almería) España                                           | 25.00% (1)         | Funeral services                                                 | ■ MAPFRE ESPAÑA                              | 99,5567                  | 107,772   | 72,064    | 23,139    | 4,390               | (A)                                   | (1)  |      |      |      |                                               |
| POMPES FUNEBRES DOMINGO, S.L.                            | C/ Mercaderes, 5 Bajo Tortosa (Tarragona)                              | 25.00% (1)         | Funeral services                                                 | ■ FUNESPANA, S.A.                            | 75,0000                  | 2,268     | 1,783     | 1,618     | 179                 | (A)                                   | (1)  |      |      |      |                                               |
| SERVICIOS FUNERARIOS FUNEMADRID, S.A                     | C/ Doctor Esquerdo, 138 5º Plla Madrid                                 | 25.00% (1)         | Funeral services                                                 | ■ FUNESPANA, S.A.                            | 100,0000                 | 14,878    | 13,096    | 8,149     | 996                 | (A)                                   | (1)  |      |      |      |                                               |
| CEMENTERIO JARDÍN DE ALCALA DE HENARES, S.A.             | Carretera de Pastrana,Km 3 Alcala de Henares (Madrid)                  | 25.00%             | Funeral services                                                 | ■ FUNEMADRID                                 | 49,0000                  | 7,827     | 7,208     | 2,771     | 718                 | (C)                                   | (3)  |      |      |      |                                               |
| EMPRESA MIXTA SERVEIS MUNICIPALS DE TARRAGONA, S.L.      | Carretera Villa de Valencia, 2 Tarragona                               | 25.00%             | Funeral services                                                 | ■ FUNESPANA, S.A.                            | 49,0000                  | 3,108     | 2,557     | 3,300     | 1,111               | (C)                                   | (3)  |      |      |      |                                               |

|                                                                |                                                                    |               |                    |                                                               |          |        |       |        |       |     |     |
|----------------------------------------------------------------|--------------------------------------------------------------------|---------------|--------------------|---------------------------------------------------------------|----------|--------|-------|--------|-------|-----|-----|
| CEMENTERIO PARQUE ANDUJAR, S.L.                                | C/ Cementerio, 4<br>Andujar (Jaén)                                 | 25,00%        | Funeral services   | ■ FUNESPAÑA, S.A.                                             | 68,6200  | 1.533  | 665   | 211    | (373) | (A) | (1) |
| SERVICIOS FUNERARIOS DE ZARAGOZA, S.L.                         | C/ Doctor Esquerdo, 138 5º Pta<br>Madrid                           | 25,00%        | Funeral services   | ■ FUNESPAÑA, S.A.                                             | 70,0000  | 3.356  | 1.496 | 2.738  | 117   | (A) | (1) |
| GAB MANAGEMENT & CONSULTING, S.R.L.                            | C/ Coso, 66 2º C<br>Zaragoza                                       | 25,00%<br>(1) | Investment company | ■ FUNESPAÑA, S.A.                                             | 77,6000  | 423    | 330   | —      | 8     | (A) | (1) |
| TANATORIUM ZRT                                                 | Joseph Krt, 49<br>Budapest (Hungria)                               | 25,00%        | Funeral services   | ■ FUNESPAÑA, S.A.                                             | 100,0000 | 742    | 234   | 0      | (22)  | (A) | (1) |
| TANATORI LA DAMA D'ELX, S.L.                                   | C/ Apareguda, 2<br>El Campello (Alicante)                          | 25,00%        | Funeral services   | ■ FUNESPAÑA, S.A.<br>■ SERVICIOS Y GESTIÓN<br>FUNERARIA, S.A. | 97,1400  | 97     | (97)  | —      | (0)   | (A) | (1) |
| ZACARIAS NUÑO, S.L.                                            | Avenida de los martires, 3<br>Sta. Cruz de Mudela (C.Real)         | 25,00%        | Funeral services   | ■ FUNESPAÑA, S.A.<br>■ SERVICIOS Y GESTIÓN<br>FUNERARIA, S.A. | 50,0000  | 226    | 91    | —      | (7)   | (C) | (3) |
| INICIATIVAS ALCASAR, S.L.                                      | C/ Viena, 2 1º A<br>Cáceres                                        | 25,00%        | Funeral services   | ■ FUNESPAÑA, S.A.                                             | 40,0000  | 6.545  | 3.255 | 4.929  | 578   | (C) | (3) |
| SALZILLO SERVICIOS FUNERARIOS, S.L.                            | C/ Doctor Esquerdo, 138 5º Pta<br>Madrid                           | 25,00%        | Funeral services   | ■ FUNESPAÑA, S.A.                                             | 45,0000  | 9.981  | 5.878 | 3.595  | 394   | (C) | (1) |
| DE MENA SERVICIOS FUNERARIOS, S.L.                             | C/ Doctor Esquerdo, 138 5º Pta<br>Madrid                           | 25,00%        | Funeral services   | ■ FUNESPAÑA, S.A.                                             | 70,0000  | 1.120  | 727   | 1.212  | 307   | (A) | (1) |
| FUNERARIA HISPALENSE, S.L.<br>(Salida en 2018 por Liquidación) | Avenida de Ramon y Cajal, S/N<br>Dos Hermanas (Sevilla)            | 25,00%        | Funeral services   | ■ FUNESPAÑA, S.A.                                             | —        | —      | —     | —      | —     | (H) | (H) |
| ISABELO ALVAREZ MAYORGA, S.A.                                  | Carretera Avila - Valladolid Km 08<br>Avila                        | 25,00%        | Funeral services   | ■ FUNESPAÑA, S.A.                                             | 50,0000  | 2.302  | 1.430 | 1.021  | 44    | (C) | (3) |
| SERVICIOS FUNERARIOS DEL NERVIÓN, S.L.                         | Alameda de Recalde 10<br>Bilbao                                    | 25,00%        | Funeral services   | ■ FUNESPAÑA, S.A.                                             | 50,0000  | 115    | 34    | 177    | 26    | (C) | (3) |
| NUEVO TANATORIO, S.L.                                          | Avenida Hermanos Bou, 251<br>Castellón                             | 25,00%        | Funeral services   | ■ FUNESPAÑA, S.A.                                             | 50,0000  | 3.839  | 2.250 | 2.518  | 396   | (C) | (3) |
| SERVICIOS FUNERARIOS LA CARIDAD, S.L.                          | Carretera Sanlucar - Trebujena Km<br>Sanlucar de Barrameda (Cádiz) | 25,00%        | Funeral services   | ■ FUNESPAÑA, S.A.                                             | 50,0000  | 1.397  | 1.329 | 581    | 77    | (C) | (3) |
| TANATORIO DE ECUA, S.L.                                        | C/ Camino del Valle<br>Écija (Sevilla)                             | 25,00%        | Funeral services   | ■ FUNESPAÑA, S.A.                                             | 33,3300  | 2.860  | 1.528 | 479    | 91    | (C) | (3) |
| TANATORIO SE-30 SEVILLA, S.L.                                  | C/ San Juan Bosco, 58<br>Zaragoza                                  | 25,00%        | Funeral services   | ■ FUNESPAÑA, S.A.                                             | 10,0000  | 15.543 | 9.078 | 2.188  | 1.108 | (C) | (3) |
| ALL FUNERAL SERVICES, S.L.                                     | C/ Doctor Esquerdo, 138 5º Pta<br>Madrid                           | 25,00%<br>(1) | Funeral services   | ■ FUNESPAÑA, S.A.                                             | 100,0000 | 8.271  | 292   | 77.555 | 1.174 | (A) | (1) |
| FUNESPAÑA CHILE, S.A.                                          | Santiago de Chile<br>(Chile)                                       | 25,00%        | Funeral services   | ■ FUNESPAÑA, S.A.                                             | 50,0000  | —      | —     | —      | —     | (B) | (9) |

|                                                                               |                                                                                     |               |                                                    |                                  |                    |         |         |        |                  |            |
|-------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|---------------|----------------------------------------------------|----------------------------------|--------------------|---------|---------|--------|------------------|------------|
| FUNEUROPEA CHILE, S.A.                                                        | Santiago de Chile<br>(Chile)                                                        | 25,00%        | Familiar assistance                                | ■ FUNESPAÑA, S.A.                | 50,0000            | ---     | ---     | (B)    | (9)              |            |
| FUNERARIAS REUNIDAS EL BIERZO, S.A.                                           | C/ Doctor Esquerdo, 138 5º Pta<br>Madrid                                            | 25,00%<br>(1) | Funeral services                                   | ■ FUNESPAÑA, S.A.                | 85,8200            | 8,376   | 5,787   | 738    | (A)<br>(1)       |            |
| SERVICIOS FUNERARIOS LUCEM S.L.                                               | C/ La Costera número 20,<br>Poligono Industrial Bovalar<br>46970 Alaquás (Valencia) | 25,00%        | Funeral services                                   | ■ FUNESPAÑA, S.A.                | 50,0000            | 2,731   | 1,266   | 207    | (G)(C)<br>(G)(3) |            |
| FUNERARIA SAN VICENTE, S.L.                                                   | C/ Restauración, número 2-bajo,<br>Poligono Industrial y de Servicios<br>"Matalana" | 25,00%        | Funeral services                                   | ■ FUNESPAÑA, S.A.                | 50,0000            | 353     | 130     | 921    | (G)(C)<br>(G)(3) |            |
| MEDISEMAP ,AGENCIA DE SEGUROS, S.L.                                           | 41440-Lora del Río (Sevilla)<br>Ctra. Pozuelo, 52. Majadahona<br>(Madrid) España    | 25,00%<br>(1) | Insurance Agency                                   | ■ MAPFRE ESPAÑA<br>■ MAPFRE VIDA | 66,6667<br>33,3333 | 864     | 564     | 2,670  | 49               | (A)<br>(1) |
| CENTROS MEDICOS MAPFRE, S.A.                                                  | C/ Castello 56<br>(Madrid) España                                                   | 25,00%<br>(1) | Medical services                                   | ■ MAPFRE ESPAÑA                  | 100,0000           | 31,498  | 7,422   | 34,353 | (4,709)          | (A)<br>(1) |
| MAPFRE VIDEO Y COMUNICACIÓN S.A.                                              | Ctra. Pozuelo, 50. Majadahonda<br>(Madrid) España                                   | 25,00%<br>(1) | Asset Management                                   | ■ MAPFRE ESPAÑA<br>■ MAPFRE VIDA | 75,0000<br>25,0000 | 106,071 | 72,516  | 8,868  | 1,234            | (A)<br>(1) |
| TANATORI LA DAMA D'ELX, S.L.                                                  | Paseo de la Castellana, 29<br>Madrid                                                | 25,00%        | Insurance and Reinsurance                          | ■ MAPFRE ESPAÑA                  | 50,1000            | 23,498  | 10,300  | 6,316  | 183              | (A)<br>(1) |
| AUDATEX ESPAÑA, S.A.                                                          | Av de Barajas, 34<br>Parque Empresarial Omega<br>28108 Alcobendas (Madrid)          | --            | Vehicle loss assessment                            | ■ MAPFRE ESPAÑA                  | 12,5000            | 15,443  | 10,130  | 23,496 | 4,305            | (C)<br>(3) |
| ONLINE SHOPPING CLUB EUROPE, S.L.                                             | Adolfo Pérez Esquivel, 3<br>28232 Parque empresarial Las<br>Rozas                   | 25,00%        | Sales and Marketing<br>Internet / Telephone        | ■ MAPFRE ESPAÑA                  | 49,9000            | 136     | 136     | ---    | ---              | (C)<br>(3) |
| TECNOLOGIAS DE LA INFORMACION Y REDES<br>PARA LAS ENTIDADES ASEGURADORAS, S.A | C/ García Paredes, 55<br>Madrid                                                     | 25,00%        | Data processing services<br>Telematic and network. | ■ MAPFRE ESPAÑA                  | 22,9506            | 71,996  | 37,698  | 23,038 | 4,038            | (C)<br>(3) |
| MAPFRE QINGDAO ENTERPRISE<br>MANAGEMENT CONSULTING LIMITED<br>COMPANY         | Qingdao<br>(China)                                                                  | --            | consultancy                                        | ■ MAPFRE ESPAÑA                  | 100,0000           | 1,610   | (1,463) | 124    | (604)            | (A)<br>(1) |
| AGROSEGURO                                                                    | C/ Gobelos, 23<br>Madrid (España)                                                   | 25,00%        | Agents and insurance<br>brokers                    | ■ MAPFRE ESPAÑA                  | 20,1700            | 557,527 | 13,359  | ---    | ---              | (C)<br>(3) |
| SALVADOR CAETANO AUTO (SGPS), S.A.                                            | Avenida Vasco da Gama 14-10<br>4430-247<br>Vila Nova de Gaia (Portugal)             | -             | Agents and insurance<br>brokers                    | ■ MAPFRE ESPAÑA                  | 24,6100            | 385,491 | 312,506 | ---    | ---              | (C)<br>(3) |

| SALUD DIGITAL MAPFRE S.A.                                                 | Ctra. Pozuelo, 50. Majadahonda (Madrid) España                             | 25,00% (1)    | Medical Services                                | ■ MAPFRE ESPAÑA<br>■ CENTROS MEDICOS MAPFRE, S.A.                                                                                                                 | 97,5000<br>2,5000                                                               | 948        | ---       | (50)      | (G)(A) | (G)(1) |
|---------------------------------------------------------------------------|----------------------------------------------------------------------------|---------------|-------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|------------|-----------|-----------|--------|--------|
| PUY DU FOU ESPAÑA S.A.                                                    | C/ Cuesta de Carlos V, 9 45001 Toledo (España)                             |               | Other Services                                  | ■ MAPFRE ESPAÑA                                                                                                                                                   | 19,3810                                                                         | 53,374     | 53,374    | --        | (G)(C) | (G)(3) |
| MAPFRE INMUEBLES, S.G.A.                                                  | Ctra. Pozuelo, 52 Majadahonda (Madrid) España                              | 25,00% (1)    | Real Estate                                     | ■ MAPFRE ESPAÑA<br>■ MAPFRE S.A.<br>■ MAPFRE VIDA<br>■ MAPFRE GLOBAL RISKS                                                                                        | 76,8430<br>9,9977<br>7,0279<br>6,1302                                           | 655,500    | 495,951   | 13,286    | (A)    | (1)    |
| DESARROLLOS URBANOS CIC S.A.                                              | Ctra. Pozuelo, 52. Majadahonda (Madrid) España                             | 25,00% (1)    | Real Estate                                     | ■ MAPFRE INMUEBLES<br>■ MAPFRE, S.A.                                                                                                                              | 99,9216<br>0,0784                                                               | 63,020     | 1,703     | 33        | (A)    | (1)    |
| SERVICIOS INMOBILIARIOS MAPFRE S.A.                                       | Ctra. Pozuelo, 52. Majadahonda (Madrid) España                             | 25,00% (1)    | Real Estate                                     | ■ MAPFRE INMUEBLES<br>■ DESARROLLOS URBANOS                                                                                                                       | 99,9000<br>0,1000                                                               | 1,075      | 794       | 1,245     | (A)    | (1)    |
| INMO ALEMANIA GESTION DE ACTIVOS INMOBILIARIOS, S.L.                      | Pso. De la Castellana, 24 (Madrid) España                                  | 25,00% (1)    | Real Estate                                     | ■ MAPFRE ESPAÑA<br>■ MAPFRE GLOBAL RISKS                                                                                                                          | 10,0000<br>10,0000                                                              | 19,427     | 19,424    | --        | (C)    | (3)    |
| MAPFRE TECH                                                               | Ctra. Pozuelo, 52 Majadahonda (Madrid) España                              | 25,00% (1)(2) | IT                                              | ■ MAPFRE ESPAÑA<br>■ MAPFRE GLOBAL RISKS<br>■ MAPFRE VIDA<br>■ MAPFRE RE<br>■ MAPFRE ASISTENCIA<br>■ MAPFRE INTERNACIONAL<br>■ MAPFRE INVERSIÓN<br>■ MAPFRE, S.A. | 63,4693<br>1,6881<br>11,6834<br>0,8002<br>1,5684<br>20,0000<br>0,0160<br>0,7746 | 64,544     | 20,849    | 180,881   | (A)    | (1)    |
| MAPFRE SEGUROS GERAIS S.A.                                                | Rua Castilho, 52 Lisboa (Portugal)                                         | 25,00%        | Insurance and Reinsurance                       | ■ MAPFRE ESPAÑA<br>■ MAPFRE GLOBAL RISKS                                                                                                                          | 99,9994<br>0,0006                                                               | 232,123    | 78,100    | 111,910   | (A)    | (1)    |
| MAPFRE PORTUGAL SEGUROS DE VIDA S.A.                                      | Rua Castilho, 52 Lisboa (Portugal)                                         | 25,00%        | Insurance                                       | ■ MAPFRE SEGUROS GERAIS                                                                                                                                           | 100,0000                                                                        | 346,044    | 39,455    | 51,165    | (A)    | (1)    |
| MAPFRE VIDA SOCIEDAD ANÓNIMA DE SEGUROS Y REASEGUROS SOBRE LA VIDA HUMANA | Carretera de Pozuelo, 50. (28222) Majadahonda. Madrid (España)             | 25,00% (1)(2) | Insurance and Reinsurance                       | ■ MAPFRE, S.A.                                                                                                                                                    | 99,9121                                                                         | 14,664,520 | 1,307,679 | 2,507,193 | (A)    | (1)    |
| CONSULTORA ACTUARIAL Y DE PENSIONES MAPFRE VIDA S.A.                      | Carretera de Pozuelo, 50 (28222) Majadahonda Madrid (España)               | 25,00%        | Consitancy                                      | ■ MAPFRE VIDA<br>■ MAPFRE, S.A.                                                                                                                                   | 99,9339<br>0,0661                                                               | 877        | 816       | 213       | (A)    | (1)    |
| GESTION MODA SHOPPING S.A.                                                | Avda.General Perón,40 (Madrid) España                                      | 25,00% (1)    | Management centers Sales staff                  | ■ MAPFRE VIDA<br>■ MAPFRE, S.A.                                                                                                                                   | 99,8215<br>0,1785                                                               | 961        | 738       | 1,312     | (A)    | (1)    |
| MAPFRE INVERSIÓN SOCIEDAD DE VALORES S.A.                                 | Carretera de Pozuelo, 50-1, M-4. 2º Planta Módulo Sur. (28222) Majadahonda | 25,00% (1)(2) | Institution management investment entity groups | ■ MAPFRE VIDA<br>■ MAPFRE, S.A.                                                                                                                                   | 99,9991<br>0,0009                                                               | 209,865    | 165,845   | 104,256   | (A)    | (4)    |

|                                                                       |                                                                                                        |                  |                                                    |                                                                                                            |                                                 |           |         |         |        |     |     |
|-----------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|------------------|----------------------------------------------------|------------------------------------------------------------------------------------------------------------|-------------------------------------------------|-----------|---------|---------|--------|-----|-----|
| MAPFRE ASSET MANAGEMENT, S.G.I.I.C., S.A                              | Carretera de Pozuelo, 50-1, M-4.<br>2º Planta Módulo Norte.<br>(28222) Majadahonda.<br>Madrid (España) | 25,00%<br>(1)(2) | Institution management<br>investment entity groups | ■ MAPFRE INVERSIÓN<br>■ MAPFRE, S.A.                                                                       | 99.9853<br>0,0147                               | 39.089    | 27.429  | 80.684  | 31.115 | (A) | (4) |
| MAPFRE VIDA PENSIONES, ENTIDAD GESTORA<br>DE FONDOS DE PENSIONES S.A. | Carretera de Pozuelo, 50-1, M-4.<br>2º Planta Módulo Norte.<br>(28222) Majadahonda.<br>Madrid (España) | 25,00%<br>(1)    | Pension funds<br>Administration                    | ■ MAPFRE INVERSIÓN<br>■ MAPFRE, S.A.                                                                       | 99.9971<br>0,0029                               | 54.162    | 51.600  | 23.500  | 1.426  | (A) | (4) |
| BANKIA MAPFRE VIDA, S.A. DE SEGUROS Y<br>REASEGUROS                   | Ctra. Pozuelo, 50<br>28222 (Majadahonda)<br>Madrid (España)                                            | 25,00%<br>(2)    | Insurance and Reinsurance                          | ■ MAPFRE VIDA                                                                                              | 51,0000                                         | 7.551.490 | 312.054 | 903.362 | 79.627 | (A) | (1) |
| MIRACETI S.A.                                                         | Carretera de Pozuelo, 50<br>28222 (Majadahonda)<br>Madrid (España)                                     | 25,00%<br>(1)    | Real Estate                                        | ■ MAPFRE VIDA                                                                                              | 99.9991                                         | 41.579    | 40.759  | 1.688   | 957    | (A) | (1) |
| BANKINTER SEGUROS DE VIDA, S.A.                                       | Avda. Bruselas, 12<br>(Alcobendas) España                                                              | 25,00%<br>(2)    | Insurance                                          | ■ MAPFRE, S.A.<br>■ MAPFRE VIDA                                                                            | 0,0009<br>50,0000                               | 1.837.732 | 130.145 | 532.876 | 57.596 | (A) | (1) |
| CAJA CASTILLA LA MANCHA VIDA Y<br>PENSIONES, S.A.                     | C/ Carretera, 5<br>(Cuenca) España                                                                     | 25,00%<br>(2)    | Insurance                                          | ■ MAPFRE VIDA                                                                                              | 50,0000                                         | 911.303   | 70.283  | 176.608 | 17.805 | (A) | (1) |
| MAPFRE GOOD GOVERNANCE                                                | Ctra. Pozuelo, 50.<br>Majadahonda<br>Madrid (España)                                                   |                  | Asset Management                                   | ■ MAPFRE INVERSIÓN                                                                                         | 100,0000                                        | 44.280    | 42.713  | --      | --     | (A) | (9) |
| MAPFRE IBERIAN EQUITY                                                 | Ctra. Pozuelo, 50.<br>Majadahonda<br>Madrid (España)                                                   |                  | Asset Management                                   | ■ MAPFRE INVERSIÓN                                                                                         | 100,0000                                        | 45.087    | 43.521  | --      | --     | (A) | (9) |
| MAPFRE EUROPEAN EQUITY                                                | Ctra. Pozuelo, 50.<br>Majadahonda<br>Madrid (España)                                                   |                  | Asset Management                                   | ■ MAPFRE INVERSIÓN                                                                                         | 100,0000                                        | 79.278    | 77.920  | --      | --     | (A) | (9) |
| MAPFRE MULTI ASSETS STRAT                                             | Ctra. Pozuelo, 50.<br>Majadahonda<br>Madrid (España)                                                   |                  | Asset Management                                   | ■ MAPFRE INVERSIÓN                                                                                         | 100,0000                                        | 189.890   | 189.650 | --      | --     | (A) | (9) |
| FOND MAPFRE ELECCION DECIDIDA                                         | Ctra. Pozuelo, 50.<br>Majadahonda<br>Madrid (España)                                                   |                  | Asset Management                                   | ■ MAPFRE VIDA<br>■ MAPFRE VIDA PENSIONES<br>■ MAPFRE INVERSIÓN<br>■ MAPFRE ASSET<br>■ MAPFRE PORTUGAL VIDA | 40,0701<br>0,7807<br>7,8071<br>0,7807<br>4,5014 | 33.088    | 32.931  | --      | --     | (A) | (9) |

|                                                 |                                                      |                  |                         |         |         |         |    |     |     |
|-------------------------------------------------|------------------------------------------------------|------------------|-------------------------|---------|---------|---------|----|-----|-----|
| FOND MAPFRE ELECCION MODERADA                   | Ctra. Pozuelo, 50.<br>Majadahonda<br>Madrid (España) | Asset Management | ■ MAPFRE VIDA           | 47.5247 | 96.571  | 96.339  | -- | (A) | (9) |
|                                                 |                                                      |                  | ■ MAPFRE VIDA PENSIONES | 0,2580  |         |         |    |     |     |
|                                                 |                                                      |                  | ■ MAPFRE INVERSION      | 2,6213  |         |         |    |     |     |
|                                                 |                                                      |                  | ■ MAPFRE ASSET          | 0,2580  |         |         |    |     |     |
|                                                 |                                                      |                  | ■ MAPFRE PORTUGAL VIDA  | 0,9139  |         |         |    |     |     |
|                                                 |                                                      |                  | ■ MAPFRE VIDA           | 61,6890 | 103,352 | 103,067 | -- | (A) | (9) |
| FOND MAPFRE ELECCION PRUDENTE                   | Ctra. Pozuelo, 50.<br>Majadahonda<br>Madrid (España) | Asset Management | ■ MAPFRE VIDA PENSIONES | 0,2357  |         |         |    |     |     |
|                                                 |                                                      |                  | ■ MAPFRE INVERSION      | 0,9912  |         |         |    |     |     |
|                                                 |                                                      |                  | ■ MAPFRE ASSET          | 0,2357  |         |         |    |     |     |
|                                                 |                                                      |                  | ■ MAPFRE PORTUGAL VIDA  | 1,8332  |         |         |    |     |     |
|                                                 |                                                      |                  | ■ MAPFRE VIDA           | --      | --      | --      | -- | (H) | (H) |
|                                                 |                                                      |                  | ■ MAPFRE VIDA PENSIONES | --      |         |         |    |     |     |
| FOND MAPFRE DIVERSIFICACION<br>(Salida en 2018) | Ctra. Pozuelo, 50.<br>Majadahonda<br>Madrid (España) | Asset Management | ■ MAPFRE INVERSION      | --      |         |         |    |     |     |
|                                                 |                                                      |                  | ■ MAPFRE ASSET          | --      |         |         |    |     |     |
|                                                 |                                                      |                  | ■ BANKIA MAPFRE VIDA    | --      |         |         |    |     |     |
|                                                 |                                                      |                  | ■ CESVIMAP              | --      |         |         |    |     |     |
|                                                 |                                                      |                  | ■ CLUB MAPFRE           | --      |         |         |    |     |     |
|                                                 |                                                      |                  | ■ MUL TIMAP             | --      |         |         |    |     |     |
| FOND MAPFRE BOLSA AMERICA                       | Ctra. Pozuelo, 50.<br>Majadahonda<br>Madrid (España) | Asset Management | ■ MAPFRE VIDA           | 28,5234 | 214,027 | 212,609 | -- | (A) | (9) |
|                                                 |                                                      |                  | ■ MAPFRE VIDA PENSIONES | 0,9626  |         |         |    |     |     |
|                                                 |                                                      |                  | ■ MAPFRE INVERSION      | 2,4066  |         |         |    |     |     |
|                                                 |                                                      |                  | ■ MAPFRE ASSET          | 1,4944  |         |         |    |     |     |
|                                                 |                                                      |                  | ■ MIRACETTI             | 0,9306  |         |         |    |     |     |
|                                                 |                                                      |                  | ■ BANKIA MAPFRE VIDA    | 1,9903  |         |         |    |     |     |
|                                                 |                                                      |                  | ■ CCM VIDA              | 1,8513  |         |         |    |     |     |
|                                                 |                                                      |                  | ■ MAPFRE RE             | 11,5965 |         |         |    |     |     |
|                                                 |                                                      |                  | ■ MAPFRE ASISTENCIA     | --      |         |         |    |     |     |
|                                                 |                                                      |                  | ■ CESVIMAP              | 0,1199  |         |         |    |     |     |
|                                                 |                                                      |                  | ■ MAPFRE GLOBAL RISK    | --      |         |         |    |     |     |
|                                                 |                                                      |                  | ■ MAPFRE ESPAÑA         | 23,4213 |         |         |    |     |     |
|                                                 |                                                      |                  | ■ MAPFRE SEGUROS GERAIS | 0,5682  |         |         |    |     |     |
|                                                 |                                                      |                  | ■ MAPFRE PORTUGAL VIDA  | 0,7377  |         |         |    |     |     |
|                                                 |                                                      |                  | ■ INDUSTRIAL RE MUSINI  | 0,3637  |         |         |    |     |     |
|                                                 |                                                      |                  | ■ CARTERA MAPFRE        | 1,3821  |         |         |    |     |     |

|                         |                                                      |                  |                         |         |         |         |    |    |     |     |
|-------------------------|------------------------------------------------------|------------------|-------------------------|---------|---------|---------|----|----|-----|-----|
| FOND MAPFRE RENTA DÓLAR | Ctra. Pozuelo, 50.<br>Majadahonda<br>Madrid (España) | Asset Management | ■ MAPFRE VIDA           | 8,5608  | 86,255  | 86,083  | -- | -- | (A) | (9) |
|                         |                                                      |                  | ■ MAPFRE VIDA PENSIONES | 4,3667  |         |         |    |    |     |     |
|                         |                                                      |                  | ■ MAPFRE INVERSION      | 8,5286  |         |         |    |    |     |     |
|                         |                                                      |                  | ■ BANKIA MAPFRE VIDA    | 0,7992  |         |         |    |    |     |     |
|                         |                                                      |                  | ■ MAPFRE RE             | 16,2513 |         |         |    |    |     |     |
|                         |                                                      |                  | ■ MAPFRE ASISTENCIA     | 0,1118  |         |         |    |    |     |     |
|                         |                                                      |                  | ■ MAPFRE GLOBAL RISK    | --      |         |         |    |    |     |     |
|                         |                                                      |                  | ■ MAPFRE ESPAÑA         | 21,7469 |         |         |    |    |     |     |
|                         |                                                      |                  | ■ VERTI                 | 0,6665  |         |         |    |    |     |     |
|                         |                                                      |                  | ■ MAPFRE SEGUROS GERAIS | --      |         |         |    |    |     |     |
|                         |                                                      |                  | ■ INDUSTRIAL RE MUSINI  | 5,9169  |         |         |    |    |     |     |
|                         |                                                      |                  | ■ MAPFRE VIDA           | 35,6864 | 167,603 | 167,109 | -- | -- | (A) | (9) |
|                         |                                                      |                  | ■ MAPFRE VIDA PENSIONES | 0,2721  |         |         |    |    |     |     |
|                         |                                                      |                  | ■ MAPFRE INVERSION      | 2,6262  |         |         |    |    |     |     |
| FOND MAPFRE GLOBAL F.I. | Ctra. Pozuelo, 50.<br>Majadahonda<br>Madrid (España) | Asset Management | ■ MAPFRE ASSET          | 0,8786  |         |         |    |    |     |     |
|                         |                                                      |                  | ■ MIRACETTI             | 0,9906  |         |         |    |    |     |     |
|                         |                                                      |                  | ■ BANKIA MAPFRE VIDA    | 2,2117  |         |         |    |    |     |     |
|                         |                                                      |                  | ■ CCM VIDA              | 1,3451  |         |         |    |    |     |     |
|                         |                                                      |                  | ■ CESVIMAP              | 0,0534  |         |         |    |    |     |     |
|                         |                                                      |                  | ■ VERTI                 | 0,2266  |         |         |    |    |     |     |
|                         |                                                      |                  | ■ MAPFRE PORTUGAL VIDA  | 0,1298  |         |         |    |    |     |     |
|                         |                                                      |                  | ■ MAPFRE ESPAÑA         | 1,1001  |         |         |    |    |     |     |
|                         |                                                      |                  | ■ CARTERA MAPFRE        | 1,1001  |         |         |    |    |     |     |
|                         |                                                      |                  | ■ MAPFRE VIDA           | 49,3213 | 292,735 | 291,816 | -- | -- | (A) | (9) |
|                         |                                                      |                  | ■ MAPFRE VIDA PENSIONES | 2,2114  |         |         |    |    |     |     |
|                         |                                                      |                  | ■ MAPFRE INVERSION      | 0,8619  |         |         |    |    |     |     |
|                         |                                                      |                  | ■ MAPFRE ASSET          | 0,9335  |         |         |    |    |     |     |
|                         |                                                      |                  | ■ MIRACETTI             | 1,7442  |         |         |    |    |     |     |
| FOND MAPFRE BOLSA F.I.  | Ctra. Pozuelo, 50.<br>Majadahonda<br>Madrid (España) | Asset Management | ■ BANKIA MAPFRE VIDA    | 1,6712  |         |         |    |    |     |     |
|                         |                                                      |                  | ■ CESVIMAP              | 0,2182  |         |         |    |    |     |     |
|                         |                                                      |                  | ■ CLUB MAPFRE           | 0,1808  |         |         |    |    |     |     |
|                         |                                                      |                  | ■ MULTIMAP              | 0,2345  |         |         |    |    |     |     |
|                         |                                                      |                  | ■ CARTERA MAPFRE        | 0,6222  |         |         |    |    |     |     |

|                                                                 |                                                                                                          |                      |                                                                                                                                                    |                                                                      |           |           |           |          |        |        |
|-----------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|----------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|-----------|-----------|-----------|----------|--------|--------|
| FOND MAPFRE BOLSA EUROPA F.I                                    | Ctra. Pozuelo, 50.<br>Majadahonda<br>Madrid (España)                                                     | Asset Management     | ■ MAPFRE PORTUGAL VIDA<br>■ CCM VIDA<br>■ MAPFRE VIDA<br>■ MAPFRE INVERSION<br>■ BANKIA MAPFRE VIDA<br>■ MAPFRE SEGUROS GERAIS<br>■ CARTERA MAPFRE | 1,6441<br>11,0033<br>26,8234<br>0,5431<br>2,9864<br>0,3434<br>3,5022 | 75,252    | 74,760    | --        | --       | (G)(A) | (G)(9) |
| FOND MAPFRE BLUE CHIPS, F.I.                                    | Ctra. Pozuelo, 50.<br>Majadahonda<br>Madrid (España)                                                     | Asset Management     | ■ MAPFRE VIDA                                                                                                                                      | 100,0000                                                             | 2,992     | 2,992     | --        | --       | (G)(A) | (G)(9) |
| SHORT TERM I                                                    | Ctra. Pozuelo, 50.<br>Majadahonda<br>Madrid (España)                                                     | Asset Management     | ■ MAPFRE VIDA                                                                                                                                      | 100,0000                                                             | 40,426    | 40,385    | --        | --       | (G)(A) | (G)(9) |
| BRAZIL                                                          |                                                                                                          |                      |                                                                                                                                                    |                                                                      |           |           |           |          |        |        |
| MAPFRE SEGUROS GERAIS S.A.                                      | Avd.Naões Unidas, 11711 16.<br>Andar Brooklin<br>Sao Paulo. (Brasil)                                     | Insurance            | ■ MAPFRE BB SH2<br>PARTICIPAÇÕES, S.A.                                                                                                             | 100,0000                                                             | 2,266,409 | 439,222   | 1,562,646 | (57,648) | (A)    | (7)    |
| MAPFRE VERA CRUZ CONSULTORIA E<br>ADMINISTRACAO DE FUNDOS LTDA. | Avd.Naões Unidas, 11711 16.<br>Andar Brooklin<br>Sao Paulo (Brasil)                                      | Administration funds | ■ MAPFRE HOLDING DO<br>BRASIL LTDA                                                                                                                 | 100,0000                                                             | 14,841    | 13,358    | 222       | (2,945)  | (A)    | (1)    |
| BB MAPFRE SH1 PARTICIPAÇÕES, S.A.                               | Avd.Naões Unidas, 11711 16.<br>Andar Brooklin<br>Sao Paulo (Brasil)                                      | Holding              | ■ MAPFRE BRASIL<br>PARTICIPAÇÕES, S.A.                                                                                                             | 25,0100(*)                                                           | 307,864   | 304,539   | 367,520   | 359,178  | (A)    | (1)    |
| MAPFRE CAPITALIZACAO S.A.                                       | Avd.Naões Unidas, 11711 16.<br>Andar Brooklin<br>Sao Paulo (Brasil)                                      | Capitalization       | ■ MAPFRE BRASIL<br>PARTICIPAÇÕES, S.A.                                                                                                             | 100,0000                                                             | 34,350    | 5,677     | 6,702     | 700      | (A)    | (1)    |
| MAPFRE ASSISTENCIA, S.A.                                        | Avd.Mamore 989, 3º Andar<br>Alphaville Centro Industrial e<br>Empresarial<br>Barueri, Sao Paulo (Brasil) | Assistance services  | ■ MAPFRE SEGUROS<br>GERAIS, S.A.                                                                                                                   | 100                                                                  | 1,398     | 1,340     | 402       | 29       | (A)    | (1)    |
| MAPFRE BB SH2 PARTICIPAÇÕES, S.A.                               | Avd.Naões Unidas, 11711 16.<br>Andar Brooklin<br>Sao Paulo (Brasil)                                      | Holding              | ■ MAPFRE BRASIL<br>PARTICIPAÇÕES, S.A.                                                                                                             | 100,0000                                                             | 687,848   | 687,798   | 29,584    | 25,257   | (A)    | (1)    |
| MAPFRE BRASIL PARTICIPAÇÕES, S.A.                               | Avd.Naões Unidas, 11711 16.<br>Andar Brooklin<br>Sao Paulo (Brasil)                                      | Holding              | ■ MAPFRE HOLDING DO<br>BRASIL LTDA<br>■ MAPFRE INTERNACIONAL<br>■ FANCY INVESTMENT, S.A.                                                           | 5,7651<br>93,3797<br>0,8552                                          | 1,178,887 | 1,173,967 | 112,864   | 99,140   | (A)    | (1)    |



| CESVI BRASIL S.A. CENTRO DE EXPERIMENTAÇÃO                  | Rua Amador Aguiar, 700-City Empresarial                                 | 34,00% | Research, training and consultancy    | ■ MAPFRE HOLDING DO BRASIL LTDA                                              | --                          | --        | --      | (H)       | (H)     |     |     |
|-------------------------------------------------------------|-------------------------------------------------------------------------|--------|---------------------------------------|------------------------------------------------------------------------------|-----------------------------|-----------|---------|-----------|---------|-----|-----|
| (Salida en 2018 por venta)                                  | Sao Paulo (Brasil)                                                      |        |                                       |                                                                              |                             |           |         |           |         |     |     |
| MAPFRE HOLDING DO BRASIL LTDA                               | Avda. dos Autonomistas, 701 Vila-Yara – Osasco SP CEP 06020-000(Brasil) | 34,00% | Holding                               | ■ MAPFRE INTERNACIONAL<br>■ MAPFRE, S.A.<br>■ FANCY INVESTMENT, S.A.         | 98,7993<br>0,3314<br>0,8693 | 106.624   | 104,106 | 2.770     | 2.064   | (A) | (1) |
| MAPFRE VIDA S.A.                                            | Avd.Nações Unidas, 11711 16. Andar Brooklin<br>Sao Paulo (Brasil)       | 45,00% | Insurance                             | ■ MAPFRE BB SH2 PARTICIPAÇÕES, S.A.<br>■ BB MAPFRE SH1 PARTICIPAÇÕES S.A.    | 100,0000<br>--              | 267,481   | 85,572  | 214,441   | 11,061  | (A) | (7) |
| MAPFRE DISTRIBUIDORA DE TÍTULOS E VALORES MOBILIARIOS, S.A. | Avd.Nações Unidas, 11711 16. Andar Brooklin<br>Sao Paulo (Brasil)       | 34,00% | Securities and stocks distributor     | ■ MAPFRE INVESTIMENTOS E PARTICIPAÇÕES SA<br>■ MAPFRE HOLDING DO BRASIL LTDA | 99,9000<br>0,1000           | 6,497     | 5,449   | 6,530     | 1,989   | (A) | (9) |
| MAPFRE PREVIDENCIA S.A.                                     | Avda.Mª Coelho Aguiar 215<br>Andar Brooklin<br>Sao Paulo (Brasil)       | 45,00% | Insurance                             | ■ MAPFRE BRASIL PARTICIPAÇÕES, S.A.                                          | 100,0000                    | 799,054   | 22,203  | 174,604   | (6,963) | (A) | (7) |
| MAPFRE INVESTIMENTOS E PARTICIPAÇÕES, S.A.                  | Avd.Nações Unidas, 11711 17. Andar Brooklin<br>Sao Paulo (Brasil)       | 34,00% | Holding Insurance                     | ■ MAPFRE HOLDING DO BRASIL LTDA                                              | 100,0000                    | 25,153    | 25,045  | 94        | (15)    | (A) | (1) |
| ALIANÇA DO BRASIL SEGUROS, S.A.                             | R.Manuel da Nobrega, 12809. Andar, Rio de Janeiro<br>Sao Paulo (Brasil) | 45,00% | Insurance                             | ■ BB MAPFRE SH1 PARTICIPAÇÕES S.A.<br>■ MAPFRE BB SH2 PARTICIPAÇÕES, S.A.    | 100,0000<br>--              | 215,943   | 55,369  | 157,712   | 10,348  | (A) | (7) |
| BRASIL VEICULOS COMPANHIA DE SEGUROS, S.A.                  | R.Senador Dantas, 105 29 parte, 30 e 31. Andares                        | 45,00% | Insurance                             | ■ MAPFRE BB SH2 PARTICIPAÇÕES, S.A.                                          | 100,0000                    | 586,099   | 78,899  | 353,965   | 2,922   | (A) | (7) |
| COMPANHIA DE SEGUROS ALIANÇA DO BRASIL, S.A.                | R.Senador Dantas, 105 29 parte, 30 e 31. Andares                        | 45,00% | Insurance                             | ■ BB MAPFRE SH1 PARTICIPAÇÕES S.A.                                           | 100,0000                    | 2,773,184 | 329,949 | 1,805,490 | 354,255 | (A) | (7) |
| MAPFRE ADMINISTRAÇÕES DE CONSORCIO S.A.                     | Avenida das Nações Unidas, 12,495 11º andar - São Paulo-SP              | 34,00% | Administração de grupos de consorcios | ■ MAPFRE INVESTIMENTOS E PARTICIPAÇÕES SA                                    | 100,0000                    | 2,492     | 2,039   | 1,264     | 421     | (A) | (1) |
| MAPFRE SAUDE LTDA                                           | Avenida das Nações Unidas, 12,495 11º andar - São Paulo-SP              | 34,00% | Healthcare services                   | ■ MAPFRE HOLDING DO BRASIL LTDA                                              | 99,9900                     | 6,202     | 5,012   | 1,772     | (3,086) | (A) | (1) |
| PROTENSEG CORRETORA DE SEGUROS LTDA                         | Avenida das Nações Unidas, 12,495 11º andar - São Paulo-SP              | 34,00% | Insurance mediation                   | ■ MAPFRE HOLDING DO BRASIL LTDA<br>■ MAPFRE VERA CRUZ CONSULTORIA TECNICA E  | 100,0000                    | 804       | 618     | 35        | 267     | (A) | (1) |

| LATAM NORTH                               |                                                                                                                              |        |             |                                |          |         |         |         |                |
|-------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|--------|-------------|--------------------------------|----------|---------|---------|---------|----------------|
| MAPFRE TENEDORA DE ACC. S.A.              | Costa del Este, diagonal al Business Park                                                                                    | 25,00% | Holding     | ■ MAPFRE AMERICA CENTRAL, S.A. | 100,0000 | 61.367  | 40.355  | 3.023   | 380 (A) (9)    |
| MAPFRE AMERICA CENTRAL S.A.               | Panamá (Panamá)                                                                                                              |        |             |                                |          |         |         |         |                |
|                                           | Costa del Este, diagonal al Business Park                                                                                    | 25,00% | Holding     | ■ MAPFRE INTERNACIONAL         | 99,9000  | 200.636 | 199.207 | 6.551   | 6.157 (A) (1)  |
| MAPFRE SEGUROS HONDURAS S.A.              | Panamá (Panamá)                                                                                                              |        |             |                                |          |         |         |         |                |
|                                           | Avenida Berflin y Calle Viena, piso 7 Lomas del Guajaro Sur Edificio Tegucigalpa, M.D.C. (Honduras)                          | 30,00% | Insurance   | ■ MAPFRE TENEDORA DE ACC. S.A. | 73,2569  | 97.606  | 24.016  | 80.831  | 5.762 (A) (9)  |
|                                           |                                                                                                                              |        |             | ■ MAPFRE AMERICA CENTRAL, S.A. | 25,1031  |         |         |         |                |
| MAPFRE PANAMÁ S.A.                        | Costa del Este, diagonal al Business Park                                                                                    | 25,00% | Insurance   | ■ MAPFRE AMERICA CENTRAL, S.A. | 99,3772  | 298.765 | 85.443  | 212.115 | 4.893 (A) (1)  |
| MAPFRE SEGUROS EL SALVADOR, S.A.          | Panamá (Panamá)                                                                                                              |        |             |                                |          |         |         |         |                |
| (En 2017 MAPFRE LA CENTRO AMERICANA S.A.) | Alameda Roosevelt, 3107 Nivel 7 San Salvador (El Salvador)                                                                   | 20,00% | Insurance   | ■ MAPFRE AMERICA CENTRAL, S.A. | 78,1065  | 78.059  | 21.180  | 65.208  | 2.835 (A) (9)  |
| INMOBILIARIA AMERICANA S.A.               | Alameda Roosevelt, 31-07 San Salvador (El Salvador)                                                                          | 20,00% | Real Estate | ■ MAPFRE AMERICA CENTRAL, S.A. | 78,9000  | 6.867   | 6.752   | 567     | 129 (A) (9)    |
| MAPFRE SEGUROS COSTA RICA S.A.            | Barrio Tournón, Edificio Alvasa, 2do. Piso Diagonal al Periódico La República en intersección con Ctra de Guapiles (Ruta 32) | 30,00% | Insurance   | ■ MAPFRE TENEDORA DE ACC. S.A. | 100,0000 | 38.915  | 10.669  | 40.483  | 1.355 (A) (9)  |
| MAPFRE SEGUROS GUATEMALA S.A.             | San José (Costa Rica)                                                                                                        |        |             |                                |          |         |         |         |                |
|                                           | 5a Avenida 5-55 Zona 14 Europlaza Europlaza Torre 4 Ciudad de Guatemala(Guatemala)                                           | 25,00% | Insurance   | ■ MAPFRE TENEDORA DE ACC. S.A. | 100,0000 | 67.827  | 21.246  | 66.274  | 3.897 (A) (9)  |
| MAPFRE SEGUROS NICARAGUA S.A.             | Edificio Invercasa, 1er. Piso Managua (Nicaragua)                                                                            | 30,00% | Insurance   | ■ MAPFRE TENEDORA DE ACC. S.A. | 100,0000 | 21.610  | 8.917   | 15.940  | 1.227 (A) (9)  |
| MAPFRE DOMINICANA S.A.                    | Ave Abraham Lincoln, 952 esq. José Amado Soler Ensanche Plantini, Santo Domingo (República Dominicana)                       | 27,00% | Holding     | ■ MAPFRE INTERNACIONAL         | 99,9999  | 31.474  | 31.467  | 11      | 2 (A) (9)      |
|                                           |                                                                                                                              |        |             | ■ CREDI PRIMAS, S.A.           | 0,0001   |         |         |         |                |
| MAPFRE BHD COMPAÑÍA DE SEGUROS, S.A.      | Ave Abraham Lincoln, 952 esq. José Amado Soler Ensanche Plantini, Santo Domingo (República Dominicana)                       | 27,00% | Insurance   | ■ MAPFRE DOMINICANA            | 51,0000  | 230.555 | 67.580  | 144.474 | 18.286 (A) (9) |

|                                                     |                                                                                                                       |        |                                    |                                                   |          |           |         |         |        |     |     |
|-----------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|--------|------------------------------------|---------------------------------------------------|----------|-----------|---------|---------|--------|-----|-----|
| CREDI PRIMAS, S.A.                                  | Ave Abraham Lincoln, 952 esq.<br>José Amado Soler. Ensanche<br>Plantini, Santo Domingo<br>(República Dominicana)      | 27,00% | Policy Financing                   | ■ MAPFRE BHD COMPANIA<br>DE SEGUROS S.A.          | 100,0000 | 1.733     | 422     | 147     | 32     | (A) | (9) |
| MAPFRE TEPEYAC S.A.                                 | Avenida Paseo de la Reforma<br>243 Colonia Cuauhtémoc<br>Delegación Cuauhtémoc<br>México, Distrito Federal C.P. 06500 | 30,00% | Insurance                          | ■ MAPFRE INTERNACIONAL<br>■ GRUPO CORPORATIVO LML | 55,6602  | 1.507.506 | 184.533 | 766.159 | 16.845 | (A) | (7) |
| GRUPO CORPORATIVO LML S.A. DE C.V.                  | Avenida Paseo de la Reforma<br>243 Colonia Cuauhtémoc<br>Delegación Cuauhtémoc<br>México, Distrito Federal C.P. 06500 | 30,00% | Holding                            | ■ MAPFRE INTERNACIONAL                            | 100,0000 | 51.169    | 51.165  | 7       | --     | (A) | (1) |
| MAPFRE UNIDAD DE SERVICIOS S.A. DE C.V.             | Avenida Paseo de la Reforma<br>243 Colonia Cuauhtémoc<br>Delegación Cuauhtémoc<br>México, Distrito Federal C.P. 06500 | 30,00% | Medical Services                   | ■ MAPFRE TEPEYAC                                  | 99,9982  | 3.324     | 2.442   | 7.040   | 165    | (A) | (7) |
| MAPFRE ASSET DEFENSA LEGAL MEXICANA<br>S.A. DE C.V. | Avenida Paseo de la Reforma<br>243 Colonia Cuauhtémoc<br>Delegación Cuauhtémoc<br>México, Distrito Federal C.P. 06500 | 30,00% | Legal affairs                      | ■ MAPFRE TEPEYAC                                  | 100,0000 | 1.078     | 820     | 1.843   | 37     | (A) | (7) |
| MAPFRE TEPEYAC INC.                                 | México, Distrito Federal C.P. 06500<br>109 Este San Ysidro Blvd No. 65<br>San Isidro California EEUU                  | 30,00% | Motor insurance tourism            | ■ MAPFRE TEPEYAC                                  | 100,0000 | 10        | 10      | --      | (0)    | (A) | (7) |
| MAPFRE SERVICIOS MEXICANOS S.A.                     | Avenida Paseo de la Reforma<br>243 Colonia Cuauhtémoc<br>Delegación Cuauhtémoc<br>México, Distrito Federal C.P. 06500 | 30,00% | Services/agent provisional<br>cell | ■ MAPFRE TEPEYAC                                  | 99,9900  | 103       | 56      | 636     | 28     | (A) | (7) |
| CESVI MÉXICO, S.A.                                  | Calle 1 Sur No. 101 Parque<br>Industrial Toluca 2000<br>Toluca México, Estado de México                               | 30,00% | Research center                    | ■ MAPFRE TEPEYAC                                  | 16,6700  | 9.235     | 7.325   | 6.830   | 677    | (D) | (9) |
| MAPFRE FIANZAS S.A.                                 | Avenida Paseo de la Reforma<br>243 Colonia Cuauhtémoc<br>Delegación Cuauhtémoc<br>México, Distrito Federal C.P. 06500 | 30,00% | Insurance                          | ■ MAPFRE TEPEYAC                                  | 100,0000 | 20.850    | 7.545   | 9.058   | 958    | (A) | (7) |
| <b>LATAM SOUTH</b>                                  |                                                                                                                       |        |                                    |                                                   |          |           |         |         |        |     |     |
| MAPFRE ARGENTINA HOLDING S.A.                       | Avda. Juana Manso, 205 C<br>1107CBE Puerto Madero<br>Buenos Aires (Argentina)                                         | 35,00% | Holding                            | ■ MAPFRE INTERNACIONAL<br>■ APOINT                | 99,9997  | 17.317    | 16.739  | 8       | (72)   | (A) | (1) |

|                                                       |                                                                               |        |                                     |                                                                     |                             |           |         |         |          |     |     |
|-------------------------------------------------------|-------------------------------------------------------------------------------|--------|-------------------------------------|---------------------------------------------------------------------|-----------------------------|-----------|---------|---------|----------|-----|-----|
| MAPFRE ARGENTINA SEGUROS S.A.                         | Avda. Juana Manso, 205 C<br>1107CBE Puerto Madero<br>Buenos Aires (Argentina) | 35,00% | Insurance                           | ■ MAPFRE ARGENTINA<br>HOLDING                                       | 99,9988                     | 238,165   | 33,781  | 276,945 | (1,829)  | (A) | (1) |
| CLUB MAPFRE ARGENTINA                                 | Avda. Juana Manso, 205 C<br>1107CBE Puerto Madero<br>Buenos Aires (Argentina) | 35,00% | Provision of services               | ■ MAPFRE ARGENTINA<br>HOLDING                                       | 97,0000                     | 1,145     | 404     | —       | —        | (A) | (1) |
| MAPFRE ARGENTINA SEGUROS DE VIDA S.A.                 | Avda. Juana Manso, 205 C<br>1107CBE Puerto Madero<br>Buenos Aires (Argentina) | 35,00% | Insurance                           | ■ MAPFRE ARGENTINA VIDA<br>HOLDING                                  | 3,0000                      |           |         |         |          |     |     |
|                                                       |                                                                               |        |                                     | ■ MAPFRE INTERNACIONAL                                              | 64,0000                     | 23,879    | 4,325   | 22,329  | 2,314    | (A) | (9) |
|                                                       |                                                                               |        |                                     | ■ MAPFRE ARGENTINA<br>HOLDING                                       | 36,0000                     |           |         |         |          |     |     |
| CESVI ARGENTINA, S.A.                                 | Calle 9 y 17, Parque Ind.Pilar<br>Buenos Aires (Argentina)                    | 35,00% | Research center                     | ■ MAPFRE ARGENTINA<br>SEGUROS                                       | 60,6400                     | 11,677    | 8,649   | 15,953  | (581)    | (A) | (1) |
| MAPFRE CHILE SEGUROS S.A.                             | Isidora Goyenechea 3520 p 16<br>Las Condes<br>Santiago de Chile (Chile)       | 27,00% | Holding                             | ■ MAPFRE INTERNACIONAL                                              | 100,0000                    | 65,754    | 65,651  | 169     | 121      | (A) | (1) |
| MAPFRE CHILE ASESORIAS, S.A                           | Isidora Goyenechea 3520 p 16<br>Las Condes<br>Santiago de Chile (Chile)       | 27,00% | Investment company                  | ■ MAPFRE CHILE SEGUROS<br>■ MAPFRE INTERNACIONAL                    | 99,9999<br>0,0001           | 7,951     | 7,942   | —       | —        | (A) | (1) |
| MAPFRE COMPAÑIA DE SEGUROS<br>GENERALES DE CHILE S.A. | Isidora Goyenechea 3520 p 16<br>Las Condes<br>Santiago de Chile (Chile)       | 27,00% | Insurance                           | ■ MAPFRE CHILE SEGUROS                                              | 87,2900                     | 612,468   | 87,480  | 308,256 | 21,362   | (A) | (1) |
|                                                       |                                                                               |        |                                     | ■ MAPFRE CHILE<br>ASESORIAS, S.A                                    | 12,7100                     |           |         |         |          |     |     |
| MAPFRE CHILE VIDA, S.A.                               | Isidora Goyenechea 3520 p 16<br>Las Condes<br>Santiago de Chile (Chile)       | 27,00% | Holding                             | ■ MAPFRE INTERNACIONAL                                              | 100,0000                    | 14,246    | 14,246  | 340     | 7        | (A) | (9) |
| MAPFRE COMPAÑIA DE SEGUROS DE VIDA DE<br>CHILE S.A.   | Isidora Goyenechea 3520 p 16<br>Las Condes<br>Santiago de Chile (Chile)       | 27,00% | Insurance                           | ■ MAPFRE CHILE VIDA<br>■ MAPFRE INTERNACIONAL                       | 99,9968<br>0,0032           | 71,778    | 20,616  | 24,308  | 7,710    | (A) | (9) |
| MAPFRE SEGUROS GENERALES DE<br>COLOMBIA S.A.          | Carrera, 14, n° 96-34<br>Santa Fé de Bogotá (Colombia)                        | 37,00% | Insurance                           | ■ MAPFRE INTERNACIONAL<br>■ APOINT<br>■ MAPFRE COLOMBIA VIDA        | 93,7178<br>6,2768<br>0,0021 | 1,557,062 | 116,352 | 276,888 | 5,970    | (A) | (1) |
| CREDIMAPFRE S.A.                                      | Carrera, 14, n° 96-34<br>Santa Fé de Bogotá (Colombia)                        | 37,00% | Real Estate                         | ■ MAPFRE SEGUROS<br>GENERALES DE COLOMBIA                           | 100,0000                    | 28,132    | 3,155   | 3,366   | 145      | (A) | (1) |
| MAPFRE COLOMBIA VIDA S.A.                             | Carrera, 14, n° 96-34<br>Santa Fé de Bogotá (Colombia)                        | 37,00% | Insurance                           | ■ MAPFRE INTERNACIONAL<br>■ APOINT                                  | 94,3541<br>5,6459           | 891,033   | 44,927  | 193,331 | (20,181) | (A) | (1) |
| CESVI COLOMBIA, S.A.                                  | Carrera 87, Num.15-87<br>Santa Fé de Bogotá(Colombia)                         | 37,00% | Research center                     | ■ MAPFRE SEGUROS<br>GENERALES DE COLOMBIA<br>■ MAPFRE COLOMBIA VIDA | 5,4434<br>62,3309           | 4,681     | 3,733   | 4,083   | 515      | (A) | (1) |
| MAPFRE SERVICIOS EXEQUIALES SAS                       | Carrera, 14, n° 96-34<br>Santa Fé de Bogotá (Colombia)                        | 37,00% | Provision of services<br>assistance | ■ CREDIMAPFRE                                                       | 100,0000                    | 3,912     | 1,216   | 14,583  | 505      | (A) | (1) |

|                                              |                                                                                                                        |        |                           |                                         |          |         |         |         |        |     |     |
|----------------------------------------------|------------------------------------------------------------------------------------------------------------------------|--------|---------------------------|-----------------------------------------|----------|---------|---------|---------|--------|-----|-----|
| MAPFRE ATLAS COMPAÑÍA DE SEGUROS, S.A.       | Kennedy e Norte, Justino Cornejo y Avda. Luis Orantía. Edificio Torres Atlas                                           | 25,00% | Insurance                 | ■ MAPFRE INTERNACIONAL                  | 60,0000  | 68.044  | 14.479  | 55.500  | 2.031  | (A) | (9) |
| MAPFRE PARAGUAY COMPAÑÍA DE SEGUROS S.A.     | Guayaquil (Ecuador)<br>Av. Mariscal López, 910<br>Asunción (Paraguay)                                                  | 10,00% | Insurance                 | ■ MAPFRE INTERNACIONAL                  | 89,5400  | 97.342  | 41.176  | 75.548  | 7.035  | (A) | (9) |
| MAPFRE PERÚ COMPAÑÍA DE SEGUROS Y REASEGUROS | Av. Veintiocho de Julio, 873<br>Miraflores- Lima 18 (Perú)                                                             | 30,00% | Insurance and Reinsurance | ■ MAPFRE INTERNACIONAL                  | 99,2900  | 594.572 | 109.642 | 311.591 | 17.065 | (A) | (1) |
| MAPFRE PERÚ ENTIDAD PRESTADORA DE SALUD      | Av. Veintiocho de Julio, 873<br>Miraflores- Lima 18 (Perú)                                                             | 30,00% | Healthcare assistance     | ■ MAPFRE INTERNACIONAL                  | 98,5900  | 13.544  | 5.015   | 46.095  | 257    | (A) | (9) |
|                                              |                                                                                                                        |        |                           | ■ MAPFRE PERU CIA. SEGUROS Y REASEGUROS | 1,4100   |         |         |         |        |     |     |
| MAPFRE PERÚ VIDA, COMPAÑÍA DE SEGUROS, S.A.  | Av. Veintiocho de Julio, 873<br>Miraflores- Lima 18 (Perú)                                                             | 30,00% | Insurance                 | ■ MAPFRE INTERNACIONAL                  | 67,4071  | 379.221 | 73.353  | 182.317 | 20.935 | (A) | (1) |
| CORPORACIÓN FINISTERRE, S.A.                 | Av. Veintiocho de Julio, 873<br>Miraflores- Lima 18 (Perú)                                                             | 30,00% | Funeral services          | ■ MAPFRE PERÚ VIDA                      | 100,0000 | 1.584   | 1.548   | 158     | 44     | (A) | (1) |
| APOINT S.A.                                  | Col. 993 Piso 3<br>Montevideo (Uruguay)                                                                                | 25,00% | Holding                   | ■ MAPFRE INTERNACIONAL                  | 100,0000 | 14.298  | 3.199   | 340     | (625)  | (A) | (9) |
| MAPFRE LA URUGUAYA S.A.                      | Avda. 18 de Julio, 988<br>Montevideo (Uruguay)                                                                         | 25,00% | Insurance                 | ■ MAPFRE INTERNACIONAL                  | 100,0000 | 164.776 | 30.222  | 117.954 | 1.120  | (A) | (9) |
| MAPFRE LA SEGURIDAD S.A.                     | Avenida Francisco de Miranda, Torre Financiera Caracas, piso 14, Urbanización La Castellana.<br>Chacao, Estado Miranda | 40,00% | Insurance and Reinsurance | ■ MAPFRE INTERNACIONAL                  | 99,5159  | 14.874  | 8.746   | 11.799  | (174)  | (A) | (9) |
| CEFOPROSEG C.A.                              | Avenida Francisco de Miranda, Torre Financiera Caracas, piso 14, Urbanización La Castellana.<br>Chacao, Estado Miranda | 40,00% | Education                 | ■ MAPFRE LA SEGURIDAD                   | 100,0000 | --      | --      | 1       | --     | (A) | (9) |
| INVERSORA SEGURIDAD C.A.                     | Avenida Francisco de Miranda, Torre Financiera Caracas, piso 14, Urbanización La Castellana.<br>Chacao, Estado Miranda | 40,00% | Policy Financing          | ■ MAPFRE LA SEGURIDAD                   | 100,0000 | 1.038   | 623     | 60      | (974)  | (A) | (9) |
| CLUB MAPFRE S.A.                             | Avenida Francisco de Miranda, Torre Financiera Caracas, piso 14, Urbanización La Castellana.<br>Chacao, Estado Miranda | 40,00% | Provision of services     | ■ MAPFRE LA SEGURIDAD                   | 100,0000 | 0       | 0       | --      | (5)    | (A) | (9) |

|                                                 |                                                                                                                              |        |                              |                             |          |           |           |           |         |     |     |
|-------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|--------|------------------------------|-----------------------------|----------|-----------|-----------|-----------|---------|-----|-----|
| AUTOMOTRIZ MULTISERVICAR, C.A.                  | Avenida Francisco de Miranda,<br>Torre Financiera Caracas, piso<br>14, Urbanización La Castellana.<br>Chacao, Estado Miranda | 40,00% | Vehículos workshop           | ■ MAPFRE LA SEGURIDAD       | 97,0000  | 0         | (1)       | 16        | (17)    | (A) | (9) |
| AMA-ASISTENCIA MEDICA ADMINISTRADA, C.A.        | Avenida Francisco de Miranda,<br>Torre Financiera Caracas, piso<br>14, Urbanización La Castellana.<br>Chacao, Estado Miranda | 40,00% | Healthcare services          | ■ MAPFRE INTERNACIONAL      | 99,7000  | 0         | 0         | 20        | 3       | (A) | (9) |
| UNIDAD EDUCATIVA D.R FERNANDO BRAVO<br>PEREZ CA | Avenida Francisco de Miranda,<br>Torre Financiera Caracas, piso<br>14, Urbanización La Castellana.<br>Chacao, Estado Miranda | 40,00% | Learning center              | ■ MAPFRE LA SEGURIDAD       | 99,7000  | --        | --        | --        | --      | (A) | (9) |
| <b>NORTH AMERICA</b>                            |                                                                                                                              |        |                              |                             |          |           |           |           |         |     |     |
| MAPFRE INSURANCE COMPANY OF FLORIDA             | 5959 Blue Lagoon Drive, Suite<br>400,<br>Miami (E.E.U.U.)                                                                    | 21,00% | Insurance                    | ■ COMMERCE INSURANCE        | 100,0000 | 90,075    | 29,248    | 57,193    | (458)   | (A) | (7) |
| MAPFRE INSURANCE COMPANY                        | 100 Campus Drive New Jersey                                                                                                  | 21,00% | Insurance and<br>Reinsurance | ■ COMMERCE INSURANCE        | 100,0000 | 67,023    | 21,963    | 41,843    | 47      | (A) | (7) |
| MAPFRE INTERMEDIARIES                           | 07932-2007 (E.E.U.U.)<br>5959 Blue Lagoon Drive, Suite<br>400,<br>Miami (E.E.U.U.)                                           | 21,00% | Services                     | ■ COMMERCE INSURANCE        | 100,0000 | 536       | 536       | --        | 3       | (A) | (7) |
| MAPFRE USA CORPORATION INC                      | 211 Main Street, Webster,<br>MA 01570 (EE.UU.)                                                                               | 21,00% | Holding                      | ■ MAPFRE INTERNACIONAL      | 100,0000 | 1,135,979 | 1,134,669 | 56,857    | 59,130  | (A) | (1) |
| THE COMMERCE INSURANCE COMPANY                  | 211 Main Street, Webster,<br>MA 01570 (EE.UU.)                                                                               | 21,00% | Insurance                    | ■ MAPFRE USA<br>CORPORATION | 100,0000 | 2,426,082 | 694,603   | 1,499,111 | 20,250  | (A) | (7) |
| THE CITATION INSURANCE COMPANY                  | 211 Main Street, Webster,<br>MA 01570 (EE.UU.)                                                                               | 21,00% | Insurance                    | ■ MAPFRE USA<br>CORPORATION | 100,0000 | 210,461   | 66,194    | 139,514   | 483     | (A) | (7) |
| MAPFRE TECH USA CORPORATION                     | 211 Main Street, Webster,<br>MA 01570 (EE.UU.)                                                                               | 21,00% | IT                           | ■ MAPFRE USA<br>CORPORATION | 100,0000 | 34,536    | 28,663    | 2,323     | (1,585) | (A) | (7) |
| ACIC HOLDINGS COMPANY, INC.                     | 215 Main Street, Webster,<br>MA 01570 (EE.UU.)                                                                               | 21,00% | Holding                      | ■ MAPFRE USA<br>CORPORATION | 100,0000 | 221,911   | 221,867   | 19,547    | 12,339  | (A) | (1) |
| AMERICAN COMMERCE INSURANCE COMPANY             | 3590 Twin Creeks Drive,<br>Columbus,<br>OH 43204 (EE.UU.)                                                                    | 21,00% | Insurance                    | ■ ACIC HOLDINGS             | 100,0000 | 325,239   | 108,836   | 217,559   | 1,624   | (A) | (7) |
| MM REAL ESTATE, LLC                             | Blue Lagoon, Drive Suite,<br>200 Miami (E.E.U.U.)                                                                            | 21,00% | Real Estate                  | ■ COMMERCE INSURANCE        | 100,0000 | 59,769    | 59,994    | 2,422     | (217)   | (A) | (7) |

|                                                         |                                                                                             |        |                              |                                |          |           |         |         |          |     |     |
|---------------------------------------------------------|---------------------------------------------------------------------------------------------|--------|------------------------------|--------------------------------|----------|-----------|---------|---------|----------|-----|-----|
| THE COMMERCE WEST INSURANCE COMPANY                     | 4301 Hacienda Drive, Suite 200,<br>Pleasanton,<br>CA 94588 (EE.UU.)                         | 21,00% | Insurance                    | ■ ACIC HOLDINGS                | 100,0000 | 159.612   | 54.136  | 109.537 | 4.320    | (A) | (7) |
| MAPFRE INSURANCE COMPANY OF NEW YORK                    | 20 Main Street Hempstead,<br>NY 11550 (EE.UU.)                                              | 21,00% | Insurance                    | ■ ACIC HOLDINGS                | 100,0000 | 118.117   | 27.212  | 87.209  | 39       | (A) | (7) |
| BIGELOW & OLD WORCESTER, LLC                            | 211 Main Street, Webster,<br>MA 01570 (EE.UU.)                                              | 21,00% | Real Estate                  | ■ COMMERCE INSURANCE           | 100,0000 | 1.797     | 1.797   | --      | 1        | (A) | (1) |
| BFC HOLDING CORPORATION                                 | 211 Main Street, Webster,<br>MA 01570 (EE.UU.)                                              | 21,00% | Financial Services           | ■ MAPFRE USA<br>CORPORATION    | 100,0000 | 972       | 972     | 192     | 152      | (A) | (1) |
| MAPFRE LIFE INSURANCE CO.<br>(Salida en 2018 por venta) | 211 Main Street, Webster,<br>MA 01570 (EE.UU.)                                              | 21,00% | Insurance                    | ■ MAPFRE USA<br>CORPORATION    | --       | --        | --      | --      | --       | (H) | (H) |
| VERTI INSURANCE COMPANY                                 | 211 Main St, Webster,<br>MA 01570 (EE.UU.)                                                  | 21,00% | Insurance                    | ■ MAPFRE USA<br>CORPORATION    | 100,0000 | 23.783    | 21.754  | (4.755) | (11.918) | (A) | (7) |
| MAPFRE PRAICO CORPORATION                               | Urb. Tres Monjitas Industrial 297<br>Avda.Carlos Chardón Hato Rey                           | 20,00% | Holding                      | ■ MAPFRE INTERNACIONAL         | 100,0000 | 123.163   | 123.038 | 64      | (1.047)  | (A) | (1) |
| MAPFRE PRAICO INSURANCE COMPANY                         | San Juan (Puerto Rico)<br>Urb. Tres Monjitas Industrial 297<br>Avda.Carlos Chardón Hato Rey | 20,00% | Insurance                    | ■ MAPFRE PRAICO<br>CORPORATION | 100,0000 | 1.098.052 | 153.931 | 305.303 | 17.637   | (A) | (1) |
| MAPFRE PAN AMERICAN INSURANCE<br>COMPANY                | San Juan (Puerto Rico)<br>Urb. Tres Monjitas Industrial 297<br>Avda.Carlos Chardón Hato Rey | 20,00% | Insurance                    | ■ MAPFRE PRAICO<br>CORPORATION | 100,0000 | 75.547    | 23.997  | 48.607  | 8.513    | (A) | (1) |
| MAPFRE INSURANCE AGENCY OF PUERTO<br>RICO, INC.         | San Juan (Puerto Rico)<br>Urb. Tres Monjitas Industrial 297<br>Avda.Carlos Chardón Hato Rey | 20,00% | Insurance Mediation          | ■ MAPFRE PRAICO<br>CORPORATION | 100,0000 | 1.998     | 1.629   | --      | 216      | (A) | (1) |
| MAPFRE FINANCE OF PUERTO RICO CORP                      | San Juan (Puerto Rico)<br>Urb. Tres Monjitas Industrial 297<br>Avda.Carlos Chardón Hato Rey | 20,00% | Finance                      | ■ MAPFRE PRAICO<br>CORPORATION | 100,0000 | 6.724     | 3.231   | 461     | 64       | (A) | (1) |
| MAPFRE LIFE INSURANCE COMPANY                           | San Juan (Puerto Rico)<br>Urb. Tres Monjitas Industrial 297<br>Avda.Carlos Chardón Hato Rey | 20,00% | Insurance and<br>Reinsurance | ■ MAPFRE PRAICO<br>CORPORATION | 100,0000 | 63.469    | 28.225  | 70.773  | 1.471    | (A) | (1) |
|                                                         | San Juan (Puerto Rico)                                                                      |        |                              |                                |          |           |         |         |          |     |     |

|                                                                     |                                                                                                          |        |                                                                |                                                                       |          |           |         |         |         |     |     |
|---------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|--------|----------------------------------------------------------------|-----------------------------------------------------------------------|----------|-----------|---------|---------|---------|-----|-----|
| MAPFRE SOLUTIONS, INC                                               | Urb. Tres Morijas Industrial 297<br>Avda. Carlos Chardón Hato Rey                                        | 20,00% | Guarantee Contract<br>Extended and protection<br>against theft | ■ MAPFRE PRAICO<br>CORPORATION                                        | 100,0000 | 15.942    | 1.907   | 4.306   | 347     | (A) | (1) |
| MULTISERVICAR INC                                                   | San Juan (Puerto Rico)<br>Calle Celestial Esq. Joaquina Bo.<br>Cangrejo Arriba<br>Carolina (Puerto Rico) | 20,00% | Workshop                                                       | ■ MAPFRE PRAICO<br>CORPORATION                                        | 100,0000 | 8.867     | 1.147   | 1.485   | (411)   | (A) | (1) |
| <b>EURASIA</b>                                                      |                                                                                                          |        |                                                                |                                                                       |          |           |         |         |         |     |     |
| VERTI VERSICHERUNG AG                                               | Rheinstraße 7a<br>14513 Tellow<br>Germany                                                                | 15,00% | Insurance                                                      | ■ MAPFRE INTERNACIONAL                                                | 100,0000 | 588.014   | 152.303 | 338.856 | 8.063   | (A) | (1) |
| VERTI ASSICURAZIONI S.P.A.<br>(En 2017 DIRECT LINE INSURANCE S.P.A) | Via Alessandro Volta, 16<br>20093 Cologno Monzese<br>(MI) Italia                                         | 24,00% | Insurance                                                      | ■ MAPFRE INTERNACIONAL                                                | 100,0000 | 1.442.952 | 298.336 | 493.969 | (2.518) | (A) | (1) |
| MAPFRE MIDDLESEA P.L.C.                                             | Middle Sea House<br>Floriana JTL, 16 (Malta)                                                             | 35,00% | Insurance                                                      | ■ MAPFRE INTERNACIONAL                                                | 54,5627  | 118.356   | 25.347  | 77.709  | 8.810   | (A) | (1) |
| MAPFRE M.S.V. LIFE P.L.C.                                           | Middle Sea House<br>Floriana FRN 9010 (Malta)                                                            | 35,00% | Insurance                                                      | ■ MAPFRE MIDDLESEA<br>INSURANCE P.L.C.                                | 50,0000  | 2.213.361 | 159.983 | 409.230 | 10.937  | (A) | (1) |
| BEE INSURANCE MANAGEMENT LTD                                        | 4th Floor Development House<br>st. Anne Street<br>Floriana FRN 9010 (Malta)                              | 35,00% | Consultancy services and<br>management                         | ■ MAPFRE MIDDLESEA<br>INSURANCE P.L.C.                                | 100,0000 | 1.568     | 1.493   | 871     | 131     | (A) | (1) |
| GROWTH INVESTMENTS LIMITED                                          | Plazza Papa Giovanni XXIII,<br>Floriana,<br>FRN 1420, Malta                                              | 35,00% | Service provision<br>Investment                                | ■ MAPFRE M.S.V. LIFE P.L.C.                                           | 100,0000 | 760       | 529     | 558     | 59      | (A) | (4) |
| CHURCH WARE PROPERTIES                                              | Middle Sea House, St Publius<br>Street<br>Floriana FRN 1442 (Malta)                                      | 35,00% | Property assets<br>management                                  | ■ MAPFRE MIDDLESEA<br>INSURANCE P.L.C.                                | 50,0000  | 2.883     | 2.593   | --      | 58      | (B) | (9) |
| EURO GLOBE HOLDINGS LIMITED                                         | Middle Sea House, St Publius<br>Street<br>Floriana FRN 1442 (Malta)                                      | 35,00% | Finance                                                        | ■ MAPFRE M.S.V. LIFE P.L.C.<br>■ MAPFRE MIDDLESEA<br>INSURANCE P.L.C. | 100,0000 | 1.116     | 1.115   | (4)     | 4       | (B) | (9) |
| EUROMED RISKS SOLUTIONS LIMITED                                     | 4th Floor Development House<br>st. Anne Street<br>Floriana FRN 9010 (Malta)                              | 35,00% | Consultancy services and<br>management                         | ■ BEE INSURANCE<br>MANAGEMENT LTD                                     | 100,0000 | 32        | 17      | 118     | 12      | (A) | (1) |
| MAPFRE SIGORTA, A.S.                                                | Yenişehir Mah. İmkan Cad. No.11.<br>34435<br>Salipazarı İstanbul (Turquia)                               | 22,00% | Insurance                                                      | ■ MAPFRE INTERNACIONAL                                                | 99,7450  | 746.458   | 115.732 | 559.412 | 14.502  | (A) | (1) |



|                                                                        |                                                              |                           |        |                                 |          |           |         |           |          |     |     |
|------------------------------------------------------------------------|--------------------------------------------------------------|---------------------------|--------|---------------------------------|----------|-----------|---------|-----------|----------|-----|-----|
| MAPFRE YASAM SIGORTA, A.S.                                             | Yenişehir Mah. İmkan Cad. No:11. 34435                       | Insurance                 | 22,00% | ■ MAPFRE SIGORTA                | 99.5000  | 10.302    | 3.224   | 8.173     | 340      | (A) | (1) |
| GENEL SERVİS A.S.                                                      | Salıpazarı İstanbul (Turquía)                                |                           |        |                                 |          |           |         |           |          |     |     |
|                                                                        | Çevreyolu Caddesi No.2                                       | Vehicles workshop         | 22,00% | ■ MAPFRE SIGORTA                | 51,0000  | 1.505     | 519     | 1.793     | 284      | (A) | (1) |
|                                                                        | 34020 Bayrampaşa                                             |                           |        |                                 |          |           |         |           |          |     |     |
|                                                                        | İstanbul ( Turquia)                                          |                           |        |                                 |          |           |         |           |          |     |     |
| MAPFRE INSULAR INSURANCE CORPORATION                                   | Acacia Ave Mandrigal Business Park Ayala Alabarg             | Insurance                 | 30,00% | ■ MAPFRE INTERNACIONAL          | 74,9384  | 83.752    | 16.502  | 28.419    | 249      | (A) | (9) |
|                                                                        | MuntinlupaCity (Filipinas)                                   |                           |        |                                 |          |           |         |           |          |     |     |
| PT ASURANSI BINA DANA ARTA TBK                                         | Plaza ABDA 27 Th floor Jl. Jend. Sudirman Kav. 59            | Insurance                 | 25,00% | ■ MAPFRE INTERNACIONAL          | 62,3267  | 173.391   | 78.370  | 71.643    | 3.925    | (A) | (9) |
|                                                                        | JAKARTA 12190 (Indonesia)                                    |                           |        |                                 |          |           |         |           |          |     |     |
| <b>GLOBAL RISKS</b>                                                    |                                                              |                           |        |                                 |          |           |         |           |          |     |     |
| MAPFRE GLOBAL RISKS                                                    | Ctra. Pozuelo, 52                                            | Insurance and Reinsurance | 25,00% | ■ MAPFRE, S.A.                  | 100,0000 | 3.543.969 | 709.893 | 1.336.730 | 64.940   | (A) | (1) |
|                                                                        | Majadahonda (Madrid)                                         | Reinsurance               | (1)(2) | ■ MAPFRE INTERNACIONAL          | ---      |           |         |           |          |     |     |
| INDUSTRIAL RE S.A.                                                     | 23, Avenue Monterey                                          | Reinsurance               | 26,00% | ■ MAPFRE GLOBAL RISKS           | 100,0000 | 39.102    | 27.950  | 1.760     | 151      | (A) | (1) |
|                                                                        | L-2163 Luxembourg                                            |                           |        |                                 |          |           |         |           |          |     |     |
| SOLUION SEGUROS DE CREDITO S.A.                                        | Avda.General Perón,40                                        | Insurance and Reinsurance | 25,00% | ■ MAPFRE GLOBAL RISKS           | 50,0000  | 355.223   | 105.785 | 184.694   | 3.563    | (E) | (3) |
|                                                                        | (Madrid) España                                              |                           |        |                                 |          |           |         |           |          |     |     |
| <b>ASISTENCIA</b>                                                      |                                                              |                           |        |                                 |          |           |         |           |          |     |     |
| MAPFRE ASISTENCIA COMPAÑIA INTERNACIONAL DE SEGUROS Y REASEGUROS, S.A. | Ctra. Pozuelo, 52                                            | Insurance and Reinsurance | 25,00% | ■ MAPFRE, S.A.                  | 99,9970  | 760.583   | 286.766 | 519.874   | (20.442) | (A) | (1) |
|                                                                        | Majadahonda                                                  | Reinsurance               | (1)(2) | ■ MAPFRE ESPAÑA                 | 0,0030   |           |         |           |          |     |     |
|                                                                        | Madrid (España)                                              |                           |        |                                 |          |           |         |           |          |     |     |
| IBERO ASISTENCIA, S.A.                                                 | Edificio Europa, Av. José Malhoa, 16 F, 7º, 1070-159         | Travel assistance         | 27,50% | ■ MAPFRE ASISTENCIA             | 100,0000 | 1.046     | 288     | 329       | 41       | (A) | (1) |
|                                                                        | Lisboa, PORTUGAL                                             |                           |        |                                 |          |           |         |           |          |     |     |
| MAPFRE ASSISTENCIA LTDA                                                | Alameda Asia, 42, Tamboré                                    | Travel assistance         | 34,00% | ■ MAPFRE ASISTENCIA             | 99,9990  | 16.237    | 9.737   | 20.576    | (1.007)  | (A) | (1) |
| (En 2017 BRASIL ASSISTENCIA S.A.)                                      | Santana de Parnaíba                                          |                           |        | ■ MAPFRE HOLDING DO BRASIL LTDA | 0,0010   |           |         |           |          |     |     |
|                                                                        | Sao Paulo (Brasil)                                           |                           |        |                                 |          |           |         |           |          |     |     |
| MAPFRE SOLUTIONS DO BRASIL LTDA                                        | Alameda Mamore 989.                                          | Travel assistance         | 34,00% | ■ MAPFRE ASSISTENCIA LTDA       | 99,99    | 1.045     | 330     | 1.053     | (300)    | (A) | (1) |
|                                                                        | Alphaville Barueri                                           |                           |        |                                 |          |           |         |           |          |     |     |
|                                                                        | Sao Paulo (Brasil)                                           |                           |        |                                 |          |           |         |           |          |     |     |
| AFRIQUE ASSISTANCE, S.A.                                               | Immeuble Tamayouz, 4ème Etage, 1082 Centre Urbain Nord Tunis | Travel assistance         | 35,00% | ■ MAPFRE ASSISTENCIA            | 49,0000  | 3.463     | 2.117   | 2.642     | 658      | (A) | (1) |
|                                                                        | 1002 ( Tunes )                                               |                           |        |                                 |          |           |         |           |          |     |     |

|                                                                                  |                                                                                               |               |                   |                                            |                             |        |       |        |       |     |     |
|----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|---------------|-------------------|--------------------------------------------|-----------------------------|--------|-------|--------|-------|-----|-----|
| SERVICIOS GENERALES VENEASISTENCIA, S.A.                                         | 4ta transversal de Motecristo, Edificio Axxa, Planta Baja, Los Dos Caminos,                   | 40,00%        | Travel assistance | ■ MAPFRE ASISTENCIA<br>■ MAPFRE RE         | 99,9980<br>0,0020           | 28     | 56    | 14     | 45    | (A) | (1) |
| (En 2017 VENEASISTENCIA, S.A.)                                                   | Caracas, (Venezuela)                                                                          |               |                   |                                            |                             |        |       |        |       |     |     |
| ANDIASISTENCIA COMPAÑIA DE ASISTENCIA DE LOS ANDES, S.A.                         | Carrera 14 N 96 -34 Piso 2 Bogotá (Colombia)                                                  | 37,00%        | Travel assistance | ■ MAPFRE ASISTENCIA<br>■ IBEROASISTENCIA   | 98,0900<br>1,9100           | 7.137  | 3.627 | 8.883  | (173) | (A) | (1) |
| FEDERAL ASSIST COMPANY                                                           | 7300 Corporate Center Drive, Suite 601 Miami Florida 33126 (U.S.A.)                           | 21,00%        | Travel assistance | ■ MAPFRE ASSISTANCE USA INC.               | 100,0000                    | 12.584 | 2.752 | 12.871 | 1.603 | (A) | (1) |
| IBEROASISTENCIA, ARGENTINA S.A.                                                  | Lavalle 344/346/348, PB y 3° Ciudad de Buenos Aires (Argentina)                               | 35,00%        | Travel assistance | ■ MAPFRE ASISTENCIA                        | 98,4200                     | 12.736 | 4.049 | 23.088 | 635   | (A) | (1) |
| SUR ASISTENCIA, S.A.                                                             | Av Apoquindo 4499 Santiago de Chile (Chile)                                                   | 27,00%        | Travel assistance | ■ IBEROASISTENCIA<br>■ MAPFRE ASISTENCIA   | 1.5800<br>99,0000<br>1,0000 |        | 3.992 | 17.058 | 893   | (A) | (1) |
| IBEROASISTENCIA, S.A.                                                            | Ctra. Pozuelo, 52 Majadahonda (Madrid)                                                        | 25,00%<br>(1) | Travel assistance | ■ MAPFRE ASISTENCIA<br>■ MAPFRE ESPAÑA     | 99,9300<br>0,0700           | 7.067  | 1.946 | 5.039  | (120) | (A) | (1) |
| IRELAND ASSIST, LTD                                                              | 22-26 Prospect Hill Galloway (Irlanda)                                                        | 12,50%        | Travel assistance | ■ MAPFRE ASISTENCIA                        | 100,0000                    | 1.203  | 1.198 | 351    | 108   | (A) | (1) |
| GULF ASSIST, B.S.C.                                                              | Manama Centre Building Manama (Barhain)                                                       | -             | Travel assistance | ■ MAPFRE ASISTENCIA                        | 74,6250                     | 3.648  | 2.863 | 5.227  | 1.384 | (A) | (1) |
| INSURE AND GO                                                                    | 1 Victoria Street, Bristol Bridge Bristol BS1 6AA (Reino Unido)                               | 28,00%        | Travel assistance | ■ MAPFRE ASISTENCIA                        | 100,0000                    | 14.405 | 4.476 | 37.359 | 340   | (A) | (1) |
| INSURE AND GO AUSTRALIA                                                          | Suite4 Level 1, 19 Harris Street, Pymont NSW 2009 Sydney, NSW 2000 (Australia)                | 30,00%        | Travel assistance | ■ MAPFRE ASISTENCIA                        | 100,0000                    | 7.074  | 980   | 10.852 | 900   | (A) | (1) |
| TRAVEL CLAIMS SERVICES LIMITED                                                   | 1 Victoria Street, Bristol Bridge Bristol BS1 6AA (Reino Unido)                               | 28,00%        | Travel assistance | ■ INSURANCE AND GO                         | 100,0000                    | 1.298  | 390   | 2.437  | 121   | (A) | (1) |
| FRANCE ASSIST<br>(Fusionada en 2018 con MAPFRE WARRANTY S.P 69007 Lyon (Francia) | 16 Avenue Tony Garnier 69007 Lyon (Francia)                                                   | 33,00%        | Travel assistance | ■ MAPFRE WARRANTY                          | 100,0000                    | --     | --    | --     | --    | (H) | (H) |
| EUROSOS ASSISTANCE, S.A.                                                         | 473 Messogion Avenue 15343 Agia Paraskevi, Atenas (Grecia)                                    | 29,00%        | Travel assistance | ■ IBEROASISTENCIA                          | 0,5000                      | 565    | (100) | 104    | (16)  | (A) | (1) |
| CARIBE ASISTENCIA, S.A.                                                          | Avda. Tiradentes Esq. Pres. Gonzalez Edif.La Cumbre. Ens. Naco.Domingo (República Dominicana) | 27,00%        | Travel assistance | ■ MAPFRE ASISTENCIA<br>■ MAPFRE ASISTENCIA | 99,5000<br>83,5823          | 2.890  | 1.392 | 2.874  | 358   | (A) | (1) |

|                                                        |                                                                                                                                  |               |                   |                                          |                   |        |       |        |         |     |     |
|--------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|---------------|-------------------|------------------------------------------|-------------------|--------|-------|--------|---------|-----|-----|
| ECUASISTENCIA, S.A.                                    | Avda.Doce de Octubre, N42 -562 y Luis Cordero<br>Quito (Ecuador)                                                                 | 25,00%        | Travel assistance | ■ MAPFRE ASISTENCIA<br>■ ANDIASISTENCIA  | 99,2600<br>0,7399 | 7.443  | 1.854 | 15.766 | (78)    | (A) | (1) |
| CONSULTING DE SOLUCIONES Y TECNOLOGIAS SIAM, S.A.      | Ctra. Pozuelo, 52 Majadahonda (Madrid)                                                                                           | 25,00%<br>(1) | Consultancy       | ■ MAPFRE ASISTENCIA<br>■ IBEROASISTENCIA | 99,9259<br>0,0741 | 9.588  | 5.067 | 2.475  | (415)   | (A) | (1) |
| PERU ASISTENCIA, S.A.                                  | Av. 28 de Julio No. 873 URB. Leuro Lima - Miraflores<br>Lima (Peru)                                                              | 29,50%        | Travel assistance | ■ MAPFRE ASISTENCIA<br>■ IBEROASISTENCIA | 99,9856<br>0,0144 | 1.846  | 631   | 2.966  | 6       | (A) | (1) |
| MEXICO ASISTENCIA, S.A.                                | Av. Insurgentes Sur no.2453 Piso 15, Col. Tizapán San Angel Deleg. Alvaro Obregon C.P. Mexico C.P. 01090 México D.F.<br>(México) | 30,00%        | Travel assistance | ■ MAPFRE ASISTENCIA                      | 99,9998           | 22.947 | 2.039 | 39.344 | 2.594   | (A) | (1) |
| ALLMAP ASSIST GESELLSCHAFT FUR BEISTANDSLEISTUNGEN MBH | Im Rosengarten, 256 61118 Bad Vilbel (Alemania)                                                                                  | 15,00%        | Travel assistance | ■ MAPFRE ASISTENCIA<br>■ IBEROASISTENCIA | 99,9500<br>0,0500 | 135    | 131   | —      | 41      | (A) | (1) |
| PANAMÁ ASISTENCIA, S.A.                                | Costa del Este – Avenida la Rotonda, Torre GMT, Piso 1 – Edificio Mapfre<br>Ciudad de Panamá (Panamá)                            | 25,00%        | Travel assistance | ■ MAPFRE ASISTENCIA                      | 82,0700           | 3.943  | 1.656 | 7.724  | 546     | (A) | (1) |
| TUR ASSIST, LTD.                                       | 19 Mayıs Cd.İsmet Öztürk Sk.Şişli Plaza Ofis Blokları E Blok B-2<br>Şişli İstanbul                                               | 22,00%        | Travel assistance | ■ MAPFRE ASISTENCIA<br>■ IBEROASISTENCIA | 99,6500<br>0,3500 | 10.809 | 2.964 | 38.739 | (3.483) | (A) | (1) |
| URUGUAY ASISTENCIA S.A.                                | Plaza Cagancha 1335, oficina 901<br>Montevideo (Uruguay)                                                                         | 25,00%        | Travel assistance | ■ MAPFRE ASISTENCIA<br>■ IBEROASISTENCIA | 97,9000<br>2,1000 | 11.837 | 3.608 | 16.773 | 1.630   | (A) | (1) |
| QUETZAL ASISTENCIA, S.A.                               | 8a. Ave. 3-80 Zona 14 Edificio La Rambla II nivel 5 Of. 5-2<br>(Guatemala)                                                       | 25,00%        | Travel assistance | ■ MAPFRE ASISTENCIA                      | 99,9920           | 1.230  | 461   | 1.994  | 189     | (A) | (1) |
| EL SALVADOR ASISTENCIA, S.A.                           | Alameda Roosevelt No. 3107 Edificio La Centro Americana, Nivel 7.<br>San Salvador (El Salvador)                                  | 20,00%        | Travel assistance | ■ MAPFRE ASISTENCIA<br>■ IBEROASISTENCIA | 99,9900<br>0,0100 | 1.316  | 505   | 3.450  | 80      | (A) | (1) |
| LLC MAPFRE WARRANTY                                    | Denisovskiy Pereulok 26 105005, Moscu (Rusia)                                                                                    | 20,00%        | Travel assistance | ■ MAPFRE ASISTENCIA                      | 100,0000          | 16     | 16    | —      | (161)   | (A) | (1) |

|                                                                                                     |                                                                                              |        |                   |                                          |                   |        |         |        |         |     |     |
|-----------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|--------|-------------------|------------------------------------------|-------------------|--------|---------|--------|---------|-----|-----|
| NICASSIT, S.A.                                                                                      | Edificio Invercasa, Torre II, 5to. piso, modulo # 501<br>Managua, (Nicaragua)                | 30,00% | Travel assistance | ■ MAPFRE ASISTENCIA                      | 100,0000          | 541    | 335     | 1,062  | 37      | (A) | (1) |
| BENELUX ASSIST, S.A.                                                                                | Rue de Treves, 45<br>Bruxelles, (Bélgica)                                                    | 34,00% | Travel assistance | ■ MAPFRE ASISTENCIA                      | 100,0000          | 583    | 551     | ---    | 12      | (A) | (1) |
| MAPFRE WARRANTY S.P.A.                                                                              | Strada Trossi 66 13971<br>Verone (Italia)                                                    | 24,00% | Extended warranty | ■ MAPFRE ASISTENCIA<br>■ IBEROASISTENCIA | 100,0000          | 40.713 | 4,688   | 21,678 | 2,495   | (A) | (1) |
| MAPFRE INSURANCE SERVICES S.L.R.<br>(Fusionada en 2018 con MAPFRE WARRANTY S.P 69007 Lyon (Francia) | 16 Avenue Tony Garnier<br>Route des Trois Cantons 11<br>18399 Windthoj                       | 33,00% | Vehicle Guarantee | ■ MAPFRE WARRANTY                        | 100,0000          | ---    | ---     | ---    | ---     | (H) | (H) |
| MAPFRE WARRANTIES                                                                                   | 18399 Windthoj (Luxemburgo)                                                                  | 26,00% | Vehicle Guarantee | ■ MAPFRE WARRANTY                        | 100,0000          | 5      | (67)    | ---    | (9)     | (A) | (1) |
| NORASSIST, INC D/B/A ROAD CANADA                                                                    | 2445 Eagle Steet North<br>Cambridge, ON N3H 4R7,<br>Canada                                   | 30,00% | Travel assistance | ■ MAPFRE ASISTENCIA                      | 100,0000          | 2,437  | 389     | 2,122  | (474)   | (A) | (1) |
| D/B/A ROAD AMERICA MOTOR CLUB<br>(En 2017 BRICKELL FINANCIAL SERVICES<br>MOTOR CLUB INC.)           | 7300 Corporate Center Drive,<br>Suite 601 Miami<br>Florida 33126 (U.S.A.)                    | 21,00% | Travel assistance | ■ MAPFRE ASISTENCIA                      | 100,0000          | 37,759 | 4,626   | 51,482 | 241     | (A) | (1) |
| ROAD CHINA ASSISTANCE Co, LTD                                                                       | RM 603, Zhongyu Plaza, A6<br>North Gongti Road, Chaoyang<br>District,<br>Beijing, PR (China) | 25,00% | Travel assistance | ■ MAPFRE ASISTENCIA                      | 100,0000          | 11,883 | (2,227) | 7,806  | (2,663) | (A) | (1) |
| MAPFRE ABRAXAS SOFTWARE, LTD                                                                        | 9, Blenheim Court Beaufort Park<br>Almondsbury, Bristol BS32 4NE<br>(Reino Unido)            | 28,00% | Pecuniary losses  | ■ MAPFRE ASISTENCIA                      | 100,0000          | 1,248  | 1,248   | ---    | ---     | (A) | (1) |
| ABRAXAS INSURANCE                                                                                   | 1 Victoria Street, Bristol Bridge<br>Bristol BS1 6AA<br>(Reino Unido)                        | 28,00% | Pecuniary losses  | ■ MAPFRE ABRAXAS                         | 100,0000          | 10,315 | 3,816   | 18,932 | 1,400   | (A) | (1) |
| MAPFRE WARRANTY UK LIMITED                                                                          | 1 Victoria Street, Bristol Bridge<br>Bristol BS1 6AA<br>(Reino Unido)                        | 28,00% | Pecuniary losses  | ■ MAPFRE ABRAXAS                         | 100,0000          | 413    | 413     | ---    | ---     | (A) | (1) |
| HOME 3                                                                                              | 1 Victoria Street, Bristol Bridge<br>Bristol BS1 6AA<br>(Reino Unido)                        | --     | Home care         | ■ MAPFRE ABRAXAS                         | 100,0000          | ---    | (1,013) | ---    | ---     | (A) | (1) |
| INDIA ROADSIDE ASSISTANCE PRIVATE<br>LIMITED                                                        | 205, Hyde Park, Sakivihar road<br>Andheri East Mumbai<br>Maharashtra (India)-400072          | 35,54% | Travel assistance | ■ MAPFRE ASISTENCIA<br>■ IBEROASISTENCIA | 99,6300<br>0,3700 | 4,637  | (3,068) | 4,490  | (1,627) | (A) | (1) |

|                                          |                                                                                           |        |                                |                                                               |                             |         |        |         |       |     |     |
|------------------------------------------|-------------------------------------------------------------------------------------------|--------|--------------------------------|---------------------------------------------------------------|-----------------------------|---------|--------|---------|-------|-----|-----|
| ARABA ASSIST FOR LOGISTIC SERVICES       | Abdel Hamid Sharaf Street, The plenary Center, Bldg. No. 74, 2nd floor - P.O. Box 5906    | 20,00% | Travel assistance              | ■ MAPFRE ASISTENCIA                                           | 100,0000                    | 1.666   | 849    | 447     | 61    | (A) | (1) |
|                                          | Amman (11953) - Jordania                                                                  |        |                                |                                                               |                             |         |        |         |       |     |     |
| ROADSIDE ASSIST ALGERIE SPA              | 45, Rue des Freres Adesslammi 5eme étage. Vieux Kouba.                                    | 26,00% | Travel assistance              | ■ MAPFRE ASISTENCIA<br>■ IBEROASISTENCIA<br>■ IBEROCONSULTING | 60,3000<br>0,4000<br>0,3000 | 6.833   | 2.647  | 3.492   | 779   | (A) | (1) |
|                                          | Alger 16050 (Argelia)                                                                     |        |                                |                                                               |                             |         |        |         |       |     |     |
| NILE ASSIST                              | 18th Floor, Apartment No. 1804 of Holiday Inn Maadi Hotel building Comeish Maadi          | 20,00% | Travel assistance              | ■ MAPFRE ASISTENCIA<br>■ IBEROASISTENCIA<br>■ IBEROCONSULTING | 98,0000<br>1,0000<br>1,0000 | 447     | (875)  | 64      | (188) | (A) | (1) |
|                                          | Cairo - Egypt                                                                             |        |                                |                                                               |                             |         |        |         |       |     |     |
| MAPFRE ASISTENCIA LIMITED                | RM 1101-02 8 Jordan Road Yaumatei, Kowloon                                                | 35,00% | Assistance and specialty risks | ■ MAPFRE ASISTENCIA                                           | 100,0000                    | 54      | (95)   | --      | 287   | (A) | (1) |
|                                          | Hong Kong                                                                                 |        |                                |                                                               |                             |         |        |         |       |     |     |
| MAPFRE ASISTENCIA COMPANY LIMITED        | 10F., No.73, Zhouzi St., Naitu Dist.,                                                     | 20,00% | Assistance and specialty risks | ■ MAPFRE ASISTENCIA                                           | 100,0000                    | 1.642   | (510)  | 1.810   | 383   | (A) | (1) |
|                                          | Taipei City 114 - Taiwan                                                                  |        |                                |                                                               |                             |         |        |         |       |     |     |
| MIDDLESEA ASSIST LIMITED                 | 18ª, Europa Centre, John Lopez Str                                                        | 35,00% | Assistance and specialty risks | ■ MAPFRE ASISTENCIA<br>■ MIDDLESEA INSURANCE P.L.C.           | 51,0000<br>49,0000          | 1.035   | 674    | 2.346   | 154   | (A) | (1) |
|                                          | Floriana, FRN 1400, Malta                                                                 |        |                                |                                                               |                             |         |        |         |       |     |     |
| INSURE & GO INSURANCE SERVICES USA CORP. | 7300 Corporate Center Drive, Suite 601                                                    | 21,00% | Travel assistance              | ■ MAPFRE ASSISTANCE USA INC                                   | 100,0000                    | 2.435   | (413)  | 1.142   | (8)   | (A) | (1) |
|                                          | Miami, FL 33126 (U.S.A)                                                                   |        |                                |                                                               |                             |         |        |         |       |     |     |
| MAPFRE ASSISTANCE USA INC.               | 7300 Corporate Center Drive, Suite 601                                                    | 21,00% | Holding                        | ■ MAPFRE ASISTENCIA                                           | 100,0000                    | 36.096  | 30.661 | 850     | 805   | (A) | (1) |
|                                          | Miami, FL 33126 (U.S.A)                                                                   |        |                                |                                                               |                             |         |        |         |       |     |     |
| MAPFRE WARRANTY CORPORATION OF FLORIDA   | 5959 Blue Lagoon Drive, Suite 400                                                         | 21,00% | Special risks                  | ■ MAPFRE ASSISTANCE USA INC                                   | 100,0000                    | 2.415   | 700    | 1.755   | 2     | (A) | (1) |
|                                          | Miami, FL 33126 (U.S.A)                                                                   |        |                                |                                                               |                             |         |        |         |       |     |     |
| CENTURY AUTOMOTIVE SERVICES COMPANY      | 6565 Americas Parkway NE, Suite 1000, Albuquerque                                         | 21,00% | Special risks                  | ■ MAPFRE ASSISTANCE USA INC                                   | 100,0000                    | 299.509 | 8.659  | 159.429 | (526) | (A) | (1) |
|                                          | NM 87110 (U.S.A.)                                                                         |        |                                |                                                               |                             |         |        |         |       |     |     |
| PT MAPFRE ABDA ASSISTANCE                | Plaza Kelapa Gading (Ruko Inkopal) Blok A, n° 9 Jalan. Raya Boulevard Barat Kelapa Gading | 0,00%  | Travel assistance              | ■ MAPFRE ASISTENCIA<br>■ PT ASURANSI BINA DANA ARTA TBK       | 51,0000<br>49,0000          | 1.784   | 313    | 1.840   | 227   | (A) | (1) |
|                                          | 14240 Jakarta Utara                                                                       |        |                                |                                                               |                             |         |        |         |       |     |     |

|                                                                |                                                                           |               |                           |                                           |                   |           |           |           |         |        |        |
|----------------------------------------------------------------|---------------------------------------------------------------------------|---------------|---------------------------|-------------------------------------------|-------------------|-----------|-----------|-----------|---------|--------|--------|
| PARAGUAY ASISTENCIA CIA. DE SERVICIOS S.A.                     | Av Mariscal López, 930 Asunción (Paraguay)                                | 10,00%        | People assistance         | ■ MAPFRE ASISTENCIA<br>■ IBEROASISTENCIA  | 98,9500<br>1,0500 | 72        | 48        | 92        | 3       | (A)    | (1)    |
| <b>REASEGURO</b>                                               |                                                                           |               |                           |                                           |                   |           |           |           |         |        |        |
| MAPFRE RE COMPANIA DE REASEGUROS, S.A.                         | Paseo de Recoletos, 25 (Madrid) España                                    | 25,00% (1)(2) | Reinsurance               | ■ MAPFRE, S.A.<br>■ MAPFRE ESPAÑA         | 92,2454<br>0,0003 | 5,838,831 | 1,223,304 | 4,676,612 | 140,870 | (A)    | (1)    |
| CIAR INVESTMENT                                                | 45, Rue de Trèves Bruselas (Belgica)                                      | 34,00%        | Real Estate Management    | ■ MAPFRE RE<br>■ MAPFRE INTERNACIONAL     | 99,9900<br>0,0100 | 9,921     | 9,274     | 686       | 153     | (A)    | (1)    |
| MAPFRE CHILE REASEGUROS, S.A.                                  | Avda.Apoquindo, 4499 Santiago de Chile (Chile)                            | 27,00%        | Holding                   | ■ MAPFRE RE                               | 100,0000          | 149,894   | 42,468    | 22,254    | 4,203   | (A)    | (1)    |
| CAJA REASEGURADORA DE CHILE S.A.                               | Avda.Apoquindo, 4499 Santiago de Chile (Chile)                            | 27,00%        | Reinsurance               | ■ MAPFRE CHILE REASEGUROS                 | 99,8467           | 117,730   | 11,587    | 19,151    | 2,315   | (A)    | (1)    |
| INMOBILIARIA COSTA DE MONTEMAR, S.A.                           | Avda.Apoquindo, 4499 Santiago de Chile (Chile)                            | 27,00%        | Real Estate               | ■ MAPFRE CHILE REASEGUROS                 | 31,4400           | --        | --        | 251       | 248     | (B)    | (9)    |
| C R ARGENTINA, S.A.                                            | Bouchar 547 piso 14 Buenos Aires (Argentina)                              | 35,00%        | Consultancy services      | ■ MAPFRE CHILE REASEGUROS                 | 99,9960           | 348       | 264       | --        | --      | (A)    | (1)    |
| MAPFRE RE DO BRASIL COMPANHIA DE REASEGUROS                    | Rua Olimpiadas, 242,5° andar,conjunto 52 Vila Olimpia; Sao Paulo (Brasil) | 45,00%        | Insurance and Reinsurance | ■ MAPFRE RE<br>■ BRASIL ASISTENCIA        | 99,9999<br>0,0001 | 196,166   | 42,598    | 64,194    | 5,682   | (A)    | (1)    |
| MAPFRE RE ESCRITORIO DE REPRESENTACION COMPANHIA DE REASEGUROS | Rua Olimpiadas, 242,5° andar,conjunto 52 Vila Olimpia; Sao Paulo (Brasil) | 34,00%        | Representation services   | ■ MAPFRE RE                               | 99,9999           | 47        | 47        | --        | --      | (B)    | (9)    |
| INMOBILIARIA PRESIDENTE FIGUEROA ALCORTA, S.A.                 | Bouchar 547 piso 14 B. Aires (Argentina)                                  | 35,00%        | Real Estate               | ■ MAPFRE RE DO BRASIL<br>■ MAPFRE RE      | 0,0001<br>99,9985 | --        | --        | --        | --      | (B)    | (9)    |
| MAPFRE MANDATOS Y SERVICIOS, S.A.                              | Bouchar 547 piso 14 B. Aires (Argentina)                                  | 35,00%        | Services                  | ■ MAPFRE RE<br>■ MAPFRE ARGENTINA HOLDING | 95,0000<br>5,0000 | 20        | 20        | --        | (4)     | (B)    | (9)    |
| REINSURANCE MANAGEMENT INC.                                    | 100 Campus Drive 07932 New Jersey (E.E.U.U.)                              | 21,00%        | Services                  | ■ MAPFRE RE                               | 100,0000          | 1,388     | 436       | 3,935     | 407     | (A)    | (1)    |
| MAPFRE EURO BONDS FUND                                         | Ctra. Pozuelo, 50. Majadahonda. Majadahonda (Madrid)                      |               | Asset Management          | ■ MAPFRE RE                               | 100,0000          | 99,794    | 99,710    | --        | --      | (A)    | (1)    |
| MAPFRE RE VERMONT CORPORATION                                  | 122 Cherry Tree Hill Road 05651 East Montpelier Vermont (E.E.U.U.)        |               | Insurance and Reinsurance | ■ MAPFRE RE                               | 100,0000          | 43,641    | 43,641    | --        | --      | (G)(A) | (G)(1) |

| OTHERS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                     |                  |                                     |                                         |          |           |           |         |           |        |     |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|------------------|-------------------------------------|-----------------------------------------|----------|-----------|-----------|---------|-----------|--------|-----|
| MAPFRE INTERNACIONAL S.A.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Ctra. Pozuelo, 52. Majadahonda.<br>(Madrid) España                  | 25,00%<br>(1)(2) | Holding                             | ■ MAPFRE, S.A.<br>■ MAPFRE ESPAÑA       | 100,0000 | 4.510.916 | 3.913.827 | 173.852 | (458.290) | (A)    | (1) |
| MAQUAVIT INMUEBLES, S.L.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Ctra. Pozuelo, 52. Majadahonda.<br>(Madrid) España                  | 25,00%<br>(1)    | Real Estate                         | ■ MAPFRE, S.A.                          | 100,0000 | 41.049    | 40.457    | 3.225   | 1.388     | (A)    | (1) |
| PROVITAE CENTROS ASISTENCIALES S.L.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | C/ Fuencarral, 123<br>(Madrid) España                               | 25,00%           | Services for Seniors                | ■ MAQUAVIT INMUEBLES, S.L.              | 50,0000  | 7.304     | 5.250     | --      | (50)      | (C)    | (3) |
| BIOINGENIERIA ARAGONESA, S.L.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | C/ Monasterio de las Huelgas, nº<br>2 Nave 6 P.I. Alcalde Caballero | 25,00%<br>(1)    | IT for seniors                      | ■ MAQUAVIT INMUEBLES, S.L.              | 100,0000 | 215       | 215       | --      | (8)       | (A)    | (1) |
| 50014 Zaragoza (ESPAÑA)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                     |                  |                                     |                                         |          |           |           |         |           |        |     |
| FANCY INVESTMENT S.A..                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Avda. 18 de Julio, 841<br>Montevideo (Uruguay)                      | --               | Holding                             | ■ MAPFRE, S.A.                          | 100,0000 | 11.715    | 11.713    | --      | (8)       | (A)    | (1) |
| PREMINEN PRICE COMPARISON HOLDINGS LIMITED                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Ty Admiral, David Street,<br>Cardiff, CF10 2EH                      | --               | Online prices compare professionals | ■ MAPFRE, S.A.                          | 50,0000  | --        | --        | --      | --        | (E)    | (9) |
| MAPFRE AM INVESTMENT HOLDING, S.A.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Ctra. Pozuelo, 52. Majadahonda.<br>(Madrid) España                  | 25,00%<br>(1)    | Holding                             | ■ MAPFRE, S.A.                          | 100,0000 | 14.828    | 14.807    | 105     | --        | (A)    | (1) |
| LA FINANCIERE RESPONSABLE                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 52, rue dePonthieu<br>75008 (Paris) Francia                         | --               | Asset Management                    | ■ MAPFRE AM INVESTMENT HOLDINGS, S.A.   | 24,9500  | 1.635     | 1.222     | --      | --        | (C)    | (4) |
| STABLE INCOME REAL STATE FUN GP S.A.R.L.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 15, rue Bender<br>L-1229 Luxembourg                                 | --               | Asset Management                    | ■ MAPFRE AM INVESTMENT HOLDINGS, S.A.   | 100,0000 | --        | --        | --      | --        | (G)(A) | (1) |
| MAPFRE GLOBAL RISK AGENCIA DE SUSCRIPCION                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Ctra. Pozuelo, 52. Majadahonda.<br>(Madrid) España                  | 25,00%<br>(1)    | Broker Activity                     | ■ MAPFRE, S.A.                          | 100,0000 | 58        | 55        | --      | --        | (G)(A) | (1) |
| SERVIFINANZAS, S.A. SOCIEDAD UNIPERSONAL                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Ctra. Pozuelo, 52. Majadahonda.<br>(Madrid) España                  | 25,00%<br>(1)    | Finance                             | ■ MAPFRE, S.A.<br>■ MAPFRE GLOBAL RISKS | 100,0000 | 289       | 276       | 14      | 11        | (A)    | (1) |
| <div><div><div><div>CONSOLIDATION METHOD</div><div>(A) Fully consolidated subsidiaries<br/>(B) Fully subsidiaries excluded in consolidation<br/>(C) Associated and investee companies by the equity method<br/>(D) Associated and investee companies excluded in consolidation<br/>(E) Joint ventures consolidated by equity method<br/>(F) Companies added to the scope of consolidation in 2017<br/>(G) Companies added to the scope of consolidation in 2018<br/>(H) Companies removed from the scope of consolidation in 2018</div></div><div>CONSOLIDATION METHOD FOR SOLVENCY CALCULATION</div><div>(1) Full consolidation<br/>(3) Adjusted equity method<br/>(4) Sectoral standards<br/>(7) Local standards<br/>(9) Exclusion from the scope of group supervision pursuant to article 214 of DIRECTIVE 2009/138/EC</div><div>TAX GROUP</div><div>(1) Company belonging to Tax Group 9/85<br/>(2) Company belonging to the VAT Group 87/10</div></div><div>(*) MAPFRE has the majority of the voting rights in the General Assembly</div></div> |                                                                     |                  |                                     |                                         |          |           |           |         |           |        |     |

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

SUBSIDIARIES, ASSOCIATED UNDERTAKINGS AND JOINT VENTURES (APPENDIX 1)

| Name                                                     | Address                                                                | Effective Tax Rate | Activity                                                         | Holder                                       | Year End Figures (Thousands of Euros) |           |           |           |                     | Consolidation Method | Consolidation Method for Solvency Calculation |
|----------------------------------------------------------|------------------------------------------------------------------------|--------------------|------------------------------------------------------------------|----------------------------------------------|---------------------------------------|-----------|-----------|-----------|---------------------|----------------------|-----------------------------------------------|
|                                                          |                                                                        |                    |                                                                  |                                              | Participation in Capital              |           |           |           |                     |                      |                                               |
|                                                          |                                                                        |                    |                                                                  |                                              | Percentage                            | Assets    | Equity    | Revenue   | Result for the year |                      |                                               |
| INSURANCE                                                |                                                                        |                    |                                                                  |                                              |                                       |           |           |           |                     |                      |                                               |
| IBERIA                                                   |                                                                        |                    |                                                                  |                                              |                                       |           |           |           |                     |                      |                                               |
| MAPFRE ESPAÑA COMPAÑÍA DE SEGUROS Y REASEGUROS S.A.      | Ctra. Pozuelo, 50. Majadahonda. (Madrid) España                        | 25,00% (1)(2)      | Insurance and Reinsurance                                        | ■ MAPFRE, S.A.<br>■ MAPFRE GLOBAL RISKS      | 83,5168                               | 7.761.456 | 2.342.223 | 4.915.756 | 318.530             | (A)                  | (1)                                           |
| CLUB MAPFRE, S.A.                                        | Ctra. Pozuelo, 50. Majadahonda. (Madrid) España                        | 25,00% (1)         | Services                                                         | ■ MAPFRE ESPAÑA<br>■ MAPFRE AUTOMOCION S.A.U | 99,9875                               | 6.482     | 4.036     | 12.203    | 93                  | (A)                  | (1)                                           |
| CENTRO DE EXPERIMENTACIÓN Y SEGURIDAD VIAL MAPFRE, S.A.  | Ctra.Valladolid, km 1 (Ávila) España                                   | 25,00% (1)         | Research, training and consultancy                               | ■ MAPFRE ESPAÑA<br>■ MAPFRE, S.A.            | 99,9982                               | 19.349    | 17.110    | 13.039    | 397                 | (A)                  | (1)                                           |
| MAPFRE AUTOMOCION S.A.U                                  | Ctra. De Pamplona a Zaragoza Poligono Ind. Cordovilla (Navarra) España | 25,00% (1)         | Consultancy services and assistance                              | ■ MAPFRE ESPAÑA                              | 100,0000                              | 18.064    | 5.720     | 13.854    | (744)               | (A)                  | (1)                                           |
| VERTI ASEGURADORA, COMPAÑÍA DE SEGUROS Y REASEGUROS, S.A | Ctra. Pozuelo, 52. Majadahonda. (Madrid) España                        | 25,00% (1)(2)      | Insurance and Reinsurance                                        | ■ MAPFRE ESPAÑA<br>■ CLUB MAPFRE             | 99,9991                               | 178.214   | 74.824    | 80.970    | 167                 | (A)                  | (1)                                           |
| RASTREATOR.COM LTD                                       | C/ Juan Hurtado de Mendoza, 17 28036 (Madrid) España                   | --                 | Online prices compare professionals                              | ■ MAPFRE ESPAÑA                              | 25,0000                               | ---       | --        | --        | --                  | (C)                  | (3)                                           |
| MAPFRE CONSULTORES DE SEGUROS Y REASEGUROS, S.A.         | Paseo de Recoletos, 25 (Madrid) España                                 | 25,00% (1)         | Consultancy and management services                              | ■ MAPFRE ESPAÑA<br>■ MAPFRE, S.A.            | 50,0000                               | 360       | 289       | 210       | 38                  | (A)                  | (1)                                           |
| MULTISERVICIOS MAPFRE MULTIMAP, S.A.                     | Ctra. Pozuelo, 52. Majadahonda. (Madrid) España                        | 25,00% (1)         | Consultancy services and contracting for refurbishment and goods | ■ MAPFRE ESPAÑA<br>■ CENTROS MEDICOS S.A.    | 97,5000                               | 22.972    | 11.778    | 53.900    | 1.086               | (A)                  | (1)                                           |
| FUNESPAÑA, S.A.                                          | C/ Sufil, 4 (Almería) España                                           | 25,00% (1)         | Funeral services                                                 | ■ MAPFRE ESPAÑA                              | 95,7952                               | 112.350   | 67.853    | 22.298    | 3.454               | (A)                  | (1)                                           |
| POMPES FUNEBRES DOMINGO, S.L.                            | C/ Mercaderes, 5 Bajo Tortosa (Tarragona)                              | 25,00% (1)         | Funeral services                                                 | ■ FUNESPAÑA, S.A.                            | 75,0000                               | 2.124     | 1.580     | 1.596     | 182                 | (A)                  | (1)                                           |
| SERVICIOS FUNERARIOS FUNEMADRID, S.A                     | C/ Doctor Esquerdo, 138 5º Pila Madrid                                 | 25,00% (1)         | Funeral services                                                 | ■ FUNESPAÑA, S.A.                            | 100,0000                              | 14.985    | 13.233    | 8.055     | 1.132               | (A)                  | (1)                                           |
| CEMENTERIO JARDIN DE ALCALA DE HENARES, S.A.             | Carretera de Pastrana Km 3 Alcala de Henares (Madrid)                  | 25,00%             | Funeral services                                                 | ■ FUNEMADRID                                 | 49,0000                               | 7.517     | 6.769     | 2.657     | 616                 | (C)                  | (3)                                           |
| EMPRESA MIXTA SERVEIS MUNICIPALS DE TARRAGONA, S.L.      | Carretera Villa de Valencia, 2 Tarragona                               | 25,00%             | Funeral services                                                 | ■ FUNESPAÑA, S.A.                            | 49,0000                               | 3.413     | 2.591     | 3.220     | 1.136               | (C)                  | (3)                                           |



|                                        |                                                                    |               |                    |                                                               |          |        |       |        |       |     |     |
|----------------------------------------|--------------------------------------------------------------------|---------------|--------------------|---------------------------------------------------------------|----------|--------|-------|--------|-------|-----|-----|
| CEMENTERIO PARQUE ANDUJAR, S.L.        | C/ Cementerio, 4<br>Andujar (Jaén)                                 | 25,00%        | Funeral services   | ■ FUNESPAÑA, S.A.                                             | 60,0000  | 1.830  | 786   | 197    | (203) | (A) | (1) |
| SERVICIOS FUNERARIOS DE ZARAGOZA, S.L. | C/ Doctor Esquerdo, 138 5º Pta<br>Madrid                           | 25,00%        | Funeral services   | ■ FUNESPAÑA, S.A.                                             | 70,0000  | 3.440  | 1.368 | 2.585  | (8)   | (A) | (1) |
| GAB MANAGEMENT & CONSULTING, S.R.L.    | C/ Coso, 66 2º C<br>Zaragoza                                       | 25,00%<br>(1) | Investment company | ■ FUNESPAÑA, S.A.                                             | 77,6000  | 417    | 321   | --     | 8     | (A) | (1) |
| TANATORIUM ZRT                         | Joseph Krt, 49<br>Budapest (Hungria)                               | 25,00%        | Funeral services   | ■ FUNESPAÑA, S.A.                                             | 100,0000 | 767    | 265   | --     | (25)  | (A) | (1) |
| TANATORIO LA DAMA D'ELX, S.L.          | C/ Apareguda, 2<br>El Campello (Alicante)                          | 25,00%        | Funeral services   | ■ FUNESPAÑA, S.A.<br>■ SERVICIOS Y GESTIÓN<br>FUNERARIA, S.A. | 97,1400  | 97     | (97)  | --     | --    | (A) | (1) |
| ZACARIAS NUÑO, S.L.                    | Avenida de los maritres, 3<br>Sta. Cruz de Mudela (C.Real)         | 25,00%        | Funeral services   | ■ FUNESPAÑA, S.A.<br>■ SERVICIOS Y GESTIÓN<br>FUNERARIA, S.A. | 50,0000  | 174    | 104   | 7      | (62)  | (C) | (3) |
| INICIATIVAS ALCAESAR, S.L.             | C/ Viena, 2 1º A<br>Cáceres                                        | 25,00%        | Funeral services   | ■ FUNESPAÑA, S.A.                                             | 40,0000  | 6.933  | 3.369 | 4.792  | 515   | (C) | (3) |
| SALZILLO SERVICIOS FUNERARIOS, S.L.    | C/ Doctor Esquerdo, 138 5º Pta<br>Madrid                           | 25,00%        | Funeral services   | ■ FUNESPAÑA, S.A.                                             | 45,0000  | 9.613  | 5.520 | 3.378  | 274   | (C) | (1) |
| DE MENA SERVICIOS FUNERARIOS, S.L.     | C/ Doctor Esquerdo, 138 5º Pta<br>Madrid                           | 25,00%        | Funeral services   | ■ FUNESPAÑA, S.A.                                             | 70,0000  | 838    | 595   | 971    | 175   | (A) | (1) |
| FUNERARIA HISPALENSE, S.L.             | Avenida de Ramon y Cajal, S/N<br>Dos Hermanas (Sevilla)            | 25,00%        | Funeral services   | ■ FUNESPAÑA, S.A.                                             | 50,0000  | 21     | 21    | --     | (23)  | (C) | (3) |
| ISABELO ALVAREZ MAYORGA, S.A.          | Carretera Avila - Valladolid Km 08<br>Avila                        | 25,00%        | Funeral services   | ■ FUNESPAÑA, S.A.                                             | 50,0000  | 2.407  | 1.346 | 1.063  | 54    | (C) | (3) |
| SERVICIOS FUNERARIOS DEL NERVÓN, S.L.  | Alameda de Recalde 10<br>Bilbao                                    | 25,00%        | Funeral services   | ■ FUNESPAÑA, S.A.                                             | 50,0000  | 55     | 26    | 135    | 19    | (C) | (3) |
| NUEVO TANATORIO, S.L.                  | Avenida Hermanos Bou, 251<br>Castellón                             | 25,00%        | Funeral services   | ■ FUNESPAÑA, S.A.                                             | 50,0000  | 3.573  | 1.811 | 2.239  | 216   | (C) | (3) |
| SERVICIOS FUNERARIOS LA CARIDAD, S.L.  | Carretera Sanlucar - Trebujena Km<br>Sanlucar de Barrameda (Cádiz) | 25,00%        | Funeral services   | ■ FUNESPAÑA, S.A.                                             | 50,0000  | 1.423  | 1.344 | 575    | 104   | (C) | (3) |
| TANATORIO DE ECUA, S.L.                | C/ Camino del Valle<br>Écija (Sevilla)                             | 25,00%        | Funeral services   | ■ FUNESPAÑA, S.A.                                             | 33,3300  | 2.865  | 1.529 | 617    | 142   | (C) | (3) |
| TANATORIO SE-30 SEVILLA, S.L.          | C/ San Juan Bosco, 58<br>Zaragoza                                  | 25,00%        | Funeral services   | ■ FUNESPAÑA, S.A.                                             | 10,0000  | 15.226 | 8.518 | 2.343  | 1.139 | (C) | (3) |
| ALL FUNERAL SERVICES, S.L.             | C/ Doctor Esquerdo, 138 5º Pta<br>Madrid                           | 25,00%<br>(1) | Funeral services   | ■ FUNESPAÑA, S.A.                                             | 100,0000 | 10.568 | 1.146 | 72.533 | 1.074 | (A) | (1) |
| FUNESPAÑA CHILE, S.A.                  | Santiago de Chile<br>(Chile)                                       | 25,00%        | Funeral services   | ■ FUNESPAÑA, S.A.                                             | 50,0000  | --     | --    | --     | --    | (B) | (9) |

|                                                                               |                                                                            |               |                                                    |                                                                             |                                       |         |         |        |                |
|-------------------------------------------------------------------------------|----------------------------------------------------------------------------|---------------|----------------------------------------------------|-----------------------------------------------------------------------------|---------------------------------------|---------|---------|--------|----------------|
| FUNEUROPEA CHILE, S.A.                                                        | Santiago de Chile<br>(Chile)                                               | 25,00%        | Familiar assistance                                | ■ FUNESPAÑA, S.A.                                                           | 50,0000                               | --      | --      | --     | (9)            |
| FUNERARIAS REUNIDAS EL BIERZO, S.A.                                           | C/ Doctor Esquerdo, 138 5º Pta<br>Madrid                                   | 25,00%<br>(1) | Funeral services                                   | ■ FUNESPAÑA, S.A.                                                           | 85,8200                               | 8,089   | 5,755   | 3,233  | 706<br>(A)     |
| MEDISEMAP, AGENCIA DE SEGUROS, S.L.                                           | Ctra. Pozuelo, 52. Majadahonda<br>(Madrid) España                          | 25,00%<br>(1) | Insurance Agency                                   | ■ MAPFRE ESPAÑA<br>■ MAPFRE VIDA                                            | 66,6667<br>33,3333                    | 1,053   | 515     | 3,056  | 49<br>(A)      |
| CENTROS MEDICOS MAPFRE, S.A.                                                  | C/ Castello 56<br>(Madrid) España                                          | 25,00%<br>(1) | Medical services                                   | ■ MAPFRE ESPAÑA                                                             | 100,0000                              | 33,085  | 12,132  | 32,175 | (3,709)<br>(A) |
| MAPFRE VIDEO Y COMUNICACIÓN S.A.                                              | Ctra. Pozuelo, 50. Majadahonda<br>(Madrid) España                          | 25,00%<br>(1) | Asset Management                                   | ■ MAPFRE ESPAÑA<br>■ MAPFRE VIDA                                            | 75,0000<br>25,0000                    | 110,484 | 71,282  | 8,634  | 1,242<br>(A)   |
| TANATORI LA DAMA D'ELX, S.L.                                                  | Paseo de la Castellana, 29<br>Madrid                                       | 25,00%        | Insurance and Reinsurance                          | ■ MAPFRE ESPAÑA                                                             | 50,1000                               | 20,051  | 9,977   | 5,679  | 530<br>(A)     |
| AUDATEX ESPAÑA, S.A.                                                          | Av de Barajas, 34<br>Parque Empresarial Omega<br>28108 Alcobendas (Madrid) | --            | Vehicle loss assessment                            | ■ MAPFRE ESPAÑA                                                             | 12,5000                               | 13,396  | 10,296  | 21,085 | 4,509<br>(C)   |
| ONLINE SHOPPING CLUB EUROPE, S.L.                                             | Adolfo Pérez Esquivel 3<br>28232 Parque empresarial Las<br>Rozas           | 25,00%        | Sales and Marketing<br>Internet / Telephone        | ■ MAPFRE ESPAÑA                                                             | 49,9000                               | 136     | --      | --     | (C)            |
| TECNOLOGIAS DE LA INFORMACION Y REDES<br>PARA LAS ENTIDADES ASEGURADORAS, S.A | C/ Garcia Paredes, 55<br>Madrid                                            | 25,00%        | Data processing services<br>Telematic and network. | ■ MAPFRE ESPAÑA                                                             | 22,9506                               | 65,454  | 34,817  | (0)    | (0)<br>(C)     |
| MAPFRE QINGDAO ENTERPRISE<br>MANAGEMENT CONSULTING LIMITED<br>COMPANY         | Qingdao<br>(China)                                                         | --            | consultancy                                        | ■ MAPFRE ESPAÑA                                                             | 100,0000                              | 4,085   | (872)   | 63     | (1,442)<br>(A) |
| AGROSEGURO                                                                    | C/ Gobelás, 23<br>Madrid (España)                                          | 25,00%        | Agents and insurance<br>brokers                    | ■ MAPFRE ESPAÑA                                                             | 20,6000                               | 608,689 | 12,947  | --     | --<br>(C)      |
| SALVADOR CAETANO AUTO (SGPS), S.A.                                            | Avenida Vasco da Gama 14-10<br>4430-247<br>Vila Nova de Gaia (Portugal)    | --            | Agents and insurance<br>brokers                    | ■ MAPFRE ESPAÑA                                                             | 26,0000                               | --      | --      | --     | --<br>(C)      |
| MAPFRE INMUEBLES, S.G.A.                                                      | Ctra. Pozuelo, 52<br>Majadahonda (Madrid)<br>España                        | 25,00%<br>(1) | Real Estate                                        | ■ MAPFRE ESPAÑA<br>■ MAPFRE, S.A.<br>■ MAPFRE VIDA<br>■ MAPFRE GLOBAL RISKS | 76,8430<br>9,9977<br>7,0279<br>6,1302 | 654,336 | 482,677 | 47,301 | 4,907<br>(A)   |
| DESARROLLOS URBANOS CIC, S.A.                                                 | Ctra. Pozuelo, 52. Majadahonda<br>(Madrid) España                          | 25,00%<br>(1) | Real Estate                                        | ■ MAPFRE INMUEBLES<br>■ MAPFRE, S.A.                                        | 99,9216<br>0,0784                     | 67,318  | (6,312) | --     | (7,449)<br>(A) |
| SERVICIOS INMOBILIARIOS MAPFRE S.A.                                           | Ctra. Pozuelo, 52. Majadahonda<br>(Madrid) España                          | 25,00%<br>(1) | Real Estate                                        | ■ MAPFRE INMUEBLES<br>■ DESARROLLOS URBANOS                                 | 99,9000<br>0,1000                     | 1,654   | 1,314   | 1,250  | 441<br>(A)     |
| INMO ALEMANIA GESTION DE ACTIVOS<br>INMOBILIARIOS, S.L.                       | Pso. De la Castellana, 24<br>(Madrid) España                               | 25,00%        | Real Estate                                        | ■ MAPFRE ESPAÑA<br>■ MAPFRE GLOBAL RISKS                                    | 10,0000<br>10,0000                    | 41,387  | 41,411  | --     | (28)<br>(C)    |

|                                                                           |                                                                                                        |                  |                                                    |                                                                                                                                                                   |                                                                                 |            |           |           |         |     |     |
|---------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|------------------|----------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|------------|-----------|-----------|---------|-----|-----|
| MAPFRE TECH                                                               | Ctra. Pozuelo, 52<br>Majadahonda (Madrid)<br>España                                                    | 25,00%<br>(1)(2) | IT                                                 | ■ MAPFRE ESPAÑA<br>■ MAPFRE GLOBAL RISKS<br>■ MAPFRE VIDA<br>■ MAPFRE RE<br>■ MAPFRE ASISTENCIA<br>■ MAPFRE INTERNACIONAL<br>■ MAPFRE INVERSIÓN<br>■ MAPFRE, S.A. | 63,4693<br>1,6881<br>11,6834<br>0,8002<br>1,5684<br>20,0000<br>0,0160<br>0,7746 | 53,096     | 20,162    | 178,164   | (1.776) | (A) | (1) |
| MAPFRE SEGUROS GERAIS S.A.                                                | Rua Castilho, 52<br>Lisboa (Portugal)                                                                  | 25,00%           | Insurance and Reinsurance                          | ■ MAPFRE ESPAÑA                                                                                                                                                   | 99,9994                                                                         | 215,995    | 67,179    | 102,143   | (5,187) | (A) | (1) |
| MAPFRE PORTUGAL SEGUROS DE VIDA S.A.                                      | Rua Castilho, 52<br>Lisboa (Portugal)                                                                  | 25,00%           | Insurance                                          | ■ MAPFRE GLOBAL RISKS<br>■ MAPFRE SEGUROS GERAIS                                                                                                                  | 0,0006<br>100,0000                                                              | 358,512    | 39,000    | 59,630    | 1,661   | (A) | (1) |
| MAPFRE VIDA SOCIEDAD ANÓNIMA DE SEGUROS Y REASEGUROS SOBRE LA VIDA HUMANA | Carretera de Pozuelo, 50.<br>(28222) Majadahonda.<br>Madrid (España)                                   | 25,00%<br>(1)(2) | Insurance and Reinsurance                          | ■ MAPFRE, S.A.                                                                                                                                                    | 99,9114                                                                         | 14,879,842 | 1,412,807 | 2,296,683 | 221,484 | (A) | (1) |
| CONSULTORA ACTUARIAL Y DE PENSIONES MAPFRE VIDA S.A.                      | Carretera de Pozuelo, 50<br>(28222) Majadahonda<br>Madrid (España)                                     | 25,00%<br>(1)    | Consultancy                                        | ■ MAPFRE VIDA                                                                                                                                                     | 99,9339                                                                         | 858        | 784       | 256       | 69      | (A) | (1) |
| GESTION MODA SHOPPING S.A.                                                | Avda. General Perón, 40<br>(Madrid) España                                                             | 25,00%<br>(1)    | Management centers<br>Sales Staff                  | ■ MAPFRE, S.A.<br>■ MAPFRE VIDA<br>■ MAPFRE, S.A.                                                                                                                 | 0,0661<br>99,8215<br>0,1785                                                     | 877        | 677       | 1,008     | (152)   | (A) | (1) |
| MAPFRE INVERSIÓN SOCIEDAD DE VALORES S.A.                                 | Carretera de Pozuelo, 50-1, M-4.<br>2º Planta Módulo Sur.<br>(28222) Majadahonda                       | 25,00%<br>(1)(2) | Institution management<br>investment entity groups | ■ MAPFRE VIDA                                                                                                                                                     | 99,9991                                                                         | 234,188    | 200,983   | 102,050   | 39,628  | (A) | (4) |
| MAPFRE ASSET MANAGEMENT, S.G.I.I.C., S.A.                                 | Carretera de Pozuelo, 50-1, M-4.<br>2º Planta Módulo Norte.<br>(28222) Majadahonda.<br>Madrid (España) | 25,00%<br>(1)(2) | Institution management<br>investment entity groups | ■ MAPFRE, S.A.<br>■ MAPFRE INVERSIÓN<br>■ MAPFRE, S.A.                                                                                                            | 0,0009<br>99,9853<br>0,0147                                                     | 34,178     | 24,868    | 47,223    | 7,681   | (A) | (4) |
| MAPFRE VIDA PENSIONES, ENTIDAD GESTORA DE FONDOS DE PENSIONES S.A.        | Carretera de Pozuelo, 50-1, M-4.<br>2º Planta Módulo Norte.<br>(28222) Majadahonda.<br>Madrid (España) | 25,00%<br>(1)    | Pension funds<br>Administration                    | ■ MAPFRE INVERSIÓN<br>■ MAPFRE, S.A.                                                                                                                              | 99,9971<br>0,0029                                                               | 77,211     | 73,727    | 24,359    | 1,402   | (A) | (4) |
| BANKIA MAPFRE VIDA, S.A. DE SEGUROS Y REASEGUROS                          | Ctra. Pozuelo, 50<br>(28222) Majadahonda<br>Madrid (España)                                            | 25,00%<br>(2)    | Insurance and Reinsurance                          | ■ MAPFRE VIDA                                                                                                                                                     | 51,0000                                                                         | 7,812,950  | 516,779   | 760,379   | 76,264  | (A) | (1) |
| MIRACETI S.A.                                                             | Carretera de Pozuelo, 50<br>28222 (Majadahonda)<br>Madrid (España)                                     | 25,00%<br>(1)    | Real Estate                                        | ■ MAPFRE VIDA<br>■ MAPFRE, S.A.                                                                                                                                   | 99,9991<br>0,0009                                                               | 42,307     | 41,135    | 1,525     | 508     | (A) | (1) |

|                                                   |                                                      |               |                  |                                                                                                                                                       |                                                                               |           |         |         |        |        |        |
|---------------------------------------------------|------------------------------------------------------|---------------|------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------|-----------|---------|---------|--------|--------|--------|
| BANKINTER SEGUROS DE VIDA, S.A.                   | Avda. Bruselas, 12<br>(Alcobendas) España            | 25,00%<br>(2) | Insurance        | ■ MAPFRE VIDA                                                                                                                                         | 50,0000                                                                       | 1.721.017 | 172.213 | 441.272 | 51.684 | (A)    | (1)    |
| CAJA CASTILLA LA MANCHA VIDA Y<br>PENSIONES, S.A. | C/ Carretera, 5<br>(Cuenca) España                   | 25,00%<br>(2) | Insurance        | ■ MAPFRE VIDA                                                                                                                                         | 50,0000                                                                       | 951.532   | 69.683  | 119.372 | 18.308 | (A)    | (1)    |
| MAPFRE GOOD GOVERNANCE                            | Ctra. Pozuelo, 50.<br>Majadahonda<br>Madrid (España) |               | Asset Management | ■ MAPFRE INVERSIÓN                                                                                                                                    | 100,0000                                                                      | 39.897    | 39.343  | —       | —      | (F)(A) | (F)(9) |
| MAPFRE IBERIAN EQUITY                             | Ctra. Pozuelo, 50.<br>Majadahonda<br>Madrid (España) |               | Asset Management | ■ MAPFRE INVERSIÓN                                                                                                                                    | 100,0000                                                                      | 42.858    | 42.791  | —       | —      | (F)(A) | (F)(9) |
| MAPFRE EUROPEAN EQUITY                            | Ctra. Pozuelo, 50.<br>Majadahonda<br>Madrid (España) |               | Asset Management | ■ MAPFRE INVERSIÓN                                                                                                                                    | 100,0000                                                                      | 52.334    | 52.255  | —       | —      | (F)(A) | (F)(9) |
| MAPFRE MULTI ASSETS STRAT                         | Ctra. Pozuelo, 50.<br>Majadahonda<br>Madrid (España) |               | Asset Management | ■ MAPFRE INVERSIÓN                                                                                                                                    | 100,0000                                                                      | 219.701   | 219.448 | —       | —      | (F)(A) | (F)(9) |
| FONDMAPFRE ELECCION DECIDIDA                      | Ctra. Pozuelo, 50.<br>Majadahonda<br>Madrid (España) |               | Asset Management | ■ MAPFRE VIDA<br>■ MAPFRE VIDA PENSIONES<br>■ MAPFRE INVERSION<br>■ MAPFRE ASSET<br>■ MAPFRE PORTUGAL VIDA                                            | 38,4226<br>0,9706<br>9,7064<br>0,9706<br>2,4987                               | 28,958    | 28,760  | —       | —      | (F)(A) | (F)(9) |
| FONDMAPFRE ELECCION MODERADA                      | Ctra. Pozuelo, 50.<br>Majadahonda<br>Madrid (España) |               | Asset Management | ■ MAPFRE VIDA<br>■ MAPFRE VIDA PENSIONES<br>■ MAPFRE INVERSION<br>■ MAPFRE ASSET<br>■ MAPFRE PORTUGAL VIDA                                            | 48,2374<br>0,3339<br>3,3924<br>0,3339<br>0,8296                               | 79,464    | 79,300  | —       | —      | (F)(A) | (F)(9) |
| FONDMAPFRE ELECCION PRUDENTE                      | Ctra. Pozuelo, 50.<br>Majadahonda<br>Madrid (España) |               | Asset Management | ■ MAPFRE VIDA<br>■ MAPFRE VIDA PENSIONES<br>■ MAPFRE INVERSION<br>■ MAPFRE ASSET<br>■ MAPFRE PORTUGAL VIDA                                            | 65,8798<br>0,2508<br>1,0548<br>0,2508<br>2,1555                               | 100,302   | 100,178 | —       | —      | (F)(A) | (F)(9) |
| FONDMAPFRE DIVERSIFICACION                        | Ctra. Pozuelo, 50.<br>Majadahonda<br>Madrid (España) |               | Asset Management | ■ MAPFRE VIDA<br>■ MAPFRE VIDA PENSIONES<br>■ MAPFRE INVERSION<br>■ MAPFRE ASSET<br>■ BANKIA MAPFRE VIDA<br>■ CESVIMAP<br>■ CLUB MAPFRE<br>■ MULTIMAP | 66,9398<br>3,8942<br>8,5882<br>2,4887<br>6,0158<br>0,7068<br>0,5856<br>0,7595 | 102,192   | 102,040 | —       | —      | (F)(A) | (F)(3) |

|                           |                                                      |                  |                         |         |         |         |     |     |        |
|---------------------------|------------------------------------------------------|------------------|-------------------------|---------|---------|---------|-----|-----|--------|
| FOND MAPFRE BOLSA AMERICA | Ctra. Pozuelo, 50.<br>Majadahonda<br>Madrid (España) | Asset Management | ■ MAPFRE VIDA           | 31,6594 | 183,531 | 183,131 | --- | --- | (F)(9) |
|                           |                                                      |                  | ■ MAPFRE VIDA PENSIONES | 0,8870  |         |         |     |     |        |
|                           |                                                      |                  | ■ MAPFRE INVERSION      | 2,4955  |         |         |     |     |        |
|                           |                                                      |                  | ■ MAPFRE ASSET          | 1,4381  |         |         |     |     |        |
|                           |                                                      |                  | ■ MIRACETTI             | 1,1162  |         |         |     |     |        |
|                           |                                                      |                  | ■ BANKIA MAPFRE VIDA    | 1,4351  |         |         |     |     |        |
|                           |                                                      |                  | ■ CCM VIDA              | 2,2973  |         |         |     |     |        |
|                           |                                                      |                  | ■ MAPFRE RE             | 13,9285 |         |         |     |     |        |
|                           |                                                      |                  | ■ MAPFRE ASISTENCIA     | 0,2359  |         |         |     |     |        |
|                           |                                                      |                  | ■ CESVIMAP              | 0,1438  |         |         |     |     |        |
|                           |                                                      |                  | ■ MAPFRE GLOBAL RISK    | 1,9040  |         |         |     |     |        |
|                           |                                                      |                  | ■ MAPFRE ESPAÑA         | 21,0020 |         |         |     |     |        |
|                           |                                                      |                  | ■ MAPFRE SEGUROS GERAIS | 0,2966  |         |         |     |     |        |
|                           |                                                      |                  | ■ MAPFRE PORTUGAL VIDA  | ---     |         |         |     |     |        |
|                           |                                                      |                  | ■ INDUSTRIAL RE MUSINI  | ---     |         |         |     |     |        |
|                           |                                                      |                  | ■ CARTERA MAPFRE        | ---     |         |         |     |     |        |
| FOND MAPFRE RENTA DÓLAR   | Ctra. Pozuelo, 50.<br>Majadahonda<br>Madrid (España) | Asset Management | ■ MAPFRE VIDA           | 6,4229  | 101,380 | 101,192 | --- | --- | (F)(9) |
|                           |                                                      |                  | ■ MAPFRE VIDA PENSIONES | 3,5469  |         |         |     |     |        |
|                           |                                                      |                  | ■ MAPFRE INVERSION      | 6,9274  |         |         |     |     |        |
|                           |                                                      |                  | ■ BANKIA MAPFRE VIDA    | 0,6491  |         |         |     |     |        |
|                           |                                                      |                  | ■ MAPFRE RE             | 13,2003 |         |         |     |     |        |
|                           |                                                      |                  | ■ MAPFRE ASISTENCIA     | 0,0908  |         |         |     |     |        |
|                           |                                                      |                  | ■ MAPFRE GLOBAL RISK    | 3,0396  |         |         |     |     |        |
|                           |                                                      |                  | ■ MAPFRE ESPAÑA         | 17,6642 |         |         |     |     |        |
|                           |                                                      |                  | ■ VERTI                 | 0,5413  |         |         |     |     |        |
|                           |                                                      |                  | ■ MAPFRE SEGUROS GERAIS | 0,5809  |         |         |     |     |        |
|                           |                                                      |                  | ■ INDUSTRIAL RE MUSINI  | 4,8060  |         |         |     |     |        |
| FOND MAPFRE GLOBAL F.I.   | Ctra. Pozuelo, 50.<br>Majadahonda<br>Madrid (España) | Asset Management | ■ MAPFRE VIDA           | 35,0393 | 161,457 | 161,026 | --- | --- | (F)(9) |
|                           |                                                      |                  | ■ MAPFRE VIDA PENSIONES | 0,3125  |         |         |     |     |        |
|                           |                                                      |                  | ■ MAPFRE INVERSION      | 3,0161  |         |         |     |     |        |
|                           |                                                      |                  | ■ MAPFRE ASSET          | 1,0090  |         |         |     |     |        |
|                           |                                                      |                  | ■ MIRACETTI             | 1,1377  |         |         |     |     |        |
|                           |                                                      |                  | ■ BANKIA MAPFRE VIDA    | 1,6104  |         |         |     |     |        |
|                           |                                                      |                  | ■ CCM VIDA              | 1,3929  |         |         |     |     |        |
|                           |                                                      |                  | ■ CESVIMAP              | 0,0613  |         |         |     |     |        |
|                           |                                                      |                  | ■ VERTI                 | 0,2602  |         |         |     |     |        |
|                           |                                                      |                  | ■ MAPFRE PORTUGAL VIDA  | 0,1438  |         |         |     |     |        |
|                           |                                                      |                  | ■ MAPFRE ESPAÑA         | ---     |         |         |     |     |        |
|                           |                                                      |                  | ■ CARTERA MAPFRE        | ---     |         |         |     |     |        |

| FONDI MAPFRE BOLSA F.I.                                         | Ctra. Pozuelo, 50.<br>Majadahonda<br>Madrid (España)                                              | Asset Management                             | ■ MAPFRE VIDA<br>■ MAPFRE VIDA PENSIONES<br>■ MAPFRE INVERSION<br>■ MAPFRE ASSET<br>■ MIRACETTI<br>■ BANKIA MAPFRE VIDA<br>■ CESVIMAP<br>■ CLUB MAPFRE<br>■ MULTIMAP<br>■ CARTERA MAPFRE | 36,6311<br>1,2487<br>1,3398<br>0,4605<br>2,1590<br>2,5910<br>---<br>---<br>---<br>--- | 269,099   | 268,498   | ---       | (F)(A)   | (F)(9)  |
|-----------------------------------------------------------------|---------------------------------------------------------------------------------------------------|----------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|-----------|-----------|-----------|----------|---------|
| <b>BRAZIL</b>                                                   |                                                                                                   |                                              |                                                                                                                                                                                          |                                                                                       |           |           |           |          |         |
| MAPFRE SEGUROS GERAIS S.A.                                      | Avd.Naões Unidas, 11711 16.<br>Andar Brooklyn<br>Sao Paulo. (Brasil)                              | 45,00% Insurance                             | ■ MAPFRE BB SH2<br>PARTICIPAÇÕES, S.A.                                                                                                                                                   | 100,0000                                                                              | 2,351,790 | 615,439   | 1,790,084 | (23,614) | (A) (7) |
| MAPFRE VERA CRUZ CONSULTORIA E<br>ADMINISTRAÇÃO DE FUNDOS LTDA. | Avd.Naões Unidas, 11711 16.<br>Andar Brooklyn<br>Sao Paulo (Brasil)                               | 34,00% Administration funds                  | ■ MAPFRE HOLDING DO<br>BRASIL LTDA                                                                                                                                                       | 100,0000                                                                              | 19,284    | 14,213    | 291       | (2,088)  | (A) (1) |
| BB MAPFRE SH1 PARTICIPAÇÕES, S.A.                               | Avd.Naões Unidas, 11711 16.<br>Andar Brooklyn<br>Sao Paulo (Brasil)                               | 34,00% Holding                               | ■ MAPFRE BRASIL<br>PARTICIPAÇÕES, S.A.                                                                                                                                                   | 25,0100(*)                                                                            | 459,135   | 454,486   | 487,038   | 474,649  | (A) (1) |
| MAPFRE CAPITALIZAÇÃO S.A.                                       | Avd.Naões Unidas, 11711 16.<br>Andar Brooklyn<br>Sao Paulo (Brasil)                               | 34,00% Capitalization                        | ■ MAPFRE BRASIL<br>PARTICIPAÇÕES, S.A.                                                                                                                                                   | 100,0000                                                                              | 33,732    | 5,575     | 8,782     | 1,275    | (A) (1) |
| MAPFRE ASSISTENCIA, S.A.                                        | Avd.Mamoré 989, 3º Andar<br>Allphaville Centro Industrial e<br>Empresarial                        | 34,00% Assistance services                   | ■ MAPFRE SEGUROS<br>GERAIS, S.A.                                                                                                                                                         | 100,0000                                                                              | 3,277     | 1,540     | 2,125     | 336      | (A) (1) |
| MAPFRE BB SH2 PARTICIPAÇÕES, S.A.                               | Baueri, Sao Paulo (Brasil)<br>Avd.Naões Unidas, 11711 16.<br>Andar Brooklyn<br>Sao Paulo (Brasil) | 34,00% Holding                               | ■ MAPFRE BRASIL<br>PARTICIPAÇÕES, S.A.                                                                                                                                                   | 50,0000(*)                                                                            | 716,942   | 714,859   | 87,161    | 80,287   | (A) (1) |
| MAPFRE BRASIL PARTICIPAÇÕES, S.A.                               | Avd.Naões Unidas, 11711 16.<br>Andar Brooklyn<br>Sao Paulo (Brasil)                               | 34,00% Holding                               | ■ MAPFRE HOLDING DO<br>BRASIL LTDA<br>■ MAPFRE INTERNACIONAL<br>■ FANCY INVESTMENT, S.A.                                                                                                 | 7,2653<br>91,6570<br>1,0777                                                           | 1,087,523 | 1,082,925 | 243,823   | 298,148  | (A) (1) |
| CESVI BRASIL S.A. CENTRO DE<br>EXPERIMENTAÇÃO                   | Rua Amador Aguiar, 700-City<br>Empresarial<br>Sao Paulo (Brasil)                                  | 34,00% Research, training and<br>consultancy | ■ MAPFRE HOLDING DO<br>BRASIL LTDA                                                                                                                                                       | 100,0000                                                                              | 5,050     | 4,121     | 7,993     | (397)    | (A) (1) |

|                                                             |                                                                         |        |                                       |                                                                              |                             |                              |                      |     |     |
|-------------------------------------------------------------|-------------------------------------------------------------------------|--------|---------------------------------------|------------------------------------------------------------------------------|-----------------------------|------------------------------|----------------------|-----|-----|
| MAPFRE HOLDING DO BRASIL LTDA                               | Avda. dos Automotistas, 701 Vila-Yara – Osasco SP CEP 06020-000(Brasil) | 34,00% | Holding                               | ■ MAPFRE INTERNACIONAL<br>■ MAPFRE, S.A.<br>■ FANCY INVESTMENT, S.A.         | 98,7993<br>0,3314<br>0,8693 | 116.608<br>114.141<br>12.239 | 11.444               | (A) | (1) |
| MAPFRE VIDA S.A.                                            | Avd.Nações Unidas, 11711 16. Andar Brooklin<br>Sao Paulo (Brasil)       | 45,00% | Insurance                             | ■ MAPFRE BB SH2 PARTICIPAÇÕES, S.A.<br>■ BB MAPFRE SH1 PARTICIPAÇÕES S.A.    | —<br>100,0000               | 292.974<br>234.506           | 9.701                | (A) | (7) |
| MAPFRE DISTRIBUIDORA DE TÍTULOS E VALORES MOBILIÁRIOS, S.A. | Avd.Nações Unidas, 11711 16. Andar Brooklin<br>Sao Paulo (Brasil)       | 34,00% | Securities and stocks distributor     | ■ MAPFRE INVESTIMENTOS E PARTICIPAÇÕES SA<br>■ MAPFRE HOLDING DO BRASIL LTDA | 99,9900<br>0,0100           | 4.644<br>11.862              | 1.848                | (A) | (9) |
| MAPFRE PREVIDENCIA S.A.                                     | Avda.Mª Coelho Aguiar 215                                               | 45,00% | Insurance                             | ■ MAPFRE BRASIL PARTICIPAÇÕES, S.A.                                          | 100,0000                    | 912.467<br>23.705            | 261.399<br>(918)     | (A) | (7) |
| MAPFRE INVESTIMENTOS E PARTICIPAÇÕES, S.A.                  | Avd.Nações Unidas, 11711 17. Andar Brooklin<br>Sao Paulo (Brasil)       | 34,00% | Holding Insurance                     | ■ MAPFRE HOLDING DO BRASIL LTDA                                              | 100,0000                    | 28.105<br>28.030             | 1.893<br>1.646       | (A) | (1) |
| ALIANÇA DO BRASIL SEGUROS, S.A.                             | R.Manuel da Nobrega, 12809. Andar, Rio de Janeiro<br>Sao Paulo (Brasil) | 45,00% | Insurance                             | ■ BB MAPFRE SH1 PARTICIPAÇÕES S.A.<br>■ MAPFRE BB SH2 PARTICIPAÇÕES, S.A.    | —<br>100,0000               | 241.251<br>180.748           | 1.712                | (A) | (7) |
| BRASIL VEICULOS COMPANHIA DE SEGUROS, S.A.                  | R.Senador Dantas, 105 29 parte, 30 e 31. Andares                        | 45,00% | Insurance                             | ■ MAPFRE BB SH2 PARTICIPAÇÕES, S.A.                                          | 100,0000                    | 679.547<br>104.057           | 459.745<br>23.084    | (A) | (7) |
| COMPANHIA DE SEGUROS ALIANÇA DO BRASIL, S.A.                | R.Senador Dantas, 105 29 parte, 30 e 31. Andares                        | 45,00% | Insurance                             | ■ BB MAPFRE SH1 PARTICIPAÇÕES S.A.                                           | 100,0000                    | 3.014.831<br>357.046         | 2.060.071<br>409.701 | (A) | (7) |
| MAPFRE ADMINISTRAÇÕES DE CONSORCIO S.A.                     | Avenida das Nações Unidas, 12.495 11º andar - São Paulo-SP              | 34,00% | Administração de grupos de consórcios | ■ MAPFRE INVESTIMENTOS E PARTICIPAÇÕES SA                                    | 100,0000                    | 2.379<br>1.823               | 2.998<br>(3.337)     | (A) | (1) |
| MAPFRE SAUDE LTDA                                           | Avenida das Nações Unidas, 12.495 11º andar - São Paulo-SP              | 34,00% | Healthcare services                   | ■ MAPFRE HOLDING DO BRASIL LTDA                                              | 100,0000                    | 7.423<br>6.104               | 2.453<br>(5.902)     | (A) | (1) |
| PROTENSEG CORRETORA DE SEGUROS LTDA                         | Avenida das Nações Unidas, 12.495 11º andar - São Paulo-SP              | 34,00% | Insurance mediation                   | ■ MAPFRE HOLDING DO BRASIL LTDA<br>■ MAPFRE VERA CRUZ CONSULTORIA TECNICA E  | —<br>100,0000               | 539<br>402                   | 34<br>118            | (A) | (1) |

| LATAM NORTH                          |                                                                                                                              |        |             |                                                |                  |         |         |         |                |
|--------------------------------------|------------------------------------------------------------------------------------------------------------------------------|--------|-------------|------------------------------------------------|------------------|---------|---------|---------|----------------|
| MAPFRE TENEDORA DE ACC, S.A.         | Costa del Este, diagonal al Business Park                                                                                    | 25.00% | Holding     | ■ MAPFRE AMERICA CENTRAL, S.A.                 | 100,000          | 55,215  | 38,152  | 3,651   | 2,738 (A) (9)  |
|                                      | Panamá (Panamá)                                                                                                              |        |             |                                                |                  |         |         |         |                |
| MAPFRE AMERICA CENTRAL S.A.          | Costa del Este, diagonal al Business Park                                                                                    | 25.00% | Holding     | ■ MAPFRE INTERNACIONAL                         | 99,900           | 192,590 | 191,218 | 5,124   | 4,762 (A) (1)  |
|                                      | Panamá (Panamá)                                                                                                              |        |             |                                                |                  |         |         |         |                |
| MAPFRE SEGUROS HONDURAS S.A.         | Avenida Berfin y Calle Viena, piso 7 Lomas del Guajaro Sur Edificio Tegucigalpa, M.D.C. (Honduras)                           | 30.00% | Insurance   | ■ MAPFRE TENEDORA DE ACC, S.A.                 | 73,256           | 92,417  | 20,147  | 76,690  | 5,109 (A) (9)  |
|                                      |                                                                                                                              |        |             | ■ MAPFRE AMERICA CENTRAL, S.A.                 | 25,103           |         |         |         |                |
| MAPFRE PANAMÁ S.A.                   | Costa del Este, diagonal al Business Park                                                                                    | 25.00% | Insurance   | ■ MAPFRE AMERICA CENTRAL, S.A.                 | 99,345           | 318,941 | 85,306  | 225,858 | 11,366 (A) (1) |
|                                      | Panamá (Panamá)                                                                                                              |        |             |                                                |                  |         |         |         |                |
| MAPFRE SEGUROS EL SALVADOR, S.A.     | Alameda Roosevelt, 3107 Nivel 7 San Salvador (El Salvador)                                                                   | 20.00% | Insurance   | ■ MAPFRE AMERICA CENTRAL, S.A.                 | 77,612           | 68,396  | 18,566  | 61,095  | 2,337 (A) (9)  |
| INMOBILIARIA AMERICANA S.A.          | Alameda Roosevelt, 31-07 San Salvador (El Salvador)                                                                          | 20.00% | Real Estate | ■ MAPFRE AMERICA CENTRAL, S.A.                 | 78,900           | 6,452   | 6,366   | 594     | 118 (A) (9)    |
| MAPFRE SEGUROS COSTA RICA S.A.       | Barrio Tournón, Edificio Alvasa, 2do. Piso Diagonal al Periodico La Republica en intersección con Ctra de Guapiles (Ruta 32) | 30.00% | Insurance   | ■ MAPFRE TENEDORA DE ACC, S.A.                 | 100,000          | 34,136  | 10,046  | 36,632  | 889 (A) (9)    |
|                                      | San José (Costa Rica)                                                                                                        |        |             |                                                |                  |         |         |         |                |
| MAPFRE SEGUROS GUATEMALA S.A.        | 5a Avenida 5-55 Zona 14 Europlaza Europlaza Torre 4 Ciudad de Guatemala(Guatemala)                                           | 25.00% | Insurance   | ■ MAPFRE TENEDORA DE ACC, S.A.                 | 100,000          | 62,088  | 18,211  | 68,004  | 3,498 (A) (9)  |
| MAPFRE SEGUROS NICARAGUA S.A.        | Edificio Invercasa, 1er. Piso Managua (Nicaragua)                                                                            | 30.00% | Insurance   | ■ MAPFRE TENEDORA DE ACC, S.A.                 | 100,000          | 17,678  | 7,727   | 16,013  | 858 (A) (9)    |
| MAPFRE DOMINICANA S.A.               | Ave Abraham Lincoln, 952 esq. José Amado Soler Ensanche Plantini, Santo Domingo (Republica Dominicana)                       | 27.00% | Holding     | ■ MAPFRE INTERNACIONAL<br>■ CREDI PRIMAS, S.A. | 99,999<br>0,0001 | 14,960  | 14,951  | 13      | 3 (A) (9)      |
| MAPFRE BHD COMPAÑIA DE SEGUROS, S.A. | Ave Abraham Lincoln, 952 esq. José Amado Soler Ensanche Plantini, Santo Domingo (Republica Dominicana)                       | 27.00% | Insurance   | ■ MAPFRE DOMINICANA                            | 51,000           | 202,388 | 59,719  | 139,535 | 17,771 (A) (9) |



|                                                     |                                                                                                                       |        |                                    |                                                   |                    |           |         |           |       |     |     |
|-----------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|--------|------------------------------------|---------------------------------------------------|--------------------|-----------|---------|-----------|-------|-----|-----|
| CREDI PRIMAS, S.A.                                  | Ave Abraham Lincoln, 952 esq.<br>José Amado Soler. Ensanche<br>Plantini, Santo Domingo<br>(República Dominicana)      | 27,00% | Policy Financing                   | ■ MAPFRE BHD COMPANIA<br>DE SEGUROS S.A.          | 100,0000           | 1.528     | 386     | 164       | 28    | (A) | (9) |
| MAPFRE TEPEYAC S.A.                                 | Avenida Paseo de la Reforma<br>243 Colonia Cuauhtémoc<br>Delegación Cuauhtémoc<br>México, Distrito Federal C.P. 06500 | 30,00% | Insurance                          | ■ MAPFRE INTERNACIONAL<br>■ GRUPO CORPORATIVO LML | 55,6602<br>44,3398 | 1,906,906 | 174,914 | 1,231,410 | 1,389 | (A) | (7) |
| GRUPO CORPORATIVO LML S.A. DE C.V.                  | Avenida Paseo de la Reforma<br>243 Colonia Cuauhtémoc<br>Delegación Cuauhtémoc<br>México, Distrito Federal C.P. 06500 | 30,00% | Holding                            | ■ MAPFRE INTERNACIONAL                            | 100,0000           | 48,792    | 48,792  | 6         | 0     | (A) | (1) |
| MAPFRE UNIDAD DE SERVICIOS S.A. DE C.V.             | Avenida Paseo de la Reforma<br>243 Colonia Cuauhtémoc<br>Delegación Cuauhtémoc<br>México, Distrito Federal C.P. 06500 | 30,00% | Medical Services                   | ■ MAPFRE TEPEYAC                                  | 99,9982            | 3,017     | 2,199   | 7,402     | 113   | (A) | (7) |
| MAPFRE ASSET DEFENSA LEGAL MEXICANA<br>S.A. DE C.V. | Avenida Paseo de la Reforma<br>243 Colonia Cuauhtémoc<br>Delegación Cuauhtémoc<br>México, Distrito Federal C.P. 06500 | 30,00% | Legal affairs                      | ■ MAPFRE TEPEYAC                                  | 100,0000           | 905       | 755     | 1,824     | 71    | (A) | (7) |
| MAPFRE TEPEYAC INC.                                 | 109 Este San Ysidro Blvd No. 65<br>San Isidro California, EEUU                                                        | 30,00% | Motor insurance tourism            | ■ MAPFRE TEPEYAC                                  | 100,0000           | 10        | 10      | —         | (12)  | (A) | (7) |
| MAPFRE SERVICIOS MEXICANOS S.A.                     | Avenida Paseo de la Reforma<br>243 Colonia Cuauhtémoc<br>Delegación Cuauhtémoc<br>México, Distrito Federal C.P. 06500 | 30,00% | Services/agent provisional<br>cell | ■ MAPFRE TEPEYAC                                  | 99,9900            | 77        | 27      | 225       | 13    | (A) | (7) |
| CESVI MÉXICO, S.A.                                  | Calle 1 Sur No. 101 Parque<br>Industrial Toluca 2000<br>Toluca México, Estado de México                               | 30,00% | Research center                    | ■ MAPFRE TEPEYAC                                  | 16,6700            | 5,049     | 3,426   | 6,849     | 276   | (D) | (9) |
| MAPFRE FIANZAS S.A.                                 | Avenida Paseo de la Reforma<br>243 Colonia Cuauhtémoc<br>Delegación Cuauhtémoc<br>México, Distrito Federal C.P. 06500 | 30,00% | Insurance                          | ■ MAPFRE TEPEYAC                                  | 100,0000           | 18,658    | 6,326   | 9,535     | 811   | (A) | (7) |
| LATAM SOUTH                                         |                                                                                                                       |        |                                    |                                                   |                    |           |         |           |       |     |     |
| MAPFRE ARGENTINA HOLDING S.A.                       | Avda. Juana Manso, 205 C<br>1107CBE Puerto Madero<br>Buenos Aires (Argentina)                                         | 35,00% | Holding                            | ■ MAPFRE INTERNACIONAL<br>■ APOINT                | 99,9997<br>0,0003  | 33,975    | 32,458  | 17        | (541) | (A) | (1) |

|                                                       |                                                                               |        |                                     |                                                                     |                    |         |        |         |         |     |     |
|-------------------------------------------------------|-------------------------------------------------------------------------------|--------|-------------------------------------|---------------------------------------------------------------------|--------------------|---------|--------|---------|---------|-----|-----|
| MAPFRE ARGENTINA SEGUROS S.A.                         | Avda. Juana Manso, 205 C<br>1107CBE Puerto Madero<br>Buenos Aires (Argentina) | 35,00% | Insurance                           | ■ MAPFRE ARGENTINA<br>HOLDING                                       | 99,9988            | 285.917 | 39.181 | 296.583 | 10.411  | (A) | (1) |
| CLUB MAPFRE ARGENTINA                                 | Avda. Juana Manso, 205 C<br>1107CBE Puerto Madero<br>Buenos Aires (Argentina) | 35,00% | Provision of services               | ■ MAPFRE ARGENTINA<br>HOLDING<br>■ MAPFRE ARGENTINA VIDA            | 97,0000            | 1.387   | 780    | 1.351   |         | (A) | (1) |
| MAPFRE ARGENTINA SEGUROS DE VIDA S.A.                 | Avda. Juana Manso, 205 C<br>1107CBE Puerto Madero<br>Buenos Aires (Argentina) | 35,00% | Insurance                           | ■ MAPFRE INTERNACIONAL<br>■ MAPFRE ARGENTINA<br>HOLDING             | 64,0000<br>36,0000 | 34.420  | 3.443  | 32.283  | (1.706) | (A) | (9) |
| CESVI ARGENTINA, S.A.                                 | Calle 9 y 17. Parque Ind Pilar<br>Buenos Aires (Argentina)                    | 35,00% | Research center                     | ■ MAPFRE ARGENTINA<br>SEGUROS                                       | 60,6400            | 12.087  | 7.949  | 16.830  | 4.148   | (A) | (1) |
| MAPFRE CHILE SEGUROS S.A.                             | Isidora Goyenechea 3520 p 16<br>Las Condes<br>Santiago de Chile (Chile)       | 27,00% | Holding                             | ■ MAPFRE INTERNACIONAL                                              | 100,0000           | 74.457  | 73.434 | 1.248   | 783     | (A) | (1) |
| MAPFRE CHILE ASESORIAS, S.A                           | Isidora Goyenechea 3520 p 16<br>Las Condes<br>Santiago de Chile (Chile)       | 27,00% | Investment company                  | ■ MAPFRE CHILE SEGUROS<br>■ MAPFRE INTERNACIONAL                    | 99,9999<br>0,0001  | 8.559   | 8.549  | 136     | —       | (A) | (1) |
| MAPFRE COMPAÑIA DE SEGUROS<br>GENERALES DE CHILE S.A. | Isidora Goyenechea 3520 p 16<br>Las Condes<br>Santiago de Chile (Chile)       | 27,00% | Insurance                           | ■ MAPFRE CHILE SEGUROS<br>■ MAPFRE CHILE<br>ASESORIAS, S.A          | 87,2900<br>12,7100 | 533.083 | 71.925 | 299.867 | 1.371   | (A) | (1) |
| MAPFRE CHILE VIDA, S.A.                               | Isidora Goyenechea 3520 p 16<br>Las Condes<br>Santiago de Chile (Chile)       | 27,00% | Holding                             | ■ MAPFRE INTERNACIONAL                                              | 100,0000           | 15.328  | 15.328 | 340     | (47)    | (A) | (9) |
| MAPFRE COMPAÑIA DE SEGUROS DE<br>CHILE S.A.           | Isidora Goyenechea 3520 p 16<br>Las Condes<br>Santiago de Chile (Chile)       | 27,00% | Insurance                           | ■ MAPFRE CHILE VIDA<br>■ MAPFRE INTERNACIONAL                       | 99,9968<br>0,0032  | 66.298  | 14.508 | 14.811  | (194)   | (A) | (9) |
| MAPFRE SEGUROS GENERALES DE<br>COLOMBIA S.A.          | Carrera, 14, n° 96-34<br>Santa Fé de Bogotá (Colombia)                        | 37,00% | Insurance                           | ■ MAPFRE INTERNACIONAL<br>■ APOINT<br>■ MAPFRE COLOMBIA VIDA        | 94,2731<br>5,7209  | 481.238 | 75.385 | 274.933 | 9.555   | (A) | (1) |
| CREDIMAPFRE S.A.                                      | Carrera, 14, n° 96-34<br>Santa Fé de Bogotá (Colombia)                        | 37,00% | Real Estate                         | ■ MAPFRE SEGUROS<br>GENERALES DE COLOMBIA                           | 99,9998            | 28.229  | 3.145  | 3.807   | 38      | (A) | (1) |
| MAPFRE COLOMBIA VIDA S.A.                             | Carrera, 14, n° 96-34<br>Santa Fé de Bogotá (Colombia)                        | 37,00% | Insurance                           | ■ MAPFRE INTERNACIONAL<br>■ APOINT                                  | 94,3541<br>5,6459  | 952.979 | 66.716 | 184.452 | 687     | (A) | (1) |
| CESVI COLOMBIA, S.A.                                  | Carrera 87, Num. 15-87<br>Santa Fé de Bogotá (Colombia)                       | 37,00% | Research center                     | ■ MAPFRE SEGUROS<br>GENERALES DE COLOMBIA<br>■ MAPFRE COLOMBIA VIDA | 5,4434<br>62,3309  | 4,915   | 3.772  | 4.973   | 494     | (A) | (1) |
| MAPFRE SERVICIOS EXEQUIALES SAS                       | Carrera, 14, n° 96-34<br>Santa Fé de Bogotá (Colombia)                        | 37,00% | Provision of services<br>assistance | ■ CREDIMAPFRE                                                       | 100,0000           | 3.087   | 773    | 14.145  | (299)   | (A) | (1) |

|                                              |                                                                                                                        |        |                           |                                         |          |         |         |         |         |     |     |
|----------------------------------------------|------------------------------------------------------------------------------------------------------------------------|--------|---------------------------|-----------------------------------------|----------|---------|---------|---------|---------|-----|-----|
| MAPFRE ATLAS COMPAÑIA DE SEGUROS, S.A.       | Kennedy e Norte, Justino Cornejo y Avda. Luis Orrantia. Edificio Torres Atlas                                          | 25,00% | Insurance                 | ■ MAPFRE INTERNACIONAL                  | 60,0000  | 55,709  | 12,825  | 52,195  | 1,652   | (A) | (9) |
| MAPFRE PARAGUAY COMPAÑIA DE SEGUROS S.A.     | Guayaquil (Ecuador)<br>Av. Mariscal López, 910                                                                         | 10,00% | Insurance                 | ■ MAPFRE INTERNACIONAL                  | 89,5400  | 92,661  | 40,853  | 73,555  | 6,103   | (A) | (9) |
| MAPFRE PERU COMPAÑIA DE SEGUROS Y REASEGUROS | Asunción (Paraguay)<br>Av. Veintiocho de Julio, 873                                                                    | 30,00% | Insurance and Reinsurance | ■ MAPFRE INTERNACIONAL                  | 99,2900  | 599,109 | 105,405 | 301,873 | 19,318  | (A) | (1) |
| MAPFRE PERU ENTIDAD PRESTADORA DE SALUD      | Miraflores- Lima 18 (Perú)<br>Av. Veintiocho de Julio, 873                                                             | 30,00% | Healthcare assistance     | ■ MAPFRE INTERNACIONAL                  | 98,5900  | 13,018  | 4,823   | 45,595  | 978     | (A) | (9) |
|                                              | Miraflores- Lima 18 (Perú)                                                                                             |        |                           | ■ MAPFRE PERU CIA. SEGUROS Y REASEGUROS | 1,4100   |         |         |         |         |     |     |
| MAPFRE PERU VIDA, COMPAÑIA DE SEGUROS S.A.   | Av. Veintiocho de Julio, 873                                                                                           | 30,00% | Insurance                 | ■ MAPFRE INTERNACIONAL                  | 67,2725  | 339,864 | 71,186  | 183,681 | 21,889  | (A) | (1) |
| CORPORACIÓN FINISTERRE, S.A.                 | Miraflores- Lima 18 (Perú)<br>Av. Veintiocho de Julio, 873                                                             | 30,00% | Funeral services          | ■ MAPFRE PERU VIDA                      | 100,0000 | 1,575   | 1,493   | 342     | (7)     | (A) | (1) |
| APOINT S.A.                                  | Miraflores- Lima 18 (Perú)<br>Col. 993 Piso 3                                                                          | 25,00% | Holding                   | ■ MAPFRE INTERNACIONAL                  | 100,0000 | 11,568  | 3,867   | —       | (239)   | (A) | (9) |
| MAPFRE LA URUGUAYA S.A.                      | Montevideo (Uruguay)<br>Avenida. 18 de Julio, 988                                                                      | 25,00% | Insurance                 | ■ MAPFRE INTERNACIONAL                  | 100,0000 | 147,913 | 30,921  | 125,168 | 6,453   | (A) | (9) |
| MAPFRE LA SEGURIDAD S.A.                     | Montevideo (Uruguay)<br>Avenida Francisco de Miranda, Torre Financiera Caracas, piso 14, Urbanización La Castellana.   | 40,00% | Insurance and Reinsurance | ■ MAPFRE INTERNACIONAL                  | 99,5159  | 72,585  | 52,162  | 60,674  | (8,035) | (A) | (9) |
| CEFOPROSEG C.A.                              | Chacao, Estado Miranda<br>Avenida Francisco de Miranda, Torre Financiera Caracas, piso 14, Urbanización La Castellana. | 40,00% | Education                 | ■ MAPFRE LA SEGURIDAD                   | 100,0000 | —       | —       | 1       | —       | (A) | (9) |
| INVERSORA SEGURIDAD C.A.                     | Chacao, Estado Miranda<br>Avenida Francisco de Miranda, Torre Financiera Caracas, piso 14, Urbanización La Castellana. | 40,00% | Policy Financing          | ■ MAPFRE LA SEGURIDAD                   | 100,0000 | 2,900   | 1,765   | 60      | (974)   | (A) | (9) |
| CLUB MAPFRE S.A.                             | Chacao, Estado Miranda<br>Avenida Francisco de Miranda, Torre Financiera Caracas, piso 14, Urbanización La Castellana. | 40,00% | Provision of services     | ■ MAPFRE LA SEGURIDAD                   | 100,0000 | 7       | 7       | —       | (5)     | (A) | (9) |
| AUTOMOTRIZ MULTISERVICAR, C.A.               | Chacao, Estado Miranda<br>Avenida Francisco de Miranda, Torre Financiera Caracas, piso 14, Urbanización La Castellana. | 40,00% | Vehicles workshop         | ■ MAPFRE LA SEGURIDAD                   | 100,0000 | 9       | (5)     | 16      | (17)    | (A) | (9) |

|                                              |                                                                                                    |        |                           |                          |          |           |           |           |        |        |        |
|----------------------------------------------|----------------------------------------------------------------------------------------------------|--------|---------------------------|--------------------------|----------|-----------|-----------|-----------|--------|--------|--------|
| AMA-ASISTENCIA MEDICA ADMINISTRADA, C.A.     | Avenida Francisco de Miranda,<br>Torre Financiera Caracas, piso<br>14, Urbanización La Castellana. | 40,00% | Healthcare services       | ■ MAPFRE INTERNACIONAL   | 99,7000  | 13        | 9         | 20        | 3      | (A)    | (9)    |
| UNIDAD EDUCATIVA D.R FERNANDO BRAVO PEREZ CA | Chacao, Estado Miranda                                                                             | 40,00% | Learning center           | ■ MAPFRE LA SEGURIDAD    | 100,0000 | ---       | ---       | ---       | ---    | (A)    | (9)    |
| <b>NORTH AMERICA</b>                         |                                                                                                    |        |                           |                          |          |           |           |           |        |        |        |
| MAPFRE INSURANCE COMPANY OF FLORIDA          | 5959 Blue Lagoon Drive, Suite 400,                                                                 | 21,00% | Insurance                 | ■ COMMERCE INSURANCE     | 100,0000 | 87,889    | 29,465    | 61,565    | (664)  | (A)    | (7)    |
|                                              | Miami (E.E.U.U.)                                                                                   |        |                           |                          |          |           |           |           |        |        |        |
| MAPFRE INSURANCE COMPANY                     | 100 Campus Drive New Jersey                                                                        | 21,00% | Insurance and Reinsurance | ■ COMMERCE INSURANCE     | 100,0000 | 63,722    | 21,565    | 43,940    | (48)   | (A)    | (7)    |
|                                              | 07932-2007 (E.E.U.U.)                                                                              |        |                           |                          |          |           |           |           |        |        |        |
| MAPFRE INTERMEDIARIES                        | 5959 Blue Lagoon Drive, Suite 400,                                                                 | 21,00% | Services                  | ■ COMMERCE INSURANCE     | 100,0000 | 515       | 508       | ---       | 13     | (A)    | (7)    |
|                                              | Miami (E.E.U.U.)                                                                                   |        |                           |                          |          |           |           |           |        |        |        |
| MAPFRE USA CORPORATION INC                   | 211 Main Street, Webster, MA 01570 (EE.UU.)                                                        | 21,00% | Holding                   | ■ MAPFRE INTERNACIONAL   | 100,0000 | 1,054,163 | 1,052,540 | 28,287    | 28,058 | (A)    | (1)    |
| THE COMMERCE INSURANCE COMPANY               | 211 Main Street, Webster, MA 01570 (EE.UU.)                                                        | 21,00% | Insurance                 | ■ MAPFRE USA CORPORATION | 100,0000 | 2,495,061 | 723,917   | 1,676,310 | 52,752 | (A)    | (7)    |
| THE CITATION INSURANCE COMPANY               | 211 Main Street, Webster, MA 01570 (EE.UU.)                                                        | 21,00% | Insurance                 | ■ MAPFRE USA CORPORATION | 100,0000 | 209,558   | 72,365    | 148,176   | 82     | (A)    | (7)    |
| MAPFRE TECH USA CORPORATION                  | 211 Main Street, Webster, MA 01570 (EE.UU.)                                                        | 21,00% | IT                        | ■ MAPFRE USA CORPORATION | 100,0000 | 34,757    | 28,915    | 55        | 4,137  | (F)(A) | (F)(7) |
| ACIC HOLDINGS COMPANY, INC.                  | 215 Main Street, Webster, MA 01570 (EE.UU.)                                                        | 21,00% | Holding                   | ■ MAPFRE USA CORPORATION | 95,0000  | 201,230   | 201,197   | 7,056     | 7,050  | (A)    | (1)    |
| AMERICAN COMMERCE INSURANCE COMPANY          | 3590 Twin Creeks Drive, Columbus, OH 43204 (EE.UU.)                                                | 21,00% | Insurance                 | ■ ACIC HOLDINGS          | 100,0000 | 282,649   | 100,759   | 179,162   | 1,051  | (A)    | (7)    |
| MM REAL ESTATE, LLC                          | Blue Lagoon, Drive Suite, 200 Miami (E.E.U.U)                                                      | 21,00% | Real Estate               | ■ COMMERCE INSURANCE     | 100,0000 | 57,740    | 57,482    | 6,293     | 2,168  | (A)    | (7)    |
| THE COMMERCE WEST INSURANCE COMPANY          | 4301 Hacienda Drive, Suite 200, Pleasanton, CA 94588 (EE.UU.)                                      | 21,00% | Insurance                 | ■ ACIC HOLDINGS          | 100,0000 | 148,562   | 53,812    | 104,911   | 3,375  | (A)    | (7)    |
| MAPFRE INSURANCE COMPANY OF NEW YORK         | 20 Main Street Hempstead, NY 11550 (EE.UU.)                                                        | 21,00% | Insurance                 | ■ ACIC HOLDINGS          | 100,0000 | 128,739   | 43,094    | 91,554    | 145    | (A)    | (7)    |

| BIGELOW & OLD WORCESTER, LLC                    | 211 Main Street, Webster,<br>MA 01570 (EE.UU.)                                                           | 21,00% | Real Estate                                                    | ■ COMMERCE INSURANCE           | 100,0000 | 1.716     | 1.715   | —       | (3)      | (A) | (1) |
|-------------------------------------------------|----------------------------------------------------------------------------------------------------------|--------|----------------------------------------------------------------|--------------------------------|----------|-----------|---------|---------|----------|-----|-----|
| BFC HOLDING CORPORATION                         | 211 Main Street, Webster,<br>MA 01570 (EE.UU.)                                                           | 21,00% | Financial Services                                             | ■ MAPFRE USA<br>CORPORATION    | 100,0000 | 879       | 779     | 293     | 183      | (A) | (1) |
| MAPFRE LIFE INSURANCE CO.                       | 211 Main Street, Webster,<br>MA 01570 (EE.UU.)                                                           | 21,00% | Insurance                                                      | ■ MAPFRE USA<br>CORPORATION    | 100,0000 | 21.154    | 20.671  | (287)   | 1.799    | (A) | (7) |
| VERTI INSURANCE COMPANY                         | 211 Main St, Webster,<br>MA 01570 (EE.UU.)                                                               | 21,00% | Insurance                                                      | ■ MAPFRE USA<br>CORPORATION    | 100,0000 | 34.118    | 20.366  | 14.176  | (224)    | (A) | (7) |
| MAPFRE PRAICO CORPORATION                       | Urb. Tres Monjitas Industrial 297<br>Avda.Carlos Chardón Hato Rey                                        | 20,00% | Holding                                                        | ■ MAPFRE INTERNACIONAL         | 100,0000 | 118.855   | 118.480 | 70      | (742)    | (A) | (1) |
| MAPFRE PRAICO INSURANCE COMPANY                 | San Juan (Puerto Rico)<br>Urb. Tres Monjitas Industrial 297<br>Avda.Carlos Chardón Hato Rey              | 20,00% | Insurance                                                      | ■ MAPFRE PRAICO<br>CORPORATION | 100,0000 | 1.113.147 | 133.617 | 238.808 | (25.314) | (A) | (1) |
| MAPFRE PAN AMERICAN INSURANCE<br>COMPANY        | San Juan (Puerto Rico)<br>Urb. Tres Monjitas Industrial 297<br>Avda.Carlos Chardón Hato Rey              | 20,00% | Insurance                                                      | ■ MAPFRE PRAICO<br>CORPORATION | 100,0000 | 118.567   | 14.737  | 53.750  | 4.519    | (A) | (1) |
| MAPFRE INSURANCE AGENCY OF PUERTO<br>RICO, INC. | San Juan (Puerto Rico)<br>Urb. Tres Monjitas Industrial 297<br>Avda.Carlos Chardón Hato Rey              | 20,00% | Insurance Mediation                                            | ■ MAPFRE PRAICO<br>CORPORATION | 100,0000 | 1.944     | 1.343   | —       | 246      | (A) | (1) |
| MAPFRE FINANCE OF PUERTO RICO CORP              | San Juan (Puerto Rico)<br>Urb. Tres Monjitas Industrial 297<br>Avda.Carlos Chardón Hato Rey              | 20,00% | Finance                                                        | ■ MAPFRE PRAICO<br>CORPORATION | 100,0000 | 4.973     | 3.022   | 412     | 44       | (A) | (1) |
| MAPFRE LIFE INSURANCE COMPANY                   | San Juan (Puerto Rico)<br>Urb. Tres Monjitas Industrial 297<br>Avda.Carlos Chardón Hato Rey              | 20,00% | Insurance and<br>Reinsurance                                   | ■ MAPFRE PRAICO<br>CORPORATION | 100,0000 | 63.870    | 26.048  | 84.900  | 3.852    | (A) | (1) |
| MAPFRE SOLUTIONS, INC                           | San Juan (Puerto Rico)<br>Urb. Tres Monjitas Industrial 297<br>Avda.Carlos Chardón Hato Rey              | 20,00% | Guarantee Contract<br>Extended and protection<br>against theft | ■ MAPFRE PRAICO<br>CORPORATION | 100,0000 | 13.490    | 1.574   | 2.855   | 423      | (A) | (1) |
| MULTISERVICAR INC                               | San Juan (Puerto Rico)<br>Calle Celestial Esq. Joaquina Bo.<br>Cangrejo Arriba<br>Carolina (Puerto Rico) | 20,00% | Workshop                                                       | ■ MAPFRE PRAICO<br>CORPORATION | 100,0000 | 9.067     | 1.498   | 2.010   | 104      | (A) | (1) |

| EURASIA                              |                                                                                   |        |                                        |                                                                       |                    |           |         |                  |               |
|--------------------------------------|-----------------------------------------------------------------------------------|--------|----------------------------------------|-----------------------------------------------------------------------|--------------------|-----------|---------|------------------|---------------|
| VERTI VERSICHERUNG AG                | Rheinstraße 7a<br>14513 Tellow<br>Germany                                         | 15,00% | Insurance                              | ■ MAPFRE INTERNACIONAL                                                | 100,0000           | 558.882   | 155.086 | 319.339          | 7.621 (A) (1) |
| DIRECT LINE INSURANCE S.P.A)         | Via Alessandro Volta, 16<br>20093 Cologno Monzese<br>(Mi) Italia                  | 24,00% | Insurance                              | ■ MAPFRE INTERNACIONAL                                                | 100,0000           | 1.315.182 | 208.079 | 487.789 (10.580) | (A) (1)       |
| MAPFRE MIDDLESEA P.L.C.              | Middle Sea House<br>Floriana JTL, 16 (Malta)                                      | 35,00% | Insurance                              | ■ MAPFRE INTERNACIONAL                                                | 54,5627            | 111.380   | 26.367  | 70.447 9.296     | (A) (1)       |
| MAPFRE M.S.V. LIFE P.L.C.            | Middle Sea House<br>Floriana FRN 9010 (Malta)                                     | 35,00% | Insurance                              | ■ MAPFRE MIDDLESEA<br>INSURANCE P.L.C.                                | 50,0000            | 2.116.600 | 161.095 | 406.690 10.210   | (A) (1)       |
| BEE INSURANCE MANAGEMENT LTD         | 4th Floor Development House<br>st.Anne Street<br>Floriana FRN 9010 (Malta)        | 35,00% | Consultancy services and<br>management | ■ MAPFRE MIDDLESEA<br>INSURANCE P.L.C.                                | 100,0000           | 1.791     | 1.570   | 922 207          | (A) (1)       |
| GROWTH INVESTMENTS LIMITED           | Piazza Papa Giovanni XXIII,<br>Floriana,<br>FRN 1420, Malta                       | 35,00% | Service provision<br>Investment        | ■ MAPFRE M.S.V. LIFE P.L.C.                                           | 100,0000           | 691       | 583     | 569 88           | (A) (4)       |
| CHURCH WARP PROPERTIES               | Middle Sea House, St Publius<br>Street<br>Floriana FRN 1442 (Malta)               | 35,00% | Property assets<br>management          | ■ MAPFRE MIDDLESEA<br>INSURANCE P.L.C.<br>■ MAPFRE M.S.V. LIFE P.L.C. | 50,0000<br>50,0000 | 2.817     | 2.536   | -- 85            | (B) (9)       |
| EURO GLOBE HOLDINGS LIMITED          | Middle Sea House, St Publius<br>Street<br>Floriana FRN 1442 (Malta)               | 35,00% | Finance                                | ■ MAPFRE MIDDLESEA<br>INSURANCE P.L.C.                                | 100,0000           | 1.120     | 1.118   | (5) (8)          | (B) (9)       |
| EUROMED RISKS SOLUTIONS LIMITED      | 4th Floor Development House<br>st.Anne Street<br>Floriana FRN 9010 (Malta)        | 35,00% | Consultancy services and<br>management | ■ BEE INSURANCE<br>MANAGEMENT LTD                                     | 100,0000           | 66        | 22      | 146 17           | (A) (1)       |
| MAPFRE SIGORTA, A.S.                 | Yenişehir Mah. İmkan Cad. No:11,<br>34435<br>Salıpazarı İstanbul (Turquía)        | 22,00% | Insurance                              | ■ MAPFRE INTERNACIONAL                                                | 99,7450            | 914.010   | 174.534 | 713.783 49.688   | (A) (1)       |
| MAPFRE YASAM SIGORTA, A.S.           | Yenişehir Mah. İmkan Cad. No:11,<br>34435<br>Salıpazarı İstanbul (Turquía)        | 22,00% | Insurance                              | ■ MAPFRE SIGORTA                                                      | 99,5000            | 10.725    | 3.878   | 6.176 (22)       | (A) (1)       |
| GENEL SERVİS A.S.                    | Çevreyolu Caddesi No:2<br>34020 Bayrampaşa<br>İstanbul (Turquía)                  | 22,00% | Vehicles workshop                      | ■ MAPFRE SIGORTA                                                      | 51,0000            | 1.874     | 462     | 1.905 150        | (A) (1)       |
| MAPFRE INSULAR INSURANCE CORPORATION | Acacia Ave Mandrigal Business<br>Park Ayala Alabarg<br>MuntinlupaCity (Filipinas) | 30,00% | Insurance                              | ■ MAPFRE INTERNACIONAL                                                | 74,9384            | 77.345    | 18.570  | 42.153 209       | (A) (9)       |

|                                                                        |                                                                                                     |                  |                              |                                                        |                   |           |         |           |          |     |     |
|------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|------------------|------------------------------|--------------------------------------------------------|-------------------|-----------|---------|-----------|----------|-----|-----|
| PT ASURANSI BINA DANA ARTA TBK                                         | Plaza ABDA 27 Th floor Jl. Jend. Sudirman Kav. 59<br>JAKARTA 12190 (Indonesia)                      | 25,00%           | Insurance                    | ■ MAPFRE INTERNACIONAL                                 | 62,3267           | 179,578   | 82,339  | 85,168    | 10,730   | (A) | (9) |
| <b>GLOBAL RISKS</b>                                                    |                                                                                                     |                  |                              |                                                        |                   |           |         |           |          |     |     |
| MAPFRE GLOBAL RISKS                                                    | Ctra. Pozuelo, 52<br>Majadahonda (Madrid)                                                           | 25,00%<br>(1)(2) | Insurance and<br>Reinsurance | ■ MAPFRE, S.A.<br>■ MAPFRE INTERNACIONAL               | 99,9999<br>0,0001 | 3,590,437 | 705,025 | 1,496,843 | (16,145) | (A) | (1) |
| INDUSTRIAL RE S.A.                                                     | 23, Avenue Monterey<br>L-2163 Luxembourg                                                            | 26,00%           | Reinsurance                  | ■ MAPFRE GLOBAL RISKS                                  | 100,0000          | 41,896    | 28,194  | 5,066     | 1,138    | (A) | (1) |
| SOLUNION SEGUROS DE CREDITO S.A.                                       | Avda. General Perón, 40<br>(Madrid) España                                                          | 25,00%           | Insurance and<br>Reinsurance | ■ MAPFRE GLOBAL RISKS                                  | 50,0000           | 288,170   | 102,871 | 153,457   | 6,311    | (E) | (3) |
| <b>ASISTENCIA</b>                                                      |                                                                                                     |                  |                              |                                                        |                   |           |         |           |          |     |     |
| MAPFRE ASISTENCIA COMPAÑIA INTERNACIONAL DE SEGUROS Y REASEGUROS, S.A. | Ctra. Pozuelo, 52<br>Majadahonda<br>Madrid (España)                                                 | 25,00%<br>(1)(2) | Insurance and<br>Reinsurance | ■ MAPFRE, S.A.<br>■ MAPFRE ESPAÑA                      | 99,9970<br>0,0030 | 716,533   | 276,013 | 542,834   | (77,062) | (A) | (1) |
| IBERO ASISTENCIA, S.A.                                                 | Edificio Europa, Av. José Malhoa, 16 F, 7º, 1070-159<br>Lisboa, PORTUGAL                            | 27,50%           | Travel assistance            | ■ MAPFRE ASISTENCIA                                    | 100,0000          | 1,300     | 247     | 558       | 1        | (A) | (1) |
| BRASIL ASISTENCIA S.A.                                                 | Alameda Ásia, 42, Tamboré<br>Santana de Parnaíba<br>São Paulo (Brasil)                              | 34,00%           | Travel assistance            | ■ MAPFRE ASISTENCIA<br>■ MAPFRE HOLDING DO BRASIL LTDA | 99,9900           | 20,455    | 11,986  | 35,413    | 52       | (A) | (1) |
| MAPFRE SOLUTIONS DO BRASIL LTDA                                        | Alameda Mamore 989.<br>Alphaville Barueri<br>São Paulo (Brasil)                                     | 34,00%           | Travel assistance            | ■ MAPFRE ASISTENCIA LTDA                               | 99,99             | 2,003     | 706     | 1,441     | (138)    | (A) | (1) |
| AFRIQUE ASSISTANCE, S.A.                                               | Immeuble Tamayouz, 4ème Etage, 1082 Centre Urbain Nord<br>Tunis<br>1002 (Tunex.)                    | 35,00%           | Travel assistance            | ■ MAPFRE ASISTENCIA                                    | 49,0000           | 3,181     | 2,456   | 3,134     | 629      | (A) | (1) |
| ENEASISTENCIA, S.A.                                                    | 4ta transversal de Molecristo, Edificio Axxa, Planta Baja, Los Dos Caminos,<br>Caracas, (Venezuela) | 40,00%           | Travel assistance            | ■ MAPFRE ASISTENCIA<br>■ MAPFRE RE                     | 99,9980<br>0,0020 | 549       | 325     | 193       | (204)    | (A) | (1) |
| ANDIASISTENCIA COMPAÑIA DE ASISTENCIA DE LOS ANDES, S.A.               | Carrera 14 N 96 -34 Piso 2<br>Bogotá (Colombia)                                                     | 37,00%           | Travel assistance            | ■ MAPFRE ASISTENCIA<br>■ IBEROASISTENCIA               | 98,0900<br>1,9100 | 9,191     | 3,947   | 10,127    | (3,026)  | (A) | (1) |
| FEDERAL ASSIST COMPANY                                                 | 7300 Corporate Center Drive,<br>Suite 601 Miami<br>Florida 33126 (U.S.A.)                           | 21,00%           | Travel assistance            | ■ MAPFRE ASSISTANCE USA INC.                           | 100,0000          | 13,735    | 6,714   | 13,555    | 284      | (A) | (1) |

|                                                      |                                                                                                           |               |                   |                                          |                   |        |       |        |         |     |     |
|------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|---------------|-------------------|------------------------------------------|-------------------|--------|-------|--------|---------|-----|-----|
| IBEROASISTENCIA, ARGENTINA S.A.                      | Lavalley 344/346/348, PB y 3°<br>Ciudad de Buenos Aires<br>(Argentina)                                    | 35,00%        | Travel assistance | ■ MAPFRE ASISTENCIA<br>■ IBEROASISTENCIA | 98,4200           | 19,097 | 4,807 | 37,378 | 2,597   | (A) | (1) |
| SUR ASISTENCIA, S.A.                                 | Av. Apoquindo 4499<br>Santiago de Chile (Chile)                                                           | 27,00%        | Travel assistance | ■ MAPFRE ASISTENCIA<br>■ IBEROASISTENCIA | 99,0000           | 10,677 | 3,383 | 18,879 | 790     | (A) | (1) |
| IBEROASISTENCIA, S.A.                                | Ctra. Pozuelo, 52<br>Majadahonda (Madrid)                                                                 | 25,00%<br>(1) | Travel assistance | ■ MAPFRE ASISTENCIA<br>■ MAPFRE ESPAÑA   | 99,9300<br>0,0700 | 8,745  | 2,402 | 4,770  | (152)   | (A) | (1) |
| IRELAND ASSIST, LTD                                  | 22-28 Prospect Hill Galway<br>(Irlanda)                                                                   | 12,50%        | Travel assistance | ■ MAPFRE ASISTENCIA                      | 100,0000          | 1,218  | 1,210 | 882    | 93      | (A) | (1) |
| GULF ASSIST, B.S.C.                                  | Manama Centre Building<br>Manama (Barhain)                                                                | -             | Travel assistance | ■ MAPFRE ASISTENCIA                      | 74,6250           | 5,786  | 4,074 | 6,532  | 1,544   | (A) | (1) |
| INSURE AND GO                                        | 1 Victoria Street, Bristol Bridge<br>Bristol BS1 6AA<br>(Reino Unido)                                     | 28,00%        | Travel assistance | ■ MAPFRE ASISTENCIA                      | 100,0000          | 15,793 | 5,789 | 33,360 | 1,952   | (A) | (1) |
| INSURE AND GO AUSTRALIA                              | Suite4 Level 1, 19 Harris Street,<br>Pymont NSW 2009<br>Sydney, NSW 2000 (Australia)                      | 30,00%        | Travel assistance | ■ MAPFRE ASISTENCIA                      | 100,0000          | 5,864  | 565   | 10,328 | 385     | (A) | (1) |
| TRAVEL CLAIMS SERVICES LIMITED                       | 1 Victoria Street, Bristol Bridge<br>Bristol BS1 6AA<br>(Reino Unido)                                     | 28,00%        | Travel assistance | ■ INSURANCE AND GO                       | 100,0000          | 1,321  | 191   | 2,661  | 189     | (A) | (1) |
| FRANCE ASSIST                                        | 16 Avenue Tony Garnier<br>69007 Lyon (Francia)                                                            | 33,00%        | Travel assistance | ■ MAPFRE WARRANTY                        | 100,0000          | 475    | 316   | 410    | 186     | (A) | (1) |
| EUROSOS ASSISTANCE, S.A.                             | 473 Messogion Avenue 15343<br>Agia Paraskevi.<br>Atenas (Grecia)                                          | 29,00%        | Travel assistance | ■ IBEROASISTENCIA<br>■ MAPFRE ASISTENCIA | 0,5000<br>99,5000 | 691    | (92)  | 153    | (180)   | (A) | (1) |
| CARIBE ASISTENCIA, S.A.                              | Avda. Tiradentes Esq. Pres.<br>Gonzalez, Edif. La Cumbre, Ens.<br>Naco. Domingo<br>(República Dominicana) | 27,00%        | Travel assistance | ■ MAPFRE ASISTENCIA                      | 83,5823           | 2,741  | 1,318 | 3,163  | 317     | (A) | (1) |
| ECUASISTENCIA, S.A.                                  | Avda. Doce de Octubre, N42 -562<br>y Luis Cordero<br>Quito (Ecuador)                                      | 25,00%        | Travel assistance | ■ MAPFRE ASISTENCIA<br>■ ANDIASISTENCIA  | 94,5400<br>5,4600 | 6,785  | 1,792 | 14,843 | (2,163) | (A) | (1) |
| CONSULTING DE SOLUCIONES Y<br>TECNOLOGIAS SIAM, S.A. | Ctra. Pozuelo, 52 Majadahonda<br>Majadahonda (Madrid)                                                     | 25,00%<br>(1) | Consultancy       | ■ MAPFRE ASISTENCIA<br>■ IBEROASISTENCIA | 99,9259<br>0,0741 | 14,788 | 5,483 | 4,024  | (262)   | (A) | (1) |
| PERÚ ASISTENCIA, S.A.                                | Av. 28 de Julio No. 873 URB.<br>Leuro Lima - Miraflores<br>Lima (Perú)                                    | 29,50%        | Travel assistance | ■ MAPFRE ASISTENCIA<br>■ IBEROASISTENCIA | 99,8639<br>0,1361 | 2,038  | 621   | 2,040  | 42      | (A) | (1) |



|                                                        |                                                                                                                      |        |                   |                                          |                   |        |       |        |         |     |     |
|--------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|--------|-------------------|------------------------------------------|-------------------|--------|-------|--------|---------|-----|-----|
| MÉXICO ASISTENCIA, S.A.                                | Av. Insurgentes Sur no.2453 Piso 15, Col. Tizapán San Angel Deleg. Alvaro Obregon C.P. Mexico C.P. 01090 México D.F. | 30,00% | Travel assistance | ■ MAPFRE ASISTENCIA                      | 99,9998           | 20.278 | 3.651 | 55.523 | 2.485   | (A) | (1) |
| (México)                                               |                                                                                                                      |        |                   |                                          |                   |        |       |        |         |     |     |
| ALLMAP ASSIST GESELLSCHAFT FUR BEISTANDSLEISTUNGEN MBH | Im Rosengarten, 256 61118 Bai Vilbel (Alemania)                                                                      | 15,00% | Travel assistance | ■ MAPFRE ASISTENCIA<br>■ IBEROASISTENCIA | 99,9500<br>0,0500 | 147    | 91    | 74     | (20)    | (A) | (1) |
| PANAMÁ ASISTENCIA, S.A.                                | Costa del Este - Avenida la Rotonda, Torre GMT, Piso 1 - Edificio Mapfre                                             | 25,00% | Travel assistance | ■ MAPFRE ASISTENCIA                      | 82,0700           | 4.526  | 1.281 | 8.403  | 154     | (A) | (1) |
| Ciudad de Panamá (Panamá)                              |                                                                                                                      |        |                   |                                          |                   |        |       |        |         |     |     |
| TUR ASSIST, LTD.                                       | 19 Mayıs Cd.İsmet Öztürk Sk.Şişli Plaza Ofis Blokları E Blok B-2                                                     | 22,00% | Travel assistance | ■ MAPFRE ASISTENCIA<br>■ IBEROASISTENCIA | 97,0000<br>3,0000 | 14.574 | 6.716 | 51.666 | (2.234) | (A) | (1) |
| Şişli İstanbul                                         |                                                                                                                      |        |                   |                                          |                   |        |       |        |         |     |     |
| URUGUAY ASISTENCIA, S.A.                               | Plaza Cagancha 1335, oficina 901                                                                                     | 25,00% | Travel assistance | ■ MAPFRE ASISTENCIA                      | 97,9000           | 11.288 | 3.275 | 20.654 | 972     | (A) | (1) |
| Montevideo (Uruguay)                                   |                                                                                                                      |        |                   |                                          |                   |        |       |        |         |     |     |
| QUETZAL ASISTENCIA, S.A.                               | 8a. Ave. 3-80 Zona 14 Edificio La Rambla II nivel 5 Of. 5-2                                                          | 25,00% | Travel assistance | ■ IBEROASISTENCIA<br>■ MAPFRE ASISTENCIA | 2,1000<br>99,9920 | 1.284  | 503   | 3.510  | 255     | (A) | (1) |
| (Guatemala)                                            |                                                                                                                      |        |                   |                                          |                   |        |       |        |         |     |     |
| EL SALVADOR ASISTENCIA, S.A.                           | Alameda Roosevelt No. 3107 Edificio La Centro Americana, Nivel 7.                                                    | 20,00% | Travel assistance | ■ MAPFRE ASISTENCIA<br>■ IBEROASISTENCIA | 99,9900<br>0,0100 | 1.397  | 409   | 3.713  | (11)    | (A) | (1) |
| San Salvador (El Salvador)                             |                                                                                                                      |        |                   |                                          |                   |        |       |        |         |     |     |
| LLC MAPFRE WARRANTY                                    | Denisovskiy Pereulok 26 105005, Moscu (Rusia)                                                                        | 20,00% | Travel assistance | ■ MAPFRE ASISTENCIA                      | 100,0000          | 191    | 191   | —      | 3.280   | (A) | (1) |
| NICASSIT, S.A.                                         | Edificio Invercasa, Torre II, 5to. piso, modulo # 501                                                                | 30,00% | Travel assistance | ■ MAPFRE ASISTENCIA                      | 100,0000          | 528    | 299   | 1.166  | 72      | (A) | (1) |
| Managua, (Nicaragua)                                   |                                                                                                                      |        |                   |                                          |                   |        |       |        |         |     |     |
| BENELUX ASSIST, S.A.                                   | Rue de Treves, 45 Bruxelles, (Belgica)                                                                               | 34,00% | Travel assistance | ■ MAPFRE ASISTENCIA                      | 100,0000          | 796    | 569   | —      | (170)   | (A) | (1) |
| MAPFRE WARRANTY S.P.A.                                 | Strada Trossi 66 13971 Verone (Italia)                                                                               | 24,00% | Extended warranty | ■ MAPFRE ASISTENCIA<br>■ IBEROASISTENCIA | 100,0000          | 28.638 | 4.777 | 20.236 | 3.094   | (A) | (1) |
| MAPFRE INSURANCE SERVICES S.L.R.                       | 16 Avenue Tony Garnier 69007 Lyon (Francia)                                                                          | 33,00% | Vehicle Guarantee | ■ MAPFRE WARRANTY                        | 100,0000          | 1.809  | 50    | 1.120  | 1       | (A) | (1) |

|                                             |                                                                                                                          |        |                   |                                                               |                             |        |         |        |         |     |     |
|---------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|--------|-------------------|---------------------------------------------------------------|-----------------------------|--------|---------|--------|---------|-----|-----|
| MAPFRE WARRANTIES                           | Route des Trois Cantons 11<br>18399 Windhoj                                                                              | 26,00% | Vehicle Guarantee | ■ MAPFRE WARRANTY                                             | 100,0000                    | 5      | (67)    | --     | (9)     | (A) | (1) |
|                                             | 18399 Windhoj (Luxemburgo)                                                                                               |        |                   |                                                               |                             |        |         |        |         |     |     |
| NORASSIST, INC DIBA ROAD CANADA             | 2445 Eagle Steet North<br>Cambridge, ON N3H 4R7,<br>Canada                                                               | 30,00% | Travel assistance | ■ MAPFRE ASISTENCIA                                           | 100,0000                    | 654    | (1.323) | 2.201  | (949)   | (A) | (1) |
| BRICKELL FINANCIAL SERVICES MOTOR CLUB INC. | 7300 Corporate Center Drive,<br>Suite 601 Miami<br>Florida 33126 (U.S.A.)                                                | 21,00% | Travel assistance | ■ MAPFRE ASISTENCIA                                           | 100,0000                    | 31.956 | 874     | 64.765 | (5.567) | (A) | (1) |
| ROAD CHINA ASSISTANCE Co. LTD               | RM 603, Zhongyu Plaza, A6<br>North Gongti Road, Chaoyang<br>District,<br>Beijing, PR (China)                             | 25,00% | Travel assistance | ■ MAPFRE ASISTENCIA                                           | 100,0000                    | 21.974 | (1.211) | 17.329 | (3.875) | (A) | (1) |
| MAPFRE ABRAXAS SOFTWARE, LTD                | 9, Blenheim Court Beaufort Park<br>Almondsbury, Bristol BS32 4NE<br>(Reino Unido)                                        | 28,00% | Pecuniary losses  | ■ MAPFRE ASISTENCIA                                           | 100,0000                    | 1.121  | 1.121   | --     | --      | (A) | (1) |
| ABRAXAS INSURANCE                           | 1 Victoria Street, Bristol Bridge<br>Bristol BS1 6AA<br>(Reino Unido)                                                    | 28,00% | Pecuniary losses  | ■ MAPFRE ABRAXAS                                              | 100,0000                    | 6.767  | 2.061   | 14.131 | 61      | (A) | (1) |
| MAPFRE WARRANTY UK LIMITED                  | 1 Victoria Street, Bristol Bridge<br>Bristol BS1 6AA<br>(Reino Unido)                                                    | 28,00% | Pecuniary losses  | ■ MAPFRE ABRAXAS                                              | 100,0000                    | 371    | 371     | --     | --      | (A) | (1) |
| HOME 3                                      | 1 Victoria Street, Bristol Bridge<br>Bristol BS1 6AA<br>(Reino Unido)                                                    | --     | Home care         | ■ MAPFRE ABRAXAS                                              | 50,0000                     | --     | (910)   | --     | --      | (C) | (3) |
| INDIA ROADSIDE ASSISTANCE PRIVATE LIMITED   | 205, Hyde Park, Sakivihar road<br>Andheri East Mumbai<br>Maharashtra (India)-400072                                      | 35,54% | Travel assistance | ■ MAPFRE ASISTENCIA<br>■ IBEROASISTENCIA                      | 99,6300<br>0,3700           | 5.053  | (1.492) | 5.922  | (477)   | (A) | (1) |
| ARABA ASSIST FOR LOGISTIC SERVICES          | Abdel Hamid Sharaf Street, The<br>plenary Center, Bldg. No. 74, 2nd<br>floor - P.O. Box 5906<br>Amman (11953) - Jordania | 20,00% | Travel assistance | ■ MAPFRE ASISTENCIA                                           | 100,0000                    | 2.015  | 750     | 404    | 3       | (A) | (1) |
| ROADSIDE ASSIST ALGERIE SPA                 | 45, Rue des Freres Adessalami<br>5eme étage. Vieux Kouba.<br>Alger 16050 (Argelia)                                       | 26,00% | Travel assistance | ■ MAPFRE ASISTENCIA<br>■ IBEROASISTENCIA<br>■ IBEROCONSULTING | 60,3000<br>0,4000<br>0,3000 | 7.356  | 3.864   | 6.913  | 2.216   | (A) | (1) |

|                                            |                                                                                                                  |        |                                |                                                               |                             |           |           |           |         |        |        |
|--------------------------------------------|------------------------------------------------------------------------------------------------------------------|--------|--------------------------------|---------------------------------------------------------------|-----------------------------|-----------|-----------|-----------|---------|--------|--------|
| NILE ASSIST                                | 18th Floor, Apartment No. 1804 of Holiday Inn Maadi Hotel building<br>Comeish Maadi<br>Cairo - Egypt             | 20,00% | Travel assistance              | ■ MAPFRE ASISTENCIA<br>■ IBEROASISTENCIA<br>■ IBEROCONSULTING | 98,0000<br>1,0000<br>1,0000 | 189       | (395)     | 379       | (609)   | (A)    | (1)    |
| MAPFRE ASISTENCIA LIMITED                  | RM 1101-02 8 Jordan Road<br>Yaumatei, Kowloon<br>Hong Kong                                                       | 35,00% | Assistance and specialty risks | ■ MAPFRE ASISTENCIA                                           | 100,0000                    | 150       | (141)     | 129       | (1.160) | (A)    | (1)    |
| MAPFRE ASISTENCIA COMPANY LIMITED          | 10F., No.73, Zhouzi St., Neihu Dist.,<br>Taipei City 114 - Taiwan                                                | 20,00% | Assistance and specialty risks | ■ MAPFRE ASISTENCIA                                           | 100,0000                    | 1,034     | (883)     | 1,465     | (229)   | (A)    | (1)    |
| MIDDLESEA ASSIST LIMITED                   | 18ª, Europa Centre, John Lopez Str<br>Floriana, FRN 1400, Malta                                                  | 35,00% | Assistance and specialty risks | ■ MAPFRE ASISTENCIA<br>■ MIDDLESEA INSURANCE P.L.C.           | 51,0000<br>49,0000          | 1,468     | 747       | 2,258     | 147     | (A)    | (1)    |
| INSURE & GO INSURANCE SERVICES USA CORP.   | 7300 Corporate Center Drive, Suite 601<br>Miami, FL 33126 (U.S.A)                                                | 21,00% | Travel assistance              | ■ MAPFRE ASSISTANCE USA INC                                   | 100,0000                    | 4,167     | (386)     | 1,142     | (113)   | (A)    | (1)    |
| MAPFRE ASSISTANCE USA INC.                 | 7300 Corporate Center Drive, Suite 601<br>Miami, FL 33126 (U.S.A)                                                | 21,00% | Holding                        | ■ MAPFRE ASISTENCIA                                           | 100,0000                    | 31,776    | 29,493    | 880       | 700     | (A)    | (1)    |
| MAPFRE WARRANTY CORPORATION OF FLORIDA     | 5959 Blue Lagoon Drive, Suite 400<br>Miami, FL 33126 (U.S.A)                                                     | 21,00% | Special risks                  | ■ MAPFRE ASSISTANCE USA INC                                   | 100,0000                    | 1,937     | 669       | 2,749     | 2       | (F)(A) | (F)(1) |
| CENTURY AUTOMOTIVE SERVICES COMPANY        | 6565 Americas Parkway NE, Suite 1000, Albuquerque<br>NM 87110 (U.S.A.)                                           | 21,00% | Special risks                  | ■ MAPFRE ASSISTANCE USA INC                                   | 100,0000                    | 248,452   | 15,304    | 159,429   | 7,483   | (A)    | (1)    |
| PT MAPFRE ABDA ASSISTANCE                  | Plaza Kelapa Gading (Ruko Inkopal) Blok A, n° 9 Jalan, Raya Boulevard Barat Kelapa Gading<br>14240 Jakarta Utara | 0,00%  | Travel assistance              | ■ MAPFRE ASISTENCIA<br>■ PT ASURANSI BINA DANA ARTA TBK       | 51,0000<br>49,0000          | 974       | 110       | 914       | (170)   | (A)    | (1)    |
| PARAGUAY ASISTENCIA CIA. DE SERVICIOS S.A. | Av. Mariscal López, 930<br>Asunción (Paraguay)                                                                   | 10,00% | People assistance              | ■ MAPFRE ASISTENCIA<br>■ IBEROASISTENCIA                      | 98,9500<br>1,0500           | 130       | 46        | 223       | 10      | (A)    | (1)    |
| REASEGURO                                  |                                                                                                                  |        |                                |                                                               |                             |           |           |           |         |        |        |
| MAPFRE RE COMPAÑIA DE REASEGUROS, S.A.     | Paseo de Recoletos, 25<br>(Madrid) España                                                                        | 25,00% | Reinsurance (1)(2)             | ■ MAPFRE, S.A.<br>■ MAPFRE ESPAÑA                             | 92,2454<br>0,0003           | 6,191,213 | 1,260,672 | 5,116,860 | 159,567 | (A)    | (1)    |
| CIAR INVESTMENT                            | 45, Rue de Trèves<br>Bruselas (Bélgica)                                                                          | 34,00% | Real Estate Management         | ■ MAPFRE RE<br>■ MAPFRE INTERNACIONAL                         | 99,9900<br>0,0100           | 9,831     | 9,121     | 642       | 143     | (A)    | (1)    |

|                                                                      |                                                                                  |                  |                              |                                              |          |           |           |         |         |        |        |
|----------------------------------------------------------------------|----------------------------------------------------------------------------------|------------------|------------------------------|----------------------------------------------|----------|-----------|-----------|---------|---------|--------|--------|
| MAPFRE CHILE REASEGUROS, S.A.                                        | Avda.Apoquindo, 4499<br>Santiago de Chile (Chile)                                | 27,00%           | Holding                      | ■ MAPFRE RE                                  | 100,0000 | 166.441   | 40.445    | 33.000  | 809     | (A)    | (1)    |
| CAJA REASEGURADORA DE CHILE S.A.                                     | Avda.Apoquindo, 4499<br>Santiago de Chile (Chile)                                | 27,00%           | Reinsurance                  | ■ MAPFRE CHILE<br>REASEGUROS                 | 99,8467  | 131.214   | 8.700     | 29.984  | (533)   | (A)    | (1)    |
| INMOBILIARIA COSTA DE MONTEMAR, S.A.                                 | Avda.Apoquindo, 4499<br>Santiago de Chile (Chile)                                | 27,00%           | Real Estate                  | ■ MAPFRE CHILE<br>REASEGUROS                 | 31,4400  | --        | 1.091     | --      | --      | (B)    | (9)    |
| C R ARGENTINA, S.A.                                                  | Bouchar 547 piso 14<br>Buenos Aires (Argentina)                                  | 35,00%           | Consultancy services         | ■ MAPFRE CHILE<br>REASEGUROS                 | 99,9960  | 1.204     | 912       | --      | --      | (A)    | (1)    |
| MAPFRE RE DO BRASIL COMPANHIA DE<br>REASEGUROS                       | Rua Olimpiadas, 242,5°<br>andar, conjunto 52 Vila Olimpia;<br>Sao Paulo (Brasil) | 45,00%           | Insurance and<br>Reinsurance | ■ MAPFRE RE<br>■ BRASIL ASSISTENCIA          | 99,9999  | 218.690   | 44.341    | 75.339  | 8.761   | (A)    | (1)    |
| MAPFRE RE ESCRITORIO DE<br>REPRESENTACION COMPANHIA DE<br>REASEGUROS | Rua Olimpiadas, 242,5°<br>andar, conjunto 52 Vila Olimpia;<br>Sao Paulo (Brasil) | 34,00%           | Representation services      | ■ MAPFRE RE                                  | 99,9999  | 47        | 47        | --      | --      | (B)    | (9)    |
| INMOBILIARIA PRESIDENTE FIGUEROA<br>ALCORTA, S.A.                    | Bouchar 547 piso 14<br>B. Aires (Argentina)                                      | 35,00%           | Real Estate                  | ■ MAPFRE RE DO BRASIL<br>■ MAPFRE RE         | 99,9985  | --        | --        | --      | --      | (B)    | (9)    |
| MAPFRE MANDATOS Y SERVICIOS, S.A.                                    | Bouchar 547 piso 14<br>B. Aires (Argentina)                                      | 35,00%           | Services                     | ■ MAPFRE RE<br>■ MAPFRE ARGENTINA<br>HOLDING | 95,0000  | 20        | 20        | --      | (4)     | (B)    | (9)    |
| REINSURANCE MANAGEMENT INC.                                          | 100 Campus Drive<br>07932 New Jersey<br>(E.U.U.)                                 | 21,00%           | Services                     | ■ MAPFRE RE                                  | 100,0000 | 950       | 17        | --      | --      | (A)    | (1)    |
| MAPFRE EURO BONDS FUND                                               | Ctra. Pozuelo, 50. Majadahonda.<br>Majadahonda (Madrid)                          |                  | Asset Management             | ■ MAPFRE RE                                  | 100,0000 | 86.475    | 86.368    | --      | --      | (F)(A) | (F)(1) |
| MAPFRE RE VERMONT CORPORATION                                        | 122 Cherry Tree Hill Road<br>05651 East Montpelier<br>Vermont (E.U.U.)           |                  | Insurance and<br>Reinsurance | ■ MAPFRE RE                                  | --       | --        | --        | --      | --      | --     | --     |
| <b>OTHERS</b>                                                        |                                                                                  |                  |                              |                                              |          |           |           |         |         |        |        |
| MAPFRE INTERNACIONAL S.A.                                            | Ctra. Pozuelo, 52. Majadahonda.<br>(Madrid) España                               | 25,00%<br>(1)(2) | Holding                      | ■ MAPFRE, S.A.<br>■ MAPFRE ESPAÑA            | 100,0000 | 4.634.123 | 4.173.298 | 264.459 | 196.514 | (A)    | (1)    |
| MAQUAVIT INMUEBLES, S.L.                                             | Ctra. Pozuelo, 52. Majadahonda.<br>(Madrid) España                               | 25,00%<br>(1)    | Real Estate                  | ■ MAPFRE, S.A.                               | 100,0000 | 47.735    | 47.069    | 2.649   | 1.059   | (A)    | (1)    |
| PROVITAE CENTROS ASISTENCIALES S.L.                                  | C/ Fuencarral, 123<br>(Madrid) España                                            | 25,00%           | Services for Seniors         | ■ MAQUAVIT INMUEBLES, S.L.                   | 50,0000  | 7.305     | 5.300     | --      | (53)    | (C)    | (3)    |
| BIOINGENIERIA ARAGONESA, S.L.                                        | C/ Monasterio de las Huelgas, nº<br>2 Nave 6 P.I. Alcalde Caballero              | 25,00%<br>(1)    | IT for seniors               | ■ MAQUAVIT INMUEBLES, S.L.                   | 100,0000 | 223       | 223       | --      | (6)     | (A)    | (1)    |
|                                                                      | 50014 Zaragoza (ESPAÑA)                                                          |                  |                              |                                              |          |           |           |         |         |        |        |

|                                            |                                                    |               |                                     |                                         |                |        |        |       |       |        |        |
|--------------------------------------------|----------------------------------------------------|---------------|-------------------------------------|-----------------------------------------|----------------|--------|--------|-------|-------|--------|--------|
| FANCY INVESTMENT S.A.                      | Avda. 18 de Julio, 841<br>Montevideo (Uruguay)     | --            | Holding                             | ■ MAPFRE, S.A.                          | 100,0000       | 11.191 | 11.189 | 1.102 | 1.091 | (A)    | (1)    |
| PREMINEN PRICE COMPARISON HOLDINGS LIMITED | Ty Admiral, David Street,<br>Cardiff, CF10 2EH     | --            | Online prices compare professionals | ■ MAPFRE, S.A.                          | 50,0000        | --     | --     | --    | --    | (E)    | (9)    |
| MAPFRE AM INVESTMENT HOLDING, S.A.         | Ctra. Pozuelo, 52. Majadahonda,<br>(Madrid) España | 25,00%<br>(1) | Holding                             | ■ MAPFRE, S.A.                          | 100,0000       | 14.902 | 14.894 | --    | --    | (F)(A) | (F)(1) |
| LA FINANCIERE RESPONSABLE                  | 52, rue dePonthieu<br>75008 (Paris) Francia        | --            | Asset Management                    | ■ MAPFRE AM INVESTMENT HOLDINGS, S.A.   | 24,9500        | --     | --     | --    | --    | (F)(C) | (F)(4) |
| SERVIFINANZAS, S.A. SOCIEDAD UNIPERSONAL   | Ctra. Pozuelo, 52. Majadahonda,<br>(Madrid) España | 25,00%<br>(1) | Finance                             | ■ MAPFRE, S.A.<br>■ MAPFRE GLOBAL RISKS | --<br>100,0000 | 283    | 268    | 10    | 9     | (A)    | (1)    |

#### CONSOLIDATION METHOD

- (A) Fully consolidated subsidiaries
- (B) Fully subsidiaries excluded in consolidation
- (C) Associated and investee companies by the equity method
- (D) Associated and investee companies excluded in consolidation
- (E) Joint ventures consolidated by equity method
- (F) Companies added to the scope of consolidation in 2017
- (G) Companies added to the scope of consolidation in 2018
- (H) Companies removed from the scope of consolidation in 2018

#### CONSOLIDATION METHOD FOR SOLVENCY CALCULATION

- (1) Full consolidation
- (3) Adjusted equity method
- (4) Sectoral standards
- (7) Local standards
- (9) Exclusion from the scope of group supervision pursuant to article 214 of DIRECTIVE 2009/138/EC

#### TAX GROUP

- (1) Company belonging to Tax Group 9/85
- (2) Company belonging to the VAT Group 87/10

(\*) MAPFRE has the majority of the voting rights in the General Assembly

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

**CONSOLIDATED MANAGEMENT REPORT**

**MAPFRE S.A.**

**FISCAL YEAR 2018**

The content of this Consolidated Management Report (hereinafter "the Report") was prepared in accordance with the recommendations set out in the "Guide for the preparation of management reports by listed companies" published by the Spanish National Securities and Exchange Commission (CNMV).

The Alternative Performance Measures (APM) used in this report, which correspond to those financial measures that are used but not defined or explained in the applicable financial information framework, can be consulted at the following web page:

<https://www.mapfre.com/corporativo-es/accionistas-inversores/inversores/informacion-financiera/medidas-alternativas-rendimiento.jsp>

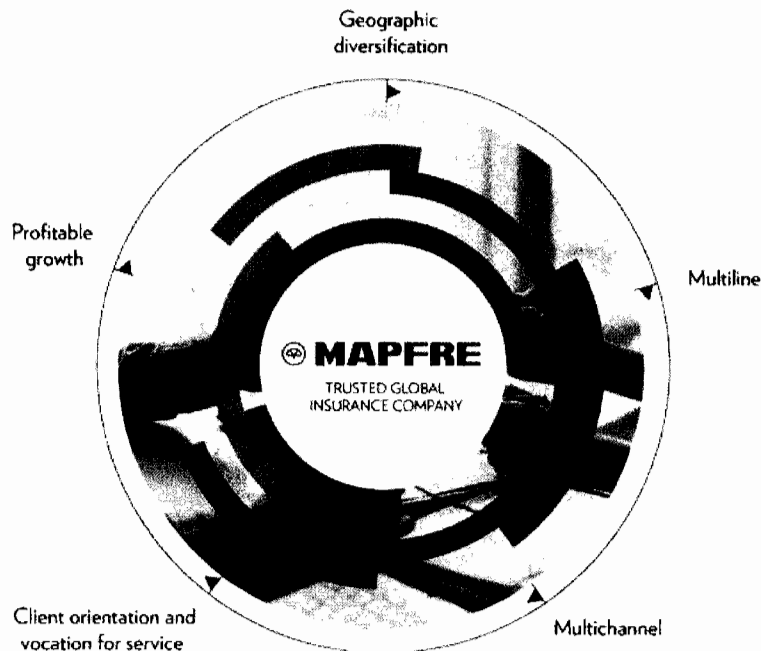
Some of the figures included in this Report have been rounded. Therefore, discrepancies may occur in the tables between the totals and the amounts listed due to this rounding.

## **ORGANIZATION OVERVIEW**

### **BUSINESS MODEL**

The vision of MAPFRE is to be THE MOST TRUSTED GLOBAL INSURANCE COMPANY, a concept that refers not only to its geographic presence but also to the wide range of insurance and reinsurance products and services that it promotes worldwide. It aims to become a leader in the markets in which it operates, through its proprietary and differentiated business model, based on transformation and innovation, designed to achieve profitable growth with a clear and marked focus on the client, both private and corporate, a multi-channel approach and a firm vocation for service.

The influx of new insurance business models - insurtech - based on digital tools is causing a veritable revolution in the sector, and MAPFRE is acting in an agile manner in order to offer all its stakeholders value experiences. The business model that MAPFRE has adopted ensures that the Company is not focused solely on financial results, but also on the social sphere.



Accordingly, MAPFRE:

- Is firmly committed to growth, both in terms of business volume and geographic development, generating adequate and sufficient profitability from its activities.
- Manages its business in an efficient manner and constantly improves productivity, reducing structural costs on a continuing basis in order to enhance its competitiveness.
- Professionally manages the risks it assumes, ensuring sustainable growth and results.
- Steers its development by diversifying its portfolio of insurance, reinsurance and service businesses as a means of boosting growth and minimizing risks.
- Deploys a global management model with ample capacity for local implementation, ensuring an appropriate balance between corporate involvement and business development in each country.
- Makes its resources available to the entire organization, thus harnessing the synergies derived from sharing talent, processes and tools.
- Promotes specialized management as a means of continuously optimizing results and enhancing service quality.



MAPFRE's stated mission is to be a multinational team that strives to constantly improve services and develop the best possible relationships with clients, distributors, providers, shareholders and society in general.

This commitment to continuous improvement is underpinned by the following values, which assist in developing the mission and in order to achieve the company's vision:

- Solvency: financial strength with sustainable results and full capacity to meet all obligations to stakeholders.
- Integrity: ethical conduct as a core element in how everyone (senior executives, employees, agents and collaborators) behaves, with a socially responsible focus on all long-term activities and commitments.
- Vocation for service: the constant quest for excellence in the pursuit of its activities and a continuous focus on building strong relationships with clients.
- Innovation for leadership: differentiation as a key aspect of continuous growth and improvement, using technology to service the different businesses and their objectives.
- Committed team: full engagement of employees, senior executives, agents and other collaborators with the MAPFRE project and continuous development of the team's skills and abilities.

## **ORGANIZATIONAL STRUCTURE AND GOOD GOVERNANCE**

### **A) ORGANIZATIONAL STRUCTURE**

MAPFRE is a multinational company engaged mainly in insurance and reinsurance activities, operating in a total of 45 countries worldwide.

The Group's parent company is MAPFRE S.A., whose shares are listed on the Madrid and Barcelona Stock Exchanges. MAPFRE S.A. is also a component of the IBEX 35, Stoxx Insurance, MSCI Spain, FTSE All-World Developed Europe Index, FTSE4Good, FTSE4Good IBEX and Dow Jones Sustainability World indexes.

MAPFRE S.A. is a subsidiary of CARTERA MAPFRE, S.L., a single-member company that is wholly controlled by Fundación MAPFRE.

The Group pursues its business activities through an organizational structure made up of four Business Units (Insurance; Assistance, Services and Specialty Risks; Global Risks; and Reinsurance); three Territorial Areas (IBERIA, LATAM and INTERNATIONAL); and six Regional Areas (Iberia (Spain and Portugal), Brazil, LATAM North, LATAM South, North America and EURASIA (Europe, Middle East, Africa and Asia Pacific)).

The Insurance Business Unit is organized in line with the MAPFRE regional areas, which are the geographic units that plan, support and oversee the region.

The activities of the different business units are supplemented by those of the corporate areas (Finance, Investments, Human Resources, Business Support, Internal Audit, Strategy and M&A, General Counsel and Legal Affairs and Business and Clients), which have jurisdiction over all MAPFRE companies worldwide in terms of the development, implementation and monitoring of global, regional and local corporate policies.

The fact that the different MAPFRE companies belong to a business group implies, without prejudice to their legal autonomy, that they form an integral part of an organic structure which regulates their interrelations, the coordination of their activities, and the oversight of the controlled companies by the controlling ones and, in the final instance, by the parent company.

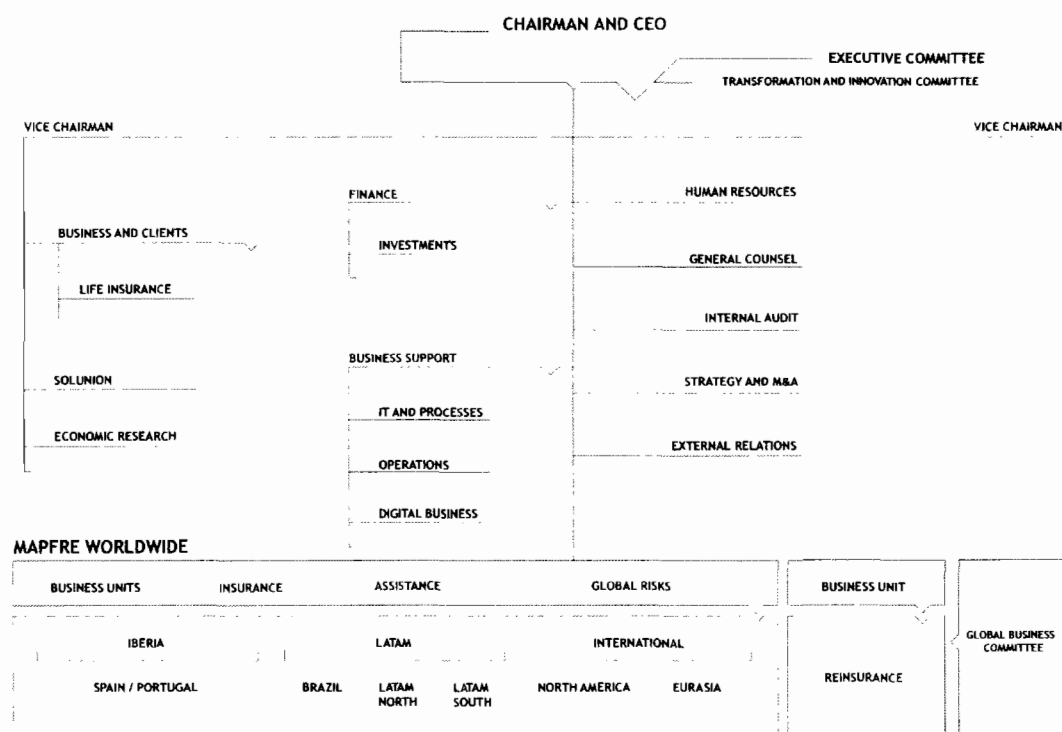
The MAPFRE S.A. Board of Directors is the senior management and supervisory body for the entire Group. It features a Steering Committee that acts within all of its powers, except those which cannot be ceded by law, bylaws or the regulations of the Board of Directors, and three delegate committees (Audit and Compliance, Appointments and Remuneration, and Risk).

The Executive Committee is the body that directly oversees the management of the business units and coordinates the Group's different areas and units. The Global Business Committee is also responsible for analyzing the development of MAPFRE's insurance business and services throughout the world, its compliance with approved plans, and proposing measures to correct or improve them.

The management, coordination and supervision of the activities of the different units and areas are carried out, according to the respective remit, by the local, regional and business unit management committees as well as the Executive Committee.

Each of the subsidiary companies has its own governing bodies, whose structure and complexity depend on the importance of their activities and any legal provisions that may be applicable. They usually have a board of directors and, depending on the importance of their activities, a management committee as well. In the case of shell or very small companies, these bodies are replaced by two administrators.

The Group's current organizational chart is as follows:



## B) GOOD GOVERNANCE

MAPFRE has constantly and decidedly striven from the start to adopt the best corporate governance practices. MAPFRE's good governance practices are oriented toward creating sustained financial and social value over the long-term. The company's objective is to ensure financial stability and safeguard the interests of shareholders, while maximizing the positive impact on society as a whole.

MAPFRE is subject to the Spanish Companies Act and also has a series of Institutional, Business and Organizational Principles in place that have been approved by the Board of Directors of MAPFRE S.A. which, together with its Corporate Statutes and the Board of Directors' Regulations, define the structure, composition and functions of each of its governing bodies and make up the minimum mandatory compliance framework for all of the companies in the MAPFRE Group and their respective governing bodies. In addition, MAPFRE's governance system is supplemented by a group of corporate policies<sup>1</sup>.

<sup>1</sup> The Institutional, Business and Organizational Principles of the MAPFRE Group and other corporate regulations are available at the company's website ([www.mapfre.com](http://www.mapfre.com)).

With regard to the CNMV Code of Good Governance for listed companies at 31 December 2018, MAPFRE complies fully with 93.75 percent and fully or partly with 98.44 percent of the recommendations.

The Annual Corporate Governance Report for 2018 offers a detailed explanation of the structure of MAPFRE's governance system and its operation in practice<sup>2</sup>, providing the minimum content established by Article 540 of the Recast Spanish Companies Act.

## **OPERATIONAL FRAMEWORK**

The Group's activities were carried out through its Business Units in 2018.

The Insurance Business Unit is structured into Territorial and Regional Areas.

The IBERIA Territorial Area coincides with the Iberia Regional Area, which is made up of Spain and Portugal. The LATAM Territorial Area is subdivided into the Regional Areas of Brazil, LATAM North (Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, Mexico, Nicaragua and Panama), and LATAM South (Argentina, Colombia, Chile, Ecuador, Paraguay, Peru, Uruguay and Venezuela). The INTERNATIONAL Territorial Area comprises the Regional Areas of North America (Canada, United States and Puerto Rico), EURASIA (which includes operations in Europe—except Spain and Portugal—the Middle East, Africa, Australia, China, Philippines, India, Indonesia, Japan, Malaysia and Singapore).

The MAPFRE distribution network is the largest in the Spanish insurance industry and also one of the largest belonging to a financial group in Latin America. MAPFRE is determined to maintain its own networks in the countries where it operates, which is compatible with the use of other distribution channels. Some of the key features behind the success of MAPFRE's business model include its client focus, global product offering and adaptation to the legal and commercial nature of each market.

At the end of 2018 the MAPFRE global distribution network consisted of 12,526 offices. The breakdown is shown overleaf:

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<sup>2</sup> For further information, please consult the Annual Corporate Governance Report 2018 which forms an integral part of this Consolidated Management Report. <sup>3</sup> Source: ICEA, data for 2018 are provisional.

| OFFICES                       | 2018          | 2017          |
|-------------------------------|---------------|---------------|
| <b>IBERIA</b>                 |               |               |
| Direct and Delegate           | 3,084         | 3,091         |
| Bancassurance                 | 2,329         | 2,436         |
| <b>Subtotal IBERIA</b>        | <b>5,413</b>  | <b>5,527</b>  |
| <b>LATAM</b>                  |               |               |
| Direct and Delegate           | 1,629         | 1,789         |
| Bancassurance                 | 4,941         | 5,051         |
| <b>Subtotal LATAM</b>         | <b>6,570</b>  | <b>6,840</b>  |
| <b>INTERNATIONAL</b>          |               |               |
| Direct and Delegate           | 543           | 493           |
| <b>Subtotal INTERNATIONAL</b> | <b>543</b>    | <b>493</b>    |
| <b>TOTAL OFFICES</b>          | <b>12,526</b> | <b>12,860</b> |

At the close of the year, MAPFRE maintained a presence in Spain with 2,984 offices, Brazil with 867 offices, and Turkey with 402 offices.

During 2018, more than 86,500 intermediaries, including agents, representatives and brokers, participated in the distribution of MAPFRE products. The following table shows the breakdown:

| SALES NETWORK                 | 2018          | 2017          |
|-------------------------------|---------------|---------------|
| <b>IBERIA</b>                 |               |               |
| Agents                        | 9,850         | 10,119        |
| Delegates                     | 2,753         | 2,666         |
| Brokers                       | 5,311         | 5,229         |
| <b>Subtotal IBERIA</b>        | <b>17,914</b> | <b>18,014</b> |
| <b>LATAM</b>                  |               |               |
| Agents                        | 18,106        | 16,324        |
| Delegates                     | 3,952         | 4,294         |
| Brokers                       | 34,624        | 33,835        |
| <b>Subtotal LATAM</b>         | <b>56,682</b> | <b>54,453</b> |
| <b>INTERNATIONAL</b>          |               |               |
| Agents                        | 9,786         | 10,325        |
| Delegates                     | 121           | 102           |
| Brokers                       | 2,061         | 1,436         |
| <b>Subtotal INTERNATIONAL</b> | <b>11,968</b> | <b>11,863</b> |
| <b>TOTAL SALES NETWORK</b>    | <b>86,564</b> | <b>84,330</b> |

MAPFRE's own networks were supplemented by the distribution capacity provided under agreements with various companies, especially in terms of bancassurance (BANKIA, with which company an agreement was announced in 2018 to acquire 51 percent of the share capital of Caja Granada Vida and Caja Murcia Vida y Pensiones, BANKINTER, BANCO CASTILLA-LA MANCHA (subsidiary of LIBERBANK), BANCO DO BRASIL, BHD LEON and BANK OF VALLETTA, and others). MAPFRE distributed its products in 2018 through 7,270 bancassurance offices (out of which 2,329 are located in Spain, 4,765 in Brazil and 176 in the Dominican Republic).

Within the insurance business, MAPFRE is the largest Spanish insurer in the world, with a 14.2 percent market share in Non-Life insurance and 7.9 percent market share in Life insurance in the Spanish market. It is the 10th largest insurer in Europe and is present in nearly every country in Latin America, where it is the leading Non-Life insurance group, with a market share of 7.8 percent (according to the figures for 2017, the latest available). Furthermore, the Group's reinsurance business (MAPFRE RE) occupies position number 17 in the global reinsurance ranking, while in the Assistance sector MAPFRE is the fourth largest such company in the world by revenue.

## **BUSINESS PERFORMANCE AND RESULTS**

### **ECONOMIC CONTEXT AND DEVELOPMENT OF INSURANCE MARKETS**

#### **Economic Context**

##### **General aspects**

The world economy grew 3.6 percent in 2018. However, there will be a tendency toward deceleration in 2019, to 3.3 percent, with the beginnings of a divergent phase between some decelerating economies, while others maintain their momentum. The United States and China maintain high rates of growth (though the latter is slowing down), 2.9 and 6.4 percent, respectively, while the Eurozone is expected to grow 2.0 percent and visibly slow down. Central banks will also show a certain loss of synchronization, with Japan and the Eurozone still in stimulus phases, while the United States and other emerging countries are in restrictive phases.

The global economy reached the peak of its cycle in the first half of 2018 (3.8 percent) and subsequently took a path of deceleration. This took place in a context marked by two events. First, global financial conditions are tightening due to the Federal Reserve's change in tone (interest rates above inflation and a balance sheet reduction), which is obligating many emerging countries to follow with their own rate hikes with the aim of stabilizing monetary flows and exchange rates. And second, this change in monetary cycle has uncovered some latent risks in economies with imbalances, like

Turkey and Argentina, with implications for their exchange rates and the price of their assets.

The US economy maintained its dynamism, with average growth of 2.9 percent in 2018 and unemployment at its lowest since the 60s. This was with underlying inflation around 2 percent, fruit of the Federal Reserve successfully reaching its (implicit) dual mandate of activity and inflation, validating itself to calibrate the path of coming hikes in an attempt to cool down the economy without prematurely ending the cycle. The cycle is already the longest in recent history and seems to be keeping in step with the Federal Reserve's objective of achieving a smooth adjustment toward more sustainable growth rates that do not create imbalances.

China tried to promote a policy of deleveraging in 2018, as well as reduce fiscal and quasi-fiscal stimuli in order to mitigate imbalances and possible risks. But the fear of the implementation of tariffs on exports to the United States and the global deceleration is becoming noticeable in its activity levels, obligating the government to make new tax cuts in 2019 as a way of boosting domestic consumption.

In Europe, 2018 was marked by important milestones like the elections in Italy and the challenges to its budgetary stability with the subsequent concern among creditors and rise in bond yields. In Germany, economic activity contracted 0.2 percent, causing the level of activity in the Eurozone to slow down to +0.2 percent. The European Central Bank (ECB) reduced its stimulus program in recent months to 15 billion a month (ending in December), although so far it is still expected to continue reinvesting maturing bonds as a way of smoothly transitioning out of the stimulus program. With the European economy already in a slower phase, there is still uncertainty of whether the ECB will be able to raise interest rates starting in the third quarter of 2019 as initially expected.

In the United Kingdom, the agreement that the British government had reached with the European Union (EU) was rejected by the parliament, opening a new period of uncertainty. In the absence of changes, the exit from the EU will take place in March 2019. The alternatives currently on the table are an exit without an agreement, or a new referendum which would require requesting delaying the exit.

Among the emerging markets MAPFRE operates in, Turkey and Argentina have suffered strong exchange rate depreciations, basically due to their macroeconomic vulnerabilities - in Turkey's case due to private foreign debt and in Argentina's to public debt. Argentina had to request 56.3 billion USD in emergency financing from the International Monetary Fund (IMF). In Asia, Indonesia raised interest rates four times this year, from 4 percent to 6 percent, and the Philippines raised rates five times, from 3 to 4.75 percent. The Central Bank in China lowered the reserve-requirement ratio for

the main banks three times this year, from 17 percent to 14.5 percent, thus relaxing the 7-day interbank repo-rates by 30 points to 2.6 percent.

Below, a closer analysis of the most relevant markets MAPFRE operates in is provided:

### **Eurozone**

The Eurozone began to show signs of wearing down, growing at a rate of 1.7 percent in the third quarter. In Germany, exports and private consumption slowed down, and a fall in automobile manufacturing is probable as a result of the problem with emission levels, which are translating into manufacturing delays. In Italy, growth stood still in the third quarter, which raised more doubts about the government's fiscal expansion plans. For 2019, GDP growth of 1.7 percent is expected, a clear deceleration from the 2.0 percent projected for the close of 2018. Exports and investment continue to be the motors, but with a global economy that is robust but slowing, it is inevitable that the Eurozone is affected in some way. Inflation in the Eurozone in 2018 fell to 1.9 percent in November, with underlying at 1.0 percent. The Euro Stoxx 50 index finished the year with a 14 percent fall to 3,000 points, led by the economic downturn and the very composition of the indexes that give significant weight to banks and utility companies, all of which operate in sectors that are sensitive to the economic deceleration.

For now, the ECB has not changed its roadmap ending the purchase program in December, and one only rate hike for deposit rates after summer 2019 is expected, but it is unlikely that it can raise loan rates in the same period.

### **Spain**

Spain registered 2.5 percent growth (YoY) in the third quarter of 2018, and overall growth for the year is expected to reach 2.6 percent. A downturn is already observable in exports and investment, and a gradual deceleration over the next two years is expected, which could be accentuated by both internal and external factors. The internal factors could originate in political uncertainty or the government's plans for fiscal tightening, while external factors could come from lower investment and exports in the midst of a trade war, or financial flows toward economies with better growth perspectives and higher interest rates.

The IBEX 35 has gone down 15 percent in the year, finishing at 8,540 points.

### **United States**

The United States economy continued to be strong, with 3.0 percent growth in the third quarter, with key growth in private consumption, reaching 3.0 percent, and investment, reaching 5.3 percent (YoY) in the third quarter of 2018. Average growth



forecasts for the year are 2.8 percent. With information to December, unemployment remained at historic lows (3.7 percent), highlighting the fact that the US economy is on the verge of holding the longest growth cycle in its history, following indicators like employment, corporate yields and rate curves, and maintaining traction thanks to the fiscal stimulus. This impulse is expected to eventually dilute, producing a smooth base scenario correction.

The rate hike path implicit in the Federal Reserve's guidance currently places the overnight rate at 3.25 percent at the end of 2019, while the market currently points toward 2.75 percent.

The 10-year interest rate closed the year at 2.685 percent. The dollar finished the year at 1.147 USD/EUR, (4.5 percent stronger) given the persistent growth and rate spread between the United States and the Eurozone.

The S&P500 index suffered substantial falls in October and November, and finished the year at 2,507 points, dropping 7 percent in USD (-1.6% in euros).

## **Brazil**

The Brazilian economy grew 1.3 percent in the third quarter of the year, leaving behind the 2016 recession, though at a more modest rate than initially expected. Growth for 2018 is expected to be 1.2 percent, and 2.3 percent in 2019. The Brazilian economy is supported mainly by consumption (+1.7 percent) and investment (+3.7 percent), while the dynamism of exports is going down (-2.9 percent).

Inflation is not a concern at 4.1 percent in November, a relatively low level for its historic standards. The Central Bank put SELIC rates at 6.5 percent, without changes, at its meeting in December.

After October's elections, the reformist program has been well received by the markets, as reflected in the exchange rate, which has recovered 10 percent (from 4.20 to 3.80 USD/BRL), and the stock market went up 25 percent from minimums in June.

On the stock market, the BOVESPA index finished the year close to 88,000 points, growing 12.7 percent in the year (15 percent in euros).

## **Turkey**

The Turkish economy is expected to grow 3.2 percent on average in the year, a substantial fall from the 7.4 percent in 2017, due to the strong deceleration that is taking place (it grew only 1.6 percent in 3Q). For 2019, a decrease of around -1.7 percent is expected, as a result of a foreseeable contraction in the first half of the year.

Inflation in December relaxed to 20.3 percent, after having reached 25.2 percent in October.

2018 was a complex year for the Turkish economy. The change of the global monetary context, with the United States initiating rate hikes and various emerging markets raising rates to defend flows and their currencies, investors are seeing the vulnerabilities of some emerging countries. In Turkey's case, its main vulnerability is focused on the high level of foreign corporate debt in dollars.

The markets' higher risk aversion created tension for the Turkish lira, bringing it to 6.5 TRY/USD in August and forcing the Central Bank to aggressively raise rates four times, in addition to substituting the reference rate for the 1 week repo rate which stood at 24 percent at the end of the year. The tightening of the monetary policy along with the publication of the 2019-2021 Economic Plan managed to stop the lira's trend, leaving it at 5.29 TRY/USD at the end of the year. In the medium-term, however, the possibility of problems from corporate leveraging in dollars resurfacing cannot be dismissed, which could activate a new volatility of the currency and the capital markets.

Istanbul's BIST30 stock index fell 21.4 percent in the year (- 32 percent in euros).

## **Mexico**

The Mexican economy grew 2.6 percent in the third quarter, driven by all aspects (consumption, investment and exports), although it is expected to slow down in the fourth quarter to a rate of 2.1 percent for the whole of the year. The unemployment rate closed the year at 3.4 percent.

Inflation reached 4.9 percent in October, with underlying at 3.7 percent; with the fall of oil prices at the end of the year, inflation is expected to moderate in the coming months. The Central Bank raised interest rates 25 basis points at its meeting in November, to 8.0 percent, and maintained them at the meeting in December.

The exchange rate in October and November showed certain weakness (reaching 20.5 MXN/USD) but managed to close the year at 19.65 MXN/USD. The Mexican Stock Market fell 17 percent in the year, finishing at 41,640 points.

## Development of Insurance Markets

### Spanish market<sup>3</sup>

Written premiums from direct insurance in the Spanish insurance market for fiscal year 2018 increased by 1.3 percent compared to 2017. The good performance of the Non-Life business lines (up 3.9 percent) was offset by the negative change in Life premiums, which fell by -1.7 percent.

| Item                          | Dec-18        | Dec-17        | Variation 18/17 |
|-------------------------------|---------------|---------------|-----------------|
| Life                          | 28,914        | 29,407        | -1.7%           |
| Non-Life                      | 35,368        | 34,028        | 3.9%            |
| <b>Total Direct Insurance</b> | <b>64,282</b> | <b>63,435</b> | <b>1.3%</b>     |

Figures in millions of euros

Practically all Non-Life lines showed increases, with Health (5.6 percent) and Multirisk (4.0 percent) leading among the larger volume lines. Automobile insurance also increased by 1.9 percent, which is 1.5 percentage points lower than in the same period in the prior year.

| Item                  | Dec-18        | Dec-17        | Variation 18/17 |
|-----------------------|---------------|---------------|-----------------|
| Automobile            | 11,135        | 10,924        | 1.9%            |
| Health                | 8,520         | 8,069         | 5.6%            |
| Multirisk             | 7,245         | 6,965         | 4.0%            |
| Other Non-Life lines  | 8,468         | 8,070         | 4.9%            |
| <b>Total Non-Life</b> | <b>35,368</b> | <b>34,028</b> | <b>3.9%</b>     |

Figures in millions of euros

Life insurance premiums ended down by 1.7 percent in 2018, which if compared with a drop of 13.8 percent recorded in the first quarter of the year, indicates a slowdown in the decrease that this line has experienced since the third quarter of 2017. The slowdown primarily affects the Life Savings line, which represents 86 percent of Life premiums and which fell 4.0 percent by the end of 2018, compared to a drop of 18 percent in the first quarter of the year. On the other hand, Life Risk premiums performed splendidly in 2018, increasing by up to 12.1 percent. Regarding the breakdown of Life business by individual or group, the latest data available from September 2018 show individual issues fell by 2.5 percent and group business rose by 13.1 percent.

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<sup>3</sup> Source: ICEA, data for 2018 are provisional.

Based on the data from September 2018, the technical profitability of the Non-Life lines improved by 1 percentage point compared to the same period in the prior year, thanks to a drop in loss ratio and expenses, but primarily the former, which dropped by 0.8 points. The increase is 1.9 percentage points in the Automobile line, due to a decrease in loss ratio. The combined ratio for Multirisk insurance, on the other hand, deteriorated by 0.3 percentage points due to a higher loss ratio in Homeowners and Condominium Multirisk insurance.

| Item                  | TOTAL NON-LIFE |        | AUTOMOBILE |        | MULTIRISK |        | HEALTH |        |
|-----------------------|----------------|--------|------------|--------|-----------|--------|--------|--------|
|                       | Sep-18         | Sep-17 | Sep-18     | Sep-17 | Sep-18    | Sep-17 | Sep-18 | Sep-17 |
| Loss ratio            | 71.1%          | 71.9%  | 75.9%      | 77.8%  | 65.6%     | 65.0%  | 79.4%  | 80.4%  |
| Expenses              | 21.8%          | 22.0%  | 18.5%      | 18.5%  | 31.2%     | 31.6%  | 12.0%  | 11.9%  |
| <b>Combined Ratio</b> | 92.9%          | 93.9%  | 94.4%      | 96.3%  | 96.9%     | 96.6%  | 91.4%  | 92.3%  |

Life insurance technical provisions grew to 188.1 billion euros in December 2018, indicating a year-on-year increase of 2.4 percent. In this same period, mutual fund assets dropped by 2.1 percent, heavily influenced by volatility in the financial markets. And finally, the volume of assets managed under pension plans rose to just over 107 billion euros as at December 2018 (latest available date), indicating a year-on-year decrease of 3.7 percent with respect to December 2017, due to an increase of 12 percent in benefits, and with contributions similar to the previous year. According to Inverco, the reason for this rise was that December 2018 was the deadline for applying a 40 percent reduction in benefits made in the form of capital for contributions made prior to December 31, 2006, and for contingencies that occurred until 2010.

| Item           | 2018           | 2017           | Variation 18/17 |
|----------------|----------------|----------------|-----------------|
| Life insurance | 188,089        | 183,606        | 2.4%            |
| Mutual funds   | 257,551        | 263,123        | -2.1%           |
| Pension funds  | 107,033        | 111,123        | -3.7%           |
| <b>TOTAL</b>   | <b>552,673</b> | <b>557,852</b> | <b>-0.9%</b>    |

Figures in millions of euros

### **Latin American markets**

The latest data published by the Latin American supervisors referring to June, September, October and November 2018 (latest official information available) shows that most of the markets in the region, with the exception of Brazil, increased premium volume in nominal terms. The explanation for the decrease in the Brazilian market lies in the Life segment, due to the fact that the *Vida Gerador de Benefício Livre (VGBL)* insurance premiums, which account for 75 percent of line revenue, dropped

9.7 percent overall for the year to November. On the other hand, other Life modalities performed quite positively, with an 11.6 percent increase.

| Country     | Date   | Non-Life | Life  | Total |
|-------------|--------|----------|-------|-------|
| Argentina   | Sep-18 | 27.4%    | 22.8% | 26.7% |
| Brazil      | Nov-18 | 5.4%     | -4.5% | -0.9% |
| Chile       | Sep-18 | 5.3%     | 4.9%  | 5.1%  |
| Colombia    | Oct-18 | 5.8%     | 0.5%  | 4.0%  |
| Mexico      | Sep-18 | 4.0%     | 14.0% | 8.4%  |
| Peru        | Nov-18 | 11.0%    | 16.9% | 13.6% |
| Puerto Rico | Jun-18 | 6.9%     | 16.9% | 7.8%  |

Source: MAPFRE Economic Research, using data from the supervisors in each country.

Aside from Brazil, Life insurance premiums dropped in nominal terms in El Salvador and Uruguay, but saw double-digit increases in most of the largest markets of the region, such as Argentina, Mexico, Peru and Puerto Rico.

The Non-Life segment performed positively in all the countries in Latin America except for Guatemala. Automobile insurance, the principal line in the segment, increased in 15 of the 18 markets in the region where MAPFRE operates. In Brazil, the line maintained a recovering trend in revenue, increasing 1.8 percent overall to September 2018 compared to the same period in 2017, thanks to new vehicle sales. Increases in Chile, Mexico and Puerto Rico were also noteworthy.

## **Other Markets**

### **United States**

The information from the National Association of Insurance Commissioners (NAIC) in the United States regarding the first half of 2018 shows that Non-Life insurance grew by 6 percent, Life insurance by 5 percent and Health insurance by 6.5 percent, compared to the same period the preceding year. The good performance of the US economy continues to contribute to this growth. The process of normalizing monetary policy is also quite far advanced. While some additional increases are expected, the current interest rate level favors Life business development and helps improve the financial profitability of the other Non-Life and Health business lines.

### **Turkey**

Based on Turkish Insurance Association data, the Turkish insurance market closed the third quarter 2018 with a nominal increase of 11.8 percent, although the fact that average inflation for the period analyzed was 14.2 percent has to be considered. The

Non-Life segment performed best, with an increase of 12.4 percent as against an increase of 8.3 percent in Life insurance. Automobile insurance continues to be the largest business line in the Non-Life sector, and recorded one of the highest growth rates in this segment at 11.5 percent, driven primarily by Third-Party Liability (+13.5 percent), after the drop recorded in 2017. The healthy performance of the Health and Third-Party Liability lines should also be noted, increasing 23.2 percent and 20.1 percent respectively.

## BUSINESS PERFORMANCE

### Revenues on operations

#### Consolidated revenue

| Item                                                  | DECEMBER<br>2018 | DECEMBER<br>2017 | Variation<br>(%) |
|-------------------------------------------------------|------------------|------------------|------------------|
| Total written and accepted premiums                   | 22,537.1         | 23,480.7         | -4.0%            |
| Investments financial income                          | 2,575.2          | 2,801.7          | -8.1%            |
| Revenue from non-insurance entities and other incomes | 1,477.5          | 1,701.3          | -13.2%           |
| <b>Total consolidated revenue</b>                     | <b>26,589.7</b>  | <b>27,983.7</b>  | <b>-5.0%</b>     |

Figures in millions of euros

The Group's consolidated revenue reached 26.6 billion euros, with a reduction of 5.0 percent, mainly due to the depreciation of the main currencies in the countries where MAPFRE operates, and the fall in financial returns.

Premiums from direct insurance and accepted reinsurance, which represent a fundamental part of revenue, reached 22.5 billion euros, with a decline of 4.0 percent, primarily due to the effect of currency depreciation and a discreet development of premium issuing in the following countries: Brazil, United States, Turkey, Colombia, Chile and Argentina.

The development of premiums is in line with the Group strategy for "profitable growth", which aims to improve the profitability of mainly Non-Life insurance. To this end, in 2018, the cancellation of unprofitable policies continued, for the amount of 353 million euros, primarily in Automobile and General P&C, which partially conditions growth.

The improvement in premiums compared to the first half of 2018, which presented a fall of 8.4 percent, is due in large part to the issuing of a collective Life policy in Spain for 282 million euros and to the recovery of currencies in the last quarter of the year.

Eliminating the effect of the PEMEX policy that was issued in the first half of 2017 and is not recurrent, as it is issued every two years, and the effect of the collective Life policy issued in 2018, the decrease in premiums would stand at 3.2 percent.

Non-Life premiums fell by 6.0 percent, while Life premiums grew 2.8 percent. By Non-Life business type, Automobile is the most important line, with 6.9 billion euros in premiums. General P&C holds second place, with 5.6 billion euros, and Health and Accidents is in third place with 1.3 billion euros in premiums.

At constant exchange rates, premiums would have grown by 2.1 percent; 0.2 percent in Non-Life and 8.5 percent in Life. Eliminating the effect of the PEMEX policy and the collective Life policy, and at constant exchange rates, premiums would have grown by 3.0 percent.

Gross revenue from investments reached 2.6 billion euros, below the previous period, due to the recurrent low-interest rate environment in Europe and the fall in interest rates in Brazil and other LATAM countries.

Finally, other revenue, which mostly includes non-insurance activity and non-technical revenue, reflects a fall of 13.2 percent.

### **Earnings**

The chart below gives a summary of the consolidated income statement to December 2018, showing the various components of MAPFRE's earnings and the comparison with the same period of the previous year.

| Item                                                  | DECEMBER<br>2018 | DECEMBER<br>2017 | Variation<br>(%) |
|-------------------------------------------------------|------------------|------------------|------------------|
| <b>NON-LIFE BUSINESS</b>                              |                  |                  |                  |
| Gross written and accepted premiums                   | 17,060.9         | 18,154.5         | -6.0%            |
| Net premiums earned                                   | 13,890.4         | 14,255.0         | -2.6%            |
| Technical result                                      | 333.7            | 267.9            | 24.6%            |
| Net financial income                                  | 471.0            | 616.6            | -23.6%           |
| Other non-technical revenue and expenses              | (66.2)           | 61.4             | -                |
| <b>Result of Non-Life business</b>                    | <b>738.5</b>     | <b>945.8</b>     | <b>-21.9%</b>    |
| <b>LIFE BUSINESS</b>                                  |                  |                  |                  |
| Gross written and accepted premiums                   | 5,476.2          | 5,326.2          | 2.8%             |
| Net premiums earned                                   | 5,321.7          | 5,054.6          | 5.3%             |
| Technical result                                      | (198.5)          | (581.6)          | 65.9%            |
| Financial result and other non-technical revenue      | 880.0            | 1,301.3          | -32.4%           |
| <b>Result of Life business</b>                        | <b>681.5</b>     | <b>719.7</b>     | <b>-5.3%</b>     |
| <b>Result from other business activities</b>          | <b>(70.7)</b>    | <b>(132.3)</b>   | <b>46.5%</b>     |
| Hyperinflation adjustments                            | (18.7)           | (24.5)           | 23.6%            |
| <b>Result before tax</b>                              | <b>1,330.5</b>   | <b>1,508.7</b>   | <b>-11.8%</b>    |
| Tax on profits                                        | (453.0)          | (410.3)          | 10.4%            |
| Result after tax from discontinued operations         | 0.0              | 0.0              | -                |
| <b>RESULT FOR THE FINANCIAL YEAR</b>                  | <b>877.5</b>     | <b>1,098.4</b>   | <b>-20.1%</b>    |
| Result attributable to non-controlling interests      | 348.7            | 397.9            | -12.4%           |
| <b>Result attributable to the controlling Company</b> | <b>528.9</b>     | <b>700.5</b>     | <b>-24.5%</b>    |

Figures in millions of euros

The accumulated attributable result to December 2018 reached 528.9 million euros, decreasing by 24.5 percent. The following events taking place in 2018 have had a relevant impact on the result:

1. The extraordinary provision of 173.5 million euros for the partial impairment of goodwill.
2. The cost of certain catastrophic events which have impacted MAPFRE RE, including the typhoons in Japan and the storms in the United States, for the net attributable amount of 96.6 million euros, to December 31, 2018.
3. The fall in net financial income, due mainly to the decrease in interest rates in Brazil and other LATAM countries, as well as the low-interest rate environment in Europe.
4. The costs derived from the reorganization of operations in the United States and the impairment of tax credits in Global Risks, which at the close of 2018 had an attributable net impact of 7.2 and 9.4 million euros, respectively.



5. The restatement for hyperinflation for the MAPFRE subsidiaries in Argentina in 2018, which had a negative net attributable impact of 17.6 million euros on the Group consolidated result.
6. The depreciation of the currencies in the countries where MAPFRE operates implies a reduction of 16.5 million euros on the attributable result, primarily from the depreciation of the Brazilian real, Turkish lira and the Argentine peso.

## **Non-Life**

Non-Life results reached 738.5 million euros, with a decrease of 21.9 percent compared to the previous period.

The positive rate of contribution to earnings of business in Spain is noteworthy, as is the significant improvement in MAPFRE ASISTENCIA's and GLOBAL RISKS' results. However, the reduction in Non-Life results is primarily due to the extraordinary effects in two of the Group's key regions:

### North America

In the first quarter of the year, various storms impacted the East coast, with a net loss of 13.8 million dollars (11.7 million euros). Additionally, in the second quarter, a sale agreement was reached for the businesses in New York and New Jersey, the sale of MAPFRE Life Insurance Company was formalized, and the exit from the states Tennessee, Kentucky and Indiana was agreed. The net loss from these operations reached 8.6 million dollars (7.2 million euros).

### Brazil

Firstly, it is important to point out the unfavorable development of the result due to the high loss experience in Automobile, Industrial Risks and Transport, as well as an increase in expenses and the fall in financial result due to lower investment returns from the lower interest rates.

Secondly, in 2018, various captions on the balance sheet were reviewed, and this has had a 22.0 million euro negative impact on the attributable result for the country.

MAPFRE RE, despite the excellent performance of its business in 2018, was affected by various catastrophic events including the typhoons in Japan which had an attributable net impact of 87.3 million euros and the storms on the East Coast of the US had an attributable net impact of 9.3 million euros.

It is important to point out that the net cost of the 2017 catastrophic events (hurricanes in the Caribbean and earthquakes in Mexico) has decreased slightly in 2018 to 155.0 million euros, which has had a 2.0 million euro positive impact on the attributable result for this year.

Finally, it is important to highlight that the heading for net financial income from Non-Life business at the close of 2018 includes an extraordinary provision of 173.5 million euros for a partial impairment of goodwill, due to the moderation of medium and long-term expectations for profit growth in insurance operations in the United States, Italy and Indonesia.

The following chart provides a breakdown of the impairment and the consolidated goodwill balances at the end of the year, of the companies affected by this extraordinary provision:

|                                  | Impairment amount | Goodwill balance at December 2018 |
|----------------------------------|-------------------|-----------------------------------|
| MAPFRE USA                       | 129.7             | 640.5                             |
| VERTI INSURANCE (ITALY)          | 21.6              | 46.7                              |
| ABDA SEGUROS (INDONESIA)         | 22.2              | 61.6                              |
| <b>Total Goodwill impairment</b> | <b>173.5</b>      | <b>748.8</b>                      |

Figures in millions of euros

## Life

Life results reached 681.5 million euros, with a decrease of 5.3 percent compared to the previous year. The Life business technical result has improved significantly thanks to the excellent results in Spain, which considerably soften the negative effect of the fall in the bank channel in Brazil, and the lower financial income from the important drop in interest rates in Brazil and other countries in the LATAM region.

Further, the sufficiency of certain technical provisions in Brazil has been reviewed, in order to adapt them to the best actuarial estimate, which has implied a positive contribution to the attributable result of 17.8 million euros.

Finally, it is noteworthy that 2017 included the effect of the cancellation of a provision for contingent payments in the bancassurance channel in Spain for the net amount of 27.2 million euros.

## Other aspects

In the expense for corporate taxes, it is important to keep in mind that 2017 was affected by the fiscal reform in the United States, which implied a positive impact on the results contributed by this country for the amount of 38 million euros, due to the lowering of the tax rate.

The result attributable to non-controlling interests has fallen, mainly deriving from the lower results contributed from our insurance operation in Brazil.

## Balance Sheet

| Item                                                 | DECEMBER<br>2018 | DECEMBER<br>2017 |
|------------------------------------------------------|------------------|------------------|
| Goodwill                                             | 1,689.0          | 1,883.0          |
| Other intangible assets                              | 1,383.3          | 1,539.9          |
| Other fixed assets                                   | 259.7            | 271.1            |
| Cash                                                 | 2,201.4          | 1,864.0          |
| Real estate                                          | 2,096.2          | 2,171.4          |
| Financial investments                                | 41,246.0         | 42,003.2         |
| Other investments                                    | 1,487.4          | 1,437.3          |
| Unit-Linked investments                              | 2,242.5          | 2,320.1          |
| Participation of reinsurance in technical provisions | 5,883.2          | 4,989.6          |
| Receivables on insurance and reinsurance operations  | 4,547.3          | 5,006.7          |
| Deferred taxes                                       | 333.6            | 296.8            |
| Assets held for sale                                 | 341.5            | 155.6            |
| Other assets                                         | 3,579.7          | 3,630.8          |
| <b>TOTAL ASSETS</b>                                  | <b>67,290.8</b>  | <b>67,569.5</b>  |
| Equity attributable to the Controlling company       | 7,993.8          | 8,611.3          |
| Non-controlling interests                            | 1,203.8          | 1,901.4          |
| <b>Equity</b>                                        | <b>9,197.6</b>   | <b>10,512.7</b>  |
| Financial debt                                       | 2,670.3          | 2,327.4          |
| Technical provisions                                 | 48,723.6         | 47,814.1         |
| Provisions for risks and expenses                    | 641.5            | 661.7            |
| Debt due on insurance and reinsurance operations     | 1,947.4          | 2,190.7          |
| Deferred taxes                                       | 499.3            | 588.0            |
| Liabilities held for sale                            | 194.0            | 1.1              |
| Other liabilities                                    | 3,417.1          | 3,473.7          |
| <b>TOTAL LIABILITIES</b>                             | <b>67,290.8</b>  | <b>67,569.5</b>  |

Figures in millions of euros

Total assets reached 67.3 billion euros at December 31, 2018 and fell 0.4 percent compared to the close of the previous year. The most relevant changes are analyzed below:

1. The changes in Financial Investments, as well as in the headings for Assets and Liabilities from insurance and reinsurance operations, are a result of the business management process itself.

2. The increase in technical provisions and in participation of reinsurance in technical provisions is, in part, in line with the increase in gross reserves from the catastrophic claims occurring during the year and their corresponding cession to reinsurers. The impact from a claim filed for a hydroelectric dam in Colombia is noteworthy as, though it does not have a significant impact on results, it produces a significant increase in the liability technical provisions, and the participation of reinsurance in these technical provisions on the asset side, for approximately 1.0 billion euros.
3. The reduction of non-controlling interests is due to the exit of non-controlling interests in the shareholding in the Group companies, and the effect of the depreciation of the Brazilian real.
4. The heading for Assets held for sale primarily includes, to December 31 2018, the valuation of businesses in the United States that have been included in the business restructuring operation for the country, for the amount of 112.7 million euros, and the valuation of the Funespaña businesses for the amount of 135.7 million euros. To December 2017, this heading contained the fair value corresponding to the sale operation of Union Duero for the amount of 141.7 million euros.

#### **Funds under management**

The following charts show the performance of managed savings, including both technical provisions of Life insurance companies, and the Life provisions of multiline insurance companies, which are presented in the Group's consolidated balance sheet.

In addition to the Life insurance operations, MAPFRE manages its clients' savings through pension and mutual funds.

The following chart shows the details of and changes in managed savings, which includes both concepts:

### Managed savings

| Item                      | DECEMBER<br>2018 | DECEMBER<br>2017 | Variation<br>(%) |
|---------------------------|------------------|------------------|------------------|
| Life technical provisions | 28,536.5         | 28,718.9         | -0.6%            |
| Pension funds             | 4,874.7          | 5,083.5          | -4.1%            |
| Mutual funds and other    | 4,336.4          | 5,202.5          | -16.6%           |
| <b>Subtotal</b>           | <b>37,747.6</b>  | <b>39,004.9</b>  | <b>-3.2%</b>     |

Figures in millions of euros

Changes in managed savings with respect to December of the previous year reflect the stability of the Life technical provisions and the decrease in managed savings in pension funds and mutual funds, which are less attractive to clients due to the current low-interest rate environment and the high market volatility.

The following chart reflects the performance of assets under management, which includes the total Group investment portfolio as well as pension and mutual funds:

### Assets under management

| Item                   | DECEMBER<br>2018 | DECEMBER<br>2017 | Variation<br>(%) |
|------------------------|------------------|------------------|------------------|
| Investment portfolio   | 49,273.5         | 49,796.0         | -1.0%            |
| Pension funds          | 4,874.7          | 5,083.5          | -4.1%            |
| Mutual funds and other | 4,400.8          | 5,202.5          | -15.4%           |
| <b>Total</b>           | <b>58,549.0</b>  | <b>60,082.0</b>  | <b>-2.6%</b>     |

Figures in millions of euros

### Key indicators

#### **Return on shareholders' equity (ROE)**

Return on equity (ROE), which represents the relationship between net profit attributable to the parent company (deducting the share of non-controlling interests) and average shareholders' equity, was 6.4 percent (7.9 percent in 2017).

#### **Management ratios**

The combined ratio measures the impact on premiums of management costs and the loss ratio for the period. In 2018, this ratio was 97.6 percent, representing a decrease of 0.5 percentage points compared to the previous year.

The following table shows how the main management ratios performed, by business unit:

|                     | EXPENSE RATIO <sup>(1)</sup> |              | LOSS RATIO <sup>(2)</sup> |              | COMBINED RATIO <sup>(3)</sup> |              |
|---------------------|------------------------------|--------------|---------------------------|--------------|-------------------------------|--------------|
|                     | 2018                         | 2017         | 2018                      | 2017         | 2018                          | 2017         |
| IBERIA              | 21.0%                        | 20.9%        | 72.8%                     | 72.8%        | 93.8%                         | 93.7%        |
| LATAM NORTH         | 32.2%                        | 32.8%        | 65.9%                     | 65.2%        | 98.1%                         | 98.0%        |
| LATAM SOUTH         | 36.2%                        | 36.4%        | 61.1%                     | 60.4%        | 97.3%                         | 96.9%        |
| BRAZIL              | 37.0%                        | 34.5%        | 61.5%                     | 61.6%        | 98.5%                         | 96.1%        |
| NORTH AMERICA       | 28.1%                        | 25.5%        | 74.0%                     | 79.4%        | 102.1%                        | 104.9%       |
| EURASIA             | 22.2%                        | 23.2%        | 84.4%                     | 77.7%        | 106.7%                        | 100.9%       |
| MAPFRE RE           | 27.2%                        | 28.6%        | 68.8%                     | 66.2%        | 96.1%                         | 94.8%        |
| MAPFRE GLOBAL RISKS | 32.6%                        | 31.1%        | 59.3%                     | 104.3%       | 91.9%                         | 135.4%       |
| MAPFRE ASISTENCIA   | 41.1%                        | 36.6%        | 62.4%                     | 67.1%        | 103.5%                        | 103.7%       |
| <b>MAPFRE S.A.</b>  | <b>27.8%</b>                 | <b>27.5%</b> | <b>69.8%</b>              | <b>70.7%</b> | <b>97.6%</b>                  | <b>98.1%</b> |

(1) (Operating expenses, net of reinsurance - other technical revenues + other technical expenses) / Allocated premiums, net of reinsurance. Figures refer to the Non-Life business.

(2) (Incurred claims for the period, net of reinsurance + variation in other technical provisions + profit sharing and returned premiums) / Allocated premiums, net of reinsurance. Figures refer to the Non-Life business.

(3) Combined ratio = expense ratio + loss ratio. Figures refer to the Non-Life business.

### **Information by Business Unit**

MAPFRE manages its business through four units: Insurance, Reinsurance, Assistance, and Global Risks.

The chart below shows premiums, attributable result, and Non-life combined ratio for the business units:

## Key figures

| Item                                   | Premiums         |                  |                  | Attributable Result |                  |                  | Combined Ratio   |                  |
|----------------------------------------|------------------|------------------|------------------|---------------------|------------------|------------------|------------------|------------------|
|                                        | DECEMBER<br>2018 | DECEMBER<br>2017 | Variation<br>(%) | DECEMBER<br>2018    | DECEMBER<br>2017 | Variation<br>(%) | DECEMBER<br>2018 | DECEMBER<br>2017 |
| IBERIA                                 | 7,657.9          | 6,960.2          | 10.0%            | 480.6               | 511.5            | -6.0%            | 93.8%            | 93.7%            |
| LATAM                                  | 6,887.3          | 8,017.9          | -14.1%           | 156.9               | 229.4            | -31.6%           | 98.2%            | 96.6%            |
| INTERNATIONAL                          | 4,191.0          | 4,398.2          | -4.7%            | 47.4                | 88.0             | -46.1%           | 103.5%           | 103.6%           |
| <b>TOTAL INSURANCE</b>                 | <b>18,736.2</b>  | <b>19,376.3</b>  | <b>-3.3%</b>     | <b>684.9</b>        | <b>828.9</b>     | <b>-17.4%</b>    | <b>97.8%</b>     | <b>97.4%</b>     |
| RE                                     | 3,787.1          | 4,222.4          | -10.3%           | 149.1               | 162.7            | -8.3%            | 96.1%            | 94.8%            |
| ASISTENCIA                             | 911.0            | 983.5            | -7.4%            | (10.1)              | (68.4)           | 85.2%            | 103.5%           | 103.7%           |
| GLOBAL RISKS                           | 1,173.9          | 1,257.4          | -6.6%            | 23.8                | (66.3)           | 135.9%           | 91.9%            | 135.4%           |
| Holdings and consolidation adjustments | (2,071.2)        | (2,359.0)        | 12.2%            | (318.9)             | (156.3)          | -104.0%          | --               | --               |
| <b>MAPFRE S.A.</b>                     | <b>22,537.1</b>  | <b>23,480.7</b>  | <b>-4.0%</b>     | <b>528.9</b>        | <b>700.5</b>     | <b>-24.5%</b>    | <b>97.6%</b>     | <b>98.1%</b>     |

Figures in millions of euros

The most important changes are:

1. Premiums showed a decline in all business units, with the exception of the IBERIA area, which, while showing very positive, recurrent issuing, also stands out from the issuing of a collective Life policy in the third quarter of 2018. The decline in the rest of the units is primarily a result of the strong depreciation of the main currencies in countries where MAPFRE has international business operations.
2. The IBERIA area maintained a very good Non-Life technical result and combined ratio, standing at the close of the year at 93.8 percent. Eliminating non-recurrent results, the attributable result would have grown by 4.9 percent.
3. The LATAM area showed a decline in profits from lower results in the banking channel in Brazil, due to an increase in acquisition costs in the Life Protection business and an increase in the Automobile loss experience in the agent channel. Further, the low interest rate environment in Brazil and other countries in the region generated lower financial income. In addition, the results in Colombia deteriorate due to the higher technical provisions that were necessary for the Life Savings and Workers Compensation businesses. During the year, MAPFRE property in Chile was sold, which has implied an attributable net gain of 25 million euros.

4. The INTERNATIONAL area was affected by the impact of various storms on the East coast of the United States which produced an increase in the combined ratio in the Automobile and General P&C business lines, and by the exit from several states, which had a negative net impact on the result of 18.9 million euros. It was also affected by the impact in Turkey from the regulatory change for Motor Third Party Liability insurance, which has caused a fall in the result due to the rate intervention in this line.
5. The GLOBAL RISKS and ASISTENCIA business units showed favorable development – the former from the absence of relevant high-intensity claims and the latter from an improved loss experience thanks to the technical measures adopted in the last year.
6. Holdings and consolidation adjustments to December 2018 includes the extraordinary provision of 173.5 million euros from the partial impairment of goodwill.

### Insurance Companies

#### **IBERIA**

IBERIA encompasses the business activities of MAPFRE ESPAÑA and its subsidiary in Portugal, as well as the Life business managed by MAPFRE VIDA and its bancassurance subsidiaries.

#### Information by country

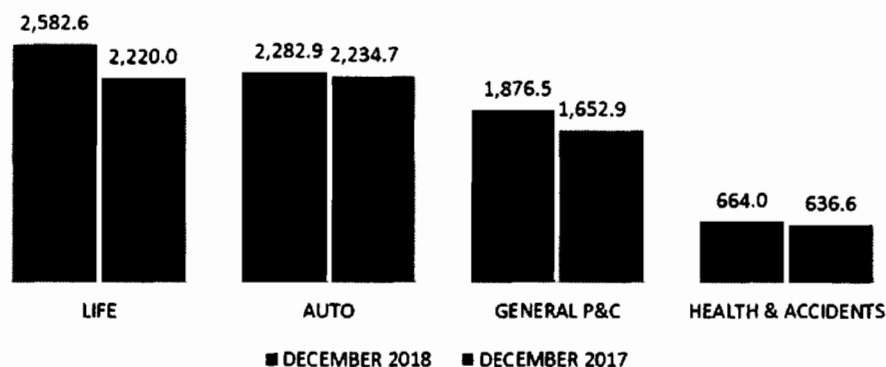
| Item          | Premiums         |                  |                  | Attributable Result |                  |                  | Combined Ratio   |                  |
|---------------|------------------|------------------|------------------|---------------------|------------------|------------------|------------------|------------------|
|               | DECEMBER<br>2018 | DECEMBER<br>2017 | Variation<br>(%) | DECEMBER<br>2018    | DECEMBER<br>2017 | Variation<br>(%) | DECEMBER<br>2018 | DECEMBER<br>2017 |
| <b>IBERIA</b> | <b>7657.9</b>    | <b>6,960.2</b>   | <b>10.0%</b>     | <b>480.6</b>        | <b>511.5</b>     | <b>-60%</b>      | <b>93.8%</b>     | <b>93.7%</b>     |
| SPAIN         | 7,524.0          | 6,820.6          | 10.3%            | 466.7               | 515.0            | -9.4%            | 93.7%            | 93.4%            |
| PORTUGAL      | 133.9            | 139.6            | -4.0%            | 13.9                | (3.5)            | --               | 96.5%            | 11.1%            |

Figures in millions of euros



## IBERIA Premiums

### Written premiums in key lines



Figures in millions of euros

Premiums in IBERIA grew 10.0 percent due to an increase in General P&C issuing, which grew 13.5 percent, and to the Life business, which grew 16.3 percent, primarily from the issuing of a collective Life insurance policy for the amount of 282 million euros.

Non-Life premiums grew by 7.1 percent and reflect the positive evolution of the Automobile, Health, Commercial and Combined Agricultural Insurance lines.

Life premiums, eliminating the effect of the collective Life policy issued in the third quarter of 2018, would have grown 3.6 percent.

The market shares in Spain\* and Portugal at December and June 2018 respectively are shown below:

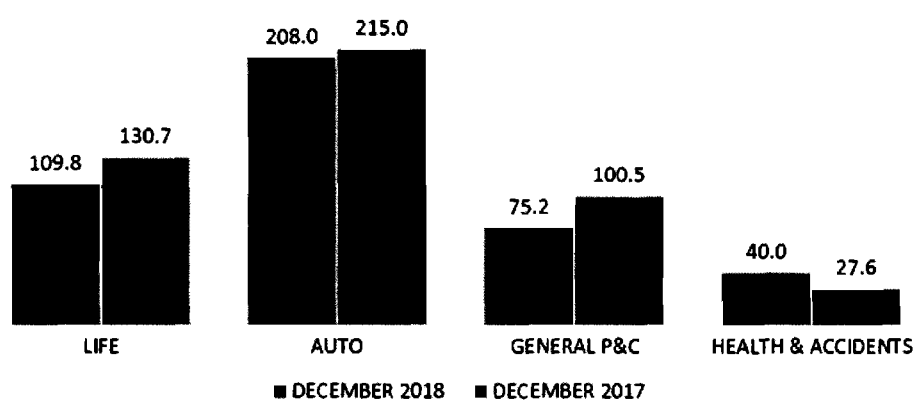
| SPAIN                 | Dec-18       | Dec-17       |
|-----------------------|--------------|--------------|
| Automobile            | 20.0%        | 20.0%        |
| Health                | 6.5%         | 6.4%         |
| Other Non-Life        | 14.2%        | 14.3%        |
| <b>Total Non-Life</b> | <b>14.2%</b> | <b>14.3%</b> |
| <b>Total Life</b>     | <b>7.9%</b>  | <b>6.5%</b>  |
| <b>Total</b>          | <b>11.3%</b> | <b>10.7%</b> |

\*Estimated market shares, using data published by ICEA, which only takes into account written direct insurance premiums. The figures include premiums written by MAPFRE GLOBAL RISKS.

| PORTUGAL              | June-18     | June-17     |
|-----------------------|-------------|-------------|
| Automobile            | 2.3%        | 2.6%        |
| <b>Total Non-Life</b> | <b>2.2%</b> | <b>2.1%</b> |
| <b>Total Life</b>     | <b>0.4%</b> | <b>0.7%</b> |
| <b>TOTAL</b>          | <b>1.0%</b> | <b>1.3%</b> |

Source: MAPFRE Economic Research, using data from the insurance supervisors in each country.

### Earnings



Figures in millions of euros

IBERIA's attributable result reached 480.6 million euros with fall of 6.0 percent compared to the previous period, though it is important to bear in mind that last year, a gain was recorded from the cancellation of a provision for contingent payments in the bancassurance channel totaling 27.2 million euros net of taxes, the sale of real estate on Luchana for the net amount of 29.0 million euros, and the gain from the sale of Unión Duero for the amount of 5.8 million euros. If we consider all of these effects in 2017 as non-recurrent, and as such eliminate the effect, in 2018, of the net gain from the sale of real estate in Portugal for 7.2 million euros, the result would have grown 5.3 percent.

The technical result of Non-Life business improved substantially as a result of the reduction of the loss ratio. It is important to highlight the exceptional Automobile combined ratio, which stood at 90.8 percent.

At the close of 2018, 108.5 million euros in financial gains, net of losses, were recorded (123.2 million to December 2017).

## LATAM

This territorial area comprises the regional areas of BRAZIL, LATAM NORTH, and LATAM SOUTH.

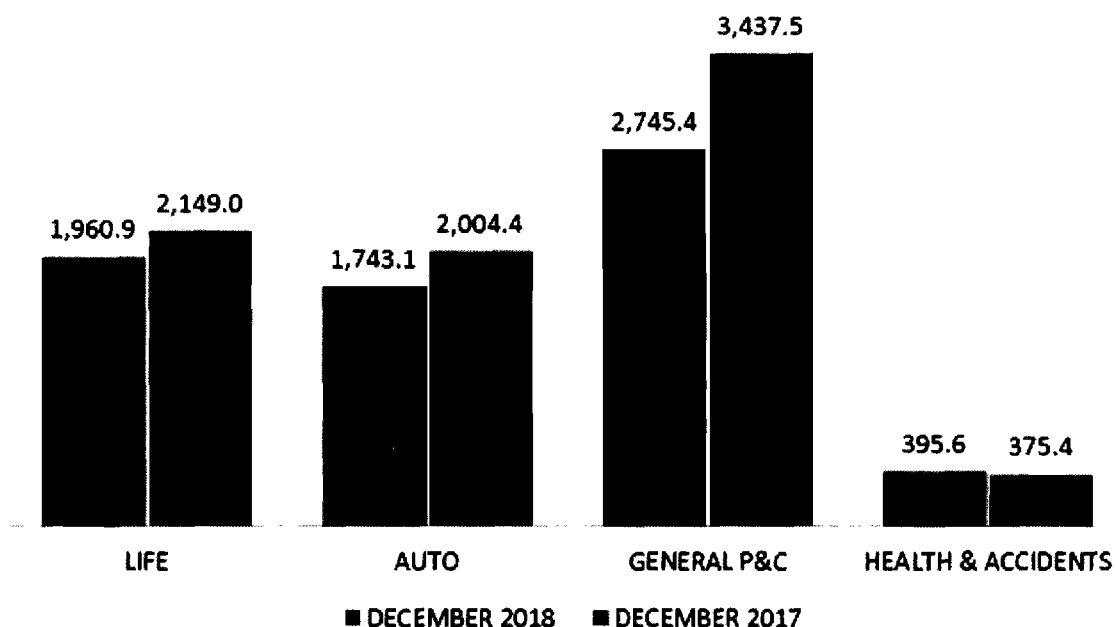
### Information by region

| Item        | Premiums      |               |               | Attributable Result |               |               | Combined Ratio |               |
|-------------|---------------|---------------|---------------|---------------------|---------------|---------------|----------------|---------------|
|             | DECEMBER 2018 | DECEMBER 2017 | Variation (%) | DECEMBER 2018       | DECEMBER 2017 | Variation (%) | DECEMBER 2018  | DECEMBER 2017 |
| BRAZIL      | 3,972.2       | 4,546.9       | -12.6%        | 54.1                | 125.4         | -56.6%        | 98.5%          | 96.1%         |
| LATAM NORTH | 1,309.3       | 1,772.1       | -26.1%        | 43.7                | 33.8          | 29.3%         | 98.1%          | 98.0%         |
| LATAM SOUTH | 1605.7        | 1,698.9       | -5.5%         | 59.1                | 70.2          | -15.8%        | 97.3%          | 96.9%         |

Figures in millions of euros

### Premiums and Result

#### Written premiums in key lines



Figures in millions of euros

The decline in premiums is primarily a result of the depreciation of the main currencies of the countries in the territory where MAPFRE has Direct Insurance operations.

There are noteworthy declines in the Brazilian real (15.8 percent), the Mexican peso (6.6 percent), the Peruvian sol (4.7 percent), the Colombian peso (3.7 percent) and the

Argentine peso (56.5 percent). It is important to point out that, in local currency, there is strong growth in written premiums in Mexico (9 percent, eliminating the effect of the two-year PEMEX policy from 2017), Peru (10 percent), Argentina (58 percent), Dominican Republic (13 percent) and other countries in the region.

The following table shows market shares for direct Non-Life insurance in the main countries in the region:

| COUNTRY              | Ranking<br>(at Dec-2017) | Market share <sup>(1)</sup> | Market share<br>date |
|----------------------|--------------------------|-----------------------------|----------------------|
| Argentina            | 17                       | 1.9%                        | Sep-18               |
| Brazil               | 2                        | 13.4%                       | Nov-18               |
| Chile                | 7                        | 5.1%                        | Sep-18               |
| Colombia             | 7                        | 5.2%                        | Oct-18               |
| Honduras             | 2                        | 17.5%                       | Sep-18               |
| Mexico               | 4                        | 4.5%                        | Sep-18               |
| Panama               | 3                        | 16.1%                       | Sep-18               |
| Peru                 | 3                        | 19.8%                       | Nov-18               |
| (Dominican Republic) | 4                        | 11.6%                       | Nov-18               |

(1) Figures according to the latest available information for each market.

Source: MAPFRE Economic Research, using data from the supervisors in each country.

### Earnings

The attributable result to December 2018 in the LATAM Territorial Area was affected by an increase in results in LATAM NORTH due to the favorable development of Mexico and in LATAM SOUTH from the extraordinary operation of the sale of real estate in Chile which generated a net attributable gain of 25 million euros. On the other hand, it is important to mention that Brazil has had a fall in Life business results in the bank channel due to an increase in acquisition expenses and from lower financial results as a result of lower interest rates, in addition to unfavorable development of the loss experience in Automobile and of some General P&C lines in the agent channel.

## INTERNATIONAL

This territorial area comprises NORTH AMERICA and EURASIA.

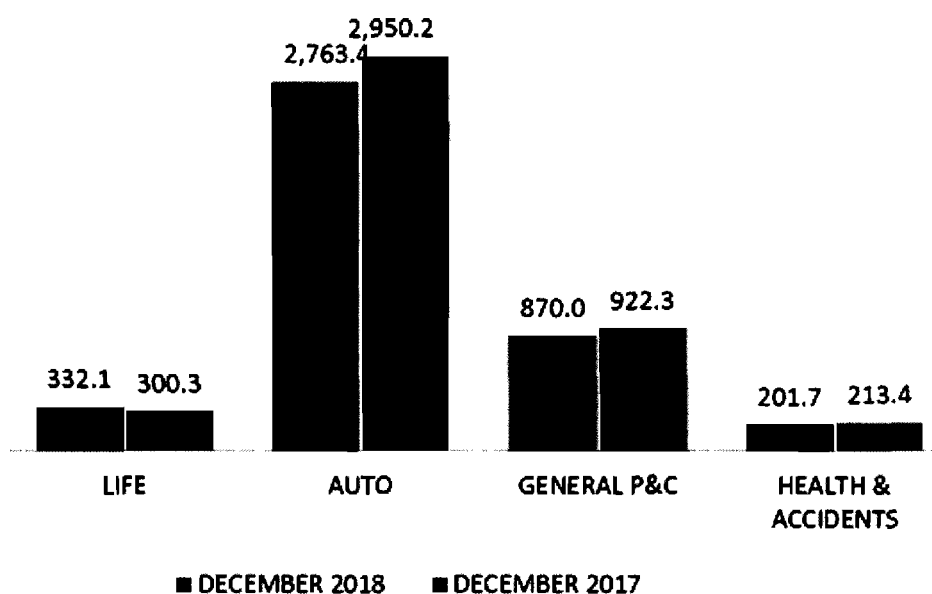
### Information by region

| Item          | Premiums      |               |               | Attributable Result |               |               | Combined Ratio |               |
|---------------|---------------|---------------|---------------|---------------------|---------------|---------------|----------------|---------------|
|               | DECEMBER 2018 | DECEMBER 2017 | Variation (%) | DECEMBER 2018       | DECEMBER 2017 | Variation (%) | DECEMBER 2018  | DECEMBER 2017 |
| NORTH AMERICA | 2,425.3       | 2,528.5       | -4.1%         | 35.0                | 48.7          | -28.1%        | 102.1%         | 104.9%        |
| EURASIA       | 1,765.8       | 1,869.7       | -5.6%         | 12.5                | 39.3          | -68.3%        | 106.7%         | 100.9%        |

Figures in millions of euros

## Premiums and Result

### Written premiums in key lines



Figures in millions of euros

Premiums from the INTERNATIONAL area fell, due to a strong depreciation of the main currencies in the Territorial Area – the US dollar (3.5 percent) and the Turkish lira in EURASIA (25.0 percent). In NORTH AMERICA the drop in premium issuing stood at 4.1 percent as a result, in addition to the depreciation of the dollar, of the downward trend of business outside of Massachusetts from the cancellation of unprofitable

business. In EURASIA, issuing fell 5.6 percent due, on the one hand, to a strong depreciation of the Turkish lira, the Philippine peso and the Indonesian rupiah and, on the other hand, lower premium issuing in Turkey.

MAPFRE's market shares in the International Territorial Area are shown below, as per the most recently available data for each country.

In the state of Massachusetts (USA), the market shares were as follows:

| LINE                  | MASSACHUSETTS |              |
|-----------------------|---------------|--------------|
|                       | Dec-17        | Dec-16       |
| Automobile            | 22.6%         | 22.5%        |
| <b>Total Non-Life</b> | <b>11.8%</b>  | <b>11.6%</b> |
| <b>Total Life</b>     | <b>0.0%</b>   | <b>0.0%</b>  |
| <b>TOTAL</b>          | <b>3.3%</b>   | <b>3.2%</b>  |

Source: SNL

Puerto Rico:

| LINE                  | PUERTO RICO |             |
|-----------------------|-------------|-------------|
|                       | June-18     | June-17     |
| Automobile            | 16.0%       | 15.7%       |
| <b>Total Non-Life</b> | <b>3.9%</b> | <b>3.3%</b> |
| <b>Total Life</b>     | <b>0.3%</b> | <b>0.5%</b> |
| <b>Total</b>          | <b>3.6%</b> | <b>3.0%</b> |

Source: MAPFRE Economic Research, using data from the supervisors in each country.

In the EURASIA region:

| LINE                  | GERMANY     |             | ITALY       |             | MALTA        |              | TURKEY      |             |
|-----------------------|-------------|-------------|-------------|-------------|--------------|--------------|-------------|-------------|
|                       | Dec-17      | Dec-16      | Sep-18      | Sep-17      | Dec-17       | Dec-16       | Sep-18      | Sep-17      |
| Automobile            | 1.1%        | 1.1%        | 2.9%        | 2.9%        | 36.9%        | 38.6%        | 5.0%        | 7.7%        |
| <b>Total Non-Life</b> | <b>0.3%</b> | <b>0.3%</b> | <b>1.5%</b> | <b>1.6%</b> | <b>32.9%</b> | <b>34.0%</b> | <b>5.7%</b> | <b>6.9%</b> |
| <b>Total Life</b>     | <b>0.0%</b> | <b>0.0%</b> | <b>0.0%</b> | <b>0.0%</b> | <b>74.4%</b> | <b>77.4%</b> | <b>0.4%</b> | <b>0.3%</b> |
| <b>Total</b>          | <b>0.2%</b> | <b>0.1%</b> | <b>0.4%</b> | <b>0.4%</b> | <b>61.3%</b> | <b>63.4%</b> | <b>4.9%</b> | <b>5.9%</b> |

Source: MAPFRE Economic Research, using data from the supervisors in each country.

| LINE                  | PHILIPPINES |             | INDONESIA   |             |
|-----------------------|-------------|-------------|-------------|-------------|
|                       | Dec-17      | Dec-16      | Sep-18      | Sep-17      |
| Automobile            | 4.0%        | 5.3%        | 4.1%        | 5.2%        |
| <b>Total Non-Life</b> | <b>2.9%</b> | <b>3.1%</b> | <b>1,6%</b> | <b>2.0%</b> |
| <b>Total Life</b>     | <b>0.0%</b> | <b>0.0%</b> | <b>0.0%</b> | <b>0.0%</b> |

|              |             |             |             |             |
|--------------|-------------|-------------|-------------|-------------|
| <b>Total</b> | <b>0.8%</b> | <b>0.9%</b> | <b>0.4%</b> | <b>0.5%</b> |
|--------------|-------------|-------------|-------------|-------------|

Source: MAPFRE Economic Research, using data from the supervisors in each country.

### Earnings

The attributable result in NORTH AMERICA was affected by the impact of several storms on the East coast of the United States that occurred in the first quarter, which implied a net cost of 11.7 million euros. Additionally, the business restructuring in the United States, exiting several states and businesses, had a net cost of 7.2 million euros. In EURASIA, the fall in the result is a consequence of the impact of the regulatory change in Motor Third Party Liability insurance in Turkey, as well as the socioeconomic context affecting the country.

### **MAPFRE RE**

MAPFRE RE is a global reinsurer and the reinsurer of the MAPFRE Group.

MAPFRE RE offers reinsurance services and capacities, providing all kinds of solutions for reinsurance treaties and facultative reinsurance, in all Life and Non-Life lines.

### Key figures

| Item                                       | DECEMBER<br>2018 | DECEMBER<br>2017 | Variation<br>(%) |
|--------------------------------------------|------------------|------------------|------------------|
| <b>Gross written and accepted premiums</b> | <b>3,787.1</b>   | <b>4,222.4</b>   | <b>-10.3%</b>    |
| Non-Life                                   | 3,186.7          | 3,565.7          | -10.6%           |
| Life                                       | 600.5            | 656.7            | -8.6%            |
| <b>Net premiums earned</b>                 | <b>3,051.2</b>   | <b>2,999.7</b>   | <b>1.7%</b>      |
| <b>Gross result</b>                        | <b>192.9</b>     | <b>221.2</b>     | <b>-12.8%</b>    |
| Tax on profit                              | (43.7)           | (58,6)           | -25.3%           |
| Non-controlling interests                  | (0.0)            | 0.0              | --               |
| <b>Attributable net result</b>             | <b>149.1</b>     | <b>162.7</b>     | <b>-8.3%</b>     |
| <b>Combined Ratio</b>                      | <b>96.1%</b>     | <b>94,8%</b>     | <b>1.3 p.p.</b>  |
| Expense ratio                              | 27.2%            | 28,6%            | -1.4 p.p.        |
| Loss ratio                                 | 68.8%            | 66,2%            | 2.6 p.p.         |

Figures in millions of euros

### Premium composition

The details of distribution weight of premiums to December 2018 are as follows:

| ITEM                        | %     | ITEM                       | %     |
|-----------------------------|-------|----------------------------|-------|
| <b>By Type of business:</b> |       | <b>By Ceding company:</b>  |       |
| Proportional                | 77.4% | MAPFRE                     | 35.0% |
| Non-proportional            | 15.6% | Other                      | 65.0% |
| Facultative                 | 7.0%  |                            |       |
| <b>By Region:</b>           |       | <b>By Insurance Lines:</b> |       |
| IBERIA                      | 21.5% | Property                   | 47.7% |
| EURASIA                     | 52.3% | Life & Accident            | 20.5% |
| LATAM                       | 17.8% | Motor                      | 20.9% |
| NORTH AMERICA               | 8.5%  | Transport                  | 3.8%  |
|                             |       | Other Insurance lines      | 7.2%  |

Premium issuing fell 10.3 percent due to a relevant part of MAPFRE RE's business coming from countries outside of the European continent, with currencies, as already explained, that have suffered strong depreciations compared to the same period of the previous year. Lower issuing of accepted premiums in Life is mainly a result of the cancellation of a contract with a European ceding company. On the other hand, lower issuing of accepted Non-Life premiums comes from lower ceding in the quota share treaty from MAPFRE USA to MAPFRE RE.

The increase in earned premiums in the year originates in the variation in the provision for unearned premiums, primarily in the Proportional business, associated with better loss experience estimates expected for the business, based on the additional historic information obtained during the year.

### Earnings

The net result for MAPFRE RE at the close of December 2018 reached 149.1 million euros, with an 8.3 percent deterioration compared to the previous year due to the severe impact from the catastrophic events occurring in 2018. The Non-Life combined ratio stood at 96.1 percent, 1.3 percentage points above the same period the previous year, due to a 2.6 percentage point increase in the loss ratio.

It is important to highlight MAPFRE RE's positive results which, despite the catastrophic events that occurred in the year, show excellent levels of profitability. In 2018, MAPFRE RE was affected by various catastrophic events, including the typhoons in Japan that had an attributable net impact of 87.3 million euros and the storms in the US with an attributable net impact of 9.3 million euros.



At the close of 2018, 30.9 million euros of financial gains, net of financial losses, were registered (38.1 million to December 2017).

## MAPFRE GLOBAL RISKS

This business unit specializes in global insurance programs for large multinational companies (e.g. aviation insurance policies, nuclear risks and energy insurance policies, third party liability insurance policies, fire insurance policies, engineering insurance policies, transport insurance policies and suretyship).

### Key figures

| Item                                       | DECEMBER<br>2018 | DECEMBER<br>2017 | Variation<br>(%)  |
|--------------------------------------------|------------------|------------------|-------------------|
| <b>Gross written and accepted premiums</b> | <b>1,173.9</b>   | <b>1,257.4</b>   | <b>-6.6%</b>      |
| <b>Net premiums earned</b>                 | <b>301.1</b>     | <b>333.1</b>     | <b>-9.6%</b>      |
| <b>Gross result</b>                        | <b>42.5</b>      | <b>(89,8)</b>    | <b>147.3%</b>     |
| Tax on profits                             | (18.7)           | 23.6             | 179.3%            |
| Non-controlling interests                  | 0.0              | 0.0              | -                 |
| <b>Attributable net result</b>             | <b>23.8</b>      | <b>(66,3)</b>    | <b>135.9%</b>     |
| <b>Combined Ratio</b>                      | <b>91.9%</b>     | <b>135.4%</b>    | <b>-43.5 p.p.</b> |
| Expense ratio                              | 32.6%            | 31.1%            | 1.5 p.p.          |
| Loss ratio                                 | 59.3%            | 104.3%           | -45.0 p.p.        |

Figures in millions of euros

### Premiums

MAPFRE GLOBAL RISKS premiums reached 1.2 billion euros, which represents 6.6 percent less than the previous year, due to the notable impact of the exchange rate as a relevant part of the company's business comes from outside the European continent.

### Earnings

The attributable result stood at 23.8 million euros, with the Non-Life combined ratio reaching 91.9 percent, thanks to an improvement in the loss experience which went down 45 percentage points compared to the close of the previous year.

At the close of 2018, an impairment was recognized of certain tax credits as a result of branches closing in connection with the business restructuring of the large industrial risks business for the amount of 9.4 million euros.

At the close of 2018, financial gains of 4.8 million euros, net of financial losses, were recorded (9.4 million to December 2017).

At the close of 2018, the MAPFRE GLOBAL RISKS business reorganization in Spain is still ongoing.

## MAPFRE ASISTENCIA

MAPFRE ASISTENCIA specializes in travel assistance, roadside assistance, and other special risks of the Group.

### Key figures

| Item                                         | DECEMBER<br>2018 | DECEMBER<br>2017 | Variation<br>(%) |
|----------------------------------------------|------------------|------------------|------------------|
| <b>Operating revenue</b>                     | <b>982.7</b>     | <b>1,113.5</b>   | <b>-11.7%</b>    |
| - Gross written and accepted premiums        | 911.0            | 983.5            | -7.4%            |
| - Other revenue                              | 71.7             | 130.0            | -44.9%           |
| <b>Net premiums earned</b>                   | <b>637.4</b>     | <b>712.4</b>     | <b>-10.5%</b>    |
| <b>Result from other business activities</b> | <b>18.2</b>      | <b>(24,4)</b>    | <b>174.5%</b>    |
| <b>Gross result</b>                          | <b>(0.7)</b>     | <b>(56,8)</b>    | <b>98.8%</b>     |
| Tax on profit                                | (8.1)            | (10,0)           | -18.7%           |
| Non-controlling interests                    | (1.3)            | (1,6)            | -18.9%           |
| <b>Attributable net result</b>               | <b>(10.1)</b>    | <b>(68,4)</b>    | <b>85.2%</b>     |
| <b>Combined Ratio</b>                        | <b>103.5%</b>    | <b>103.7%</b>    | <b>-0.2 p.p.</b> |
| Expense ratio                                | 41.1%            | 36.6%            | 4.5 p.p.         |
| Loss ratio                                   | 62.4%            | 67.1%            | -4.7 p.p.        |

Figures in millions of euros

### Revenue and premium development

The reduction in operating income and premiums in the ASISTENCIA unit is a result of the business restructuring started in previous years, and which implied adopting diverse measures in the Assistance business and the Travel Insurance business, such as: exiting or discontinuing operations in certain countries, cancelling loss-making business and contracts, raising rates and renegotiating economic conditions with some large clients. These measures have impacted income and premium growth, which explains the reduction of operating income and premiums.

## Earnings

All the measures adopted led to an 85.2 percent reduction in losses in the ASISTENCIA unit compared to the previous year. Losses were reduced to 10.1 million euros at the close of 2018, and there was significant improvement in the loss ratio, which went down 4.7 percentage points to 62.4 percent. The Non-Life combined ratio was still high at 103.5 percent due to the pressure from expenses as a result of the previously mentioned fall in premiums.

## **SIGNIFICANT ECONOMIC AND CORPORATE EVENTS**

### Significant economic events

#### **Partial goodwill impairment**

The Group has updated, at the close of 2018, the macroeconomic environment and other risk factors that could affect the insurance business in the future. As such, the low-interest rate environment in various regions that is creating lower financial income, pressure on emerging economies and their currencies, and the unusual frequency of catastrophic claims in recent years and multiple geographies that is marking a change in predictive models, are all risk factors that can condition future result growth patterns.

In this context, the Group has updated the projections of results for the areas of business, with improvements in countries whose business model is well-grounded, and slightly modifying medium and long-term profit growth expectations in the countries with greater exposure to these risks. This update of projections has implied an extraordinary partial impairment of goodwill in direct insurance operations in the United States, Italy and Indonesia, for the amount of 173.5 million euros.

This partial goodwill impairment does not affect in any way the cash flow generated by the Group in 2018, nor does it affect its financial strength or flexibility, nor the capital models that support its current ratings and the high Solvency level of the Group and its subsidiaries. As such, it maintains its capacity to generate dividends.

#### **Catastrophic claims in Reinsurance**

In 2018, MAPFRE RE was affected by several catastrophic events, including the typhoons in Japan that had a net attributable impact of 87.3 million euros and the storms in the United States with a net attributable impact of 9.3 million euros.

## Hyperinflation in Argentina

Argentina has been considered hyperinflationary, as it has accumulated inflation above 100 percent in the last three years. As a result, at the close of 2018, the Group has restated for inflation the consolidated financial statements of the MAPFRE subsidiaries in Argentina.

The following chart provides a breakdown of the financial impacts resulting from the restatement for inflation, to the close of 2018:

|                                                          | Without restatement | Restated | Impact |
|----------------------------------------------------------|---------------------|----------|--------|
| Total MAPFRE Argentina assets                            | 276.1               | 287.1    | 11.0   |
| Total attributable equity MAPFRE Argentina               | 36.9                | 47.0     | 10.1   |
| MAPFRE Argentina net written premiums                    | 231.8               | 220.5    | (11.3) |
| MAPFRE Argentina contribution to net attributable result | 18.8                | 1.2      | (17.6) |

Figures in millions of euros

## Significant corporate events

### Restructuring of Businesses

#### Brazil

On November 30 2018, the business reorganization of the strategic alliance between MAPFRE and Banco do Brasil came into effect. This alliance was initially formed in 2011 and was implemented through the holding companies BB MAPFRE SH1, focused primarily on the Life business, and MAPFRE BB SH2, owner of the insurers operating in other lines.

The reorganization has been set out in the following terms:

- Partial spin-off of BB MAPFRE SH1 by means of the segregation of the shareholding in MAPFRE Vida (Brazil), which will be absorbed by MAPFRE BB SH2.
- Partial spin-off of MAPFRE BB SH2 by means of the segregation of the shareholding in Aliança do Brasil Seguros (ABS), which will be absorbed by BB MAPFRE SH1.
- BB Seguros sells to MAPFRE BRASIL the whole of its shareholding in BB MAPFRE SH2.

Based on the insurance business reorganization agreement, MAPFRE's shareholding in the Brazilian insurance companies affected by the agreement is now as follows:

| VARIATION | ENTITY                                       | SHAREHOLDING |      |
|-----------|----------------------------------------------|--------------|------|
|           |                                              | PREVIOUS     | NEW  |
| 75%       | MAPFRE VIDA (Life / Agent)                   | 25%          | 100% |
| 50%       | BRASIL VEÍCULOS (Auto / Bank)                | 50%          | 100% |
| 50%       | MAPFRE SEGUROS GERAIS (Non-Life / Agent)     | 50%          | 100% |
| -25%      | ALIANÇA DO BRASIL SEGUROS (Non-Life / Bank)* | 50%          | 25%  |

\*The Large Risks portfolio, currently in this entity, was transferred to BB MAPFRE SH1, while the renewal rights remain with MAPFRE Seguros

This agreement has implied a payment of 519 million euros, which was financed with excess cash available in Brazil and with debt. At the same time, there was an exit of non-controlling interests in the shareholdings of the above mentioned Group companies for the amount of 331 million euros, and a reduction in consolidated reserves for the amount of 197 million euros.

### United States

MAPFRE has reorganized its activity in the United States, selling its Life operation and exiting five states where it was operating primarily in the Automobile line, due to not having sufficient scale there to make them profitable.

This restructuring is based on the following three transactions:

- The sale during the second quarter of 2018 of MAPFRE Life Insurance Company to the Swiss reinsurer Swiss Re. The sale transaction is limited to assets and liabilities, as well as the license MAPFRE had in all states in the U.S. to operate in the Life insurance line.
- The transfer, in April, of the Non-Life business portfolios in the states of Tennessee, Kentucky and Indiana to the entity Safeco Insurance, a subsidiary of the Liberty Mutual Group.
- The sale to the US insurer Plymouth Rock of the business in New York and New Jersey. In the case of New York, MAPFRE sold its subsidiary, MAPFRE Insurance Company, while in New Jersey, the operation was structured as a business portfolio transfer to various entities of the Plymouth Rock group. Both operations, which closed simultaneously, received approval from the regulatory bodies on January 2, 2019.

The fair value of the assets from this last transaction was recorded in the "Assets held for sale" caption of the balance sheet at the close of 2018.

The reorganization of all these businesses in the United States implied recording losses, net of taxes, of 8.6 million dollars (7.2 million euros) at the close of December 2018, and recording a cash inflow in MAPFRE USA of 68.9 million dollars.

Additionally, 5 percent of “ACIC Holding Company Group” was acquired for the amount of 9.8 million euros, to obtain 100 percent of the company’s voting rights.

## **Spain**

At the close of 2018, MAPFRE had the following ongoing business reorganizations underway in Spain:

- a) In April 2018, MAPFRE approved a new configuration for its businesses insuring large industrial and commercial risks.

Under this new structure, MAPFRE GLOBAL RISKS will continue to develop its management capacity and its market knowledge, and at the same time, the insurance or reinsurance risk will be assigned to the Group entities which, based on their specialization, size or capacity, are able to take on said risk with the greatest efficiency and profitability.

To this end, a business restructuring operation is being carried out through which:

1. The purely insurance or reinsurance activities, along with the related assets and liabilities, will be transferred, respectively, to MAPFRE ESPAÑA and MAPFRE RE;
2. The creation of an entity that will continue MAPFRE GLOBAL RISKS’ operations regarding the analysis and underwriting of large industrial and commercial risks, and it will act on behalf of MAPFRE ESPAÑA and MAPFRE RE.

At the close of 2018, this restructuring transaction is still pending approval from the Spanish supervisory body. However, its execution will not impact the consolidated financial statements of the Group.

- b) MAPFRE and Bankia, in December 2018, reached an agreement to reorganize their bankassurance alliance, by virtue of which MAPFRE VIDA will acquire 51 percent of the share capital of the insurance entities Caja Granada Vida and Caja Murcia Vida y Pensiones, significantly increasing MAPFRE’S Life insurance distribution in the southeast of Spain. This transaction is subject to the approval of the corresponding regulatory and supervisory authorizations. With regards to Non-Life insurance, the agreement makes it possible to increase the exclusive sale of MAPFRE General P&C insurance to the whole Banco Mare Nostrum (BMN) network,

which makes MAPFRE the exclusive distributor of Non-Life insurance for the entire Bankia network.

Both agreements imply a payment by MAPFRE of 161.7 million euros.

The expansion of the alliance in Life and Non-Life implies the incorporation of approximately 400 points of sale from the BMN network.

- c) In the final quarter of 2018, MAPFRE ESPAÑA and Santa Lucia S.A. signed a non-binding memorandum of understanding by virtue of which both parties reflected the preliminary agreements reached with the aim of establishing a strategic alliance for the joint development of their respective funeral service businesses in Spain, through the establishment of a joint company. As set out in said non-binding agreement, should the alliance be established, MAPFRE ESPAÑA is expected to own a non-controlling share, and Santa Lucia S.A. would control the jointly-owned company.

In this context, MAPFRE ESPAÑA formulated a takeover bid for the whole of the shares representing 100 percent of the share capital of Funespaña, S.A., for its exclusion from trading on the Madrid and Barcelona stock markets. MAPFRE ESPAÑA offered 7.5 euros per share to the shareholders affected. As a result of this bid, the Funespaña, S.A. shares have been excluded from trading on the stock market. At December 31 2018, MAPFRE ESPAÑA owns shares representing approximately 99.55 percent of its share capital.

### **Capital increases in Group companies**

In the first quarter of 2018, a capital increase was carried out in VERTI INSURANCE S.P.A. (Italy) for the amount of 120 million euros, having paid 60 million euros in the first quarter and the other 60 million euros in the fourth quarter of the year. This increase is intended to improve the solvency position of the entity.

In the second half of 2018, a capital increase was formalized and paid at MAPFRE BRASIL PARTICIPAÇÕES for the amount of 250 million euros. The aim of this capital increase was to partially finance the previously mentioned restructuring of the insurance business in Brazil.

In November and December, two capital increases were made in COLOMBIA SEGUROS GENERALES for the amount of 13.2 and 23.8 million euros, respectively. The aim of these increases was to improve the company's solvency position.

Finally, in December 2018, a capital increase was made in MAPFRE ASISTENCIA for the amount of 31 million euros. This capital increase was intended to improve the solvency position of the company.

### **Authorization of transfer of Caja Duero and Duero Pensiones Shares**

Authorization was obtained in March from the General Directorate for Insurance and Pension Funds for the transfer of the abovementioned shares and the corresponding consideration was effected for same.

### **Credit novation of MAPFRE S.A.**

In February, the syndicated 1 billion euro line of credit that was to mature in December 2021 was transformed into a sustainable loan with the maturity date extended to 2023. In January 2019, its maturity date was extended from February 2023 until February 2024.

The most notable feature of this transaction is that the interest rate applied takes into consideration not only MAPFRE's credit rating but also the company's sustainability parameters.

MAPFRE reaffirms its dedication to sustainability in all areas of the organization and strengthens its position as a company that is committed to social responsibility, the environment and society in general, as well as to reducing its financing expenses and extending financing maturity, while ensuring more advantageous conditions, taking into consideration the performance of the financial markets.

## **ISSUES RELATING TO THE ENVIRONMENT, SECURITY AND EMPLOYEES**

### **Environment**

One of the things that MAPFRE does that enables it to generate trust in shareholders is its commitment to sustainability in the environments in which it operates, with this commitment representing one of the Group's short and medium-term challenges.

During 2018, actions continued to be implemented to satisfy the commitments assumed under the Environmental Policy approved by the Board of Directors of MAPFRE S.A. on December 13, 2018, including additional commitments related to the inclusion of environmental criteria in the business processes of the company.

MAPFRE carries out Environmental Management activities under the guidelines defined by the triple Integrated Environmental, Energy and Carbon Footprint System, a strategic model defined in accordance with the international standards ISO 14001, ISO 50001 and ISO 14064.



The transversal design and the global nature of the Integrated Management System allows for both corporate and specific local objectives to be established, thereby assuring compliance with applicable legislation and providing minimum criteria for compliance in countries in which legislation is less developed.

In the environmental area, certifications have already been issued to 35 headquarters of Group companies in Spain, Brazil, Mexico, Colombia, Puerto Rico, Paraguay, Portugal, Argentina and Chile, to which can be added 17 headquarter buildings located in Spain with energy management certification.

The expansion of the scope of UNE-EN-ISO 14064 continues to move ahead, and the carbon footprint of the Group companies located in Spain, Puerto Rico, Colombia, Peru and Portugal has been verified.

In relation to mitigation and adaptation to Climate Change, the completion of activities defined in the 2020 Energy Efficiency and Climate Change Strategic Plan continues, with more ambitious challenges and deadlines assumed regarding CO<sub>2</sub> neutrality. Group actions in this area have made it possible for MAPFRE to be included on the CDP A-List (Driving Sustainable Economies).

It should be noted that MAPFRE is part of a pilot project in the insurance industry promoted by UNEP-FI created to incorporate recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The inclusion of these recommendations will provide the leverage to introduce climate parameters in financial analyses, and so facilitate the dialog among companies and banks, insurers and investors.

Furthermore, bearing in mind the conditions that Climate Change provokes in the biological diversity of our planet, development of specific programs will continue for conservation, including those that sponsor the continuation of the project for reforestation of the Doñana National Park through the "100 Empresas por los bosques" (100 Companies for the Forests) initiative of WWF Spain.

In terms of promoting environmental responsibility in society, the organizing of the second corporate volunteering day, "Everyone for the Environment", should be mentioned, in which more than 1,500 volunteers - comprising employees and their families - in 25 countries undertook reforestation projects in degraded areas, planting 1,720 trees, removing trash from beaches and rivers, collecting 35 tons of trash and improving and maintaining pathways and parks, among other activities, demonstrating once again the commitment and involvement of our employees in this area.

Lastly, the Global Campaign to publicize the Objectives of Sustainable Development among employees of the Group was reinforced by the highlighting of environmental activities performed by the company and best practices for employees found in 13 of the 17 objectives defined in the 2030 Agenda.

### **Security**

Work continued throughout 2018 on achieving a secure environment in which MAPFRE can pursue its everyday activities through the protection of tangible and intangible assets, including services offered to clients in accordance with the provisions of the Corporate Security and Privacy Policy approved by the MAPFRE S.A. Board of Directors on December 13, 2018. This was carried out within an unusually complex context characterized by an increase in the number and sophistication of cyber-attacks sustained by companies similar to MAPFRE, heightened regulatory pressure principally in the area of privacy and data protection, and increasing instability in countries and regions where the Group has a significant presence.

Regarding protection against cyber risks, programs have been implemented to optimize both access control and identity management procedures such as detection and response capabilities against cyberattacks, including participating in cybersecurity information sharing and analysis networks and initiatives between companies and institutions, such as CSIRT.es in Spain.

As for Privacy and Data Protection, various projects have been implemented designed to comply with the new General Data Protection Regulation of the European Union, which entered into force on May 25, 2018. Its completion has made it possible to properly manage the exercising of the rights of clients and other stakeholders in this regard, as well as guarantee compliance with new legal requirements.

As far as Operational Survival is concerned, work continued on updating and improving the crisis management and business continuity, as well as the verification of their effectiveness, by testing the various strategies that have been implemented in accordance with the Business Continuity Policy approved by the Board of Directors of MAPFRE S.A.

Situations have arisen during the reporting period requiring the implementation of defined plans in several countries such as Brazil, Nicaragua and Spain (for the flooding that occurred in the Balearic Islands and Malaga province), where an effective and appropriate response was provided to our clients during these difficult times.

In Business Continuity, the awarding by the Spanish Association for Standardization and Certification (AENOR) of ISO22301 for the Business Continuity Management Systems of MAPFRE GLOBAL RISKS, MAPFRE RE and the Benefits and Providers Area of MAPFRE ESPAÑA should be noted, along with what was already obtained by the Operations Area of MAPFRE ESPAÑA.

MAPFRE continues its commitment to talent and delivering constantly more specialized training to its workforce so they can perform to the best of their abilities in an increasingly complex and challenging environment. Consequently, the number of professional certifications in security-related areas surpassed 400 in 2018.

### **Workforce**

The chart below shows the headcount at the end of 2018, compared with the headcount for the previous fiscal year.

| CATEGORY                 | TOTAL NUMBER  |               |
|--------------------------|---------------|---------------|
|                          | 2018          | 2017          |
| <b>DIRECTORS (*)</b>     | 18            | 19            |
| <b>SENIOR MANAGEMENT</b> | 40            | 37            |
| <b>EXECUTIVES</b>        | 1,508         | 1,491         |
| <b>HEADS</b>             | 4,774         | 4,018         |
| <b>TECHNICIANS</b>       | 16,933        | 17,992        |
| <b>ADMIN. ASSISTANTS</b> | 12,117        | 12,714        |
| <b>TOTAL</b>             | <b>35,390</b> | <b>36,271</b> |

(\*) Executive directors of Spanish companies.

The Human Resources area fully supports the transformation of the business and is responsible for providing the talent that is necessary to achieve success by adequately training employees. This area is also responsible for guaranteeing a healthy, diverse and collaborative working environment.

Employee management is particularly relevant in a global company such as MAPFRE, and some of its most important aspects are the integration of different generations of employees within the company, maximizing the knowledge of each person; utilizing the benefits afforded by new technologies and social media in human resources processes; reinforcing internal communication to ensure that the MAPFRE strategy, objectives, culture and values reach all employees; designing career plans and upholding a firm commitment to the occupational and geographic mobility of employees to ensure that the organization has global versatile teams at its disposal.

The MAPFRE Group applies policies approved by the Board of Directors of MAPFRE S.A. covering all Group employees.

The Diversity and Equal Opportunity Policy is intended to make a public commitment to both gender diversity and functional diversity by attaining a minimum of a 40 percent female headcount in positions of responsibility throughout the world by 2018. This has resulted in the definition of a global action framework to strengthen equality in all employee management processes.

The Group is also firmly committed to the inclusion of people with disabilities in the workforce, and by 2018 this collective made up more than 2 percent of the headcount. Since 2015, the Group has had a Global Disability Program in place that has been implemented in every country, and it includes measures to promote integration and a culture of awareness.

MAPFRE comprises employees of 91 nationalities, giving the Group great cultural diversity and providing it with the talent it needs to successfully conduct its business activities.

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

The Promotion, Selection and Mobility Policy encourages professional development opportunities for employees in order to increase their employability, their professional satisfaction and their commitment to the company.

In 2018, international mobility enabled 111 employees to relocate their job positions to another country.

Furthermore, the employee collaboration spaces set up on the corporate Intranet facilitate access to diverse teams while promoting creativity and the sharing of ideas and best practices.

Meetings between the different generations and the launch of the global mentoring program continued in 2018. (Traditional mentoring: 215 mentors and 263 mentees; Inverse mentoring: 64 mentors and 75 mentees.)

The company's objective is to encourage a teamwork culture while working in collaboration within an agile organization. MAPFRE has a universal task and job position map in place, which assists in the definition of strategic profiles and knowledge within the organization. The Group is also working on the global implementation of flexi-time, technological mobility and process and objective-based work.

The Remuneration Policy is intended to set appropriate pay 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. This policy also guarantees equality, internal and external competitiveness in each market, and forms part of the internal development of employees.

Performance Evaluation allows employees to be aware of their objectives and receive continuous feedback regarding their work performance, while improving communication with their manager, and reaching consensus regarding an action plan focusing on their professional development. In 2018, evaluations were completed for 31,287 employees, representing 88.4 percent of the workforce.

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 within and beyond the workplace.

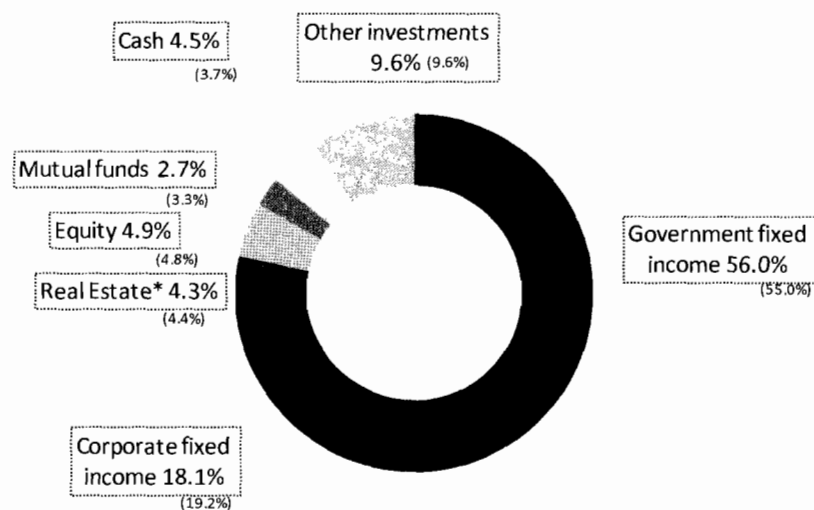
To facilitate the well-being and work-life balance, MAPFRE offers its employees a wide range of social benefits, which accounted for an investment of 176.6 million euros in 2018.

During 2018, the employee experience area was also created at corporate level, with the global employee experience project to be developed and deployed throughout 2019.

## **LIQUIDITY AND CAPITAL RESOURCES**

### **INVESTMENTS AND LIQUID FUNDS**

Overleaf, details of the investment portfolio by asset class to December 31 of each period are given, with the figures from the previous period shown in smaller text.



| Item                    | DECEMBER<br>2018 | DECEMBER<br>2017 | Variation<br>(%) |
|-------------------------|------------------|------------------|------------------|
| Government fixed income | 27,595.9         | 27,388.4         | 0.8%             |
| Corporate fixed income  | 8,921.6          | 9,572.6          | -6.8%            |
| Real estate             | 2,096.2          | 2,171.4          | -3.5%            |
| Equity                  | 2,407.1          | 2,400.9          | 0.3%             |
| Mutual funds            | 1,330.4          | 1,631.4          | -18.4%           |
| Cash                    | 2,201.4          | 1,864.0          | 18.1%            |
| Other investments       | 4,720.8          | 4,767.4          | -1.0%            |
| <b>Total</b>            | <b>49,273.5</b>  | <b>49,796.0</b>  | <b>-1.0%</b>     |

Figures in millions of euros

\*Real estate includes both investment property and real estate for own use

A breakdown of the Fixed Income portfolio by geographical area and asset type follows:

| ITEM                  | Government      | Total Corporate Debt | Corporate without collateral | Corporate with collateral | Total           |
|-----------------------|-----------------|----------------------|------------------------------|---------------------------|-----------------|
| Spain                 | 15,997.8        | 1,853.5              | 795.5                        | 1,058.0                   | 17,851.3        |
| Rest of Europe        | 5,049.7         | 3,951.2              | 3,382.2                      | 569.0                     | 9,000.9         |
| United States         | 1,347.3         | 2,094.3              | 2,033.3                      | 60.9                      | 3,441.5         |
| Brazil                | 2,871.6         | 1.8                  | 1.8                          | 0.0                       | 2,873.4         |
| Latin America - Other | 1,805.1         | 712.9                | 667.9                        | 44.9                      | 2,517.9         |
| Other countries       | 524.5           | 308.0                | 297.2                        | 10.8                      | 832.5           |
| <b>TOTAL</b>          | <b>27,595.9</b> | <b>8,921.6</b>       | <b>7,178.0</b>               | <b>1,743.6</b>            | <b>36,517.5</b> |

Figures in millions of euros

Four different types of portfolios are contemplated in investment portfolio management:

- Those that aim for a strict immunization from the obligations derived from insurance contracts, and which minimize interest rate risk, through matching adjustments, by means of immunization techniques based on matching cash flow or duration.
- Portfolios that cover unit-linked policies composed of assets where the risk is borne by policyholders.
- Those that aim to exceed the guaranteed returns and to obtain greater returns for policyholders within prudential parameters, such as portfolios with profit-sharing.
- Actively managed portfolios, which are only conditioned by the legal rules and internal risk limitations.

There follows a breakdown of actively managed Fixed Income portfolios

|                                                     | Market Value | Accounting Yield | Market Yield | Modified Duration |
|-----------------------------------------------------|--------------|------------------|--------------|-------------------|
| <b>Non Life (IBERIA + MAPFRE RE + GLOBAL RISKS)</b> |              |                  |              |                   |
| 12.31.2017                                          | 7,187.1      | 2.59%            | 1.23%        | 6.35%             |
| 03.31.2018                                          | 7,372.1      | 2.40%            | 1.15%        | 6.68%             |
| 06.30.2018                                          | 7,257.0      | 2.34%            | 1.32%        | 6.77%             |
| 09.30.2018                                          | 7,158.3      | 2.34%            | 1.42%        | 6.88%             |
| 12.31.2018                                          | 7,162.7      | 2.11%            | 1.42%        | 6.75%             |
| <b>Life (IBERIA)</b>                                |              |                  |              |                   |
| 12.31.2017                                          | 6,277.1      | 4.10%            | 1.01%        | 6.84%             |
| 03.31.2018                                          | 6,529.9      | 3.93%            | 0.84%        | 7.05%             |
| 06.30.2018                                          | 6,188.3      | 3.97%            | 1.00%        | 6.97%             |
| 09.30.2018                                          | 6,189.9      | 3.94%            | 1.09%        | 6.74%             |
| 12.31.2018                                          | 6,238.8      | 3.91%            | 1.05%        | 6.60%             |

Figures in millions of euros

At December 31, 2018, the actively managed portfolios in IBERIA and MAPFRE RE had unrealized net gains in assets and mutual funds of 45.6 million euros.

## **Real estate**

The real estate strategy for 2018 concentrated on indirect investments and divestment of assets by rotation of properties and realization of gains. The weight of real estate investments needs to be enhanced, given the current interest rate situation, but always with the level of prudence that the real estate policy requires under the current investment plan. The target product is well-located offices with high occupancy levels and reliable long-term tenants. The low interest rate scenario makes it difficult to locate good opportunities in illiquid markets with scarce availability, as is the case in Madrid or Barcelona.

In direct investments, activity is focused on investment in remodeling and modernization both for profit-generating assets (third-party leasing) and strategic assets for company use. The first group includes properties such as the building at Avenida General Perón 40 in Madrid. The second group involves gradual modernization operations and the application of new space optimization concepts, both at corporate headquarters and territorial head offices and our sales network offices. (These operations affect all MAPFRE regions worldwide).

As far as indirect investments go, two companies were established in Luxembourg to facilitate operations in the Eurozone, in Paris and Germany, utilizing a low level of leverage to improve the ROE of the investment. This investment practice is typical in Europe - without it, we would lose our competitive edge.

The major divestments in 2018 were the sale of the building at Rua Castilho 5 in Portugal and the sale of the Isidoro Goyenechea building in Chile. As for land disposals, the sale of two plots in Palma de Mallorca should be noted.

All these operations, together with progressive recovery in value of certain real estate assets, have altogether generated net gains of some 47 million euros.

At the end of fiscal 2018, real estate investments held by MAPFRE reached a market value of 2.9 billion euros, the equivalent of 4.3 percent of total investments, with unrealized gains of more than 28.1 million euros.

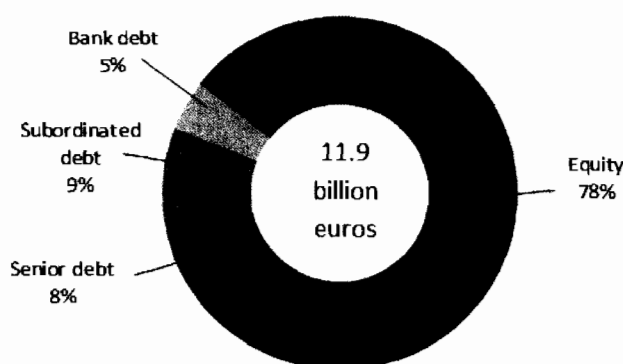
The occupancy level of buildings rented to third parties is 82 percent, and the profitability of same with regard to appraisal value is greater than 4.2 percent.



## CAPITAL RESOURCES

### Capital structure

The chart below shows the composition of the capital structure at the close of 2018:



Capital structure reached 11.9 billion euros, of which 78 percent corresponds to equity.

MAPFRE has a 1 billion-euro line of credit available which was approved in December 2014, by a syndicate of banks, and which was novated in February 2018. Included in the modified conditions with this novation, the following are noteworthy:

- Maturity is extended from December 2021 to February 2023. Subsequently, in January 2019, the maturity date was extended from February 2023 to February 2024.
- The interest rate is reduced by 20 basis points, with the possibility of an additional reduction as of the second year, if the Group's sustainability rating improved.
- Availability and use commissions are lowered.

Overall, the abovementioned modifications imply savings of between 26 and 30 percent of the cost of credit according to the level of use, in addition to strengthening our commitment to sustainability.

In the second half of 2018, MAPFRE closed a new subordinated debt issuance which was placed among over 80 investors in various countries. The main terms and conditions of this issue are the following:

- Amount: 500 million euros
- Fixed annual coupon: 4.125%
- Issue price: 99.59%
- Settlement date: September 07, 2018
- Maturity: September 07, 2048
- 1st call option: September 07, 2028
- Issue rating: BBB- (Fitch)

The Group has a leverage ratio of 22.5 percent, with an increase of 4.4 percentage points compared to the close of 2017.

#### **Debt instruments and leverage ratios**

The following chart shows the evolution of the Group's debt instruments and leverage ratios:

| Item                                                                         | DECEMBER<br>2018 | DECEMBER<br>2017 |
|------------------------------------------------------------------------------|------------------|------------------|
| <b>Total Equity</b>                                                          | <b>9,197.6</b>   | <b>10,512.7</b>  |
| <b>Total debt</b>                                                            | <b>2,670.3</b>   | <b>2,327.4</b>   |
| - of which: senior debt - 5/2026                                             | 1,004.0          | 1,003.3          |
| - of which: subordinated debt - (3/2047 (First Call 3/2027)                  | 617.6            | 617.4            |
| - of which: subordinated debt - 9/2048 (First Call 9/2028)                   | 503.0            | 0.0              |
| - of which: syndicated credit facility - 12/2021 (€1.0 BN)                   | 490.0            | 600.1            |
| - of which: bank debt                                                        | 55.6             | 106.7            |
| Earnings before tax                                                          | 1,330.5          | 1,508.7          |
| Financial expenses                                                           | 76.5             | 90.1             |
| <b>Earnings before tax &amp; financial expenses</b>                          | <b>1,407.0</b>   | <b>1,598.8</b>   |
| <b>Leverage</b>                                                              | <b>22.5%</b>     | <b>18.1%</b>     |
| <b>Equity / Debt</b>                                                         | <b>3.4</b>       | <b>4.5</b>       |
| <b>Earnings before tax &amp; financial expenses / financial expenses (x)</b> | <b>18.4</b>      | <b>17.7</b>      |

Figures in millions of euros

### Equity developments

Consolidated equity amounted to 9.2 billion euros at December 31, 2018, as compared to 10.5 billion euros at December 31, 2017. Of this amount, 1.2 billion euros correspond to non-controlling interests' shares in subsidiaries, primarily financial entities in Spain and Brazil that MAPFRE has bancassurance agreements with. Consolidated equity attributable to the controlling Company per share was 2.60 euros at December 31, 2018 (2.80 euros at December 31, 2017).

The following chart shows changes in equity attributable to the controlling Company in the period:

#### Equity attributable to the controlling Company

| Item                                                   | DECEMBER<br>2018 | DECEMBER<br>2017 |
|--------------------------------------------------------|------------------|------------------|
| <b>BALANCE AT 12/31 PREVIOUS YEAR</b>                  | <b>8,611.3</b>   | <b>9,126.5</b>   |
| Additions and deductions recognized directly in equity |                  |                  |
| Financial assets available for sale                    | (472.7)          | (285,5)          |
| Currency conversion differences                        | (102.8)          | (639,1)          |
| Shadow accounting                                      | 143.9            | 254.2            |
| Others                                                 | 1.4              | (2,7)            |
| <b>Total</b>                                           | <b>(430.2)</b>   | <b>(673,1)</b>   |
| Result for the period                                  | 528.9            | 700.5            |
| Dividends                                              | (446.7)          | (446,7)          |
| Other changes in equity                                | (269.5)          | (96,0)           |
| <b>BALANCE AS AT PERIOD END</b>                        | <b>7,993.8</b>   | <b>8,611.3</b>   |

Figures in millions of euros

Equity attributable to the controlling Company at the close of 2018 includes:

- A reduction of 472.7 million euros in the market value of the assets available for sale portfolio due to the rise in rates, primarily the American and Italian bonds, as well as the fall in the European stock markets.
- A net reduction of 102.8 million euros from currency conversion differences, primarily due to the depreciation of the Brazilian real and the Turkish lira in 2018.
- Profits to December 2018.
- A reduction of 446.7 million euros comprising the final dividend from the 2017 financial year, approved in the Annual General Meeting in March 2018 and paid in June 2018 for the amount of 261.8 million euros, and the interim dividend for 2018, approved in the third quarter of 2018 and paid in December 2018, for the amount of 184.9 million euros.

- A reduction in “Other changes in equity”, of which 197 million euros correspond to the difference between the price paid and the value of shareholders’ equity of the shares acquired in the reorganization of the alliance with Banco do Brasil.

The breakdown of the equity items attributable to the controlling Company are shown below:

| Item                                                             | DECEMBER<br>2018 | DECEMBER<br>2017 | DECEMBER<br>2016 |
|------------------------------------------------------------------|------------------|------------------|------------------|
| <b>Capital, retained earnings and reserves</b>                   | <b>8,482.3</b>   | <b>8,763.6</b>   | <b>8,614.0</b>   |
| Treasury stock and other adjustments                             | (41.3)           | (41,3)           | (46,9)           |
| Net capital gains (financial investments - technical provisions) | 290.8            | 619.7            | 651.0            |
| Foreign exchange differences                                     | (737.9)          | (730,7)          | (91,6)           |
| <b>Attributable equity</b>                                       | <b>7,993.8</b>   | <b>8,611.3</b>   | <b>9,126.5</b>   |

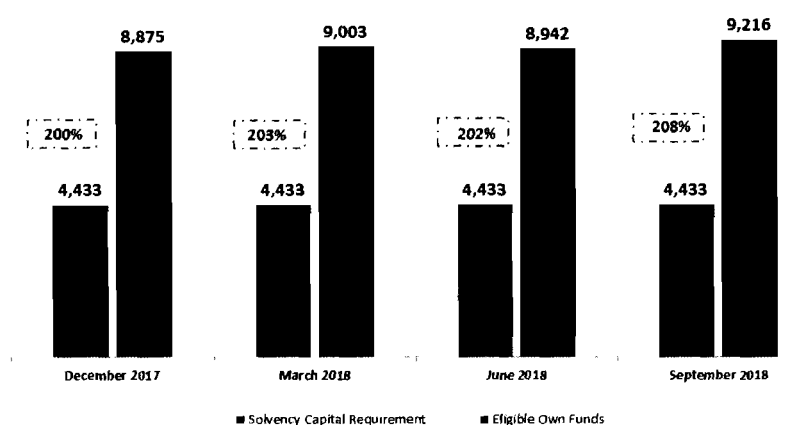
Figures in millions of euros

## SOLVENCY II

The Solvency II ratio for MAPFRE Group stood at 207.9 percent to September 2018, compared to 201.7 percent at the close of June 2018, including transitional measures. This ratio would be 188.6 percent, excluding the effects of said measures. Eligible Own Funds reached 9.2 billion euros in the same period, of which 88.0 percent are high quality funds (Tier 1).

The ratio maintained great solidity and stability, backed by high diversification and strict investment and ALM policies, as can be seen in the charts below:

### Solvency margin breakdown (Solvency II)



Figures in millions of euros

The SCR amount is calculated annually, as recalculation during the year is not required unless there is a significant change in the risk profile.

#### Impact of transitional measures and matching and volatility adjustments

|                                                       |               |
|-------------------------------------------------------|---------------|
| <b>Ratio at 09.30.2018</b>                            | <b>207.9%</b> |
| Impact transitional for technical provisions          | -16.1%        |
| Impact equity transitional                            | -3.3%         |
| Impact transitional for assets in non-euro currencies | 0.0%          |
| <b>Total ratio without transitionals</b>              | <b>188.6%</b> |

|                                                                |               |
|----------------------------------------------------------------|---------------|
| <b>Ratio at 09.30.2018</b>                                     | <b>207.9%</b> |
| Impact Matching Adjustment                                     | -2.0%         |
| Impact Volatility Adjustment                                   | -1.0%         |
| <b>Total ratio without Matching and Volatility Adjustments</b> | <b>205.0%</b> |

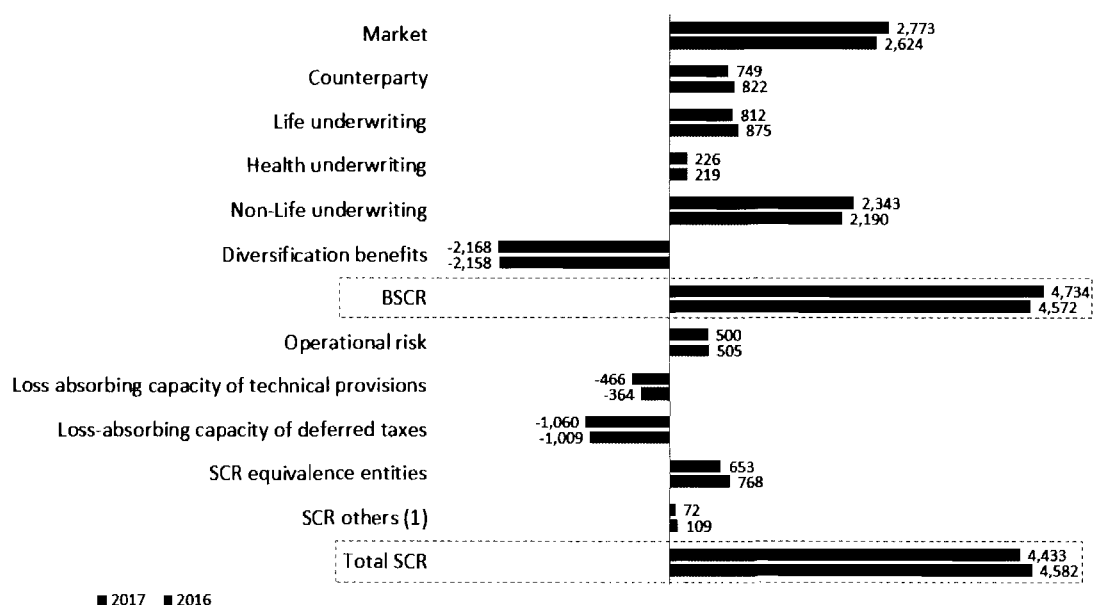
#### IFRS and Solvency II Capital Reconciliation

|                                                                       |            |       |
|-----------------------------------------------------------------------|------------|-------|
| IFRS equity                                                           | 09.30.2018 | 9,798 |
| Participations not included under SII                                 | -473       |       |
| Adjustment to participations (mainly from entities under equivalence) | -989       |       |
| Intangible assets                                                     | -2,841     |       |
| Real estate capital gains                                             | 771        |       |
| Adjustment in the rest of investments and assets                      | -61        |       |
| Adjustment in technical provisions, net of DACs and recoverables      | 2,720      |       |
| Foreseeable dividends                                                 | -184       |       |
| Subordinated debt                                                     | 1,103      |       |
| Change in DTAs / DTLs                                                 | -192       |       |
| Adjustment in minorities for excess in Own Funds over SCR             | -491       |       |
| Other                                                                 | 54         |       |
| Solvency II Eligible own funds                                        | 09.30.2018 | 9,216 |

Figures in millions of euros

## Breakdown of Solvency Capital Requirement (SCR)

The breakdown of the SCR from the last two years, calculated to December 2017 and 2016, is as follows:



(1) Includes other financial sectors, non-controlled participations and residual undertakings.

Figures in millions of euros

## ANALYSIS OF CONTRACTUAL OPERATIONS AND OFF-BALANCE SHEET OPERATIONS

At the close of the year MAPFRE had the following formal agreements for the development and distribution of insurance products in Spain with different companies, some of which have undergone, or are currently immersed in, processes related to the restructuring of the banking system:

- Agreement with BANKIA, S.A. in relation to the strategic partnership begun in 1998 with its predecessor CAJA DE AHORROS Y MONTE DE PIEDAD DE MADRID. The contract was reformulated in 2014 by including a new agreement for the exclusive distribution of MAPFRE Life and Non-Life insurance through the entire BANKIA sales network (hereinafter the "Agreement") and the continued joint participation in BANKIA MAPFRE VIDA (previously called MAPFRE-CAJA MADRID VIDA), which specializes in marketing Life insurance through the aforementioned sales network. The Agreement reached between MAPFRE and BANKIA involves the restructuring of the bancassurance business and includes an assurbanking agreement through which MAPFRE distributes BANKIA financial products through its sales network.

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

The Agreement also involved the purchase in 2014 of 51 percent of shares in ASEVAL and LAIETANA VIDA and 100 percent of shares in LAIETANA GENERALES, for an overall price of 151.7 million euros.

The final economic value of the Agreement will depend on the future level of compliance with the agreed Business Plan.

In addition, agreement was reached in December 2018 in which MAPFRE VIDA would acquire 51 percent of Caja Granada Vida and Caja Murcia Vida y Pensiones for a total price of 110.3 million euros.

This agreement also extends the scope of activity of the current partnership for General P&C in the Non-Life line to the Banco Mare Nostrum network.

The definitive closing of this transaction is subject to the approval of the relevant regulatory and supervising authorities.

- Agreement with BANCO CASTILLA-LA MANCHA, S.A. (as the successor to the banking and para-banking activity of CAJA CASTILLA-LA MANCHA) for the exclusive distribution of personal insurance and pension schemes of the jointly-owned company CCM VIDA Y PENSIONES (of which MAPFRE owns 50 percent) through the company's network.

The acquisition price for the shares was 112 million euros in cash, plus additional payments to be made in 2012 and 2021. In 2012 the sum of 4.5 million euros was paid to CAJA DE AHORROS CASTILLA LA MANCHA (now BANCO CASTILLA-LA MANCHA), and an additional sum of 14 million euros will be paid in 2021.

- Agreement with BANKINTER S.A. for the exclusive distribution of Life and Accident insurance and pension schemes of the jointly-owned company BANKINTER SEGUROS DE VIDA (of which MAPFRE owns 50 percent), through the bank's sales network.

The acquisition price for the shares was 197.2 million euros in cash, plus two payments of 20 million euros each plus interest to be paid, in light of the degree of compliance with the business plan, in the fifth and tenth year of said plan. In 2012, the degree of compliance with the plan led to payment of the first additional amount, namely 24.2 million euros. As the long-term objectives were not achieved, the provision set up in the amount of 29 million euros was canceled during the first quarter of 2017.

On April 1, 2016 BANKINTER SEGUROS DE VIDA, owned 50-50 by BANKINTER and MAPFRE, purchased the insurance business of BARCLAYS VIDA Y PENSIONES in Portugal for the sum of 75 million euros.

- Agreement with BANKINTER, S.A. for the exclusive distribution of general and business insurance (excluding Automobile, Travel and Homeowners insurance) for the jointly-owned company BANKINTER SEGUROS GENERALES (of which MAPFRE owns 50.1 percent), through the bank's sales network.

The acquisition price of the shares was 12 million euros in cash (in addition to the payment of 3 million euros for the purchase of shares on December 27, 2011), plus an additional 3 million euros to be paid in the event of full compliance with the "December 2012 Business Plan" by the end of 2015. This additional price has not accrued due to non-compliance with this Business Plan.

In addition, it should be noted that MAPFRE and BANCO DE CAJA ESPAÑA DE INVERSIONES, SALAMANCA Y SORIA S.A. (successor company to CAJA DUERO) dissolved their agreement for exclusive distribution of Life and Accident insurance and pension plans of the joint companies UNIÓN DEL DUERO COMPAÑÍA DE SEGUROS DE VIDA (DUERO VIDA) and DUERO PENSIONES ENTIDAD GESTORA DE FONDOS DE PENSIONES (DUERO PENSIONES) (of which MAPFRE held a 50 percent ownership) through the network of that company.

This agreement was concluded in 2008 for a total price of 105 million euros cash plus a maximum payment of 25 million euros, according to the degree of compliance of the Business Plan agreed to for 2008-2014 period, which was paid during 2016.

In June 2017, MAPFRE and BANCO DE CAJA ESPAÑA DE INVERSIONES, SALAMANCA Y SORIA, S.A. concluded a share purchase and sale contract whereby MAPFRE VIDA agreed to transfer 50 percent of the share capital of the companies DUERO VIDA y DUERO PENSIONES, for a joint price of 141.7 million euros.

The definitive closing of the transaction was subject to the authorization of the Directorate General for Insurance and Pension Funds. Once this was obtained, the sale was executed on March 14, 2018.

Furthermore, MAPFRE has signed shareholder agreements on standard business terms, including prohibitions on transfer of shares during certain periods and options to withdraw under certain conditions (for example, failure to achieve the Business Plan, change of control, company blocks or serious contractual non-performance, etc.).

The restructuring of the strategic partnership with BANCO DO BRASIL was ongoing in 2018. The result of this restructuring was that, commencing November 30, 2018, MAPFRE held 100 percent (previously 50 percent) of all of the business (Life and Non-Life) generated by the agency channel, and the automobile and large risks business that will be distributed through the bank channel. It is also maintaining its current share (25 percent) in BB MAPFRE, which incorporates homeowners insurance from the bank channel into its business.



In addition, MAPFRE and EULER HERMES have in place a strategic partnership to jointly pursue the Suretyship and Credit insurance business in Spain, Portugal and Latin America. Under this agreement, both companies hold a 50 percent stake in a joint venture called SOLUNION, integrating the businesses of both groups in the aforementioned markets. SOLUNION covers risks in countries all around the world and has an international network of risk analysts located in more than 50 countries that continuously monitor the situation regarding the risks of their insureds, in addition to an extensive distribution network in countries in which it is present.

Lastly, the non-controlling shareholders of MAPFRE RE have a put option on the shares of this 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 MAPFRE RE shares will be calculated using a previously agreed formula. As on December 31, 2018, based on the variables included in the aforementioned formula, the commitment assumed by MAPFRE if this option were exercised would amount to a total of approximately 98 million euros.

## **MAIN RISKS AND UNCERTAINTIES**

MAPFRE's risk management system (RMS) is based on the integrated management of each and every business process and the alignment of risk levels to the defined strategic objectives.

### **OPERATIONAL RISKS**

#### **Regulatory risk**

Regulatory risk is defined as the event comprising a change in regulations, law or administrative procedures that could adversely affect the Group.

In recent years, the legislative framework to which the insurance industry adheres has been expanding, with new regulations both internationally and locally. It should be borne in mind that the Group works in a complex environment under increasing regulatory pressure, not only in the insurance sector, but also insofar as matters including technology, corporate governance or corporate criminal responsibility are concerned.

The Group's insurance subsidiaries are subject to special regulation in the countries in which they operate. The supervisory authorities have broad administrative control over various aspects of the insurance business. This control may affect premium amounts, marketing and sales practices, the distribution of profits among policyholders and shareholders, advertising, license agreements, policy models, solvency, capital requirements, and permitted investments. Changes in taxation may

affect the benefits of certain products marketed by the company or its subsidiaries which currently enjoy favorable tax treatment.

### **Operational risk**

Operational risk is defined as the risk of withstanding losses due to the inadequacy or insufficiency of internal processes, personnel or systems; or external events.

The operational risk management model is based on a dynamic qualitative and process-based analysis of the company, whereby the managers of the different areas and departments identify and assess the potential risks affecting both business and support processes. MAPFRE has systems in place to monitor and control operational risk; although despite the fact that the results of the analysis performed in 2018 do not show any process to be at a critical level, the possibility of incurring operating losses cannot be excluded, given the difficulty of forecasting and quantifying this type of risk.

### **Client concentrations**

The Group has a high degree of insurance risk diversification since it operates in virtually all insurance lines and has a broad presence in international markets. MAPFRE applies procedures and limits that allow it to control the level of concentrated insurance risk.

It is standard practice to use reinsurance contracts to mitigate the insurance risk arising from the concentration or accumulation of guarantees exceeding the maximum acceptance levels.

## **FINANCIAL RISKS**

### **Market and interest rate risks**

Fluctuations in market prices may reduce the value of or revenues from the investment portfolio, which in turn may have a negative impact on the Group's financial situation and consolidated results.

Prudent selection of financial assets with adequate characteristics to cover the obligations assumed is the principal measure for mitigating the possible adverse effects of variations in market prices. In managing investment portfolios, the Group differentiates between those which are aimed at matching the obligations arising from insurance contracts and those where active management is undertaken. In the former type, interest rate risk and other price variation risks are minimized, while in the latter a certain degree of market risk is assumed.

MAPFRE mitigates its exposure to this type of risk by means of a prudent investment policy characterized by a high proportion of top-quality fixed-income securities. Investments in fixed-income securities represent 88.5 percent of the entire financial

investment portfolio in 2018 (88.0 percent in 2017). The market price of the securities may fluctuate as a result of changes in interest rates (interest-rate risk), the exposure to which is mitigated by searching for an adequate level of matching between assets and liabilities.

During 2018, historically low interest rates continued to feature in several markets. A scenario of interest rate hikes in 2019 would have reduced impact on equity due to the use of matching adjustment techniques, but would have a positive effect on new business by making Life savings products more attractive.

The market price of fixed-rate securities may also fluctuate due to changes in the perception of the solvency margin of issuers (spread risk), the treatment of which is explained in the section on Credit Risk.

Investments in equity instruments and mutual funds have a limited weight in the portfolio, accounting for approximately 9.1 percent of total financial investments in 2018 (9.6 percent in 2017).

Fluctuations in returns on equities also influence consumer behavior, which may have a significant impact on the Life insurance and asset management business.

Revenues from MAPFRE's Life insurance and asset management operations are directly related to the value of the assets managed (whether fixed income or equities), which means that a fall in markets could have a negative impact on these revenues.

#### **Exchange rate risk**

Changes in the value of the euro affect the value of the Group's assets and liabilities, and, therefore, its equity, operating results and cash flows. The currency conversion differences recorded resulted in the negative acknowledgment of 3.3 million euros in 2018 (a negative result in shareholders' equity of 639.1 million euros in 2017).

While most governments of the countries in which MAPFRE operates have not imposed bans on repatriating dividends or capital divestment, restrictive exchange control policies may be established in the future. The Group studies the best alternatives to mitigate the impact of the volatility of the Group's most important currencies.

Turning to technical provisions for operations abroad, the Group generally applies a policy of investing in assets denominated in the same currency as the commitments acquired by the insurer, thereby mitigating the exposure to exchange rate risk.

#### **CREDIT RISK**

Returns on investments are also sensitive to changes in the general economic conditions, including variations in the general credit rating of debt security issuers.

Accordingly, the value of a fixed-income instrument may be reduced by changes to the credit rating or insolvency of the issuer. There are similar risks in exposures to insurance, reinsurance and banking counterparties.

Exposure to credit risks is mitigated through a policy based on the prudent selection of security issuers and counterparties on the basis of their solvency; seeking i) an elevated degree of geographic correspondence between issuers of assets and the commitments assumed, ii) maintenance of an appropriate level of diversification, and iii) securing, if necessary, guarantees, collateral and other additional coverages.

The credit risk management policy establishes limits by issuer in line with the risk profile of the counterparty or of the investment instrument, as well as exposure limits related to the counterparty's rating.

## **LIQUIDITY RISK**

Liquidity risk is mainly managed by maintaining cash balances of an amount sufficient to cover any contingency arising from obligations to insured parties and creditors. Thus, on December 31, 2018 cash balances amounted to 2.2 billion euros (1.9 billion euros the previous year), equivalent to 4.5 percent of total investments and liquid funds (3.8 percent in 2017). Meanwhile, in Life and Savings insurance, the maturities of investments are matched to the obligations entered under the terms and conditions of insurance contracts in order to mitigate the exposure to this type of risk.

In addition, most fixed income investments are of investment grade and are negotiable on organized markets, affording great capacity to act against potential liquidity strains. There are also lines of credit in place with banks to cover temporary liquidity gaps.

## **ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) 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 these 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 faces the global challenges regarding sustainability; how it manages ESG risks; and how it innovates in developing insurance products and solutions for the benefit of its clients and the community.

Management of ESG risks helps in decision-making on important issues as underwriting, investment, innovation in products and services, 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.

In 2018, MAPFRE joined the United Nations Environment Program Finance Initiative (UNEP FI), along with 15 other leading insurers, in order to assess the impact of climate change and to incorporate the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in the insurance industry. As a global insurance company, MAPFRE is participating in the commitment to contribute to defining a standard of technical and financial action for the entire sector that will help the insurance industry to manage the risks and opportunities of the transition toward a low-carbon economy, and to reduce the impact of climate change for the whole of society. Climate change is part of the MAPFRE sustainability strategy.

#### **ADDITIONAL INFORMATION**

Note 7 “Risk Management” of the Consolidated Annual Report includes detailed information about the different types of risk that affect the Group.

#### **SIGNIFICANT EVENTS OCCURRING AFTER THE YEAR END**

On January 9, 2019, CORPORACIÓN ACTINVER, S.A.B. de C.V. (“Actinver”) announced its acceptance of the binding offer presented by MAPFRE for the exclusive sale of undefined MAPFRE insurance products via the Actinver network in Mexico. The definitive terms and conditions of the agreement will be revealed upon signing of the final contracts.

On January 21, 2019, MAPFRE and BANCO DE SANTANDER, S.A. reached an agreement whereby the financial institution will distribute automobile, multirisk commercial, multirisk SME and third party liability insurance exclusively via its network in Spain. Based on the agreement, MAPFRE will acquire, via its subsidiary MAPFRE ESPAÑA, 50.01 percent of a company to be newly created for the amount of 82.2 million euros, and BANCO DE SANTANDER will hold the remaining 49.99% through its subsidiary SANTANDER SEGUROS.

## **INFORMATION ON EXPECTED PERFORMANCE**

### **OUTLOOK**

The global economy has exhausted its cycle, slowing down to reach a growth rate of about 3.6 percent, in line with its trend. The leading role of the United States should be noted in this regard. Deceleration of activity will be marked by tariff tensions between the USA and China, the expiry of tax rebates initiated by the US administration and monetary easing by the Federal Reserve (FED). Emerging economies are consequently experiencing a capital outflow, with serious repercussions on their financial situations, exchange rates and activity levels.

Hence, 2019 will see a smooth, asynchronous and less intense slowdown in activity, inflation and financial conditions due to the lack of indications of serious imbalances in the balance sheets of agents.

As for levels of activity, global growth of about 3.3 percent is expected, with a product gap in the area of 0.3 percent. Developed countries will grow slightly below 2 percent, with growth being basically sustained by domestic demand, driven by a wealth effect - which will encourage consumption - arising in part from the persistent laxity in financial conditions. As for emerging markets, they will increase about 5 percent due to the predictable improvement in global financial conditions: loosening in depreciation of their currencies, and the end of the upward interest rate cycle in response to normalization by the FED. Despite these global trends, the diverse nature of this point in the cycle found in both developed emerging markets merits special attention.

Global inflation also presents a strongly diverse picture. While the USA has achieved its implicit underlying inflation objective (2 percent), underlying inflation in the Economic and Monetary Union (EMU) and Japan remains frozen at 1 percent. Inflation in general is largely determined by price corrections for petroleum, reflected in part by global deceleration.

The current global monetary policy is framed by the neutrality of the FED, laxness in the European Central Bank (ECB) and Japan and the recent hardening of monetary policy in emerging countries, with de facto alignment with the US financial system.

Future (2019) changes will be: given the cyclical moment lack of movement in inflation expectation, the USA expects that interest rates will not exceed a neutral rate of 3 percent. As for the ECB, it will maintain its ongoing lax bias due to decline in activity and underlying inflation. In fact, the end to purchasing assets was announced in December, and for now only reinvestment of principal will continue, while holding the

benchmark rate at 0 percent. These differences in global monetary policy will translate into keeping the US dollar relatively high against the euro and yen.

The current economic situation may provide an opportunity to reverse the pro-cyclicality that has persisted over the last few years. Driven by a reduction in its structural balance sheet in a context of monetary laxity, the US economy has grown, unleashing a series of domestic imbalances that have permeated both the United States and third world countries, especially in emerging markets.

Rather than amounting to a prelude to a new global crisis, the cycle change entails a scenario of ordered adjustment that will correct the imbalances generated by the global pro-cyclical policy of the last five years.

## **STRATEGIC PLANNING**

MAPFRE has a structured, focused and participatory strategy planning and management model that provides for continuous updating of the strategic plan at both corporate level and in each of the Regions, Countries and Business Units.

2018 brought the 2016-2018 strategic plan to a close, during which period MAPFRE set itself very clear objectives and drew up a portfolio of initiatives that would lead to

### ***Profitable Growth.***

The situation at the close of this plan is positive, following three years of intensive work on advancing the transformation and digitalization of our operations. The principal achievements in each of the strategic pillars of the plan are:

#### **1. Client orientation**

The Group attaches great importance to identifying and understanding client needs, behaviors and aspirations as a means of retaining existing clients and capturing new clients from the market. During the three years of the strategic plan, a large variety of projects were accomplished in several countries where we operate, enhancing relations with clients and offering new opportunities for growth. Some successes in this field are:

- Development of the Client Relationships Model and Large Cities initiatives, seeking to improve the experience for clients and increasing market share in large cities.
- Analysis of the Business Model in 19 countries to identify opportunities that enable us to enhance our product, channel and client mix.

- Creation of a Global Life Business Management area and design of a road map for the development of this business.
- Improvement of asset management thanks to the strengthening of MAPFRE INVERSIÓN.
- New Global Agreements with vehicle manufacturers, dealerships, retail, e-commerce companies and others.
- Creation of the New Innovation Model (MOi) to enhance strategic innovation (intra-entrepreneurship) and disruptive innovation with the launch of insur\_space MAPFRE.

## **2. Digital transformation**

It is absolutely necessary that MAPFRE continues making every effort to adapt to the new Digital Era.

Among the achievements reached in this respect are the following:

- Execution of the Digital Business Plan, thanks to which we generated almost 1.5 billion euros in digital business premiums.
- Over 200 projects have been developed, enabling us to move ahead with digital era changes and offer better service to clients, providers and employees.
- The SAM 3.0 development initiative (MAPFRE Automobile Insurance) that is making it possible to prepare the company to deal with new market conditions in the automobile field.
- Development of Digital Health business model.

## **3. Excellence in technical and operational management**

Our activities require us to constantly strive for operational excellence, adapting to new client, market and regulatory requirements. The principal activities carried out in this respect are:

- Implementation of Contact Center model.
- Construction of the Self-directed application for the client.
- Implementation of the global provider model.
- Development of new Predictive and Analytical Models.
- Digital marketing and rating solutions.
- Deployment of operational models for issuing, claims and fraud.



#### **4. Culture and talent**

Leaning on both employees and the MAPFRE culture is critical to the successful implementation of the strategic plan. Some successes in the field of culture and talent are:

- Implementation of the Talent Management initiative, identifying profiles and developing talent.
- The Workforce Unifications initiative has helped achieve greater standardization at various levels of the organization.
- In terms of execution, the Digital Challenge initiative is focused on changes in the work environment, collaborative work, knowledge management, digital culture and new forms of remuneration.
- Substantial advances in terms of equal opportunity, diversity and workplace inclusion.
- Defining and launching the Sustainability Plan.

In 2018, MAPFRE undertook a reflective exercise to review its strategic orientation, based on the need to better consolidate and enhance profitability in its businesses as well as seize new opportunities to respond to the speed of transformation in the business environment, in order to maintain competitiveness in the sector.

The strategic plan for 2019-2021 was strengthened along these lines, adopting the slogan *WE'RE TRANSFORMING FOR GROWTH AND IMPROVED PROFITABILITY*, supported by the Client Orientation, Excellence in Technical and Operational Management and in Culture and Talent strategic pillars.

#### **R&D+i ACTIVITIES**

Client orientation is one of the main axes of the MAPFRE Strategic Plan, which identifies innovation and digital transformation as two of the key tools to offering insurance solutions focused on client needs and achieving the short, medium and long-term strategic objectives while simultaneously bearing in mind the quality of the service delivered to clients.

#### **INNOVATION**

MAPFRE's priorities in terms of innovation emanate from the company's strategy, placing the client (taking account of the different segments) at the center.

In order to deal with the fundamental change that is taking place in the insurance industry, the organization must be streamlined, making it more agile and efficient. To

this end, in 2018 an array of transformation and innovation platforms were implemented, known as MAPFRE Open Innovation (MOi), which involves an allocation of approximately 100 million euros annually.

The functional parts of MOi are summed up below:

Strategic Innovation serves the objective of proposing solutions using a short and medium-term methodology with reasonable returns and perfectly measurable objectives addressing strategic challenges that permit the organization to differentiate itself.

Strategic innovation activity is focused on four pillars:

- Establishing Knowledge Centers worldwide on current trends that directly or indirectly affect the business;
- Deploying a Startup and Case Builder Radar to build bridges between the company and the entrepreneurial ecosystem;
- Management of a global innovation portfolio and the introduction of work methodologies aimed at making agility, flexibility and change the common denominator in project development;
- Launch of the intrapreneurship program MAPFRE innova, which is an open innovation participatory process for company employees.

Disruptive Innovation was born out of the desire to construct a relationship model with agents outside the organization that allows MAPFRE to import innovation and accelerate its transformation capacities.

Disruptive innovation focuses on:

- insur\_space MAPFRE, an accelerator facilitating direct interaction with selected, relevant startups.
- Participation in investment vehicles that facilitate a broader grasp of disruptive innovation in insurtech, as well as positioning the company favorably to capitalize on same.
- Maintaining strong relationships with Universities and Business Schools is a proven way to attract talent to the organization and guarantee success in the future, and cooperation agreements with Universities and/or Business Schools that make it possible to recruit, develop and retain talent.

With the changes set in place in 2018 and the vision of consolidating this open innovation model in the coming years, the company is dealing adequately with the fundamental changes in the industry and the new realities in society in order to remain a leader in the markets in which it operates.

## **DIGITAL TRANSFORMATION**

Under the Group Strategic Plan (2015-2018), digital transformation was an initiative to be used to respond flexibly to the new needs of clients.

MAPFRE made significant advances in its digital transformation over the course of 2018, launching more than 170 related projects. This effort has enabled significant achievements to be attained with respect to the digitalization of client relationships, (considering a client to be a consumer, distributor and internal client), as well as operations:

- Attracting and converting consumer clients has been improved with the introduction of new intelligent pricing engines in Brazil and Turkey, as well as through the ROPO (Research Online Purchase Offline) model. This was completed in 2018, with digital business having increased by more than 50 percent since 2015.  
Self-direction has also been promoted for important products and manageable services via mobile platforms such as the Health app for MAPFRE ESPAÑA. And most important of all, client satisfaction has increased, as indicated by the improved NPS scores in the major markets.
- With distributor clients, we have continued to concentrate on providing them with mobility tools and making the 360° vision available to their clients. Corporate CRM has been recently implemented in Chile, El Salvador and Honduras.
- As far as service providers attending to clients after an incident go, more than 8 million such services were automatically assigned in 2018, a figure that can indeed be considered a success.
- Regarding internal clients and employees, the Digital Challenge was created, which is a corporate strategic initiative that fosters knowledge management, collaborative, flexible and agile work, promotes the use of agile methodologies, in that the transformation involves assimilating new technologies, but above all understanding that the key to success is people and their own transformation.

- Finally, strong progress was made with respect to digitalizing operations, with more than 10 million automated transactions carried out in 2018. Also, Big Data Analytics and Artificial Intelligence use cases were developed, such as improving predictive valuations for vehicle damages, thereby advancing operational improvements.

The Group's commitment for 2015 was to achieve an increase in digital transactions of 30 percent in Spain, Brazil, USA and Mexico in 2015-2018. In fact, real growth over the last three years was 56.8 percent, easily surpassing the commitment undertaken.

MAPFRE has adapted its strategies to new realities so it can continue to be one of the leading global insurers in the 21st century.

## **QUALITY**

To evaluate the quality perceived by clients, the MAPFRE Quality Observatory applies a global client experience measurement model, and is responsible for carrying out all perceived and delivered quality measurements through client surveys in all countries where the company operates, covering lines of insurance and assistance services on a twice-yearly basis. This is done through the analysis of the Net Promoter Score (NPS) to evaluate client satisfaction and critical client contact points, and recommendations are drawn up regarding the main areas that could be improved.

The reports drawn up by the Quality Observatory provide data on the client experience, assisting with the decision-making process in the different business areas.

In 2018, the VI and VII waves of NPS relational measuring were performed on a representative sample of MAPFRE portfolios covering 81.7 percent of the total private Non-Life premium volume of the Group.

The Observatory also measures the client experience level of MAPFRE's chief competitors in each country/.

The objective set for the three-year period 2016-2018 of reaching a higher NPS for our clients vis a vis the average NPS of our competitors across 70 percent of premium volume was reached. Specifically, this higher NPS was achieved in 70.4 percent of Non-Life premiums measured.

MAPFRE dedicates 196 people, a considerable number of employees, to quality control and monitoring throughout the world, and several companies hold quality certifications. In order to renew these certifications, these companies must maintain the highest customer service standards.

## **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.

MAPFRE Group treasury stock transactions have a legitimate purpose and always comply with the recommendations on treasury stock discretionary transactions issued by the Spanish National Securities and Exchange Commission (the CNMV).

Legitimate purpose refers to:

- Favoring trading liquidity and regularity in the purchase of MAPFRE shares.
- Allowing MAPFRE to access the securities it requires to meet potential obligations to deliver treasury stock, for example as a result of shareholder, executive or employee remuneration or loyalty schemes, or issues of corporate stock or operations.

Treasury stock transactions are always carried out under conditions that ensure neutrality in the price setting of MAPFRE shares in the market and complete transparency in relationships with market supervisors and governing bodies. Furthermore, these transactions are never carried out on the basis of privileged information.

The Treasury Stock Policy includes general rules on aspects such as the transaction volume, maximum and minimum order price, and execution time limits.

Treasury Stock was reduced in fiscal years 2018 and 2017 by a total amount of 2,079,216 and 3,988,894 shares respectively, representing 0.0675 percent and 0.1295 percent of equity, for an amount of 4,106.350.17 and 7,877,560.29 euros, respectively. As on December 31, 2018 and 2017, the total balance of treasury stock was 24,431,890 and 26,511,106, representing respectively 0.7934 percent and 0.8609 percent of equity, in the amount of 48,249,725.39 and 52,356,075.56 euros, respectively.

## **OTHER RELEVANT INFORMATION**

### **THE MAPFRE SHARE**

The table below shows the key information relating to MAPFRE shares at the end of Year 2018:

|                               |                                                                                                                                                                                                                                                            |
|-------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Number of shares outstanding  | 3,079,553,273 fully underwritten 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 | <ul style="list-style-type: none"> <li>– IBEX 35</li> <li>– Stoxx Insurance</li> <li>– MSCI Spain</li> <li>– FTSE All-World Developed Europe</li> <li>– FTSE4Good<sup>4</sup> and FTSE4Good IBEX4<sup>4</sup></li> <li>– DJSI World<sup>4</sup></li> </ul> |
| ISIN code                     | ES0124244E34                                                                                                                                                                                                                                               |

In 2018 MAPFRE S.A. shares traded for 257 days on the continuous market with a frequency index of 100 percent. According to data published by the Spanish Stock Exchanges and Markets (BME), an average of 5,515,638 shares were traded daily compared to 7,267,696 in 2017, a decrease of 24.1 percent. The effective average daily transactions was 14.6 million euros, compared to 21.5 million euros in the prior year, a decrease of 32.1%.

At the end of 2018, seven Spanish and international investment banks had "buy" recommendations for the company's shares, compared to three who held "hold" recommendations, while six had the stock on their "sell" lists.

### **VALUE AND RETURN**

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

|                        | <b>1 YEAR</b> | <b>3 YEARS</b> | <b>5 YEARS*</b> |
|------------------------|---------------|----------------|-----------------|
| <b>MAPFRE</b>          | -13.4%        | 0.3%           | -25.5%          |
| <b>Stoxx Insurance</b> | -10.1%        | -9.2%          | 13.6%           |
| <b>IBEX 35</b>         | -15.0%        | -10.5%         | -13.9%          |

<sup>4</sup> Indexes that measure the outcome of a company's actions to uphold and support sustainable development and human rights.

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

|                    | <b>2018</b> | <b>2017</b> | <b>2016</b> | <b>2015</b> | <b>2014</b> |
|--------------------|-------------|-------------|-------------|-------------|-------------|
| <b>EPS (euros)</b> | 0.17        | 0.23        | 0.25        | 0.23        | 0.27        |
| <b>INCREASE</b>    | -26.1%      | -8.0%       | 8.7%        | -14.8%      | 3.8%        |

### **Shareholder structure and remuneration**

At the close of 2018, Fundación MAPFRE, through its direct and indirect holdings, owned 68.2 percent of the company's shares including treasury stock; Spanish shareholders owned 12 percent and shareholders of other countries owned the remaining 19.8 percent.

Of the Spanish shareholders, 4.3 percent were institutional investors and 7.7 percent were non-institutional investors (principally individuals). With regard to investors resident in other countries, 19.7 percent were institutional investors, while 0.1 percent were non-institutional investors.

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. Among the objectives set for the three-year period 2016-2018 was adequate shareholder remuneration.

In fiscal year 2018, the Board of Directors agreed to pay an interim dividend against the year's results of 0.06 euros per share. The total amount 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 2018 to be proposed at the Annual General Meeting is a dividend of 0.085 euros per share (before tax). Therefore, the total dividend against 2018 results is 0.145 euros per share (before tax), indicating a payout ratio of 84.4 percent.

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

|                         | <b>2018</b> | <b>2017</b> | <b>2016</b> | <b>2015</b> | <b>2014</b> |
|-------------------------|-------------|-------------|-------------|-------------|-------------|
| <b>DIVIDEND (euros)</b> | 0.145       | 0.145       | 0.13        | 0.14        | 0.14        |
| <b>DIVIDEND YIELD</b>   | 5.5%        | 4.9%        | 5.8%        | 4.9%        | 4.7%        |

It should also be mentioned that since the economic and financial crisis broke out in 2007, MAPFRE has increased the amount allocated to dividends by 78 percent.

## CREDIT RATING MANAGEMENT

MAPFRE and its subsidiaries hold credit ratings from the main ratings agencies. These agencies are selected on the basis of their international presence, relevance for the insurance industry and capital markets, and their level of experience. To review the Group's credit risk profile, annual meetings are held at which each agency receives operating and financial information from the business units and the Group. A quantitative and qualitative analysis is conducted, taking into account the financial situation of the Group as well as other factors such as its strategy, corporate governance and market environment.

The principal rating agencies, Fitch, Standard & Poor's and Moody's, increased their credit rating of Spanish sovereign risk during the first half of 2018. These upgrades contributed to a revision of the ratings for the MAPFRE Group companies in Spain during this period.

The current status of credit ratings issued by the principal ratings agencies for entities headquartered in Spain is provided below, with positive revaluations during the year highlighted in green:

| Standard & Poor's   |                    |        |          |
|---------------------|--------------------|--------|----------|
| Company             | Rating type        | Rating | Outlook  |
| MAPFRE S.A.         | Issuer             | BBB+   | Positive |
| MAPFRE S.A.         | Senior debt        | BBB+   | -        |
| MAPFRE S.A.         | Subordinated debt  | BBB-   | -        |
| MAPFRE GLOBAL RISKS | Financial strength | A      | Positive |
| MAPFRE RE           | Financial strength | A      | Positive |

| Fitch               |                    |        |         |
|---------------------|--------------------|--------|---------|
| Company             | Rating type        | Rating | Outlook |
| MAPFRE S.A.         | Issuer             | A-     | Stable  |
| MAPFRE S.A.         | Senior debt        | BBB+   | -       |
| MAPFRE S.A.         | Subordinated debt  | BBB-   | -       |
| MAPFRE ESPAÑA       | Financial strength | A+     | Stable  |
| MAPFRE VIDA         | Financial strength | A+     | Stable  |
| MAPFRE GLOBAL RISKS | Financial strength | A+     | Stable  |
| MAPFRE RE           | Financial strength | A+     | Stable  |
| MAPFRE ASISTENCIA   | Financial strength | A+     | Stable  |

On January 23, 2019, Fitch confirmed the credit rating of MAPFRE S.A. and raised the financial strength rating of MAPFRE ESPAÑA, MAPFRE VIDA, MAPFRE GLOBAL RISKS, MAPFRE RE and MAPFRE ASISTENCIA.



| A.M. Best           |                    |        |         |
|---------------------|--------------------|--------|---------|
| Company             | Rating type        | Rating | Outlook |
| MAPFRE RE           | Financial strength | A      | Stable  |
| MAPFRE GLOBAL RISKS | Financial strength | A      | Stable  |
| MAPFRE ESPAÑA       | Financial strength | A      | Stable  |

| Moody's             |                    |        |         |
|---------------------|--------------------|--------|---------|
| Company             | Rating type        | Rating | Outlook |
| MAPFRE GLOBAL RISKS | Financial strength | A2     | Stable  |
| MAPFRE ASISTENCIA   | Financial strength | A2     | Stable  |

On November 23, 2018, Fitch revised the credit outlook upward for MAPFRE SEGUROS GENERALES DE COLOMBIA from “Negative” to “Stable” due to the improvement in technical business results supported by a strategy aimed at growth with profitability. Fitch also revised the outlook for MAPFRE COLOMBIA VIDA SEGUROS from “Stable” to “Negative”. The current status of the credit ratings issued to the major companies in the Group domiciled outside of Spain are as follows:

| A.M. Best           |               |                    |        |         |
|---------------------|---------------|--------------------|--------|---------|
| Company             | Country       | Rating type        | Rating | Outlook |
| MAPFRE U.S.A. Group | United States | Financial strength | A      | Stable  |
| MAPFRE PRAICO       | Puerto Rico   | Financial strength | A      | Stable  |
| MAPFRE MEXICO       | Mexico        | Financial strength | A      | Stable  |

| Fitch                                     |          |                    |           |          |
|-------------------------------------------|----------|--------------------|-----------|----------|
| Company                                   | Country  | Rating type        | Rating    | Outlook  |
| MAPFRE SIGORTA A.S.                       | Turkey   | Financial strength | AA (tur)  | Stable   |
| MAPFRE SEGUROS GENERALES DE COLOMBIA S.A. | Colombia | Financial strength | AA (col)  | Stable   |
| MAPFRE COLOMBIA VIDA SEGUROS S.A.         | Colombia | Financial strength | AA- (col) | Negative |

## ACTIVE TRANSPARENCY PLAN

Progress was made in 2018 in simplifying structure of the website to provide corporate information in a simpler and more comprehensible format for everybody with simpler language and a more flexible structure so as to bring the company closer to various shareholder groups.

Internally, digital meetings and chats were continued with live Q&A sessions bringing company plans and initiatives closer to all our employees. Meetings, discussions and interventions by directors were also rebroadcast live on the corporate Twitter profile in order to further raise awareness.

As part of its Transparency Plan, on its website [mapfre.es](http://mapfre.es) MAPFRE published Product Information Documents (PID) for Non-Life insurance to provide necessary and essential insurance information in simple and transparent language, so as to make it easier to understand, in advance of the legal obligation to do so that forms part of the forthcoming Distribution Act.

The PIDs were prepared in line with the “Guide for Best Practices in Terminology Used in the Documentation of Non-Life Insurance Product Information” of UNESPA, to which MAPFRE is a signatory.

In the Life line, Key Investment Documents (KIDs) were prepared for insurance-based investment products (IBIPs) and retail packaged investment products as well as Product Information and Suitability Tests for IBIPs that meet the conditions of the UNESPA Best Practices Guide for savings life insurance.

Life and Non-Life Prior Information Notices have also been standardized so that clients can fully understand each of the modalities that are sold at any time and obtain what best meets their needs.

And lastly, all the precontractual documentation (PIDs and Prior Notes) are included in the document manager together with the General Conditions for the insurance. The Technical Area can already upload the documentation, making it easier to always keep it updated, and starting in January 2019 the documentation that is included in each document manager will automatically update the information displayed on the MAPFRE website. This will make it possible for clients to know how to access precontractual documentation by sending an SMS or email, which will also be recorded in the Database. Intermediaries and MAPFRE bancassurance partners can also access the document manager, which will provide updated documentation at any time for any situation.

The most important of the internal actions to be taken is the enlargement of the contents of the Intranet, which from this year is available in all countries where the Group is present (with the exception of Indonesia), so as to make subjects of interest to employees more visible and accessible, including, for example, job appointments, policies, company strategy, organizational and corporate changes, pertinent legislative changes, company results, recognitions attained, as well as matters affecting corporate reputation, to name but a few. All Intranet content is open for employees to comment on.

The year past also saw an expansion in the number of channels through which HR delivers information to employees, through the People app for instance, which allows employees to view multiple items of interest, answer surveys and receive notifications. There are also new spaces on the Intranet for each Group entity, and a new newsletter with information on the Digital Challenge strategic initiative. Also new on the Intranet is the “Organization and Appointments” section, which provides employees with relevant information on MAPFRE’s organizational structure, senior management and governing bodies.

Results of the surveys carried out and information on the actions and measures adopted in relation to same are also made available to the workforce. Three professional careers have been defined and published and work is ongoing to continue with the other careers and offer more information on them to all employees.

A tool that facilitates continuous evaluation was established and is in the process of being rolled out, which greatly aids employees in their development. The open and transparent nature of this tool is significant, in that workers can receive feedback on their action plans and performance, not just from their direct reports, but from the colleagues too.

Selection and internal mobility were also the focus of a strong push in 2018, with all employees having information on vacancies open available to them, with the facility of being able to apply directly for them. Status updates on the process are available, and where they are not selected for the job position, the reasons behind this are given.

A self-learning tool has been created, allowing employees to access all training content in the Corporate University and define their own development plans.

In order to best publicize the HR policies, a series of infographics were also created, explaining the Promotion, Selection and Mobility, Remuneration, Diversity and Equal Opportunities, Health and Well-being and Accident Prevention policies.

## **ECONOMIC CONTRIBUTION TO SOCIETY**

Insurance activities generate direct economic value through the constant flow of transactions (premium payments, benefit payments, investment management, etc.), which have an effect on the different aspects related to the economic and social development of the environment in which the company operates.

Of the consolidated revenues of 26.6 billion euros (28.0 billion euros in 2017) generated during the fiscal year, MAPFRE made economic contributions to society in general via multiple payment types, which are detailed below.

| Item                                         | 2018            | 2017            | %18/17        |
|----------------------------------------------|-----------------|-----------------|---------------|
| Benefits paid <sup>(1)</sup>                 | 17,083.6        | 16,457.5        | 3.80%         |
| Payments to providers <sup>(2)</sup>         | 5,588.5         | 6,346.5         | -11.9%        |
| Wages and salaries, and other <sup>(3)</sup> | 1,491.9         | 1,541.7         | -3.2%         |
| <b>Activity subtotal</b>                     | <b>24,164.0</b> | <b>24,345.7</b> | <b>-0.8%</b>  |
| Dividends <sup>(4)</sup>                     | 863.1           | 1,019.5         | -15.3%        |
| <b>Shareholders subtotal</b>                 | <b>863.1</b>    | <b>1,019.5</b>  | <b>-15.3%</b> |
| Net income tax payment                       | 529.3           | 497.8           | 6.3%          |
| Social security                              | 237.2           | 243.2           | -2.5%         |
| <b>Public administrations subtotal</b>       | <b>766.5</b>    | <b>741.0</b>    | <b>3.4%</b>   |
| Interest paid                                | 57.3            | 67.9            | -15.6%        |
| <b>Financing subtotal</b>                    | <b>57.3</b>     | <b>67.9</b>     | <b>-15.6%</b> |
| <b>Total</b>                                 | <b>25,850.9</b> | <b>26,174.1</b> | <b>-1.2%</b>  |

Figures in millions of euros

- <sup>(1)</sup> Benefits paid and related expenses of direct insurance and accepted reinsurance.
- <sup>(2)</sup> Includes payment of commissions and other activity services.
- <sup>(3)</sup> Salaries amounted to 1,257.8 million euros in 2018 (1,234.9 million euros in 2017).
- <sup>(4)</sup> Dividend payments made during the year.

Furthermore, in its capacity as an insurer, the company makes commitments to its insureds in exchange for the management of resources that are invested in assets, particularly financial assets.

The following table shows information about the company as an institutional investor at the close of the last two financial years.

| Item                                                      | 2018            | 2017            | %17/16       |
|-----------------------------------------------------------|-----------------|-----------------|--------------|
| <b>FUNDS UNDER MANAGEMENT (THIRD-PARTY)<sup>(5)</sup></b> | <b>37,747.6</b> | <b>39,004.9</b> | <b>-3.2%</b> |
| <b>TOTAL INVESTMENTS</b>                                  | <b>43,977.0</b> | <b>44,691.2</b> | <b>-1.6%</b> |
| <b>Financial investments</b>                              | <b>41,246.0</b> | <b>42,003.2</b> | <b>-1.8%</b> |
| Fixed income                                              | 36,517.5        | 36,961.0        | -1.2%        |
| - Issued by governments                                   | 27,595.9        | 27,388.4        | 0.8%         |
| - Other fixed-income securities                           | 8,921.6         | 9,572.6         | -6.8%        |
| Other financial investments                               | 4,728.5         | 5,042.2         | -6.2%        |
| <b>Real estate investments<sup>(6)</sup></b>              | <b>1,243.6</b>  | <b>1,250.7</b>  | <b>-0.6%</b> |
| <b>Other investments</b>                                  | <b>1,487.4</b>  | <b>1,437.3</b>  | <b>3.5%</b>  |

Figures in millions of euros

(5) Technical provisions for Life, pension funds, mutual funds and managed portfolios, before shadow accounting adjustments.

(6) Excluding real estate for own use.

## PROVIDER PAYMENT TERMS

Details of the payments made by the Group's fully consolidated Spanish companies to providers in the financial years 2017 and 2016 are shown below.

| Item                                | Days  |       |
|-------------------------------------|-------|-------|
|                                     | 2018  | 2017  |
| Average provider payment period     | 6.66  | 4.78  |
| Ratio of paid operations            | 6.49  | 4.58  |
| Ratio of operations pending payment | 19.43 | 26.31 |

| Item                                                        | Figures in millions of euros |          |
|-------------------------------------------------------------|------------------------------|----------|
|                                                             | 2018                         | 2017     |
| Total payments made                                         | 1,693.75                     | 1,602.55 |
| Total pending payments exceeding the maximum statutory term | 21.60                        | 14.68    |

## Other disclosures

Other non-financial Group information contained in the MAPFRE Integrated Report complements that include in this Consolidated Management Report and forms part of same, and complies with the requirements set down in Law 11/2018, of December 28.

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

## **CORPORATE GOVERNANCE REPORT**

The company's Annual Corporate Governance Report, issued pursuant to the provisions of Article 49.4 of the Spanish Code of Commerce follows.

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**ANNUAL REPORT ON THE CORPORATE GOVERNANCE OF  
PUBLICLY TRADED COMPANIES**

**ISSUER'S IDENTITY DATA**

**END DATE FOR THE FINANCIAL YEAR BENCHMARK** 2018

**TAX IDA-08055741**

**Corporate Name:** MAPFRE S.A.

**Registered office:** MAJADAHONDA (MADRID) CARRETERA DE POZUELO No.  
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# ANNUAL REPORT ON THE CORPORATE GOVERNANCE OF PUBLICLY TRADED COMPANIES

## A. OWNERSHIP STRUCTURE

A.1 Complete the following table on the company's share capital:

| Date of last modification | Share capital (€) | Number of shares | Number of voting rights |
|---------------------------|-------------------|------------------|-------------------------|
| 07/01/2011                | 307,955,327.30    | 3,079,553,273    | 3,079,553,273           |

| Observations |
|--------------|
|              |

Indicate if there are different kinds of shares with different rights associated with them:

Yes ☐ No ☒

| Class | Number of shares | Denomination per unit | Number of voting rights | Rights and obligations conferred |
|-------|------------------|-----------------------|-------------------------|----------------------------------|
|       |                  |                       |                         |                                  |

| Observations |
|--------------|
|              |

A.2 State the direct and indirect holders of substantial holdings of the company at the close of the financial year, excluding directors:

| Name or company name of the shareholder | % voting rights attributed to the shares |          | % voting rights through financial instruments |          | % total voting rights |
|-----------------------------------------|------------------------------------------|----------|-----------------------------------------------|----------|-----------------------|
|                                         | INSURANCE                                | Indirect | INSURANCE                                     | Indirect |                       |
| FUNDACIÓN MAPFRE                        | 0                                        | 67.71%   | 0                                             | 0        | 67.71%                |

| Observations |
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|              |



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Detail of indirect participation:

| Name or company name of the indirect holder | Name or company name of the direct holder | % voting rights attributed to the shares | % voting rights through financial instruments | % total voting rights |
|---------------------------------------------|-------------------------------------------|------------------------------------------|-----------------------------------------------|-----------------------|
| FUNDACIÓN MAPFRE                            | CARTERA MAPFRE, S.L. SOCIEDAD UNIPERSONAL | 67.60%                                   | 0                                             | 67.60%                |
| FUNDACIÓN MAPFRE                            | FUNDACIÓN CANARIA MAPFRE GUANARTEME       | 0.11%                                    | 0                                             | 0.11%                 |

| Observations |
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|              |

State any significant modifications in the shareholding structure that have occurred during the financial year:

|  |  |  |
|--|--|--|
|  |  |  |
|  |  |  |

| Observations |
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|              |

A.3 Complete the following tables about the members of the Board of Directors of the company who have voting rights on company shares:

| Name or company name of the director | % voting rights attributed to the shares |          | % voting rights through financial instruments |          | % total voting rights | % voting rights that can be transferred through financial instruments |          |
|--------------------------------------|------------------------------------------|----------|-----------------------------------------------|----------|-----------------------|-----------------------------------------------------------------------|----------|
|                                      | INSURANCE                                | Indirect | INSURANCE                                     | Indirect |                       | INSURANCE                                                             | Indirect |
| MR. ANTONIO HUERTAS MEJÍAS           | 0.01                                     | 0.00     | 0.00                                          | 0.00     | 0.01                  | 0.00                                                                  | 0.00     |
| MR. IGNACIO BAEZA GÓMEZ              | 0.01                                     | 0.00     | 0.00                                          | 0.00     | 0.01                  | 0.00                                                                  | 0.00     |
| MS. CATALINA                         | 0.00                                     | 0.00     | 0.00                                          | 0.00     | 0.00                  | 0.00                                                                  | 0.00     |

|                                                      |      |      |      |      |      |      |      |
|------------------------------------------------------|------|------|------|------|------|------|------|
| MIÑARRO<br>BRUGAROLAS                                |      |      |      |      |      |      |      |
| Mr. JOSÉ<br>MANUEL<br>INCHAUSTI<br>PÉREZ             | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| MR. JOSÉ<br>ANTONIO<br>COLOMER<br>GUIU               | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| MR. GEORG<br>DASCHNER                                | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| MS. ANA<br>ISABEL<br>FERNÁNDEZ<br>ÁLVAREZ            | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| MS. MARÍA<br>LETICIA DE<br>FREITAS<br>COSTA          | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| MR. LUIS<br>HERNANDO<br>DE<br>LARRAMENDI<br>MARTÍNEZ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| MR.<br>FRANCISCO<br>JOSÉ MARCO<br>ORENES             | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| MR.<br>FERNANDO<br>MATA<br>VERDEJO                   | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| MR. ANTONIO<br>MIGUEL-<br>ROMERO DE<br>OLANO         | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| MS. PILAR<br>PERALES<br>VISCASILLAS                  | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| MR. ALFONSO<br>REBUELTA<br>BADÍAS                    | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

|                                                                |             |
|----------------------------------------------------------------|-------------|
| <b>Total % of voting rights held by the Board of Directors</b> | <b>0.02</b> |
|----------------------------------------------------------------|-------------|

| Observations |
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|              |

Detail of indirect participation:

| Name or company name of the director | Name or company name of the direct holder | % voting rights attributed to the shares | % voting rights through financial instruments | % total voting rights | % voting rights that can be transferred through financial instruments |
|--------------------------------------|-------------------------------------------|------------------------------------------|-----------------------------------------------|-----------------------|-----------------------------------------------------------------------|
|                                      |                                           |                                          |                                               |                       |                                                                       |

| Observations |
|--------------|
|              |

- A.4 Where applicable, list any family, commercial, contractual or corporate relationships between holders of significant shareholdings, insofar as the company is aware of them, unless they are of little relevance or due to ordinary commercial traffic and exchange, excluding those reported in section A.6:

| Related name or company name | Type of Relationship | Brief description |
|------------------------------|----------------------|-------------------|
|                              |                      |                   |

- A.5 Where applicable, list any family, commercial, contractual or corporate relationships between holders of significant shareholdings, and the company and/or its group, unless they are of little relevance or due to ordinary commercial traffic and exchange:

| Related name or company name | Type of Relationship | Brief description |
|------------------------------|----------------------|-------------------|
|                              |                      |                   |

- A.6 Describe the relationships, unless they are barely relevant for both parties, that exist between the significant shareholders or those represented on the board and the directors, or their representatives, in the case of legal company administrators.

Explain, as the case may be, how significant shareholders are represented. Specifically, those directors who have been appointed on behalf of significant shareholders, those whose appointment would have been promoted by significant shareholders, or who are linked to significant shareholders and/or companies of their group, explaining the nature of such relationships, shall be

indicated. Notably, where appropriate, the existence, identity and position of board members, or representatives of directors, of the listed company, who are, in turn, members of the administrative body, or their representatives, in companies that hold significant participations of the listed company or in entities of the group of said significant shareholders shall be indicated.

| Name or company name of the related director or representative | Name or company name of the affiliated significant shareholder | Company name of the significant shareholder group | Description relationship/position                                      |
|----------------------------------------------------------------|----------------------------------------------------------------|---------------------------------------------------|------------------------------------------------------------------------|
| MR. LUIS HERNANDO DE LARRAMENDI MARTÍNEZ                       | CARTERA MAPFRE, S.L.                                           | CARTERA MAPFRE, S.L.                              | Appointed director as proposed by the significant shareholder          |
| MR. ANTONIO MIGUEL-ROMERO DE OLANO                             | CARTERA MAPFRE, S.L.                                           | CARTERA MAPFRE, S.L.                              | Appointed director as proposed by the significant shareholder          |
| MR. ALFONSO REBUELTA BADÍAS                                    | CARTERA MAPFRE, S.L.                                           | CARTERA MAPFRE, S.L.                              | Appointed director as proposed by the significant shareholder          |
| MR. ANTONIO HUERTAS MEJÍAS                                     | CARTERA MAPFRE, S.L.                                           | CARTERA MAPFRE, S.L.                              | Chairman of the Board of Directors of CARTERA MAPFRE, S.L. UNIPERSONAL |
| MR. IGNACIO BAEZA GÓMEZ                                        | CARTERA MAPFRE, S.L.                                           | CARTERA MAPFRE, S.L.                              | Director of CARTERA MAPFRE, S.L. UNIPERSONAL                           |
| Mr. JOSÉ MANUEL INCHAUSTI PÉREZ                                | CARTERA MAPFRE, S.L.                                           | CARTERA MAPFRE, S.L.                              | Director of CARTERA MAPFRE, S.L. UNIPERSONAL                           |
| MR. FERNANDO MATA VERDEJO                                      | CARTERA MAPFRE, S.L.                                           | CARTERA MAPFRE, S.L.                              | Director of CARTERA MAPFRE, S.L. UNIPERSONAL                           |

A.7 Indicate if any shareholder agreements have been disclosed to the company that affect it under art. 530 and 531 of the Companies Act. Where applicable, briefly describe them and list the shareholders bound by such agreement:

Yes ☐

No ☒

| Parties to the shareholders agreement | % of share capital affected | Brief description of the agreement | Expiration date of the agreement, if any |
|---------------------------------------|-----------------------------|------------------------------------|------------------------------------------|
|                                       |                             |                                    |                                          |

| Observations |
|--------------|
|              |

Indicate whether the company knows of the existence of concerted actions among its shareholders. If so, describe them briefly:

Yes ☐ No ☒

| Participants in concerted action | % of share capital affected | Brief description of the concerted action | Expiration date of the agreement, if any |
|----------------------------------|-----------------------------|-------------------------------------------|------------------------------------------|
|                                  |                             |                                           |                                          |

| Observations |
|--------------|
|              |

If there have been any modifications or terminations of said pacts or agreements or concerted actions during the financial year, indicate this expressly.

|  |
|--|
|  |
|--|

A.8 Indicate whether any person or organization exercises or may exercise control over the company pursuant to article 5 of the Securities Market Act. If so, identify them:

Yes ☒ No ☐

| Name or company name |
|----------------------|
| FUNDACIÓN MAPFRE     |

| Observations |
|--------------|
|              |

A.9 Complete the following tables regarding the company's treasury stock:

**As at the closing date of the financial year:**

| Number of direct shares | Number of indirect shares (*) | % on social capital |
|-------------------------|-------------------------------|---------------------|
|                         |                               |                     |

|            |   |      |
|------------|---|------|
| 24,431,890 | 0 | 0.79 |
|------------|---|------|

| Observations |
|--------------|
|              |

Through:

| Name or company name of the direct holder of the shares | Number of direct shares |
|---------------------------------------------------------|-------------------------|
|                                                         |                         |
| <b>TOTAL</b>                                            |                         |

| Observations |
|--------------|
|              |

Explain the significant variations during the financial year:

| Explain significant changes             |
|-----------------------------------------|
| Sale on the market of 2,079,216 shares. |

**A.10** Describe the terms and conditions of the current General Meeting authorization to the Board of Directors to issue, buy back or transfer treasury stock.

The Board of Directors is currently authorized by the shareholders at the General Meeting to increase the company's share capital once or several times by up to a maximum of €153,977,663.65, equivalent to 50 percent of the share capital. The duration of the authorization is five years calculated from the date of the resolution, passed on March 9, 2018.

The Board of Directors is currently authorized by the shareholders at the General Meeting to allow the company to proceed, directly or through subsidiaries, to the derivative acquisition of treasury stock, subject to the following limits and requirements:

- a) Schemes: Acquisition by sale or by any other transaction inter vivos for good and valuable consideration, of shares free of any liens or encumbrances.
- b) Maximum number of shares to be acquired: Shares whose face value, added to the face value of the shares already owned by the company and its subsidiaries, does not exceed 10 percent of the share capital of MAPFRE S.A.
- c) Minimum and maximum purchase price: 90% and 110%, respectively, of their market value on the date of acquisition.
- d) Duration of the authorization: Five years calculated from the date of the resolution, passed on March 11, 2016. The shares purchased may be fully or partially used: (i) for disposal or amortization, (ii) delivery to workers, employees or administrators of the company or its group whenever there is a

recognized right to do so directly or as a result of exercising call option rights held thereby as provided for in the last paragraph of article 146, section 1, letter a) of the Recast Text of the Companies Act, and (iii) reinvestment plans involving dividends or similar instruments.

**A.11 Estimated floating capital:**

|                                   | %     |
|-----------------------------------|-------|
| <b>Estimated floating capital</b> | 31.48 |

| <b>Observations</b> |
|---------------------|
|                     |

**A.12** Indicate whether there are any restrictions (statutory, legal or otherwise) on the transfer of securities and/or any restriction on the right to vote. Particularly, the existence of any type of restrictions that may make it difficult to take control of the company through the acquisition of its shares in the market shall be communicated, as well as those authorization or prior notice systems that, over the acquisitions or transfers of financial instruments of the company, are applicable by sectoral regulations.

Yes ☐ No ☒

| <b>Description of restrictions</b> |
|------------------------------------|
|                                    |

**A.13** Indicate whether the General Meeting has approved measures to counteract a public acquisition bid, pursuant to Law 6/2007.

Yes ☐ No ☒

If so, explain the measures approved and the terms and conditions under which the restrictions would become inefficient:

| <b>Explain the measures approved and the terms and conditions under which the inefficient shall take place:</b> |
|-----------------------------------------------------------------------------------------------------------------|
|                                                                                                                 |

**A.14** Indicate whether the company has issued securities that are not traded on a regulated EU market.

Yes ☐ No ☒

If so, indicate the different kinds of shares and, for each kind of shares, the rights and obligations conferred.

| Indicate the different types of shares |
|----------------------------------------|
|                                        |

## B. General Meeting

B.1 Indicate and, where applicable, give details, about whether there are any differences from the minimum standards established under the Companies Act with respect to the quorum and constitution of the General Meeting.

Yes ☐ No ☒

|                                  | % of quorum different from quorum in art. 193 of the SCA for general cases | % of quorum different from quorum in art. 194 of the SCA for the special cases cited in art. 194 |
|----------------------------------|----------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|
| Quorum required on first summons |                                                                            |                                                                                                  |
| Quorum required on second summon |                                                                            |                                                                                                  |

| Description of differences |
|----------------------------|
|                            |

B.2 Indicate, and where applicable give details, whether there are any differences from the minimum standards established under the Companies Act with respect to the adoption of corporate resolutions:

Yes ☒ No ☐

Describe any differences from the guidelines established under the Companies Act.

|                                                      | Reinforced majority different from that established in art. 201.2 of the Companies Act for the cases cited in art. 194.1 of the Companies Act | Other cases of reinforced majority |
|------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|
| % established by the company for adopting agreements | 0.00                                                                                                                                          | 50.01                              |



| Describe the differences                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Article 201 of the Companies Act establishes that in order to adopt the resolutions referred to in article 194, if capital present or represented exceeds 50 percent, the absolute majority vote will be sufficient to pass the resolution. However, when, at the first call to the meeting, shareholders present or represented at the meeting own more than 25 percent but less than 50 percent of subscribed capital carrying voting rights, the favorable vote by shareholders representing two-thirds of capital present or represented is required to pass the resolution.</p> <p>At the second call, a minimum of 25 percent of capital is required.</p> <p>Pursuant to the provisions of article 26 of the Corporate Bylaws, the amendment of the provisions of Title IV "Protection of the Company's General Interest; (articles 26 to 29) can only be amended by a resolution approved with the votes in favor of more than 50 percent of the share capital at the Extraordinary General Meeting specifically called for this purpose.</p> |

- B.3** Indicate the rules applicable to amendment of the company's bylaws. In particular, indicate the majorities established for the amendment of the articles of association, as well as, where applicable, the rules established for protection of the shareholders' rights in the amendment of the articles of association.

|                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| There are no particularities other than those established in the legislation in force for amendment of the company's bylaws, except for the amendment of articles 26 to 29 (Title IV- Protection of the Company's General Interest). As stated in the previous paragraph B.2, a resolution adopted with the favorable vote of more than 50 percent of share capital at the Extraordinary General Meeting called for that purpose is necessary. |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

- B.4** Give attendance data on the General Meetings held during the financial year to which this report refers and those from the two previous financial years:

| Attendance data            |                      |                    |                   |        |       |
|----------------------------|----------------------|--------------------|-------------------|--------|-------|
| Date of general meeting    | % physically present | attending by proxy | % voting remotely |        | TOTAL |
|                            |                      |                    | E-voting          | Others |       |
| 3/9/2018                   | 68.73                | 13.10              | 0.00              | 0.24   | 82.31 |
| 3/10/2017                  | 68.88                | 13.42              | 0.00              | 0.90   | 83.20 |
| 3/11/2016                  | 68.66                | 13.41              | 0.00              | 0.69   | 82.76 |
| Of which floating capital: |                      |                    |                   |        |       |
| 3/9/2018                   | 14.60%               |                    |                   |        |       |
| 3/10/2017                  | 15.47%               |                    |                   |        |       |
| 3/11/2016                  | 14.23%               |                    |                   |        |       |

| Observations |
|--------------|
|              |

- B.5 Indicate whether at the general meetings held during the financial year there has been any item on the agenda that, for whatever reason, has not been approved by the shareholders.

Yes ☐ No ☒

| Items on the Agenda that have not been approved | % vote against(*) |
|-------------------------------------------------|-------------------|
|                                                 |                   |

(\*) If the non-approval of the item is due to other than the vote against, it shall be explained in the text and the "% vote against" columns shall indicate "n/a".

- B.6 Indicate if there are any statutory restrictions that establish a minimum number of shares required to attend the general meeting, or to vote remotely:

Yes ☒ No ☐

|                                                          |       |
|----------------------------------------------------------|-------|
| Number of shares necessary to attend the General Meeting | 1,000 |
| Number of shares required to vote remotely               | 1     |

|              |
|--------------|
| Observations |
|              |

- B.7 Indicate whether it has been established that certain decisions, other than those established by law, involving an acquisition, transfer, contribution to another company of essential assets or other similar corporate operations, must be submitted for approval by the general meeting of shareholders.

Yes ☐ No ☒

|                                                                                                       |
|-------------------------------------------------------------------------------------------------------|
| Explanation of the decisions that must be submitted to the board, other than those established by law |
|                                                                                                       |

- B.8 Indicate the address and method of access to the company's website, to the information on corporate governance and other information on General Meetings that must be available to shareholders through the company's website.

|                                                                                                                  |
|------------------------------------------------------------------------------------------------------------------|
| Access is as follows: <a href="http://www.mapfre.com">www.mapfre.com</a><br>Shareholders and investors' section. |
|------------------------------------------------------------------------------------------------------------------|

## C. GOVERNANCE STRUCTURE OF THE COMPANY

## C.1 Board of Directors

### C.1.1 Maximum and minimum number of directors foreseen in the bylaws and the number set out by the general meeting:

|                                                       |    |
|-------------------------------------------------------|----|
| <b>Maximum number of directors</b>                    | 20 |
| <b>Minimum number of directors</b>                    | 5  |
| <b>Number of directors set by the general meeting</b> | 15 |

|                     |
|---------------------|
| <b>Observations</b> |
|                     |

### C.1.2 Complete the following table on the board members:

| <b>Name or company name of the director</b> | <b>Representative</b> | <b>Category of the director</b> | <b>Position on the Board</b> | <b>Date of first appointment</b> | <b>Date of last appointment</b> | <b>Election procedure</b>         | <b>Date of birth.</b> |
|---------------------------------------------|-----------------------|---------------------------------|------------------------------|----------------------------------|---------------------------------|-----------------------------------|-----------------------|
| MR. ANTONIO HUERTAS MEJÍAS                  |                       | EXECUTIVE                       | CHAIRMAN AND CEO             | 12/29/2006                       | 3/9/2018                        | ANNUAL GENERAL MEETING RESOLUTION | 1/18/1964             |
| MR. IGNACIO BAEZA GÓMEZ                     |                       | EXECUTIVE                       | FIRST VICE CHAIRMAN          | 3/8/2008                         | 3/11/2016                       | ANNUAL GENERAL MEETING RESOLUTION | 1/20/1962             |
| MS. CATALINA MIÑARRO BRUGAROLAS             |                       | INDEPENDENT                     | SECOND VICE CHAIRWOMAN       | 10/30/2013                       | 3/9/2018                        | ANNUAL GENERAL MEETING RESOLUTION | 3/6/1963              |
| Mr. JOSÉ MANUEL INCHAUSTI PÉREZ             |                       | EXECUTIVE                       | THIRD VICE CHAIRMAN          | 7/18/2018                        | 7/18/2018                       | CO-OPTING                         | 9/22/1964             |
| MR. JOSÉ ANTONIO COLOMER GUIU               |                       | INDEPENDENT                     | DIRECTOR                     | 2/9/2016                         | 3/11/2016                       | ANNUAL GENERAL MEETING RESOLUTION | 10/17/1952            |
| MR. GEORG DASCHNER                          |                       | INDEPENDENT                     | DIRECTOR                     | 2/10/2015                        | 3/13/2015                       | ANNUAL GENERAL MEETING RESOLUTION | 8/18/1949             |

|                                                      |  |             |          |           |           |                                            |            |
|------------------------------------------------------|--|-------------|----------|-----------|-----------|--------------------------------------------|------------|
| MS. ANA<br>ISABEL<br>FERNÁNDEZ<br>ÁLVAREZ            |  | INDEPENDENT | DIRECTOR | 7/26/2016 | 3/10/2017 | ANNUAL<br>GENERAL<br>MEETING<br>RESOLUTION | 2/13/1959  |
| MS. MARÍA<br>LETICIA DE<br>FREITAS<br>COSTA          |  | INDEPENDENT | DIRECTOR | 7/23/2015 | 3/11/2016 | ANNUAL<br>GENERAL<br>MEETING<br>RESOLUTION | 3/27/1960  |
| MR. LUIS<br>HERNANDO<br>DE<br>LARRAMENDI<br>MARTÍNEZ |  | NOMINEE     | DIRECTOR | 4/17/1999 | 3/13/2015 | ANNUAL<br>GENERAL<br>MEETING<br>RESOLUTION | 7/4/1952   |
| MR.<br>FRANCISCO<br>JOSÉ MARCO<br>ORENES             |  | EXECUTIVE   | DIRECTOR | 3/10/2017 | 3/10/2017 | ANNUAL<br>GENERAL<br>MEETING<br>RESOLUTION | 11/25/1957 |
| MR.<br>FERNANDO<br>MATA<br>VERDEJO                   |  | EXECUTIVE   | DIRECTOR | 1/1/2017  | 3/10/2017 | ANNUAL<br>GENERAL<br>MEETING<br>RESOLUTION | 3/21/1961  |
| MR. ANTONIO<br>MIGUEL-<br>ROMERO DE<br>OLANO         |  | NOMINEE     | DIRECTOR | 4/17/1999 | 3/13/2015 | ANNUAL<br>GENERAL<br>MEETING<br>RESOLUTION | 7/9/1955   |
| MS. PILAR<br>PERALES<br>VISCASILLAS                  |  | INDEPENDENT | DIRECTOR | 1/1/2018  | 3/9/2018  | ANNUAL<br>GENERAL<br>MEETING<br>RESOLUTION | 8/16/1968  |
| MR. ALFONSO<br>REBUERTA<br>BADÍAS                    |  | NOMINEE     | DIRECTOR | 4/17/1999 | 3/13/2015 | ANNUAL<br>GENERAL<br>MEETING<br>RESOLUTION | 1/12/1953  |

|                                  |    |
|----------------------------------|----|
| <b>Total number of directors</b> | 14 |
|----------------------------------|----|

Indicate the changes that, whether due to resignation, dismissal or for any other reason, have taken place in the board of directors during the informed period:

| Name or<br>company name<br>of the director | Category of the<br>director on<br>cessation | Date of last<br>appointment | Termination<br>date | Specialized<br>committee of<br>which he/she<br>was a member | Indicate<br>whether the<br>change<br>occurred before |
|--------------------------------------------|---------------------------------------------|-----------------------------|---------------------|-------------------------------------------------------------|------------------------------------------------------|
|--------------------------------------------|---------------------------------------------|-----------------------------|---------------------|-------------------------------------------------------------|------------------------------------------------------|

|                           |           |           |            |                                                                        | the end of the mandate |
|---------------------------|-----------|-----------|------------|------------------------------------------------------------------------|------------------------|
| MR. ANTONIO NÚÑEZ TOVAR   | EXECUTIVE | 3/13/2015 | 7/18/2018  | Steering Committee                                                     | Yes                    |
| MR. RAFAEL MÁRQUEZ OSORIO | NOMINEE   | 3/14/2014 | 12/29/2018 | Steering Committee<br>Audit and Compliance Committee<br>Risk Committee | NO                     |

| Causes of the change and other observations                                                                                                                                                                                                                                                                                                                                                                                                                 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Mr. Antonio Núñez Tovar stood down from the Board of Directors when he retired.</p> <p>Mr. Rafael Márquez Osorio resigns from his roles to since he has fulfill the maximum period foreseen in the Regulations of the Board of Directors of the company on December 29, 2018.</p> <p>Both Mr. Núñez Tovar and Mr. Márquez Osorio explained the reasons for their resignation through letters addressed to all the members of the Board of Directors.</p> |

**C.1.3 Complete the following tables on the Board members and their different kinds of directorship:**

**Executive directors**

| Name or company name of the director: | Position within company organization | Profile:                                                                                                                                                                                                                                                                                                                                                   |
|---------------------------------------|--------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MR. ANTONIO HUERTAS MEJÍAS            | CHAIRMAN AND CEO                     | Holds a law degree from the University of Salamanca. Has occupied, among others, the positions of Chairman and CEO of MAPFRE FLORIDA and MAPFRE PUERTO RICO, General Manager of MAPFRE MUTUALIDAD, Chairman of MAPFRE FAMILIAR and Third Vice Chairman of MAPFRE. For more information on the current positions please see sections A.6, C.1.10 and C.2.1. |
| MR. IGNACIO BAEZA GÓMEZ               | FIRST VICE CHAIRMAN                  | Degree in Economics from the Complutense University of Madrid. He has spent a large part of his professional career at MAPFRE, holding several senior executive positions since he joined the company 1996. CEO of the global risks business unit since 2017. For more information on the current positions please see sections A.6, C.1.10 and C.2.1.     |

|                                    |                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|------------------------------------|---------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Mr. JOSÉ MANUEL INCHAUSTI<br>PÉREZ | THIRD VICE CHAIRMAN | Law Degree by the Complutense University of Madrid and Senior Management Program by IESE. He has spent a large part of his professional career at MAPFRE, holding several senior executive positions since he joined the company. CEO of the IBERIA Territorial Area since 2015). For more information on the current positions please see sections A.6 and C.1.10.                                                                                                                                                                                                                     |
| MR. FRANCISCO JOSÉ MARCO<br>ORENES | DIRECTOR            | He has a degree in Medicine and Surgery from the University of Murcia, he is a specialist in Geriatrics from the University of Murcia and in Nutrition from the University of Granada and he has a Masters Degree in Company Administration from the IDAE. He has also been Chairman of the UNESPA Automobile Insurance Commission (2009-2014) and Chairman of the Spanish Chamber of Commerce in Peru. He is the General Manager of the Business Support Corporate Area since 2015. For more information on the current positions please see sections C.1.10.                          |
| MR. FERNANDO MATA<br>VERDEJO       | DIRECTOR            | Degree in Economics from the Complutense University of Madrid. He has developed most of his professional career with MAPFRE, where he has held the positions of Internal Audit Manager for MAPFRE AMÉRICA, Financial Manager for MAPFRE PRAICO (Puerto Rico), Financial Manager for MAPFRE FAMILIAR, General Manager for the Corporate Strategy and Development Area and General Manager for the MAPFRE Risk Management Function. He is the General Manager of the Corporate Finance Area since 2017. For more information on the current positions please see sections A.6 and C.1.10. |

|                                            |       |
|--------------------------------------------|-------|
| <b>Total number of executive directors</b> | 5     |
| <b>% of total board</b>                    | 35.71 |

|                     |
|---------------------|
| <b>Observations</b> |
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**Independent external directors**

| <b>Name or company name of the director:</b> | <b>Name or company name of the substantial shareholder represented or proposing his/her appointment</b> | <b>Profile:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|----------------------------------------------|---------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MR. LUIS HERNANDO DE LARRAMENDI MARTÍNEZ     | CARTERA MAPFRE, S.L.<br>SOCIEDAD UNIPERSONAL                                                            | Law Degree from the Complutense University of Madrid, official agent of industrial and intellectual property in Spain and European patent agent. Member of the Board of Directors of Elzaburu, S.L.P. until 2016 and is a member of the International Association for the Protection of Industrial Property. For more information on the current positions please see sections A.6, C.1.10 and C.2.1.                                                            |
| MR. ANTONIO MIGUEL-ROMERO DE OLANO           | CARTERA MAPFRE, S.L.<br>SOCIEDAD UNIPERSONAL                                                            | Agricultural Engineer from the Polytechnic University of Madrid and Master's in Business Administration (MBA) at Madrid's Instituto de Empresa. Since 1986 and until 2005 he held the position of deputy risk manager at FIAT Financiera. For more information on the current positions please see sections A.6, C.1.10 and C.2.1.                                                                                                                               |
| MR. ALFONSO REBUELTA BADÍAS                  | CARTERA MAPFRE, S.L.<br>SOCIEDAD UNIPERSONAL                                                            | Degree in Business Sciences from the Pontificia Comillas University and Master's in Business Administration (MBA) from the University of Columbia (New York). He was Vice Chairman for JP Morgan, Vice Chairman of Citibank until 1991, partner at Heidrick & Struggles and consultant partner at Asset Executive. He is a partner at Signium International since 2004. For more information on the current positions please see sections A.6, C.1.10 and C.2.1. |

|                                          |       |
|------------------------------------------|-------|
| <b>Total number of nominee directors</b> | 3     |
| <b>% of total board</b>                  | 21.43 |

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| <b>Observations</b> |
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**Independent external directors**

| <b>Name or company name of the director:</b> | <b>Profile:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|----------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MS. CATALINA MIÑARRO BRUGAROLAS              | DEGREE IN LAW. STATE ATTORNEY ON LEAVE OF ABSENCE.                                                                                                                                                                                                                                                                                                                                                                                                                       |
| MR. JOSÉ ANTONIO COLOMER GUIU                | BUSINESS ADMINISTRATION DEGREE FROM THE SCHOOL OF BUSINESS MANAGEMENT AND ADMINISTRATION - BARCELONA. Chairman of the Board of Directors of Adopem, S.A. and Director at GO FRUSELVA, S.A.                                                                                                                                                                                                                                                                               |
| MR. GEORG DASCHNER                           | Professional career at Munich RE (1965-2014), Chairman of Munchenr Venezuela (1983-1988), member of the management board of the Munich RE Group, in charge of the Europe and Latin America business area (2003-2014).                                                                                                                                                                                                                                                    |
| MS. ANA ISABEL FERNÁNDEZ ÁLVAREZ             | DEGREE AND DOCTORATE IN ECONOMICS AND BUSINESS FROM THE UNIVERSITY OF OVIEDO. Member of the Board of Directors of BME Bolsas y Mercados Españoles, S.A., member of the corporate reporting consultative committee of the European Securities Authority and member of the Board of Directors of the Princesa de Asturias Foundation and the Banco de Sabadell Foundation. Professor of financial economics at the University of Oviedo and professor of finance at CUNEF. |
| MS. MARÍA LETICIA DE FREITAS COSTA           | Degree in Product Engineering and Master's Degree in Business Administration (MBA). Manager of the Inspec Center for Strategic Research and a partner at Prada Assessoria.                                                                                                                                                                                                                                                                                               |
| MS. PILAR PERALES VISCASILLAS                | Law degree by the Autonomous University of Madrid and PhD in law by the Carlos III University of Madrid. Professor of commercial law at the Carlos III University of Madrid.                                                                                                                                                                                                                                                                                             |

|                                              |       |
|----------------------------------------------|-------|
| <b>Total number of independent directors</b> | 6     |
| <b>% of total board</b>                      | 42.86 |

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|---------------------|
| <b>Observations</b> |
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Indicate whether any director classified as independent receives from the company, or from its Group, any amount or earning for an item other than the director's remuneration, or maintains or has maintained during last financial year a business relationship with the company or with any company from its Group, whether on his behalf or as a significant shareholder, director or senior



management member of a company that maintains or has maintained such a relationship.

No director classified as independent receives, from the company or the Group, any amount or benefit for an item other than director's remuneration.

If so, include a reasoned statement from the Board on the reasons why it considers that this director may perform his functions as an independent director.

| Name or company name of the director: | Relationship description | Reasoned statement |
|---------------------------------------|--------------------------|--------------------|
|                                       |                          |                    |

#### **OTHER EXTERNAL DIRECTORS**

Identify other external directors and explain in detail the reasons for which they cannot be considered nominee or independent directors, as well as their affiliations with the company, its management or its shareholders:

| Name or company name of the director | Reasons | Company, executive or shareholder with whom holds the affiliation | Profile: |
|--------------------------------------|---------|-------------------------------------------------------------------|----------|
|                                      |         |                                                                   |          |

|                                           |  |
|-------------------------------------------|--|
| <b>Total number of external directors</b> |  |
| <b>% of total board</b>                   |  |

|                     |
|---------------------|
| <b>Observations</b> |
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Indicate any changes that may have occurred during the period in the type of category for each director:

| Name or company name of the director | Date of change | Previous category | Current category |
|--------------------------------------|----------------|-------------------|------------------|
|                                      |                |                   |                  |

| Observations |
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C.1.4 Complete the following table with information relating to the number of female directors during the closing of the last four financial years, as well as the category of these female directors:

|                       | Number of directors |              |              |              | % of the total of each type of director |              |              |              |
|-----------------------|---------------------|--------------|--------------|--------------|-----------------------------------------|--------------|--------------|--------------|
|                       | year<br>2018        | year<br>2017 | year<br>2016 | year<br>2015 | year<br>2018                            | year<br>2017 | year<br>2016 | year<br>2015 |
| <b>Executives</b>     | 0                   | 0            | 0            | 0            | 0.00%                                   | 0.00%        | 0.00%        | 0.00%        |
| <b>Nominee</b>        | 0                   | 0            | 0            | 0            | 0.00%                                   | 0.00%        | 0.00%        | 0.00%        |
| <b>Independent</b>    | 4                   | 4            | 4            | 3            | 66.67%                                  | 66.67%       | 57.14%       | 42.86%       |
| <b>Other external</b> | 0                   | 0            | 0            | 0            | 0.00%                                   | 0.00%        | 0.00%        | 0.00%        |
| <b>TOTAL</b>          | 4                   | 4            | 4            | 3            | 28.57%                                  | 26.67%       | 23.53%       | 16.67%       |

| Observations |
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C.1.5 Indicate whether the company has diversity policies regarding the Board of Directors with regard to issues such as age, gender, disability, or professional training and experience. Small and medium-sized companies, in accordance with the definition established in the Account Audit Law, shall have to inform, at least, of the policy they have established regarding gender diversity.

Yes ☒ No ☐

If yes, please describe such diversity policies, their objectives, the measures and the way in which they have been implemented and their results in the financial year. The specific measures adopted by the Board of Directors and the Appointments and Remuneration Committee should also be indicated in order to achieve a balanced and diverse presence of directors.

Should the company not apply a diversity policy, please explain the reasons why.

| Description of the policies, objectives, measures and manner in which they have been applied, as well as the results obtained                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>The Institutional, Business and Organizational Principles of the MAPFRE Group, approved by the Board of Directors of MAPFRE on June 24, 2015, expressly provide that the Board of Directors of MAPFRE shall develop a plan for filling vacancies to ensure the suitability of applicants thereto, based on their skills and professional and geographical origins, as well as a sufficient presence of members of both genders. As on December 31, 2018, this body consisted of 14 members who, as a whole, possess knowledge, qualifications and experience in relation to the following matters: insurance and financial markets, business strategies and business models, governance systems, financial and actuarial analyses and regulatory frameworks.</p> <p>Similarly, it is established that the competent bodies of Group companies will ensure that, when vacancies arise, equal opportunities are guaranteed for candidates regardless of their gender, and they must seek to achieve an effective presence of directors of both genders.</p> <p>Furthermore, the Director Selection Policy expressly establishes that, during the selection process, any kind of implicit biases will always be avoided, which may involve discrimination and, in particular, biases that interfere with the selection of persons of either gender. It also includes the commitment to ensure that in the year 2020 the number of female directors shall represent at least 30 percent of the total of members of the Board of Directors.</p> <p>As on December 31, 2018, the number of female directors represented 28.57 percent of the total number of Board members. The majority participate in the specific committees of the Board and/or have a key role: i) Ms. Catalina Miñarro Brugarolas is the 2nd Vice Chairman of the Board of Directors and the Steering Committee, Chair of the Appointments and Remuneration Committee and independent Lead Director; ii) Ms. Ana Isabel Fernández Álvarez is a member of the Audit and Compliance Committee and the Risk Committee; and iii) Ms. María del Pilar Perales Viscasillas is a member of the Audit and Compliance Committee.</p> <p>In addition, geographical and cultural diversity is also present on the Board, since three different nationalities are represented in it: Spanish, Brazilian and German.</p> |

**C.1.6 Explain the measures which, where applicable, the Appointments Committee has agreed so that the procedure for filling Board vacancies has no implicit bias against women candidates, and the company makes a conscious effort to include women with the target profile among the candidates for Board seats and which allows to reach a balanced presence between men and women:**

| Explanation of the measures                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>The Appointments and Remuneration Committee must ensure that during the candidate selection process any kind of implicit biases are always avoided, which may involve discrimination and, in particular, those biases that interfere with the selection of persons of either gender.</p> <p>In 2015 the Appointments and Remuneration Committee approved a renewal plan for the Board of Directors establishing the steps to follow in the period 2015-2020 to adapt the structure of the Board of Directors to the new legal requirements and recommendations contained in the Code of Good Governance of the National Securities and Exchange Commission.</p> |

**When, in spite of the measures which, where applicable, have been adopted, there are few or no female directors, explain the reasons that justify this.**

| Explanation of the reasons |
|----------------------------|
| Not applicable             |

**C.1.7 Explain the conclusions of the Appointments Committee on the verification of compliance with the director selection policy. In**

particular, explain how this policy is promoting the objective that by 2020 the number of female directors represents at least 30 percent of the total of members of the Board of Directors.

MAPFRE's Director Selection Policy aims to ensure that the proposals for nomination and re-election of directors are based on a preliminary analysis of the Board of Directors needs, and to promote a diversity of knowledge, experiences and gender on the Board. It expressly sets out the commitment to ensure that in the year 2020 the number of female directors shall represent at least 30 percent of the total of members of the Board of Directors.

In addition, as indicated in the above section C.1.6, the Appointments and Remuneration Committee approved a renewal plan for the Board of Directors with specific measures to promote the objective that by 2020 the number of female directors represents at least 30 percent of the total of members of the Board of Directors. As of the closing date, the Company is close to reaching the objective of thirty percent, since currently the percentage stands at 26.67 percent.

The Appointments and Remuneration Committee considers that the company adequately complied with the Director Selection Policy during 2018. Specifically, the proposals for the appointment of Mr. José Manuel Inchausti Pérez and Mr. Antonio Gómez Ciria (director with effect from January 1, 2019) and the re-election of Mr. Antonio Huertas Mejías, Ms. Catalina Miñarro Brugarolas and Ms. Maria del Pilar Perales Viscasillas, have been carried out in accordance with the Selection of Directors Policy.

**C.1.8 Explain, where applicable, the reasons why nominee directors have been appointed at the behest of shareholders whose shareholding is less than 3 percent of the capital:**

| Name or company name of the shareholder | Justification |
|-----------------------------------------|---------------|
|                                         |               |

Indicate whether formal petitions for a seat on the Board have been ignored from shareholders whose holding is equal to or higher than others at whose behest nominee directors were appointed. Where applicable, explain why these petitions have been ignored:

Yes ☐ No ☒

| Name or company name of the shareholder | Explanation |
|-----------------------------------------|-------------|
|                                         |             |

**C.1.9 Indicate, if any, the powers delegated by the Board of Directors on directors or committees of the Board:**

| Name or company name of the director or committee | Brief description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|---------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Steering Committee                                | The Steering Committee is the delegate body of the Board of Directors, responsible for the senior management and permanent oversight of the strategic and operational aspects of the Company's and its subsidiaries ordinary business affairs. It also makes any decisions necessary to operate properly. It has the general capacity of decision and has been expressly delegated all the powers that correspond to the Board of Directors, except for those that may not be delegated by law, by the Corporate Bylaws or in the |

|  |                                                                                                                                                                                                                                      |
|--|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  | Regulations of the Board of Directors. It may delegate to any of its members the necessary powers for the final adoption of decisions previously discussed by the Committee, and for the implementation of the agreements it adopts. |
|--|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

C.1.10 Identify, where applicable, any members of the Board holding posts as directors, representatives of directors or managers in other companies that are part of the listed company of the group:

| Name or company name of the director | Company name of the Group company                                         | Position         | Do they have executive functions? |
|--------------------------------------|---------------------------------------------------------------------------|------------------|-----------------------------------|
| MR. ANTONIO HUERTAS MEJÍAS           | MAPFRE INTERNACIONAL , S.A.                                               | CHAIRMAN AND CEO | NO                                |
| MR. IGNACIO BAEZA GÓMEZ              | MAPFRE ASISTENCIA, COMPAÑÍA INTERNACIONAL DE SEGUROS Y REASEGUROS, S.A.   | CHAIRMAN         | NO                                |
| MR. IGNACIO BAEZA GÓMEZ              | MAPFRE GLOBAL RISKS, COMPAÑÍA INTERNACIONAL DE SEGUROS Y REASEGUROS, S.A. | CHAIRMAN         | YES                               |
| MR. IGNACIO BAEZA GÓMEZ              | MAPFRE INTERNACIONAL , S.A.                                               | DIRECTOR         | NO                                |
| MS. CATALINA MIÑARRO BRUGAROLAS      | MAPFRE ESPAÑA, COMPAÑÍA DE SEGUROS Y REASEGUROS, S.A.                     | DIRECTOR         | NO                                |
| MS. CATALINA MIÑARRO BRUGAROLAS      | MAPFRE VIDA DE SEGUROS Y REASEGUROS SOBRE LA VIDA HUMANA                  | DIRECTOR         | NO                                |
| MS. CATALINA MIÑARRO BRUGAROLAS      | MAPFRE INTERNACIONAL , S.A.                                               | DIRECTOR         | NO                                |
| Mr. JOSÉ MANUEL INCHAUSTI PÉREZ      | MAPFRE ESPAÑA, COMPAÑÍA DE SEGUROS Y REASEGUROS, S.A.                     | VICE CHAIRMAN    | YES                               |
| Mr. JOSÉ MANUEL INCHAUSTI PÉREZ      | MAPFRE VIDA DE SEGUROS Y REASEGUROS SOBRE LA VIDA HUMANA                  | DIRECTOR         | NO                                |
| Mr. JOSÉ MANUEL INCHAUSTI PÉREZ      | MAPFRE GLOBAL RISKS, COMPAÑÍA INTERNACIONAL DE SEGUROS Y REASEGUROS, S.A. | DIRECTOR         | NO                                |

|                                          |                                                                           |                      |    |
|------------------------------------------|---------------------------------------------------------------------------|----------------------|----|
| Mr. JOSÉ MANUEL INCHAUSTI PÉREZ          | MAPFRE RE, COMPAÑÍA DE REASEGUROS, S.A.                                   | DIRECTOR             | NO |
| Mr. JOSÉ MANUEL INCHAUSTI PÉREZ          | MAPFRE SEGUROS GERAIS                                                     | DIRECTOR             | NO |
| Mr. JOSÉ MANUEL INCHAUSTI PÉREZ          | VERTI ASEGURADORA                                                         | ADMINISTRATOR        | NO |
| MR. JOSÉ ANTONIO COLOMER GUIU            | MAPFRE ESPAÑA, COMPAÑÍA DE SEGUROS Y REASEGUROS, S.A.                     | DIRECTOR             | NO |
| MR. JOSÉ ANTONIO COLOMER GUIU            | MAPFRE VIDA DE SEGUROS Y REASEGUROS SOBRE LA VIDA HUMANA                  | DIRECTOR             | NO |
| MR. GEORG DASCHNER                       | VERTI VERSICHERUNG A.G.                                                   | DIRECTOR             | NO |
| MS. ANA ISABEL FERNÁNDEZ ÁLVAREZ         | MAPFRE GLOBAL RISKS, COMPAÑÍA INTERNACIONAL DE SEGUROS Y REASEGUROS, S.A. | DIRECTOR             | NO |
| MS. ANA ISABEL FERNÁNDEZ ÁLVAREZ         | MAPFRE RE, COMPAÑÍA DE REASEGUROS, S.A.                                   | DIRECTOR             | NO |
| MS. MARÍA LETICIA DE FREITAS COSTA       | BB MAPFRE SH1 PARTICIPAÇÕES S.A.                                          | DIRECTOR             | NO |
| MS. MARÍA LETICIA DE FREITAS COSTA       | BB MAPFRE SH2 PARTICIPAÇÕES, S.A.                                         | DIRECTOR             | NO |
| MR. LUIS HERNANDO DE LARRAMENDI MARTÍNEZ | MAPFRE INTERNACIONAL, S.A.                                                | DIRECTOR             | NO |
| MR. LUIS HERNANDO DE LARRAMENDI MARTÍNEZ | MAPFRE ESPAÑA, COMPAÑÍA DE SEGUROS Y REASEGUROS, S.A.                     | SECOND VICE CHAIRMAN | NO |
| MR. LUIS HERNANDO DE LARRAMENDI MARTÍNEZ | MAPFRE VIDA DE SEGUROS Y REASEGUROS SOBRE LA VIDA HUMANA                  | SECOND VICE CHAIRMAN | NO |
| MR. FRANCISCO JOSÉ MARCO ORENES          | MAPFRE INTERNACIONAL, S.A.                                                | DIRECTOR             | NO |
| MR. FRANCISCO JOSÉ MARCO ORENES          | FUNESPAÑA, S.A.                                                           | EXECUTIVE            | NO |
| MR. FERNANDO MATA VERDEJO                | MAPFRE INTERNACIONAL, S.A.                                                | DIRECTOR             | NO |

|                                         |                                                                           |               |    |
|-----------------------------------------|---------------------------------------------------------------------------|---------------|----|
| MR. FERNANDO MATA VERDEJO               | MAPFRE ESPAÑA, COMPAÑÍA DE SEGUROS Y REASEGUROS, S.A.                     | DIRECTOR      | NO |
| MR. FERNANDO MATA VERDEJO               | MAPFRE VIDA DE SEGUROS Y REASEGUROS SOBRE LA VIDA HUMANA                  | DIRECTOR      | NO |
| MR. ANTONIO MIGUEL-ROMERO DE OLANO      | MAPFRE ASISTENCIA, COMPAÑÍA INTERNACIONAL DE SEGUROS Y REASEGUROS, S.A.   | DIRECTOR      | NO |
| MR. ANTONIO MIGUEL-ROMERO DE OLANO      | MAPFRE ESPAÑA, COMPAÑÍA DE SEGUROS Y REASEGUROS, S.A.                     | DIRECTOR      | NO |
| MR. ANTONIO MIGUEL-ROMERO DE OLANO      | MAPFRE VIDA DE SEGUROS Y REASEGUROS SOBRE LA VIDA HUMANA                  | DIRECTOR      | NO |
| MS. MARÍA DEL PILAR PERALES VISCASILLAS | MAPFRE ASISTENCIA, COMPAÑÍA INTERNACIONAL DE SEGUROS Y REASEGUROS, S.A.   | VICE CHAIRMAN | NO |
| MS. MARÍA DEL PILAR PERALES VISCASILLAS | MAPFRE GLOBAL RISKS, COMPAÑÍA INTERNACIONAL DE SEGUROS Y REASEGUROS, S.A. | DIRECTOR      | NO |
| MR. ALFONSO REBUELTA BADÍAS             | MAPFRE GLOBAL RISKS, COMPAÑÍA INTERNACIONAL DE SEGUROS Y REASEGUROS, S.A. | VICE CHAIRMAN | NO |
| MR. ALFONSO REBUELTA BADÍAS             | MAPFRE INTERNACIONAL, S.A.                                                | DIRECTOR      | NO |

| Observations |
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C.1.11 Detail, where appropriate, the directors or representatives of legal persons of their company, who are members of the Board of Directors or representatives of legal persons of other companies listed on official securities markets other than their group, which have been notified to the company:

| Name or company name of the director: | Company name of the listed company                                                     | Position/ |
|---------------------------------------|----------------------------------------------------------------------------------------|-----------|
| MS. CATALINA MIÑARRO BRUGAROLAS       | ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A.                                     | DIRECTOR  |
| MS. ANA ISABEL FERNÁNDEZ ÁLVAREZ      | BOLSAS Y MERCADOS ESPAÑOLES, SOCIEDAD HOLDING DE MERCADOS Y SISTEMAS FINANCIEROS, S.A. | DIRECTOR  |

| Observations |
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C.1.12 Indicate and, if applicable, explain if the company has established rules on the maximum number of boards of companies in which its directors can be part, identifying, where appropriate, where it is regulated:

Yes ☒ No ☐

| Explanation of the rules and identification of the document where it is regulated                                                                                                                                                                     |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| According to article 4 of the MAPFRE Regulation of the Board of Directors, no director can simultaneously be a member of more than five Boards of Directors of companies that do not form part of the Group, except for personal or family companies. |

C.1.13 Indicate the amounts of the items related to the overall remuneration of the following board of directors:

|                                                                                                             |        |
|-------------------------------------------------------------------------------------------------------------|--------|
| Remuneration accrued in the financial year in favor of the Board of Directors (thousands of euros)          | 15,669 |
| Amount corresponding to the rights accumulated by current directors regarding pensions (thousands of euros) | 26,848 |
| Amount corresponding to the rights accumulated by former directors regarding pensions (thousands of euros)  | 0      |

| Observations |
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C.1.14 Identify the senior management members who are not also executive directors, and indicate the total remuneration accrued by them during the financial year:



| Name or company name                   | Position                                           |
|----------------------------------------|----------------------------------------------------|
| MR. JOSÉ MANUEL CORRAL VÁZQUEZ         | GROUP CHIEF BUSINESS AND CLIENTS OFFICER           |
| MR. ÁNGEL LUIS DÁVILA BERMEJO          | GENERAL COUNSEL – GENERAL MANAGER OF LEGAL AFFAIRS |
| MR. JOSÉ LUIS GURTUBAY FRANCIA         | GROUP CHIEF STRATEGY OFFICER                       |
| MR. JOSÉ LUIS JIMÉNEZ GUAJARDO-FAJARDO | GROUP CHIEF INVESTMENT OFFICER                     |
| MR. JOSÉ MANUEL MURIES NAVARRO         | GROUP CHIEF AUDIT OFFICER                          |
| MS. EVA PIERA ROJO                     | GROUP CHIEF EXTERNAL RELATIONS OFFICER             |
| MS. MARÍA ELENA SÁNZ ISLA              | GROUP CHIEF PEOPLE OFFICER                         |

|                                                                 |       |
|-----------------------------------------------------------------|-------|
| Total remuneration of senior management (in thousands of euros) | 3,879 |
|-----------------------------------------------------------------|-------|

| Observations |
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C.1.15 Indicate whether during the financial year there has been any change in the Board of Directors Regulations.

Yes ☐ No ☒

| Description of modifications |
|------------------------------|
|                              |

C.1.16 Indicate procedures for selection, appointment, re-election and removal of directors. List the competent bodies, the procedures to be followed and the criteria to be employed in each procedure.

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>The persons to whom the position of director of MAPFRE S.A. or of a subsidiary company is offered must make a prior, true and full statement of their personal, family, professional or business circumstances, specially stating: (i) the persons or companies that have, with respect to him/her, the status of related persons in accordance with the provisions of the current legislation; (ii) any circumstances that could entail any incompatibility in accordance with the laws, the Bylaws and the Regulations of the Board of Directors, or a situation of conflict of interest; (iii) his/her remaining professional obligations, in case they could interfere with the dedication required for the position; (iv) criminal cases in which he/she appears as the defendant or prosecuted party; and (v) any other event or situation that affects him/her and that may be relevant for his/her performance as a Director. This declaration must be made on the form provided for such purposes by MAPFRE, and shall include an express acceptance of the regulations set out in the corporate bylaws and other internal regulations, as well as in current legislation.</p> <p>Any person who holds the position of director must be of renowned prestige in his/her professional and business area, and hold all necessary professional qualifications or experience as provided by law for financial institutions or insurance companies subject to supervision by public authorities.</p> <p>Specifically, people cannot be members of the Board of Directors if they hold significant shares in, or provide</p> |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

professional services to, competing businesses of the company or of any company of the Group, or if they work as employees, managers, or administrators of them, unless they are granted express authorization from the Board of Directors.

- Proposals for the appointment or reappointment of independent directors must be preceded by a proposal from the Appointments and Remuneration Committee. The proposed reappointment of such directors must include an assessment of the performance of their positions by directors during the previous mandate and, where appropriate, of the positions performed by candidates on the Board, taking into account or assessing the amount and quality of the work done by them, and their commitment to the position.

- The formulation of proposals for appointment or reappointment by the Board of Directors must be preceded:

a) In the case of nominee directors, by a suitable proposal of the shareholder backing their appointment or reappointment.

b) In the case of executive directors, as well as the secretary, whether or not a director, by a suitable proposal from the Chairman of the Board.

Both types of proposals must also be preceded by the corresponding report from the Appointments and Remuneration Committee.

- The proposed reappointment of nominee and executive directors must be subject to a prior report issued by the Appointments and Remuneration Committee, which must include an assessment of the performance of their positions by directors during the previous mandate and, where appropriate, of the positions performed by candidates on the Board, taking into account or assessing the amount and quality of the work done by them, and their commitment to the position.

- In any case, the proposals for appointment and reappointment of directors must be accompanied by an explanatory report from the Board which assesses the responsibility, experience and merits of the candidate.

The Board of Directors shall not propose to the General Meeting that any independent director be removed from office before the end of the term for which the director has been elected unless the Board of Directors considers, based on a report from the Appointments and Remuneration Committee, that there are grounds for doing so. In particular, the removal proposal shall be deemed justified when the director has failed to comply with the duties inherent to the position, has not complied with any requirement set forth for independent directors, or has incurred in an insuperable conflict of interest according to the provisions of current legislation.

#### C.1.17 Explain how the annual assessment of the Board has led to significant changes in its international organization and in the procedures that apply to its activities:

| Description of modifications                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>In financial year 2018, the Board of Directors has carried out an assessment of the quality of its work and the operation of its Committee and Steering Committee. This assessment was carried out without the advice of an external consultant (the assessment of the year 2016 was carried out with the help of Spencer Stuart).</p> <p>The annual self-assessment of the Board of Directors has put a special focus on those key aspects with respect to which the directors expressed interest in previous assessments. In particular, the following aspects have been analyzed: composition and structure of the Board of Directors and its delegate bodies and the running of the meetings.</p> <p>The result of the self-assessment process in 2017 has been very positive, where the effective leadership carried out by the Chairman and the significant improvements made in the operation of said body in the last three years was highlighted.</p> |

Describe the assessment process and the areas assessed by the Board of Directors with the assistance, where applicable, by an external consultant, regarding the operation and composition of the board and its committees and any other area or aspect that has been subject to assessment.

| Description of the assessment process and assessment areas |
|------------------------------------------------------------|
|------------------------------------------------------------|

In accordance with the provisions of the Regulations of the Board of Directors of MAPFRE, the Board undertakes an annual assessment of the quality of its work, the performance of the Chairman and CEO based on the report drawn up for this purpose by the Appointments and Remuneration Committee, and the operation of its Committees and Steering Committee. Where appropriate, it proposes an action plan to correct any deficiencies detected.

During the first half of 2019 the Steering Committee and the Audit and Compliance, Appointments and Remuneration, and Risk Committees will prepare their respective self-assessment reports on their composition and operations during 2019.

Likewise, the Board of Directors will assess its own composition and operations during 2018 as well as those of its Committees and Steering Committees based on the aforementioned reports.

**C.1.18 Itemize, in those financial years in which the assessment was carried out with an external consultant, the business relationships that the consultant or any company of its group maintains with the company or any company of its group.**

None

**C.1.19 Indicate the circumstances under which directors are forced to resign.**

In accordance with the corporate bylaws, the Board of Directors Regulation and the MAPFRE Group's Institutional, Business and Organizational Principles, all members of the Board of Directors will formally resign their post at the age of 70. The Chairman, Vice Chairmen and directors who perform executive functions, and the secretary of the Board must retire from office on reaching 65 years of age or, on any earlier date according to the terms and conditions of their respective contracts, submitting the corresponding resignations, but they may continue as members of the Board without any executive duties for a maximum of five years in the same conditions as external nominee directors.

All directors must resign from their directorship on the Board of Directors and any office held, such as on the Committees and Steering Committee, and tender their formal resignation should the Board of Directors deem it pertinent, in the following cases:

- a) Whenever they cease to hold the executive office associated with their appointment as member of such governing bodies.
- b) Should they become subject to any disqualification or prohibition laid down at law.
- c) If they are accused of (or a court issues an order for the opening of a trial for) allegedly committing any crime or are involved in disciplinary proceedings involving a serious or very serious fault at the instance of the supervisory authorities.
- d) If they receive a serious warning from the Audit and Compliance Committee due to infringement of their obligations as directors.
- e) When they are affected by circumstances in which their remaining on any such governing bodies might cause damage to the Company's credit or reputation, or place its interests at risk. When such events or circumstances are well-known or public, the Appointments and Remuneration Committee, by agreement of the majority of its members, may request the resignation of the affected director.
- f) If the reasons (if any expressly exist) for which they were appointed cease to apply.

Resignation from these positions must be formally tendered in a letter addressed to all members of the Board of Directors.

Directors who, at the time of their appointment, do not hold any executive position or perform any executive functions in the company, or in another Group company, will not be able to perform any executives functions unless they first resign their directorship, even though they may subsequently remain eligible for the position.

Nominee directors must also tender their resignation when the shareholder that appointed them sells its shareholding.

When a shareholder reduces its shareholding, a proportionally equivalent number of nominee directors that it has appointed must resign.

MAPFRE's independent directors must also tender their resignation when they have held office for 12 years in a row.

C.1.20 Are reinforced majorities required, aside from legal majorities, for any type of resolution?

Yes ☐ No ☒

If so, describe the differences.

| Description of differences |
|----------------------------|
|                            |

C.1.21 Explain whether there are specific requirements, other than those regarding directors, to be appointed Chairman of the Board.

Yes ☒ No ☐

| Requirements description                                                                                                                                                                                                                                                                                                              |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| In accordance with the provisions of article 5 of the Regulations of the MAPFRE Board of Directors, the position of Chairman must go to an executive director who has the status of most senior management representative, and such a designation requires the favorable vote of two thirds of the members of the Board of Directors. |

C.1.22 Indicate whether the bylaws or the Board regulations establish any age limit for directors:

Yes ☒ No ☐

|                   | Age limit |
|-------------------|-----------|
| EXECUTIVE         | 65 years  |
| Managing Director | 65 years  |
| DIRECTOR          | 70 years  |

| Observations |
|--------------|
|              |

C.1.23 Indicate whether the bylaws or the Board's regulations establish a limited mandate or other stricter requirements than those legally provided for independent directors, other than that established in the regulations:

Yes ☐ No ☒

|                                                                     |  |
|---------------------------------------------------------------------|--|
| Additional requirements and/or maximum number of mandated financial |  |
|---------------------------------------------------------------------|--|

|       |  |
|-------|--|
| years |  |
|-------|--|

C.1.24 Indicate whether the bylaws or the regulations of the Board of Directors establish specific regulations for delegating votes on the Board of Directors in favor of other Directors, how to do it, and in particular, the maximum number of delegations a director may have, as well as whether any limit has been established regarding the categories in which it is possible to delegate, beyond the limits imposed by legislation. If so, describe such regulations briefly.

|                                                                        |
|------------------------------------------------------------------------|
| There are no specific regulations for delegating votes on the Board of |
|------------------------------------------------------------------------|

C.1.25 Indicate the number of meetings the Board of Directors has held during the financial year. Where applicable, indicate how many times the Board has met without the Chairman in attendance. In calculating this number, attendance shall mean proxies given with specific instructions.

|                                                       |    |
|-------------------------------------------------------|----|
| Number of board meetings                              | 10 |
| Number of board meetings not attended by the Chairman | 0  |

|              |
|--------------|
| Observations |
|              |

Indicate the number of meetings held by the Lead Director with the rest of the directors, without the assistance or representation of any executive director:

|                    |   |
|--------------------|---|
| Number of meetings | 0 |
|--------------------|---|

|              |
|--------------|
| Observations |
|              |

Indicate the number of meetings the Board's different Committees have held during the financial year.

|                                                   |    |
|---------------------------------------------------|----|
| Number of meetings of the Steering Committee      | 5  |
| Number of Audit and Compliance Committee Meetings | 14 |

|                                                                   |   |
|-------------------------------------------------------------------|---|
| <b>Number of Appointments and Remuneration Committee meetings</b> | 5 |
| <b>Number of Risk Committee meetings</b>                          | 6 |

|                     |
|---------------------|
| <b>Observations</b> |
|                     |

C.1.26 Indicate the number of meetings the Board of Directors has held during the financial year and the attendance information of its members:

|                                                                                                                                      |      |
|--------------------------------------------------------------------------------------------------------------------------------------|------|
| <b>Number of meetings attended by at least 80% of the directors</b>                                                                  | 10   |
| <b>% of attendance over total votes during the year</b>                                                                              | 100% |
| <b>Number of meetings attended in person or representations carried out with specific instructions of all directors</b>              | 9    |
| <b>% of votes cast with in person attendance and representations made with specific instructions, on total votes during the year</b> | 100% |

|                     |
|---------------------|
| <b>Observations</b> |
|                     |

C.1.27 Indicate whether the individual and consolidated annual accounts presented to the Board for formulation were certified beforehand:

Yes ☒ No ☐

Where applicable, identify the person(s) who certified the individual and consolidated annual accounts to be drawn up by the Board:

| <b>Name</b>                    | <b>Position/</b>                                               |
|--------------------------------|----------------------------------------------------------------|
| MR. FERNANDO MATA VERDEJO      | GROUP CHIEF FINANCE OFFICER                                    |
| MR. JOSÉ MANUEL MURIES NAVARRO | GROUP CHIEF AUDIT OFFICER                                      |
| MR. CARLOS BARAHONA TORRIJOS   | ASSISTANT GENERAL MANAGER OF CONTROL AND FINANCIAL INFORMATION |

| Observations |
|--------------|
|              |

C.1.28 Explain the mechanisms, if any, established by the Board of Directors to prevent the individual and consolidated accounts that it draws up from being presented to the General Meeting with reservations in the audit report.

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>The company has never issued financial statements with a qualified auditor's report.</p> <p>The company has Corporate Finance, General Counsel and Internal Audit Areas to oversee all aspects of the annual accounts, as well as the MAPFRE Audit and Compliance Committee, which is a delegate body that was created by the Board for this purpose and granted supervisory powers in 2000.</p> <p>According to article 25 of the Regulation of the Board of Directors of MAPFRE, the Board of Directors must always draw up the annual accounts so that the external auditor has no reservations or provisos regarding them. Nonetheless, when the Board considers that it must maintain its criteria, the Chairman of the Audit and Compliance Committee will publicly explain the content and scope of the discrepancies that may have led to these reservations or provisos.</p> |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

C.1.29 Is the Board secretary a director?

Yes ☐

No ☒

If the secretary does not have the status of director, complete the following table:

| Name or company name of the secretary | Representative |
|---------------------------------------|----------------|
| MR. ÁNGEL LUIS DÁVILA BERMEJO         |                |

| Observations |
|--------------|
|              |

C.1.30 Indicate the specific mechanisms established by the company to preserve the independence of the external auditors, as well as, if any, the mechanisms to preserve the independence of the financial analysts, the investment banks and the rating agencies, including how they have implemented the legal provisions in practice.

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>In addition to abiding by statutory provisions, the company has decided to voluntarily propose compliance with a number of general guidelines that clearly and precisely aim to achieve and uphold the necessary independence of the external auditors in such regard as is advocated by the MAPFRE Board of Directors Regulations, which set out the following criteria in respect of the relationship with external auditors:</p> <ul style="list-style-type: none"> <li>- The relationship of the Board of Directors with the company's external auditor shall be maintained through the Audit and Compliance Committee.</li> <li>- The Board of Directors shall refrain from hiring any auditing firms that receive or that will receive annual fees from the Group, where the amount for all items exceeds 5 percent of its total annual revenue; and it shall report, in the annual</li> </ul> |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

public documentation, the total fees that the Group paid the external auditor for the various services it provided.

Apart from the Audit and Compliance Committee's powers and functions as specified in the bylaws and the Board of Directors Regulations, the Audit Committee will be informed at least once every six months of all services rendered by the external auditor and their corresponding fees.

Every year, the Audit and Compliance Committee assesses the accounts auditor, the scope of the audit and the external auditor's independence, considering whether the quality of the audit control measures is adequate and any services other than accounts audit services are compatible with the auditor's independence.

Furthermore, the Audit and Compliance Committee verifies the independence of the external auditor in relation to the Company and its subsidiaries, receiving from it the declaration of its independence and issuing the Committee the corresponding report on the independence of the auditor.

In accordance with the provisions of the Internal Code of Conduct regarding listed securities issued by MAPFRE, which sets out the procedures relating to the publication of relevant information, the financial analysts will not be provided with any relevant information that is not available to the public at large.

**C.1.31** Indicate whether the company changed its external auditor during the financial year. If so, identify the incoming and outgoing auditors:

Yes ☐ No ☒

| Outgoing auditor | Incoming auditor |
|------------------|------------------|
|                  |                  |

| Observations |
|--------------|
|              |

If there were disagreements with the outgoing auditor, explain the grounds.

Yes ☐ No ☒

| Explanation of the disagreements |
|----------------------------------|
|                                  |

**C.1.32** Indicate whether the audit firm does other work for the company and/or its Group other than the audit. If so, declare the amount of fees received for such work and the percentage of such fees in the total fees charged to the company and/or its Group:

Yes ☒ No ☐

|                                                | Society | Group Companies | TOTAL |
|------------------------------------------------|---------|-----------------|-------|
| Amount for work other than audit (thousands of | 260     | 1,981           | 2,241 |



|                                                              |       |       |       |
|--------------------------------------------------------------|-------|-------|-------|
| euros)                                                       |       |       |       |
| Amount from jobs other than audit / Amount audit jobs (in %) | 35.86 | 21.91 | 22.94 |

|              |
|--------------|
| Observations |
|              |

C.1.33 Indicate whether the audit report on the annual financial statements for the previous financial year contained reservations or qualifications. If any, indicate the reasons given to the shareholders at the General Meeting by the Chairman of the Audit Committee to explain the content and scope of said reservations or exceptions.

Yes ☐ No ☒

|                            |
|----------------------------|
| Explanation of the reasons |
|                            |

C.1.34 Indicate the number of financial years during which the current audit firm has been continuously performing the audit of the individual and/or consolidated annual accounts of the company. Indicate the percentage of the number of financial years audited by the current auditing firm to the total number of financial years in which the annual financial statements have been audited:

|                                   |            |              |
|-----------------------------------|------------|--------------|
|                                   | INDIVIDUAL | CONSOLIDATED |
| Number of financial years running | 4          | 4            |

|                                                                                                                                      |            |              |
|--------------------------------------------------------------------------------------------------------------------------------------|------------|--------------|
|                                                                                                                                      | INDIVIDUAL | CONSOLIDATED |
| Number of financial years audited by current audit firm / number of financial years the company or its group has been audited (in %) | 13.33      | 13.33        |

|              |
|--------------|
| Observations |
|              |

C.1.35 Indicate and, where applicable, give details on the existence of a procedure for directors to obtain the information they need to prepare the meetings of the management bodies in sufficient time:

Yes ☒ No ☐

| Details of the procedure                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>In accordance with the provisions of the Regulations of the Board of Directors, the meeting shall always include the agenda, which shall be established by the Chairman, and shall be accompanied by the appropriate information on the matters to be discussed, and duly prepared.</p> <p>The agenda will be circulated to all members at least five days in advance of the meeting and will specifically state those items that are for information purposes and those that require a Board resolution. The documentation will be circulated among members at least three days ahead of the meeting, to allow for due analysis and study of the same by directors.</p> <p>The Chairman of the Board of Directors, as the person responsible for the effective operation thereof, shall take the necessary measures to ensure that the Directors receive sufficient information in advance of the meeting on the items on the agenda.</p> <p>In addition, Directors are vested with the broadest powers to obtain information on any aspect of the Company, to examine their books, records, documents and other background on social operations. This right to information is extended to the Group companies to the extent necessary to enable the effective performance of their duties by the Directors.</p> <p>This aspect is subject to a specific analysis by the Board of Directors of the company in its annual self-evaluation session.</p> |

C.1.36 Indicate and, where applicable, give details on whether the company has established rules obliging directors to inform and, where applicable, to resign in those cases that may harm the company credit and reputation:

Yes ☒ No ☐

| Explain the rules                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>The directors must place their office(s) at the disposal of the Board of Directors, both as directors and any other position they might hold on any Committee or Steering Committees thereof, and formalize any resignation, should the Board deem it necessary, in the following cases:</p> <ul style="list-style-type: none"> <li>- Whenever they are removed from the executive office associated with their appointment as a member of these governing bodies.</li> <li>- Should they become subject to any disqualification or prohibition laid down under law.</li> <li>- If they are accused of (or a court issues an order for the opening of a trial for) allegedly committing any crime or are involved in disciplinary proceedings involving a serious or very serious fault at the instance of the supervisory authorities.</li> <li>- If they receive a serious warning from the Audit and Compliance Committee due to infringement of their obligations as directors.</li> <li>- When they are affected by circumstances that might harm the company's credit or reputation or place its interests at risk were they to remain on these governing bodies. When such events or circumstances are well-known or public, the Appointments and Remuneration Committee, by agreement of the majority of its members, may request the resignation of the affected director.</li> <li>- If the reasons (if any expressly exist) for which they were appointed cease to apply.</li> </ul> |

C.1.37 Indicate whether any member of the Board of Directors has informed the company of being sued or having any court proceedings opened against him or her for any of the offenses listed in article 213 of the Companies Act:

Yes ☐ No ☒

| Name of director: | Criminal charge | Observations |
|-------------------|-----------------|--------------|
|                   |                 |              |

Indicate whether the Board of Directors has analyzed the case. If so, explain the grounds for the decision reached as to whether or not the director should remain on the Board or, where applicable, explain the actions carried out by the Board of Directors until the date of this report or that it has planned to carry out.

Yes ☐ No ☐

| Decision taken/action carried out | Reasoned explanation |
|-----------------------------------|----------------------|
|                                   |                      |

C.1.38 List the significant resolutions adopted by the company and that take effect, are amended or conclude in the event of a change in control of the company on account of a public takeover bid, and its effects.

There are no significant resolutions adopted by the company and that take effect, are amended or conclude in the event of a change in control of the company on account of a public takeover bid.

C.1.39 Identify individually, when referring to the Directors, and in aggregate in the other cases, and indicate in details the resolutions between the company and its administration and management or employees who receive compensations, ring-fence or guarantee clauses, when these resign or are unfairly dismissed, or when the relationship comes to an end on the occasion of a public takeover bid or other type of operation.

| Number of beneficiaries: | 0                                                                                                                                                                                                                                                                                                                                                                                                                 |
|--------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Type of beneficiary:     | Description of the resolution                                                                                                                                                                                                                                                                                                                                                                                     |
|                          | <p>The duration of the contracts for executive directors is related to the length of service as a director. Termination in this role implies lifting the suspension of the relationship prior to the appointment as such.</p> <p>Executive directors must have an exclusive relationship with the company, and there are no contractual conditions relating to post-contractual non-competition agreements or</p> |

|  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|--|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  | <p>continuity of service.</p> <p>Early termination of the previous relationship entails compensation under the terms established in the workers' statute in relation to unfair dismissal, except where there is good cause for dismissal. In the event of early termination by decision of the company, the company must inform the director of his/her removal three (3) months prior to the date of termination.</p> <p>Contracts governing the prior relationship establish the termination of this relationship as January 1 of the year after which the director reaches the age of 60, unless annual extensions are implemented at the initiative of the company until the date on which the executive reaches the age of 65, as a maximum.</p> <p>There are no clauses related to signing bonuses.</p> |
|--|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Indicate whether, other than the cases stipulated in the regulations, these contracts have to be communicated and/or approved by the bodies of the company or its group. If so, specify the procedures, foreseen assumptions and the nature of the bodies responsible for their approval or making the communication:

|                              | Board of Directors | General Meeting |
|------------------------------|--------------------|-----------------|
| Body authorizing the clauses | YES                | NO              |

|                                                 | Yes | NO |
|-------------------------------------------------|-----|----|
| Is the General Meeting informed of the clauses? |     | X  |

| Observations |
|--------------|
|              |

## C.2 Committees of the Board

C.2.1 List all the Board of Directors, committees, their members and the percentage of executive, nominee, independent and other external directors that compose them:

### Steering Committee

| Name                       | Position/ | Category  |
|----------------------------|-----------|-----------|
| MR. ANTONIO HUERTAS MEJÍAS | CHAIRMAN  | EXECUTIVE |

|                                          |                        |             |
|------------------------------------------|------------------------|-------------|
| MR. IGNACIO BAEZA GÓMEZ                  | FIRST VICE CHAIRMAN    | EXECUTIVE   |
| MS. CATALINA MIÑARRO BRUGAROLAS          | SECOND VICE CHAIRWOMAN | INDEPENDENT |
| MR. GEORG DASCHNER                       | MEMBER                 | INDEPENDENT |
| MR. LUIS HERNANDO DE LARRAMENDI MARTÍNEZ | MEMBER                 | NOMINEE     |
| MR. ANTONIO MIGUEL-ROMERO DE OLANO       | MEMBER                 | NOMINEE     |

|                               |        |
|-------------------------------|--------|
| % of executive directors      | 33.33% |
| % of nominee directors        | 33.33% |
| % of independent directors    | 33.33% |
| % of other external directors | 0.00%  |

|                     |
|---------------------|
| <b>Observations</b> |
|                     |

Explain the functions delegated or attributed to this committee other than those already described in section C.1.10. Likewise, describe the organization and operation procedures and rules thereof. For each of these functions, indicate its most important actions during the year and how it has performed in practice each of the functions attributed to it, whether in the law, in the bylaws or other corporate agreements.

It is the delegate body of the Board of Directors, responsible for senior management and permanent oversight of the strategic and operational aspects of the company's ordinary business affairs and those of its subsidiaries. It also makes any decisions necessary for proper operation. It has the general capacity of decision and has been expressly delegated all the powers that correspond to the Board of Directors, except for those that may not be delegated by legal imperative or, where applicable, by express provision in the Corporate Bylaws or in the Regulations of the Board of Directors of MAPFRE S.A.

A maximum of 10 members, all members of the Board of Directors. Its Chairman, First and Second Vice Chairmen and secretary will automatically be members of the Board. Members must be appointed with a favorable vote from two-thirds of the members of the Board of Directors.

In 2018 the Steering Committee was responsible for approving appointments and removals from the company and the Group, authorizing the transactions of subsidiary and investee companies, approving the real estate transactions of the Group, being familiar with relationships with official bodies and the main contentious issues of the Group's companies, and being familiar with the purchase of MAPFRE shares by members of governing and management bodies, among other things.

#### AUDIT AND COMPLIANCE COMMITTEE

| Name                                    | Position/ | Category    |
|-----------------------------------------|-----------|-------------|
| MR. JOSÉ ANTONIO COLOMER GUIU           | CHAIRMAN  | INDEPENDENT |
| MS. ANA ISABEL FERNÁNDEZ ÁLVAREZ        | MEMBER    | INDEPENDENT |
| MR. ANTONIO MIGUEL-ROMERO DE OLANO      | MEMBER    | NOMINEE     |
| MS. MARÍA DEL PILAR PERALES VISCASILLAS | MEMBER    | INDEPENDENT |

|                               |        |
|-------------------------------|--------|
| % of nominee directors        | 25.00% |
| % of independent directors    | 75.00% |
| % of other external directors | 0.00%  |

| Observations |
|--------------|
|              |

Explain the functions, including, as the case may be, those additional to those legally provided, that this committee has attributed, and describe the procedures and rules of organization and operation thereof. For each of these functions, indicate its most important actions during the year and how it has performed in practice each of the functions attributed to it, whether in the law, in the bylaws or other corporate agreements.

The Audit and Compliance Committee has the following responsibilities:

- a) To apprise the General Meeting of matters that are the responsibility of the Committee and, in particular, regarding the results of the audit, explaining how the committee has contributed to the integrity of the financial information and role that the Committee had in said process.
- b) To supervise the efficacy of internal controls at the company, internal audits and risk management systems, including fiscal systems, as well as discussing with the external auditor any significant weaknesses identified in the internal control system in the course of audits.
- c) To supervise the preparation and presentation process of compulsory financial information and submit recommendations or proposals to the Board of Directors, aimed at safeguarding its integrity. d) To submit to the Board of Directors proposals for the selection, appointment, re-election and replacement of the External Auditor, being responsible for the selection process in accordance with the provisions of the legislation in force, as well as the conditions of their recruitment and regularly collecting information thereof on the audit plan and its implementation.
- e) To establish appropriate relationships with the external auditor in order to receive information concerning those issues which may jeopardize their independence, so that they may be examined by the Committee, and any other issues relating to the accounts auditing process, and where appropriate, authorizations for services other than those prohibited in the terms contemplated in the corresponding legislation currently in force for auditing accounts, for the regime of independence, as well as other communications envisaged in account

audit legislation and auditing standards.

f) To issue a yearly report, prior to the publication of the accounts audit report, expressing an opinion concerning whether the independence of the external auditor has been compromised.

g) To ensure that, as far as possible, the external auditor of the Group takes responsibility for auditing all the companies belonging to it.

h) To ensure the independence and efficacy of the internal audit; to propose the selection, appointment, reappointment and removal of its most senior management, as well as its annual budget; to receive regular information on its activities; and to check that senior management takes the conclusions and recommendations of its reports into account.

i) To inform the Board of Directors in advance on all matters provided in the law, the corporate bylaws and Board of Directors Regulations.

j) To establish and supervise a mechanism that enables employees to communicate confidentially any irregularities they notice within the company that may be of potential importance, especially financial and accounting irregularities.

k) To verify the application of the established good governance regulations at all times.

l) To supervise compliance with internal and external regulations, especially with internal codes of conduct, regulations and procedures for the prevention of money laundering and financing terrorism, as well as making proposals for their improvement.

m) To supervise the adoption of actions and measures resulting from inspection reports or actions taken by administrative supervision and control authorities.

The Committee is made up of a minimum of three and a maximum of five members, all of which must be non-executive, and the majority of which must be independent directors, one of which must be designated based on his or her knowledge and experience in the area of accounting or auditing or both. Overall, the members of the Committee should have the pertinent technical knowledge in relation to the company's sector of activity. Its chairman must be an independent director and they must be substituted in this position every four years, only to be reelected to the post one year after leaving that position. The secretary of this Committee will be the secretary to the Board of Directors. The Internal Audit General Manager of the Group shall attend the meetings as a guest.

In 2018 the Audit and Compliance Committee was responsible for issuing an opinion on the annual accounts for financial year 2017, for supervising the efficacy of the company's internal control, for the internal audit and the risk management systems of the company and the Group, for reporting on transactions with significant shareholders and senior management, for approving extra fees from the external auditor, for reporting on the relationship with the external auditor, for learning of appointments in Internal Audit, suggesting the candidate for the position of General Manager of Internal Audit, and for being familiar with the quarterly financial information presented to the Spanish National Securities and Exchange Commission, and for ensuring the correct application within the company and Group of the good governance rules and external and internal regulations.

For more information, please check the Report on the Composition and Functioning of the Committee during fiscal year 2018, available on the Company's website, which is made available to shareholders for the General Meeting.

Identify the members of the audit committee that have been appointed taking into account their knowledge and experience in accounting, auditing or both and report on the date of appointment of the Chairman of this committee in such position.

|                                                            |                               |
|------------------------------------------------------------|-------------------------------|
| <b>Names of experienced directors</b>                      | MR. JOSÉ ANTONIO COLOMER GUIU |
| <b>Data of appointment of the Chairman in the position</b> | 3/6/2016                      |

| Observations |
|--------------|
|              |

#### APPOINTMENTS AND REMUNERATION COMMITTEE

| Name                                     | Position/ | Category    |
|------------------------------------------|-----------|-------------|
| MS. CATALINA MIÑARRO BRUGAROLAS          | CHAIRMAN  | INDEPENDENT |
| MR. JOSÉ ANTONIO COLOMER GUIU            | MEMBER    | INDEPENDENT |
| MR. LUIS HERNANDO DE LARRAMENDI MARTÍNEZ | MEMBER    | NOMINEE     |
| MR. ALFONSO REBUELTA BADÍAS              | MEMBER    | NOMINEE     |

|                               |        |
|-------------------------------|--------|
| % of nominee directors        | 50.00% |
| % of independent directors    | 50.00% |
| % of other external directors | 0.00%  |

| Observations |
|--------------|
|              |

Explain the functions, including, as the case may be, those additional to those legally provided, that this committee has attributed, and describe the procedures and rules of organization and operation thereof. For each of these functions, indicate its most important actions during the year and how it has performed in practice each of the functions attributed to it, whether in the law, in the bylaws or other corporate agreements.

The Appointments and Remuneration Committee is the delegate body of the Board of Directors for the coordinated development of appointment and remuneration policy regarding the directors and senior management of the Group.

It has the following responsibilities:

- a) To evaluate the balance of skills, knowledge and experience required on the Board, defining the functions and capabilities required of the candidates to fill each vacancy accordingly and deciding the time and dedication necessary for them to properly perform their functions.
- b) To establish a representation target for the gender least represented on the Board of Directors and to draw up guidelines on how to achieve this target.



c) To bring before the Board of Directors the appointment proposals of independent directors for them to be designated by cooptation or for them to be subject to the decision of the General Meeting, as well as proposals for reappointment or removal, and to report on cases related to proposals that affect the remaining directors.

d) To notify proposals for the appointment and termination of senior managers and their basic contractual conditions.

e) To examine and organize the succession of the Chairman of the Board, and where appropriate, to make the corresponding proposals to the Board so that this succession is orderly and well-planned.

f) To propose to the Board of Directors the remuneration policy for directors and general managers or anyone who performs senior management functions under the direct control of the Board, the Steering Committee or the Managing Directors, as well as individual remuneration and other conditions of the contracts of executive directors, ensuring their enforcement.

g) To propose to the Board of Directors the candidates for Fundación MAPFRE trustees whose appointment is the responsibility of the company.

h) To authorize the appointment of external directors in the other Group companies.

The Committee is made up of a minimum of three and a maximum of five members, all of whom must be non-executive, and at least two of whom must be independent directors. The chairman must be an independent director. The secretary of the Board of Directors will also be the secretary of the Committee.

During financial year 2018, the Appointments and Remuneration Committee was responsible, among others duties, for reporting the appointments and dismissals of directors and executives, for reporting the Chairman's actions during 2017, for submitting proposals for re-election to the Board of Directors of the independent directors, to suggest to the Board of Directors the Remuneration Policy of the Directors, to approve the salary of the Senior Management Positions for financial year 2018, to authorize the granting of pension obligations, to approve the granting of management contracts and of proposing to the Board of Directors the candidates for the appointment of Trustees of FUNDACIÓN MAPFRE.

For more information, please check the Report on the Composition and Functioning of the Committee during fiscal year 2018, available on the Company's website, which is made available to shareholders for the General Meeting.

#### RISK COMMITTEE

| Name                               | Position/ | Category    |
|------------------------------------|-----------|-------------|
| MR. GEORG DASCHNER                 | CHAIRMAN  | INDEPENDENT |
| MR. JOSÉ ANTONIO COLOMER GUIU      | MEMBER    | INDEPENDENT |
| MS. ANA ISABEL FERNÁNDEZ ÁLVAREZ   | MEMBER    | INDEPENDENT |
| MR. ANTONIO MIGUEL-ROMERO DE OLANO | MEMBER    | NOMINEE     |

|                               |        |
|-------------------------------|--------|
| % of nominee directors        | 75.00% |
| % of independent directors    | 25.00% |
| % of other external directors | 0.00%  |

| Observations |
|--------------|
|              |

Explain the functions that this committee has attributed, and describe the procedures and rules of organization and operation thereof. For each of these functions, indicate its most important actions during the year and how it has performed in practice each of the functions attributed to it, whether in the law, in the bylaws or other corporate agreements.

This delegate body of the Board of Directors supports and advises the Board on the definition and evaluation of the Group's risk management policies and on the determination of susceptibility to risk and the risk strategy.

It has the following functions:

- a) To support and advise the Board of Directors on the definition and evaluation of the Group's risk policies and on the determination of susceptibility to risk and the risk strategy.
- b) To assist the Board of Directors in overseeing the application of the risk strategy.
- c) To be familiar with and assess the risk management methods and tools, monitoring the models applied regarding results and validation.

The Committee will be made up of a minimum of three and a maximum of five members, all of whom must be non-executive, and at least two of whom must be independent directors. The chairman must be an independent director. The Board of Directors must designate a secretary, a position which need not be filled by a director.

In 2018 the Risk Committee was responsible for reviewing the policies approved by the company in connection with Solvency II and determining the susceptibility to risk and the risk strategy.

C.2.2 Complete the following table with information related to the number of directors who have belonged to Board of Directors' Committees at the closing of the last four financial years:

|                                                | Number of directors |        |                |        |                     |        |                |        |
|------------------------------------------------|---------------------|--------|----------------|--------|---------------------|--------|----------------|--------|
|                                                | 2018<br>Number      |        | 2017<br>Number |        | Year 2015<br>Number |        | 2015<br>Number |        |
| <b>Steering Committee</b>                      | 1                   | 16.67% | 1              | 12.50% | 1                   | 10.00% | 1              | 10.00% |
| <b>AUDIT AND COMPLIANCE COMMITTEE</b>          | 2                   | 50.00% | 2              | 40.00% | 2                   | 40.00% | 1              | 25.00% |
| <b>APPOINTMENTS AND REMUNERATION COMMITTEE</b> | 1                   | 25.00% | 2              | 50.00% | 2                   | 50.00% | 1              | 25.00% |
| <b>RISK COMMITTEE</b>                          | 1                   | 25.00% | 1              | 20.00% | 0                   | 0.00%  | 0              | 0.00%  |

| Observations |
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|              |

C.2.3 Indicate, where applicable, the existence of regulations for the Board committees, where they can be consulted and any amendments made to them during the financial year. Indicate whether an annual report on the activities of each committee has been drawn up voluntarily.

|                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Committee name</p> <p>Steering Committee</p> <p>Brief description</p> <p>The Steering Committee is regulated in the bylaws and the Board Regulations.</p> <p>These are available on the Company's website, <a href="http://www.mapfre.com">www.mapfre.com</a>, in the public records of the CNMV and in the Madrid Company</p>                                                                                                                           |
| <p>Committee name</p> <p>AUDIT AND COMPLIANCE COMMITTEE</p> <p>Brief description</p> <p>Regulated in the bylaws and the Board Regulations.</p> <p>These are available on the Company's website, <a href="http://www.mapfre.com">www.mapfre.com</a>, in the public records of the CNMV and in the Madrid Company</p>                                                                                                                                         |
| <p>Committee name</p> <p>APPOINTMENTS AND REMUNERATION COMMITTEE</p> <p>Brief description</p> <p>Provided for in the bylaws and regulated in the Board of Directors Regulations.</p> <p>These are available on the Company's website, <a href="http://www.mapfre.com">www.mapfre.com</a>, in the public records of the CNMV and in the Madrid Company</p>                                                                                                   |
| <p>Committee name</p> <p>RISK COMMITTEE</p> <p>Brief description</p> <p>Provided for in the bylaws and regulated in the Board of Directors Regulations.</p> <p>These are available on the Company's website, <a href="http://www.mapfre.com">www.mapfre.com</a>, in the public records of the CNMV and in the Madrid Company</p> <p>In financial year 2018, no modifications were made to the operating regime of the Committee and Steering Committee.</p> |

## D. RELATED-PARTY TRANSACTIONS AND INTRA-GROUP TRANSACTIONS

D.1 Explain, where applicable, the procedure and competent bodies for approving related-party and intra-group transactions.

MAPFRE has a policy for managing conflicts of interest and related-party transactions with significant shareholders and senior representative or management positions, which regulates the procedure to be followed in relation to related-party transactions.

The Board of Directors shall be familiar with the transactions conducted by the company, directly and indirectly, with

directors, with significant shareholders or shareholders represented on the Board of Directors, or with individuals associated with them, and these transactions shall require authorization by the Board of Directors, after receiving a report from the Audit and Compliance Committee, unless they are transactions that are part of the normal or ordinary activities of the parties concerned, which are undertaken under normal market conditions and for amounts that are insignificant or irrelevant to the company.

Significant shareholders, directors and senior management must inform the secretary of the Board of Directors of MAPFRE in writing regarding any transaction that they or individuals associated with them (in this last case, whenever the affected person is aware of it) intend to conduct with MAPFRE or with any other company of its Group and which constitutes a related-party transaction subject to authorization by the Board of Directors.

The notification must include sufficient information on the aspects of the transaction to make it possible for MAPFRE to properly identify it.

- D.2 List any significant transactions between the company or its Group companies and the company's/s significant shareholders which are relevant due to their amount or subject matter:

| Name or company name of the significant shareholder | Name or company name of the company or Group company | Nature of the relationship | Type of transaction                     | amount (thousands of euros) |
|-----------------------------------------------------|------------------------------------------------------|----------------------------|-----------------------------------------|-----------------------------|
| CARTERA<br>MAPFRE, S.L.<br>SOCIEDAD<br>UNIPERSONAL  | MAPFRE S.A.                                          | Corporate                  | Dividends and other profits distributed | 304,360                     |

| Observations |
|--------------|
|              |

- D.3 List the transactions between the company or Group companies and the company's/s directors or executives which are relevant due to their amount or subject matter.

| Name or company name of the managers or directors | Name or company name of the related party | Link | Nature of the transaction | amount (thousands of euros) |
|---------------------------------------------------|-------------------------------------------|------|---------------------------|-----------------------------|
|                                                   |                                           |      |                           |                             |

| Observations |
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|              |

- D.4 Report on the significant transactions into which the company has entered with other companies belonging to the same group, as long as they are not eliminated

in the process of drawing up the consolidated financial statements and are not part of the company's usual trade with respect to its purpose and conditions.

In any case, report any intra-group transaction carried out with companies established in countries or territories which have the consideration of tax haven:

| Company name of the Group company | Brief description of the transaction | amount (thousands of euros) |
|-----------------------------------|--------------------------------------|-----------------------------|
|                                   |                                      |                             |

| Observations |
|--------------|
|              |

- D.5 Detail the significant operations carried out between the company or Group companies and with other related parties, which have not been informed in the previous sections.

| Company name of the related party | Brief description of the transaction | amount (thousands of euros) |
|-----------------------------------|--------------------------------------|-----------------------------|
|                                   |                                      |                             |

| Observations |
|--------------|
|              |

- D.6 List the mechanisms in place to detect, determine and resolve possible conflicts of interest between the company and/or its Group, and its directors, executives and/or significant shareholders.

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>All directors and managers must make a prior declaration at the time of their appointment with regard to these matters. Furthermore, they are required to update this declaration on a regular basis, and whenever a potential situation of conflict arises.</p> <p>Additionally, the internal code of conduct and policy for managing conflicts of interest and related transactions with significant shareholders and senior representative or management positions regulate the special obligations relating to potential conflicts of interest.</p> <p>The Board of Directors has the final decision on these issues. There is a special procedure for the approval of resolutions with regard to matters where there is a potential conflict of interest with a director. The director in question must refrain from attending or participating in these decisions.</p> |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

- D.7 Is there more than one of the Group's companies listed in Spain as a publicly traded company?

Yes ☐

No ☒

|                                                                                                                                     |
|-------------------------------------------------------------------------------------------------------------------------------------|
| <b>Define any business dealings between the parent company and the listed subsidiary, and between it and other Group companies.</b> |
|                                                                                                                                     |

**D.7** Identify the mechanisms in place to resolve possible conflicts of interest between the listed company and other Group companies:

|                                                           |
|-----------------------------------------------------------|
| <b>Mechanisms to solve possible conflicts of interest</b> |
|                                                           |

## **E. CONTROL SYSTEMS AND RISK MANAGEMENT**

**E.1** Explain the scope of the Control System and Risk Management of the company, including taxation.

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>The consolidated group of insurers has a Risk Management System (RMS) based on the continuous and integrated management of each of the business processes and on the adequacy of the level of risk to the established strategic objectives, consolidating said management by area, business unit, activities, subsidiaries, geographical areas and corporate support areas,</p> <p>The different types of risks have been grouped under four areas, or categories, as described below:</p> <ul style="list-style-type: none"> <li>- Financial and Credit Risks: This includes interest rate, liquidity, exchange rate and credit risks.</li> <li>- Insurance Activity Risks: This groups together, separately for Life and Non-Life, the risk of premium shortfalls and insufficient technical provisions.</li> <li>- Strategic Risks and Corporate Governance: This includes business ethics and corporate governance risks as well as risks related to the organizational structure, alliances, mergers and acquisitions derived from the regulatory environment, including those of a tax nature, and competition risks.</li> <li>- Operational Risks: This includes possible losses arising from the inadequacy or malfunction of internal processes, personnel or systems, or arising from external events (not including risks arising from strategic decisions or reputational risk).</li> </ul> <p>Operational risk includes compliance risk, which entails the risk of sanctions and material financial losses as a result of the failure to comply with laws and other regulations, rules, internal and external standards or administrative requirements. Tax noncompliance risk is considered to be a category of compliance risk in that it includes the risk of conflicting interpretations of tax law and the determination of market prices in transactions between related companies.</p> |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

**E.2** Identify the bodies of the company which are responsible for the preparation and implementation of the Controls System and Risk Management, including taxation.

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>The internal Control and Risk Management systems are integrated into the organizational structure of the Group according to the three lines of defense model, so that all the staff of the organization are assigned responsibilities for the compliance with the control and risk management objectives.</p> <p>The Board of Directors is ultimately responsible for guaranteeing the effectiveness of the internal control and risk management systems. It is its sole competence to determine the general policies and strategies, and in particular the risk identification, management and control policy, including fiscal risks, and the supervision of internal information and control systems.</p> <p>The Steering Committee has the general capacity of decision with express delegation in its favor of all powers that correspond to the Board of Directors, except for those that may not be delegated by legal imperative or, where</p> |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

applicable, by express provision in the Corporate Bylaws or in the Regulations of the Board of Directors of MAPFRE S.A.

The Risk Committee of MAPFRE S.A. is the delegate body of the Board of Directors to support and advise the same in defining and evaluating the control and risk management policy and determining the susceptibility to risk and the risk strategy, in addition to overseeing the correct application of the good governance rules and external and internal regulations in the Group.

The Risk Committee has the following functions:

- To support and advise the Board of Directors on the definition and evaluation of the risk policies of the Group and on the determination of the susceptibility to risk and the risk strategy.
- To assist the Board of Directors in overseeing the implementation of the risk strategy.
- To be familiar with and assess the risk management methods and tools, monitoring the models applied regarding results and validation.

The Audit and Committee monitors the effectiveness of the company's internal control, internal auditing and the risk management systems, including taxes.

**E.3 List the main risks, including tax risks and, to the extent that they are significant, those derived from corruption (understood within the scope of Royal Decree Law 18/2017), which may impact the achievement of business objectives.**

**1. Financial and Credit Risks**

MAPFRE mitigates its exposure to this type of risk by means of a prudent investment policy characterized by a high proportion of top-quality fixed-income securities.

Four different types of portfolios are managed within the investment portfolio:

Those that seek strict immunization from the obligations deriving from insurance contracts.

Portfolios that cover unit-linked policies made up of assets whose risk is assumed by the policyholders.

Those that look to exceed the guaranteed return and achieve the highest return for the policyholders within prudential parameters, such as portfolios with profit sharing.

Open-management portfolios where the active management is only conditioned by legal rules and internal risk limits.

In the first case, immunized portfolios minimize interest rate risk through matching adjustments and immunization techniques based on the matching of flows and duration.

In the second case, portfolios that cover the unit-linked policies are made up of financial instruments whose risk is assumed by the policyholders.

A certain degree of market risk is accepted in the remaining portfolios, as set out below:

The management variable for interest rate risk is modified duration, which is conditioned by the limits established in the investment plan approved by the Board of Directors of MAPFRE S.A. for open-management portfolios, and the modified duration of liabilities in the event of long-term commitments to policyholders.

The exposure to exchange rate risk is minimized in the case of insurance liabilities. For investment management reasons, the exposure to this type of risk may not exceed the fixed percentage established in the annual investment plan.

Investments in shares are subject to a maximum limit of the investment portfolio.

The risk limitations are established in easily-observable quantitative terms of variables. However, a risk analysis in probabilistic terms is carried out in accordance with past volatility and correlations.

With regard to credit risk, the policy is based on applying criteria of prudence in line with the issuer's solvency and seeking a high degree of geographical correspondence between the issuers of the assets and the commitments. The fixed-income and equity investments are subject to limits per issuer.

The credit risk management policy sets out limits according to the risk profile of the counterparty or the investment instrument, as well as exposure limits in relation to the solvency of the said counterparty. There is also a system for monitoring and reporting credit risk exposure.

The Security Committee reviews the main exposures to insurance and reinsurance counterparties.

**2. Insurance Activity Risks**

The organization of MAPFRE, specializing in various business lines, requires them to be highly autonomous in the management of their business, in particular in the underwriting of risks and tariff fixing, as well as the indemnities or provision of services in the case of incident.

The adequacy of premiums is an element of particular importance and its determination is supported by specific computer applications.

Claims processing and the adequacy of provisions are basic principles of insurance management. Technical provisions are estimated by the actuarial teams of the different companies and their amount is validated by an independent party that did not participate in the calculation. The prevalence of the personal injuries business at MAPFRE, with rapid liquidation of claims, and the relative insignificance of long-term risks insured, such as asbestos or professional liability, are elements mitigating the risk of insufficient technical provisions.

MAPFRE operates in countries highly prone to disasters (earthquakes, hurricanes, etc.), which calls for special treatment of these types of risk. Companies exposed to this type of risks have specialized analyses on catastrophe exposure, usually drawn up by independent experts, which estimate the extent of the losses in the event of a catastrophe occurring. Underwriting catastrophic risks is undertaken based on this information and the economic capital available to the underwriter. Where appropriate, the equity exposure to these types of risk is mitigated by taking out specific reinsurance coverage.

In this respect, it is important to highlight the contribution of MAPFRE RE, which provides the Group with its extensive experience in the catastrophe risk market. Every year this company determines the global catastrophic capacity that it assigns to each territory and establishes the maximum underwriting capacity per risk and event. It also has risk retrocession protection programs to cover deviations or increases in catastrophe claims in different territories.

MAPFRE's policy with respect to reinsurance risk is to cede business to reinsurers with proven financial capacity, which basically means those with a high credit rating (quality grade 2 or higher). Business is ceded to other reinsurers on an exceptional basis after an internal analysis demonstrating the possession of a solvency margin equivalent to the aforementioned classification or if adequate guarantees are provided.

### **3. Operational Risks**

Operational risks are identified and assessed through the risk control model, which is based on a dynamic analysis of each company process by process, in which the managers of each area or department assess the potential risks that affect their activities and the effectiveness of the controls related to each process. This control is conducted using risk self-evaluation questionnaires, internal control manuals, inventory controls associated with risks, assessment of their effectiveness, and the corrective measures in place to mitigate or reduce the risks and/or improve the control environment.

With respect to tax risks, the performance of the Group in the field of taxation has always been dominated by compliance with current tax legislation in the territories in which it operates, which constitutes a practical application of the institutional principle of ethically and socially responsible taxation.

The tax risks of the Group in each jurisdiction are handled internally by the Administration and Tax Affairs departments, subcontracting tax consulting services with the leading companies in the sector whenever required.

As regards the valuation of transactions between Group companies, significant in terms of global projects, technology and reinsurance, annual reviews and the documentation of individual transactions are conducted in collaboration with an independent expert firm.

### **4. Strategic and Corporate Governance Risks**

MAPFRE has always applied ethical principles to its business management and indeed these principles form part of its bylaws and day-to-day activities. In order to streamline this business culture and update the legal governance and management transparency requirements, on June 24, 2015 the Board of Directors of MAPFRE S.A. approved the "MAPFRE Group Institutional, Business and Organizational Principles", the minimum mandatory framework for all the companies making up MAPFRE and their respective governing bodies. The strict application of these principles is considered the most efficient way to mitigate this type of risk.

## **E.4 Identify whether the company has tolerance levels for risks, including tax risks.**

The risk appetite document of the MAPFRE Group, approved by the Board of Directors of MAPFRE S.A., establishes the risk level that the Group would be ready to assume to attain its business objectives with no relevant deviations, even in adverse situations. That level, which defines limits and sub-limits per risk type, constitutes the MAPFRE Group's



risk appetite.

As one of its risk management objectives, the MAPFRE Group strives to maintain an amount of eligible own funds at the consolidated level which is equivalent to a target solvency ratio of 200 percent of the solvency capital required under Solvency II, with a tolerance of 25 percentage points. A secondary risk management objective is to maintain a sufficient level of economic capital at the consolidated level to meet its obligations in accordance with a rating of "A" or higher, or its equivalent.

The prospective capital required of the insurance and reinsurance subsidiaries is generally determined pursuant to an estimation based on the budgets for the following financial year, and it is reviewed on a regular basis during the course of the year in line with risk trends.

For other metrics that quantify the MAPFRE Group's aggregate risk, tolerance levels are established on the basis of a "traffic light" system (green, amber and red).

The governing bodies regularly receive half-yearly information relating to the quantification of the main risks to which the Group is exposed and the capital resources available to cover them, as well as information relating to compliance with the established risk appetite limits and other specific risk policies.

**E.5 Indicate the risks, including tax risks, which have arisen during the financial year.**

During fiscal year 2018, insurance business risks have materialized as a result of catastrophic events, among which typhoons in Japan and winter storms on the East Coast of the United States stand out. While these events have had a significant effect on the profit attributable for the fiscal year (€ 108.3 million), it should be noted that the reinsurance protection for this type of event has been effective, so that the Group maintains its compliance with the legal solvency requirements and remains within the limits of tolerance foreseen in the risk appetite.

On the other hand, within the Financial and Credit Risks, there was an appreciation of the euro during fiscal year 2018 with respect to the currencies of some of the main subsidiaries, such as the Brazilian real and the Turkish lira, with the subsequent negative effect on the Group's shareholders' equity (through negative conversion differences) and operating results and cash flows in euros from the said subsidiaries.

**E.6 Explain the response and supervision plans for the main company risks, including fiscal risks, as well as the procedures followed by the company to ensure that the Board of Directors responds to the new challenges that arise**

The integration of internal control and risk management systems into the organizational structure is performed under the three lines of defense model, assigning responsibilities regarding compliance with the internal control and risk management objectives according to the said model:

1. A first line of defense consisting of employees, management and operational, business and support areas that are responsible for maintaining effective control of the activities they carry out as an intrinsic part of their everyday work. Therefore, they assume the risks and are responsible for designing and applying the control mechanisms that are necessary to mitigate the risks associated with the processes that they carry out and to ensure that they do not exceed established limits.

2. A second line of defense integrated by the key functions of risk, actuarial and compliance management and other insurance functions, which guarantee the operation of the internal control and risk management systems.

3. A third line of defense consisting of the Internal Audit, which carries out the independent assessment of the suitability, adequacy and effectiveness of the internal control and risk management systems, communicating any deficiencies to the parties responsible for applying the corrective measures in a timely manner, including senior management positions and governing bodies, as the case may be.

To guarantee the effective control and management of risks, MAPFRE has a written policy on Internal Control and has developed a set of Risk Management policies in which the different types of risk it faces are identified, and it sets out the risk appetite considered acceptable, the measures foreseen to mitigate the impact of the risks identified, in the event that they materialize, and the information and internal control systems to be used in this respect.

In carrying out their functions, the risk management areas coordinate the strategies, processes and procedures necessary to continuously identify, measure, monitor, manage and report the risks to which the company is or may be exposed, as well as their interdependencies.

The Group's General Counsel is responsible for issuing instructions and monitoring compliance with the various

regulations affecting the company and the Group. General Counsel also obtains information from the Tax Affairs Department about the tax risks detected in each country.

In any case, the actions to adopt regarding the risks identified are decided by the Board of Directors, which is informed immediately of any risk which:

Depending how it evolves, may exceed the established risk limits.

May lead to losses equal to or in excess of the established risk limits.

- May endanger compliance with the solvency requirements or the continuity of the Group's operation.

The Risk Management Area of the Group provides assistance and advises the Governing Bodies, Executive Chairman and Senior Management of the Group within the scope of their powers and informs the Governing Bodies on the level of exposure to the different risks, taking into consideration their interdependencies, and compliance with the limits established.

The foregoing includes the internal risk and solvency assessment of the Group, as well as the reports requested by the Governing Bodies on certain risk areas.

In a complementary way, the Group promotes different procedures for the identification and assessment of risks and controls that involve the main areas and departments, showing a comprehensive and complete view of all the risks intrinsic to the business and identifying those risks that may be faced by the company throughout the period set out in its business plan.

At the operational level, the MAPFRE Group has a corporate business continuity model developed by the Security and Environment Area, the ultimate aim of which is to be able to provide a timely and effective response should a high-impact incident occur, therefore minimizing the damage caused. The model adopts the form of contingency plans that include recovery strategies for each process based on the criticality of the process and situation and the availability of the elements affected (employees, buildings, technology and providers).

## **F. INTERNAL RISK CONTROL AND MANAGEMENT SYSTEMS IN RELATION TO THE FINANCIAL REPORTING PROCESS (ICFR)**

Describe the mechanisms that comprise control systems and risk management in relation to the company's procedure for the issuing of financial information (ICFR).

### **F.1 Control environment of the company**

Report on the following, indicating the main characteristics:

#### **F.1.1. Which bodies and/or functions are responsible for: (i) the existence and maintenance of an adequate and effective ICFR; (ii) its implementation; and (iii) its supervision.**

The MAPFRE internal control system takes the form of a set of continuous processes for which the MAPFRE S.A. Board of Directors is ultimately responsible. The Board is assisted by the Executive Committee and the executive teams of the different units, companies, corporate areas and other departments as regards the implementation, update and monitoring of the tasks and processes related to compliance with the objectives of the internal control system. The MAPFRE internal control system is implemented across the organization through the three-lines-of-defense model, as indicated in the latest update to the Group's internal control policy, approved by the Board of Directors on December 21, 2017.

The Regulation of the Board of Directors, which was amended and approved on February 7, 2017, with effect from March 10, 2017, includes the functions and responsibilities of the Board of Directors, the Steering Committee and other Board committees (Audit and Compliance, Appointments and Remuneration, and Risk).

The Board of Directors delegates ordinary management to the Steering Committee and to Senior Management, and reserves the approval of risk control and management policies and approval of the periodic follow-up of both internal information and control systems and financial information to be published, owing to its status as a listed company.

The Executive Committee is the body which, under mandate from the Board of Directors, exercises direct supervision over management of the business units and corporate areas and ensures the coordinated actions of the same.

The Audit and Compliance Committee, in its capacity as a delegate body of the Board of Directors, and in relation to the internal information and control systems, is responsible, among other things, for supervising the preparation and presentation of the requisite financial information and presenting recommendations or proposals to the Board of Directors in order to safeguard the integrity of the information. It also regularly reviews the efficacy of internal control and the risk management systems to ensure that the main risks are identified, managed and sufficiently well known.

The document titled "Internal Audit Policy and Charter," which was updated and approved by the Audit and Compliance Committee on November 29, 2017 and by the Board of Directors on December 21, 2017, sets out the main Internal Control System supervisory activities as well as those relating to the Solvency II Directive, conducted by the Audit and Compliance Committee through the Corporate Internal Audit Area, which are listed in section 5.1 of this document.

**F.1.2. Whether there are, particularly relative to the procedure for the preparation of financial information, the following items:**

- **Departments and or mechanisms in charge: (i) The design and review of the organizational structure; (ii) the clear definition of lines of responsibility and authority, with an appropriate distribution of tasks and functions; and (iii) ensuring the existence of sufficient procedures for correct diffusion in the company.**

The regulation on the Institutional, Business and Organizational Principles of the MAPFRE Group, approved by the Board of Directors of MAPFRE S.A. at its meeting on June 24, 2015 and amended on February 7, 2017 with effect from March 10, 2017, is the minimum mandatory framework for all the companies making up MAPFRE and their respective governing bodies.

The Board of Directors reviews and authorizes the Group's organizational structure and approves the lines of responsibility and authority based on the organizational structure defined. During financial year 2018, changes have taken place in the organizational structure, such as the approval of the new Management Organization, which will come into force on January 1, 2019, at the session of the Board of Directors of MAPFRE S.A. held on December 13, 2018.

The distribution of functions and definition of scopes of activity/authority and of hierarchical levels are undertaken in line with the organizational structure manual approved by the Corporate Human Resources Area.

Concordance between the organization of positions and the hierarchical structure is essential because it maps functions to roles and responsibilities, ensuring that business activities are conducted properly.

The Corporate Finance Area establishes the accounting policies and standards applicable to the Group and is responsible for the coordination between the various business units and corporate areas in relation to the consolidated financial information preparation procedure.

- **Code of conduct, approval body, degree of diffusion and instruction, principles and values included (indicating if there are specific mentions to the registry of operations and preparation of financial information), body entrusted with analyzing noncompliance and recommending corrective measures and sanctions.**

The Code of Ethics and Conduct was approved by the Board of Directors on December 21, 2017, replacing the one previously approved in 2016.

It aims to reflect corporate values and the basic principles that should guide the conduct of MAPFRE and its staff.

Communication campaigns were conducted to ensure that all employees were aware of the code, and it is available to them on the Intranet and the Group's website.

By December 31, 2018, a total of 20,342 employees worldwide had completed the e-learning course on the Code of Ethics and Conduct (approximately 57,6 percent of the workforce).

The code sets out specific principles that are binding for all employees, regarding the processing of the Group's financial information so as to ensure its confidentiality, integrity and availability in accordance with MAPFRE's information security policy. It also states that all employees are responsible for ensuring that the information provided is accurate, clear and truthful.

To guarantee application of the code, as well as supervision and control of its compliance, the Ethics Committee is entrusted with ensuring its compliance and analyzing and resolving any complaints lodged as a result of its violation. Any employee who has a query about the application of the code, or who observes a situation that might involve a breach or violation of any of the principles and rules of ethics or conduct, must report it to the Ethics Committee, which acts within the scope of its advisory functions or resolves any complaints that may arise regarding breaches of the code.

To notify the Ethics Committee of any queries or complaints, employees have access to an Ethical Whistleblower Channel on the Group's internal portal. The operation of this channel is set out in the Code of Ethics and Conduct.

Every year, the Ethics Committee reports to the Steering Committee on the activities carried out during the financial year.

- **Whistleblower channel that allows employees to report financial and accounting irregularities to the Audit Committee, in addition to possible breaches of the code of conduct and irregular activities in the organization, indicating whether any of the information reported is confidential.**

In addition to the Ethical Whistleblower Channel indicated in the previous section, there is a Financial and Accounting Whistleblower Channel which allows Group employees to report any potentially significant financial and accounting irregularities they observe to the Audit and Compliance Committee confidentially, via an electronic mailbox or written correspondence to a specific address.

The operating standards of the Financial and Accounting Complaints Channel of MAPFRE Group, with its last updated approved by the Audit Committee in 2016, are published on the intranet or internal portal of the Group.

The Audit and Compliance Committee receives the complaints and reviews and resolves them by addressing each one as it deems appropriate. In order to perform its functions properly, it relies on assistance from General Counsel and the Corporate Internal Audit Area.

In cases of complaints concerning the Group's subsidiary companies which have their own mandatory Whistleblower Channel, the Audit and Compliance Committee and the competent body of the subsidiary company liaise in handling and resolving any complaints received.

The parties involved in the channel have controls for restricting access to the information, and the confidentiality of the whistleblower's identity is assured through the collection of personal data provided in accordance with the requirements of current data protection legislation.

General Counsel issues an annual report for the Audit and Compliance Committee outlining the activities conducted through the Whistleblower Channel and the final result of the complaints made.

- **Regular training and refresher programs for staff involved in the preparation and review of financial information, as well as evaluation of the ICFR, covering at least the accounting rules, internal control and risk management.**

MAPFRE has a Global Training Model that is the basis of the Corporate University. This university is organized into Schools of Knowledge, which encompass all of the training programs that are developed locally and globally.

Among the Technical Knowledge Schools, further progress was made on the creation of the Finance School with the aim of providing all employees in all the finance areas with the necessary knowledge to ensure efficient financial and risk management, a key aspect of MAPFRE's growth. The training content of this school is based on the following pillars:

- Risk management.
- Management, Administration and Accounting Control
- Corporate Finance
- Investments

In 2018 MAPFRE organized several training programs in Spain on financial, risk and internal control issues, representing a total of 6,242 training hours delivered to 572 participants.

In the Iberia Regional Area it is worth noting the financial certification training plan for MAPFRE's commercial network taught by the FEF School (Fundación Estudios Financieros).

The agreement signed by MAPFRE and FEF grants a wide group of professionals from the Commercial Organization throughout Spain to have access to a high level program that qualifies them as Financial Advisors approved by the CNMV as required by MiFID II standard. This training adds great value to the MAPFRE sales network by providing cutting-edge, complete and practical knowledge that will significantly help sales efforts related with savings and investments.

At the close of 2018, 468 employees and 386 brokers had received certification.

The program has a minimum duration of 225 hours and uses a blended system: in-person, video training, website and forums.

With regard to e-learning, it is worth mentioning the "Internal Control Rules" course which all Group employees must take. In 2018 there were 699 course registrations. Since its inception in 2008, the total number of students enrolled in this course stands at 69,126.

MAPFRE also offers an e-learning course on the Regulatory Compliance Function, developed and integrated into the eCampus platform, whose objective is to advertise this function, its features, objectives and responsibilities and the importance acquired by the implementation of the Compliance Function in organizations to minimize the risk of legal and regulatory non-compliance to which they are exposed. In 2018, 71 employees received 71 training hours through this course.

In 2017, a 45 minutes e-learning course was developed on the Solvency II regulations, aimed at all employees around the world who perform their duties in the Risk, Financial, Actuarial, Compliance and Audit Areas, which is available in two of the three corporate languages (Spanish and English). 596 employees were enrolled in this online training program during 2018, available on the eCampus platform.

In 2018, the online training "GREA: Risk Management in Insurance Matter" was offered, a global program in Spanish language with a duration of 280 hours, which provides a certification upon its completion. There are currently 31 employees from 6 different countries are participating in this online program.

Internal Audit training also continued in 2018, aiming to provide all professionals in MAPFRE audit areas around the world with the knowledge necessary to perform internal audits and to share established management tools and best practices.

In June 2018, the IT audit program, with a duration of 40 hours, with the participation of 23 auditors from eight countries.

Between September to December 2018, an on-line Solvency II course was developed by ICEA (Cooperative Research among Insurance Companies and Pension Funds), which was attended by 40 internal auditors, both from Spain and overseas. The course has been adapted to the training needs required by auditors in this area, with a duration of approximately 55 hours and has been taught through webinars.

Furthermore, the international seminar of audit directors from all countries was held in November 2018, with an approximate duration of 30 teaching hours, and it was attended by 51 employees. This seminar is held every two years and its main purpose is to deal with issues related to the audit function and the management of the activity in each of the countries, as well as the main activities of MAPFRE's corporate areas.

Similarly, a training seminar was held in December 2018, for the auditors in Spain and Portugal with an approximate duration of 12 hours, attended by 56 employees, and whose content mainly revolved around aspects related to MAPFRE's strategy, MAPFRE Iberia's business model, the new international financial reporting standards, the Global Risks Business Unit, and the new mediation law, among others.

## **F.2 Financial information risk assessment**

Report on at least the following:

**F.2.1. The main characteristics of the risk identification process, including error or fraud risks, in relation to:**

- **Whether the process exists and is documented.**

MAPFRE has a risk management system (hereinafter, RMS) that applies to Group companies, in accordance with the internal regulations of each of the risk categories considered.

The description of the RMS is included in Section E. Risk Control and Management Systems of this Corporate Governance Report.

Regarding the risk control system, risk factors are identified for each of the processes that the Group considers to be critical, which are classified into 24 risk types. Among the risk factors listed for each process, one is always included on the registration and accounting of financial information.

These risk factors are associated with the key figures for the main items in financial statements. In this process of identifying the key figures, quantitative and qualitative factors (complexity of transactions, risk of fraud and other aspects) were considered.

The Group also updates and monitors its Risk Control System through specific questionnaires on controls and risk, implementing corrective measures where necessary.

- **the procedure covers all financial information objectives (existence and occurrence; integrity; assessment; presentation, breakdown and comparability; and rights and obligations), whether it is updated and how frequently.**

The risks that cover the objectives of existence and occurrence, integrity, assessment, presentation, breakdown and comparability, and rights and obligations of financial information are identified through the process of preparing the quarterly questionnaire on internal controls of financial information.

The purpose of this procedure is to identify and verify that controls are implemented during the process of preparing the financial information, to create documentary evidence of the controls carried out by the company relating to the Treasury and Investment, Consolidation, Accounting and Tax processes, as well as of the result of its application, and acting as an internal communication channel to share the relevant information related to the issuance of financial information.

The procedure was reviewed in the first quarter of 2018, the main change being the increase in the number of controls in each of the four above-mentioned processes, from a total of 105 in the last quarter of 2017 to 234 controls in the questionnaire of the first quarter of 2018.

- **existence of a procedure for identifying the consolidation scope, bearing in mind, inter alia, the possible existence of complex corporate structures, instrumental companies or those with a special purpose.**

The MAPFRE Consolidation Manual, prepared by the Corporate Finance Area, describes the process for identifying the scope of consolidation, which encompasses all the companies of the Group and is updated on a monthly basis.

The Consolidation Division provides the Consolidation Team Leader of each subgroup with the list of companies included in the scope of consolidation, along with the direct and indirect participation percentages and the consolidation method that applies. Any modification to the information provided must be reported to the Consolidation Division, which will make a decision on the modification after analyzing the reasons given.

The functional structure and the tasks assigned to the process managers are reflected in the Consolidation Manual.

- Whether the procedure takes into account the effects of other risk types (operational, technological, financial, legal, fiscal, reputational, environmental, etc.) insofar as they affect financial statements.

Risk control takes into account the different types of operational, technological, financial, legal, reputational and environmental risks, as well as the risks inherent in the insurance and reinsurance business.

In this process, each risk factor, where appropriate, is linked to the section of the financial statements that would be affected if the potential risk became a reality, the main sections being: premiums, provisions, financial returns, acquisition expenses, administration expenses and benefit expenses.

Risk control is promoted in the Group, both in Spain and abroad, through the Riskm@p computer application, which is developed internally by MAPFRE and which aids in the creation of company risk maps. These maps analyze the significance and probability of occurrence of different risks. The management model is based on a dynamic analysis by processes, in which the managers of each area or department identify and assess the potential risks that affect business and support processes, as well as key economic figures, among other aspects, by completing self-evaluation questionnaires.

- Which of the company's governing bodies oversees the process?

The Audit and Compliance Committee, in regards to the information and internal control systems, has the competence, among other tasks, to periodically review the internal control systems and the risk identification and management systems, an ongoing task undertaken throughout the year by Internal Audit.

Regarding the SCHIF report, prepared by the Financial Department, the External Audit reviews and analyzes its contents, issuing its own report on the consistency or incidents of the information that could impact it.

The SCHIF report, alongside the report prepared by External Audit, is supervised by the Audit and Compliance Committee prior to its approval by the Board of Directors.

### **F.3 Control activities**

Indicate whether at least the following are in place and describe the main characteristics:

- F.3.1. Procedures for reviewing and authorizing financial information and the ICFR description (to be published in securities markets), indicating responsible personnel, as well as descriptive documentation on activity and control flows (including those related to fraud risk) of the different types of transactions that could have a material effect on the financial statements, including the procedure for accounting closes and the specific review of relevant opinions, estimates, assessments and projections.**

The financial reports on the annual accounts and biannual and quarterly information prepared by the Corporate Finance Area are submitted to the Audit and Compliance Committee first and then to the Board of Directors.

In the case of individual and consolidated annual accounts, the Chief Financial Officer, the Internal Audit General Manager and the executive responsible for preparing these accounts certify their accuracy and integrity to the Board of Directors.

The closing calendar, prepared by the Internal Accounting Control and Supervision Division, lists the main activities of the process of consolidating and preparing the annual and biannual accounts and the corresponding controls, providing deadlines for compliance.

The different Group companies report financial information through their assigned representatives, which the Corporate Finance Area consolidates to prepare the reports. During the consolidation process, controls are in place to detect any errors liable to significantly affect the financial statements;

The Audit and Compliance Committee supervises the following information:

The management report and individual and consolidated annual accounts of MAPFRE S.A. and its subsidiaries.

The report on the limited review of the intermediate summarized consolidated financial statements of MAPFRE S.A. corresponding to the intermediate period ending on June 30 of each financial year.

The information that MAPFRE S.A. sends to the Spanish National Securities and Exchange Commission (the "CNMV") every quarter.

The information prepared by MAPFRE S.A. for investors and analysts, which is reviewed and analyzed by the Audit and Compliance Committee before publication.

The documents related to Pillar II and Pillar III of Solvency II: ORSA (Own Risk and Solvency Assessment), SFCR (Solvency and Financial Condition Report) and RSR (Regular Supervisory Report).

Additionally, as indicated in the previous section, each quarter the companies complete the questionnaire on internal controls of financial information. This questionnaire includes documented evidence of the activities and controls performed with regard to the main financial information processes.

In addition to the procedures indicated above, during the risk control process, internal control manuals and other descriptive documents are prepared that contain procedures and activities and the parties involved in them, identifying the associated risks and the controls for mitigating them, including those related to fraud risk and the accounting close process.

Regarding the judgments and estimates, the Board of Directors makes them based on assumptions on the future and about uncertainties which are mainly related to technical provisions; losses due to deterioration of certain assets; the calculation of provisions for risks and expenses; the actuarial calculation of liabilities and commitments for post-employment remuneration; the useful life of intangible assets and tangible fixed assets; and the fair value of certain non-listed assets.

The estimates and assumptions used are included in the accounting close instructions, are reviewed regularly, and are based on historical experience and on other factors that may be considered more reasonable at the time. If the review leads to changes in estimates in a given period, their effect is applied during that period and, if applicable, in subsequent periods.

### **F.3.2. Internal control policies and procedures for information systems (internal, safe access, change control, operation, operational continuity and separation of functions) that concern the company's relevant procedures in relation to the preparation and publication of financial information.**

The Corporate Security and Environmental Division (DISMA), which until July 18, 2018, was dependent on the Corporate Resources and Institutional Coordination Area, becomes dependent from that date on the Corporate Business Support Area, which is managed by the Director General of Business Support. These changes were approved by the Board of Directors of MAPFRE S.A. on June 18, 2018. The DISMA acts directly on the regulations regarding information security.

In particular, the measures established are specified in a Documentary Information Security System (DISS) or Regulatory Body for Information Security (RBIF), which derives from the Master Plan for Security and Environment and the Corporate Security and Privacy Policy, both documents whose latest update has been approved by the Board of Directors of MAPFRE S.A., at its meeting held on December 13, 2018. In this version, these documents have been adapted to the new regulatory requirements, mainly regarding the General Data Protection Regulations (GDPR), and the creation of the Privacy and Data Protection Committee as the delegated body of the Security and Environment Committee, and as a support body of the Crisis and Business Continuity Committee.

The information systems are subject to three types of security procedures and controls: preventive, informative and reactive, resulting in the publication of standards, the monitoring of networks and systems, and the review of any measures and controls in place.

Among other aspects, the Information Security Regulations (ISR) set out the following: information systems must be tracked and monitored through inventory procedures to identify the resources and the information that they contain; verification of the identity of the people who use them; and the use of passwords in keeping with



the password strength criteria laid down in the regulations, which help maintain the appropriate separation of functions.

To facilitate compliance with the obligations established in the ISR, MAPFRE has a General Control Center (which acts as a Computer Emergency Response Team (CERT) and belongs to the international network known as FIRST or Forum of Incident Response and Security Teams). This center monitors activity in the networks and in the Group's information systems, and it is the body responsible for responding to potential security incidents.

Additionally, every year the Corporate Security and Environment Division implements a calendar of security checks to verify the security controls in place and discover any vulnerabilities in the information systems.

Both the Corporate Security and Privacy Policy and the Security and Environment Governance Model, and the rules and standards of the Information Security Regulatory Body, are published on the Global Intranet in order to enable access to all employees.

In addition, the Group has a Corporate Business Continuity Model consisting of a Policy, a Governance Framework and a Business Continuity Methodology that define the framework and the necessary actions to be taken to ensure the correct development of the operation before the materialization of a high impact incident, so that the damage caused is minimized.

Every two years, the Corporate Internal Audit Area verifies the proper functioning of the Internal Control System of the main IT Systems whose scope is the general controls of information technology (IT), the IT control environment, and the application controls. In those years where no specific review is carried out, the identified action plans are monitored and their status is reviewed.

### **F.3.3. Internal control policies and procedures designed to supervise the management of activities subcontracted to third parties, as well as those aspects of evaluation, calculation or valuation entrusted to independent experts, which may have a material effect on financial statements.**

All services subcontracted to third-parties are articulated through specific contracts and the contracting units or areas directly supervise the providers, except in the case of exceptional services (that are not recurring over time), which due to their reduced amount, duration and lesser importance are processed through the system based on the provider's offer.

Providers are selected on the basis of objective criteria that assess factors such as quality, price, provider infrastructure, market recognition and, in particular, membership of the groups of associates that collaborate with the Group's companies and their track record in terms of service quality.

Compliance with prevailing legislation in the various countries and the implementation of security measures where warranted are prerequisites. Other highly rated attributes include response times, after-sales service, geographic reach and the added value they can contribute.

Currently, the Purchasing and Media Division is under development, which, until July 18, 2018, depended on the Corporate Media and Institutional Coordination Area, and as from that date forward it shall depend on the Corporate Financial Area, as approved by the Board of Directors of MAPFRE S.A. on June 18, 2018, a project to perform the deployment in the countries concerned of the Global Procurement and Contracting Services Plan, which includes different categories, including the one corresponding to services provided by independent professionals that includes those with a possible financial impact derived from the assessment, calculation or assessment entrusted.

In implementing this plan, in 2013 the Steering Committee approved the Procurement Regulations which contain the principles and basic criteria for the procurement of goods and services by all Group companies, irrespective of their geographic location and type of business. A Purchasing Procedure is also defined and approved internally that completes the Purchasing Standard, which was updated during 2017 and which entered into force on January 1, 2018. Additionally, each organization or country that has been given the ability to negotiate contracts must develop a specific procedure to regulate its hiring, always respecting and in compliance with the minimum criteria established in the Purchase Standard and General Procedure.

In general, providers are approved and contracted by the Procurement Area, and once the contract has been formalized it is the requester who ensures that the service is delivered correctly and in accordance with current legislation.

Notwithstanding the foregoing, in those cases in which outsourced independent professional services require specific technical knowledge (corporate operations, valuation of assets and portfolios, real estate appraisal, advice, audit related services, etc.), the areas themselves directly perform the contracting and supervision of the service by having qualified personnel to assess the capacity and qualification of the provider, as well as the conclusions reflected in the reports issued.

Currently, the main providers that are contracted repeatedly have been approved and, in accordance with the Procurement Procedure, the aim is to approve all recurring providers or providers with special relevance for the MAPFRE Group.

## **F.4 Information and communication**

Indicate whether at least the following are in place and describe the main characteristics:

- F.4.1. A specific function responsible for defining, keeping accounting policies up-to-date (accounting policies area or department) and resolving queries or disputes derived from their interpretation, maintaining continuous communication with those responsible for operations in the organization, as well as an updated manual of accounting policies that is communicated to the units through which the company operates.**

The Internal Accounting Control and Supervision Division, which reports to the Corporate Finance Area, is responsible for updating accounting policies and applicable rules that concern the Group's financial information, and for resolving queries and disputes derived from their interpretation.

This division also maintains a close and fluid relationship with the financial divisions of the different companies and with the corporate areas, to which it communicates formally established accounting procedures and rules.

With regard to the preparation of financial information, General Counsel and the Corporate Finance Area issued memos containing instructions and updates on applicable regulations. The heads of the finance divisions also have specific models and instructions for preparing financial information, provided in the Consolidation Manual (which includes applicable accounting rules and policies), and the accounting models that are updated on an annual basis.

The Group's subsidiaries receive the information about the applicable procedures and regulations through the parent companies of the subgroups, which receive the instructions directly from the Internal Accounting Control and Supervision Division.

The Internal Accounting Control and Supervision Division updates the individual and consolidated annual accounting models used by the various Group companies, which include accounting policies and breakdowns of information to be presented. The Consolidation Division of the Corporate Finance Area defines instructions on accounting policies and breakdowns for preparation of the Group's consolidated information using the consolidation manual.

At least once a year, and during the last quarter of the financial year, the annual accounting models and the consolidation manual are reviewed and any changes are reported to the parties involved. However, whenever there are changes that affect periods of time of less than one year, these changes are reported immediately.

- F.4.2. Mechanisms for the capture and preparation of financial information with standard formats, for application and use by all units of the company or the Group, that support the main financial statements and notes, as well as information provided on the ICFR.**

The financial information of MAPFRE Group companies is managed through the corporate consolidation application, a tool that represents a centralized database (common and single data repository). This application has been programmed to automatically execute the consolidation entries and process controls,

which guarantees that the criteria set out in the consolidation manual are applied uniformly to all the automatic entries and minimizes the likelihood of errors.

Within the procedure for preparing financial information, the consolidation certificates constitute the channel of communication about the information required in the consolidation procedure or in the preparation of consolidated financial statements. The certificates are reviewed and updated at least once a year.

Based on the information contained in the consolidation certificates and using the accounting model prepared by the Internal Accounting Control and Supervision Division, the Consolidation Division prepares the annual accounts and all the other financial statements.

The Internal Accounting Control and Supervision Division is responsible for preparing the ICFR-related report. To do this, it identifies the areas involved in the financial information preparation process, sends them instructions on how to complete the report, and at least once a year asks them to update the support documentation for the actions performed.

## **F.5 Supervision of system operation**

Report on the following, indicating the main characteristics:

F.5.1. The supervision activities of the ICFR conducted by the Audit Committee and whether the company has an internal audit function that includes supporting the committee in its supervision of the internal control system, including the ICFR. At the same time, the scope of evaluation of the ICFR conducted during the financial year and the procedure whereby the person responsible for executing the evaluation notifies the results, whether the company has an action plan defining possible corrective measures, and whether its impact on financial information has been taken into account.

MAPFRE S.A. has a Corporate Internal Audit Area consisting of six Internal Audit Services located in Spain (Seguros Iberia, Seguros Latam, Seguros Internacional, Reinsurance, Assistance and Global Risks, and Information Technologies), a Continuous Internal Audit Unit in Spain and 27 internal audit units and departments abroad that are fully independent, and which review and assess the adequacy and correct functioning of the Group's processes, as well as the Internal Control System.

The structure of MAPFRE's Corporate Internal Audit Area depends functionally on the Board of Directors of MAPFRE S.A. through the Audit and Compliance Committee (delegate body of the Board) and on the Chairman of the Board in particular.

The managers of the audit departments and units depend (functionally and hierarchically) on the General Manager of Internal Auditing.

The Audit and Compliance Committee supervises the financial information described in the previous Section F.3.1 of this report, and also approves the Internal Audit Plan and monitors it on a quarterly basis.

The Audit Plan outlines the supervisory work that the Corporate Internal Audit Area will carry out during the next fiscal year, the content and scope of which are established in terms of the risks identified, requests received and own experience. The plan is managed uniformly through a single Group-wide technological platform that allows the information to be processed in accordance with the access levels established for the different responsibilities. The 2018 Internal Audit Plan was approved by the Audit and Compliance Committee in the session held on February 6, 2018.

The MAPFRE Group Internal Audit Policy and Charter establishes the following functions, among others, for the Corporate Internal Audit Area:

To supervise the suitability and efficacy of the Internal Control System and other elements of the Governance System, which is centered on:

Evaluating the suitability, sufficiency and efficacy of elements of the Internal Control System.

Evaluating the Risk Management System (RMS), based on the integrated management of all the business processes and adaptation of the risk level to MAPFRE's strategic objectives by reviewing, as a minimum requirement, the risk quantification and qualification processes stated in the Solvency II Directive.

Evaluating the suitability and performance of the key functions set out in the governance system provided for in the Solvency II Directive.

Contributing to good corporate governance by verifying compliance with the rules established by the MAPFRE Group's Institutional, Corporate and Organizational Principles and the Solvency II Directive.

Evaluating the reliability and integrity of accounting and individual and consolidated information and other economic information prepared by MAPFRE S.A., its subsidiaries, business units, territorial areas, regional areas and corporate areas, as well as the validity, sufficiency and application of the accounting and legal principles and rules.

The evaluation and assessment of the MAPFRE Internal Control System conducted by the Internal Audit Corporate Area follows a pre-established methodology based on variables such as the review of the IT internal control, the assessments of the audits conducted during the year and compliance with recommendations, which are first approved by the Audit and Compliance Committee. The result of this review is reflected in an annual report on the effectiveness of internal control procedures. Whenever appropriate, individual recommendations are made to the company with a view to improving the internal control system and then the Audit and Compliance Committee monitors their compliance.

Every year the Audit and Compliance Committee holds a meeting on internal control to analyze the assessments and any recommendations issued by the Corporate Internal Audit Area on the Internal Control System (which includes the ICFR).

The Corporate Internal Audit Area checks the internal control system for the main IT systems, as indicated in section 3.2 above.

Additionally, the Corporate Internal Audit Area carries out a check on the work carried out throughout the year that is related to SCIIF.

Likewise, as part of the audit procedures performed to validate the annual financial statements, the external auditor issues a memorandum of recommendations after his/her interim visit, which is presented to the Audit and Compliance Committee.

**F.5.2. Whether there is a procedure for discussion whereby the account auditor (pursuant to the provisions of the NTAs), the internal audit function and other experts can notify senior management and the Audit Committee or company directors of any significant weaknesses in internal control identified during procedures to review the annual accounts or others that may have been commissioned. Also indicate whether there is an action plan that endeavors to correct or mitigate the weaknesses observed.**

The previous section F.5.1 indicates the procedure used by Internal Audit to report assessments of aspects relating to internal control.

Communication with the external auditor is very frequent and fluid in the MAPFRE Group. Both at the beginning, during and at completion of work to review the company's annual accounts by the external auditors, planning, follow-up and coordination meetings are held and attended by the external auditors, internal auditors, General Counsel and the Corporate Finance Area. Additionally, on completion of the work a meeting is held with the General Manager of Internal Audit to discuss the results and conclusions detected. If there are action plans to correct or mitigate the weaknesses observed, which also include the responses prepared by the division to implement the recommendations put forward by the external auditors, these plans are presented to the Audit and Compliance Committee. The external auditor attends the Audit and Compliance Committee when the agenda includes issues regarding the review of the annual and half-yearly accounts, their preliminary review, and whenever required on account of other issues.

## **F.6 Other relevant information**

|                                                                                                  |
|--------------------------------------------------------------------------------------------------|
| There is no other relevant information about the ICFR that has not been included in this report. |
|--------------------------------------------------------------------------------------------------|

## **F.7 Report of the external auditor**

Indicate:

F.7.1. Whether the ICFR information sent to the markets has been reviewed by the external auditor. If so, the company should attach the relevant report as an annex. Otherwise, state the reasons.

The ICFR information has been reviewed by the external auditor, whose report is attached as an annex.

## **G. DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS**

Indicate the extent to which the company follows the recommendations of the Good Governance Code for listed companies.

In the event that any recommendation is not followed or is partially followed, a detailed explanation of the reasons should be included so that shareholders, investors and the market in general have enough information to assess the conduct of the company. No general explanations will be accepted.

1. The bylaws of listed companies should not place a maximum limit on the votes that can be cast by a single shareholder, or impose other obstacles to the takeover of the company by purchasing their shares on the market.

Complies ☒ Explain ☐

2. When a dominant and a subsidiary company are publicly traded, both should provide detailed disclosure on:

- a) The type of activity they engage in, and any business dealings between them, as well as between the subsidiary and other companies of the Group.
- b) The mechanisms in place to resolve possible conflicts of interest.

Complies ☐ Partially complies ☐ Explain ☐ Not applicable ☒

3. During the Ordinary General Meeting, in addition to broadcasting the Annual Corporate Governance Report, the Chairman of the Board must inform the shareholders verbally, in sufficient detail, of the most relevant corporate governance aspects of the company and, in particular:

- a) The changes that have occurred since the last Ordinary General Meeting.
- b) The specific reasons why the company does not follow any of the recommendations of the Corporate Governance Code and, if applicable, the alternative rules that it applies on these matters.

Complies ☒ Partially complies ☐ Explain ☐

4. The company shall define and promote a new policy on communication and contact with shareholders, institutional investors and proxy advisors that is fully respectful of the rules against market abuse and treats all shareholders in the same position equally.

The company shall make this policy public through its website, including information relating to the way in which it has been put into practice and identifying the interlocutors or those responsible for this happening.

Complies ☒ Partially complies ☐ Explain ☐

5. At the General Meeting, the Board of Directors shall not put forward a proposal for delegating powers to issue shares or convertible values excluding the right of first refusal, for more than 20 percent of the capital at the time of delegation.

When the Board of Directors approves any issuance of shares or convertible bonds, excluding the right of first refusal, the company shall publish the reports on this exclusion, referred to by corporate legislation, on its website immediately.

Complies ☒ Partially complies ☐ Explain ☐

6. The listed companies that prepare the reports indicated below, whether on a mandatory or voluntary basis, shall publish them on their website with sufficient notice before the Ordinary General Meeting is held, even if their distribution is not mandatory:

- a) Report on the independence of the auditor.
- b) Report on the operation of the Audit Committee and the Appointments and Remuneration Committee.
- c) Report of the Audit Committee on related operations.
- d) Report on the corporate social responsibility policy.

Complies ☒ Partially complies ☐ Explain ☐

7. The company shall broadcast the Annual General Meeting live on its website.

Complies ☒ Explain ☐

8. The Audit Committee shall ensure that the Board of Directors avoids presenting accounts to the Annual General Meeting without limitations or reservations in the audit report. When this is not possible, both the chairman

of the Audit Committee and the auditors must clearly explain the content and scope of these limitations or reservations.

Complies ☒ Partially complies ☐ Explain ☐

9. On its website, the company shall make publicly and permanently available the requirements and procedures that it shall accept to support the ownership of shares, the right to attend the Annual General Meeting and voting or proxy voting.

These requirements and procedures shall promote attendance and the exercising of rights of the shareholders and must be applied in a non-discriminatory manner.

Complies ☒ Partially complies ☐ Explain ☐

10. When, prior to the Annual General Meeting, any entitled shareholder has exercised the right to complete the agenda or present new proposals for resolution, the company:

- a) Shall immediately broadcast these new and additional proposals for resolution.
- b) Shall publicize the model attendance card or proxy form or distance vote with the necessary modifications so that they can vote on the new points in the agenda and proposed alternatives for resolution in the same terms as those proposed by the Board of Directors.
- c) Shall submit all of those points and proposed alternatives to voting and apply the same voting rules as those set by the Board of Directors, including, in particular, the presumptions or inferences on how to vote.
- d) Following the Annual General Meeting, it shall communicate the breakdown of the vote on those additional points or proposed alternatives.

Complies ☐ Partially complies ☐ Explain ☐ Not applicable ☒

11. If the company plans to pay attendance premiums for the Annual General Meeting, it shall establish a general policy on those premiums previously and this policy must be permanent.

Complies ☒ Partially complies ☐ Explain ☐ Not applicable ☐

12. The Board of Directors shall perform its functions with a unified purpose and independent judgment, treat all shareholders in the same position equally and be guided by corporate interest, understood as a profitable business that is sustainable in the long term and that promotes the continuation and maximization of the economic value of the company.

In the pursuit of corporate interest, in addition to compliance with the laws and regulations and a behavior based on good faith, ethics and in compliance with the commonly accepted uses and good practices, it shall seek to reconcile, as appropriate, corporate interest with the legitimate interests of its employees, providers, clients and those of the other stakeholders that may be affected, as well as the impact of the company's activities on the community as a whole and the environment.

Complies ☒ Partially complies ☐ Explain ☐

13. The Board of Directors shall be of the required size to permit its efficient and participatory operation, meaning that it is advisable for it to comprise between five and 15 members.

Complies ☒ Explain ☐

14. The Board of Directors shall approve a director selection policy which:

- a) Is specific and reasonable.
- b) Ensures that the appointment or reappointment proposals are based on a prior analysis of the needs of the Board of Directors.
- c) Promotes diversity of knowledge, experience and gender.

The results of the prior analysis of the needs of the Board of Directors shall be included in the explanatory report of the Appointments Committee that is published when the Annual General Meeting is called, to which the ratification, appointment or reappointment of each director is submitted.

The director selection policy shall promote the objective for the number of directors in year 2020 to represent at least 30 percent of the total members of the Board of Directors.

The Appointments Committee shall verify the compliance with the director selection policy annually and shall inform on this in the Annual Corporate Governance Report.

Complies ☒ Partially complies ☐ Explain ☐



15. The nominee and independent directors shall constitute a large majority of the Board of Directors, and the number of executive directors should be the minimum required to deal with the complexity of the corporate group and reflect the percentage of shares held in the company by the executive directors.

Complies ☒ Partially complies ☐ Explain ☐

16. The percentage of nominee directors of the total number of non-executive directors should not be greater than the ratio between the company capital represented by these directors and the rest of the capital.

This criterion can be relaxed:

- a) In large cap companies where there are few equity stakes that are legally considered as significant.
- b) In companies with a plurality of shareholders represented on the Board of Directors who are not related.

Complies ☒ Explain ☐

17. Independent directors should account for at least half of the total number of directors.

However, when the company is not high cap, or when, even though it is, it has one or several shareholders acting in unison controlling more than 30 percent of the share capital, the number of independent directors should represent at least a third of all directors.

Complies ☒ Explain ☐

18. Companies shall publish the following director particulars on their website and keep them permanently updated:

- a) Professional experience and background.
- b) Other boards to which they belong, whether or not listed companies, as well as other paid activities performed, whatever their nature.
- c) An indication as to whether the directorship is executive, indicating shareholder-nominated or independent; in the case of nominee directors, stating the shareholder they represent or to whom they are affiliated.
- d) The date of his/her first and subsequent appointments as a company director, as well as later reappointments.

e) Company shares, and share options, of those which are held.

Complies ☒ Partially complies ☐ Explain ☐

19. The Annual Corporate Governance Report, following verification by the Appointments Committee, shall disclose the reasons for the appointment of nominee directors at the behest of shareholders controlling less than three percent of capital; and it should explain any rejection of a formal request for a Board place from shareholders whose equity stake is equal to or greater than that of others appointed for a nominee directorship.

Complies ☐ Partially complies ☐ Explain ☐ Not applicable ☒

20. Nominee directors must resign when the shareholders they represent transfer their ownership interest in its entirety. If such shareholders reduce their stakes, thereby losing some of their entitlement to nominee directors, the number of such nominee directors should be reduced accordingly.

Complies ☐ Partially complies ☐ Explain ☐ Not applicable ☒

21. The Board of Directors must not propose the removal of independent directors before the expiry of their term in office pursuant to the bylaws, except where due cause is found by the Board of Directors, based on a report from the Appointments Committee. In particular, it must be understood that there is just cause when the director takes on new positions or contracts new obligations that prevent him/her from devoting the necessary time to the performance of the functions of a director, fails to comply with the work inherent to his/her position or is involved in any of the circumstances that cause the loss of his/her independent status, in accordance with that established in applicable legislation.

The removal of independent directors can also be proposed as a result of public takeover bid, merger or similar corporate actions that cause changes in the capital structure of the company, when these changes in the structure of the Board of Directors are supported by the proportionality criteria, indicated in recommendation 16.

Complies ☒ Explain ☐

22. Companies shall establish rules obliging directors to inform the Board of Directors of any circumstance that might undermine the organization's name or reputation, tendering their resignation as the case may be, with particular

mention of any criminal charges brought against them and the progress of any subsequent proceedings.

If a director is indicted or tried for any of the crimes stated in corporate law, the Board of Directors should examine the matter as soon as possible and, in view of the particular circumstances, decide whether or not he/she should be called on to resign. The Board of Directors should also disclose all of this in the Annual Corporate Governance Report.

Complies ☒ Partially complies ☐ Explain ☐

23. The directors should clearly express their opposition when they consider that a resolution submitted to the Board of Directors may go against the corporate interest. In particular, independent directors and other directors unaffected by the potential conflict of interest should challenge any decision that could go against the interests of shareholders lacking representation in the Board of Directors.

When the Board of Directors adopts important or reiterated resolutions on issues about which a director has expressed serious reservations, it must draw the pertinent conclusions. If chosen to resign, the reasons for this must be set out in the letter referred to in the following recommendation.

This recommendation should also apply to the secretary of the Board of Directors, even if the secretary is not a director.

Complies ☒ Partially complies ☐ Explain ☐ Not applicable ☐

24. If leaving office before the end of his/her term, whether due to resignation or other reasons, the director should explain the reasons in a letter sent to all members of the Board of Directors. Whether or not such resignation is filed as a significant event, the reasons for leaving must be explained in the Annual Corporate Governance Report.

Complies ☒ Partially complies ☐ Explain ☐ Not applicable ☐

25. The Appointments Committee must ensure that non-executive directors have sufficient time available to perform their functions correctly.

The Board regulations establish the maximum number of company directorships that can form part of their directors.

Complies ☒ Partially complies ☐ Explain ☐

26. The Board of Directors should meet with the necessary frequency to perform its functions properly, and at least eight times a year, following the schedule of dates and matters established at the beginning of the financial year, to which each director may propose the addition of other items individually.

Complies ☒ Partially complies ☐ Explain ☐

27. Directors should keep their absences to a bare minimum. Absences should be quantified in the Annual Corporate Governance Report. When they have to be absent, they should delegate their representation with instructions.

Complies ☒ Partially complies ☐ Explain ☐

28. When directors or the company secretary express concerns about a proposal or, in the case of directors, about the company's performance, and such concerns are not resolved by the Board of Directors, the person expressing them may request that they be recorded in the minutes.

Complies ☒ Partially complies ☐ Explain ☐ Not applicable ☐

29. The company must establish the appropriate channels for the directors to obtain precise advice for the fulfillment of their functions, including, if the circumstances demand it, external advice at the company's expense.

Complies ☒ Partially complies ☐ Explain ☐

30. Irrespective of the knowledge demanded of the directors to perform their functions, companies also offer refresher programs, when the circumstances so advise.

Complies ☒ Partially complies ☐ Explain ☐

31. The agenda of the sessions must clearly indicate the points about which the Board of Directors must make a decision or a resolution that enables the directors to study or previously obtain the information required for this to take place.

When, in exceptional circumstances, as a matter of urgency, the director wishes to submit decisions or resolutions that are not part of the agenda to the

Board of Directors, prior and express consent must be obtained from the directors present, which must be duly recorded in the minutes.

Complies ☒ Partially complies ☐ Explain ☐

32. The directors must be informed periodically on the transactions of the shareholders and the opinions that the significant shareholders, investors and ratings agencies have on the company and Group.

Complies ☒ Partially complies ☐ Explain ☐

33. The Chairman, responsible for the efficient operation of the Board of Directors, as well as for performing the legal and bylaw functions that are attributed to it, must prepare and submit a schedule of dates and matters to discuss to the Board of Directors, organize and coordinate the periodic evaluation of the Board, as well as, where applicable, the chief executive of the company. He/she shall also be responsible for managing the Board and the efficiency of its performance, ensuring that enough time is devoted to discussing strategic matters, and must consent to and review the refresher programs for each director, when the circumstances so advise.

Complies ☒ Partially complies ☐ Explain ☐

34. When there is a lead director, the bylaws or regulations of the Board of Directors, as well as the powers that are legally entitled, he/she is assigned the following: to chair the Board of Directors in the absence of the Chairman and Vice Chairmen, if applicable, voice the concerns of the non-executive directors, maintain contact with investors and shareholders to be aware of their points of view in order to form an opinion on their concerns, particularly in relation to the corporate governance of the company, and coordinate the succession of the chairman.

Complies ☐ Partially complies ☒ Explain ☐ Not applicable ☐

The company complies with the entire recommendation, except with respect to assigning the lead director with the power to chair the Board of Directors in the absence of the Chairman, to maintain contact with investors and shareholders, and to coordinate the succession of the Chairman. The Regulations of the Board of Directors assigns the Lead Director the powers to request the Board of Directors to be convened, or the inclusion of new points in the agenda from a Board meeting already convened, coordinate and bring together the non-executive directors and, if required, direct the periodic evaluation of the Chairman of the Board of Directors.

In accordance with the Board of Directors Regulations, in the absence of the Chairman and Vice Chairmen, the oldest director is called upon to chair the meeting. However, the Lead female Director is also the Second Vice Chairwoman of the Board and, accordingly, is entrusted with chairing meetings in the absence of the Chairman and the First Vice Chairman.

With respect to relationships with shareholders and investors, article 21 of the Board of Directors Regulations establishes that the Board of Directors is responsible for establishing and supervising appropriate communications and relations mechanisms with shareholders and investors, establishing the pertinent communications channels in the Policy for Communication with Shareholders, Institutional Investors and Proxy Advisors. The company considers that this configuration ensures better and more efficient coordination of the company's relationships with its investors and shareholders.

Finally, the Board of Directors' Regulations assign the Appointments and Remuneration Committee the power to examine and organize the succession of the Chairman of the Board, as established in article 529 of the Companies Act.

35. The secretary of the Board of Directors should in particular ensure that Board of Directors has the recommendations on good governance at hand during its actions and decisions applicable to the company. These are contained in this Good Governance Code.

Complies ☒ Explain ☐

36. The Board of Directors should evaluate and adopt an action plan in full once a year, if applicable, that corrects the weaknesses detected, in relation to:

- a) The quality and efficiency of the operational aspects of the Board of Directors.
- b) The operational aspects and composition of its committees.
- c) The diversity in the composition and responsibilities of the Board of Directors.
- d) The performance of the Chairman of the Board of Directors and the chief executive of the company.
- e) The performance and contribution of each director, paying special attention to those responsible for the different board committees.

The various committees are evaluated on the basis of the report that they present to the Board of Directors, and for the latter, on the report presented to the Appointments Committee.

Every three years, the Board of Directors shall be assisted by an external advisor to perform the evaluation, the independence of whom shall be verified by the Appointments Committee.

The business relationships maintained by the advisor or any company in its group with the company or any company in its Group must be indicated in the Annual Corporate Governance Report.

The process and the areas evaluated must be described in the Annual Corporate Governance Report.

Complies ☒ Partially complies ☐ Explain ☐

37. When there is an executive committee, the breakdown of its members by director category should be similar to that of the Board of Directors. The secretary of the Board should also act as secretary to the executive committee.

Complies ☒ Partially complies ☐ Explain ☐ Not applicable ☐

38. The Board of Directors should be kept fully informed of the matters discussed and resolutions adopted by the Executive Committee. To this end, all members of the Board of Directors should receive a copy of the Executive Committee's minutes.

Complies ☒ Partially complies ☐ Explain ☐ Not applicable ☐

39. All members of the Audit Committee, particularly its Chairman, should be appointed with regard to their knowledge and background in accounting, auditing and risk management. The majority of these members should be independent directors.

Complies ☒ Partially complies ☐ Explain ☐

40. Under the supervision of the Audit Committee, there should be a unit that assumes the internal audit function that ensures the proper performance of the information and internal control systems, and functionally operates under the non-executive director of the Board or the Audit Committee.

Complies ☒ Partially complies ☐ Explain ☐

41. The manager of the unit that assumes the internal audit function must present an annual work program to the Audit Committee, report to it directly about any incidents arising during its implementation, and present an activity report at the end of each financial year.

Complies ☒ Partially complies ☐ Explain ☐ Not applicable ☐

42. In addition to the provisions of the law, the Audit Committee has the following functions:

1. In relation to the information and internal control systems:
  - a) To supervise the process of preparing the financial information and its integrity for the company and Group, reviewing compliance with regulatory requirements, checking the scope of the consolidation perimeter and making sure that the accounting principles are applied properly.
  - b) To ensure the independence of the unit that assumes the internal audit function; to propose the selection, appointment, reappointment and removal of the internal audit officer; to propose the budget for the internal audit department; to approve the guidance and work programs, ensuring that the unit's activity primarily focuses on risks relevant to the company; to receive periodic information on its activities; and to check that senior management takes the conclusions and recommendations of its reports into account.
  - c) To establish and supervise a mechanism that enables employees to confidentially and, if this is deemed possible and appropriate, anonymously report any irregularities they notice within the company which may be of potential importance, especially financial and accounting irregularities.
2. With respect to the external auditor:
  - a) Should the external auditor resign, to examine the circumstances leading to the resignation.
  - b) To ensure that the remuneration of the external auditor for his/her work does not compromise his/her quality or independence.
  - c) To ensure that the company notifies any change of auditor to the Spanish National Securities and Exchange Commission as a significant event, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons for these.
  - d) To ensure that the external auditor holds an annual plenary meeting of the Board of Directors to inform them about the work performed, the accounting situation and any risks to the company.
  - e) To ensure that the company and the external auditor respect the prevailing standards on the provision of services other than auditing, the limits on the concentration of the auditor's;s business and, in general, other standards established to guarantee auditors' independence.

Complies ☒ Partially complies ☐ Explain ☐



43. The Audit Committee can summon any company employee or executive, even ordering their appearance without the presence of another executive.

Complies ☒ Partially complies ☐ Explain ☐

44. The Audit Committee must be informed of any corporate and structural modifications which the company plans to make so that, in advance of the next Board of Directors meeting, the committee can analyze these modifications and draw up a report about any economic conditions and accounting impact, particularly as regards the proposed exchange ratio.

Complies ☒ Partially complies ☐ Explain ☐ Not applicable ☐

45. The risk control and management policy should specify at least the following:

- a) The different types of risk, both financial and non-financial (operational, technological, legal, social, environmental, political and reputational), faced by the company. In the case of financial or economic risks, the contingent liabilities and other off-balance-sheet risks must be identified.
- b) The risk level that the company considers acceptable.
- c) The measures established to mitigate the impact of the risks identified, should they materialize.
- d) The internal oversight and reporting systems that shall be used to control and manage these risks, including contingent liabilities and off-balance-sheet risks.

Complies ☒ Partially complies ☐ Explain ☐

46. Under the direct supervision of the Audit Committee, or, if applicable, a specialized committee of the Board of Directors, there should be an internal risk control and management function performed by a unit or department within the company that is expressly assigned the following functions:

- a) To ensure that the risk control and management systems function properly and, in particular, that they identify, manage and quantify all the significant risks that affect the company.
- b) To actively participate in the development of the risk strategy and important decisions regarding its management.

- c) To ensure that the risk control and management systems mitigate the risks properly and in accordance with the policy defined by the Board of Directors.

Complies ☒ Partially complies ☐ Explain ☐

47. The members appointed to the Appointments and Remuneration Committee—or the Appointments Committee and Remuneration Committee if separate—must have the knowledge, skills and experience appropriate for the functions that they are called to fulfill. The majority of these members should be independent directors.

Complies ☒ Partially complies ☐ Explain ☐

48. The large cap companies have a separate Appointments Committee and a Remuneration Committee.

Complies ☐ Explain ☒ Not applicable ☐

The company considers the issues regarding appointments and remuneration to be closely related, and it is therefore seen as appropriate for them to be analyzed by the same committee.

49. The Appointments and Remuneration Committee must consult with the Chairman of the Board of Directors and the company Chairman and CEO, particularly with respect to matters relating to executive directors.

Any Board member may ask the Appointments Committee to take into consideration any candidates he/she deems suitable to fill a director vacancy.

Complies ☒ Partially complies ☐ Explain ☐

50. The Remuneration Committee must perform its functions independently and, in addition to the functions assigned by law, the following ones:

- a) To propose the basic conditions for the contracts of the senior managers to the Board of Directors.
- b) To check compliance with the remuneration policy set by the company.
- c) To periodically review the remuneration policy applicable to directors and senior managers, including remuneration systems with shares and their application, as well as to guarantee that individual remuneration is proportional to that paid to the rest of the directors and senior managers of the company.

- d) To ensure that possible conflicts of interest do not compromise the independence of the external advice provided to the committee.
- e) To check the information on remuneration of directors and senior managers contained in the different corporate documents, included in the annual report on the remuneration of directors.

Complies ☒ Partially complies ☐ Explain ☐

51. The Remuneration Committee must consult with the company Chairman and CEO, especially with respect to matters related to executive directors and senior managers.

Complies ☒ Partially complies ☐ Explain ☐

52. The rules governing the composition and operation of the supervision and control committees must be included in the regulations of the Board of Directors and be consistent with those applicable to legally obliged committees in accordance with the previous recommendations, including:

- a) They are formed exclusively of non-executive directors, with a majority of independent directors.
- b) Their chairmen are independent directors.
- c) The Board of Directors appoints the members of these committees based on their knowledge, skills and experience and the terms of reference of each committee; discusses its proposals and reports; and reports on and defends its activity at the first plenary Board of Directors meeting held after its own meetings.
- d) The committees may engage external advice when it is considered necessary for the performance of their functions.
- e) Minutes must be taken at their meetings and made available to all directors.

Complies ☒ Partially complies ☐ Explain ☐ Not applicable ☐

53. The supervision of compliance with the rules of corporate governance, the internal codes of conduct and the social corporate responsibility policy shall be attributed to one or distributed among several committees of the Board of Directors, which may be the Audit Committee, the Appointments Committee, the Corporate Social Responsibility Committee, if applicable, or a specialized

committee which the Board of Directors, exercising its powers of self-organization, decides to create for the purpose. These committees have the following minimum functions:

- a) Supervision of the company's compliance with its internal codes of contact and rules of corporate governance.
- b) Supervision of the communication strategy and relationship with shareholders and investors, including the small and medium shareholders.
- c) Periodic assessment of the suitability of the company's corporate governance system to fulfill its mission of promoting the corporate interest and bearing in mind, as applicable, the legitimate interests of the remaining stakeholders.
- d) Review of the company's corporate responsibility policy to ensure that it is aimed at the creation of value.
- e) Monitoring of the corporate social responsibility strategy and practices and evaluation of the degree of compliance.
- f) Supervision and evaluation of the relational processes with other stakeholders.
- g) Evaluation of everything relating to the non-financial risks of the company, including operational, technological, legal, social, environmental, political and reputational.
- h) Coordination of the report process for non-financial and diversity information, in accordance with the applicable regulations and international reference standards.

Complies ☐ Partially complies ☒ Explain ☐

Functions a) and c) expressly correspond to the Audit and Compliance Committee and duty g) to the Risk Committee.

As indicated in recommendation 34, the Board of Directors itself is responsible for establishing and supervising appropriate communication mechanisms and relations with shareholders and investors.

With regard to the responsibilities relating to corporate social responsibility, the company has a Corporate Social Responsibility Committee. This permanent internal body has executive functions and is responsible among other things for approving the social responsibility strategy and proposing specific actions, objectives and deadlines. In accordance with the corporate social responsibility policy, this committee reports annually to the MAPFRE S.A. Board of Directors and/or the relevant Board delegate body on the degree of compliance with the corporate social responsibility policy and strategy.

54. The corporate social responsibility policy shall include the principles and commitments which the company assumes voluntarily in its relationship with other stakeholders and it should identify at least the following:

- a) The objectives of the corporate social responsibility policy and development of support instruments.
- b) The corporate strategy related to sustainability, the environment and social issues.
- c) Specific practices on matters relating to: shareholders, employees, clients, providers, social issues, the environment, diversity, fiscal responsibility, respect for human rights, and the prevention of illegal conduct.
- d) Methods or systems for monitoring the results of the application of the specific practices indicated above, as well as the associated risks and their management.
- e) Mechanisms for supervising non-financial risk, ethics and corporate conduct.
- f) Channels of communication, participation and dialog with stakeholders.
- g) Responsible communication practices that prevent the manipulation of information and protect honor and integrity.

Complies ☒ Partially complies ☐ Explain ☐

55. The company reports on matters relating to corporate social responsibility in a separate document or within the management report, using one of the internationally accepted methodologies.

Complies ☒ Partially complies ☐ Explain ☐

56. The remuneration of directors must be sufficient to attract and retain directors from the desired profile and reward the commitment, qualification and responsibility demanded by the position, but not so high that the independence of criteria for non-executive directors is compromised.

Complies ☒ Explain ☐

57. The executive directors must receive the variable remuneration relating to the performance of the company and their individual performance, as well as remuneration in the form of shares, options or rights on shares and instruments

referenced to the share value and long-term saving systems such as pension plans, retirement systems or other social protection systems.

The delivery of shares shall be considered as remuneration for non-executive directors on condition that the shares are held for the duration of the directorship. This does not apply to the shares that a director needs to transfer, if necessary, to meet the costs related to their acquisition.

Complies ☒ Partially complies ☐ Explain ☐

58. In the case of variable remuneration, the remuneration policies must include the limits and specific technical safeguards to ensure that the remuneration reflects the professional performance of the beneficiaries and not simply the general progress of the markets, the company sector or similar circumstances.

In particular, the variable components of the remuneration:

- a) Are linked to performance criteria that are predetermined and measurable, and these criteria must take into account the risk accepted for achieving a result.
- b) Promote the sustainability of the company and include non-financial criteria that are suitable for creating long-term value, such as compliance with the internal rules and procedures of the company and its policies for risk control and management.
- c) Are defined on the basis of a balance between compliance with short, medium and long-term objectives, permitting remuneration for continued performance over a period of time sufficient to appreciate the contribution to the creation of sustainable value. Accordingly, the elements used to measure performance are not based solely on specific, occasional or extraordinary events.

Complies ☒ Partially complies ☐ Explain ☐ Not applicable ☐

59. The payment of a significant portion of the variable components of remuneration is deferred for a minimum period that is sufficient to verify compliance with the previously established performance conditions.

Complies ☒ Partially complies ☐ Explain ☐ Not applicable ☐

60. Remuneration linked to the company's results takes into account any reservations that are mentioned in the external auditor's report and may compromise the results.

Complies ☒ Partially complies ☐ Explain ☐ Not applicable ☐

61. A significant percentage of the variable remuneration of the executive directors is linked to the delivery of shares or financial instruments referenced to the share value.

Complies ☒ Partially complies ☐ Explain ☐ Not applicable ☐

62. Once shares, or options or rights to corresponding shares, are allocated to the remuneration system, directors cannot transfer ownership of a number of shares equivalent to twice their fixed annual remuneration, or exercise any options or rights until after a period of at least three years from their allocation.

This does not apply to the shares that a director needs to transfer, if necessary, to meet the costs related to their acquisition.

Complies ☒ Partially complies ☐ Explain ☐ Not applicable ☐

63. The contractual agreements include a clause that allows the company to demand re-payment of variable components of remuneration when payment has not been adjusted to the performance conditions or when it has been awarded on the basis of data which is subsequently shown to be incorrect.

Complies ☒ Partially complies ☐ Explain ☐ Not applicable ☐

64. Payments for contract termination do not exceed a fixed amount equivalent to two years' total annual remuneration, and shall not be paid until the company has confirmed that the director has met the pre-established performance criteria.

Complies ☐ Partially complies ☒ Explain ☐ Not applicable ☐

For external directors, there is no compensation for leaving the position.

Regarding executive directors, leaving the position means lifting the suspension of the relationship prior to the appointment as executive director.

The early termination of the previous relationship (prior, in all cases, to the approval of the Good Governance Code for listed companies), except when there is good cause for dismissal, implies compensation under the terms established by the workers' statute in relation to unfair dismissal.

## H. OTHER USEFUL INFORMATION

1. If there is any relevant aspect regarding corporate governance in the company or in the Group companies that has not been covered in the remaining sections of this report, but that should be included in order to provide more complete and explanatory information about the structure and governance practices of the company or Group, please provide a brief explanation here.
2. This section may also include any other relevant information, clarification or detail related to previous sections of the report so long as they are relevant and not repetitive.

Specifically, indicate whether the company is subject to the corporate governance legislation of any country other than Spain and, if so, include the compulsory information to be provided when different from that required by this report.

3. The company may also indicate if it has voluntarily adhered to other codes of ethical principles or best practices, international, sectoral or of another scope. If this is the case, the code in question and the adherence date must be indicated. In particular, it shall mention whether it has adhered to the Code of Good Taxation Practices, of July 20, 2010.

Since July 22, 2010 the company has adhered to and complies with the Code of Good Taxation Practices approved and sponsored by the Forum for Large Companies and the Spanish Tax Agency.

This annual report on corporate governance was approved by the company's Board of Directors at its meeting on 02/06/2019.

Indicate whether any directors voted against the report or abstained.

Yes ☐

No ☒

| Name or company name of the Director, which has not voted in favor of the approval herein | Reasons (against, abstention, non-attendance) | Explain the reasons |
|-------------------------------------------------------------------------------------------|-----------------------------------------------|---------------------|
|                                                                                           |                                               |                     |



| Observations |
|--------------|
|              |



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## **Auditor's Report on the "Information concerning the System of Internal Control over Financial Reporting (ICFR)" of MAPFRE, S.A. for 2018**

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

To the Directors of MAPFRE, S.A.

As requested by the Board of Directors of MAPFRE, S.A. (the "Company") and in accordance with our proposal letter dated 16 January 2019, we have applied certain procedures to the "Information concerning the ICFR" attached in section F of the Annual Corporate Governance Report of MAPFRE, S.A. for 2018, which summarises the Company's internal control procedures for annual financial reporting.

The Directors are responsible for adopting appropriate measures to reasonably ensure the implementation, maintenance and oversight of an adequate system of internal control, the development of improvements to that system and the preparation and definition of the content of the information concerning the ICFR attached.

In this respect, it should be borne in mind that irrespective of the quality of the design and operation of the internal control system adopted by the Company in relation to annual financial reporting, the system may only provide reasonable, but not absolute assurance in relation to the objectives pursued, due to the limitations inherent in any internal control system.

In the course of our audit work on the annual accounts and in accordance with Technical Auditing Standards, our evaluation of the Company's internal control was solely aimed at enabling us to establish the scope, nature and timing of the audit procedures on the Company's annual accounts. Consequently, the scope of our evaluation of the internal control, performed for the purposes of the audit of accounts, was not sufficient to enable us to issue a specific opinion on the efficiency of this internal control over regulated annual financial reporting.

For the purposes of issuing this report, we have applied only the specific procedures described below and set out in the Guidelines for preparing the auditor's report on the information on the system of internal control over financial reporting of listed entities, published on the website of the Spanish National Securities Market Commission (CNMV), which defines the work to be performed, the minimum scope of the work and the content of this report. As the scope of the work resulting from these procedures is in any event limited and substantially less than that of an audit or review of the internal control system, we do not express an opinion on its effectiveness or design or operational efficiency, with respect to the Company's annual financial reporting for 2018 described in the attached Information concerning the ICFR. Consequently, had additional procedures other than those defined in the aforementioned Guidelines been applied, or an audit or review been performed of the internal control system in relation to regulated annual financial reporting, other events or matters could have been identified, which would have been reported to you.



Moreover, as this special engagement does not constitute an audit of accounts nor is it subject to prevailing legislation regulating the audit of accounts in Spain, we do not express an audit opinion in the terms envisaged in such legislation.

The procedures applied were as follows:

1. Reading and understanding of the information prepared by the Company in relation to the ICFR – disclosures included in the directors' report – and evaluation of whether it covers all the information required, taking into account the minimum content described in Section F, concerning the description of the ICFR, the Annual Corporate Governance Report model set out in Spanish National Securities Market Commission (CNMV) Circular 5/2013 of 12 June 2013, subsequently amended by CNMV Circular 7/2015 of 22 December 2015 and CNMV Circular 2/2018 of 12 June 2018 (hereinafter, the CNMV Circulars).
2. Inquiries of personnel responsible for preparing the information detailed in point 1 above in order to: (i) gain an understanding of the preparation process; (ii) obtain information that allows us to assess whether the terminology used conforms to the definitions contained in the reference framework; (iii) obtain information on whether the control procedures described are in place and operational in the Company.
3. Review of explanatory documentation supporting the information detailed in point 1 above, and which will mainly include that made directly available to those responsible for preparing the descriptive information on the ICFR. This documentation includes reports prepared by internal audit, senior management and other internal or external specialists supporting the audit and compliance committee.
4. Comparison of the information detailed in point 1 above with the understanding of the Company's ICFR gained as a result of the procedures performed within the framework of the audit work on the annual accounts.
5. Reading of the minutes of the meetings of the Board of Directors, audit and compliance committee and other committees of the Company for the purposes of assessing the consistency of the matters discussed at these meetings in relation to the ICFR with the information detailed in point 1 above.
6. Procurement of a representation letter concerning the work performed, duly signed by those responsible for preparing and drawing up the information detailed in point 1 above.

As a result of the procedures applied to the Information concerning the ICFR, no inconsistencies or incidents have come to light that could affect it.



This report has been prepared exclusively in the context of the requirements established in article 540 of the Revised Spanish Companies Act and the CNMV Circulars for the purposes of the description of the ICFR in Annual Corporate Governance Reports.

KPMG Auditores, S.L.

*(Signed on original in Spanish)*

Jorge Segovia Delgado

7 February 2019

The Consolidated Annual Accounts for MAPFRE S.A., on the preceding pages 1 to -- herein, and the Consolidated Management Report on the preceding pages -- to -- herein, corresponding to financial year 2018, endorsed by the Secretary of the Board, have been drafted by the Board of Directors at its meeting held on February 6, 2019. The Board Members declare that, as far as they are aware, the aforementioned accounts have been prepared in accordance with the applicable accounting principles and offer a true and fair view of the equity, financial situation, and results of the Company and the companies comprising the consolidation as a whole. Likewise, the Management Report includes a true and fair analysis of the development of the results and of the position of the Company and the Group, and broadly informs, along with the Consolidated Annual Report, of the risks and uncertainties they faces.

---

D. Antonio Huertas Mejías  
Chairman

---

D. Antonio Gómez Ciria  
Member

---

D. Ignacio Baeza Gómez  
1st Vice Chairman

---

D. Luis Hernando de Larramendi Martínez  
Member

---

D<sup>a</sup>. Catalina Miñarro Brugarolas  
2nd Vice Chairman

---

D. Francisco J. Marco Orenes  
Member

---

D. José Manuel Inchausti Pérez  
3rd Vice Chairman

---

D. Fernando Mata Verdejo  
Member

---

D. José Antonio Colomer Guiu  
Member

---

D. Antonio Miguel-Romero de Olano  
Member

---

D. Georg Daschner  
Member

---

D<sup>a</sup>. Pilar Perales Viscasillas  
Member

---

D<sup>a</sup>. María Leticia de Freitas Costa  
Member

---

D. Alfonso Rebuelta Badías  
Member

---

D<sup>a</sup>. Ana Isabel Fernández Álvarez  
Member

---

D. Ángel Luis Dávila Bermejo  
Secretary and Non-Member

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**Integrated Report**

**MAPFRE S.A.**



**MAPFRE**

**2018**

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## 1. LETTER FROM THE CHAIRMAN AND CEO

[GRI 102 – 14]

Dear Friends:

I am writing to you once again to present our III Integrated Report for the financial year 2018. MAPFRE is a committed company that understands that business and sustainability have to go hand in hand. They must therefore be communicated in an integrated manner, as we do in this publication, in which we offer, in a single reading, an integral vision of our business, our strategy and challenges, together with those most significant elements that show our commitment and action as regards sustainable development. Additionally, in accordance with the regulations approved in the last days of the year past, we also incorporate key non-financial information that provides a more complete and transparent view of the business.

2018 was a very relevant year for the company. We have completed our three-year Strategic Plan with a positive overall outcome, despite the adverse factors encountered in this period, as well as our Sustainability Plan, which has allowed us to make significant progress with this commitment.

The report provides extensive financial information on the business, which highlights the strength of MAPFRE Spain, and that of MAPFRE RE, as well as that of many other countries in which we operate. The profitable growth strategy continues to produce improvements in results in most of them and the optimization initiatives have also borne fruit in GLOBAL RISKS and MAPFRE ASISTENCIA.

Over the course of 2018, the restructuring of the strategic alliance with Banco do Brasil became effective, and our activity in the United States has been reorganized. Although the reader has all company data available to them, I would like to once again draw your attention to our solid position in all markets:

- Revenues rose to 26.6 billion euros, of which 22.5 billion correspond to premium income. Earnings before taxes exceeded 1.3 billion euros and net earnings totaled 529 million euros.
- The combined ratio stood at 97.6%, which represents an improvement of 0.5 percentage points over the previous year.
- The Solvency II results confirm the company's strong capital position and its low volatility. The Solvency II ratio was 207.9% as at September 2018, with a high quality capital structure, since 88% is rated TIER 1.

MAPFRE is without a solvent company that creates economic and social value in the countries in which it operates.

Our world is transforming into a digital and connected environment, and companies are following suit, particularly MAPFRE, because we understand that innovation is one of the levers that can contribute most to this process. In 2018 we launched a set of transformation and innovation platforms called MAPFRE Open Innovation (MOI). We will allocate around 100 million euros per year to innovation, which, together with the annual investment of more than

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600 million euros in technology, gives us very relevant capabilities to take on these new challenges.

Our employees are essential in this transformation process and we are accompanying them on this journey and preparing them for the change. We have an abundance of internal talent, and we promote this with intrapreneurship programs, as MAPFRE innova. Almost 30 percent of the total workforce presented innovative proposals for the company as part of this open call for ideas.

Our people are motivated, capable of contributing their experience and talent in the search for new sustainable business opportunities, in the design of products and services and in the improvement of internal processes. For this reason, we are firmly committed to professional development, investing more than 15 million euros per year in training. We also offer high quality employment, with 97% of our contracts permanent. This is further enhanced by the more than 176 million euros that are allocated each year to social benefits for all workers. Diversity is also a hallmark of our workforce, comprising as it does more than 35,000 employees from 91 nationalities and five generations - veterans, baby boomers, and Generations X, Y and Z. And we continue to make solid progress in terms of equality. Women accounted for 59 percent of new hires in 2018. We are an inclusive company too, greatly enriched by having more than 2 percent of our workforce made up of people with disabilities. MAPFRE is a company of opportunities.

Also, I have to say, with some pride, that we are also a supportive company. More than 7,800 employees participated last year in our Volunteering Program through Fundación MAPFRE. Over the course of 2018, this dedication was evidenced in the more than 1,600 activities that directly benefited more than 111,000 people.

Another distinguishing feature of our identity is the service we provide to our clients. Our activity revolves around them - they are the true center of center of the business. Our clients trust MAPFRE and renew that trust year in and year out on the back of the attention they receive and our multichannel value proposition that is grounded in service quality. Our growing digital business is fully complementary with the more than 86,000 distributors, agents, brokers and banks we partner with worldwide. In addition, we have a network of more than 152,000 providers and professionals who do their work aligned to our principles and values.

As a global group, we are signatories to the United Nations Global Compact, we work on the 2030 Development Agenda, and we are part of the Finance Initiative of the Environment Program - UNEPFI. We are also signatories to the Principles for Sustainable Insurance (PSI), to the Paris Pledge for Action and to the Principles for Responsible Investment (PRI) of the United Nations. We assume these commitments in the management of the business and in the environment in which we conduct our activity.

MAPFRE has an energy efficiency strategy and action plan in place to mitigate the effects of climate change. We take great care of our environmental footprint, and since 2013 we have reduced our CO2 emissions by 51 percent. Renewable energy sources provide us with 58

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percent of the electricity we consume, we manage our waste efficiently and we are committed to preserving biodiversity.

The foregoing enabled us to once again renew our membership of the FTSE4Good index in 2018, and saw us recognized as the tenth largest insurer in the Dow Jones Sustainability World Index. For the third consecutive year, we are part of the A-List from the CDP initiative, for our management and initiatives in response to climate change.

MAPFRE is a solvent company, committed to its environment and its stakeholder groups in the creation of value. In a complex period, we also complied with the commitment we gave to maintain a stable dividend. This year we will remunerate our shareholders with a total amount of 447 million euros.

I am convinced that MAPFRE's business model as a sustainable company and the transformation strategy aimed at growing and improving profitability, together with a high level of solvency and a reduced level of debt, will guarantee healthy growth in the coming years.

On behalf of myself and the Board, I would like to conclude by expressing our gratitude once again for the confidence that all our stakeholders place in MAPFRE and reiterate our commitment to continue working to create value and contribute to economic and social development wherever we are present.

## 2. MAPFRE GROUP

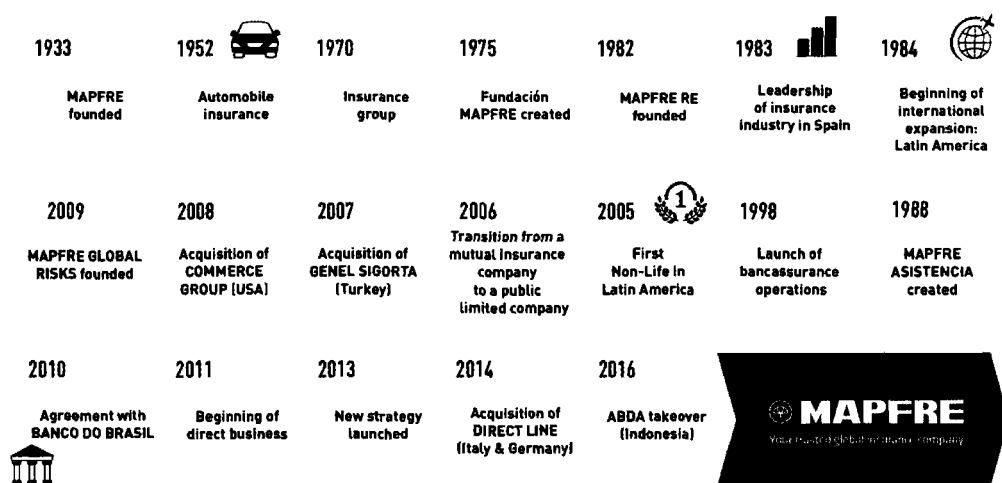
[GRI 102-1, 102-2, 102-3, 102-4, 102-5, 102-18]

### 2.1. Functional and shareholder structure

MAPFRE S.A. (hereinafter the “Company”) is a global company principally engaged in insurance and reinsurance activities in 45 countries worldwide.



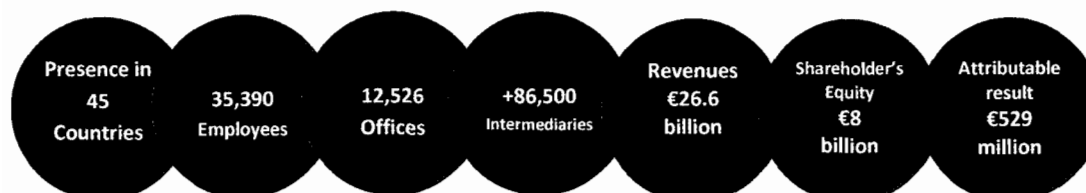
The company's origins can be traced to MAPFRE MUTUALIDAD, created in 1933 by the Association of Owners of Rural Properties in Spain to mutually cover the risks arising from their farming activities. In the 1960s, it embarked on a process of business expansion consisting of the creation of subsidiary trading companies. In 1980 these were grouped into the holding company CORPORACIÓN MAPFRE (now MAPFRE S.A.) and international expansion ensued, mainly in Latin America.



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Today, MAPFRE is the largest Spanish insurance company in the world and the third largest insurance group in Latin America, and is consolidating a growing presence in other markets such as North America, Europe and Asia.

MAPFRE has:



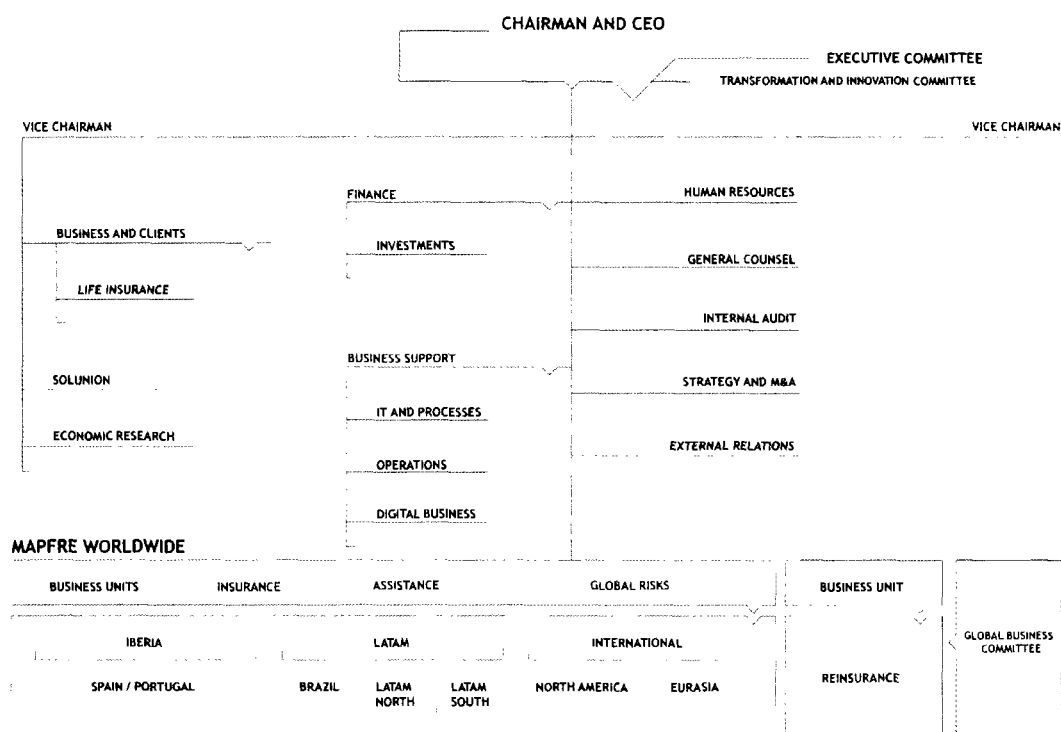
The Group pursues its business activities through an organizational structure made up of four business units (Insurance; Assistance, Services and Specialty Risks; Global Risks; and Reinsurance); three territorial areas (IBERIA, LATAM and INTERNATIONAL); and six regional areas: Iberia (Spain and Portugal), Brazil, LATAM North, LATAM South, North America and EURASIA (Europe, Middle East, Africa and Asia Pacific).

The Insurance Business Unit is organized in line with the regional areas, which are the geographic units that plan, support and oversee the region.

The activities of the different business units are supplemented by those of the Corporate Areas (Finance, Investments, Human Resources, Business Support, Internal Audit, Strategy and M&A, General Counsel and Legal Affairs, and Business and Clients), which have jurisdiction over all MAPFRE companies worldwide in terms of the development, implementation and monitoring of global, regional and local corporate policies.

The Group has changed its structure in recent years to a form suitable for adapting to the strategic challenges facing a company of its global size and presence.

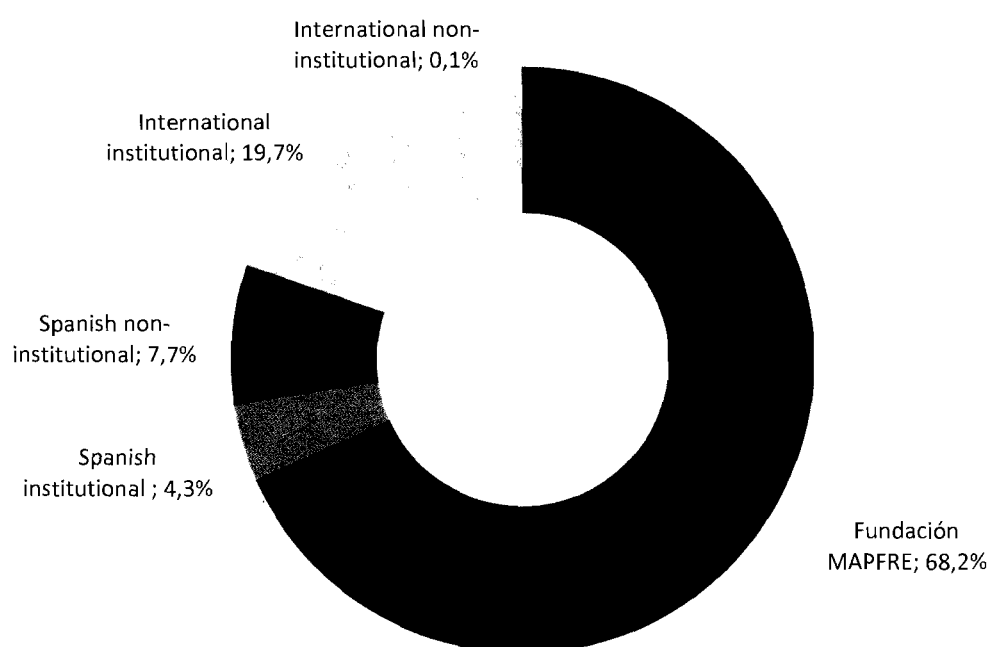
The current Group organizational structure is shown overleaf.



### Shareholder composition

The Group's parent company is the holding company MAPFRE S.A., whose shares are listed on the Madrid and Barcelona Stock Exchanges. MAPFRE S.A. is also a component of the IBEX 35, Stoxx Insurance, MSCI Spain, FTSE All-World Developed Europe, FTSE4Good, FTSE4Good IBEX and Dow Jones Sustainability World indexes.

The majority shareholder of MAPFRE S.A. is Fundación MAPFRE, which owns 68.2 percent of the share capital, including treasury stock, thus guaranteeing the Group's independence and institutional stability. Fundación MAPFRE engages in general interest activities in the fields of Social Action, Insurance and Social Protection, Culture, Accident Prevention and Road Safety, and Health Promotion.



## 2.2. Deployment

[GRI 102-4, 102-6, 102-7]

MAPFRE is present in a total of 45 countries, through 224 companies, with a network encompassing 12,526 offices (7,270 in bancassurance), and more than 86,500 agents and brokers.

The following is the geographic presence of MAPFRE through its business units:

| COUNTRY              | BUSINESS   |              |             |                  |
|----------------------|------------|--------------|-------------|------------------|
|                      | ASISTENCIA | GLOBAL RISKS | REINSURANCE | DIRECT INSURANCE |
| GERMANY              |            |              | •           | •                |
| ALGERIA              | •          |              |             |                  |
| ARGENTINA            | •          |              | •           | •                |
| AUSTRALIA            | •          |              |             |                  |
| BAHRAIN              | •          |              |             |                  |
| BELGIUM              | •          |              | •           |                  |
| BRAZIL               | •          |              | •           | •                |
| CANADA               | •          |              | •           |                  |
| CHILE                | •          |              | •           | •                |
| CHINA                | •          |              | •           |                  |
| COLOMBIA             | •          |              | •           | •                |
| COSTA RICA           | •          |              |             | •                |
| ECUADOR              | •          |              |             | •                |
| EL SALVADOR          | •          |              |             | •                |
| UNITED ARAB EMIRATES | •          |              |             |                  |

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| COUNTRY            | BUSINESS   |              |             |                  |
|--------------------|------------|--------------|-------------|------------------|
|                    | ASISTENCIA | GLOBAL RISKS | REINSURANCE | DIRECT INSURANCE |
| SPAIN              |            | •            | •           | •                |
| UNITED STATES      | •          |              | •           | •                |
| PHILIPPINES        | •          |              | •           | •                |
| FRANCE             | •          | •            | •           |                  |
| GREECE             | •          |              |             |                  |
| GUATEMALA          | •          |              |             | •                |
| HONDURAS           | •          |              |             | •                |
| HUNGARY            | •          |              |             |                  |
| INDIA              | •          |              |             |                  |
| INDONESIA          | •          |              |             | •                |
| IRELAND            | •          |              |             |                  |
| ITALY              | •          | •            | •           | •                |
| JAPAN              |            |              | •           |                  |
| JORDAN             | •          |              |             |                  |
| MALAYSIA           |            |              | •           |                  |
| MALTA              | •          |              |             | •                |
| MEXICO             | •          |              | •           | •                |
| NICARAGUA          | •          |              |             | •                |
| PANAMA             | •          |              |             | •                |
| PARAGUAY           | •          |              |             | •                |
| PERU               | •          |              |             | •                |
| PORTUGAL           | •          |              | •           | •                |
| PUERTO RICO        | •          |              |             | •                |
| UNITED KINGDOM     | •          | •            | •           |                  |
| DOMINICAN REPUBLIC | •          |              |             | •                |
| SINGAPORE          |            |              | •           |                  |
| TUNISIA            | •          |              |             |                  |
| TURKEY             | •          |              |             | •                |
| URUGUAY            | •          |              |             | •                |
| VENEZUELA          | •          |              |             | •                |

Group employees by country are distributed as follows:

| COUNTRY                                 | No. OF EMPLOYEES | COUNTRY       | No. OF EMPLOYEES | COUNTRY                                                   | No. OF EMPLOYEES |
|-----------------------------------------|------------------|---------------|------------------|-----------------------------------------------------------|------------------|
| GERMANY                                 | 541              | SPAIN         | 10,918           | NICARAGUA                                                 | 120              |
| ALGERIA                                 | 47               | UNITED STATES | 2,887            | PANAMA                                                    | 494              |
| ARGENTINA                               | 1,169            | PHILIPPINES   | 332              | PARAGUAY                                                  | 185              |
| AUSTRALIA                               | 54               | FRANCE        | 140              | PERU                                                      | 1,568            |
| BAHRAIN                                 | 11               | GREECE        | 117              | PORTUGAL                                                  | 421              |
| BELGIUM                                 | 27               | GUATEMALA     | 225              | PUERTO RICO                                               | 624              |
| BRAZIL                                  | 5,974            | HONDURAS      | 215              | REINO UNIDO                                               | 514              |
| CANADA                                  | 17               |               |                  | DOMINICAN REPUBLIC                                        | 408              |
| CHILE                                   | 503              | INDIA         | 50               |                                                           |                  |
| CHINA                                   | 208              | INDONESIA     | 544              | TUNISIA                                                   | 81               |
| COLOMBIA                                | 1,030            | IRELAND       | 90               | TURKEY                                                    | 1,452            |
| COSTA RICA                              | 67               | ITALY         | 885              | URUGUAY                                                   | 225              |
| ECUADOR                                 | 330              |               |                  | VENEZUELA                                                 | 507              |
|                                         |                  | JORDAN        | 47               | OTHER (Egypt, Hungary,<br>Japan, Russia and<br>Singapore) | 22               |
| EL SALVADOR                             | 165              | MALTA         | 313              |                                                           |                  |
| UNITED ARAB EMIRATES                    | 9                | MEXICO        | 1,854            |                                                           |                  |
| <b>TOTAL EMPLOYEES AS AT 31.12.2018</b> |                  |               |                  |                                                           | <b>35,390</b>    |

Offices and intermediaries are broken down by geographic area as follows:

| Offices       | 2018          | 2017          |
|---------------|---------------|---------------|
| TOTAL         | <b>12,526</b> | <b>12,860</b> |
| IBERIA        | 5,413         | 5,527         |
| LATAM         | 6,570         | 6,840         |
| INTERNATIONAL | 543           | 493           |

| intermediaries | 2018          | 2017          |
|----------------|---------------|---------------|
| TOTAL          | <b>86,564</b> | <b>84,330</b> |
| IBERIA         | 17,914        | 18,014        |
| LATAM          | 56,682        | 54,453        |
| INTERNATIONAL  | 11,968        | 11,863        |



## 2.3. Key figures

[GRI 102-7, 201-1]

| ITEM                                        | DECEMBER<br>2018 | DECEMBER<br>2017 | Var.<br>18/17 |
|---------------------------------------------|------------------|------------------|---------------|
| <b>RESULTS</b>                              |                  |                  |               |
| Revenue                                     | 26,589.7         | 27,983.7         | -5.0%         |
| Total written and accepted premiums         | 22,537.1         | 23,480.7         | -4.0%         |
| - Non-Life                                  | 17,060.9         | 18,154.5         | -6.0%         |
| LIFE                                        | 5,476.2          | 5,326.2          | 2.8%          |
| Attributable net result                     | 528.9            | 700.5            | -24.5%        |
| Earnings per share (euros)                  | 0.17             | 0.23             | -24.5%        |
| <b>BALANCE SHEET</b>                        |                  |                  |               |
| Total assets                                | 67,290.8         | 67,569.5         | -0.4%         |
| Assets under management                     | 58,484.6         | 60,082.0         | -2.7%         |
| Own funds                                   | 7,993.8          | 8,611.3          | -7.2%         |
| Debt                                        | 2,670.3          | 2,327.4          | 14.7%         |
| Technical provisions                        | 48,723.6         | 47,814.1         | 1.9%          |
| <b>RATIOS</b>                               |                  |                  |               |
| Non-Life Loss Ratio                         | 69.8%            | 70.7%            | -0.9 p.p.     |
| Non-Life Expense Ratio                      | 27.8%            | 27.5%            | 0.4 p.p.      |
| Non-Life Combined Ratio                     | 97.6%            | 98.1%            | -0.5 p.p.     |
| ROE                                         | 6.4%             | 7.9%             | -1.5 p.p.     |
| <b>EMPLOYEES AT THE CLOSE OF THE PERIOD</b> |                  |                  |               |
| TOTAL                                       | 35,390           | 36,271           | -4.4%         |
| - Spain                                     | 10,918           | 10,894           | 1.8%          |
| Other COUNTRIES                             | 24,472           | 25,377           | -6.9%         |
| <b>THE MAPFRE SHARE</b>                     |                  |                  |               |
| Market cap (millions of euros)              | 7,144.6          | 8,247.0          | -13.4%        |
| Share price (euros)                         | 2.320            | 2.678            | -13.4%        |
| Changes in value from January 1 (%)         | -13.4%           | -7.7%            | -570.0%       |

Figures in millions of euros

| ITEM            | SEPTEMBER<br>2018 | DECEMBER<br>2017 | Var.<br>18/17 |
|-----------------|-------------------|------------------|---------------|
| <b>SOLVENCY</b> |                   |                  |               |
| Solvency ratio  | 207.9%            | 200.2%           | 7.7 p.p.      |

MAPFRE S.A. and its subsidiaries are rated by the main ratings agencies. These agencies were selected on the basis of their international presence, their relevance for the insurance industry and capital markets, and for their level of experience.

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The most important credit ratings currently granted by the main ratings agencies are listed below.

| Credit ratings as debt issuer | S&P <sup>(1)</sup>            | FITCH <sup>(2)</sup>   | Debt rating                      | S&P <sup>(1)</sup>     | FITCH <sup>(2)</sup> |
|-------------------------------|-------------------------------|------------------------|----------------------------------|------------------------|----------------------|
| MAPFRE S.A.                   | BBB+ /<br>Outlook<br>Positive | A- / Outlook<br>Stable | MAPFRE S.A. senior debt          | BBB+                   | BBB+                 |
|                               |                               |                        | MAPFRE S.A. subordinated<br>debt | BBB-                   | BBB-                 |
| Financial strength rating     | S&P <sup>(1)</sup>            | FITCH <sup>(2)</sup>   | AM BEST <sup>(3)</sup>           | MOODY'S <sup>(4)</sup> |                      |
| MAPFRE RE                     | A / Outlook Positive          | A / Outlook Stable     | A / Outlook Stable               | -                      |                      |
| MAPFRE GLOBAL RISKS           | A / Outlook Positive          | A / Outlook Stable     | A / Outlook Stable               | A2 / Outlook Stable    |                      |
| MAPFRE ESPAÑA                 | -                             | A / Outlook Stable     | A / Outlook Stable               | -                      |                      |
| MAPFRE VIDA                   | -                             | A / Outlook Stable     | -                                | -                      |                      |
| MAPFRE ASISTENCIA             | -                             | A / Outlook Stable     | -                                | A2 / Outlook Stable    |                      |

| Financial strength rating | AM BEST <sup>(3)</sup> | Financial strength rating                    | FITCH <sup>(2)</sup>           |
|---------------------------|------------------------|----------------------------------------------|--------------------------------|
| MAPFRE USA Group          | A / Outlook Stable     | MAPFRE SIGORTA A.S.                          | AA (tur) / Outlook             |
| MAPFRE PRAICO             | A / Outlook Stable     | MAPFRE SEGUROS GENERALES<br>DE COLOMBIA S.A. | AA (col) / Outlook<br>Negative |
| MAPFRE MEXICO             | A / Outlook Stable     | MAPFRE COLOMBIA VIDA<br>SEGUROS S.A          | AA- (col) / Outlook<br>Stable  |

<sup>(1)</sup> S&P Global Ratings Europe Ltd.

<sup>(2)</sup> Fitch Ratings Ltd.

<sup>(3)</sup> A.M.Best Europe – Rating Services Ltd.

<sup>(4)</sup> Moody's Investors Service Ltd.

The companies indicated above are established in the European Union and registered as credit rating agencies in compliance with Regulation (EC) 1060/2009 of the European Parliament and Council of September 16, 2009.

## 2.4. Regulatory framework and environment

[GRI 102-15]

### Regulatory Framework

MAPFRE is a limited liability company constituted in Spain, regulated by the Revised Version of the Corporation Act approved by Royal Legislative Decree 1/2010 of July 2, 2010 and corresponding regulations.

As the dominant company in a consolidated group that includes insurance companies, MAPFRE must maintain the consolidated solvency margin required under Law 20//2015 of July 14, 2015 regarding the ordering, supervision and solvency of insurance and reinsurance companies, under Law 1060/2015 of November 20, 2015 regarding the ordering, supervision and solvency of insurance and reinsurance companies and the accounting standards that regulate insurance activity.

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

Since January 1, 2016, the Company and its insurance and reinsurance subsidiaries operating in the European Union are subject to the supervision and solvency regulations of Directive 2009/138/EC of the European Parliament and Council of November 25, 2009, regarding life insurance, access to insurance and reinsurance activity and its exercise (Solvency I) and corresponding regulations.

In addition, the consolidated annual statement of the Group is prepared in accordance with International Financial Reporting Standards for the European Union (IFRS-EU).

On May 18, 2017, the International Accounting Standards Board (IASB) published the International Financial Reporting Standard for Insurance Contracts (IFRS 17), applicable to the preparation of consolidated annual statements for 2022 for listed insurance companies. However, this standard has not yet been adopted by the European Union, with the European Financial Reporting Advisory Group (EFRAG) having ruled in 2018 regarding issues that merit additional consideration.

Furthermore, the insurance companies in which MAPFRE holds an interest are subject to the specific regulations governing this activity in the various countries in which they operate.

### Environment

The world economy grew by 3.6 percent in 2018. However, growth will tend to slow overall to 3.3 percent in 2019, entering a period of divergence with some economies slowing down while others maintain their pace. The United States and China will maintain their high growth pace (although the latter will slow down), 2.9 percent and 6.4 percent respectively, while the Eurozone is expected to grow by 2 percent, visibly decelerating. The central banks are also getting gradually out of step with each other, with Japan and the Eurozone still in stimulus phase, while the United States and several emerging economies are in restrictive mode.

The world economy reached its maximum cycle in the first half of 2018 (3.8 percent), and subsequently headed down a path of deceleration.

Predictions on the development of macroeconomic data for the principal markets in which MAPFRE operates are as follows:

| ITEM                                         | BRAZIL      |             | SPAIN       |             | UNITED STATES |             | MEXICO      |             | TURKEY      |             | INDONESIA   |             |
|----------------------------------------------|-------------|-------------|-------------|-------------|---------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
|                                              | 2018<br>(E) | 2019<br>(F) | 2018<br>(E) | 2019<br>(F) | 2018<br>(E)   | 2019<br>(F) | 2018<br>(E) | 2019<br>(F) | 2018<br>(E) | 2019<br>(F) | 2018<br>(E) | 2019<br>(F) |
| <b>GDP</b><br>(% YoY, average)               | 1.2%        | 2.3%        | 2.6%        | 2.3%        | 2.9%          | 2.5%        | 2.0%        | 2.0%        | 3.2%        | -1.7%       | 5.1%        | 5.2%        |
| <b>CPI inflation</b><br>(% YoY, average)     | 4.1%        | 4.1%        | 1.6%        | 1.3%        | 1.9%          | 2.2%        | 4.8%        | 4.0%        | 22.8%       | 15.3%       | 3.7%        | 3.7%        |
| <b>Unemployment rate</b><br>(% EAP, average) | 12.0%       | 10.4%       | 14.7%       | 13.3%       | 3.7%          | 3.5%        | 3.5%        | 3.7%        | 11.9%       | 13.3%       | 5.3%        | 4.8%        |
| <b>Official interest rate</b>                | 6.5%        | 8.0%        | 0.0%        | 0.0%        | 2.5%          | 3.0%        | 8.3%        | 8.0%        | 24.0%       | 21.0%       | 6.0%        | 6.5%        |
| <b>Population</b><br>(Million people)        | 210.9       | 212.4       | 46.6        | 46.6        | 328.1         | 330.5       | 130.8       | 132.3       | 81.9        | 83.0        | 266.8       | 269.5       |

Source: MAPFRE Economic Research. Data 2018 estimated (E) and 2019 forecast (F)

For the time being, growth in economic activity favors development in the insurance market, and to a greater extent in emerging markets, where the even lower insurance penetration rate implies greater elasticity in premium growth in relation to GDP growth, offering significant growth potential for the future. However, given the current circumstances, the slowdown in global economic activity will translate into insurance premium growth worldwide, especially in the Non-Life and Life risk sectors, given how strongly they are in step with the performance of the economic cycle. Although the normalization of monetary policies may help the development of the Life savings and annuities insurance business, as well as improve the financial profitability of insurance companies, once a scenario of higher interest rates materializes.

During 2017, the latest data available, the world insurance market registered estimated growth of 1.5percent in real terms, generating a total value of direct insurance premiums of 4.9 trillion dollars.

The sector ratios for the Non-Life segment in principal markets where MAPFRE operates have shown the following development:

| COUNTRY       | COMBINED RATIO (Market) |               |        | Date    | COUNTRY       | ROE<br>(Market)<br>2017 |
|---------------|-------------------------|---------------|--------|---------|---------------|-------------------------|
|               | Loss ratio              | Expense ratio | Total  |         |               |                         |
| Brazil        | 41.8%                   | 48.7%         | 90.5%  | Sep-18  | Brazil        | 17.6%                   |
| Spain         | 71.1%                   | 21.8%         | 92.9%  | Sep-18  | Spain         | 12.0%                   |
| United States | 75.9%                   | 27.3%         | 103.2% | Dec-17  | United States | 11.2%                   |
| Mexico        | 71.8%                   | 29.1%         | 100.9% | June-18 | Mexico        | 23.4%                   |
| Turkey        | 78.0%                   | 27.1%         | 105.1% | Sep-18  | Turkey        | 18.7%                   |
| Indonesia     | 57.4%                   | n/a           | n/a    | Dec-17  | Indonesia     | 5.0%                    |

Within the insurance business, MAPFRE is the largest Spanish insurer in the world, with a 14.15 percent share of Non-Life insurance and 7.9 percent of Life insurance in Spain. According to 2017 data, (the latest available), MAPFRE is also the tenth largest insurer in Europe and is present in nearly every country in Latin America, where it is the leading Non-Life insurance group, with a market share of 7.8 percent.

Furthermore, the Group's reinsurance business (MAPFRE RE) occupies position number 17 in the 2017 global reinsurance ranking, while in terms of Assistance MAPFRE is the fourth largest company in the sector worldwide by revenue.

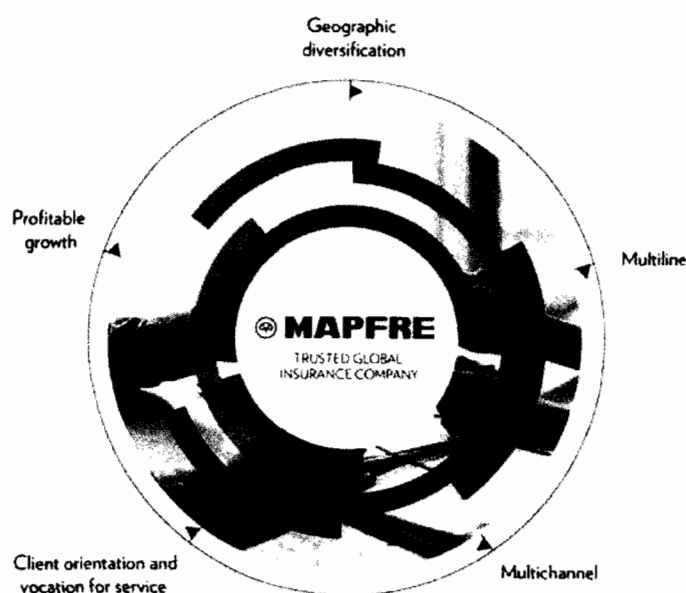
### 3. BUSINESS MODEL, STRATEGY AND PERFORMANCE

[GRI 102-2, 102-6, 102-14]

#### 3.1. Business model

The vision of MAPFRE is to be THE MOST TRUSTED GLOBAL INSURANCE COMPANY, a concept that refers not only to its geographic presence but also to the wide range of insurance and reinsurance products and services that it promotes worldwide. It aims to become a leader in the markets in which it operates, through its proprietary and differentiated business model, based on transformation and innovation, designed to achieve profitable growth with clear and decided focus on the client, both private and corporate, a multi-channel approach and a firm vocation for service.

The influx of new insurance business models - insurtech - based on digital tools is causing a veritable revolution in the sector, and MAPFRE is acting in an agile manner in order to offer all its stakeholders value experiences. With the business model that MAPFRE has adopted, we are not focused solely on financial results, but also on the social sphere.



Accordingly, MAPFRE:

- Is firmly committed to growth, both in terms of business volume and geographic development, generating adequate and sufficient profitability from its activities.
- Manages its business in an efficient manner and constantly improves productivity, reducing structural costs on a continuing basis in order to enhance its competitiveness.

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## PERFORMANCE

- Professionally manages the risks it assumes, ensuring sustainable growth and results.
- Steers its development by diversifying its portfolio of insurance, reinsurance and service businesses as a means of boosting growth and minimizing risks.
- Deploys a global management model with ample capacity for local implementation, ensuring an appropriate balance between corporate involvement and business development in each country.
- Makes its resources available to the entire organization, thus harnessing the synergies derived from sharing talent, processes and tools.
- Promotes specialized management as a means of continuously optimizing results and enhancing service quality.

[GRI 102 – 16]

MAPFRE's stated mission is to be a multinational team that strives to constantly improve services and develop the best possible relationships with clients, distributors, providers, shareholders and society in general.

This commitment to continuous improvement is underpinned by the following values, which assist in developing the mission and in order to achieve the company's vision:

- Solvency: financial strength with sustainable results and full capacity to meet all obligations to stakeholders.
- Integrity: ethical conduct as a core element in how everyone (senior executives, employees, agents and collaborators) behaves, with a socially responsible focus on all long-term activities and commitments.
- Vocation for service: the constant quest for excellence in the pursuit of its activities and a continuous focus on building strong relationships with clients.
- Innovation for leadership: differentiation as a key aspect of continuous growth and improvement, using technology to service the different businesses and their objectives.
- Committed team: full engagement of employees, senior executives, agents and other collaborators with the MAPFRE project and continuous development of the team's skills and abilities.

The resources that MAPFRE deploys to create sustained value are its main assets and correspond to the following dimensions:

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1. Financial Dimension: economic resources to develop the business, generated either through operations and/or investments or obtained through financing.
2. Productive Dimension: assets or goods and services used to pursue different activities.
3. Human Dimension: the skills, knowledge, abilities and experience of the people employed by the organization.
4. Intellectual Dimension: knowledge-based intangible assets that favor both intellectual property as well as knowledge of systems, procedures and protocols.
5. Natural Dimension: appropriate management of natural resources and contribution to climate change mitigation and biodiversity conservation.
6. Social and Relational Dimension: trust-based relationships generated with stakeholders; contribution to the development and well-being of the community, and other intangible assets related to the brand and its reputation.

MAPFRE offers people a complete personal lines insurance program that is adapted to the different countries in which it operates, through a wide insurance offering of Life, Health, Accident, General P&C (homeowners, automobile, third-party liability, family, etc.), Savings and Investment, Retirement, Burial, Travel and Lifestyle policies.

MAPFRE helps professionals, entrepreneurs, self-employed people and small companies to develop their commercial undertakings, offering a broad portfolio of products and services that enable them to concentrate on their professional activity (with solutions for vehicles, third-party liability and assets, agriculture and livestock, commercial establishments, etc.), while also insuring their personal risks (accidents, health, Life, retirement, savings and investments).

The company also offers specific solutions for small and medium-sized enterprises as well as large corporations, with a range of products and services adapted to the activity of each organization, at local, national and global level, and tailored to the management model of each client, with products for Vehicles, Third-Party Liability and General P&C, Engineering and Construction, Hulls and Aviation, Goods Transportation, Agribusiness, Suretyship and Credit, Group Health, Accident, Life and Retirement Insurance, among others.

Additionally, MAPFRE supplements its insurance activities with a range of reinsurance products.

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## PERFORMANCE

MAPFRE is firmly committed to using its own networks in the countries in which it operates, which is compatible with the use of other distribution channels. Some of the key features behind the success of MAPFRE's business model are its client orientation, global product offering, and adaptation to the legal and commercial nature of each market.

MAPFRE's own networks are supplemented by the distribution capacity deriving from the signing of agreements with different institutions, notably its bancassurance agreements, but also including those with other financial institutions, automobile dealerships, shopping malls and service companies, etc.

MAPFRE's stated mission is to develop the best possible relationships with stakeholders, which include employees, clients, distributors, providers, shareholders and society in general. For more information, please consult the chapter on Social and Relational Dimension.

### 3.2. Strategy

MAPFRE has a structured, focused and participatory strategy planning and management model that provides for continuous updating of the strategic plan, at both corporate level and in each of the Regions, Countries and Business Units.

2018 brought the 2016-2018 strategic plan to a close, during which period MAPFRE set itself very clear objectives and drew up a portfolio of initiatives that would lead to **Profitable Growth**.

The balance sheet at the end of this plan is positive, following three years of intensive work on advancing the transformation and digitalization of our operations. The principal achievements in each of the strategic pillars of the plan are:

#### 1. Client Orientation

The Group attaches great importance to identifying and understanding client needs, behaviors and aspirations as a means of retaining existing clients and capturing new clients from the market. During the three years of the strategic plan, a large variety of projects were accomplished in several countries where we operate, enhancing relations with clients and offering new opportunities for growth. Some successes in the field of culture and talent are:

- Development of the Client Relationships Model and Large Cities initiatives, seeking to improve the experience for clients and increasing market share in large cities.

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## PERFORMANCE

- Analysis of the Business Model in 19 countries to identify opportunities that enable us to enhance our product, channel and client mix.
- Creation of a Global Life Business Management area and design of a road map for the development of this business.
- Improvement of asset management thanks to the strengthening of MAPFRE INVERSIÓN.
- New Global Agreements with vehicle manufacturers, dealerships, retail, e-commerce companies and others.
- Creation of the New Innovation Model (MOi) to enhance strategic innovation (intra-entrepreneurship) and disruptive innovation with the launch of insur\_space MAPFRE.

## 2. Digital transformation

It is absolutely necessary that MAPFRE continues making every effort to adapt to the new Digital Era.

Among the achievements reached are the following:

- Execution of the Digital Business Plan, thanks to which we generated almost 1.5 billion euros in digital business premiums.
- Over 200 projects have been developed enabling us to move ahead with digital era changes and offer better service to clients, providers and employees.
- The SAM 3.0 development initiative (MAPFRE Automobile Insurance) that is making it possible to prepare the company to deal with new market conditions in the automobile field.
- Development of Digital Health business model.

## 3. Excellence in Technical and Operational Management

Our activities require us to constantly strive for operational excellence, adapting to new client, market and regulatory requirements. The principal activities carried out in this respect are:

- Contact Center model implementation.
- Construction of the Self-direction application for the client.
- Implementation of the global provider model.
- Development of new Predictive and Analytical Models.
- Digital marketing and rating solutions.
- Deployment of operational models for issuing, claims and fraud.

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#### 4. Culture and Talent

Relying on both employees and the MAPFRE culture is critical to the successful implementation of the Strategic Plan. Some successes in the field of culture and talent are:

- Implementation of the Talent Management initiative, identifying profiles and developing talent.
- The Workforce Harmonization initiative has helped achieve greater standardization at various levels of the organization.
- In terms of execution, the Digital Challenge initiative is focused on changes in the work environment, collaborative work, knowledge management, digital culture and new forms of remuneration.
- Substantial advances in terms of equal opportunity, diversity and workplace inclusion.
- Defining and launching the Sustainability Plan.

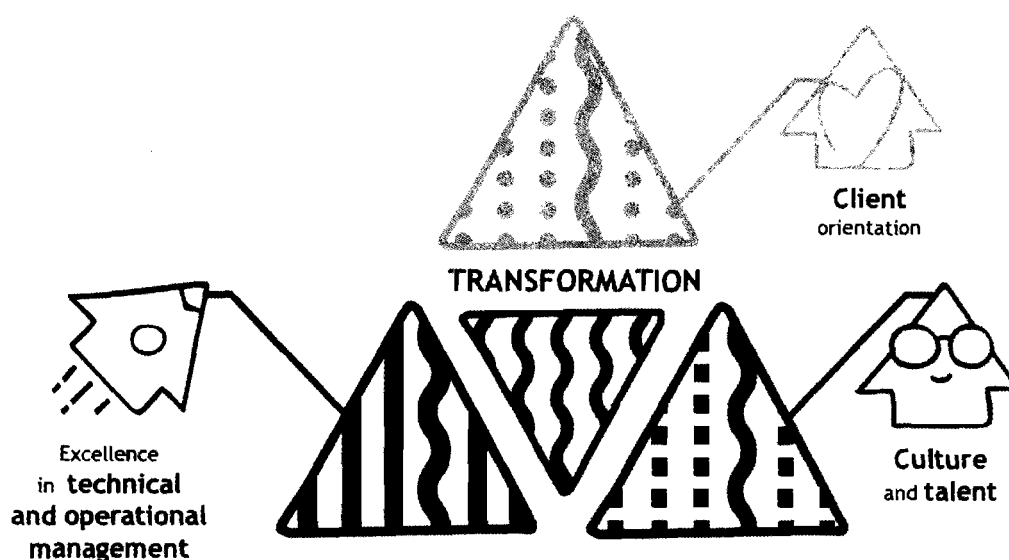
#### 3.3. Future outlook

[GRI 102 – 15]

In 2018, MAPFRE undertook a reflective exercise to review its strategic orientation, based on the need to better consolidate and enhance profitability in its businesses as well as seize new opportunities to respond to the speed of transformation in the business environment, in order to maintain competitiveness in the sector.

The strategic plan for 2019 - 2021 was strengthened along these lines, adopting the slogan *WE'RE TRANSFORMING TO GROW AND IMPROVE PROFITABILITY*, supported by the strategic pillars of Client Orientation, Excellence in Technical and Operational Management and Excellence in Culture and Talent.

Transformation will be ever present in all that the company does, acting as a veritable driver across the entire company.



The main financial objectives and the three pillars of the strategic plan for the three-year period 2019-2021 are described below:

### 1. Profitable Growth

#### Objectives:

- To create sustainable value for shareholders.
- To grow sustainably above market levels.
- To profitably expand the Life business.

### 2. Client Orientation

In the next three years, we will continue to get closer to our clients, understanding the new forms of consumption, to offer new value propositions and new experiences.

#### Objectives:

- To gain and retain our Clients' trust.
- To boost the productivity of distribution channels.
- To innovate in products, services and capacities.

### 3. Excellence in Technical and Operational Management

#### Objectives:

- To rigorously manage risk at all levels of the organization.
- To attain high quality service provision and operational efficiency.
- To reduce costs to be more competitive.

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## PERFORMANCE

- Open and flexible global technology, with advanced analytics.

**4. Culture and Talent**Objectives:

- To strengthen people's commitment to MAPFRE's Values.
- To develop people with technical, global, and transformational capabilities.
- To position MAPFRE as a benchmark of sustainability, innovation, and trust.

**3.4. Business performance**

[GRI 102-2, 102-6]

**3.4.1. Relevant facts**

[GRI 102 – 10]

The following are among the relevant corporate items for 2018:

- MAPFRE renewed its strategic partnership with Banco Do Brasil, which was first constituted as BB MAPFRE in May 2010. MAPFRE will hold 100 percent of the Non-Life business of BB MAPFRE, including development via the agency channel and the bank channel for automobile and large risk insurance, and for Life business products distributed via the agency channel.
- MAPFRE VIDA announced the acquisition from Bankia of 51 percent of the capital of Caja Granada Vida and Caja Murcia Vida y Pensiones.
- MAPFRE signed a letter of intent with Santa Lucía for the joint development of their respective burial service businesses in Spain.
- MAPFRE issued 30 year subordinated debt with a 10-year call option for 500 million euros, with a fixed interest rate set at 4.125% for the first 10 years.
- MAPFRE launched "Capital Responsable", a mutual fund managed by MAPFRE AM that invests in stock and fixed income instruments of European companies based on their environmental, social and governance (ESG) criteria.
- MAPFRE converted its 1 billion euro syndicated credit line (maturing in December 2021) into a sustainable loan, becoming the first insurance company in the world to execute a transaction of this nature for general corporate needs.
- MAPFRE participated, through an investment of 25 million euros, as the primary investor in the "Alma Mundi Insurtech Fund, FCRE" venture capital fund.

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## PERFORMANCE

- MAPFRE signed a preliminary agreement for real estate co-investment with GLL in European markets to invest up to 300 million euros in office buildings and diversify its financial asset portfolio.
- MAPFRE inaugurated *insur\_space*, its new startup accelerator located in Madrid. *insur\_space* is one of the pillars of MAPFRE Open Innovation, the open innovation platform that the company has implemented to promote innovation at MAPFRE and within the insurance industry in general.
- MAPFRE approved a new configuration for its global risks business that facilitates greater management and business capacity for these types of risks and brings more stability and financial efficiency to the group.
- MAPFRE agreed to sell its operations in the States of New York and New Jersey to US insurer Plymouth Rock as part of its divestment process under the profitable growth plan.
- MAPFRE INSULAR signed a strategic partnership with First Union Insurance and Financial Agencies Incorporated (FUIFAI), the insurance subsidiary of Union Bank of Philippines (UBP), for the distribution and sale of all MAPFRE INSULAR insurance.
- MAPFRE agreed to renew and expand its sponsorship agreement with the Renault Sport Formula 1 Team and will become one of the principal official sponsors of the racing team for the next five seasons.
- MAPFRE joined the United Nations Environment Program Finance Initiative (UNEP FI) in order to assess the impact of climate change and to incorporate the recommendations of the Task Force on Climate-related Financial Disclosures (TFCD) in the insurance industry.

Other relevant economic facts from the period:

- At the end of 2018, the Group updated the macroeconomic environment and other risk factors that could affect the insurance business in the future and, consequently, the results forecasts of the Group's business areas. This updating of forecasts has led to a partial deterioration, of an extraordinary nature, in the goodwill of direct insurance operations in the United States, Italy and Indonesia, amounting to 173.5 million euros. This partial impairment of goodwill has no effect on the cash generated by the Group in 2018, nor does it affect its financial strength, nor the capital models that support the current ratings and the high level of solvency of the Group and its subsidiaries, thereby maintaining its significant dividend-generating capacity.

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## PERFORMANCE

- In fiscal year 2018, MAPFRE RE was affected by several catastrophic events, including typhoons in Japan that have had a net attributable impact of 87.3 million euros and storms in the United States with a net attributable impact of 9.3 million euros.

**3.4.2. Information by Business Unit<sup>1</sup>.**

[GRI FS6]

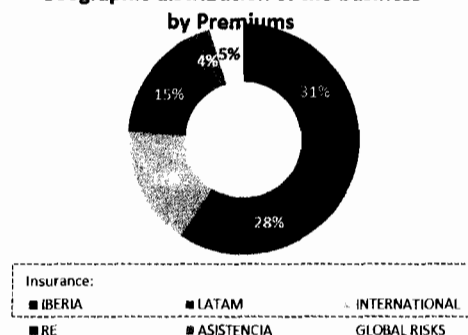
The Non-Life premiums, attributable results and combined ratios are detailed by business unit:

Key figures

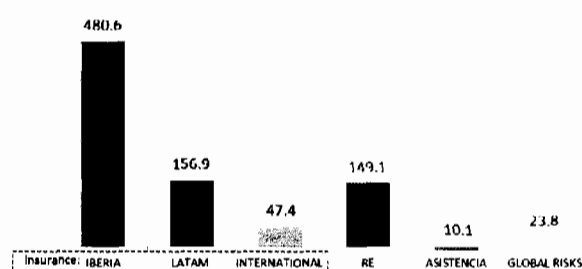
|                                        | PREMIUMS        |              | ATTRIBUTABLE RESULT |               | COMBINED RATIO |               |
|----------------------------------------|-----------------|--------------|---------------------|---------------|----------------|---------------|
|                                        | DECEMBER 2018   | Var. 18/17   | DECEMBER 2018       | Var. 18/17    | DECEMBER 2018  | DECEMBER 2017 |
| IBERIA                                 | 7,657.9         | 10.0%        | 480.6               | -6.0%         | 93.8%          | 93.7%         |
| LATAM                                  | 6,887.3         | -14.1%       | 156.9               | -31.6%        | 98.2%          | 96.6%         |
| INTERNATIONAL                          | 4,191.0         | -4.7%        | 47.4                | -46.1%        | 103.5%         | 103.6%        |
| <b>TOTAL INSURANCE</b>                 | <b>18,736.2</b> | <b>-3.3%</b> | <b>684.9</b>        | <b>-17.4%</b> | <b>97.8%</b>   | <b>97.4%</b>  |
| RE                                     | 3,787.1         | -10.3%       | 149.1               | -8.3%         | 96.1%          | 94.8%         |
| ASISTENCIA                             | 911.0           | -7.4%        | -10.1               | 85.2%         | 103.5%         | 103.7%        |
| GLOBAL RISKS                           | 1,173.9         | -6.6%        | 23.8                | 135.9%        | 91.9%          | 135.4%        |
| Holdings and consolidation adjustments | -2,071.2        | 12.2%        | -318.9              | -104.0%       | --             | --            |
| <b>MAPFRE S.A.</b>                     | <b>22,537.1</b> | <b>-4.0%</b> | <b>528.9</b>        | <b>-24.5%</b> | <b>97.6%</b>   | <b>98.1%</b>  |

Figures in millions of euros

**Geographic distribution of the business by Premiums**



**Attributable result by Business Unit**



Figures in millions of euros

<sup>1</sup> The information in this chapter is supplemented by the Annual Accounts and Consolidated Management Report, which are available on the corporate website.

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The most important changes are:

1. The premiums indicate a decrease in all business units with the exception of IBERIA, which, although it regularly enjoys very positive issuing levels, displayed in this case an exceptionally high volume due to the issue of a group Life policy in the third quarter of 2018. The decline in the other companies was due primarily to the sharp depreciation in the principal currencies of the countries where MAPFRE maintains international business operations.
2. IBERIA had very good technical results and a very good Non-Life combined ratio, which at year-end stood at 93.8 percent. Eliminating non-recurring revenue, attributable profit shows growth of 4.9 percent.
3. The LATAM area experienced a drop in profits due to worse results in the Brazil bank channel, due to an increase in acquisition expenses in the Life Risk business and an increase in loss experience in Automobile in the agent channel. Furthermore, the low interest rate environment in Brazil and in other countries in the region generated lower financial income. In addition, Colombia's results worsened due to the higher technical provisions that were required in the Life Savings and Workplace Accident businesses.
4. The INTERNATIONAL area was affected by several storms in the East Coast of the United States, increasing the combined ratio in Automobile and General P&C business, and by the withdrawal from several states, which had a negative impact on results amounting to 18.9 million euros; added to this was the effect in Turkey from the regulatory change in Automobile third-party liability, resulting in a drop in results due to pricing intervention.
5. The GLOBAL RISKS and ASISTENCIA business units showed favorable development, the former due to the lack of severe losses and the latter due to improved loss experience related to technical measures adopted in the previous year.
6. The holding and eliminations at December 2018 included an extraordinary provision totaling 173.5 million euros recognized as a partial impairment of goodwill.

## INSURANCE UNIT

**3.4.2.1. IBERIA**

IBERIA encompasses the business activities of MAPFRE ESPAÑA and its subsidiary in Portugal, as well as the Life business managed by MAPFRE VIDA and its bancassurance subsidiaries.

IBERIA represents 31 percent of the total Group premiums.

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## PERFORMANCE

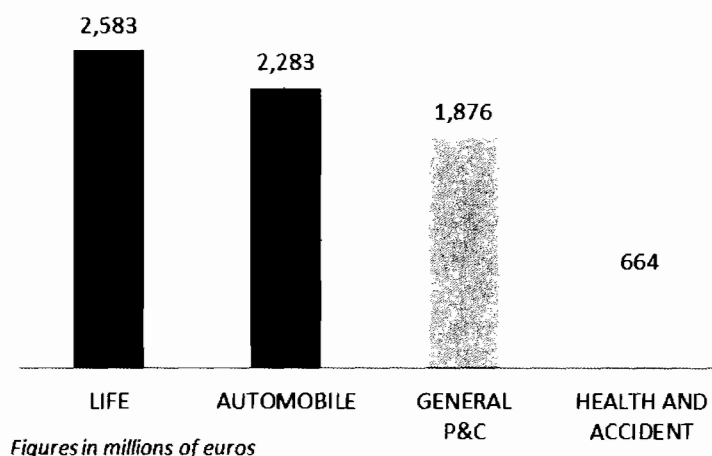
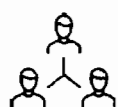
Information by country

|               | PREMIUMS      |            | ATTRIBUTABLE RESULT |            | COMBINED RATIO |               |
|---------------|---------------|------------|---------------------|------------|----------------|---------------|
|               | DECEMBER 2018 | Var. 18/17 | DECEMBER 2018       | Var. 18/17 | DECEMBER 2018  | DECEMBER 2017 |
| <b>IBERIA</b> | 7,657.9       | 10.0%      | 480.6               | -6.0%      | 93.8%          | 93.7%         |
| Spain         | 7,524.0       | 10.3%      | 466.7               | -9.4%      | 93.7%          | 93.4%         |
| Portugal      | 133.9         | -4.0%      | 13.9                | --         | 96.5%          | 112.1%        |

Figures in millions of euros

Spain is MAPFRE's main market in terms of contribution to the business.

In 2018 MAPFRE ESPAÑA continues to lead the Non-Life insurance rankings and has remained a benchmark company in insurance in Spain.

Premiums for main lines of businessWorkforce and distribution network

**9,538\***  
Employees



**5,413**  
Offices



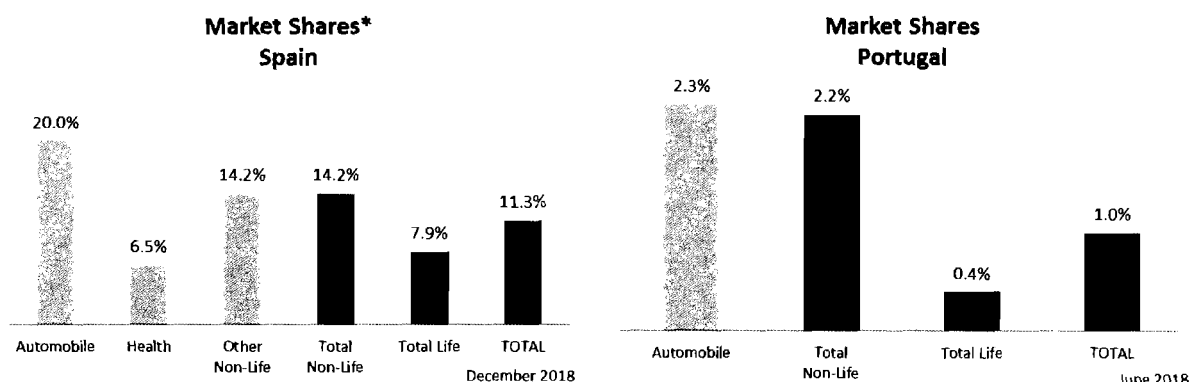
**+ 17.900**  
intermediaries

\*Not including Corporate Areas

MAPFRE can rely on the backing and strength of its sales network, and has the biggest insurance distribution system and the largest service provider network in the country.

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## PERFORMANCE

Market share

\* Estimated market shares, using data published by ICEA, which only takes into account written direct insurance premiums. The figures include premiums written by MAPFRE GLOBAL RISKS.

Source: Portuguese Association of Insurance Companies

MAPFRE ESPAÑA is a leader in Non-Life business in Spain, and MAPFRE is the Group leader in Automobile, with a market share of 20 percent. It is also expanding in all lines, especially in health and life insurance.

The overall figures for market share in the direct insurance market in Spain are provided below:

| DIRECT INSURANCE - RANKING BY GROUPS<br>2018 |                          |                   |
|----------------------------------------------|--------------------------|-------------------|
| No.                                          | Group                    | Market share* (%) |
| 1                                            | VIDACAIXA                | 12.78             |
| 2                                            | MAPFRE                   | 11.34             |
| 3                                            | GRUPO MUTUA MADRILEÑA    | 8.20              |
| 4                                            | ALLIANZ                  | 5.61              |
| 5                                            | ZURICH                   | 5.54              |
| 6                                            | GRUPO CATALANA OCCIDENTE | 4.44              |
| 7                                            | AXA GROUP                | 4.04              |
| 8                                            | SANTALUCIA               | 4.02              |
| 9                                            | GENERALI                 | 3.75              |
| 10                                           | SANTANDER SEGUROS        | 3.07              |
| 11                                           | BBVA SEGUROS             | 2.59              |
|                                              | Other companies          | 34.62             |
|                                              | <b>Total sector</b>      | <b>100.00</b>     |

\* Estimated market shares, using data published by ICEA, which only takes into account written direct insurance premiums. The figures include premiums written by MAPFRE GLOBAL RISKS.

## PERFORMANCE

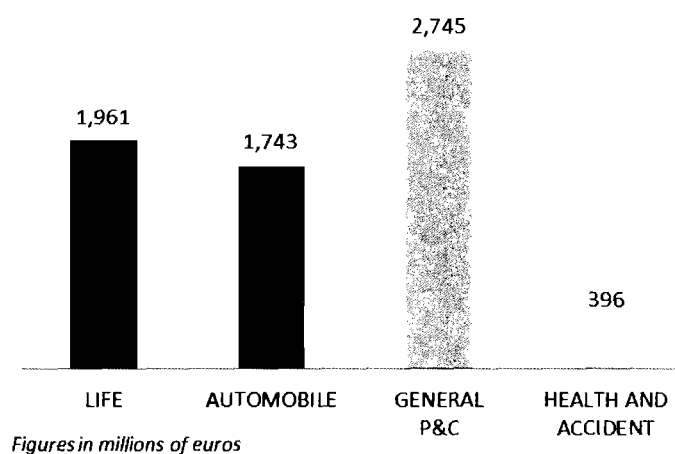
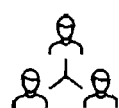
**3.4.2.2. LATAM**

This territorial area comprises the regional areas of BRAZIL, LATAM NORTH, and LATAM SOUTH and represents 28 percent of the total premiums of the Group.

Information by region

|             | PREMIUMS      |            | ATTRIBUTABLE RESULT |            | COMBINED RATIO |               |
|-------------|---------------|------------|---------------------|------------|----------------|---------------|
|             | DECEMBER 2018 | Var. 18/17 | DECEMBER 2018       | Var. 18/17 | DECEMBER 2018  | DECEMBER 2017 |
| BRAZIL      | 3,972.2       | -12.6%     | 54.1                | -56.8%     | 98.5%          | 96.1%         |
| LATAM NORTH | 1,309.3       | -26.1%     | 43.7                | 29.3%      | 98.1%          | 98.0%         |
| LATAM SOUTH | 1,605.7       | -5.5%      | 59.1                | -15.8%     | 97.3%          | 96.9%         |

Figures in millions of euros

Premiums for main lines of businessWorkforce and distribution network

**12,873\***  
Employees



**6,570**  
Offices



**+ 56,500**  
intermediaries

\*Not including Corporate Areas

Market share

The overall figures for market share in the Non-Life insurance market in Latin America are provided overleaf:

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

## PERFORMANCE

| NON-LIFE INSURANCE RANKING BY GROUP<br>2017 |              |                              |                      |
|---------------------------------------------|--------------|------------------------------|----------------------|
| No.                                         | Group        | Premiums<br>(millions of \$) | Market share*<br>(%) |
| 1                                           | MAPFRE       | 6,730                        | 7.8                  |
| 2                                           | PORTO SEGURO | 3,621                        | 4.2                  |
| 3                                           | SURAMERICANA | 3,261                        | 3.8                  |
| 4                                           | ZURICH       | 3,116                        | 3.6                  |
| 5                                           | TRIPLE-S     | 2,809                        | 3.3                  |
| 6                                           | INNOVACARE   | 2,348                        | 2.7                  |
| 7                                           | CHUBB        | 2,195                        | 2.5                  |
| 8                                           | BRADESCO     | 2,097                        | 2.4                  |
| 9                                           | ALLIANZ      | 2,078                        | 2.4                  |
| 10                                          | MCS          | 1,991                        | 2.3                  |
| Subtotal                                    |              | 30,245                       | 35.1                 |
| Total sector                                |              | 86,222                       | 100                  |

Source: MAPFRE Economic Research (with data from supervisory bodies in the region)

**BRAZIL**

This regional area encompasses insurance activity in Brazil.

Brazil represents 16 percent of the total premiums of the group and is the second largest market for MAPFRE based on contribution to business.

Performance for main lines of business

|             | PREMIUMS         |               | ATTRIBUTABLE RESULT |               |
|-------------|------------------|---------------|---------------------|---------------|
|             | DECEMBER<br>2018 | Var.<br>18/17 | DECEMBER<br>2018    | Var.<br>18/17 |
| LIFE        | 1,355.7          | -12.6%        | 50.3                | -8.0%         |
| Automobile  | 1,013.5          | -15.9%        | -56.0               | --            |
| GENERAL P&C | 1,599.7          | -10.5%        | 45.5                | -42.1%        |

Figures in millions of euros

Market share

MAPFRE holds second place in the 2017 ranking of Non-Life groups in Brazil, with a market share in November 2018 of 13.4 percent.

Other information

During the 2018 fiscal year, MAPFRE and Banco do Brasil agreed to renew their insurance business strategic agreement. As a result, MAPFRE now holds 100 percent (previously, 50 percent) of the entire business (Life and Non-Life) generated through

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## PERFORMANCE

the agency channel, and the automobile and large risks business distributed via the bank channel. It also maintains its current participation (25%) in BB MAPFRE, which includes its homeowners insurance business from the banking channel. The agreement makes it possible for MAPFRE:

- To significantly increase ownership of the Brazil business.
- To increase the earnings contribution of the local business.
- To simplify the execution of its strategy in Brazil.
- To promote the MAPFRE brand in Brazil and establish itself as the second largest Non-Life company in the country.
- To maintain exclusivity in the Banco do Brasil channel.

## LATAM NORTH

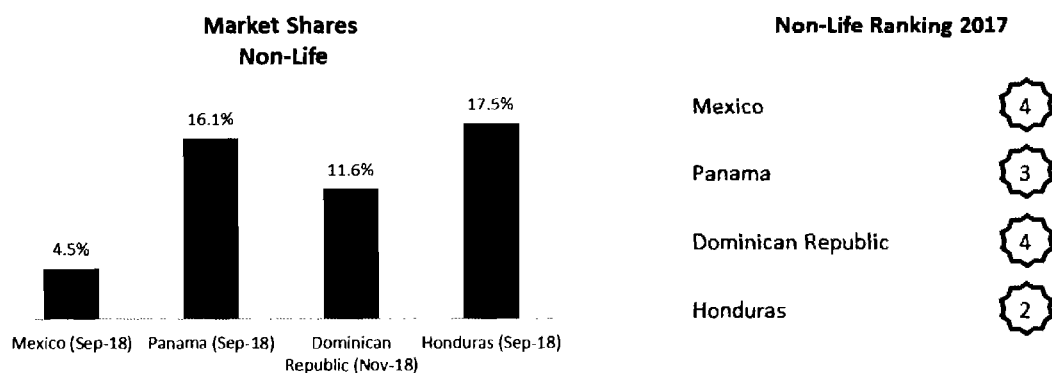
This includes operations in Mexico and the sub-region of Central America, which includes Panama, the Dominican Republic, Honduras, Guatemala, Costa Rica, El Salvador and Nicaragua.

LATAM NORTH represents 5 percent of the total premium volume of the Group.

Breakdown of key countries

|                | PREMIUMS      |            | ATTRIBUTABLE RESULT |            |
|----------------|---------------|------------|---------------------|------------|
|                | DECEMBER 2018 | Var. 18/17 | DECEMBER 2018       | Var. 18/17 |
| MEXICO         | 719.2         | -39.2%     | 18.0                | 232.6%     |
| PANAMA         | 204.0         | -6.3%      | 4.2                 | -57.7%     |
| Dominican Rep. | 131.1         | 4.6%       | 9.3                 | 2.9%       |
| HONDURAS       | 77.3          | 6.1%       | 5.7                 | 12.8%      |

Figures in millions of euros

Market share

Source: MAPFRE Economic Research, using data from the supervisors in each country.

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

## PERFORMANCE

## LATAM SOUTH

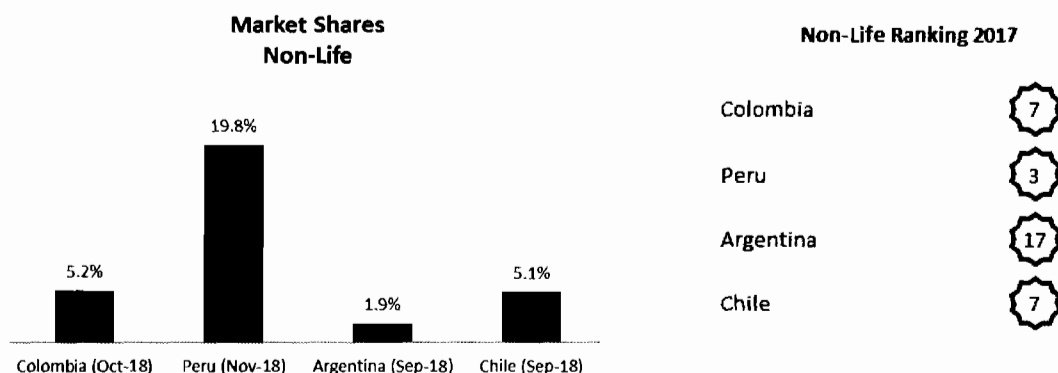
This regional area encompasses the business activities in Peru, Colombia, Argentina, Chile, Uruguay, Paraguay and Ecuador.

LATAM SOUTH represents 6.5 percent of the total premium volume of the Group.

Breakdown of key countries

|           | PREMIUMS      |            | ATTRIBUTABLE RESULT |            |
|-----------|---------------|------------|---------------------|------------|
|           | DECEMBER 2018 | Var. 18/17 | DECEMBER 2018       | Var. 18/17 |
| COLOMBIA  | 391.2         | -0.7%      | -9.8                | -174.1%    |
| PERU      | 491.5         | 4.7%       | 31.4                | -9.9%      |
| ARGENTINA | 200.1         | -31.5%     | 0.5                 | -95.3%     |
| CHILE     | 289.4         | -5.7%      | 32.1                | --         |

Figures in millions of euros

Market share

Source: MAPFRE Economic Research, using data from the supervisors in each country.

## 3.4.2.3. INTERNATIONAL

INTERNATIONAL comprises NORTH AMERICA and EURASIA, and represents 17 percent of the total premiums of the Group.

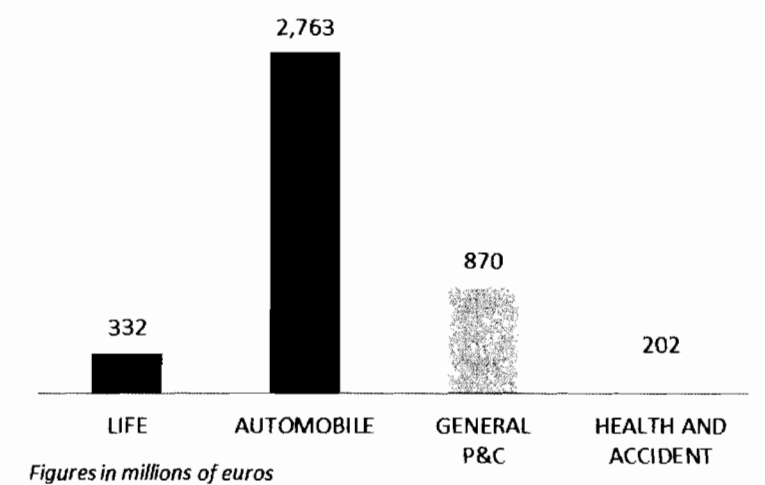
Information by region

|               | PREMIUMS      |            | ATTRIBUTABLE RESULT |            | COMBINED RATIO |               |
|---------------|---------------|------------|---------------------|------------|----------------|---------------|
|               | DECEMBER 2018 | Var. 18/17 | DECEMBER 2018       | Var. 18/17 | DECEMBER 2018  | DECEMBER 2017 |
| NORTH AMERICA | 2,425.3       | -4.1%      | 35.0                | -28.1%     | 102.1%         | 104.9%        |
| EURASIA       | 1,765.8       | -5.6%      | 12.5                | -68.3%     | 106.7%         | 100.9%        |

Figures in millions 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.

## PERFORMANCE

Premiums for main lines of businessWorkforce and distribution network

**6,485\***  
Employees



**543**  
Offices



**+ 11.900**  
intermediaries

\*Not including Corporate Areas

**NORTH AMERICA**

This regional area has its headquarters in Webster, MA (USA) and encompasses the business activity in NORTH AMERICA (United States and Puerto Rico).

North America produces 10 percent of total Group premiums.

Breakdown of key countries

|               | PREMIUMS      |            | ATTRIBUTABLE RESULT |            |
|---------------|---------------|------------|---------------------|------------|
|               | DECEMBER 2018 | Var. 18/17 | DECEMBER 2018       | Var. 18/17 |
| UNITED STATES | 2,038.3       | -7.4%      | 8.2                 | -87.5%     |
| PUERTO RICO   | 386.9         | 18.4%      | 26.8                | --         |

Figures in millions of euros

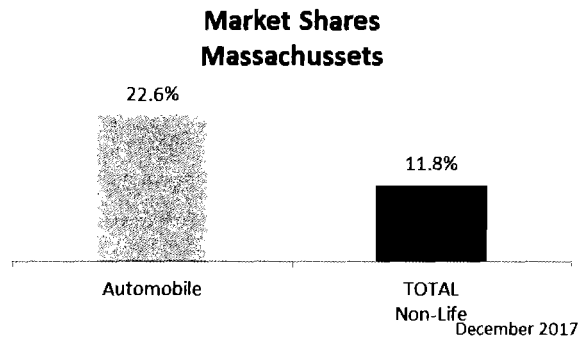
The main regional market is the United States, with operations in 14 states across the nation and with a strong position on the Northeast coast, especially in Massachusetts, where MAPFRE is the leading provider of automobile insurance, homeowners insurance and commercial lines.

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

## PERFORMANCE

Market share

In the state of Massachusetts, the market shares are as follows:



Source: SNL

In Puerto Rico, MAPFRE occupied first position in the P&C Groups ranking for 2018, with a market share as at June 2018 of 19.0 percent.

| Puerto Rico<br>Property & Casualty Groups Ranking. June 2018 |                              |                  | Market Share |
|--------------------------------------------------------------|------------------------------|------------------|--------------|
| 1                                                            | MAPFRE                       | 205,653          | 19%          |
| 2                                                            | Universal Group              | 183,873          | 17%          |
| 3                                                            | Cooperativa de Seguros       | 126,513          | 12%          |
| 4                                                            | Triple-S Propiedad           | 66,355           | 6%           |
| 5                                                            | Chubb                        | 60,704           | 6%           |
| 6                                                            | Multinational Insurance      | 56,264           | 5%           |
| 7                                                            | American International Group | 55,702           | 5%           |
| 8                                                            | Real Legacy Assurance        | 45,961           | 4%           |
| 9                                                            | Asociacion de Suscripcion    | 32,533           | 3%           |
| 10                                                           | INTEGRAND Assurance          | 31,534           | 3%           |
| <b>TOTAL MARKET</b>                                          |                              | <b>1,088,436</b> | <b>100%</b>  |

USD '000

Source: SNL

Other information

During 2018, MAPFRE reorganized its operations in the United States, selling its Life operation and withdrawing from five states where Automobile insurance was principally written, because the business volume was not sufficiently profitable.

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



## PERFORMANCE

## EURASIA

This regional area includes Italy, Germany, Turkey, Malta, Indonesia and the Philippines. EURASIA contributes 7 percent of total Group premiums.

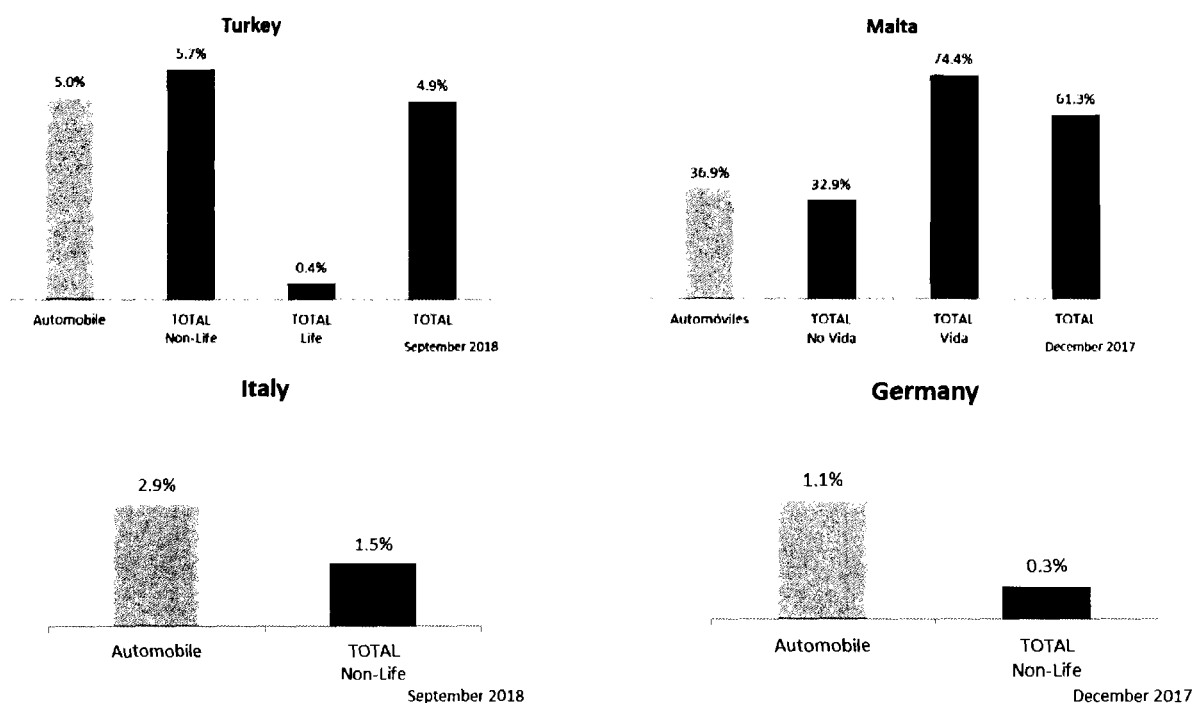
Breakdown of key countries

|             | PREMIUMS      |            | ATTRIBUTABLE RESULT |            |
|-------------|---------------|------------|---------------------|------------|
|             | DECEMBER 2018 | Var. 18/17 | DECEMBER 2018       | Var. 18/17 |
| TURKEY      | 485.5         | -25.7%     | 14.2                | -70.6%     |
| ITALY       | 474.1         | 0.6%       | -3.9                | 71.7%      |
| GERMANY     | 327.3         | 5.3%       | 2.7                 | 0.1%       |
| MALTA       | 389.7         | 11.0%      | 4.3                 | 5.7%       |
| PHILIPPINES | 27.2          | -31.6%     | 0.2                 | 18.8%      |
| INDONESIA   | 61.9          | 42.1%      | -2.2                | -155.2%    |

Figures in millions of euros

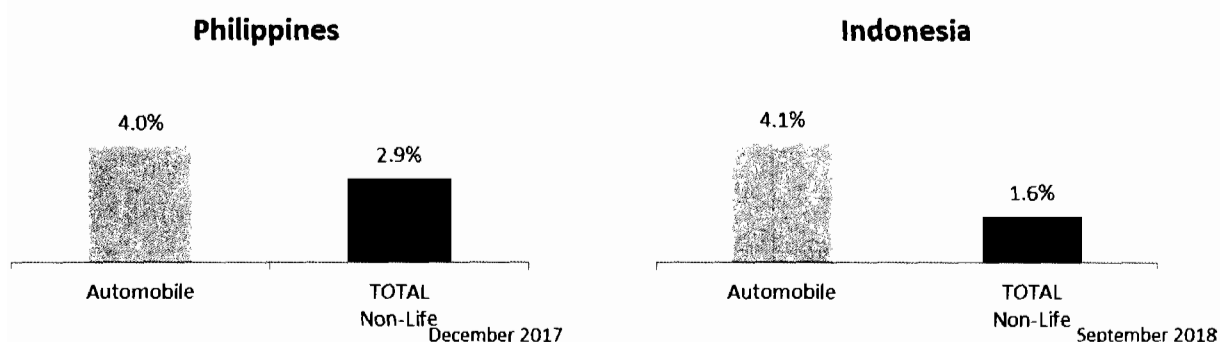
Market share

In the EURASIA region, the market shares are as follows:



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

## PERFORMANCE



Source: Supervisor in each country

## REINSURANCE UNIT

MAPFRE RE is a global reinsurer and is the reinsurer of the MAPFRE Group. It offers reinsurance services and capacities, providing all kinds of solutions for reinsurance treaties and facultative reinsurance, in all Life and Non-Life lines.

MAPFRE RE operates through a global network of 19 offices.

Premiums from this business unit represented 15% of the Group's total premiums last year.

Key figures

|                                            | DECEMBER<br>2018 | Var.<br>18/17 |
|--------------------------------------------|------------------|---------------|
| <b>Gross written and accepted premiums</b> | 3,787.1          | -10.3%        |
| - Non-Life                                 | 3,186.7          | -10.6%        |
| - Life                                     | 600.5            | -8.6%         |
| <b>Attributable net result</b>             | 149.1            | -8.3%         |

Figures in millions of euros

## PERFORMANCE

Breakdown of premium distribution to December 2018 is as follows:

| ITEM                        | %     |
|-----------------------------|-------|
| <b>By Type of business:</b> |       |
| Proportional                | 77.4% |
| Non-proportional            | 15.6% |
| Facultative                 | 7.0%  |
| <b>By Region:</b>           |       |
| IBERIA                      | 21.5% |
| EURASIA                     | 52.3% |
| LATAM                       | 17.8% |
| NORTH AMERICA               | 8.5%  |

| ITEM                       | %     |
|----------------------------|-------|
| <b>By Ceding company:</b>  |       |
| MAPFRE                     | 35.0% |
| Other                      | 65.0% |
| <b>By Insurance Lines:</b> |       |
| Property                   | 47.7% |
| Life & Accident            | 20.5% |
| Automobile                 | 20.9% |
| Transport                  | 3.8%  |
| Other Insurance lines      | 7.2%  |

Workforce and distribution network



**393**  
**Employees**



**19**  
**representative offices**

Market share

MAPFRE RE has established itself over the last few years as one of the major reinsurers worldwide by premium volume.

The latest available global data for reinsurance groups based on gross premiums to third parties is shown overleaf.

## PERFORMANCE

| No. | Group                                          | NET<br>PREMIUMS<br>2017<br>(USD million) |
|-----|------------------------------------------------|------------------------------------------|
| 1   | Munich Reinsurance Co.                         | 36,454                                   |
| 2   | Swiss Reinsurance Co.                          | 32,316                                   |
| 3   | Berkshire Hathaway Re                          | 24,212                                   |
| 4   | Hannover Rück SE                               | 19,321                                   |
| 5   | SCOR SE                                        | 16,164                                   |
| 6   | Lloyd's                                        | 10,747                                   |
| 7   | China Reinsurance (Group)                      | 9,970                                    |
| 8   | Reinsurance Group of America                   | 9,841                                    |
| 9   | Everest Re Group Ltd.                          | 6,245                                    |
| 10  | Life Insurance Corporation of India            | 5,796                                    |
| 11  | MS&AD Insurance Group Holdings, Inc.           | 5,427                                    |
| 12  | PartnerRe Ltd.                                 | 5,120                                    |
| 13  | Korean Reinsurance Co.                         | 4,706                                    |
| 14  | XL Catlin Group                                | 3,964                                    |
| 15  | SOMPO Holdings, Inc.                           | 3,893                                    |
| 16  | Transatlantic Holdings Inc.                    | 3,810                                    |
| 17  | <b>MAPFRE RE</b>                               | <b>3,389</b>                             |
| 18  | R+V Versicherung AG                            | 3,017                                    |
| 19  | Tokio Marine & Nichido Fire Insurance Co. Ltd. | 2,729                                    |
| 20  | Fairfax Financial Holdings Limited             | 2,577                                    |

Source: S&P Global Reinsurance Highlights 2018.

## GLOBAL RISKS UNIT

This business unit specializes in global insurance programs for large multinational companies (e.g. policies covering aviation insurance, nuclear risks and energy insurance, third party-liability insurance, fire insurance, engineering insurance, transport insurance and suretyship).

MAPFRE GLOBAL RISKS contributes 5 percent of total Group premium volume.

Key figures

|                                     | DECEMBER<br>2018 | Var.<br>18/17 |
|-------------------------------------|------------------|---------------|
| Gross written and accepted premiums | 1,173.9          | -6.6%         |
| Attributable net result             | 23.8             | 135.9%        |

Figures in millions of euros

## PERFORMANCE

Workforce

**269**  
**Employees**

Other information

Last April, MAPFRE approved a new configuration of its insurance business for large industrial and commercial risks.

Under the new formula, MAPFRE GLOBAL RISKS will continue to develop its management capacity and market knowledge, while at the same time the insurance or reinsurance risk will be assigned to companies in the group, which due to their specialization, scale or capacity, are in a position to assume it with a higher level of efficiency and profitability.

At fiscal year-end 2018, this business restructuring is still pending approval by the Spanish regulatory authority.

**ASSISTANCE UNIT**

This unit specializes in travel assistance, roadside assistance, and other Group specialty risks. Operating in 40 countries, MAPFRE ASISTENCIA is the fourth largest company in the sector by revenue in the world and has one of the most extensive assistance networks worldwide.

It contributes 4 percent of the total premiums of the Group.

MAPFRE ASISTENCIA covers all assistance needs of travelers, their companions and their luggage, before, during and after each trip, anywhere in the world.

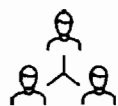
Key figures

|                                       | DECEMBER<br>2018 | Var.<br>18/17 |
|---------------------------------------|------------------|---------------|
| <b>Operating revenue</b>              | 982.7            | -11.7%        |
| - Gross written and accepted premiums | 911.0            | -7.4%         |
| - Other revenue                       | 71.7             | -44.9%        |
| <b>Attributable net result</b>        | -10.1            | 85.2%         |

Figures in millions of euros

PERFORMANCE

Workforce



**4,702**  
**Employees**

## 4. Corporate governance

### 4.1. Governance System

[GRI 102-14, 102-16, 102-18, 102-19, 102-20, 102-22, 102-23, 102-26, 102-35, 102-36, 102-37, FS1]

MAPFRE adopts a three-pronged approach to its business management:

- Corporate governance
- Company structure
- Executive organization

#### Corporate governance

The Annual General Meeting is the most senior governing body, while the Board of Directors is responsible for steering, administering and representing the company, holding full powers of representation, disposition and management. Its actions are binding on the company, with no further limitation than the express powers of the Annual General Meeting in accordance with the law and the corporate bylaws.

The Board is the company's main decision-making and supervisory body as well as the supervisory body of all subsidiary companies, while the day-to-day management is carried out by the company's management and executive bodies and by the relevant management bodies of the aforementioned subsidiary companies.

The Board of Directors has a Steering Committee in place that acts on its behalf and within all of its powers, except those that cannot be ceded by law or, if expressly prohibited by the bylaws or the regulations of the Board of Directors.

The Board of Directors also features three additional delegate committees:

- Audit and Compliance Committee.
- Appointments and Remuneration Committee
- Risk Committee.

The functions and composition of the governing bodies are as follows:

#### Steering Committee

The Steering Committee's functions are the senior management and oversight of the day-to-day operations and strategies of the company and its subsidiaries. It comprises a maximum of 10 members, all of whom are also members of the Board of Directors.

### Audit and Compliance Committee

The Audit Committee's functions include reporting to the Annual General Meeting on any issues that arise in relation to matters within its remit, overseeing the efficiency of internal control and the process for preparing and presenting financial information, submitting same to the Board of Directors, proposals for the appointment of the external auditor and building an appropriate relationship with this figure, and ensuring the independence and efficiency of the internal audit function. It is also the body responsible for the supervision of the proper application of good governance standards and external and internal regulations at the company and the Group. It comprises a minimum of three and a maximum of five members of the Board of Directors, all non-executive directors and most of them independent directors.

### Appointments and Remuneration Committee

The Appointments and Remuneration Committee coordinates the implementation of the assignment and remuneration policy for directors and senior executives of the Group. It comprises a minimum of three and a maximum of five members of the Board of Directors, all non-executive directors and at least two of whom are independent directors.

### Risk Committee

This committee provides support and advisory services to the Board of Directors in the definition and evaluation of the Group's risk management policies and in the determination of its risk appetite and risk strategy. It comprises a minimum of three and a maximum of five members of the Board of Directors, all non-executive directors and at least two of whom are independent directors.

The composition of the governing bodies resulting from the resolutions that are expected to be adopted on March 8, 2019 is as follows:



| Board of Directors                                                          | Steering Committee     | Appointments and Remuneration Committee | Audit and Compliance Committee | Risk Committee |
|-----------------------------------------------------------------------------|------------------------|-----------------------------------------|--------------------------------|----------------|
| <b>Chairman and CEO</b><br>Antonio Huertas Mejías <sup>(1)</sup>            | Chairman               |                                         |                                |                |
| <b>First Vice Chairman</b><br>Ignacio Baeza Gómez <sup>(1)</sup>            | First Vice Chairman    |                                         |                                |                |
| <b>Second Vice Chairwoman</b><br>Catalina Miñarro Brugarolas <sup>(3)</sup> | Second Vice Chairwoman | Chairwoman                              |                                |                |
| <b>Third Vice Chairman</b><br>José Manuel Inchausti Pérez <sup>(1)</sup>    |                        |                                         |                                |                |
| <b>Members</b>                                                              |                        |                                         |                                |                |
| José Antonio Colomer Guiu <sup>(3)</sup>                                    |                        | Member                                  | Chairman                       | Member         |
| Georg Daschner <sup>(3)</sup>                                               | Member                 |                                         |                                | Chairman       |
| Ana Isabel Fernández Álvarez <sup>(3)</sup>                                 |                        |                                         | Member                         | Member         |
| Maria Leticia de Freitas Costa <sup>(3)</sup>                               |                        |                                         |                                |                |
| Antonio Gómez Ciria <sup>(3)</sup>                                          |                        |                                         |                                |                |
| Luis Hernando de Larramendi Martínez <sup>(2)</sup>                         | Member                 | Member                                  |                                |                |
| Francisco José Marco Orenes <sup>(1)</sup>                                  |                        |                                         |                                |                |
| Fernando Mata Verdejo <sup>(1)</sup>                                        |                        |                                         |                                |                |
| Antonio Miguel-Romero de Olano <sup>(2)</sup>                               | Member                 |                                         | Member                         | Member         |
| Pilar Perales Viscasillas <sup>(3)</sup>                                    |                        |                                         | Member                         |                |
| Alfonso Rebuelta Badías <sup>(2)</sup>                                      |                        | Member                                  |                                |                |
| <b>Secretary</b>                                                            |                        |                                         |                                |                |
| Angel L. Dávila Bermejo                                                     | Secretary              | Secretary                               | Secretary                      |                |
| Jaime Álvarez de las Asturias Bohorques Rumeu                               |                        |                                         |                                | Secretary      |

<sup>(1)</sup> Executive directors

<sup>(2)</sup> Independent nominee directors

<sup>(3)</sup> Independent external directors

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| <b>Honorary Chairmen</b>      |
|-------------------------------|
| Julio Castelo Matrán          |
| José Manuel Martínez Martínez |

| <b>Executive Committee</b>  |
|-----------------------------|
| <b>Chairman</b>             |
| Antonio Huertas Mejías      |
| <b>First Vice Chairman</b>  |
| Ignacio Baeza Gómez         |
| <b>Vice Chairman</b>        |
| José Manuel Inchausti Pérez |
| <b>Members</b>              |
| Aristóbulo Bausela Sánchez  |
| Alfredo Castelo Marín       |
| José Manuel Corral Vázquez  |
| Francisco José Marco Orenes |
| Fernando Mata Verdejo       |
| Eduardo Pérez de Lema       |
| Elena Sanz Isla             |
| Jaime Tamayo Ibáñez         |
| <b>Member – Secretary</b>   |
| Angel L. Dávila Bermejo     |

### Diversity and experience

(GRI 405-1)

The Board of Directors of MAPFRE S.A. approved the Director Selection Policy on July 23, 2015. This policy establishes that during the director selection process, any kind of implicit risk that may involve discrimination and, in particular, biases that interfere with the selection of persons of other genders must be avoided. Furthermore, the policy stipulates that by 2020 the number of female directors should represent at least 30 percent of the total of members of the Board of Directors.

As at the date of this report, female directors represented 27 percent of all members of the Board of Directors.<sup>2</sup> Most of them participate in Board committees and/or play significant roles:

<sup>2</sup> Antonio Gómez Ciria joined the Board of Directors as an independent director on January 1, 2019.

- Catalina Miñarro Brugarolas: second vice chairwoman of the Board of Directors and of the Steering Committee, chairwoman of the Appointments and Remuneration Committee and independent coordinating director.
- Ana Isabel Fernández Álvarez: member of the Audit and Compliance Committee and the Risk Committee.
- Pilar Perales Viscasillas: member of the Audit and Compliance Committee.

| ITEM                | 2018               | 2017  | 2016  | 2015  |
|---------------------|--------------------|-------|-------|-------|
| % of Women on Board | 28.6% <sup>3</sup> | 26.7% | 23.5% | 16.7% |

The composition of the Steering Committee and the various Special Committees of the Board of Directors by gender as on December 31, 2018 is presented below:

| ITEM                | Steering Committee |       | Audit and Compliance Committee |       | Appointments and Remuneration Committee |       | Risk Committee |       |
|---------------------|--------------------|-------|--------------------------------|-------|-----------------------------------------|-------|----------------|-------|
|                     | M                  | W     | M                              | W     | M                                       | W     | M              | W     |
| Number of Directors | 5                  | 1     | 2                              | 2     | 3                                       | 1     | 3              | 1     |
| % of total          | 83.3%              | 16.7% | 50.0%                          | 50.0% | 75.0%                                   | 25.0% | 75.0%          | 25.0% |

M: Men W: Women

Geographic and cultural diversity is also visible at board level, with three nationalities represented: Spanish, Brazilian and German.

The selection of candidates in accordance with the provisions of the MAPFRE S.A. Board of Directors Regulations will include an evaluation of the competencies, knowledge and the experience necessary to hold a seat on the Board of Directors. The Board currently consists of 15 members, who as a whole possess knowledge, qualifications and experience relating to the following areas: insurance and financial markets, business strategy and business models, governance systems, financial and actuarial analysis and regulatory framework.

<sup>3</sup> There were 14 members of the Board of Directors effective December 31, 2018, due to the resignation of Rafael Márquez Osorio.

**Other Corporate Governance indicators:**

| ITEM                                             | 2018   | 2017   | 2016   | 2015   |
|--------------------------------------------------|--------|--------|--------|--------|
| <b>QUORUM FOR ANNUAL GENERAL MEETING</b>         | 82.07% | 83.20% | 82.76% | 78.47% |
| Directors                                        | 14     | 15     | 17     | 18     |
| - Men                                            | 10     | 11     | 13     | 15     |
| - Women                                          | 4      | 4      | 4      | 3      |
| Executive directors                              | 5      | 5      | 5      | 5      |
| Independent external directors                   | 6      | 6      | 7      | 7      |
| Independent nominee directors                    | 3      | 4      | 5      | 6      |
| Board meetings                                   | 10     | 10     | 9      | 10     |
| Steering Committee meetings                      | 5      | 3      | 6      | 8      |
| Audit and Compliance Committee Meetings          | 14     | 11     | 6      | 6      |
| Appointments and Remuneration Committee meetings | 5      | 7      | 6      | 7      |
| Risk Committee Meetings                          | 6      | 5      | 6      | 4      |

Data in numbers

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

The total remuneration of the Directors of the Group during fiscal year 2018 was as follows:

| ITEM                                                                                           | 2018          |
|------------------------------------------------------------------------------------------------|---------------|
| Number of Directors                                                                            | 16            |
| Remuneration paid                                                                              | 15,705        |
| <b>TOTAL</b>                                                                                   | <b>15,705</b> |
| Contributions to saving systems with consolidated rights and as an amount of accumulated funds | 5,738         |

Figures in thousands of euros

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

The compensation policy for directors for the period 2016-2018 includes the different components of the remuneration package for directors, which were established based on the following criteria:

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

The remuneration system differentiates between external directors and executive directors:

#### A) External Directors

External directors receive a fixed amount as basic remuneration for their membership of the Board of Directors and, as applicable, of the Steering Committee and delegate bodies, which may be higher for those who occupy positions on the Board or chair its committees. This remuneration is supplemented with other non-monetary compensation, as established for company staff in general.

#### B) Executive Directors

Executive directors do not receive the fixed amount established for external directors. The fixed remuneration for carrying out their executive functions is determined in line

with the policy established for the remuneration of MAPFRE senior executives, and in accordance with the stipulations of their respective contracts.

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

Only executive directors receive variable remuneration, of which there are three types:

(i) Short-term variable remuneration, which is linked to the company's consolidated net earnings and, where applicable, other indicators related to their respective responsibilities. This remuneration is always paid in cash.

(ii) Medium-term variable remuneration, which takes the form of an extraordinary medium-term incentive plan for executive directors in their capacity as senior executives. The plan is non-cumulative and multi-year (the present plan runs from January 1, 2016 to March 31, 2019).

(iii) Incentives indexed to share values.

In relation to the establishment of an appropriate balance between fixed and variable components of remuneration, the MAPFRE compensation policy for the rest of the workforce includes a variable structure that is calculated as a percentage of total remuneration and is paid according to the degree to which employees have achieved their objectives. The weight of the variable remuneration is determined by the position held within the organization, increasing in line with the level of responsibility and the impact of employees' professional activities within the company.

Employee categories that may have a material impact on the company's risk profile are governed by a variable short-term remuneration system based on the achievement of objectives directly linked to strategic plans and carried out during the course of one year.

Notwithstanding the above, the Annual General Meeting of March 9, 2018 approved the Remuneration Policy for the Directors for the 2019-2021 period, effective January 1, 2019. This standard is prepared with the same terms as the remuneration policy for Directors for the 2016-2018 period, except for the remuneration mechanism for members of the Steering Committee, which is composed of a fixed amount and a travel, subsistence and accommodation allowance for attending meetings.

The Group's Institutional, Business and Organizational Principles determine its actions as a company and contribute to the sustainability of the business conducted in every country in which it operates. These principles are embedded in the company through its core values (solvency, integrity, vocation for service, innovation for leadership, and committed team) and implemented through adherence to its international and local

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commitments as well as to the policies, standards and action protocols adopted by the organization. All of this enables the company to act in accordance with the due diligence principle, thereby preventing, detecting and eradicating irregular conduct, whatever its nature, which could have a negative impact on the company and on the environment in which it operates.

The company has a set of policies, regulations, procedures, protocols and other reference documents in place, both corporate and local in nature, which serve as a guide to determine the behavior that is expected of all those who work for or collaborate with MAPFRE.

Moreover, MAPFRE publishes the following corporate policies and standards on its website ([www.mapfre.com](http://www.mapfre.com)), therefore placing them at the disposal of all stakeholders:

- Institutional, Business and Organizational Principles
- Code of Ethics and Conduct
- Treasury Stock Policy
- Dividend Policy
- Corporate Governance Policy
- Corporate Tax Policy
- Policy on the Management of Conflicts of Interest and Operations Linked to Significant Shareholders and Senior Representative and Managerial Posts
- Directors Selection Policy
- Policy for Communication with Shareholders, Institutional Investors and Proxy Advisors
- Policy on Attendance Allowances
- Corporate Social Responsibility Policy
- Diversity and Equal Opportunities Policy
- Promotion, Selection and Mobility Policy
- Policy on Health, Well-being and Prevention of Occupational Risks
- Respect for People Policy
- Security and Privacy Policy
- Business Continuity Policy
- Environmental Policy
- Criminal Risk Prevention Model

## Company structure

MAPFRE employs a simple, efficient and decentralized company structure that enables it to meet its business objectives in an appropriate manner. This principle means that the appropriate management of the business in each country is compatible with the efficient management of the resources, capital requirements and distribution of dividends to shareholders. All of this is governed by a legal framework and genuinely ethical and socially committed conduct in the countries in which the company operates.

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### Executive organization

MAPFRE employs a management model for its executive organization that is underpinned by strict control and oversight at every level: local, regional and global. This facilitates broad delegation in the execution and fulfillment of the responsibilities assigned to teams and their supervisors. Most notably, it means that the most important decisions, at all levels, are analyzed in depth, before and after they are implemented, by all of the senior executive teams.

### 4.2. Ethics and Sustainability

[GRI 102-18, 102-19, 102-20, 102-33, 102-34, 205-1, 205-2, 205-3, 405-1, FS1, FS3, FS4, FS13, FS15; L.11/2018]

For MAPFRE, sustainability involves:

- Finding a balance between environmental, social and economic/governance (ESG) concerns over the medium to long term and defining how they affect business and stakeholders with which the company maintains relationships.
- Managing the impact of the company on society and identifying opportunities for sustainable development to create shared value.

Along with the Sustainability Plan, corporate social responsibility (CSR) is the way to implement sustainability. MAPFRE defines its corporate social responsibility (CSR) as “a voluntary and strategic commitment that entails attempting to achieve business objectives while strictly complying with its legal and contractual obligations, applying criteria of equity and stability to relationships with its stakeholders and thus contributing to meeting the current and future needs of society”.

Being responsible is an attitude, a manner of managing the company, and it is therefore important to involve all groups with which the company maintains relationships (employees, clients, providers, distributors, shareholders, and society in general) to contribute to the economic and social development of the countries in which MAPFRE operates.

Our sustainability model, published on the corporate website, is aligned with MAPFRE’s vision, mission and values, with the Institutional and Business Principles and with its strategy; and its design considers the basic pillars of sustainability - *environmental, social and governance* - along with profitable and sustainable growth.

In 2018 MAPFRE joined the Dow Jones Sustainability Index as the 10th insurance company in DJSIWorld, which recognizes the most sustainable entities based on environmental, social, and governance criteria. It maintains its FTSE4Good ranking, and

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for the third consecutive year, MAPFRE was included on this initiative's *Climate A-List*, for having achieved the highest rating (A) as regards performance in mitigation and adaptation to climate change, and transparency of information reported.

### **Corporate Social Responsibility (CSR) Policy**

The Corporate Social Responsibility Policy, approved by the Board of Directors of MAPFRE S.A. on July 23, 2015, establishes the reference framework that allows all MAPFRE Group companies to develop and promote socially responsible behavior, irrespective of whether it is related to conventional or digital business. The objective is that corporate social responsibility is perceived as a way of:

- Achieving MAPFRE's corporate interests and its strategic objectives.
- Managing the company on the basis of the values defined by MAPFRE.
- Establishing stable and equitable relationships with stakeholders, especially those defined in the mission.
- Managing the risks and business opportunities arising from the changes in the environment in which MAPFRE does business, assuming the impact it generates on society and the environment by maximizing the positive aspects and minimizing the negative ones.
- Transmitting the company's social values in every territory in which it is present, reconciling the value of its operational activities with the value of the nonprofit activities it undertakes.

To achieve these aims, the Policy sets out general principles of action related to aspects such as compliance, human rights, fiscal responsibility, good governance, transparency, the environment and promotion of CSR. It also defines six specific principles for each of the following stakeholders: shareholders, employees, providers, distributors, clients and society in general.

The Policy can be accessed by employees and collaborators on the intranet, and on the corporate website by other stakeholders.

The effective application of the Policy and the monitoring and control of the related actions are supervised by the Group's Sustainability Committee, an internal body that has executive functions and is empowered to offer information, give advice and make recommendations within its remit.

### **Sustainability Plan**

Approved in 2016 with a three-year time span, the 2016-2018 Sustainability Plan has enabled the company to improve its performance in this area and strengthen relationships with the different stakeholders with which the Group has a special

relationship, such as shareholders, employees, providers, clients and society in general.

It has achieved this by carrying out specific actions related to critical issues like human rights and the 2030 Agenda for Sustainable Development, transparency, the environment, cybersecurity, diversity, the prevention of corruption and fraud, and the inclusion of environmental, social and governance aspects in the supply chain, underwriting and investment decisions.

Once the period for the Plan was concluded, an overview on its performance was submitted to the board of directors. A compliance level of 96 percent was reached, which is considered quite satisfactory.

Of the 15 proposed lines of work, 10 reached 100 percent compliance, while the remaining 5 attained compliance of between 83 and 92 percent, an indication they will continue.

The Sustainability Plan 2019-2021, which will be released in the next few months, will once again guide the sustainability of the Group's activities.

#### **Sustainability training:**

[GRI FS4]

Aware of the importance of involving employees in these aspects, over the past three years a total of 18,055 employees terminated the environmental training program, as well as an online course titled "A stroll through corporate social responsibility" launched in 2018, reaching 2,954 employees.

#### **Ethical Behavior: Main Compliance and Prevention Measures**

[GRI 102-16, 102-17, 102-33, 102-34, 205-1, 205-2, 205-3, 406-1, 408-1, 409-1, 410-1, 412-3, 415-1, 419-1; L.11/2018]

#### **Compliance**

[GRI 205-1, 205-2, 205-3]

Among the essential values governing MAPFRE operations, integrity, which is understood to be the requirement of ethical, transparent and socially responsible values, is a component of the Institutional, Business and Organizational Principles approved formally by the Board of Directors of MAPFRE S.A.

MAPFRE's commitment to integrity further involves strict compliance with laws and contracts and the obligations arising therefrom, as well as good commercial usages and practices.

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To strengthen the effective observance of this commitment, in 2014 the Board of Directors of MAPFRE S.A. approved the Group Compliance Function, summarizing the general principles, structure, authority, responsibilities and procedures for this function.

As a fundamental function within its governing system, MAPFRE's Compliance Function contributes to minimizing the legal and non-compliance risk of the Group, promoting awareness of conformity and compliance with internal and external requirements, ensuring that such considerations are perfectly internalized in its culture and activities.

Under this Compliance Function Policy, the Compliance Area of the Group and the supervisors responsible for Compliance under its functional dependence for the insurance and reinsurance companies in all the countries in which MAPFRE operates develop various preventive activities related to compliance issues within their area, such as identification and evaluation of risks and effectiveness of controls, monitoring of periodic regulatory obligations, review and self-evaluation of internal policies, training, etc.

In line with strategic objectives at the corporate level, during 2018 compliance activities in these areas focused on the implementation of universal and standardized methodology for verification of non-compliance risk, management of legal risk (regulatory change) and verification of internal policies. The extent for verification of internal policies during this fiscal year was:

1. Solvency Policies II: a total of 25 policies were verified in companies domiciled in Argentina, Chile, Colombia, USA, Mexico, Panama, Peru and Turkey, and 3 policies for companies in Costa Rica, Ecuador, El Salvador, the Philippines, Guatemala, Honduras, Nicaragua, Paraguay, the Dominican Republic, Uruguay, Venezuela and MAPFRE RE subsidiaries in Brazil and Chile.
2. Corporate policies: the following policies were verified in insurance and reinsurance companies domiciled in the European Union:
  - Corporate Tax Policy
  - Corporate Social Responsibility Policy
  - Internal Conduct Regulation regarding listed securities issued by MAPFRE
  - Policy on Conflicts of Interest and Operations Linked to Significant Shareholders and Senior Representative and Managerial Posts

In addition, all the insurance and reinsurance companies domiciled in Spain and MAPFRE S.A. evaluated compliance with MAPFRE's Crime Prevention Model, with a total of ten companies analyzed. Up to now, a total of 464 employees have been trained in compliance.

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All these activities were supplemented by the activities carried out in other areas or functions with responsibilities or authority related to specific compliance matters, such as data security and protection, prevention of money laundering, fiscal, labor and legal matters, etc., that make up the MAPFRE Compliance Function in its totality.

An Institute of Compliance Officials (IOC) has recently been formed in Spain, and MAPFRE participates as a founding member. The IOC is an association formed with the goal of bringing together Compliance professionals, who as a body play a vital role in a global market characterized by increasing complexity and ever more demanding regulation.

Some of the objectives for creating this Institute are as follows:

- Promoting the role of the compliance official as a key function for good corporate governance.
- Driving the development of active regulatory compliance policies.
- Improving the prevention, detection and deterrence of fraud, as well as transparency and good corporate governance through providing information and training on good practices in regulatory compliance.
- Boosting public awareness of organizational competence and excellence on regulatory compliance and the compliance official profession.

### **Code of Ethics and Conduct**

[GRI 102-16 , 102-17, 102-33, 102-34, 205-1, 205-2, 205-3, 406-1, 408-1, 409-1, 410-1, 412-3, 415-1]

MAPFRE has in place a Code of Ethics and Conduct inspired by the Institutional, Business and Organizational Principles of the Group that reflects corporate values and basic principles that are to guide the behavior of its members in their daily work and in relation with interest groups.

This code is made available to all employees via the corporate intranet and published in the group's website.

## Contents of the code of ethics and conduct:

| Principles of ethical, transparent and socially responsible behavior                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>• Compliance with current legislation</li> <li>• Respect for and protection of Human Rights</li> <li>• Social responsibility</li> <li>• Sustainability and respect for the environment</li> <li>• Confidentiality of information and protection of personal data</li> <li>• Corporate brand, image and reputation</li> <li>• Intellectual and industrial property</li> </ul> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Code of conduct in relations with and among employees                                                                                                                                                                                                                                                                                                                                                               | Code of conduct in relations with third parties                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <ul style="list-style-type: none"> <li>• Respect for people</li> <li>• Equal opportunities and non-discrimination</li> <li>• Work-life balance</li> <li>• Commitment and cooperation in the workplace, efficiency and professional development</li> <li>• Health, Well-Being and Risk Prevention</li> <li>• Resources and equipment for pursuing professional activities</li> </ul>                                 | <ul style="list-style-type: none"> <li>• Relations with clients</li> <li>• Information for shareholders</li> <li>• Relations with providers and collaborating companies</li> <li>• Relations with competitors</li> <li>• Relations with governments and authorities</li> <li>• Relations with partners</li> <li>• Gifts and hospitality</li> <li>• Conflicts of interest</li> <li>• Anti-corruption, bribery</li> <li>• Transparency of information</li> <li>• Prevention of money laundering and financing terrorism</li> </ul> |
| Compliance with the Code of Ethics and Conduct                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Ethics Committee: (composition and powers)                                                                                                                                                                                                                                                                                                                                                                          | Whistleblower channels (operating framework)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |

**Ethics Committee:**

[GRI 102-17, 102-33, 102-34, 205-1, 205-2, 205-3, 406-1, 408-1, 409-1, 410-1, 412-3, 415-1]

This body is responsible for ensuring implementation of the MAPFRE Code of Ethics and Conduct and for supervising compliance with same. Its functions therefore include consultation, resolution, oversight and promotion of the code.

The Ethics Committee acknowledges and resolves the complaints and queries received, dealing with each case in the manner it deems most appropriate. It carries out each intervention with complete independence and respect for the individuals affected, while at all times guaranteeing confidentiality in the handling of the complaints and queries it processes.

The committee's decisions are binding on the company and the people subjected to its jurisdiction.

A total of two complaints were received via the Corporate Ethical Whistleblower Channel in 2018, one related to a case of harassment and another to abuse of authority. Both complaints have been resolved.

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### Whistleblower channels

[GRI 102-17, 102-33, 102-34, 406-1]

MAPFRE has created two channels for use by employees:

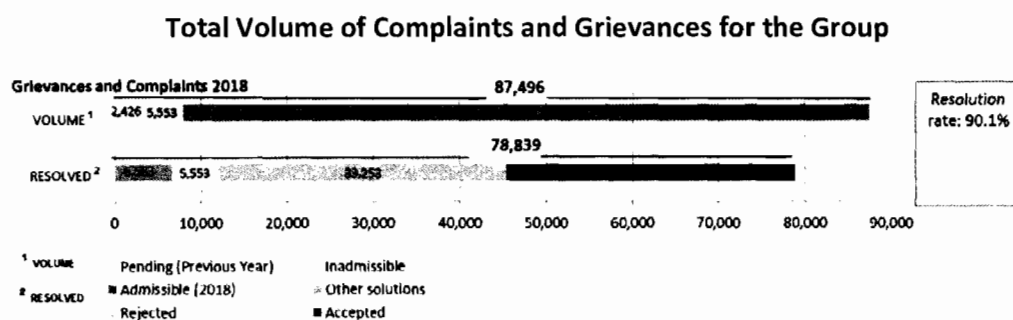
- The Financial and Accounting Whistleblower Channel ([www.mapfre.com/CDF](http://www.mapfre.com/CDF)) allows Group employees to confidentially report any potentially significant financial and accounting irregularities they observe within the company to the Audit and Compliance Committee of MAPFRE S.A.
- The Ethical Whistleblower Channel - ([www.mapfre.com/Etica](http://www.mapfre.com/Etica)) allows employees who have queries about the implementation of the code, or who observe a situation that might constitute a breach or violation of any of the ethical principles or standards of conduct set out in the code, to report them in strict confidence to the Ethics Committee.

Both channels are accessible in Spanish, English, Portuguese and Turkish.

### Grievances and Complaints

[GRI 102-33, 102-34, 417-2]

MAPFRE ensures that its clients in any country around the globe where it operates in direct insurance have an internal channel to defend their rights deriving from the policies they take out. The company preserves clients' trust by making good on the commitment to give them the best possible attention and promoting the internal implementation of bodies to protect clients' rights and for the management of their complaints or grievances. The basic amount of complaints and grievances handled within the Group in 2018 are as follows:



Since 2003, Spain has had a Complaints Division, whose duties include the handling and resolving of complaints and grievances submitted by consumers against the

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companies of the Group that adhere to the Regulation for the Defense of Clients and with the Insured Party Defense Committee, a pioneer institution created in 1984.

During 2018, the Complaints Division received 15,650 written comments. Of this number, 11,368 were admitted for processing and 5,949 complaints with specific financial claims were considered, together with 5,419 grievances related to lack of attention or neglect in the handling of benefit processing or issuing/purchase of policies.

Out of this, an estimated 24.7 percent of the complaints and grievances were admitted for processing, 35.6 percent were rejected and 12.5 percent were granted other solutions. In addition, 4,282 of the submissions were not admitted for processing due to not meeting legally prescribed requirements.

User service levels were improved by reducing the average resolution time by 0.4 days, compared to 2016 – it now stands at 8.1 days, compared to the maximum of 60 days allowed by law.

Also, 1,288 grievances were forwarded to the Insured Party Defense Committee, out of which 4.8 percent were processed, 94.4 percent were rejected, and other solutions were found for 0.8 percent. The review period for complaints handled by this entity was 24 days, less than legally provided for.

With a view toward achieving the purpose of its activities, in 2018 the Complaints Division issued 22 general criteria for operations in its Annual Report, and the Insured Party Defense Committee set down 34 recommendations in its report that highlight them all in aspects related to the drafting, editing and interpretation of contracts as well as in management procedures, so as to reduce the number of complaints and grievances by consumers.

For its part, VERTI and investee companies have in place a Complaints Processing Office, which received 191 grievances and complaints, of which 181 were admitted for processing, 17.1 percent of which were accepted, 35.5 percent were rejected and other solutions were found for 42.9 percent of the cases.

## Internal Control

[L.11/2018]

The major companies within the Group initiated a Control Environment survey during 2018 to share the internal risk and control culture, making it possible for employees to submit their opinions regarding the existing control environment and so identifying situations that may make it difficult to maintain effective control on a daily basis.

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The Group's main companies have promoted risk evaluation by monitoring risk indicators on a quarterly basis. This mechanism provides governing and executive bodies at the company and Group levels with a tool for monitoring risk limits.

Regarding already existing control procedures, the coordination in evaluating risk and control indicators implemented in Group operations, a measure that is supported on the corporate platform Riskm@p, and that 2,400 people in 25 different countries and corporate areas have participated in, should be noted. Additionally, the corrective measures adopted in response to the results of the risk and control assessments carried out previous years continued to be implemented. These measures are designed to improve or introduce controls and response procedures if any of the identified risks materialize.

As for information and communication, the major companies of the Group have proceeded with their formulation of the Quarterly Financial Information Internal Control (SCIIF) Questionnaire, providing documentary evidence of activities and controls carried out for principal financial information preparation processes.

In the area of supervision, the major companies of the Group have undertaken annual self-evaluations of the existence and operation of various activities that make up the Internal Control System, which together with the independent evaluations performed by Internal Auditing makes it possible to identify the control level in the organization and identify necessary improvements for managing the internal control level to assist in meeting business objectives.

Also, in 2018 a total of 8,410 employees terminated their internal control training, which totaled 6,687 hours.

#### **Protection of employees from moral and sexual harassment in the workplace**

[GRI 102-33, 102-34, 406-1; L.11/2018]

In 2015, the MAPFRE S.A. Board of Directors approved a Respect for People Policy that expressly states that respect of others is a basic element of employee conduct. As such, MAPFRE rejects any show of workplace harassment, and any other behavior that is violent or offensive to the rights and dignity of people, whenever these situations contaminate the workplace, have negative effects on health, well-being, confidence, dignity and the performance of those who suffer from same.

Respect for people is a responsibility of the entire organization and it extends both to relationships among employees, regardless of their position in the company, and to relationships among employees and clients, providers, collaborators and other stakeholders. They must all contribute to ensuring a work environment in which people's dignity is respected.

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The general principles in this area are:

1. To contribute to maintaining a work environment that is free of harassment and behavior that is violent or offensive to people's rights and dignity, and to guarantee that, if it occurs, there are appropriate procedures for dealing with the problem and correcting it.
2. To reject any manifestation of harassment, whether ethical, sexual, psychological or of any other type, and also any behavior that is violent or offensive to people's rights and dignity, and consider respect for people and their dignity as one of the organization's basic principles of action.

MAPFRE has mechanisms in every country in which it operates, which are designed to avoid harassment situations, but if they should arise, there are adequate procedures for dealing with and rectifying the issue.

In 2018, four harassment claims were reported in the Group and were resolved using the in-house procedures. All the professionals providing instruction on this topic first received specific training themselves.

### **Anti-corruption**

[GRI 102-33, 102-34; L.11/2018]

MAPFRE is against all unethical practices aimed at inappropriately influencing the action and will of other people in order to gain advantages or benefits. Nor does it allow other individuals or companies to engage in these practices with its employees. A specific section in the Code of Ethics and Conduct is included for this.

MAPFRE's anti-corruption policy establishes the basic regulations and the framework to prevent and detect corrupt practices in operations relating to the Group's activities.

Employees may not solicit or accept, or otherwise promise, offer or bestow, directly or indirectly, gifts, payments, invitations, commissions, compensation, favors or advantages of any type to obtain remuneration or to attempt to inappropriately influence their commercial or professional relations with public or private companies, public officials, employees, managers and administrators of public companies or bodies, organizations and political parties, politicians or candidates for public office.

Employees must inform the company through their hierarchical superior or the Ethics Committee of any case of corruption or attempted corruption of which they become aware or have reasonable suspicions. The Ethics Committee did not receive any such complaints during the course of 2018.

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MAPFRE also has a Criminal Risk Prevention model in place that covers the principles for the prevention of criminal offenses and lays out supervision and control measures.

Considering the relevance of this aspect, over the past year we devoted a total of 4,214 hours to training a total of 5,875 employees in anti-corruption matters.

### **Fraud Prevention**

[GRI 102-33/34; L.11/2018]

Combating fraud is a key issue, and the Group has a corporate anti-fraud technological platform to protect itself for detecting, preventing and analysis of fraud i different business and support processes.

This platform was born out of a combination of advanced technology, large databases and sources both internal and external information sources, as well as MAPFRE's accumulated anti-fraud expertise. The platform has been made available to business areas to help them secure their objectives and drive profitability.

In an increasingly competitive climate, with exponential growth in digital interactions between users and companies, it is vital that we harness sophisticated technology to stay one step ahead of fraud, all while capitalizing on internal synergies at MAPFRE Group.

In addition, MAPFRE has an Operational Model for fighting fraud made up of different work scopes or areas; organization by defining the necessary structures and best functions, implementation of processes and procedures specifically designed for this area, definition of policies and standards and designing a map of indicators for both operations and risks. This model has been implemented in almost all the countries where MAPFRE operates, progressively improving their results.

In addition, training courses in fraud prevention have been given for several years, which have been attended by a total of 7,539 employees, representing 8,346 hours over the past year.

### **Prevention of Money Laundering**

[GRI 102-33, 102-34; L.11/2018]

MAPFRE has put in place sufficient policies, procedures and internal control entities to prevent and avoid operations related to money laundering or the financing of terrorism, establishing specific controls over operations that are complex or with

unusual characteristics or amounts involved or that have no apparent economic or legal purpose or that show characteristics of pretense or fraud.

All the employees and agents of the companies in the MAPFRE Group who are subject to the regulation on the prevention of money laundering and financing terrorism have received specific training in this field (with differing degrees of depth according to the level of risk in the sphere of activities they carry out), with details of the way of proceeding in the case any suspicious operation is detected.

In 2018, 20,940 employees were trained in this matter, with a total number of hours employed totaling 32,035.

### Security

[GRI 410-1, 102-33, 102-34; L.11/2018]

Among other issues, MAPFRE focuses its activities related to security on the protection of its employees and facilities, on protecting the information and privacy of its clients, employees and other interest groups and on the sustainability and resilience of its operations and the services that it offers.

- Employees are protected by providing a secure work environment by implementing and maintaining protection measures at its installation starting from the project phase; providing self-protection plans at work centers; designing and implementing specific measures for travel and relocation (particularly to unstable regions), including training measures; and direct and specialized assistance when risk or crisis situations appear.
- The commitment to information security related to clients, employees, providers and other interest groups is implemented via aspects such as setting high standards of compliance with data privacy and protection regulations. To achieve this, various measures are applied guaranteeing the alignment with principles related to processing (“legality, loyalty and transparency”, “limitation of purpose”, “minimization of data”, “accuracy”, “integrity and confidentiality” and “proactive responsibility”) and so responding to the trust placed in MAPFRE by clients, employees, shareholders and other interest groups. To this end, intense efforts were made during 2018 in ensuring MAPFRE adapted to the new General Data Protection Regulation of the European Union (the GDPR), with a comprehensive related training plan executed. Thanks to this new online data protection course, updated in line with new GDPR guidelines, 8,382 employees were trained during the year. Furthermore, the group participated in and collaborated with public institutions and industry forums to implement the GDPR as efficiently as possible.

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- In terms of availability, business continuity solutions are designed and implemented to prevent interruption of the services provided to clients in the event of serious contingencies, thus contributing to the sustainability and resiliency of business operations and services provided. Business continuity management systems for MAPFRE GLOBAL RISKS, MAPFRE RE, and the MAPFRE ESPAÑA Operating Area were certified in this area by the Spanish Association for Standardization (AENOR) in compliance with UNE-ISO 22301, improving the service offered and adding a higher level of confidence for clients.

MAPFRE also has procedures, tools and highly specialized staff in place to ensure that the new initiatives and corporate information systems have built-in security criteria from the outset, designed to minimize risks, protect data privacy and increase incident detection and response capabilities.

### Internal Audit

[GRI 102-33, 102-34; L.11/2018]

MAPFRE considers that this independent and objective assurance and consultation function helps the organization comply with its stated objectives by providing a systematic and disciplined approach to evaluating and improving the efficiency of risk management, internal control and corporate governance processes.

The Internal Audit Area is charged with the following general functions:

- To supervise compliance with and the effectiveness of the Internal Control System and of other elements of the Governance System.
- To carry out the annual internal audit plan, reporting any weaknesses that are detected and making recommendations for their resolution, and monitoring the implementation of those recommendations.
- To evaluate, in accordance with the audit plan or as determined, the reliability and integrity of accounting and individual and consolidated information and other economic information prepared by MAPFRE S.A., its subsidiaries, business units, territorial areas, regional areas and corporate areas, as well as the validity, sufficiency and application of the accounting and legal principles and rules.
- To effectively coordinate the communication of information between the Board of Directors and the internal and external auditors through the Audit and Compliance Committee.

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- To undertake continuous monitoring and on-site internal audit review when so determined for acquisitions, new business, strategic projects and developing activities, as well as key risk elements in the strategic plan.
- To support the organization in meeting its objectives by providing professionals in areas in which independent opinions or support may be required for development (internal control, risk management, organization, analysis of financial statements, analysis of investments, etc.).
- To coordinate the work of external auditors and analyze their conclusions before they are finalized.
- To gather the information necessary to support the MAPFRE S.A. Audit and Compliance Committee and other audit committees which are established at subsidiaries due to a legal obligation or on a voluntary basis, and the office of the MAPFRE Chairman and CEO.

## 5. RISKS AND OPPORTUNITIES

[GRI 201-2, 102-30, 102-31, 102-1, 102-2, 201-2, 410-1, FS1, FS2, FS3, L.11/2018]

In order to ensure efficient administration of risks, MAPFRE has developed a set of Risk Management policies that assign responsibilities, establish general guidelines, basic principles and action framework for each risk type, assuring coherent application within Group companies.

The Board of Directors of MAPFRE S.A. establishes the risk level that the Group is prepared to assume in order to reach its business objectives without any significant deviations, even in adverse situations. That level, which defines limits and sub-limits per risk type, constitutes the MAPFRE Group's risk appetite.

MAPFRE's structure is based on Units and Companies with a high degree of management autonomy. The Group's governing and management bodies approve the risk management actions to be taken by the Units and Companies and constantly supervise their exposure to risk using indicators and ratios.

All significant aspects related to risk management are handled by the Risk Management Area of the Group, which releases directives and reference criteria to be followed by the risk areas in the individual companies, with adaptations as required.

Governing bodies regularly receive at least quarterly information related to the quantification of the principal risks to which the Group is exposed and the capital resources available to deal with them, along with information related to compliance with the limits set in the Risk Appetite. Assigned capital is generally estimated based on the budget for the coming year and is revised periodically during the year based on risk development, so as to guarantee compliance with the limits set in the Risk Appetite.

### **Environmental, Social and Governance (ESG) risks and opportunities**

[GRI 201-2, 102-15, 102-29, 102-31, 201-2, 410-1, FS2, FS2, FS5, FS9; L.11/2018]

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 these 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 faces the global challenges regarding sustainability; how it manages ESG risks; and how

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it innovates in developing insurance products and solutions for the benefit of its clients and the community. (See pages 107 and 185.)

Management of ESG risks helps in decision-making on important issues as underwriting, investment, innovation in products and services, 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.

in 2018, MAPFRE joined the United Nations Environment Program Finance Initiative (UNEP FI), along with 15 other leading insurers, in order to assess the impact of climate change and to incorporate the recommendations of the Task Force on Climate-related Financial Disclosures (TFCD) in the insurance industry. As a global insurance company, MAPFRE is participating in the commitment to contribute to defining a standard of technical and financial action for the entire sector that will help the insurance industry to manage the risks and opportunities of the transition toward a low-carbon economy, and to reduce the impact of climate change for the whole of society. Climate change is part of MAPFRE's sustainability strategy.

#### Risk of natural disasters

Special attention should be paid to MAPFRE's action in relation to natural disasters, where an appropriate prediction of these events and the right assessment of possible losses are essential elements of an insurer's management. These two lines of action determine the economic impact on the company and the response it will be able to offer its clients. Consequently:

- The Nature Risks Area of MAPFRE RE and the Catastrophic Risks department of MAPFRE GLOBAL RISKS, together with MAPFRE's local companies exposed to these hazards, actively work to face the challenges arising from continuously monitoring this type of event.
- *Additionally, MAPFRE GLOBAL RISKS is working on an initiative for a more efficient control of catastrophic exposure in the 200 countries where the company currently insures over 800,000 risk situations. (Update)*

#### Products and Services

Developing insurance solutions in products and services to address the needs of clients regarding this type of risk is becoming a challenge and also an ongoing business opportunity.

In 2018, MAPFRE launched more than 40 Automobile, Life, P&C, Health and Burial products on the market. It also has products in its portfolio offering basic coverage and

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reduced premiums for low-income groups in the Automobile, Life, Homeowners and Health business lines. See Note 7 for more information.

Environmental **initiatives aimed at clients are grouped into three categories:**

- Environmental risk management, which includes cover for damages, third-party liability and environmental liability; services for the identification, analysis, evaluation and control of risks; and the review and monitoring of the development of the risks and their corrective measures.
- Insurance products for sustainable renewable energy projects, forestry projects, and initiatives related to energy efficiency and saving.
- Services that encourage environmental protection and the conservation of resources.

See Note 7 in this document.

#### Socially responsible investment

MAPFRE is fully committed to socially responsible initiatives when choosing its investments, and has launched an entire range of products encompassing its environmental, social, and governance (ESG) criteria.

During 2018, MAPFRE launched new investment and pension funds, and an EPSV, called MAPFRE Responsible Growth, to be managed by MAPFRE AM, with the assistance of advisors from La Financière Responsable, the French boutique asset management firm specializing in responsible investment, in which it holds 25 percent. The fund is the first of its kind to be launched in Spain and will invest in the shares and fixed income securities of European companies selected on the basis of their ESG attributes, following a strategy that will focus on preservation of capital. The fund will chiefly be distributed in Spain and France, and will be available to international investors, while the pension plans and EPSV will only be available in Spain.

These investment products complement the MAPFRE Good Governance Fund. This latter fund was launched on the market on 2017 and combines investment in value and good corporate governance. It is also the first fund of this type to be managed and promoted in Spain

This line of products is embedded in MAPFRE's commitment to creating a sustainable value model in line with Responsible Investment Principles (RIP), to which the Group adheres. The six RIP actuation principles are part of the investment criteria established under the Annual Investment Plan for equity and real estate investments. The plan defined MAPFRE's policies in this area.

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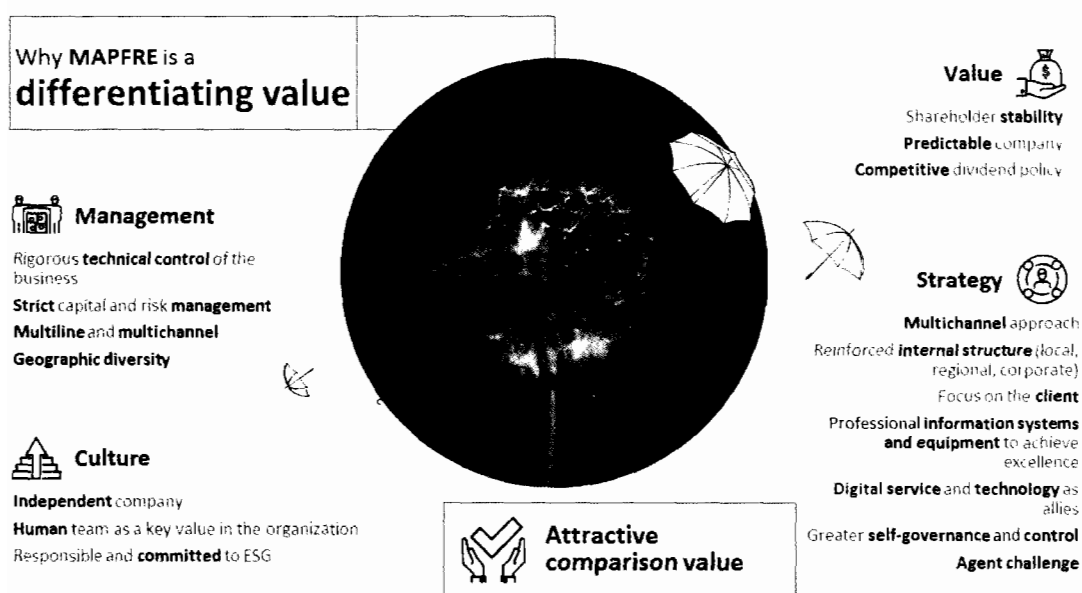
Since 2017, the Group has used its own ESG portfolio analysis model. Conclusions drawn from the ESG analysis are reviewed during Investments Committee meetings as well as the Risks Committee in Spain. The latter included MAPFRE's Sustainability Director as an external advisor.

MAPFRE has also created an internal, multidisciplinary ISR work group, which reports directly to the General Corporate Director of Investments; two members have Environmental Social and Governance Analyst certifications from the European Federation of Financial Analysts Societies (EEFAS). This group provides support for fund managers in incorporating ESG criteria and analysis of their impact on investment processes.

## 6. CREATION OF SHARED VALUE: *WE ARE SUSTAINABLE*

Value creation for an organization is achievable when the company responsibly defines its resources and identifies the main areas in which it works and the stakeholders that will be impacted or potentially impacted.

Value creation is not static, and projects are therefore undertaken within a time frame of several years, in line with the Strategic Plan. This chapter describes the main milestones reached in 2018.



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**6.1. FINANCIAL DIMENSION**

[GRI 102-2, 102-6, 102-7, 201-1]

|                                                                                                                                                                                                            |                                                                                                                                                                                                                        |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>WE ARE SOLVENCY</b>                                                                                                                                                                                     | Our business model is built on the foundation of financial strength and a strategy of sustainable results over time, which is what guarantees that we can meet all the obligations we undertake with our stakeholders. |
| <b>What are we working on to create value?</b> <ul style="list-style-type: none"> <li>• Shareholders' equity</li> <li>• Investments</li> <li>• Financing operations</li> <li>• The MAPFRE share</li> </ul> |                                                                                                                                                                                                                        |

Solvency is one of the fundamental values of MAPFRE that helps develop our mission and achieve the Group's vision.

The pillars on which the Group is supported and that contribute to its solvency and the generation of value for interest groups are:

**Shareholders' Equity**

| Shareholders' Equity                           |              |
|------------------------------------------------|--------------|
| <b>EQUITY</b>                                  | <b>9,198</b> |
| Equity attributable to the Controlling company | 7,994        |

Figures in millions of euros

Consolidated equity amounted to 9.2 billion euros as on December 31, 2018, as compared to 10.5 billion euros as on December 31, 2017. Of this amount, 1.2 billion euros correspond to non-controlling interests' shares in subsidiaries, primarily financial entities in Spain and Brazil that MAPFRE has bancassurance agreements with. Consolidated equity attributable to the controlling Company per share was 2.60 euros as on December 31, 2018 (2.80 euros as on December 31, 2017).

## SUSTAINABLE

## INVESTMENTS

| INVESTMENTS                 |               |
|-----------------------------|---------------|
| <b>INVESTMENT PORTFOLIO</b> | <b>49,274</b> |
| Fixed income                | 36,518        |

Figures in millions of euros

MAPFRE manages its investments with consideration of the risks assumed and taking assumable risks. The investment policy of the Group is directed toward being in a position to satisfy the commitments of insureds and pursuing the preservation of asset value, which requires a prudent investment selection and risk assumption policy.

MAPFRE seeks to develop a solvent and profitable business, but never at the expense of sustainable engagement with the environment around us.

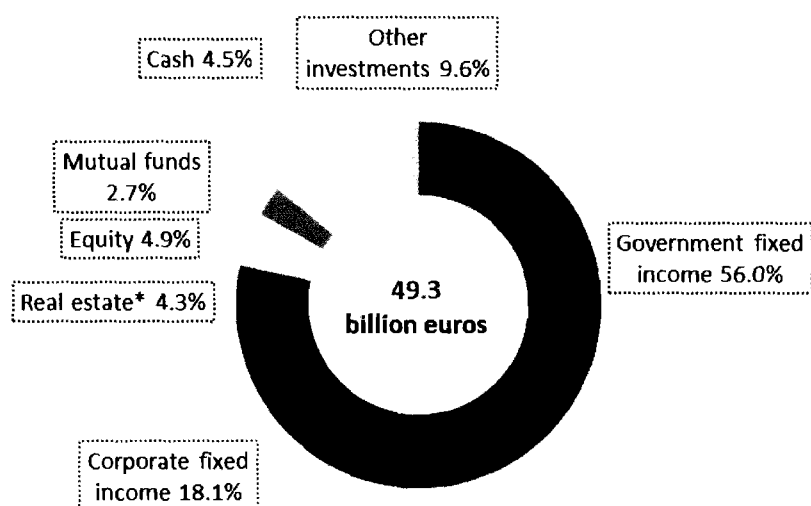
## BASIC PRINCIPLES OF THE MAPFRE INVESTMENT POLICY

| EQUITY INVESTMENTS                                                                                                                                                                                                                                                                                                                              | REAL ESTATE INVESTMENTS                                                                                                                                                                                                                                                                                                                                                                                                |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>✓ Principle of covering the commitments insured</li> <li>✓ Principle of prudence</li> <li>✓ Principle of operational security</li> <li>✓ Principle of liquidity</li> <li>✓ Principle of profitability</li> <li>✓ Principle of responsibility</li> <li>✓ Principles for sustainable investment</li> </ul> | <ul style="list-style-type: none"> <li>✓ Principle of prudence</li> <li>✓ Principle of profitability</li> <li>✓ Principle of liquidity</li> <li>✓ Standardization</li> <li>✓ Principle of covering the commitments insured</li> <li>✓ Management efficiency</li> <li>✓ Relationship with intermediaries and external collaborators in general</li> <li>✓ Energy efficiency and environmental sustainability</li> </ul> |

## SUSTAINABLE

Below, details of the investment portfolio by asset type are given:

Breakdown by asset type:



\*Real estate includes both investment property and real estate for own use

Breakdown of Fixed Income portfolio by geographic area and by asset type follows:

| ITEM                  | Government      | Total Corporate Debt | TOTAL           |
|-----------------------|-----------------|----------------------|-----------------|
| Spain                 | 15,997.8        | 1,853.5              | 17,851.3        |
| Rest of Europe        | 5,049.7         | 3,951.2              | 9,000.9         |
| United States         | 1,347.3         | 2,094.3              | 3,441.5         |
| BRAZIL                | 2,871.6         | 1.8                  | 2,873.4         |
| Latin America - Other | 1,805.1         | 712.9                | 2,517.9         |
| Other COUNTRIES       | 524.5           | 308.0                | 832.5           |
| <b>TOTAL</b>          | <b>27,595.9</b> | <b>8,921.6</b>       | <b>36,517.5</b> |

Figures in millions of euros

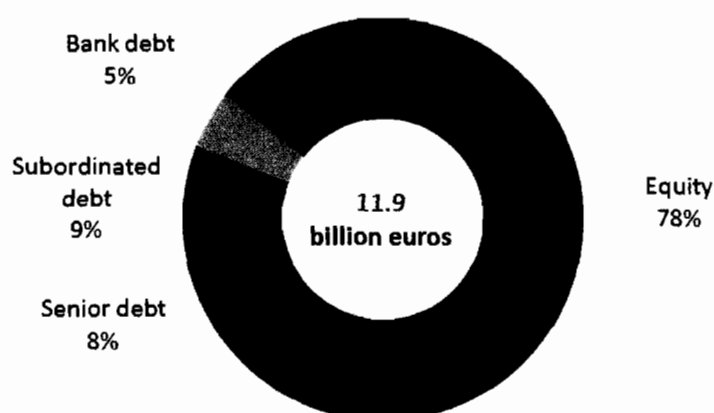
SUSTAINABLE

**FINANCING OPERATIONS**

| FINANCING                |               |
|--------------------------|---------------|
| <b>CAPITAL STRUCTURE</b> | <b>11,868</b> |
| Debt                     | 2,670         |
| Equity                   | 9,198         |

Figures in millions of euros

The chart below shows the composition of the capital structure at the close of fiscal year 2018:

Capital structure

Capital structure reached 11.9 billion euros, of which 78 percent corresponds to equity.

During the second half of 2018, MAPFRE closed a new issuance of 30-year subordinated bonds, in the amount of 500 million euros with a 10-year call option, placed among more than 80 investors in various countries.

Leverage ratios

The Group has a leverage ratio of 22.5 percent, with an increase of 4.4 percentage points compared to the end of the 2017 fiscal year.

The following table breaks down the development in leverage ratios of the Group:

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| ITEM                                                              | DECEMBER 2018 |
|-------------------------------------------------------------------|---------------|
| Total Equity                                                      | 9,197.6       |
| Total debt                                                        | 2,670.3       |
| Earnings before tax                                               | 1,330.5       |
| Financial expenses                                                | 76.5          |
| Earnings before tax & financial expenses                          | 1,407.0       |
| Leverage                                                          | 22.5%         |
| Equity / Debt                                                     | 3.4           |
| Earnings before tax & financial expenses / financial expenses (x) | 18.4          |

Figures in millions of euros

In the first quarter of 2018, MAPFRE converted its 1 billion euro syndicated line of credit (which was to expire in December 2021) into a sustainable loan, thereby becoming the first insurance company in the world to execute a transaction of this nature for general corporate needs, while strengthening its commitment to sustainability and corporate social responsibility.

Both MAPFRE's credit rating and the development of sustainability parameters for the company are taken into consideration when setting the interest rate.

MAPFRE has thus reaffirmed its dedication to sustainability in all areas of the organization and strengthens its position as a company that is committed to social responsibility, the environment and society in general, as well as to reducing its financing expenses and extending financing maturity, while ensuring more advantageous conditions, taking into consideration the performance of the financial markets.

## THE MAPFRE SHARE

| PERFORMANCE / MAPFRE SHARE                                    |      |
|---------------------------------------------------------------|------|
| RESULT FOR THE PERIOD ATTRIBUTIBLE TO THE CONTROLLING COMPANY | 529  |
| Earnings per share (euros)                                    | 0.17 |

Figures in millions of euros, except for Earnings per share

The accompanying charts show information regarding the MAPFRE share and its performance.

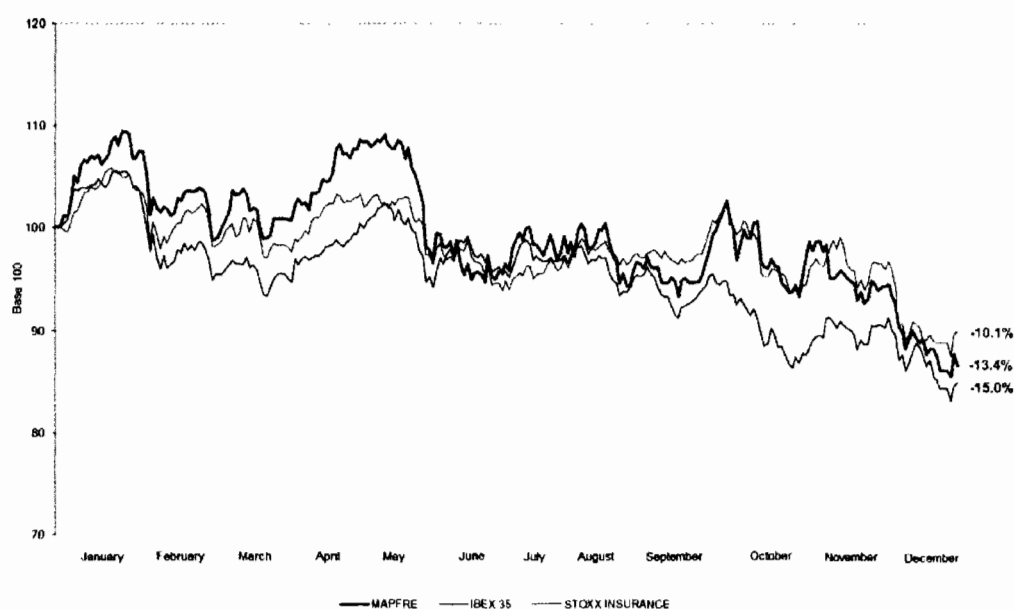
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Stock Market Information

| ITEM                                | 12/31/2018    |
|-------------------------------------|---------------|
| Total outstanding shares            | 3,079,553,273 |
| Market cap (million euros)          | 7,144.6       |
| Share price (euros)                 | 2.320         |
| Book value per share                | 2.60          |
| Dividend per share (last 12 months) | 0.145         |
| Share par value (euros)             | 0.1           |

## Share Price Movement: January 1, 2018 – December 31, 2018



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Target price (average provided by analysts) and quote: April 1, 2015 - December 31, 2018

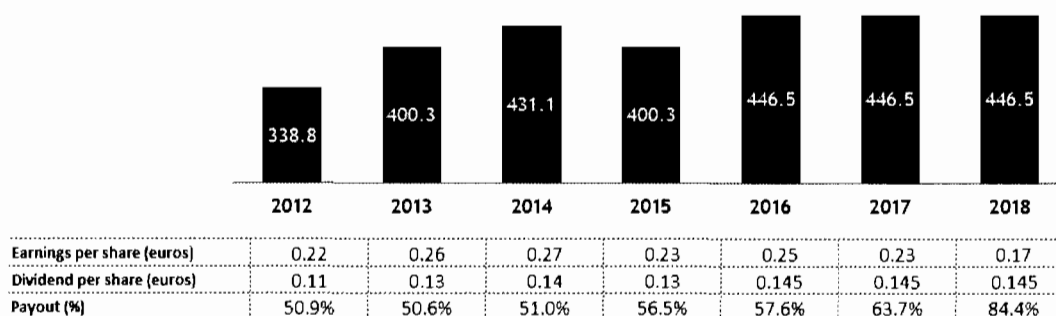


### Dividend and Payout

The dividend policy of the Group states that shareholder remuneration must be tied to MAPFRE's earnings, solvency, liquidity and investment plans and in line with the interests of all shareholders.

The commitment of the Group to its shareholders is clear and consistent, as is demonstrated through the profitability that it offers them.

Dividends paid against results (in millions of euros)



The supplementary dividend proposed at the Annual General Meeting for fiscal year 2018 is 0.085 euros per share before tax. Consequently, the total dividend against the results for 2018 amounts to 0.145 euros per share before tax, representing a payout ratio of 84.4 percent.

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## 6.2. PRODUCTIVE DIMENSION

### WE ARE SERVICE

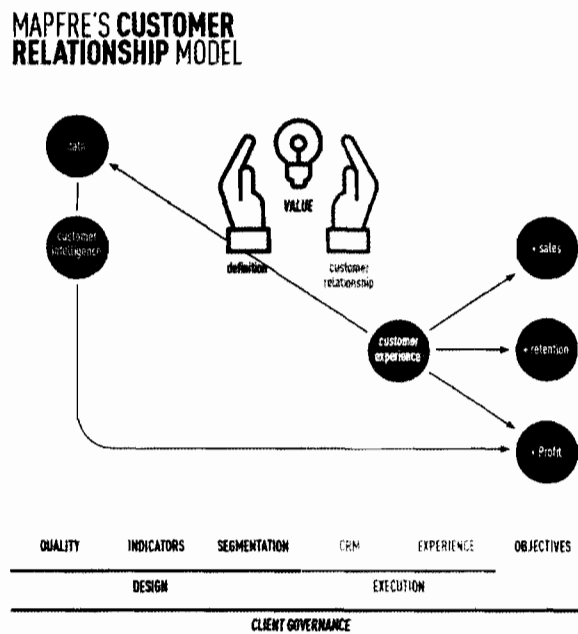
We organize our activity thinking of the client, who is the center of the business and we are accompanying them in the transformation process, anticipating the digital insurance solutions they are going to need.

What are we working on to create value?

- Client Relationship Model
- Digital business
- Providers
- Quality

### CLIENT RELATIONSHIP MODEL

(GRI 201-1)



The Client Relationship Model, which was worked on throughout 2018, seeks to increase sales, retention and therefore profits, through a cycle of activities running from client experience to data quality. And so as to cover each of these activities both in the design and value proposition execution phases, the initiative is laid out along four vectors:

- Data quality: makes it possible to transform data into useful information to learn more about the client and construct the value proposition.

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- **Segmentation:** enables differentiation between the various types of client and offers them the most suitable value proposition based on this knowledge.
- **Client Relationship Management (CRM):** ensures that the value proposition arrives at management channels and from there to clients.
- **Client Experience:** makes it possible to listen to client feedback and incorporate same in the model, in a cycle of continuous improvement.

The purpose of the model is to improve relations with the approximately 29 million direct insurance clients that MAPFRE had in insurance unit operations at the close of 2018:

| No. of Individual Clients | Regional Area | No. of Corporate Clients |
|---------------------------|---------------|--------------------------|
| 6,655,187                 | IBERIA        | 385,694                  |
| 10,634,497                | BRAZIL        | 509,398                  |
| 3,778,893                 | LATAM SOUTH   | 192,846                  |
| 882,762                   | LATAM NORTH   | 139,732                  |
| 1,777,665                 | NORTH AMERICA | 123,451                  |
| 3,607,603                 | EURASIA       | 117,102                  |

### Omnichannel distribution and customer service

MAPFRE is committed to omnichannel distribution and is adapting its sales structure to the legislation governing the countries in which it operates. In 2017 the MAPFRE Global Agency Network Development Model was designed, and it has provided a strong impetus for the creation a proprietary network. In 2018, it was supplemented with the Direct Office Model and the Delegate Office Model. The Agency Network Development Model will also be added to them, thanks to the sales room, a virtual space where sales teams from all over the world are trained.

| Total Distributor Training<br>2018 | Hours     | Attendees |
|------------------------------------|-----------|-----------|
| <b>Sales Training</b>              |           |           |
| Multimedia                         | 1,391,682 | 28,941    |
| On-site                            | 457,541   | 26,014    |
| <b>Cross-cutting Training</b>      |           |           |
| Multimedia                         | 69,574    | 24,789    |
| On-site                            | 24,664    | 6,613     |
| <b>Technical Training</b>          |           |           |
| Multimedia                         | 44,924    | 15,488    |
| On-site                            | 33,982    | 8,433     |

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In addition to its own network, MAPFRE maintains a strong relationship with agents and brokers, which represent an increasingly important part of distribution of insurance worldwide.

MAPFRE has several agreements or joint ventures with banks and financial institutions. The agreements with BANKIA and BANKINTER in Spain, BANCO DO BRASIL in Brazil, BANK OF VALLETTA in Malta and BHD in the Dominican Republic, are particularly notable. It also has agreements in place with service companies and associations that distribute MAPFRE products to their clients and partners (companies or individuals).

|                       | IBERIA | LATAM  | INTERNATIONAL |
|-----------------------|--------|--------|---------------|
| <b>Offices</b>        |        |        |               |
| Direct and delegate   | 3,084  | 1,629  | 543           |
| Bancassurance         | 2,329  | 4,941  | ..            |
| <b>intermediaries</b> |        |        |               |
| Agents                | 9,850  | 18,106 | 9,786         |
| Delegates             | 2,753  | 3,952  | 121           |
| Brokers               | 5,311  | 34,624 | 2,061         |

A growing channel with development potential is distribution agreements with non-financial entities -retailers , dealerships, utility providers - that MAPFRE has agreements with, notably the one signed in Central America with the Monge Group , for example, for sale of appliances and furniture.

Of particular significance is the agreement reached between MAPFRE and Amazon in Spain, including the first virtual insurance company office in the Amazon marketplace, as well as participation in the “Amazon Family” program, with the platform designed to support and assist families. This agreement, the initial phase of which will be conducted in the Spanish market, could soon be extended to the other international markets where MAPFRE operates.



### Client service centers

In order to address client needs and guarantee the best possible service, the Group has the following service centers broken down by countries where it operates:

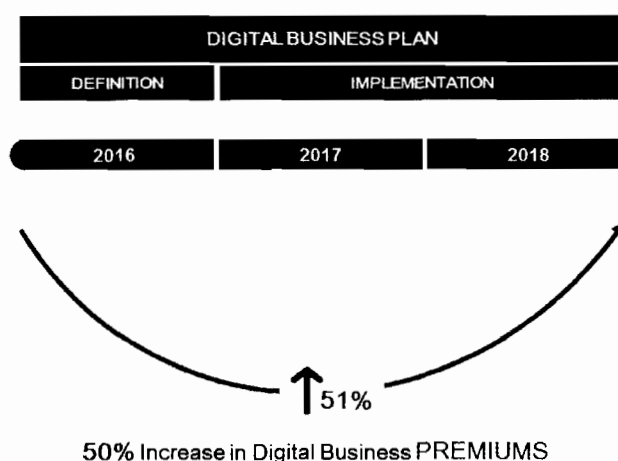
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| Service Centers                                    | Number | Countries |
|----------------------------------------------------|--------|-----------|
| In-house claims handling and rapid payment centers | 301    | 15        |
| In-house automobile service centers                | 35     | 2         |
| Automobile diagnosis units                         | 13     | 4         |
| Repair shops with agreements                       | 11,280 | 25        |
| In-house repair shops                              | 10     | 3         |
| Research and development centers                   | 7      | 7         |
| Own health care polyclinics                        | 21     | 3         |
| Clinics with agreements                            | 14,565 | 18        |
| In-house dental clinics                            | 6      | 1         |
| Corporate business management centers              | 44     | 6         |

## DIGITAL BUSINESS

MAPFRE has adapted its strategy to the new realities, so that it can continue to be one of the leading global insurance companies of the 21st century. The weight of digital business has increased in its operations through the implementation of the Digital Business Plan designed to grow this business profitably.

In 2016 MAPFRE committed to increasing digital business by the end of 2018 by 50 percent compared to where it was at the close of 2015. This commitment has been achieved, with the corresponding increase in fact standing at 51 percent .



The lines of action that have been developed are:

- **Digital business strategy and performance:** a point of reference has been defined for the development of digital business, based on business modeling, considering

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## SUSTAINABLE

different methods for selling digital policies and providing a guide for various MAPFRE operations, adapting to the necessities and the reality of each operation. Work has also been done on defining the performance indicators for digital business that will make it possible to measure different operations in a standardized manner and assist in decision-making.

In addition, global sharing of best practices has been implemented, making it possible to duplicate and rapidly adopt knowledge among different operations.

Finally, significant advances were made in the digitalization of operations, with over 10 million transactions managed via intelligent automation in 2018. Also, Big Data Analytics and Artificial Intelligence use cases have been developed to advance predictive valuation of vehicle damages, resulting in operational improvements.

- **Digital Marketing:** action was taken to improve client knowledge and thereby offer them what they need when they need it. The use of the digital campaign manager has been crucial for this, resulting in optimization of marketing investment, as well as that related to social networks and other digital media.
- **Digital Techniques:** monitoring risks, and the consequent taking of measures to prevent fraud in digital procurement and price optimization in renewals are just two of the programs that were undertaken during the year. Work completed in VERTI Spain, which will subsequently be duplicated across Group operations, deserve special mention for the results obtained.
- **Sales and client retention:** tools for online quoting and sales have been implemented. An example of this is client-oriented smart pricing and selling tools that focus on client experience and are highly customizable.

Implementation of the ROPO ("Research Online Purchase Offline") model makes it possible for clients to search for insurance or services online and conclude the purchase in an offline channel. These programs contribute to optimizing acquisition costs.

The self-directed model has also been fostered for significant manageable products and services through mobile platforms, such as the new Health app at MAPFRE ESPAÑA.

## New Health App at MAPFRE ESPAÑA



Clients can access all policy information quickly and simply: they can manage any type of health care authorization, request medical appointments or access their entire medical file, among other new features.

- **Digital price comparison engines:** features providing sophisticated pricing and underwriting have been put in place, offering clients the best possible price. Work has been done on achieving a leading position in digital price comparison engines, all based on the construction and application of methodologies and procedures so that MAPFRE can compete profitably in all countries where it operates.

A new training program for over 400 employees was created within the Corporate University and Digital Business Room for price comparison engines.

## PROVIDERS

[GRI 102-9, 102-10, 204-1, 308-1, 308-2, 408-1, 409-1, 410-1, 412-3, 414-1/2; L 11/2018]

It is MAPFRE's aim to guarantee an ethical and socially responsible process in transactions with all participants in the supply chain, achieving an adequate level of quality in contracting and client services and increased internal control over all phases of the project.

To achieve this, MAPFRE has a Purchasing standard designed to establish criteria and mandatory compliance principles that must be observed in all contracting concluded on behalf of MAPFRE.

The Group Code of Ethics and Conduct was also revised in 2017, including a specific section for providers and collaborating companies that define the standard under which the relation proceeds. The code provides a specific channel for complaints, which can be forwarded confidentially to the Ethics Committee.

MAPFRE works with more than 152,000 providers, making a distinction between **service providers and specific providers** (those who render services and assistance as per insurance or service contracts offered by the Group's insurance companies or its subsidiaries to its clients) and **support or general providers** (those who do not work

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directly with insureds, but rather with the company as it conducts its affairs, such as suppliers, consulting firms, printers etc.). The following table shows the breakdown by number and total cost:

|                        | IBERIA           |           | LATAM            |           | INTERNATIONAL    |           |
|------------------------|------------------|-----------|------------------|-----------|------------------|-----------|
|                        | No. of providers | Cost (€m) | No. of providers | Cost (€m) | No. of providers | Cost (€m) |
| Of services (Specific) | 64,615           | 1,609     | 31,026           | 668       | 37,864           | 517       |
| Of support (General)   | 3,589            | 431       | 8,538            | 307       | 6,389            | 299       |

To strengthen the relationship with providers and provide better service to clients, MAPFRE makes available materials, training dossiers, tools, and online and on-site courses for providers, in order to facilitate them as they go about their work and to keep them updated regarding regulatory changes, technological developments and other relevant issues in the area of sustainability.

### Service provider management model

In many cases, service providers are the party that interacts directly with the client on behalf of MAPFRE. Given its importance, the company has a specific model for managing service providers developed under the strategic initiative of “Providers as Band Ambassadors”.

The model is based on applying general principles, which are client orientation, optimization of client contact, two-way commitment, provider value, provider classification and cost optimization.



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This common contribution model implies continuous feedback regarding the commitments between MAPFRE and the provider, such that all matters included in the model result in the establishment of new commitments by both parties. Obviously, these commitments are adjusted based on the category of provider involved.

Provider category defined by MAPFRE and mutual commitments:

|                        | MAPFRE's Commitments                                                                                                                                                           | Provider's Commitments                                                                                                                                                                        |
|------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                        | <i>Transactional relationship: Sporadic collaboration under an agreement limited to service delivery and service payments</i>                                                  |                                                                                                                                                                                               |
| <b>Recommended</b>     | <i>Occasional services assignment derived from strategic and/or operational necessities</i><br><i>Professionalism and solvency in service payments</i>                         | <i>Quality value-added service delivery</i><br><i>Legal requirements compliance</i><br><i>Corporate Social Responsibility adoption and fulfilment</i><br><i>Integrity in service delivery</i> |
| <b>Recommended (-)</b> | <i>Willingness to maximize provider capacity by assigning more services</i><br><i>Technical and new functions training</i><br><i>Increase Provider's portfolio of services</i> | <i>Participation in the company's financial model</i><br><i>Integration with MAPFRE's service management processes</i>                                                                        |
| <b>Ambassador</b>      | <i>Assignment priority</i><br><i>New collaboration opportunity proposals</i><br><i>Recognition of provider's contribution to MAPFRE's business development</i>                 | <i>MAPFRE brand prescription</i><br><i>Service management participation</i><br><i>Collaboration in new products and services development</i>                                                  |

The “Providers as Brand Ambassadors” project is currently underway in 24 countries. In 2018, work commenced on promoting transformation projects in every country on the back of the implementation of the common contribution model, as well as policing the main project efficiency and quality indicators.

The MAPFRE service provider network gives priority to providers designated as “Ambassadors” in assignment of services, as they represent an extension of the company and possess both superior quality parameters and more contained costs.

### ESG provider approval

[GRI 308-1, 308-2, 410-1; L.11/2018]

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A project was launched under the MAPFRE Group 2016-2018 Sustainability Plan to revise and expand the approval of both support and service providers with regard to environmental, social and governance (ESG) characteristics.

This approval involves an initial process analyzing sustainability practices of providers by means of a specific questionnaire, which includes the following risk factors:

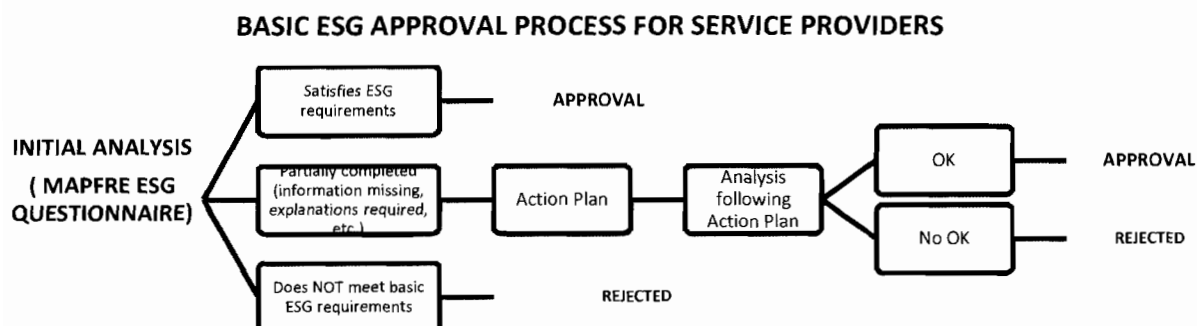
- Aspects of security and workplace safety measures afforded to workers
- Human Rights: child and forced labor, respect for basic labor rights etc.
- Environmental practices and sanctions applied
- Inclusion, diversity and non-discrimination.

To improve the results of the ESG approval process already in place, the following initiatives were implemented:

- For approval of support providers:
  - Various versions of the approval questionnaire were created, adapted to the information requirement levels based on the size of the company that will be worked with (from large companies to SMEs).
  - They include as reasons for rejection a support provider not signing up for, or not complying with, the following clauses: data protection, treatment of provider data, signing an environmental and energy commitment letter, provider equality clause and a declaration of the relationships between contractors, shareholders or other persons linked to the provider and people linked to MAPFRE, as well as a reputation clause.
- For approval of service providers:
  - These are prioritized as ambassadors, recommended+ and recommended, depending on their special relationship with MAPFRE. The ESG information requirement levels are also adjusted based on the type of provider, all the way to freelancers and microbusinesses.

A digital tool has also been developed to manage the entire ESG approval process.

Once the ESG approval process has been completed, the provider (both service and support) are invited to complete online training in Human Rights, held by the Spanish Network of the World Covenant of the United Nations. Since October 2017, 104 providers have been trained in this area.



Since 2017, a total of 6,437 service and support providers have been selected for participation in the ESG approval process; the following table reflects the main results:

|                                  | ESG approval |              |
|----------------------------------|--------------|--------------|
|                                  | No. selected | No. approved |
| <b>Of support</b><br>(General)   | 1,394        | 882          |
| <b>Of services</b><br>(Specific) | 5,043        | 4,384        |

## QUALITY

To evaluate the quality perceived by clients, the MAPFRE Quality Observatory applies a global model for measuring the MAPFRE client experience, the aims of which are as follows:

- To constantly be aware of the level of client satisfaction in the different countries and businesses, using a consistent methodology.
- To identify those aspects that impact on the client experience, so they can be enhanced.
- To provide countries with a tool to help them define and implement initiatives, assigning the most appropriate priority level.
- To set goals for improvement and aspire to be a benchmark in client experience across all countries and lines.

Additionally, the MAPFRE Quality Observatory is responsible for measuring perceived quality and delivered and conducts client surveys in every country where the Group

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## SUSTAINABLE

operates. These surveys cover all lines of insurance and assistance services and are conducted every six months. This is done through the analysis of the Net Promoter Score (NPS) to evaluate client satisfaction and critical client contact points, and recommendations are prepared regarding the main areas that can be improved.

The reports drawn up by the Quality Observatory provide data on the client experience, assisting with the decision-making process in the different business areas.

In 2018 the 6th and 7th NPS measurement waves were carried out, involving a representative sample of MAPFRE's portfolio. These waves, with over 140,000 respondents, each involve 23 countries and lines of business, covering 81.7 percent of the total personal Non-Life premiums of the Group.

In addition, once a year the Observatory measures the client experience level of MAPFRE's major competitors in each country/line of business. They analyze approximately 120 companies around the world. Thanks to this, we can confirm that the objective set for the 2016-2018 three-year period has been met, with 70 percent of the measured premium volume in the NPS of our clients is greater than the average NPS of our competitors analyzed. Specifically, this higher NPS was reached in 70.4 percent of the Non-Life personal premiums measured.

In 2018 the Quality Observatory performed the second measurement of internal NPS (iNPS) regarding the level of client experience with the reinsurance services rendered by MAPFRE RE to its ceding companies at international level.

MAPFRE has 196 people - a significant number of employees - assigned to quality control and monitoring throughout the world and several companies are in possession of quality certifications. To renew these certifications, these companies must maintain high customer service standards.

MAPFRE holds ISO 9001 certification in Brazil, Spain and Turkey. MAPFRE ASISTENCIA holds this same quality certification in Algeria, Argentina, Bahrain, Brazil, Chile, China, Colombia, Dominican Republic, Ecuador, Italy, Mexico, Philippines, Tunisia, Turkey and Venezuela.

### 6.3. HUMAN DIMENSION

#### WE ARE TALENT

At MAPFRE, we are people who take care of people, and for that to happen, we want to have the best professionals to serve our clients and develop the business. We are also a company of opportunities, one that is inclusive, with a people management model that promotes the development of talent and a proposal for professional development that enriches us.

What are we working on to create value?

- Management model
- Diversity
- Talent
- Transformation and organization
- Employee experience
- Challenges

#### MANAGEMENT MODEL:

[GRI 401-2, 403-1, 403-2, 403-4; 404-1, 404-2, 404-3, 405-1; L11/2018]

Employee management is particularly relevant in a global company such as MAPFRE, which is present worldwide and has employees from 91 countries. A form of management that must join business in its transformation, enable the commitment of employees to company values, contribute to the development of technical, global and transformational capacities of all members of the company and guarantee a healthy, diverse and collaborative environment.

Some of the most relevant aspects of this management are:

- Integration of different generations of employees that work together at the company and capitalize on each other's knowledge.
- Use of the advantages afforded by new technologies and social media in human resources processes.
- Strengthening of internal communication and transparency to bring MAPFRE's strategy, objectives and culture to all its employees.
- Planning for professional careers and training.
- A firm commitment to the occupational and geographic mobility of employees to ensure that the organization has global versatile teams.

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## General Data

[GRI 102-7; 102-8; L.11/2018]

| GRI 102-7 -Total headcount | 2018   | 2017   |
|----------------------------|--------|--------|
| Headcount at December      | 35,390 | 36,271 |
| Average headcount          | 35,655 | 36,716 |

[GRI 102 – 8; L.11/2018]

Total number of employees by type of employment contract (permanent or temporary) and by gender (Table 1)

| BUSINESS UNIT   | PERMANENT |        | TEMPORARY |       | TOTAL  |        |
|-----------------|-----------|--------|-----------|-------|--------|--------|
|                 | MEN       | WOMEN  | MEN       | WOMEN | MEN    | WOMEN  |
| CORPORATE AREAS | 626       | 465    | 4         | 9     | 630    | 474    |
| INSURANCE       | 12,651    | 15,690 | 236       | 345   | 12,887 | 16,035 |
| ASISTENCIA      | 1,857     | 2,324  | 219       | 302   | 2,076  | 2,626  |
| GLOBAL RISKS    | 134       | 133    | 1         | 1     | 135    | 134    |
| REINSURANCE     | 188       | 194    | 7         | 4     | 195    | 198    |
| TOTAL           | 15,456    | 18,806 | 467       | 661   | 15,923 | 19,467 |

Total number of employees by type of employment contract/gender (in line with the MAPFRE Group structure: Regions, Business Units and Central Services) - (Table 2)

| ORGANIZATIONAL DISTRIBUTION        | PERMANENT |        | TEMPORARY |       | TOTAL  |        |
|------------------------------------|-----------|--------|-----------|-------|--------|--------|
|                                    | MEN       | WOMEN  | MEN       | WOMEN | MEN    | WOMEN  |
| CORPORATE AREAS / CENTRAL SERVICES | 809       | 645    | 5         | 9     | 814    | 654    |
| IBERIA                             | 4,545     | 4,824  | 83        | 185   | 4,628  | 5,009  |
| LATAM                              | 6,261     | 8,273  | 174       | 239   | 6,435  | 8,512  |
| INTERNATIONAL                      | 3,653     | 4,870  | 198       | 224   | 3,851  | 5,094  |
| REINSURANCE                        | 188       | 194    | 7         | 4     | 195    | 198    |
| TOTAL                              | 15,456    | 18,806 | 467       | 661   | 15,923 | 19,467 |

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**Total number of employees by type of employment contract (full-time or part-time) and by gender (Table 3)**

| BUSINESS UNIT   | PERMANENT |        | TEMPORARY |       | TOTAL  |        |
|-----------------|-----------|--------|-----------|-------|--------|--------|
|                 | MEN       | WOMEN  | MEN       | WOMEN | MEN    | WOMEN  |
| CORPORATE AREAS | 630       | 472    | 0         | 2     | 630    | 474    |
| INSURANCE       | 12,436    | 13,868 | 451       | 2,167 | 12,887 | 16,035 |
| ASISTENCIA      | 1,842     | 1,993  | 234       | 633   | 2,076  | 2,626  |
| GLOBAL RISKS    | 135       | 134    | 0         | 0     | 135    | 134    |
| REINSURANCE     | 195       | 195    | 0         | 3     | 195    | 198    |
| TOTAL           | 15,238    | 16,662 | 685       | 2,805 | 15,923 | 19,467 |

**New hires, average age, average length of service, unwanted Group turnover by gender (Table 4)**

|                           | 2018       |            | 2017  |       |
|---------------------------|------------|------------|-------|-------|
|                           | M          | W          | M     | W     |
| New hires                 | 40.6       | 59.4       | 43.9% | 56.1% |
| Average age               | 40.9       | 38.9       | 41.5  | 39.2  |
| Average length of service | 11.2       | 9.9        | 9.8   | 9.3   |
| Unwanted turnover (*)     | 8.7 % (**) | 8.9 % (**) | 8.5%  | 9.1%  |

(\*) Unwanted turnover is calculated using the following formula: voluntary resignations over average headcount.

(\*\*) We consider that for such a large group as this, unwanted turnover is quite low.

Managing the generational differences working together in the workforce, offering employees the opportunity to develop their professional career and personalizing their options, fostering collaboration in work and knowledge management and introducing new technologies as a tool for providing efficiency and effectiveness are some of the challenges that MAPFRE has implemented to contribute with its strategy and reach its objectives through four pillars: diversity and inclusion, the continuing talent challenge, transformation and organization and employee experience.

## SUSTAINABLE

**DIVERSITY**

[GRI 102-8, 102-22, 405-1, 405-2; L.11/2018]

A diverse workforce **adds value to the company** since it fosters learning, supports experience and simultaneously enhances project planning and execution for those that are working.

MAPFRE has a Diversity and Equal Opportunity Policy in place worldwide approved by MAPFRE on July 23, 2015, and there is a public commitment to both gender diversity and functional diversity.

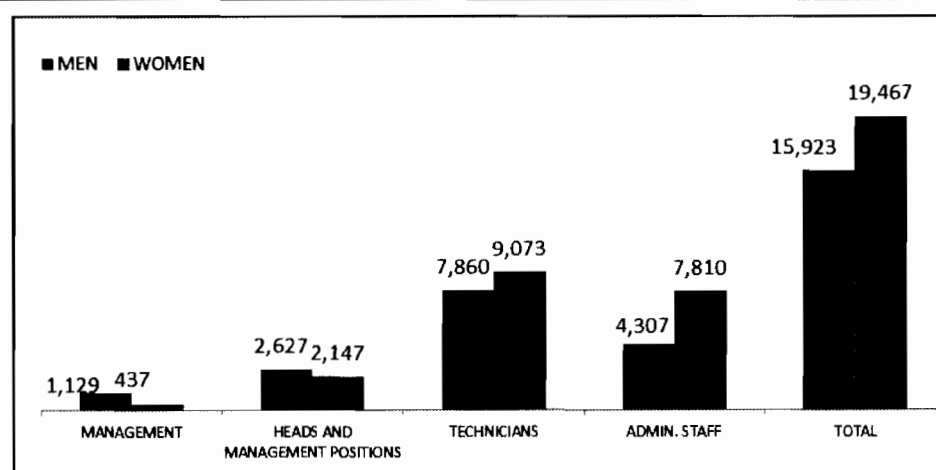
**Gender diversity**

[GRI 405-1]

The objective proposed three years ago to have at least 40 percent women in positions of responsibility was reached in 2018. All countries have a policy for action to enable equality in all of the personnel management processes.

There are networks in place in Brazil, Turkey, the United States and Spain to foster women in leadership. They are inclusive dialog spaces designed to promote initiatives related to gender diversity.

|                                                    | 2018   | 2017  |
|----------------------------------------------------|--------|-------|
| Percentage of women in positions of responsibility | 40.8 % | 38.8% |
| Number of women in positions of responsibility     | 2,584  | 2,161 |



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*In 2018:*

- 59.4 percent of new hires were women.
- 77 women occupy senior management positions or positions on Boards of Directors. The Board of Directors of MAPFRE S.A. includes four women among its members, representing 28.6 percent of its members.
- 13 percent of employees in positions of responsibility classified as "Top Management" job positions are women, and 39 percent of job positions classed as "Junior Management" are held by women.

### **Cultural diversity**

There are 35,390 employees at MAPFRE of 91 nationalities, giving the Group great cultural diversity and providing it with the talent it needs to manage its business. 1,104 employees of 22 different nationalities work in the corporate areas.

The Group promotes international mobility, which in 2018 enabled 111 employees to move their job positions to another country.

With regard to senior management and executives who work in the Group's companies outside Spain, 74.3 percent are hired locally.

### **Generational diversity**

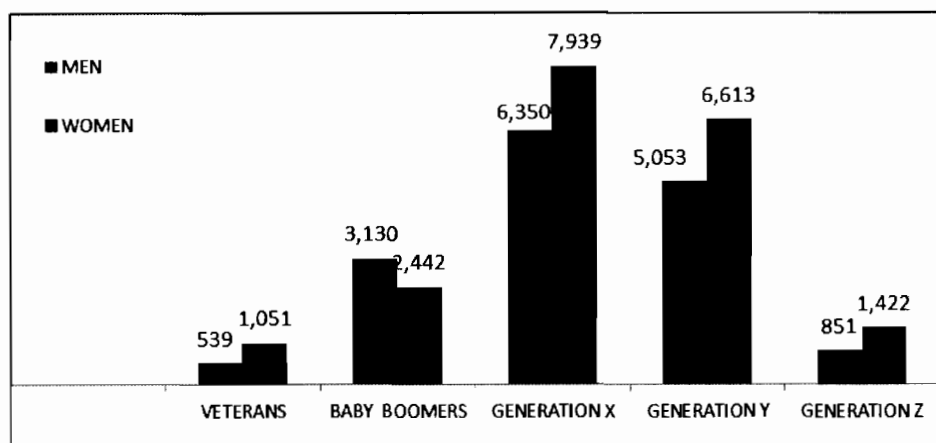
At MAPFRE, different generations with different approaches to work and different values, expectations, motivations and beliefs work together. Challenges in this area are:

- To build an inclusive culture and enable different generations to share knowledge
- To recognize and maximize their strengths and capabilities so that they give the best of themselves
- To implement work models that address the needs of the different generations.

Work has begun on developing specific programs for senior workers, addressing three fundamental areas: professional development, employment experience and social protection.

## SUSTAINABLE

Several generations work together at MAPFRE, as shown in the accompanying graph:



The mentoring program, both traditional and inverse, continued in 2018, an initiative that began in 2016 and that promotes a development process across different generations.

### Functional diversity

MAPFRE is firmly committed to integrating people with disabilities into the workplace with a global program implemented in all countries since 2015 with measures to enable true consolidation of this group within the business.

|                                           | 2018 |      | 2017 |      |
|-------------------------------------------|------|------|------|------|
|                                           | No.  | %    | No.  | %    |
| People with disabilities in the workforce | 902  | 2.5% | 768  | 2.1% |

Principal activities undertaken in 2018 regarding disability:

- Awareness:
  - 955 employees took an e-learning course on disability during 2018 (16,901 have taken it over the past three years)
  - 150 volunteering activities involving people with disabilities.
  - 33 discussions and awareness activities in development training programs.
  - 36 news items on the intranet and dissemination of studies carried out by Fundación MAPFRE.
- Actions to improve quality of life:
  - Personalized attention procedure for disabled employees and those who suddenly develop a disability.
  - Development of computer applications with accessibility criteria.

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- Workplace Integration Actions:
  - In 2018, 125 people with disabilities joined the workforce.
  - At present, 902 MAPFRE employees with disabilities work in 33 countries.
  - 23 with disabled individuals worked at MAPFRE.
  - Donations totaling 245,060.32 euros were assigned to actions related to workplace inclusion for disabled people.
  - Promotion of indirect employment through contracts with special employment centers or similar companies totaling 532,986.70 euros.
  - Cooperation commenced on the Agora project in Latin America (Colombia, the Dominican Republic, Chile, Guatemala and Paraguay) in 2018. The purpose of the project is to include disabled individuals into the production areas in our Latin American operations, so with this in mind, advisory units were formed, offering training and work intermediation to help them find employment.

**Best practice: Project Inserta**

Dating back to 2014, MAPFRE Spain has been aligned with the Inserta Agreement with the Once Foundation focusing on workplace integration of the disabled.

As a result of this agreement, in 2018 MAPFRE was designated to measure and evaluate the impact of employment on the social inclusion of its disabled employees. PwC's IS\_IMPACT methodology was used, within the framework of the D\_INNOVAR project financed by the European Social Fund.

The conclusions drawn from the above study indicate that job placement at MAPFRE represented improvements in this area in the amount of 8,788 euros annually per person, and a total of 210,912 euros for 24 disabled individuals currently employed at MAPFRE ESPAÑA thanks to this Agreement.

**TALENT**

[GRI FS4; L.11/2018]

MAPFRE manages talent, letting employees all over the world participate in it, having implemented a global project to identify the profiles required for business strategy and organizational talent and to draft development plans for each employee to guarantee succession and direct relief plans and to cover strategic needs. Development plans were developed in 2018 for 3,702 employees, involving the implementation of 16,481 development activities.

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This features the MAPFRE's Promotion, Selection, and Mobility Policy approved on July 23, 2015.

Professional career plans have also been developed for 1,888 employees, among them underwriters, actuaries, auditors and business advisors. During 2018, 4,169 employees were included in the training itineraries for claim handlers, issuers and telephone support staff. These itineraries establish common technical training worldwide for all countries.

### **Hiring external and young talent**

Recruitment moved forward in 2018, with a digital management tool for selection processes being developed.

Regarding **recruitment of external talent**, this project entailed the launch of a new Career page, first in Spain and worldwide beginning in 2019, with additional functionalities and a more attractive design. The referral channel is also available as a recruiting source, allowing company employees to participate in the process. This new system will be connected to social networks, allowing for more fluid management of processes and greater impact.

During 2018, 1,030 selection processes were published, and followers increased from 121,291 to 180,207.

MAPFRE continues its commitment to **young talent**, promoting its global "Grow with Us" program to implement practices in the company, and two new training programs were launched for trainees in 2018.

- Global Internship Program: involving 328 agreements with universities, business schools and university institutions and in 2018, 1,073 people received training in various areas of the organization.
- Trainee Programs: the main objective of these programs is to recruit recent graduates who are highly prepared and have high potential. In 2018, two trainee initiatives were developed (Global Actuarial and Symbiosis in Spain), and 30 young people were included from four nationalities, joining 78 selected employees from other programs in recent years.

### **Internal Mobility**

[GRI 202-2, 404-2; L.11/2018]

Mobility continues to be key in employee development and enhancing employability, so we remain committed to it along with the strategic plan. In 2018, the benchmark objective of reaching a global mobility percentage greater than 10.5 percent of the

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workforce was reached, and the internal mobility percentage in 2018 reached 12.11 percent, involving 4,318 employees:

- Out of the 6,986 positions advertised, 1,780 were covered by internal mobility, and 53.3 percent involved a promotion.
- Through geographic mobility international careers, global mobility and temporary transfers, 23 countries have been able to enjoy the services of professionals from other 22 countries. Currently, 266 managers and employees are working outside their country of origin.

MAPFRE employees may also participate in the temporary mobility program, Task Force, which involves the launch of new businesses or transversal transformation projects through the immediate and coordinated action of a specialist team. This mobility encourages employee development, increases employability and the development of global skills, thanks to its international scope, with 22 employees participating in task force projects this year.

### Career and development plans

[GRI 404-2; L.11/2018]

In 2018, professional career plans have also been developed for 1,888 employees. Career plans are defined for global application, and are intended to develop and promote strategic company groups. At the end of 2018, the following were implemented:

| <i><b>Group</b></i>             | <i><b>No. of Employees</b></i> |
|---------------------------------|--------------------------------|
| <b>ACTUARIES:</b>               | 278                            |
| <b>Auditors</b>                 | 190                            |
| <b>Sales Technicians</b>        | 1,249                          |
| <b>Specialized underwriters</b> | 171                            |

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Another chief development initiative rolled out during 2018 was the start-up of the Individual Talent Development Plans. They help our employees gain the necessary knowledge and habits in alignment with business needs. These plans include training programs, mentoring, mobility, recognition, and compensation. In 2018, a total of 3,702 individual development plans were defined.

| MAPFRE ESPAÑA     | 1,076 | 29.1% |
|-------------------|-------|-------|
| NORTH AMERICA     | 396   | 10.7% |
| BRAZIL            | 334   | 9.0%  |
| LATAM NORTH       | 454   | 12.3% |
| LATAM SOUTH       | 559   | 15.1% |
| EURASIA           | 325   | 8.8%  |
| CORPORATE AREAS   | 273   | 7.4%  |
| REINSURANCE UNIT  | 68    | 1.8%  |
| Global Risks Unit | 71    | 1.9%  |
| ASSISTANCE UNIT   | 146   | 3.9%  |
| TOTAL             | 3,702 | 100   |

### Learning and knowledge management

[GRI 404-1, 404-2; L.11/2018]

Training is a key pillar at MAPFRE. The Group promotes learning and technical knowledge management for employees through the MAPFRE Corporate University, focusing on strategy and business objectives.

A knowledge management governing model was defined at MAPFRE during 2018. A taxonomy was created, which identifies knowledge by subject matter, with the technological support making it possible to share know-how with all MAPFRE employees worldwide.

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**The Corporate University** was initiated in 2014 with all the global learning activities offered at its 15 Schools, 10 Learning Classrooms, and an InnoLAB. It is in operation in all countries where MAPFRE operates, providing training in the three corporate languages and five local languages.

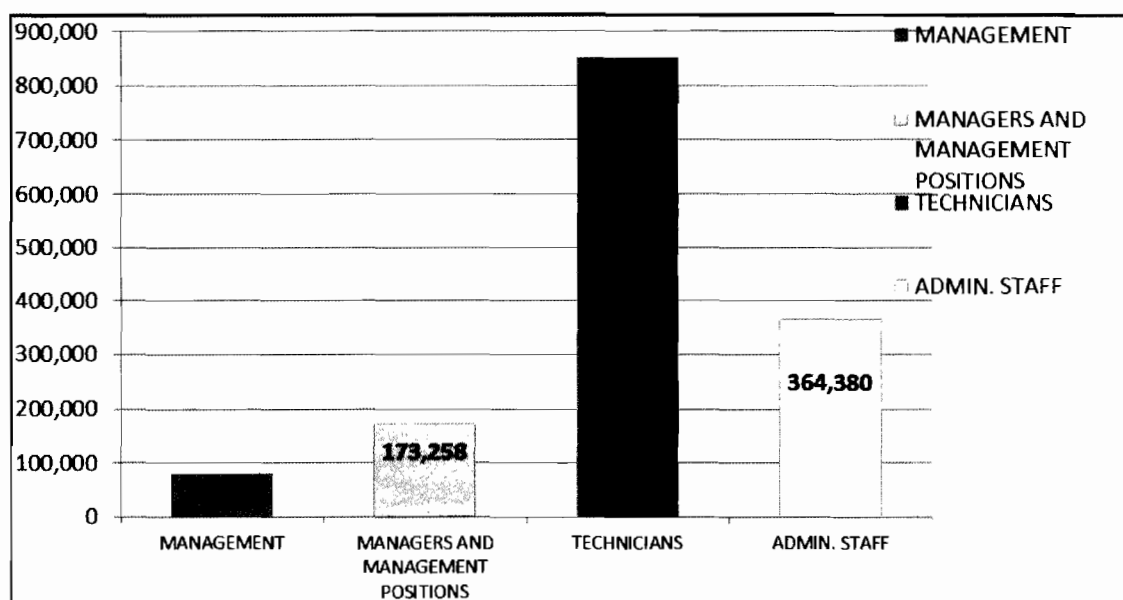
| TECHNICAL SCHOOLS                                                                                                                                                                                                                                                                  | ROOMS                                                | InnoLAB |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|---------|
|                                                                                                                                                                                                                                                                                    | Director's Room                                      |         |
| Insurance School                                                                                                                                                                                                                                                                   | Life Room<br>Companies Room<br>Digital Business Room |         |
| Clients and Sales Development School                                                                                                                                                                                                                                               | Sales Room<br>Clients Room                           |         |
| Operations School                                                                                                                                                                                                                                                                  |                                                      |         |
| Finance School                                                                                                                                                                                                                                                                     | Investments Room                                     |         |
| Actuarial School<br>Auditing School<br>Human Resources School<br>Technology and Processes School<br>Strategy and M&A School<br>Legal School<br>Reinsurance School<br>Leadership School<br>Professional Development School<br>Culture and Global Policies School<br>Language School |                                                      |         |
| Skills School                                                                                                                                                                                                                                                                      | Communication Room<br>Digital Skills Room            |         |

Some relevant information:

- Over the course of the year training was provided to 100 percent of the workforce, via 1,467,368 hours of training, which represents an average of 41.5 hours.<sup>[KPMG1]</sup>

|                                   | Hours     |
|-----------------------------------|-----------|
| EXECUTIVES                        | 79,284    |
| MANAGERS AND MANAGEMENT POSITIONS | 173,258   |
| TECHNICIANS                       | 850,446   |
| ADMIN. ASSISTANTS                 | 364,380   |
| TOTAL                             | 1,467,368 |

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- More than 74 global technical and transversal programs were carried out.
- This has represented an investment totaling 15,462,601 million euros, which is 437 euros on average per employee.
- The Sales Room and the Client Room were created in 2018 as part of the client orientation pillar. The Digital Knowledge Room was launched as part of the digital transformation pillar. To encourage excellence in technical and operational management, the global insurance program was also created for all employees together with the global Life business technical program and the global digital business and digital client experience program.
- Also, as part of Culture, the program for culture in a digital world was created and began training in 2018.
- Technical and technical-commercial training represents 81.30 percent of the total training provided.

MAPFRE's Knowledge Management highlights the assessment of workplace knowledge transfer in the different training programs offered globally.

Measuring knowledge transfer at work is focused on the effective use of know-how, abilities, and attitudes learned during training sessions. Generally, the Area or Department supervisors are in charge of evaluating their collaborators' training needs.

Overall, across all MAPFRE companies, a total of 3,207 questionnaires were filled out by those supervising the program participants, with 85.44 percent of assessments rated 4 out of 6 for applying their knowledge at work.



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**Training itineraries**

Itineraries set up common technical training worldwide for all countries in Spanish, English and Portuguese. During 2018, 4,169 employees were included in the training itineraries for telephone handlers, talkers and administrators.

**Self-learning**

Implementation and reinforcement of the **Self-learning** tool, which offers training content to employees through open catalogs that lay out their own particular *learning path*, based on their concerns. In 2018, over 1,400 employees participated in some 203 available training programs, reflecting a total of 5,176 self-registrations.

**Mentoring programs**

Mentoring, both traditional and reverse, was still being implemented throughout 2018 both as a form of development and collaboration, and for transferring knowledge between teams. Mentoring not only promotes development but also transmits the company culture and collaborative, respectful and listening behavior.

- Traditional mentoring, where the mentor (the senior partner) transfers his or her knowledge, experience and culture to the mentee (junior partner). During 2018, there were 215 mentors and 263 mentees.
- Reverse mentoring, where the mentor (junior digital partner) supports the mentee (senior partner) in developing digital skills, the use of technological tools and collaborative platforms, knowledge of digital trends and use of social networks. During 2018, there were 64 mentors and 75 mentees.

**TRANSFORMATION AND ORGANIZATION****#Digitalchallenge**Driving us forward at **MAPFRE****THE DIGITAL CHALLENGE**

The Digital Challenge is the strategic initiative brought forth at MAPFRE in the middle of 2017 to sponsor the transformation and change that the organization needs to adapt to new digital requirements, imparting a flexible work environment, with tools that allow collaborative working, development of digital profiles and new forms of leadership.

The development of this initiative has been expressed by four pillars:

- **Work environment**, with flexible hours and remote working, technological mobility and open and collaborative physical spaces are promoted. As of the end of 2018, 14,216 organization employees are working on a flexible

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timetable, 5,846 people can work remotely and use technological mobility and 10,586 are already working in open, collaborative physical spaces.

- **Collaborative work and knowledge management.** Communities were created over the corporate intranet in the course of 2018 with 113 active communities where 3,024 employees continually react with each other. There are expert and project communities. 708 terms have also been identified in knowledge classification and 1,248 experts for their definition and revitalization. A search engine has been created on the corporate intranet that has been successful in 73 percent of searches.
- **Culture in a digital world.** Three approaches have been identified for all employees: be collaborative, be innovative, and be agile. These three approaches are being promoted throughout the entire organization via various communication and learning activities, including an e-learning course that involved 14,627 employees at the end of 2018. For managers, these three approaches are supplemented by two others: be respectful and be communicative.
- **New forms of remuneration and recognition.** A new overall evaluation system has been defined, to be released in the first half of 2019. This system covers objectives, specific quarterly activities related to objectives and key results (OKR methodology), continuous feedback and evaluation of new behaviors. A new per project bonus system and new recognition plans were also launched during 2018.

Change management offices have been set up and a global communication plan has been developed to foster the initiative. The Personas app, with 169 employees participating, was launched in 2018, and it will be deployed in the major countries in 2019. The app permits quicker and more agile communication with the company.

## REMUNERATION AND RECOGNITION

[GRI 102-35, 102-36, 102-37; 102-38, 201-3, 401-2, 404-3, 405-2; L.11/2018]

MAPFRE has a global compensation policy applicable to all the companies of the Group designed to establish adequate remuneration based on the function and work position and the performance of its professional staff, as well as act as a motivating and satisfaction component, making it possible to achieve defined objectives and comply with company strategy.

The MAPFRE Group's Remuneration Policy was approved by the Board of Directors on December 21, 2016, and guarantees equality and the internal/external competitiveness of each of its markets. The pay structure comprises the following items:

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- Fixed remuneration
- Variable remuneration tied to objectives. As one of the forms of variable remuneration with long-term remuneration programs and multi-annual incentives worldwide for over 200 managers, designed to increase company involvement in a newly challenging context.
- Recognition programs.
- Social benefits.
- Other allowances.

In order to determine the percentage of variable compensation compared to fixed compensation, the following optimal target percentages of variable compensation have been established with respect to fixed compensation for each job level.

| Job position                      | Variable remuneration as a % of total fixed compensation |
|-----------------------------------|----------------------------------------------------------|
| Executives                        | 40%                                                      |
| Managers and Management Positions | 30%                                                      |
| Technicians                       | 20%                                                      |
| Admin. Assistants                 | 10%                                                      |

The assignment and settlement of annual variable remuneration happens via the objectives-based management model implemented worldwide, which determines the weight of the various categories of objectives for each job position level.

| MAPFRE<br>DPO 2017                |            | GROUP OBJECTIVES                            |                 |                 |                       |
|-----------------------------------|------------|---------------------------------------------|-----------------|-----------------|-----------------------|
| JOB POSITION                      | GLOBAL/ASC | CORP. AREA/BUSINESS UNIT/REGIONAL/TECHNICAL | COUNTRY/COMPANY | AREA/DEPARTMENT | INDIVIDUAL OBJECTIVES |
| CHAIRMAN AND CEO                  | 100%       |                                             |                 |                 |                       |
| EXECUTIVE COMMITTEE               | 60%        | 40%                                         |                 |                 |                       |
| MAPFRE SENIOR MANAGEMENT          | 40%        | 30%                                         | 30%             |                 |                       |
| MANAGEMENT                        | 10%        | 10%                                         | 40%             | 40%             |                       |
| MANAGERS AND MANAGEMENT POSITIONS | 5%         | 5%                                          | 30%             | 60%             |                       |
| TECHNICIANS AND ADMIN. STAFF      | 5%         | 5%                                          | 10%             | 20%             | 60%                   |

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(\*) BSC refers to goals related to MAPFRE's Strategic Plan at global level. In general, it applies to MAPFRE S.A.'s earnings after taxes and non-controlling interests.

For MAPFRE, valuing and recognizing the individual efforts of each employee is key, and the evaluation is the process whereby the individual compensation of each employee with the strategy is objectively valued and recognized, internal talent is identified and the strengths and areas for development of employees is learned.

[GRI 102-37]

MAPFRE has an established global, standardized performance evaluation process in which 31,287 employees participated in 2018, representing 88.4 percent of the workforce. The new continuous evaluation model, with defined objectives, specific actions related to those objectives, continuous feedback and evaluation of other new areas, was implemented in 2019.

Throughout 2018, MAPFRE developed an analysis methodology for calculating salary discrepancies based on gender. During the first phase, MAPFRE contemplated all the Group staff in Spain (representing 30.9 percent of the Group's total workforce), using the mean fixed remuneration of men and women. To reach equal pay, objective factors such as hierarchical position, professional family, and seniority in the company were considered. During 2018, the adjusted gap based on these objective factors was 5.67 percent (fixed remuneration).

This difference, which has its origin in the sectorial context of insurance, a traditionally male-dominated sector, translates into a higher average age of men compared to women. It is therefore an inherited gender difference that MAPFRE combats through a remuneration policy and a selection process model that guarantees full equality that will be reinforced with specific action plans for each country in which areas for improvement are detected. In addition, MAPFRE will also carry out this analysis in Germany, Brazil, the US, Italy, Mexico, Peru, Puerto Rico and Turkey, which together with Spain, represent more than 70% of the Group's workforce.

See Note 2 and Note 3 for information on average compensation.

## ORGANIZATION

Fostering team work culture and collaboration, all through an agile organization, is one of MAPFRE's objectives. MAPFRE has a universal task and job position map in place for global use, which assists in the definition of strategic profiles and knowledge within the organization. Flexible working hours and technological mobility is also being worked on around the world.

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Work was begun during 2018 on the dynamic structures project, enabling the organization to adapt proactively to the needs of the business. Work is also being done on agile methodologies in projects and new business initiatives. In 2018, 950 individuals worked with agile methodologies, and 50 projects were deployed through them. The MAPFRE innova initiative also got underway in 2018, and further information can be found under the “Innovation” section of the Intellectual Dimension.

**EMPLOYEE EXPERIENCE**

[GRI 403-1, 403-2, 404-3, 403-4]

The employee experience area was created at corporate level over the course of 2017, including well-being and health, volunteering, actions related to improving the internal climate and internal communications with employees.

With the goal of personalizing and segmenting employee proposals and so improving their experience, the HR-Analytics project was initiated to enhance human resource management through modeling. The first predictive model for identifying positions and employees with a higher probability of rotation was established in 2017, and parameters and levers to work on each situation were defined. The predictive compensation model was developed during 2018.

- **Conciliation and well-being**

[GRI 401-3, 401-2]

The table below outlines the number of employees in 2018 who benefited from any of these work-life balance measures related with their working hours.

To facilitate employee well-being and work-life balance, MAPFRE offers a wide range of company benefits.

| Work-life balance measures                                         | No. of employees benefiting |
|--------------------------------------------------------------------|-----------------------------|
| Flexible working schedule                                          | 14,216                      |
| Part-time working arrangements                                     | 2,975                       |
| Reduced workday                                                    | 1,012                       |
| Remote working                                                     | 1,185                       |
| Paid and unpaid leave                                              | 18,332                      |
| <ul style="list-style-type: none"> <li>• Parental leave</li> </ul> | 808                         |

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|                                                                        |       |
|------------------------------------------------------------------------|-------|
| • Maternity leave                                                      | 1,024 |
| Sabbaticals for study/family purposes                                  | 52    |
| Employee reintegration program following a protracted leave of absence | 58    |

| Type of Company Benefit                        | % of employees who enjoyed the benefit from among entitled employees |
|------------------------------------------------|----------------------------------------------------------------------|
| Health insurance                               | 96.1                                                                 |
| Retirement/Life insurance systems              | 96.8                                                                 |
| Insurance discounts                            | 66.1                                                                 |
| Length of service awards                       | 23.0                                                                 |
| Education grants for the children of employees | 40.2                                                                 |
| Newborn child bonus                            | 4.0                                                                  |
| Loans                                          | 19.2                                                                 |

All benefits are offered regardless of whether employees are on permanent or temporary contracts. The total allocated to social benefits in 2018 amounted to 176.6 million euros.

Aid was also made available to employees for special situations, normally resulting from health problems. In 2018, the total for this aid amounted to 130,301.53 euros. Likewise, financial aid was granted to retired employees in the amount of 543,343.64 euros.

MAPFRE has in place a Health and Well-Being Policy and Work-Related Risk Prevention Policy, approved by the company on July 23, 2015, the general principles of which are:

1. Achieving a healthy working environment that provides for well-being and allows all employees to carry out their work in the best possible physical, psychological and social conditions.
2. Achieving an optimal level of occupational safety, beyond mere compliance with regulations in the area of prevention of occupational risk.

[GRI 403-1, 403-4; L.11/2018]

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It also adopts a prevention model through which workers may actively participate in everything that might affect their health and safety at work, for which there are legally established representation channels. A total of 28,340 employees, or 80.1 percent of the workforce, are represented on joint management-employee health and safety committees, which have been set up to help, monitor and advice on this issue. The key matters dealt with are:

- Evacuation plan and emergency exits
- Frequency and content of employee medical checkups
- Workplace Health and Safety Management Systems
- Returns to work after long periods of absence
- Specific workstation/workplace studies
- Health awareness plans

Beyond work-related risk prevention, health promotion in the wider sense is involved, with the company envisaged as an important promoter of health. For this reason, work has been ongoing since 2014 on a Health Company model, created based on current international directives, where risk factors that at the statistical level cause most deaths, illnesses and suffering in the world are identified and worked on so as to lower their incidence among workers.

**Data related to the 2018 fiscal year:**

[GRI 403, 2-3]

|                                                                                                                  | 2018    |           | 2017    |           |
|------------------------------------------------------------------------------------------------------------------|---------|-----------|---------|-----------|
|                                                                                                                  | Men     | Women     | Men     | Women     |
| • Number of workplace accidents (*)                                                                              | 168     | 245       | 214     | 225       |
| • Total number of work hours lost due to absenteeism as a result of non-workplace accidents and common illnesses | 496,030 | 1,289,852 | 501,981 | 1,348,571 |
| • Number of work hours lost due to workplace accidents                                                           | 40,153  | 59,378    | 30,907  | 46,717    |
| • Percentage of hours lost over total of theoretical hours.                                                      | 2.0 %   | 4.2%      | 2.0%    | 4.3%      |

(\*) The data for Spain only takes into account accidents that resulted in a leave of absence

Maternity leave was taken by 1,024 employees in 2018, while paternity leave was used by 808 employees. At the end of this leave, 77.3 percent of women and 91.5 percent of men return to work. From the 1,181 maternity/paternity leaves in 2017, 846 remained in the workforce, resulting in a retention rate of 71.6 percent.

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*Work return rate : (total number of employees that returned to work after parental leave/total figure of employees that are supposed to return to work after parental leave)\*100. **Retention rate:** (total number of employees retained 12 months after returning from parental leave/total number of employees that return after parental leave during the reporting period)\*100.*

See Note 5 of this document for more information on accident rates.

One of the key factors in the healthy company model is training in health and healthy habits, and prevention of work-related risks. In this regard, in this fiscal year:

- Employees received a total of 28,362.4 hours of specific training.
- During the week from June 4 to 8, 2018, the IV MAPFRE Health Week was held in 30 countries representing 87.87 percent of the workforce. 743 activities were organized for employees and their family members: 48 of them focused on the labor environment, 231 on health promotion, 254 on physical activity and diet, 87 on mental well-being, and 123 on the personal environment.
- Several global campaigns were launched with common content via the intranet and made available for all MAPFRE employees. The selection of topics was made with consideration of WHO recommendations (the “Positive Thinking” psycho-emotional health campaign, Bone marrow donation awareness campaign, and the stroke information and prevention campaign.
- A series of self-help booklets were provided to employees via the intranet. The topics selected were: care of caretakers for elderly or dependent persons, mourning, breakups, separations and divorces and other topics related to women's health.

To find out more about campaigns started by the Group, see Note 4 in the complementary information.

- **Internal atmosphere: Organizational environment surveys**

The GPTW (Great Place to Work) survey is sent to all MAPFRE employees every other year; however, in countries such as Brazil, Costa Rica, Guatemala, Mexico, and Peru, they are conducted annually.

MAPFRE has been recognized as a Great Place to Work in: Brazil, Guatemala, Costa Rica, Nicaragua, and generally throughout Latin America, Central America, and the Caribbean. In Brazil, it was also considered the “Best Workplace for Women.”

During 2018, the foundation was set for implementing a system for measuring employees' life cycle thanks to the Employee Net Promoter Score, to determine



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degree of satisfaction and pinpoint areas for improvement revealed by employees in these surveys, at different stages in their careers.

Under the auspices of our employee-experience management strategy, we will be incorporating a new survey designed to identify employee degree of commitment.

- **Volunteering:**

[413-1, 413-2]

MAPFRE's Corporate Volunteering Program is integrated in its Human Resources and Sustainability strategies, and is aligned with Sustainable Development Goals. The program will be rolled out in 28 countries through Fundación MAPFRE.

In 2018, a total of 7,840 employee/family volunteers participated, with over 1,600 activities taking place worldwide, related to education, nutrition, health, emergency aid, etc., with a direct impact on over 111,000 individuals. Over 16 percent of the entire staff have volunteered.

MAPFRE's bodies support and monitor its Corporate Volunteering and Work Group programs, which are comprised of management representatives from different corporate areas, regional areas, and business units, as well as participation of Fundación MAPFRE.

During 2018, for the second consecutive year, MAPFRE's Global Volunteering Day was organized under the slogan "Everyone for the Environment". Nearly 1,600 volunteers from 25 countries in 58 environmental activities participated and 1,700 trees were planted, and 35 tons of trash was collected.

Apart from the Corporate Volunteering Program, employees also collaborated on other social initiatives, such as the Charitable Euro Project. In January of 2017, Spain's Charitable Euro Project was launched. This scheme was born as a result of the Spanish initiative of individuals donating one euro a month from their paychecks to a charity of their choice, with the understanding that MAPFRE will match each euro donation.

Until today, a total of 228,953 euros were donated to social projects, 94,292 euros to beneficiaries of the first edition in 2017 - Debra "Butterfly Skin" and the Society of Saint Vincent de Paul, and another 124,072 euros to the beneficiaries of the 2018 edition - Asión and Fundación Cris. At the end of 2018, the two new projects selected as winners of this second edition were the Aladina Foundation and the Cuenca Province Autism Association, granted their first donation of 10,586 euros. Nearly 50 percent of employees collaborate to this project monthly, which is without a doubt, a huge contribution to society from our employees, who help those who most need it.

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**CHALLENGES**

In 2019, a new cycle commenced for MAPFRE's strategy, and To monitor it, towards the end of 2018, HR defined a new Balanced Scorecard that will enable measurement of compliance with objectives arising from the strategic Human Resources lines linked to the continuous challenges created in the areas of Talent, Diversity and Inclusion, Transformation and Organization, and Employee Experience.

#### 6.4. INTELLECTUAL DIMENSION

##### WE ARE INNOVATION

Being innovative is also about ensuring that we are sustainable, that we will continue to be leaders in insurance, even if the world is transformed. We have an Innovation Model in place to develop not only the internal capacity of the company, but which also incorporates the disruptive solutions that are out there in the market.

##### What are we working on to create value?

- Innovation
- Cybersecurity
- Branding and Reputation

#### INNOVATION

The innovation mission at MAPFRE is to develop the company's value proposition by seeking to create elements of differentiation with respect to the competition, and to be an active player in the disruption currently sweeping the sector by adopting an anticipatory and responsive attitude. The organization's priorities in terms of innovation derive from its strategy, centered on the client (taking account of the different segments).

To deal with the fundamental change that the insurance industry is experiencing, the organization must be streamlined, making it more agile and efficient. In 2018, MAPFRE Open Innovation (MOi), a collection of transformation and innovation platforms, was launched, involving the allocation of approximately 100 million euros to innovation and transformation annually and which, together with an annual investment of 600 million euros in technology, provide significant capacity to take on these new challenges.

Innovative functions were adapted and governing bodies were set up with agile and efficient communication mechanisms at both the internal and external level to create the new MAPFRE open innovation model.

The functional parts of MOi are summarized below:

Strategic Innovation aims to propose solutions using a short- and medium-term methodology with reasonable returns and perfectly measurable objectives that will tackle strategic challenges that enable the organization to stand out from the competition. The Strategic Innovation Area supports the development of all these local innovation projects developed by the Innovation Offices, coordinating their development and internal cooperation with the various business and transversal entities in the organization as well as external ones in the entrepreneurial ecosystem. To this end, several action points were launched worldwide, facilitating innovation

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without borders, equipping MAPFRE with the necessary tools to position it as a leader in innovation.

These action points are focused on four pillars:

- Establishing knowledge centers worldwide on current trends that directly or indirectly affect the business;
- Deploying a Startup and Case Builder radar to build bridges between the company and the entrepreneurial ecosystem so that the value chain can take advantage of this innovation wherever it is most effective;
- Managing a global innovation portfolio of work methodologies so that agility, flexibility and change become the common denominator in developing products, constructing a client-focused design thinking mentality so as to implement innovative solutions that respond to the challenges the business faces;
- Launching MAPFRE innova, the company's intrapreneurship program, a participatory innovation process open to employees of the Group, aimed at finding the best possible solutions to a broad spectrum of challenges, generating competent ideas that fit strategically, fostering a culture of innovation via guided immersion and the development of prototypes and tests with potential clients while simultaneously identifying internal talent, which is the company's greatest asset. In 2018, MAPFRE innova was launched in three countries: Spain, the USA and Peru, reaching almost 14,500 employees. More than 450 ideas were received, out of which 9 were selected to be converted into innovation projects with the assistance of experts.

Disruptive Innovation was born out of the desire to construct a relationship model with agents outside the organization that allows MAPFRE to import innovation and accelerate its transformation capacities.

The Disruptive Innovation vision is focused on:

- The accelerator, *insur\_space* MAPFRE, which facilitates direct interaction with selected and relevant startups, is a commitment to an open, non-invasive innovation model. It supports insurtech startups in developing projects related to some element in the value chain of our organization and in line with our strategic priorities, thereby embedding entrepreneurial innovation in MAPFRE. *insur\_space* was inaugurated in November of 2018 with the participation of 19 startups in different areas of the world, after 1,700 startups were evaluated, 300 of which were submitted online.
- Participation in investment vehicles that facilitate a broader grasp of disruptive innovation in insurtech, positioning the company favorably to capitalize on same.

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Assuming the role of venture capitalists, MAPFRE invests in insurtech companies nationally and internationally, actively collaborating in the selection, investment, development and divestment processes of the companies. MAPFRE invested 25 million euros in the Alma Mundi venture capital fund in 2018.

- Maintaining strong relationships with universities and business schools is a proven way to attract talent to the organization and guarantee success in the future, and cooperation agreements with universities and/or business schools that make it possible to recruit, develop and retain talent. In addition, productive relationships with universities also extend to developing joint research projects on issues of interest to MAPFRE.

An Innovation and Transformation Committee, headed up by the chairman and CEO of MAPFRE, and comprising the Chief Innovation Officer and senior Group executives, was created to oversee the innovation system, establishing the steps to be followed, approving the most relevant projects and taking responsibility for their execution.

At MAPFRE, innovation has been part of our DNA for a long time. With the changes set in place in 2018 and the consolidated vision this open innovation model encompasses, the company is well-placed to successfully tackle the sweeping changes facing the industry over the next few years and ensure that new social realities can be adapted to in order to ensure it remains a leader in the markets where we operate.

### New products and services launched in 2018

[GRI 102 – 2]

MAPFRE firmly believes that it is crucial to be as close as possible to the client, continuously adapting to their needs. As such, the company develops new products and services to continue offering a greater range of solutions to the growing and changing needs of clients.

In 2018, 26 new services related to improving client relationships and better meeting their expectations were launched. These included both applications and improvements to client web portals.

In addition, the products listed below were launched over the course of the year to complement the Group's sales offering.

| Line         | No. of Products |
|--------------|-----------------|
| Life Risk    | 5               |
| Life Savings | 13              |

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|                                  |           |
|----------------------------------|-----------|
| Automobile                       | 4         |
| General P&C                      | 6         |
| Individual risks                 | 1         |
| Health and Accident              | 3         |
| Personal assistance              | 1         |
| Renewable Energies (Global Risk) | 1         |
| Other Non-Life                   | 1         |
| Other Activities                 | 11        |
| <b>Total</b>                     | <b>46</b> |

MAPFRE also has products and services in its portfolio aimed at lower-income groups, as well as environment-related products and services. See Note 7 herein.

## CYBERSECURITY

[GRI 102-33, 102-34, 418-1; L.11/2018]

Another phenomenon of technological disruption that seriously affects the areas that constitute our society has been added to the increasing dependence that companies and individuals have on information and communication systems: cybersecurity.

In this context, MAPFRE understands cybersecurity to be a key and priority element, perceiving it as a critical element in the protection of:

- Information regarding third parties (clients, employees and other stakeholders) that is provided by them so that the business may be carried out and they may be provided with the contracted services when needed.
- The information owned by MAPFRE that gives it a competitive advantage and/or brand value.
- The technological systems and the information that support the company's business processes.

The strategic guidelines that govern our cybersecurity-related activity are:

|                                      |                                                                                                                                                                                                                                                                                                                                  |
|--------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Protection against cyber risks       | <ul style="list-style-type: none"> <li>• Evaluation and improvement of cyber attack prevention, detection and response mechanisms.</li> <li>• Continuous development of Information Systems and Communications Networks protection mechanisms.</li> <li>• Evaluation and improvement of Disaster Recovery mechanisms.</li> </ul> |
| Proactive Privacy                    | <ul style="list-style-type: none"> <li>• Timely conformity with privacy regulations applicable in the different areas where we operate.</li> <li>• Centralization and concentration of capacities at the Corporate Office for Privacy and Data Protection (OCPD).</li> </ul>                                                     |
| Culture of cybersecurity and privacy | <ul style="list-style-type: none"> <li>• Activities to raise awareness of employees, clients and other stakeholders.</li> <li>• Educational and training activities for employees and agents.</li> </ul>                                                                                                                         |

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|                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Cybersecurity and privacy from the Start | <ul style="list-style-type: none"> <li>• Integrating cybersecurity and privacy in the life cycle of new initiatives of the company, guaranteeing protection by design and default, including analyzing the impact on privacy of new procedures and the corresponding implementation of controls and measures.</li> <li>• Evaluation of cybersecurity and privacy in processes covering the procurement of technology solutions and the contracting of technology services.</li> </ul> |
|------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

The lines of action include the protection of information when gathered, transmitted, stored or processed that makes it possible to exercise diligence when establishing preventive measures and detecting and responding to cyber attacks or business interruption incidents.

They also include mechanisms intended to provide early identification to monitor and respond to essential external factors that may necessitate modification in the protection needs of various assets:

- Cyber threats, with increasingly lower barriers for hackers and the more common appearance of systemic vulnerabilities and/or “day zero” and advanced attacks.
- Regulatory or legislative changes, such as the General Data Protection Regulation, or new security, privacy or data protection laws in the various countries in which MAPFRE operates, as well as the growing demand and requirements of large clients, with respect to protecting information in general and the personal data regarding its own clients in particular.
- Business initiatives associated with the need for agility and the use of new technological trends involved in the digital transformation of companies.

Furthermore, MAPFRE makes use of its cybersecurity capacity to generate added value in business terms through efforts such as process digitalization, harnessing the capabilities of electronic signatures, the technological fight against fraud or the defining and underwriting of cyber-risk products.

To implement its strategy in this area, MAPFRE has developed advanced capacities designed to enhance the Group’s cyber-resilience. These capacities include:

- Highly specialized and accredited personnel (MAPFRE has a total of 171 certifications in cybersecurity, and 71 certified employees), responsible for identifying, defining, designing and, where appropriate, implementing and operating the various security controls and the technological tools intended to protect the company's digital assets, as well as incorporating requirements,

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controls and functionality in the cybersecurity area (including privacy) within the company's new initiatives.

- Specific monitoring, detection and protection technologies covering security incidents that have been integrated into the corporate technology platform.
- Tools, methodologies and specialists continually reviewing and evaluating the level of cybersecurity, covering all assets and participants involved (information systems, people, etc.) and identifying deficiencies and absences of control in a timely manner.
- A General Control Center (CCG-CERT), integrated into the FIRST network and the CSIRT.es group, which receives alerts of global menaces and attacks for continuous monitoring (on a 24/7 basis) both of the information contained in the technology platform operated by MAPFRE as well as the information that it owns that is accessible via third-party systems, thereby allowing for the early detection of any cyber incidents and providing an agile response to them.
- Incident and crisis situation response plans, which are subject to constant and systematic updating.

MAPFRE has in place a Corporate Data Privacy and Protection Committee, a Corporate DPO (Data Protection Officer) and a specific area responsible for ensuring compliance with existing privacy and personal data protection regulations and for adequately protecting the privacy of the data entrusted to the company by clients and other stakeholders. Intense work was carried out over the course of 2018 in the following areas:

- Compliance with the European General Data Protection Regulation, with action taken through various transversal working groups at the corporate level as well as groups for specific companies and businesses.
- Timely compliance with the Brazilian Data Protection Act.
- Consolidation of the Corporate Office for Privacy and Data Protection (OCPPD), whose mission is to be the point of reference for all activities relating to privacy and data protection at MAPFRE, providing a single comprehensive view of the subject, encouraging uniformity in all processes and criteria relating to this area and improving its efficiency.

During 2018, one disciplinary proceeding was filed against MAPFRE ESPAÑA arising from infringements related to Private Data Privacy and Protection legislation. Another two incidents were reported to the Control Authority related to compliance with General Data Protection Regulation of the European Union (the GDPR).



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MAPFRE's stance on the subject of cybersecurity is integrated within the corporate security model, based on risk management and the comprehensive protection of tangible and intangible assets, via the establishment of measures linked to the value of these assets and also to all those elements that interact with same (people, information systems, facilities and processes).

**BRANDING AND REPUTATION**

Brand positioning is defined based on the company's business strategy, its vision and its corporate values.

Trust and global reach are the two overriding concepts that set our vision apart, and they must find their way into all related content, that is later adapted to the specifics of each market. This content is built up through activities such as advertising, communication or sponsorship, both in the conventional manner and digitally, as is amply demonstrated through the company's three principal corporate sponsorships: the MAPFRE team in the Volvo Ocean Race, Rafael Nadal and the Spanish Tennis Federation and the Renault F-1 team. These actions deliver greatly enhanced recognition. Which translates into brand awareness, recognition appreciation in each market.

As a result of these efforts, according to the "Top Empathic Brands 2018" study conducted by the consulting firm SUMMA, MAPFRE is seen as the fourth most empathic brand of those listed on the IBEX 35. Among other variables, this report analyzes the use of emotional intelligence and the skill to truly listen to and understand the public.

Furthermore, MAPFRE is the 31st most valuable insurance company in the world, according to the ranking compiled by the international consultancy firm Brand Finance. This ranking analyzes the 100 most valuable insurers for the point of view of brand recognition and the values that best enhance customer loyalty. In the same ranking, MAPFRE is the ninth most valuable brand in Spain. In this report, MAPFRE has showed a growth of 17 percent, reaching 2.8 billion euros.

Taking into account that a brand is how a company presents itself, and that reputation is how it is perceived, MAPFRE is conscious that reputation is an intangible element that contributes value to companies.

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MAPFRE uses the Reprtrak methodology, produced by the Reputation Institute, regarding its reputation among the general public. Reputation is measured monthly with this report, considering seven factors (proposal, innovation, work, integrity, citizenship, leadership and finances) that allow for subsequent measurement of the attributes of the brand. MAPFRE finished the year with a strong global reputation based on this methodology.

Furthermore, MAPFRE was included in the ten companies with the best reputation, and first in the insurance sector, on the Business Corporate Reputation Monitor (MERCO). The company is among the top 100 in Argentina, Mexico, Panama and Peru. MAPFRE in Spain moved to the 9th position in the Merco Talent ranking, and once again leads the insurance sector, while in Peru and Argentina it remains one of the 100 best-rated companies.

Also, MAPFRE S.A. Has obtained the prestigious “Equality in Business” designation awarded by the Spanish Ministry of Health, Social Services and Equality after extensive evaluation of all equality measurements, and MAPFRE ESPAÑA maintains its certification as a Family Responsible Business (EFR).

MAPFRE was also recognized as the Best Place to Work in Brazil, Mexico, Peru, Guatemala, Costa Rica, Nicaragua, and generally speaking, in Latin America including Ecuador. In Brazil, it was also considered the “Best Workplace for Women”.

For the sixth consecutive year, MAPFRE was also considered the most recognizable insurance company based on a study conducted by Randstad, while *Actualidad Económica* ranks it as 11th among the best places to work in Spain.

Lastly, it should be noticed that MAPFRE belongs to CORPORATE EXCELLENCE, a platform composed of a relevant group of multinationals working to promote and measure corporate branding and reputation management as strategic values for companies. This enables us to share best practices and to discover the latest trends in this field. Furthermore, a worldwide level reputation working group was created in 2018 that has begun working on the management model that will be followed over the coming years.

6.5. NATURAL DIMENSION

|                                                                                                                                                                                                     |                                                                                                                                                                                                                 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>WE ARE ECOEFFICIENT</b>                                                                                                                                                                          | MAPFRE is a company that is deeply committed to its environment. We take care of our environmental footprint, we have a strategy for action against climate change and we are firmly committed to biodiversity. |
| What are we working on to create value? <ul style="list-style-type: none"><li>• Environmental strategy model</li><li>• Climate change action strategy</li><li>• Biodiversity Preservation</li></ul> |                                                                                                                                                                                                                 |

| STRATEGY MODEL                                                                      |        |
|-------------------------------------------------------------------------------------|--------|
| Volume of premiums managed using MAPFRE'S environmental management system (SYGMAYE) | 60.73% |

ENVIRONMENTAL STRATEGY MODEL

[GRI FS1, FS3, FS4, FS9; L.11/2018]

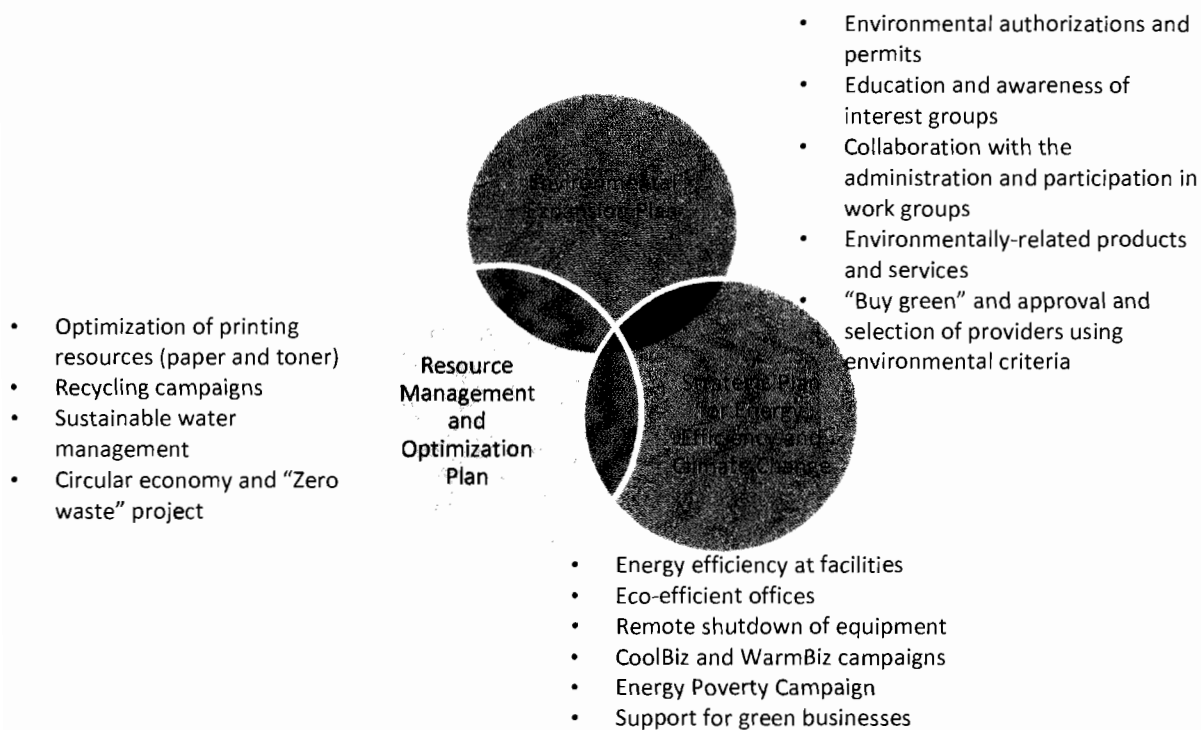
MAPFRE has an Environmental Policy in place approved by the MAPFRE S.A. Board of Directors on December 13, 2018 and implemented in all companies, primarily through the Triple Integrated System designed in accordance with international standards ISO 14001, ISO 50001 and ISO 14064 for Environmental, Energy and Carbon Footprint Management (SIGMAYE).

This system provides a common benchmark for managing all the aspects associated with environmental sustainability, including energy and greenhouse gas effects, and environmental plans are derived based on it that cover the activities of the Group directed at minimizing environmental, energy and carbon footprint impact.

The socioeconomic environment of the country, the size of the company in terms of business volume, the uniqueness of the existing buildings, the number of employees, the legal environmental requirements and the degree of implementation of the Security and Environmental function are among the criteria that are considered when selecting plans and programs for each of the entities of the Group.

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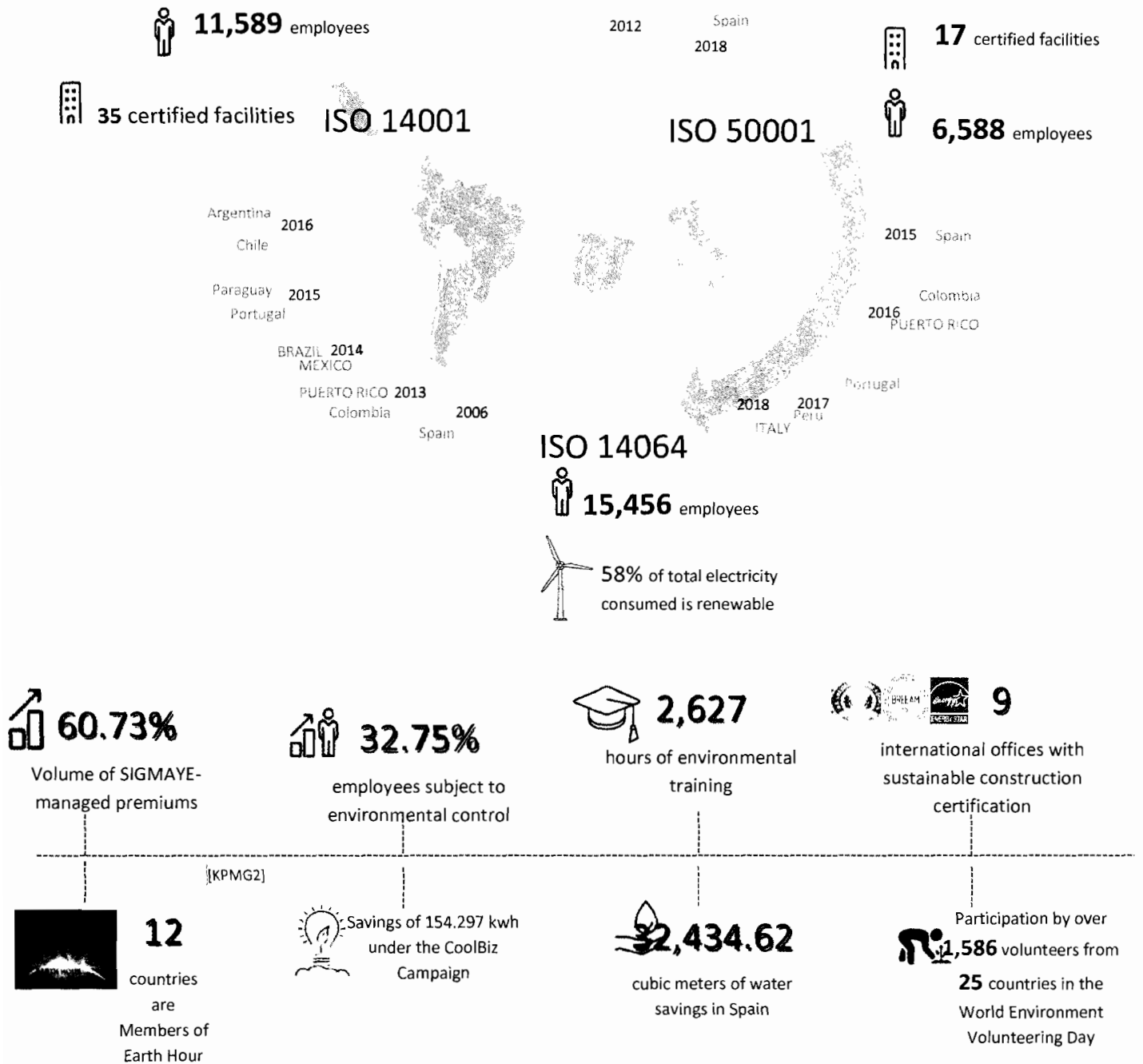
The following table shows the development of SIGMAYE across various concepts over the last three years.

|                                                                            | 2018   | 2017   | 2016   |
|----------------------------------------------------------------------------|--------|--------|--------|
| Employees working under environmental management certification (ISO 14001) | 11,589 | 11,369 | 10,620 |
| Employees working under energy management certification (ISO 50001)        | 6,588  | 4,885  | 4,233  |
| Employees working under carbon footprint verification (ISO 14064)          | 15,546 | 12,701 | 12,720 |

60.73 percent of the premium volume of the company was managed using this system in 2018.

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SIGMAYE: development and principal



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**CLIMATE CHANGE ACTION STRATEGY**

| CLIMATE CHANGE STRATEGY                                       |     |
|---------------------------------------------------------------|-----|
| Reduction of tons of CO <sub>2</sub> compared to the baseline | 51% |

[GRI 201-2; 302-1, 302-2, 302-3, 302-5, 305-1, 305-2, 305-3, 305-4, 305-5, FS2, FS5] L.11/2018]

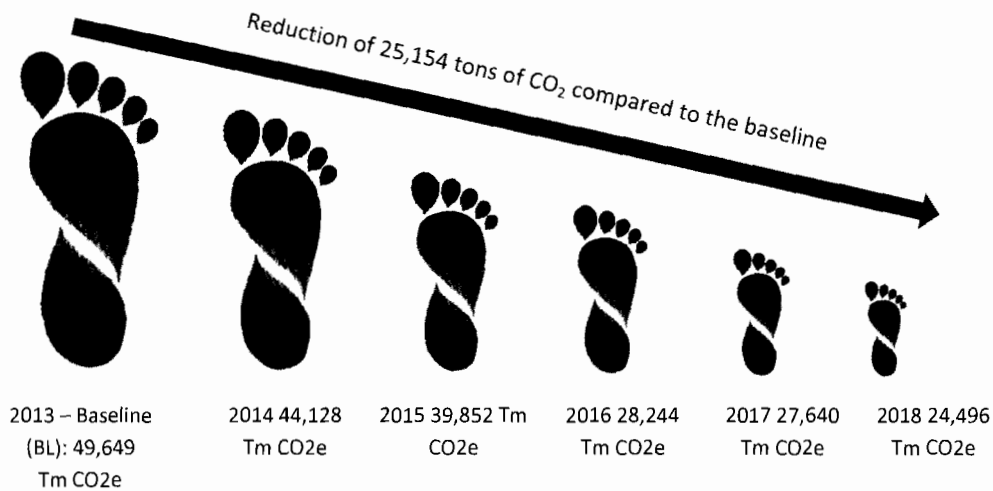
Contributing to a decrease in the greenhouse gas emissions generated by the organization in the course of its activity is considered to be both a challenge and an opportunity for the Group. It also represents a key element in its actions concerning environmental responsibility.

The Group's wish to play a relevant role in this challenge means drawing up a short-, medium- and long-term strategy that minimizes the relevant identified risks and promotes the execution of detected opportunities. To this end, MAPFRE performs a continuous analysis of weather trends and of the global context. The following climate-related risks are relevant for the company:

- Physical risks: frequency and impact of severe and chronic meteorological phenomena;
- Transition risks: evaluation of current and emerging regulatory pressure and instability of legal bases; changes in market trends; pressure and performance of interest groups in terms of reputation.

MAPFRE has an Energy Efficiency and Climate Change Strategic Plan with a time horizon of 2020, calling for the reduction by 20 percent of tons of CO<sub>2</sub> in the carbon footprint of the Group in 2013 (reduction of 14,710,519 kWh and 9,924 tons of CO<sub>2</sub>e compared to base year 2013). This target was reached three years ahead of plan. At the close of 2018, a reduction of 51 percent compared to the baseline was achieved in the nine countries.

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## Scope:

Countries included: Spain, Argentina, Brazil, Chile, Colombia, USA, Mexico, Puerto Rico and Turkey.

Categories included: Scope 1 (natural gas, building diesel, fuel for company vehicles); Scope 2 (electricity); Scope 3 (paper consumption, emissions avoided thanks to recycling paper and company trips within MAPFRE Spain).

Achieving the objectives of the plan has led the company to assume new commitments. Short-, medium- and long-term objectives have been set with a time horizon to 2050, the year in which the Group is seeking to reach neutrality in emissions of CO<sub>2</sub>. However, the Group is studying the possibility of bringing that date forward.

Linked to the Group's transparency and performance regarding this issue, these actions led to the CDP recognizing the MAPFRE Group as a leading global company in the fight against climate change.

In 2018, MAPFRE joined the United Nations Environment Program Finance Initiative (UNEP FI), along with 15 other leading insurers, in order to assess the impact of climate change and to incorporate the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in the insurance industry. This working group is developing a series of tools to assess the risks, to provide relevant information to investors about the effects of this global phenomenon, and to help in the transition toward low-carbon climate-resistant societies and economies.

The Carbon Footprint derived from the Group's activities includes both direct and indirect emissions.

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The following greenhouse gas effects are reported: CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCS, PFCS, SF<sub>6</sub>, NF<sub>3</sub>, for the three scopes under the GHG Protocol and ISO Standard 14064:

| MT CO <sub>2</sub> eq  | 2018(**)  | 2017(**)  | 2016(*)   |
|------------------------|-----------|-----------|-----------|
| Scope 1                | 10,330.06 | 13,271.93 | 13,445.24 |
| Scope 2 (market-based) | 16,214.91 | 15,495.87 | 19,267.39 |
| Scope 2 (local-based)  | 35,900.94 | 28,719.05 | 31,399.33 |
| Scope 3                | 26,435.20 | 28,719.05 | 31,399.33 |

(\*) 2016: Data for Spain, Argentina, Brazil, Chile, Colombia, USA, Mexico, Puerto Rico, Turkey, Costa Rica, El Salvador, Nicaragua, Honduras, Panama, Guatemala, Ecuador, Dominican Republic, Paraguay, Uruguay, Peru, Venezuela, Portugal, Philippines and Malta.

(\*\*) 2017 & 2018: Data for Spain, Argentina, Brazil, Chile, Colombia, USA, Italy, Mexico, Puerto Rico, Turkey, Costa Rica, El Salvador, Nicaragua, Honduras, Panama, Guatemala, Ecuador, Dominican Republic, Paraguay, Uruguay, Peru, Venezuela, Portugal, Philippines, Malta and Germany.

(\*\*\*) Data for Scope 3 in 2016 and 2017 was modified in the last report to include new categories.

| PERFORMANCE INDICATORS |                             |             |      |      |      |
|------------------------|-----------------------------|-------------|------|------|------|
| ITEM                   | Unit                        | GRI         | 2018 | 2017 | 2016 |
| Emissions Employee     | MTCO <sub>2</sub> /employee | [GRI 305-4] | 1.59 | 1.67 | 1.83 |
| Emissions activity     | TonCO <sub>2</sub> /premium | [GRI 305-4] | 2.78 | 2.95 | 3.23 |

For more information about the consumption and management of waste, please see Note 3 of the Annex to this document.

| Biodiversity Preservation                                   |                                                    |
|-------------------------------------------------------------|----------------------------------------------------|
| Corporate volunteering day: "Everybody for the Environment" | 1,720 trees planted<br>35m tons of trash collected |

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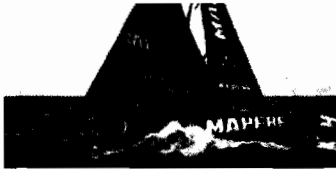


## BIODIVERSITY PRESERVATION

[GRI 304-2, FS4; L.11/2018]

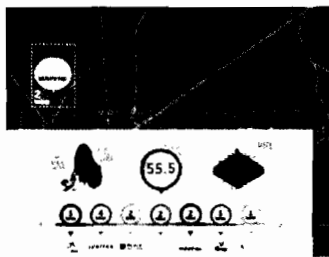
The consequences of climate change on ecosystems prompted the Group to assume a firm commitment to conservation of the environment and preservation of biodiversity for which, under the slogan “Without biological diversity there is no economic diversity”, it has signed up to the Biodiversity Pact of the Spanish Companies and Biodiversity Initiative and has undertaken various activities contributing to conservation.

This is why MAPFRE is firmly committed to the protection of the environment and the conservation of biodiversity, as demonstrated by its involvement in various initiatives to protect ocean habitats and marine wildlife:

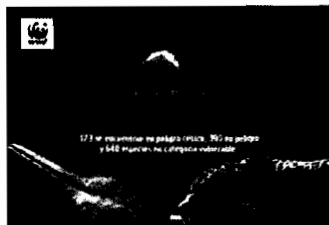


The MAPFRE boat participating in the Volvo Ocean Race in 2018 was a highlight, joining the UN's #CleanSeas campaign. Under the theme “Turn the Tide on Plastic”, the stopovers on the regatta were turned into seven ocean summits to raise awareness, issue calls for action and present solutions to stop plastic pollution of the world's oceans,

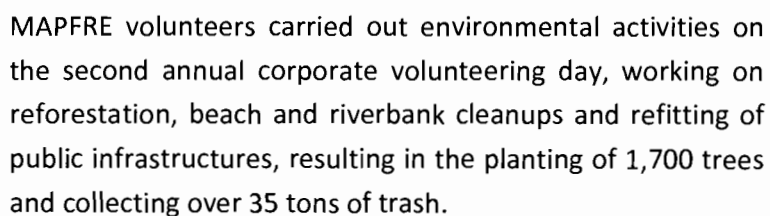
which has promoted the reduction in use of plastic bottles at MAPFRE in Spain.



The company has also jointed the *100 Empresas por los bosques* (100 Business for the Forests) initiative for the second year, contributing to the preservation of biodiversity and regeneration of vegetation by sponsoring the reforestation of two hectares in the Doñana Nature Park.



Also worthy of mention is MAPFRE's collaboration, for the fourth year running, with the NGO WWF Spain for the conservation of biological diversity with the participation of employees that select the species and habitat to be protected.



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## 6.6. SOCIAL AND RELATIONAL DIMENSION

### WE ARE COMMITMENT

This is the attribute that best defines us, not only with our interest groups, but also with society at large and the people we interact with. We have taken on the challenges of the UN 2030 Agenda.

#### What are we working on to create value?

- Management of the relationship with stakeholders.
  - Stakeholders
  - Stakeholder engagement channels
- International commitments relating to sustainability undertaken by MAPFRE
  - 2030 United Nations Agenda and Human Rights
- Social footprint: Social Value, Shared Value

### MANAGEMENT OF THE RELATIONSHIP WITH STAKEHOLDERS

[GRI 102-40, 102-42, 102-43, 102-44, 103-1, 103-2; L.11/2018]

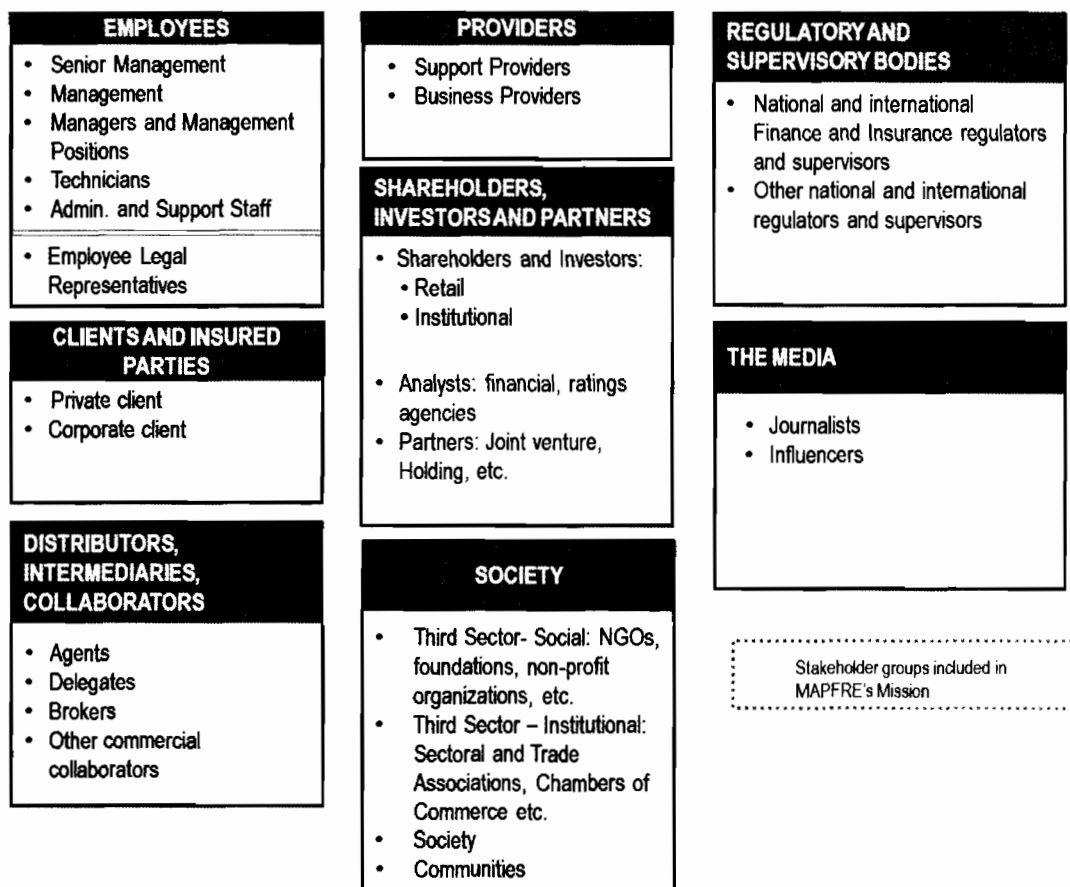
#### Stakeholders

For MAPFRE, its stakeholders are the individuals, groups, and organizations with legitimate interests which could potentially be directly or indirectly impacted by the company's decisions or activities, and possibility influence the company's ability to reach its goals and sustainability in the long term.

MAPFRE's vision is to be the most trusted global insurance company, while its vision is to act as a team working to continually move forward in service provision and to forge solid relationships with clients, distributors, providers, shareholders, and society in general, basing its activity on the values which characterize it as a company: leadership, and team commitment.

Therefore, MAPFRE's strategy with different stakeholders comes from the definition of MAPFRE's vision and mission, with the intention of building long-term trust-based relationships founded in commitment and dialogue, enacted from the perspectives of integrity, responsibility, and transparency, thereby contributing to the sustainable creation of value which motivates the Group.

The following map is a basic representation of MAPFRE's most relevant stakeholders:



### Relationship channels

[GRI 102-43, 102-44, 407-1; L.11/2018]

Management of relationships with stakeholders involves multiple factors, including having adequate relationship channels available. Some of the most relevant such channels that MAPFRE has established with its strategic stakeholders are shown here.

| Relationship channels        |                                        | Stakeholder groups included in MAPFRE's Mission |                                   |                                                   |           |           |         |
|------------------------------|----------------------------------------|-------------------------------------------------|-----------------------------------|---------------------------------------------------|-----------|-----------|---------|
|                              |                                        | Shareholders<br>/ Investors<br>and partners     | Clients and<br>Insured<br>Parties | Distributors,<br>Intermediaries,<br>Collaborators | Employees | Providers | Society |
| Surveys and<br>consultations | Materiality survey                     |                                                 |                                   |                                                   |           |           |         |
|                              | Great Place to Work (GPTW)             |                                                 |                                   |                                                   |           |           |         |
|                              | Other surveys and consultations        |                                                 |                                   |                                                   |           |           |         |
| Face-to-face                 | Participation or representation bodies |                                                 |                                   |                                                   |           |           |         |
|                              | Regular meetings                       |                                                 |                                   |                                                   |           |           |         |
|                              | Lectures                               |                                                 |                                   |                                                   |           |           |         |
|                              | Offices                                |                                                 |                                   |                                                   |           |           |         |
| Corporate<br>email           | Generic and public email               |                                                 |                                   |                                                   |           |           |         |
|                              | Specific for stakeholders              |                                                 |                                   |                                                   |           |           |         |
|                              | Complaints and grievances email        |                                                 |                                   |                                                   |           |           |         |
|                              | Whistleblower email                    |                                                 |                                   |                                                   |           |           |         |
| Website/online<br>portals    | Corporate and country                  |                                                 |                                   |                                                   |           |           |         |
|                              | Specific for stakeholders              |                                                 |                                   |                                                   |           |           |         |
|                              | Internet Office                        |                                                 |                                   |                                                   |           |           |         |
|                              | Corporate Intranet                     |                                                 |                                   |                                                   |           |           |         |
|                              | Other online tools                     |                                                 |                                   |                                                   |           |           |         |
|                              | Mobile apps                            |                                                 |                                   |                                                   |           |           |         |
| Magazines and<br>bulletins   | Corporate                              |                                                 |                                   |                                                   |           |           |         |
|                              | Specific for stakeholders              |                                                 |                                   |                                                   |           |           |         |
| Telephone                    | Specific for stakeholders              |                                                 |                                   |                                                   |           |           |         |
| Social<br>networks           | Social networks.                       |                                                 |                                   |                                                   |           |           |         |

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### Investor and shareholder relationship channels

Among the initiatives taken in 2018 to improve relationships with shareholders and investors, the following are noteworthy:

- Within the framework of the “MAPFRE Shareholders, a unique value,” meetings were held in Madrid and Barcelona to outline business performance to shareholders, and handle any comments or questions that arose.
- In conjunction with Club MAPFRE, the “We take care of our shareholders” campaign was launched, with at least 1,000 options offered to the beneficiaries of the loyalty program.
- A quarterly bulletin on the website containing updated information on MAPFRE, its results, and main corporate news.
- The “Shareholders and Investors” section on the website has been restructured to include the new “Shareholders space” which features new content such as the “Equity Story” - a global vision of the company's performance, transcripts of quarterly results presentations, a selection on debt issues, as well as a diary highlighting the most relevant events coming up.

| Summary of communications activity with shareholders and investors during 2018: |                                 | Summary of communications activity with financial markets during 2018: |                            |                     |
|---------------------------------------------------------------------------------|---------------------------------|------------------------------------------------------------------------|----------------------------|---------------------|
| Relationship Channel                                                            | No. of interactions             | Relationship Channel                                                   | No. of actions carried out | No. of participants |
| Call the shareholder telephone number (toll-free 900 10 35 33)                  | 1,079 consultations             | Lectures                                                               | 18                         | 168                 |
| The corporate website and the email address relacionesconinversores@mapfre.com  | 254 requests handled            | Meetings with investors                                                | 56                         | 147                 |
| Shareholder forum                                                               | 192 visits<br>118 unique visits | Meetings with analysts                                                 | 119                        | 165                 |
|                                                                                 |                                 | <b>TOTAL</b>                                                           | <b>193</b>                 | <b>480</b>          |

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### Insured and client relationship channels

Gaining an understanding and familiarity with clients' needs stands out as one of MAPFRE's strategic pillars. That is why special bi-directional communication channels have been created, including:

- The network of offices devoted to personalized, face-to-face assistance for clients and policyholders:
  - Own offices: 5,256 direct and delegate
  - 7,270 bancassurance offices
  - Over 86,500 representatives, agents, and brokers
- More than 50 contact centers worldwide
- MAPFRE's webpage and internet office (in website and mobile app formats) are digital tools through which clients may consult and manage personal data and contracts, communicate and handle claims, request and solicit documentation, initiate contact, etc.
- The complaints and grievances channel can be accessed via web/email, by post, and using forms available at our offices.

### Employee and workers' representatives relationship channels

[102-41, 402-1, 403-1, 407-1]

- Direct and continuous communication is open with employees, with all relevant matters reported and opinions taken into account; we request active participation through a number of different channels, such as:
  - The corporate intranet features all the news related to the Group and its endeavors, and also has contact forms, blogs, forums, places for sharing opinions, and @Ane, our virtual assistant, who responds to consultations from our employees and assists them in the use of the diverse intranet resources and functions.
  - The Great Place to Work survey allows employees to share opinions on many different aspects of the company and their jobs.
  - The materiality survey was designed in order to determine which sustainability aspects are deemed crucial.
- Relationship management with employee representatives: 65 percent of the staff is represented by labor representatives, which is a great deal higher than the

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average representation in other countries. In Germany, Spain, and Italy MAPFRE's employees enjoy the highest percentage of representation: 91.68 percent, 96 percent, and 97.84 percent.

Collective bargaining is not structured in the same manner in all the countries in which MAPFRE is present, as not all have applicable Collective Bargaining Agreements in place due to local legislation, social conditions, or the type of business/sector permitting their implementation. Therefore, 20,818 MAPFRE employees are included in collective bargaining agreements in 14 countries: Germany, Argentina, Australia, Belgium, Brazil, Spain, France, Greece, Italy, Malta, Peru, Portugal, Uruguay, and Venezuela.

The coverage of MAPFRE employees in the following countries is a high percentage.

| COUNTRY   | % EMPLOYEES WITH COLLECTIVE BARGAINING AGREEMENT |
|-----------|--------------------------------------------------|
| Germany   | 91.50                                            |
| Argentina | 78.02                                            |
| Australia | 100.00                                           |
| Brazil    | 99.63                                            |
| Spain     | 100.00                                           |
| France    | 85.00                                            |
| Greece    | 100.00                                           |
| Italy     | 98.08                                            |
| Portugal  | 87.89                                            |
| Uruguay   | 100.00                                           |
| Venezuela | 100.00                                           |

The relationships between legal representatives and workers are handled through the following channels:

- Company participation bodies with the workers' representatives and formal committees.
- Periodic meetings agreed by both parties.
- Direct contact by phone or email, thereby fostering fluid relationships and continuous negotiation.

Workers' representatives communicate with them via specific email addresses or on the internet, by visiting work centers, specific meeting rooms or assemblies organized by the company to foster fluid communication and dialogue with its employees.

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In 2018, the main collective bargaining agreements reached with the workers' representatives were: (i) Spain: the 2018-2021 MAPFRE Group Insurance Agreement, (ii) Argentina: 2018 Salary Agreement, (iii) France: Internal Regulations on Gender Equality, (iv) Mexico: Review, negotiation, signing, and filing of the Collective Labor Agreement, and (v) Germany: Company Organization. All the above agreements deal with workplace conditions, remuneration, company organization, training, equality and health, and work-related risk prevention, among others.

#### **Distributor relationship channels:**

To improve relationships with distributors, the following specific channels are available:

- Online tools which facilitate and speed up sales processes
- Broker portals featuring resources and tools which favor sales activity
- Meetings and video-conferences

#### **Provider relationship channels**

To forge stronger bonds and improve communication with providers, the following specific channels are available:

- Web platform and specific sites, such as the Corporate Purchasing portal and Sygris, devoted to managing relationships with providers.
- Parties responsible for providers and specific work groups which oversee these relationships,
- Specific newsletters.

#### **Regulatory authorities and Institutional Framework supervisors**

- **Relationships with governments and authorities**

MAPFRE conducts its business activities in the full observance of the current legislation, the regulatory bodies and all the authorities in the countries where it operates, and takes a neutral stance with regard to the different political options.

The company's actions are adapted to the principles of ethical, transparent and socially-committed conduct governing private entities during the appropriate development and progress wherever it is present.

- **Collaboration with sector and business organizations**

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Beyond strict compliance with legislation and contracts, and their related obligations, MAPFRE collaborates and participates in business and sector organizations to gain a more comprehensive and global vision of the setting in which the insurance industry operates, as well as its impacts, risks, and opportunities, while at the same time permitting it to gain an understanding of an ever-complex, interconnected social and economic fabric.

Collaborating within this institutional environment fosters the establishment of orderly and inclusive dialogue with certain stakeholders on matters material to their activity, which thereby enables making greater contributions to value thanks to the forging bonds with stakeholders in general, and specifically, with regulatory authorities and bodies.

As part of this endeavor, at all times it fosters the Group's values and Code of Conduct and Ethics. Integrity understood as imposed ethical, socially-responsible, behavior which generates long-term commitments, is projected as a key value within MAPFRE's institutional bodies.

The MAPFRE Group belongs to the following Foundations, Chambers of Commerce, and other non-profit organizations, through which it carries out its institutional activities:

| Entity                                                                        | Country       |
|-------------------------------------------------------------------------------|---------------|
| Spanish Chamber of Commerce                                                   | Spain         |
| Spanish Confederation of Business Organizations - CEOE                        |               |
| Spanish Union of Insurance and Reinsurance Entities (UNESPA)                  |               |
| FEDEA. Foundation for Applied Economics Studies                               |               |
| Cooperative Research among Insurance Entities and Pension Funds (ICEA)        |               |
| Association of Collective Investment Institutions and Pension Funds (INVERCO) |               |
| IDIS Foundation (Health Integration Development Institute)                    |               |
| Spanish Confederation of Entrepreneurs - CEAT                                 |               |
| Spanish Confederation of Young Businesspeople                                 |               |
| Latin American Business Alliance Council – CEAPI                              |               |
| Latin American Business Foundation                                            |               |
| Brazilian-Spanish Chamber of Commerce                                         |               |
| American Chamber of Commerce in Spain                                         |               |
| Spanish Business Association Asean - ASEMPEA                                  |               |
| Hispano-Turkish Chamber of Commerce                                           |               |
| National Federation of General Insurance FENSEG                               | Brazil        |
| Federação Nacional de Capitalização-FENACAP                                   |               |
| Federação Nacional de Saúde Suplementar-FENASAÚDE                             |               |
| Federação Nacional de Previdência Privada e Vida-FENAPREVI                    |               |
| Federação Nacional das Empresas de Resseguros-FENABER                         |               |
| Mexican Insurance Institution Association                                     | Mexico        |
| Massachusetts Insurance Federation Inc.                                       | United States |
| Ohio Insurance Institute                                                      |               |

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|                                                            |             |
|------------------------------------------------------------|-------------|
| Insurance Association of Connecticut                       |             |
| New York Insurance Association                             |             |
| National Association of Mutual Insurance Companies (NAMIC) |             |
| Puerto Rico Association of Insurance Companies             | Puerto Rico |
| Puerto Rico Chamber of Commerce                            |             |
| Insurance Association of Turkey - TSB                      | Turkey      |
| Ticaret Odasi Aidati                                       |             |
| Associazione Nazionale Imprese Assicurazione –ANIA         | Italy       |
| Gesamtverband der Deutschen Versicherungswirtschaft-GDV    | Germany     |
| Industrie und Handelskammertag - IHK                       |             |

MAPFRE is also a member of the following European/global sector organizations:

| Entity                                       |
|----------------------------------------------|
| Institute of International Finance (IIF)     |
| CCO Forum                                    |
| CRO Forum                                    |
| Pan-European Insurance Forum                 |
| The Geneva Association                       |
| European Financial Services Roundtable (EFR) |
| International Insurance Society              |
| Global Reinsurance Forum-GRF                 |

Expenditure on contributions to sectorial and institutional entities listed amounted to approximately 3 million euros in 2018.

**Relationship channels common to all stakeholders: presence on social networking sites**

MAPFRE has a social network community comprising 2,366,161 users, 15.06 percent more than the previous year. In 2018, more than 15,125 items were published on different social networks, and users interacted 13,790,643 times with MAPFRE profiles. On Facebook alone, 800 million users were reached, and content was viewed more than 1.07 billion times, generating an engagement rate of 1.211 percent.

|               | FB         | TW      | IG      | YT     | LK      | TOTAL      |
|---------------|------------|---------|---------|--------|---------|------------|
| Followers     | 1,978,182  | 124,802 | 39,024  | 23,828 | 200,325 | 2,366,161  |
| Posts         | 6,078      | 7,216   | 1,579   | 252    |         | 15,125     |
| Interactions* | 13,301,222 | 87,672  | 277,691 | 24,058 |         | 13,690,643 |

\* Interactions on each network have been used.

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## Success stories:

- Corporate Bot

4,500 **recorded** interactions Information for journalists is the most requested item, and specifically, press releases. The most consulted item within shareholder information was the **share price**.

- Rafa Nadal automatic responses

This bot provides automatic responses with information on the matches that Rafa Nadal is playing. 1,700 mentions of 564 separate writers and about 1,038 interactions were recorded.

- Fundación MAPFRE Bot

The Fundación MAPFRE Culture Bot provides basic information on how to enjoy its exhibits, and has recorded a total of 52 interactions since October. The most requests were received for information on educational activities.

- Economic KPI

An economic KPI has been developed to measure brand presence on Social Networks economically, which represents the investment that you would need to get the impressions that you have obtained. The economic value of MAPFRE's presence on Facebook is over 2.5 million euros.

## INTERNATIONAL COMMITMENTS RELATING TO SUSTAINABILITY UNDERTAKEN BY MAPFRE

[GRI 102-12, 102-13; L.11/2018]

### Benchmark international initiatives assumed by MAPFRE

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United Nations Global Compact: This commitment entails integrating within its management the 10 principles of action related to human rights, as recognized in the International Bill of Human Rights, labor rights, the environment and the fight against corruption. The MAPFRE Progress Report for 2018 obtained the maximum "Advanced" rating classification.

In 2004, MAPFRE signed up to this initiative and is a member of the Global Compact Spanish Network.

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United Nations Environment Program Finance Initiative (UNEPFI): This initiative develops and fosters links between the environment, sustainability and financial performance, identifying and promoting the adoption of the best environmental and sustainability practices at all levels of a financial institution's operations.

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Principles for Sustainable Insurance (PSI): A set of specific principles for the insurance industry, geared to managing and monitoring risks and opportunities associated with environmental, social and governance (ESG) issues.

Within this framework, MAPFRE has undertaken the general commitment of the insurance industry to support the United Nations Plan of Action on Disaster Risk Reduction for Resilience.

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Paris Pledge for Action: The commitment to achieve a safe and stable climate in which the rise in temperature is limited to below 2 degrees centigrade. Signatories also undertake to adopt immediate measures to reduce their greenhouse gas emissions to a safe level.

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Principles for Responsible Investment (PRI) of the United Nations: this initiative aims to understand the impact that environmental, social and governance aspects have on investments, and advise signatories on how best to incorporate same into their decision-making.

The Group has decided to progressively these principles with its investment policy.

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MAPFRE is also a signatory to the Carbon Disclosure, Water Disclosure and Carbon Action Programs which form part of the Carbon Disclosure Project (CDP).

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### **United Nations Sustainable Development Goals 2030 and Human Rights**

[GRI 406-1, 407-1, 408-1, 409-1, 410-1, 411-1, 412-1, 412-2, 412-3, 413-1, 413-2; L.11/2018]

MAPFRE has publicly reaffirmed its commitment to the 2030 United Nations Agenda, with the understanding that respect for human rights is a crucial aspect for sustainable development, and in fact, are present in each of the Agenda goals. The Agenda is based on prosperity, the planet, and people.

### Commitment to Human Rights

MAPFRE has been a member of the United Nations Global Compact since 2004, and is committed to seeing that its ten principles are woven into the fabric of the organization, and shared with its closest collaborators.

This means that within its scope of influence, it acts decisively in favor of the defense of human rights as outlined in the International Bill of Human Rights; it establishes the appropriate control mechanisms to ensure that by action or omission, no Group companies are involved in the infringement of these rights, all contemplated within the framework of the UN's Guiding Principles on Business and Human Rights.

Similarly, in regard to the principles related more specifically with the protection of workers' rights, MAPFRE's adhesion to the Global Compact directly commits the Group to the respect, defense and protection of human rights in the conventions of the International Labor Organization (ILO) and the Declaration on Fundamental Principles and Rights at Work. MAPFRE, and the people in it who are tasked with ensuring that these obligations are strictly fulfilled, therefore undertakes to

- Avoid practices that are discriminatory or harm people's dignity.
- Reject child labor and forced or compulsory labor.
- Respect its employees' freedom of union, association and collective bargaining and the role and responsibilities that apply to workers' representation in accordance with the current legislation in each country.
- Offer decent employment.
- Implement supervisory procedures that allow the detection, with due diligence, of any possible situations of risk of human rights violations, and the introduction of mechanisms to prevent and mitigate these risks.

Protecting human rights is linked to the Group's internal regulations, approved at the utmost level of organizational hierarchy; they expressly state MAPFRE's Institutional, Business, and Organizational Principles, its Code of Conduct and Ethics, and Corporate Social Responsibility Policies. This approach is bolstered thanks to participation in noteworthy international initiatives in which MAPFRE is involved, or assumes an express role. *(See page 132 of this report, and Note 8 of the complementary information.)*

MAPFRE does everything within its power to involve company stakeholders, especially its providers and contractors, in this commitment.

MAPFRE's Ethics Committee is responsible for ensuring implementation of the MAPFRE Code of Ethics and Conduct and for supervising compliance with same. In 2018, this committee did not receive any complaints related to human rights, as established in MAPFRE's Code of Ethics and Conduct. Additionally, in 2018, four

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## SUSTAINABLE

complaints were received related to harassment, for which the corresponding protocol was activated, with the result being that all four were resolved (see section on Code of Ethics and Conduct).

Furthermore, in the Corporate Social Responsibility area, the Corporate Sustainability Committee oversees compliance with these policies as well as sustainable strategies.

### Measures adopted to guarantee respect for human rights

Apart from guaranteeing and monitoring compliance with internal regulations, in which the Group's Compliance area is involved, MAPFRE also has due diligence mechanisms in place to facilitate the control and evaluation of Human Rights, among others:

- In 2016, self-assessment of its impact took place, based on The UN Guiding Principles on Business and Human Rights prepared by the Spanish Global Compact Network.
- This analysis of materiality is done annually, and features a special section on Human Rights. During 2018, **"Compliance with and respect for human rights"** was considered a material matter; the perception of the stakeholders consulted (collaborators, providers, distributors, and clients) on MAPFRE and how it is approaching this matter is quite positive. (See section 7.4.)
- The Financial and Accounting Whistleblowing Channel is available to employees and through different channels in order to notify lack of compliance with the Code of Conduct and Ethics, available to all employees and providers. (See page 54.)
- Specific channels and means designed to protect customer rights and handle their complaints. (See page 54.)
- Analysis of environmental, social, and governance risks (ESG) affecting the business and sustainable investments and RepRisk report, making it possible to identify, evaluate, and monitor business conduct risks and ESGs involved in human rights, work, the environment, and corruption, among others. (See page 62.)
- Internal systems and procedures established to detect signs of corruption, and prevent fraud/money laundering. (See page 58.)
- To manage its people, MAPFRE's specific mechanisms are designed to guarantee equality and the lack of workplace discrimination, and salary improvements, among others: global/standardized processes, performance evaluations, satisfaction and working environment surveys, progress

## SUSTAINABLE

assessments, and anti-harassment protocols implemented within the Group. (See Human Dimension, page 85.)

- MAPFRE's security and workplace safety prevention model is participative, and involves the proper legally-established representative channels, and health and safety committees involving management and employees; these were all created to help control and assist this area.
- MAPFRE has a Healthy Company model, created based on current international directives, where risk factors that at the statistical level cause most deaths, illnesses and suffering in the world are identified and worked on so as to lower their incidence among workers.
- It also has an environmental management system designed in line with international ISO 14001, ISO50001, and ISO 14064 standards.
- MAPFRE has specifically-designed approval processes for its providers, including areas related to human rights, non-discrimination, and compliance with environmental and workplace regulations.
- MAPFRE fosters seamless dialogue between its employees and their legal representatives by providing specific email addresses or on the internet, by visiting work centers, specific meeting rooms or assemblies organized by the company to foster fluid communication and dialogue with its employees.

For further information, see Note 8 of the summary of compliance with Global Compact Principles and MAPFRE's due diligence measures.

MAPFRE assumes the involvement of its stakeholders as part of its commitment, and as such, fosters awareness and offers training to them. Since 2017, it has offered a course which was specifically designed by the Spanish Network of the World Covenant of the United Nations to train company staff and providers. During 2018, a total of 5,900 employees and 104 providers took part.

MAPFRE also is committed to a policy of continuous, open, and honest communication with its stakeholders and any other groups potentially affected by the company's activities.

### 2030 United Nations Agenda and Sustainable Development Objectives

The insurance sector is "key for sustainable growth;" for this reason, MAPFRE is fully committed to the United Nations road map, and to comply with and foster its Sustainable Development Goals (SDG).

Its work related to SDG is framed against the Group's 2016-2018 Sustainability Plan, which over this time was focused on:

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## SUSTAINABLE

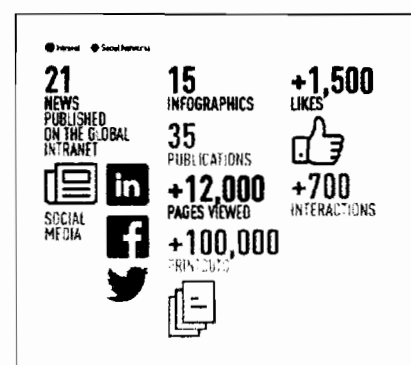
- **Determining SDG activities is a priority for MAPFRE;** based on United Nations recommendations, and contemplating the company's strategic and sustainability plans, a total of 9 further SDG were identified as linked to the company's activity.

Work progressed on these goals during 2018, with those subject to the company making the biggest contribution identified. Nonetheless, we are firmly committed to moving forward in pinpointing indicators which will allow the company to present a specific report on its contribution and alignment with the upcoming 2019-2021 Sustainability Plan.

## PRIORITY SUSTAINABLE DEVELOPMENT GOALS FOR MAPFRE



- **Communication and awareness of the 2030 Agenda: progress on the internal and external communication of the SDG thanks to the Companies4SGDs program,** sponsored by the Spanish Network of the World Covenant of the United Nations, as part of the collaboration with IMPACT2030. Each month, a news item on this specific matter has been published on the global intranet, with details provided on MAPFRE's contributions, and even more important, offering recommendations to help employees become part of the 2030 Agenda, inviting them to participate by making suggestions and offering ideas. All the above has been shared on MAPFRE social networking sites and corporate profiles.



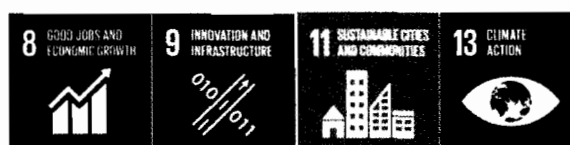
The fourth edition of the Creativity Contest "Portrait of a Sustainable World" awarded prizes to the best photographs taken by MAPFRE employees in 20 countries on topics related to sustainable development goals.

The most recent edition during 2018 of our internal magazine "The world of MAPFRE" featured a report covering MAPFRE's work in SDG throughout the year, incorporating many of its most noteworthy benchmarks.

**SOCIAL FOOTPRINT: SOCIAL VALUE, SHARED VALUE**

[GRI 201-1; L11/208]

As an integral part of our commitment to sustainability, below we highlight the main milestones of the MAPFRE Group's footprint in economic, social and environmental aspects over the course of 2018:

**ECONOMIC FOOTPRINT**

Our insurance activity generates a direct economic impact through the constant flow of transactions made, among which we highlight the following figures:

| ITEM                                         | 2018            |
|----------------------------------------------|-----------------|
| Benefits paid <sup>(1)</sup>                 | 17,083.6        |
| Payments to providers <sup>(2)</sup>         | 5,588.5         |
| Wages and salaries, and other <sup>(3)</sup> | 1,491.9         |
| <b>Activity subtotal</b>                     | <b>24,164.0</b> |
| Dividends <sup>(4)</sup>                     | 863.1           |
| <b>Shareholders subtotal</b>                 | <b>863.1</b>    |
| Public administrations subtotal              | 529.3           |
| Social Security                              | 237.2           |
| <b>Public Administrations Subtotal</b>       | <b>766.5</b>    |
| Interest paid                                | 57.3            |
| <b>Financing subtotal</b>                    | <b>57.3</b>     |
| <b>TOTAL</b>                                 | <b>25,850.9</b> |

Figures in millions of euros

| ITEM                                                       | 2018            |
|------------------------------------------------------------|-----------------|
| <b>Funds under management (third- party)<sup>(5)</sup></b> | <b>37,747.6</b> |
| <b>Total Investments</b>                                   | <b>43,977.0</b> |
| <b>Financial investments</b>                               | <b>41,246.0</b> |
| Fixed income                                               | 36,517.5        |
| - Issued by governments                                    |                 |
| - Other fixed-income securities                            |                 |
| Other financial investments                                |                 |
| <b>Real estate investments<sup>(6)</sup></b>               | <b>27,595.9</b> |
| <b>Other investments</b>                                   | <b>8,921.6</b>  |
| <b>Funds under management (third- party)<sup>(5)</sup></b> | <b>4,728.5</b>  |
| <b>Total Investments</b>                                   | <b>1,243.6</b>  |
| <b>Financial investments</b>                               | <b>1,487.4</b>  |

Figures in millions of euros

## SUSTAINABLE

- (1) Benefits paid and related expenses of direct insurance and accepted reinsurance.
- (2) Includes payment of commissions and other activity services.
- (3) Salaries amounted to 1,257.8 million euros in 2018 (1,234.9 million euros in 2017).
- (4) Dividend payments made during the year.
- (5) Technical provisions for Life, pension funds, mutual funds and managed portfolios, before shadow accounting adjustments.
- (6) Excluding real estate for own use.

## Net payments for tax on profits per country:

| ITEM               | 2018          |
|--------------------|---------------|
| <b>IBERIA</b>      | <b>-191.8</b> |
| SPAIN              | -189.4        |
| PORTUGAL           | -2.4          |
| <b>BRAZIL</b>      | <b>-223.4</b> |
| <b>LATAM NORTH</b> | <b>-8.2</b>   |
| MEXICO             | -0.7          |
| PANAMA             | 0             |
| DOMINICAN REPUBLIC | -4.1          |
| EL SALVADOR        | -1            |
| HONDURAS           | -2            |
| GUATEMALA          | 0.1           |
| COSTA RICA         | -0.4          |
| NICARAGUA          | -0.1          |
| <b>LATAM SOUTH</b> | <b>-41.1</b>  |
| COLOMBIA           | -14.5         |
| ARGENTINA          | -7            |
| CHILE              | -2.2          |
| PERU               | -8.3          |
| URUGUAY            | -4.2          |
| PARAGUAY           | -4.5          |
| ECUADOR            | -0.5          |

| ITEM                           | 2018          |
|--------------------------------|---------------|
| <b>NORTH AMERICA</b>           | <b>-18.3</b>  |
| UNITED STATES*                 | -18           |
| VERTI USA                      | 0             |
| PUERTO RICO                    | -0.3          |
| <b>EURASIA</b>                 | <b>-3.5</b>   |
| TURKEY                         | -1.3          |
| MALTA                          | -2            |
| GERMANY                        | 3.5           |
| ITALIA                         | 0             |
| PHILIPPINES                    | 0             |
| INDONESIA                      | -3.6          |
| CHINA                          | 0             |
| <b>TOTAL INSURANCE</b>         | <b>-486.3</b> |
| <b>GLOBAL RISKS</b>            | <b>-1.7</b>   |
| <b>ASISTENCIA</b>              | <b>-10.5</b>  |
| <b>MAPFRE RE</b>               | <b>-82.6</b>  |
| HOLDING, ELIMINATION AND OTHER | 51.8          |
| MAPFRE VENEZUELA               | 0             |
| <b>MAPFRE S.A.</b>             | <b>-529.3</b> |

Figures in millions of euros

## SUSTAINABLE

**ENVIRONMENTAL FOOTPRINT****ENVIRONMENTAL CERTIFICATIONS**

- 11,589 employees working under environmental certification ISO 14001.
- 6,588 employees working under energy management certification ISO 50001.
- 15,546 employees working under carbon footprint verification ISO 14064.
- 9 international head offices certified as being sustainably constructed.

**CARBON FOOTPRINT**

- We have cut our carbon footprint by 51percent with respect to the baseline established in 2013.

**PRODUCTS AND SERVICES OFFERING ENVIRONMENTAL COVERAGE**

- More than 57,300 policies in force with environment-related coverage.
- 160,000 policies with free environmental responsibility coverage.
- 108,195 hectares of agricultural land and sustainable forests insured.
- 34,326 MW derived from wind and solar renewables insured.
- 41 hybrid tow trucks form part of our provider fleet.
- 124 charging stations for electric cars installed.

**ENVIRONMENT-RELATED TRAINING**

- 18,055 employees have received environment-related training.
- 1,600 volunteers planted more than 1,700 trees and collected more than more than 35 tons of trash on MAPFRE's second corporate Volunteering Day, under the banner of "Everyone for the Environment".

**BIODIVERSITY AND ECOSYSTEM**

- 2018 was the second year in which MAPFRE maintained its commitment to the *100 Empresas por los bosques* (100 Companies for the Forests) initiative.
- 2018 was the fourth year of collaboration with the WWF Spain for the conservation of biological diversity.
- The #CleanSeas campaign promoted by the United Nations, which the MAPFRE boat in the Volvo Ocean Race took part in.

**SOCIAL FOOTPRINT**

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## SUSTAINABLE

**DIRECT AND INDIRECT EMPLOYMENT**

- 96.8 percent of employees on permanent contracts
- 152,000 providers with whom MAPFRE maintains sales and service relationships
- 86,564 agents, delegates and brokers work with MAPFRE
- 5,266 approved providers out of the 6,437 selected for the ESG approval process

**FLEXIBILITY AND CONCILIATION**

- 40.2 percent of employees avail of flexible working schedules
- 2.9 percent of employees avail of reduced workdays
- 5.2 percent of employees avail of parental leave
- 16.5 percent of employees equipped for technological mobility (remote working)
- 1,805<sup>[KPMG3]</sup> teleworking employees
- 12.1 percent of employees availed of internal mobility to change their job positions.
- 176.6 million euros were invested in social benefits for employees.

**TRAINING AND TALENT**

- 100% of the workforce received training via 1,467,368 hours of training, which represents an average of 41.5 hours per employee and an investment of 15,462,601 euros
- 5.3 percent of employees have had career plans developed for them
- 3.9 percent of employees accessed the self-learning tool to design their own learning road map, with 5,176 enrollments for the 203 training resources available
- 328 agreements with Universities, business schools and institutions
- 1,076 students completed internships in the Group during 2018
- 64 providers received training in Human Rights

**HEALTH AND WELL-BEING**

- 288,362.4 hours dedicated to training employees in Health and Well-being
- 743 activities carried out in 30 countries as part of the IV MAPFRE Week: Objective Health 2018
- More than 400 workplace risk assessments completed
- 9,968 medical check-ups carried out
- Numerous campaigns, initiatives, chats and training sessions related to health and sickness prevention, work and personal environment, mental well-being, physical activity and nutrition were carried out in 2018 (Detailed information available in section 7.2. Note 7.4)

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## SUSTAINABLE

**DIVERSITY**

- 55 percent of the current workforce are women
- 40.8% of management and leadership job positions are held by women
- 245,060.32 euros invested in workplace integration measures
- 532,886.7 euros in contracts conceded to special employment centers
- 2.5 percent of employees with some type of disability on the workforce
- 47.8 percent of employees trained via an e-learning course on disability
- 150 volunteering activities directed at people with disabilities
- Employees from 91 nationalities form part of the Group
- 5 generations (Veterans, Baby Boomer and Generations X, Y and Z) make up MAPFRE's workforce
- 279 mentors and 139 mentees taking part in the global traditional and inverse mentoring program that promotes continued development through the exchange of knowledge among generations

**INNOVATION**

- 100 million euros invested in innovation and transformation
- 600 million euros invested annually in technology
- Creation of new innovation model, MAPFRE Open Innovation (MOi), to drive strategic innovation
- Launch of insur\_space accelerator to boost disruptive innovation
- 14,500 employees contributed 450 ideas through their participation in MAPFRE innova, an intrapreneurship program launched in three countries
- 46 new products launched

**CORPORATE VOLUNTEERING**

- 7,800 volunteers took part in more than 1,600 activities in 2018, impacting directly on more than 11,000 people
- 16% of the global workforce has experienced volunteering in some form
- 225,953 euros donated to social projects through the "Euro Solidarity" program, which was established in Spain in 2017

*\*For a complete overview of the social work that MAPFRE carries out through Fundación MAPFRE, please consult the Fundación MAPFRE Annual Report 2018, which is available on its website.*

## 7. SUPPLEMENTARY INFORMATION

### 7.1. Bases of preparation and presentation of the report

[GRI 102-11, 102-32, 102-45, 102-46, 102-48, 102-49, 102-50, 102-51, 102-53, 102-54, FS9]

#### About this report

##### Integrated Report

This Report has been prepared in accordance with the Exhaustive option of the GRI Standards, the financial sector supplement of GRI (whose content index is attached as an annex to this report) and the recommendations of the information framework published by the International Integrated Report Council (IIRC).

Furthermore, the report meets the reporting requirements established by Directive 2014/95/EU on the disclosure of non-financial and diversity information, as well as its respective transpositions in Spain (Law 11/2018 of December 28) and in Italy (Legislative Decree 254/16 NFI). It also includes information required for the Consolidated Non-Financial Information Statement, which forms part of the Consolidated Management Report of MAPFRE S.A.

The Annual Accounts and Management Report have been taken into consideration, which is public information and may be consulted in full on MAPFRE's corporate website.

The report offers a complete overview of MAPFRE, its deployment, business model, the challenges and risks faced, and its performance regarding social, environmental, economic and governance aspects. It constitutes a first approximation to the creation of financial and social value that has allowed progress to continue and to establish a better relationship between the business model and the effect on the resources referred to.

This report was analyzed by the company's Audit and Compliance Committee and drafted by the MAPFRE S.A. Board of Directors at its meeting held on February 6, 2019.

##### Scope of information

The comprehensive report covers MAPFRE S.A. and its subsidiaries and investee companies and has taken into consideration the scope of information established in the reports used as a basis for its preparation.

The Alternative Performance Measurements (APMs) used in the Report that relate to those financial measurements not defined or described within the framework of the applicable financial information, may be consulted at the website:

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<https://www.mapfre.com/corporate/institutional-investors/investors/financial-information/alternative-performance-measures.isp>

Some of the figures included in this Report have been rounded. Therefore, discrepancies may occur in the tables between the totals and the amounts listed due to this rounding.

### **Materiality, relevance and inclusiveness**

This Integrated Report includes all relevant information concerning MAPFRE for its stakeholders. In 2018, a study was conducted in 13 countries to identify areas of greater interest for the company and its interest groups in terms of sustainability.

The relevant issues in the environmental, social and governance field are described in the material issues and information contained in this integrated report.

For more information, please see Section 7.2 of this document.

Also, disclosures on certain material aspects are not included in this report. They can be found in their entirety in:

- The "Notes" section of this same report.
- Consolidated Annual Accounts, Consolidated Management Report; (published on the corporate website, at [www.mapfre.com](http://www.mapfre.com)).
- Annual Report of Fundación MAPFRE. (Published on the website [www.fundacionmapfre.org](http://www.fundacionmapfre.org)).
- Annual Corporate Governance Report (published on the corporate website, at [www.mapfre.com](http://www.mapfre.com)).
- Annual Report on Remuneration of Board Members of quoted companies (published on the corporate website, at [www.mapfre.com](http://www.mapfre.com)).

### **Responsiveness**

In addition to providing information that is of relevance to MAPFRE's stakeholder groups, the report responds to the observations conveyed to the organization by these stakeholders throughout the course of the year. However, anyone interested in consulting or completing the information provided in this report can contact MAPFRE through:

- Social Responsibility: [responsabilidadsocial@mapfre.com](mailto:responsabilidadsocial@mapfre.com)
- Corporate Communication Division: [comunicacion@mapfre.com](mailto:comunicacion@mapfre.com)
- Environment: [medioambiente@mapfre.com](mailto:medioambiente@mapfre.com)
- Investor Relations: [relacionesconinversores@mapfre.com](mailto:relacionesconinversores@mapfre.com)
- MAPFRE corporate website: [www.mapfre.com](http://www.mapfre.com)

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**External verification**

Indicators' quantitative and qualitative data respond to new GRI standards, and were verified externally by KPMG Asesores S.L., encompassing information provided on activities carried out in MAPFRE Asistencia, MAPFRE Global Risks, MAPFRE RE and MAPFRE Insurance in Germany, Brazil, Columbia, Spain, USA, Italy, Mexico, Peru, and Turkey for the Insurance Unit, as well as the Asistencia, Global Risks, and Reinsurance units, which jointly represent 98.93 percent of the Group's overall business volume.

In addition, a limited review of data provided in the rest of the MAPFRE's companies has been carried out.

**Balance**

The Report reflects positive and negative aspects of the organization's performance, and when results fall short of initial expectations this under-performance is noted in the corresponding headings.

**7.2. Materiality**

[GRI 102-15, 102-21, 102-43, 102-44, 102-47, 102-49, 103-1, 103-2, 103-3, 412-1, FS5]

Materiality is a process whereby a company determines what issues may affect its activities most in terms of sustainability, bearing in mind interest groups that may be affected or may affect those issues in the process. The result of this process is called "material issues".

For MAPFRE, materiality serves a double function; on one hand, it is a requirement for filing annual reports, and on the other it is a tool that contributes to managing internal sustainability operations (aligning material issues with sustainability strategy and the Group sustainability plan).

MAPFRE has had an internal process in place since 2014, which is constantly being improved. Each year it is reviewed in line with the GRI, which accords the MDS (Materiality Disclosures Service) Seal every year and which appears in the GRI Indicators contents (see page 154 of this report).

The materiality process is deployed in three phases:

**Phase 1. Preparation of the 2018 materiality study**

- The list of issues to be consulted was reviewed based on the following sources:
  - External (among others): Agenda 2030, World Covenant of the United Nations, the 2018 report on Global Risks from the World Economic Forum, sector studies published during the year, European Directive 2014/95 on non-financial and diversity disclosures, as well as the demands for information from the Dow Jones Sustainability Index (DJSI) and FTSE4Good.
  - Internal: the Group's 2016-2018 Sustainability Plan in force, and the company's Strategic Plan.
- A total of 23 issues were validated for consultations with stakeholders.
- It was decided to expand the extent of the study (see Phase 2.2)

The results of this review exercise, material and relevant issues for the 2017 fiscal year have been validated.

**Phase 2. Execution: this phase in turn consists of three key processes:**

**2.1. Internal analysis by the company of the initial list of issues (internal evaluation):** Internal analysis is held every two years. The 2017 internal evaluation process included the "maturity" variable, used to analyze issues taking into account the strategic plans and lines for each area and their level of development.

**Since there have been no relevant changes** that could affect the ESG issues of the company during the materiality analysis, the evaluation is considered valid and stable. And so the initial issues were validated in 2018 and submitted for external review.

**2.2. Interest group external analysis:** in 2018, the external evaluation process was implemented for employees, clients, distributors and providers in a total of 13 countries invited to participate (nine more than in 2017) representing 66.5 percent of the business volume: Argentina, Brazil, Colombia, Spain, Italy, Mexico, Paraguay, Peru, Portugal, Puerto Rico, the Dominican Republic, Turkey and Venezuela.

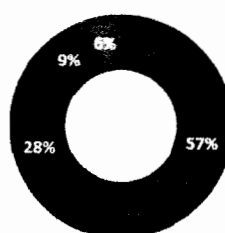
The external analysis survey measures different and complementary variables. On one hand, **the importance** of the issue for the specific stakeholder, and secondly how these groups **perceive** how the company is handling the issue. This information turned out to be quite useful for managing sustainability, as it makes it possible to develop improvement plans and actions throughout the year.

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The external consultation process was carried out by CBI via an online questionnaire, and their participation again this year guarantees the anonymity and confidentiality of the responses received. A total of 652,620 evaluations were recorded this year, which is considered a broadly representative sampling, divided as follows.

#### DISTRIBUTION OF EXTERNAL EVALUATIONS BY STAKEHOLDER GROUP

■ Clients ■ Employees ■ Distributors ■ Providers

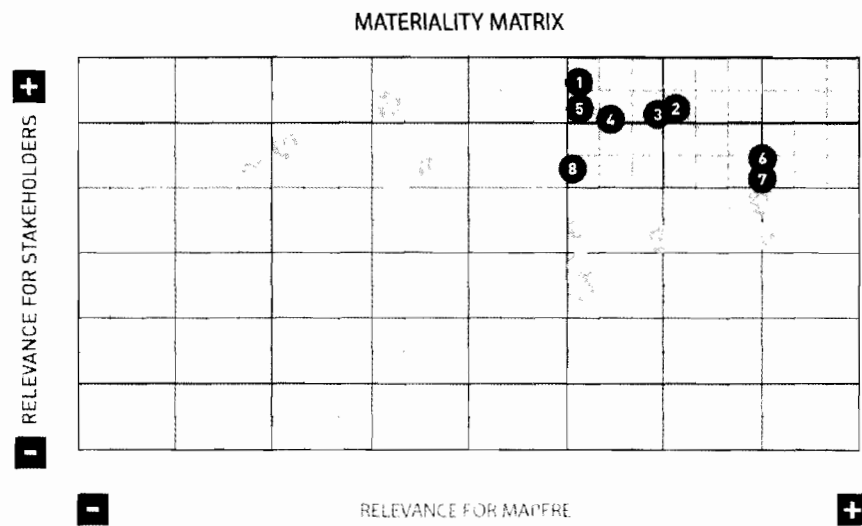


### Phase 3. Analysis and presentation of results

#### MAPFRE considers three levels of results in the study:

- Material issue: one in which there exist a coincidence in the high score level and consideration of the topics, both for MAPFRE and for the stakeholders consulted.
- Relevant issues: those which are not top priority (such as material issues) for the company/its stakeholders, but are key in that they require constant management and follow-up, in that they might affect the company or its stakeholders.
- Non-material: those topics that received the lowest scores from both the company and the stakeholders.

Data is presented in aggregate form in the report, 2018 material and relevant issues (*global materiality matrix*) and the perception that stakeholders have about how MAPFRE is handling these issues. Each country participating in the study has its own matrix and perceptual study.

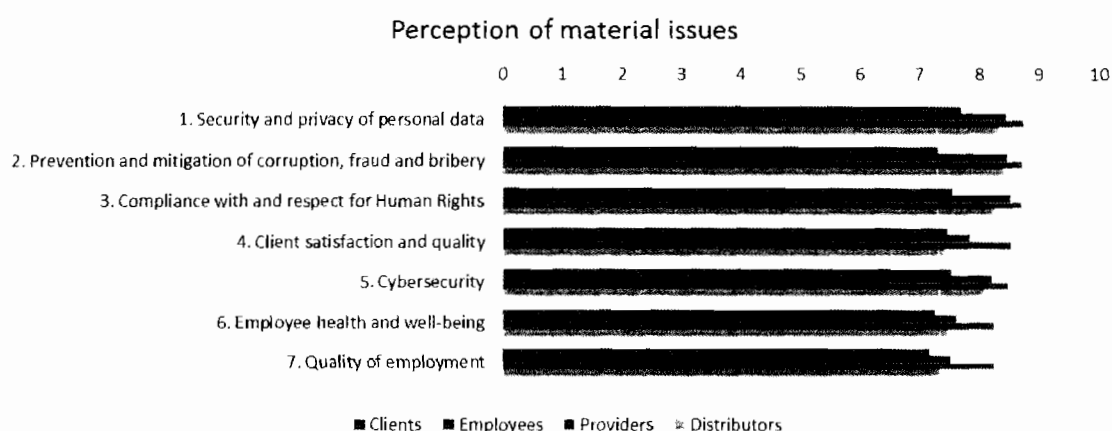


## LEGEND

|          |    |                                                              |
|----------|----|--------------------------------------------------------------|
| MATERIAL | 1  | Security and data privacy                                    |
|          | 2  | Prevention and mitigation of corruption, fraud and bribery   |
|          | 3  | Compliance and respect of human rights                       |
|          | 4  | Customer satisfaction and quality                            |
|          | 5  | Cybersecurity                                                |
|          | 6  | Employee health and well-being                               |
|          | 7  | Quality of employment                                        |
|          | 8  | Innovation                                                   |
| RELEVANT | 9  | Professional development and talent                          |
|          | 10 | Agile grievance mechanisms                                   |
|          | 11 | Promotion of equal opportunities and management of diversity |
|          | 12 | Efficient management of spills and waste                     |
|          | 13 | Economic, social and environmental development agent         |
|          | 14 | Climate change                                               |
|          | 15 | Carbon footprint                                             |
|          | 16 | Tax obligations                                              |
|          | 17 | Ethics and integrity of employees and governing bodies       |
|          | 18 | Transparency and honesty in communications                   |
|          | 19 | Ethics and integrity in Providers                            |
|          | 20 | Fluid and honest relation with stakeholders                  |

The accompanying table shows these issues, arranged in descending order of relevance and stakeholder perception on a scale of 1 to 10:

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### **Materiality performance 2017-2018**

Material issues related to security and data privacy, cybersecurity, prevention of corruption, fraud, and bribery, compliance with and respect for human rights, and customer satisfaction.

A new one arose in 2018: Innovation. This matter was also considered relevant in 2017.

“Energy consumption and emissions” is no longer considered material, but rather, is now deemed to be relevant. As can be observed from the Materiality Matrix, “Climate Change”, “Carbon Footprint” and “efficient management of spills and waste are considered relevant, which MAPFRE considered more important than the stakeholders consulted. As a matter of fact, these topics are included in the Group’s 2016-2018 Sustainability Plan, as well as the 2020 Energy Efficiency and Climate Change Strategic Plan.

### **TABLE SHOWING LOCATION OF MATERIAL ISSUES IN REPORT**

This report deals with those issues identified as material. The following table indicates the location where these seven issues are dealt with.

| Material Issue                                                | Chapter of report where response to issue can be found                                                                                                                                                                                       |
|---------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Security and privacy of personal data                      | 4.2 Ethics and Social Responsibility –Corporate Social Responsibility / Ethical Behavior: Main compliance and prevention measures: Security<br>6.4 Intellectual Dimension: Cybersecurity                                                     |
| 2. Prevention and mitigation of corruption, fraud and bribery | 4.2 Ethics and Social Responsibility –Corporate Social Responsibility / Sustainability Plan/ Ethical Behavior: Main compliance and prevention measures: Compliance - Internal Control - Prevention of Fraud and Corruption - Internal Audit. |

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|                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|-------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| 3. Compliance with and respect for human rights | <p>4.2 Ethics and Social Responsibility –Corporate Social Responsibility / Sustainability Plan / Ethical Behavior: Main compliance and prevention measures</p> <p>6.6. Social and Relational Dimension - Managing Stakeholder Relations - international commitments related to sustainability assumed by MAPFRE -</p> <p>Human Rights Commitments - 2030 United Nations Agenda, and Sustainable Development Objectives</p> <p>7.4 - Note 5: Global Compact Principles and measures adopted to prevent and comply with MAPFRE's human rights measures</p> |
| 4. Client satisfaction and quality              | <p>4.2 Ethics and Sustainability - Sustainability Plan</p> <p>6.2. Productive Dimension - Quality</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| 5. Cybersecurity                                | 6.4 Intellectual Dimension: Cybersecurity                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| 6. Employee Health and Well-Being               | <p>6.3. Human Dimension - Diversity and inclusion / Employee Experience</p> <p>7.4 – Note 2: Health and well-being</p>                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| 7. Quality of employment                        | <p>6.3. Human Dimension - Diversity and inclusion / Employee Experience / the Continuing Talent Challenge</p> <p>7.4 – Note 1: New hires and employee departures</p>                                                                                                                                                                                                                                                                                                                                                                                     |

### 7.3. GRI content index

[GRI 102–55]

Data responding to GRI Indicators and the requirements established by Directive 2014/95 EUA on the disclosure of non-financial and diversity information, as well as its respective transpositions in Spain (Law 11/2018 of December 28 ) and in Italy (Legislative Decree 254/16 NFI) was obtained through Sygris, the Group's social responsibility data-management tool.

| Standard and Content                              |                                                                                                                                                                                                                                                                                 | PAGE No. / INFORMATION                                                                      | Other references | KPMG<br>verified |
|---------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|------------------|------------------|
| GRI 102. General contents 2016                    |                                                                                                                                                                                                                                                                                 |                                                                                             |                  |                  |
| 1. Organizational profile                         |                                                                                                                                                                                                                                                                                 |                                                                                             |                  |                  |
| 102-1. Name of the organization                   | MAPFRE                                                                                                                                                                                                                                                                          | Law 11/2018                                                                                 | ✓                |                  |
| 102-2. Activities, brands, products, and services | 2. MAPFRE Group<br>3. Business model, strategy, and performance<br>3.4. Business performance<br>6.1 Financial Dimension<br>6.4. Intellectual Dimension - Innovation: New products and services launched in 2018<br>7.4 Note 6 – Social and environmental products and services. | Law 11/2018<br><br>SDG 8,9,11                                                               | ✓                |                  |
| 102-3. Location of headquarters                   | Madrid                                                                                                                                                                                                                                                                          | Law 11/2018                                                                                 | ✓                |                  |
| 102-4. Location of operations                     | 2. MAPFRE Group<br>2.2 Deployment.                                                                                                                                                                                                                                              | Law 11/2018                                                                                 | ✓                |                  |
| 102-5. Ownership and legal form                   | 2. MAPFRE Group                                                                                                                                                                                                                                                                 | Law 11/2018                                                                                 | ✓                |                  |
| 102-6. Markets served                             | 2.2 Deployment.<br>3. Business model, strategy, and performance<br>3.4. Business performance<br>6.1 Financial Dimension                                                                                                                                                         | Law 11/2018<br><br>SDG 8,17                                                                 | ✓                |                  |
| 102-7. Scale of the organization                  | 2.2 Deployment.<br>2.3 Key financial figures.<br>6.1 Financial Dimension<br>6.3 Human Dimension - General data                                                                                                                                                                  | Law 11/2018<br><br>SDG 8,17                                                                 | ✓                |                  |
| 102-8. Information on employees and other workers | 6.3 Human Dimension – General information / Diversity management.                                                                                                                                                                                                               | Law 11/2018<br><br>SDG 8,10                                                                 | ✓                |                  |
| 102-9. Supply chain                               | 6.2 Productive Dimension - Providers                                                                                                                                                                                                                                            | Law 11/2018:<br>Information about the company:<br>Subcontracting and providers<br><br>SDG 8 | ✓                |                  |

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| Standard and Content                                                        | PAGE No. / INFORMATION                                                                                                                                                | Other references                                                                                                                                                                 | KPMG verified |
|-----------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|
| <b>102-10. Significant changes to the organization and its supply chain</b> | 3.4.1 General information - relevant issues<br>6.2 Productive Dimension - Providers                                                                                   |                                                                                                                                                                                  | ✓             |
| <b>102-11. Precautionary principle or approach</b>                          | 7.1 Bases of preparation and presentation of the report.<br>5. Risks and opportunities                                                                                | Law 11/2018: Environmental questions: general information                                                                                                                        | ✓             |
| <b>102-12. External initiatives</b>                                         | 6.6 Social and Relational Dimension / Commitments to sustainability.<br>6.4 Intellectual Dimension – Branding and Reputation.                                         | Law 11/2018: Information about the company: commitment to sustainable development: sponsorship or association actions<br><br>SDG 16 and 17<br><br>Principles 1-10 Global Compact | ✓             |
| <b>102-13. Membership of associations</b>                                   | 6.5 Social and Relational Dimension: relationship channels with stakeholders; Commitments to sustainability.                                                          | Law 11/2018: Information about the company: commitment to sustainable development: sponsorship or association actions<br><br>SDG 17                                              | ✓             |
| <b>2. Strategy</b>                                                          |                                                                                                                                                                       |                                                                                                                                                                                  |               |
| <b>102-14. Statement from senior decision-makers</b>                        | 1. Letter from the chairman and CEO.<br>3.1 Business model.<br>4.1 Governance System.                                                                                 | Law 11/2018: General information                                                                                                                                                 | ✓             |
| <b>102-15. Key impacts, risks, and opportunities</b>                        | 2.4 Regulatory framework and environment.<br>3.3 Future outlook.<br>5. Risks and opportunities / ESG Risks and opportunities<br>7.2 Materiality.                      | Law 11/2018: General information                                                                                                                                                 | ✓             |
| <b>3. Integrity and ethics</b>                                              |                                                                                                                                                                       |                                                                                                                                                                                  |               |
| <b>102-16. Values, principles, standards, and norms of behavior</b>         | 3.1 Business model.<br>4.1 Governance System.<br>4.2 Ethics and Sustainability - Ethical Behavior: key prevention and compliance measures /Code of Ethics and Conduct | Law 11/2018<br><br>SDG 16,17                                                                                                                                                     | ✓             |
| <b>102-17. Mechanisms for advice and</b>                                    | 4.2 Ethics and Sustainability - Ethical Behavior:                                                                                                                     | Law 11/2018:                                                                                                                                                                     | ✓             |

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| Standard and Content                                                                  | PAGE No. / INFORMATION                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Other references                                                                                                                                                              | KPMG verified |
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| concerns about ethics                                                                 | key prevention and compliance measures / Code of Ethics and Conduct / Ethics Committee / Whistleblowing Channel<br>6.6 Social and relational dimension: Measures adopted to guarantee respect for Human Rights<br>7.4 Note 7 - Global Compact Principles and measures adopted to prevent and comply with MAPFRE's human rights measuresmapfre.com<br><a href="https://www.mapfre.com/corporativo-es/negocio-responsable/definicion-objetivos-responsabilidad-social/codigo-etico/">https://www.mapfre.com/corporativo-es/negocio-responsable/definicion-objetivos-responsabilidad-social/codigo-etico/</a> | Information on respect for Human Rights, Information related to the fights against corruption: prevention measures<br><br>SDG 16 and 17<br><br>Principles 1-10 Global Compact |               |
| <b>4. Governance</b>                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                               |               |
| 102-18. Governance structure                                                          | 2. Mapfre Group.<br>4.1 Governance System.<br>4.2 Ethics and Sustainability                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | SDG 16                                                                                                                                                                        | ✓             |
| 102-19. Delegating authority                                                          | 4.1 Governance System.<br>4.2 Ethics and Sustainability<br>Section C.2.1. of the Annual Corporate Governance Report (ACGR).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Principles 1-10 Global Compact                                                                                                                                                | ✓             |
| 102-20. Executive-level responsibility for economic, environmental, and social topics | 4.1 Governance System.<br>4.2 Ethics and Sustainability<br>Section C.2.1. of the Annual Corporate Governance Report (ACGR).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Principles 1-10 Global Compact                                                                                                                                                | ✓             |
| 102-21. Consulting stakeholders on economic, environmental, and social topics         | 7.2 Materiality.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Principles 1-10 Global Compact<br><br>SDG 16                                                                                                                                  | ✓             |
| 102-22. Composition of the highest governance body and its committees                 | 4.1 Governance System.<br>6.3 Human Dimension - Diversity and inclusion                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | SDG 5, 16                                                                                                                                                                     | ✓             |
| 102-23. Chair of the highest governance body                                          | 4.1 Governance System.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                               | ✓             |
| 102-24. Nominating and selecting the highest governance body                          | Sections C.1.16., C.1.5. and C.1.6. of the Annual Corporate Governance Report (ACGR).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | SDG 5, 16                                                                                                                                                                     | ✓             |
| 102-25. Conflicts of interest                                                         | Sections D.6. and D.7. and A.1. to A.7. of the Annual Corporate Governance Report (ACGR).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | SDG 16                                                                                                                                                                        | ✓             |
| 102-26. Role of highest governance body in setting purpose, values, and strategy      | 4.1 Governance System.<br>Section C.2.1. of the Annual Corporate Governance Report (ACGR). Title I, Chapter II of the Board of Directors Regulation of MAPFRE: Duties and Responsibilities of the Board                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                               | ✓             |
| 102-27. Collective knowledge of highest governance body                               | Sections C.1.35 of the Annual Corporate Governance Report (ACGR).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                               | ✓             |
| 102-28. Evaluating the highest governance body's performance                          | Section C.1.17. of the Annual Corporate Governance Report (ACGR).<br>Given its relevance, we refer to the Board of                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | SDG 16                                                                                                                                                                        | ✓             |

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| Standard and Content                                                                | PAGE No. / INFORMATION                                                                                                                                                                                                                                                                                                                                         | Other references                                | KPMG<br>verified |
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|                                                                                     | Directors Regulation from MAPFRE and published on the corporate website. Title I. Board of Directors and Title II. Committees and Steering Committees                                                                                                                                                                                                          |                                                 |                  |
| <b>102-29. Identifying and managing economic, environmental, and social impacts</b> | 5. 5. Risks and opportunities - ESG Risks and opportunities<br>7.2 Materiality.<br>Sections E.1., E.2. and F.1. of the Annual Corporate Governance Report (ACGR).<br>Given its relevance, we refer to the Board of Directors Regulation, a document approved in January 2016 and published on the corporate website. Chapter IV: Risk and Compliance Committee | Principles 1-10<br>Global Compact<br><br>SDG 16 | ✓                |
| <b>102-30. Effectiveness of risk management processes</b>                           | 5. Risks and opportunities - ESG Risks and opportunities<br>Sections E.2. and E.6. of the Annual Corporate Governance Report (ACGR).<br>Given its relevance, we refer to the Board of Directors Regulation published on the corporate website. Chapter IV: Risk and Compliance Committee                                                                       | Principles 1-10<br>Global Compact               | ✓                |
| <b>102-31. Review of economic, environmental, and social topics</b>                 | 5. 5. Risks and opportunities - ESG Risks and opportunities<br>7.2 Materiality.<br>Section E.1. of the ACGR. of the Annual Corporate Governance Report (ACGR).<br>Given its relevance, we refer to the Board of Directors Regulation published on the corporate website. Chapter IV: Risk and Compliance Committee                                             | Principles 1-10<br>Global Compact               | ✓                |
| <b>102-32. Highest governance body's role in sustainability reporting</b>           | 7.1 Bases of preparation and presentation of the report.<br>Section C.2.1. of the Annual Corporate Governance Report (ACGR).<br>Given its relevance, we refer to the Board of Directors Regulation published on the corporate website. Title I Chapter I: Duties and Responsibilities of the Board                                                             | Principles 1-10<br>Global Compact               | ✓                |
| <b>102-33. Communicating critical concerns</b>                                      | 4.2 Ethics and Sustainability page - CSR policies / Code of Ethics and Conduct / Ethics Committee Ethical Behavior                                                                                                                                                                                                                                             | Principles 1-10<br>Global Compact               | ✓                |
| <b>102-34. Nature and total number of critical concerns</b>                         | 6.4 Intellectual Dimension - Cybersecurity<br><br>Code of Ethics and Conduct <a href="https://www.mapfre.com/corporate/re">https://www.mapfre.com/corporate/re</a>                                                                                                                                                                                             |                                                 | ✓                |

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| Standard and Content                              | PAGE No. / INFORMATION                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Other references                                                                                                                | KPMG<br>verified |
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|                                                   | <p><u>sponsible-business/definition-objectives-social-responsibility/code-ethics/</u></p> <p>Given its relevance, we refer to the Board of Directors Regulation, a document approved in January 2016 and published on the corporate website. Title I Chapter I:<br/>Duties and Responsibilities of the Board</p>                                                                                                                                                                                                                                                                              |                                                                                                                                 |                  |
| 102-35. Remuneration policies                     | <p>4.1 Governance System.<br/>6.3 Human Dimension - Remuneration and Recognition<br/>Annual report on directors' remuneration <a href="https://www.mapfre.com/corporate/institutional-investors/general-shareholders-meeting/">https://www.mapfre.com/corporate/institutional-investors/general-shareholders-meeting/</a></p>                                                                                                                                                                                                                                                                 | Law 11/2018:<br>Questions related to personnel: employment                                                                      | ✓                |
| 102-36. Process for determining remuneration      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Law 11/2018:<br>Questions related to personnel: employment                                                                      | ✓                |
| 102-37. Stakeholders' involvement in remuneration |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Principles 1, 2, 3, 4, 6 and 10 of the Global Compact                                                                           | ✓                |
|                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | SDG 16                                                                                                                          |                  |
|                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Principles 1, 2, 3, 4, 6 and 10 of the Global Compact                                                                           |                  |
|                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | SDG 16                                                                                                                          |                  |
| 102-38. Annual total compensation ratio           | <p>The annual total compensation ratio in Spain is 15.67.<br/>This ratio is calculated at Spain level, where the Company's headquarters is located, without including the corporate areas, and is taken as the ratio of the total compensation paid to the highest paid individual in the Company and the average of the annual total compensation of all full-time employees, excluding the highest-paid individual.<br/>The resulting data is considered reasonable taking the current workforce structure into account.</p> <p>Spain represents 30.9 percent of the Group's workforce.</p> | <p>Law 11/2018:<br/>Questions related to personnel: employment</p> <p>Principles 1, 2, 3, 4, 6 and 10 of the Global Compact</p> | ✓                |

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|                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                             |               |
| <b>102-39. Percentage increase in annual total compensation ratio</b> | <p>The ratio of the percentage increase in annual total compensation in Spain 3.12. This ratio is calculated at Spain level, where the Company's headquarters is located, without including the corporate areas, and is taken as the ratio between the increase in annual total compensation received by the highest paid individual in the Company to the average percentage increase in the total annual compensation of all full-time employees.</p> <p>Spain represents 30.9 percent of the Group's workforce.</p> | Global Compact Principles 1,2, 3, 4,6 and 10                                                                                                                                                                                |               |
| <b>5. Participation of stakeholders</b>                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                             |               |
| <b>102-40. List of stakeholder groups</b>                             | 6.6 Social and Relational Dimension – Management of relationships with Stakeholders.                                                                                                                                                                                                                                                                                                                                                                                                                                   | Global Compact Principles 1-10                                                                                                                                                                                              | ✓             |
| <b>102-41. Collective bargaining agreements</b>                       | 6.6 Social and Relational Dimension – Management of relationships with Stakeholders. Relationship channels.                                                                                                                                                                                                                                                                                                                                                                                                            | <p>Law 11/2018: Questions related to personnel: employment</p> <p>Principles 1, 2, 3, 4, and 6 of the Global Compact</p> <p>SDG 8</p>                                                                                       | ✓             |
| <b>102-42. Identifying and selecting stakeholders</b>                 | 6.6 Social and Relational Dimension – Management of relationships with Stakeholders.                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                             | ✓             |
| <b>102-43. Approach to stakeholder engagement</b>                     | <p>6.6 Social and Relational Dimension – Management of relationships with Stakeholders. Relationship channels.</p> <p>7.2 Materiality.</p>                                                                                                                                                                                                                                                                                                                                                                             | <p>Law 11/2018: Information about the company: commitment to sustainable development: relationships with Stakeholders/local communities; Information about the company: Consumers</p> <p>Global Compact Principles 1-10</p> | ✓             |
| <b>102-44. Key topics and concerns</b>                                | 6.6 Social and Relational Dimension –                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Law 11/2018:                                                                                                                                                                                                                | ✓             |

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| Standard and Content                                                       | PAGE No. / INFORMATION                                                                                                                                                                                                                                                                                                             | Other references                                                                 | KPMG verified |
|----------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|---------------|
| raised                                                                     | Management of relationships with Stakeholders.<br>Relationship channels<br>7.2 Materiality.                                                                                                                                                                                                                                        | Information about the company:<br>Consumers<br>Global Compact<br>Principles 1-10 |               |
| <b>6. Practices for drawing up reports</b>                                 |                                                                                                                                                                                                                                                                                                                                    |                                                                                  |               |
| <b>102-45. Companies included in the consolidated financial statements</b> | 7.1 Bases of preparation and presentation of the report.<br>Consolidated annual accounts and management report<br>2018 <a href="https://www.mapfre.com/corporate/institutional-investors/financial-information/annual-reports/">https://www.mapfre.com/corporate/institutional-investors/financial-information/annual-reports/</a> | Law 11/2018                                                                      | ✓             |
| <b>102-46. Defining report content and topic Boundaries</b>                | 7.1 Bases of preparation and presentation of the report.                                                                                                                                                                                                                                                                           |                                                                                  | ✓             |
| <b>102-47. List of material topics</b>                                     | 7.2 Materiality.                                                                                                                                                                                                                                                                                                                   | Global Compact<br>Principles 1-10                                                | ✓             |
| <b>102-48. Restatements of information</b>                                 | 7.1 Bases of preparation and presentation of the report.<br>7.4 External verification report.                                                                                                                                                                                                                                      |                                                                                  | ✓             |
| <b>102-49. Changes in reporting</b>                                        | 7.1 Bases of preparation and presentation of the report.<br>7.4 External verification report.                                                                                                                                                                                                                                      |                                                                                  | ✓             |
| <b>102-50. Reporting period</b>                                            | 7.1 Bases of preparation and presentation of the report.                                                                                                                                                                                                                                                                           |                                                                                  | ✓             |
| <b>102-51. Date of most recent report</b>                                  | 7.1 Bases of preparation and presentation of the report.<br><a href="https://www.mapfre.com/corporate/responsible-business/annual-reports/">https://www.mapfre.com/corporate/responsible-business/annual-reports/</a>                                                                                                              |                                                                                  | ✓             |
| <b>102-52. Reporting cycle</b>                                             | Annual                                                                                                                                                                                                                                                                                                                             |                                                                                  | ✓             |
| <b>102-53. Contact point for questions regarding the report</b>            | 7.1 Bases of preparation and presentation of the report.                                                                                                                                                                                                                                                                           |                                                                                  | ✓             |
| <b>102-54. Claims of reporting in accordance with the GRI Standards</b>    | 7.1 Bases of preparation and presentation of the report.                                                                                                                                                                                                                                                                           | Law 11/2018:<br>General information                                              | ✓             |
| <b>102-55. GRI content index</b>                                           | 7. Supplementary Information – Index of Indicators.                                                                                                                                                                                                                                                                                | Law 11/2018                                                                      | ✓             |
| <b>102-56. External assurance:</b>                                         | 7.4 External verification report.                                                                                                                                                                                                                                                                                                  | Law 11/2018                                                                      |               |
| <b>GRI 103. Management approach 2016</b>                                   |                                                                                                                                                                                                                                                                                                                                    |                                                                                  |               |
| <b>103-1 Explanation of the material topic and its Boundary</b>            | 6.6 Social and Relational Dimension –<br>Management of relationships with Stakeholders.<br>7.2 Materiality.                                                                                                                                                                                                                        | Law 11/2018<br><br>Global Compact<br>Principles 1-10                             | ✓             |
| <b>103-2 The management approach and its components</b>                    | 6.6 Social and Relational Dimension –<br>Management of relationships with Stakeholders.<br>7.2 Materiality.                                                                                                                                                                                                                        | Law 11/2018<br>SDG 16                                                            | ✓             |

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| Standard and Content                                                                 | PAGE No. / INFORMATION                                                                                                                                                                                                                                                                                                                                                                                                      | Other references                                                                                                                                                                                  | KPMG verified |
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| 103-3 Evaluation of the management approach                                          | 7.2 Materiality.                                                                                                                                                                                                                                                                                                                                                                                                            | Law 11/2018                                                                                                                                                                                       | ✓             |
| <b>GRI 201. Economic performance 2016</b>                                            |                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                   |               |
| 201-1 Direct economic value generated and distributed                                | 2.3 Key financial figures.<br>3.4.2. Information by Business Unit<br>6.1 Financial Dimension<br>6.5 Social and Relational Dimension – Our Social Value, Shared Value: economic footprint.<br>Consolidated annual report 2018<br><a href="https://www.mapfre.com/corporate/institutional-investors/general-shareholders-meeting/">https://www.mapfre.com/corporate/institutional-investors/general-shareholders-meeting/</a> | Law 11/2018: Information related to the fights against corruption and bribery;<br>Information about the company: tax information<br><br>Global Compact Principles 1-10<br><br>SDG 1,2,5,7,8 and 9 | ✓             |
| 201-2-Financial implications and other risks and opportunities due to climate change | 5. ESG Risks and opportunities<br>6.5. Natural Dimension - Climate Change Action Strategy<br>7.4 Note 6 – Social and environmental products and services.<br>Consolidated annual report 2018<br><a href="https://www.mapfre.com/corporate/institutional-investors/general-shareholders-meeting/">https://www.mapfre.com/corporate/institutional-investors/general-shareholders-meeting/</a>                                 | Law 11/2018: Environmental questions: Climate Change: emissions, adaptation measures<br><br>Principles 7, 8 and 9 of the Global Compact<br><br>SDG 13                                             | ✓             |
| 201-3- Defined benefit plan obligations and other retirement plans                   | 6.3 Human Dimension - Remuneration and Recognition                                                                                                                                                                                                                                                                                                                                                                          | Law 11/2018: Questions related to personnel: employment<br><br>Principles 1, 6 and 10 of the Global Compact                                                                                       | ✓             |
| 201-4- Financial assistance received from government                                 | The public subventions received do not represent a significant amount as a percentage of Group total revenues.                                                                                                                                                                                                                                                                                                              | Law 11/2018: Information about the company: tax information                                                                                                                                       | ✓             |
| <b>GRI 202. Market presence 2016</b>                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                   |               |
| 202-1 Ratios of standard entry level wage by gender compared to local minimum wage   | MAPFRE applies the principle of equal opportunities and non-discrimination to all processes of selection, promotion and mobility,                                                                                                                                                                                                                                                                                           | Law 11/2018<br><br>SDG 8                                                                                                                                                                          | ✓             |

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| Standard and Content                                                            | PAGE No. / INFORMATION                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Other references                                                                                                                                                             | KPMG<br>verified |
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|                                                                                 | with the qualifications, merits, value and professional capacity of the candidates, the criteria to be taken into account in order to perform objectively the chose.<br>In MAPFRE, the salary ratio of the initial standard category is established by level and the nature of the function to be developed, and does not distinguish by gender.<br>Normally, the ratio of the initial standard category is determined by a Collective Agreement (sectorial or company). In general, in those countries where there is a local minimum wage, the MAPFRE entry-level wage is higher. For example, in Spain, headquarters of the Group, the ratio is 52%. |                                                                                                                                                                              |                  |
| 202-2 Proportion of senior management hired from the local community            | 6.3 Human Dimension -- Internal Mobility                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | SDG 8                                                                                                                                                                        | ✓                |
| GRI 204. Acquisition practices 2016                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                              |                  |
| 204-1 Proportion of spending on local providers                                 | 6.2 Productive Dimension - Providers                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Law 11/2018:<br>Information on the commitment to sustainable development:<br>impact on employment and local development<br><br>Global Compact Principle 10<br><br>SDG 1,5, 8 | ✓                |
| GRI 205. Anti-corruption 2016                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                              |                  |
| 205-1- Operations assessed for risks related to corruption                      | 4.2 Ethics and Sustainability page Ethical Behavior Code of Ethics and Conduct and Ethics Committee:<br><br>5. Risks and opportunities<br><br>7.4 Note 7 - Global Compact Principles and measures adopted to prevent and comply with MAPFRE's human rights                                                                                                                                                                                                                                                                                                                                                                                              | Law 11/2018:<br>Information related to the fight against fraud and corruption                                                                                                | ✓                |
| 205-2- Communication and training about anti-corruption policies and procedures |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                              | ✓                |
| 205-3- Confirmed incidents of corruption and actions taken                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Global Compact Principle 10<br><br>SDG 16                                                                                                                                    | ✓                |
| GRI 206. Anti-competitive Behavior 2016                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                              |                  |

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| Standard and Content                                                                         | PAGE No. / INFORMATION                                                                                  | Other references                             | KPMG<br>verified |
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| <b>206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices</b> | In 2018, no legal actions were taken for anti-competitive behavior, anti-trust, and monopoly practices. | Global Compact<br>Principle 10<br><br>SDG 16 | ✓                |

| Standard and Content                                     | PAGE No. / INFORMATION                                                                            | Other references                                                                                                                                                                                                                              |   |
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| <b>GRI 301. 2016 Materials</b>                           |                                                                                                   |                                                                                                                                                                                                                                               |   |
| <b>301-1 Materials used by weight or volume</b>          | 7.4 Note 5 – Environmental information.                                                           | Law 11/2018:<br>Environmental questions: Sustainable use of resources: raw material consumption.<br><br>Principles 7, 8, 9 and 12 of the Global Compact<br><br>SDG 8, 12                                                                      | ✓ |
| <b>301-2- Recycled input materials used</b>              | 7.4 Note 5 – Environmental information.                                                           | Law 11/2018:<br>Environmental questions: Circular economy and prevention of waste management: prevention measures; Sustainable use of resources: raw material consumption<br><br>Principles 7, 8 and 9 of the Global Compact<br><br>SDG 8, 12 | ✓ |
| <b>GRI 302. Electricity 2016</b>                         |                                                                                                   |                                                                                                                                                                                                                                               |   |
| <b>302-1- Energy consumption within the organization</b> | 6.5 Natural Dimension - Climate change action strategy<br>7.4 Note 5 – Environmental information. | Law 11/2018:<br>Sustainable use of resources: direct / indirect energy                                                                                                                                                                        | ✓ |

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|                                                                         |                                                                                                   | consumption; use of renewable energies<br><br>Principles 7, 8 and 9 of the Global Compact<br><br>SDG 7,8,12 and 13                                                                                                    |   |
| <b>302-2 Energy consumption outside of the organization</b>             | 6.5 Natural Dimension - Climate change action strategy<br>7.4 Note 5 – Environmental information. | Law 11/2018:<br>Environmental questions: Sustainable use of resources: direct / indirect energy consumption; use of renewable energies<br><br>Principles 7, 8 and 9 of the Global Compact<br><br>SDG 7,8,12 and 13    | ✓ |
| <b>302-3- Energy intensity</b>                                          | 6.5 Natural Dimension - Climate change action strategy<br>7.4 Note 5 – Environmental information. | Law 11/2018:<br>Environmental questions: Sustainable use of resources: direct / indirect energy consumption; use of renewable energies<br><br>Principles 7, 8 and 9 of the Global Compact<br><br>SDG 7,8,9, 12 and 13 | ✓ |
| <b>302-4- Reduction of energy consumption</b>                           | 7.4 Note 5 – Environmental information.                                                           | Law 11/2018:<br>Environmental questions: Sustainable use of resources: energy efficiency<br><br>Principles 7, 8 and 9 of the Global Compact                                                                           | ✓ |
| <b>302-5 Reductions in energy requirements of products and services</b> | 6.5 Natural Dimension - Climate change action strategy                                            | Law 11/2018:<br>Environmental questions: Sustainable use of resources: energy efficiency<br><br>Principles 7, 8 and 9 of the Global Compact<br><br>SDG 7,8,9, 12 and 13                                               | ✓ |

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| <b>GRI 303. Water 2016</b>                                                                                                                             |                                                                                                   |                                                                                                                                                                                                        |   |
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| <b>303-1 Water withdrawal by source</b>                                                                                                                | 7.4 Note 5– Environmental information.                                                            | Law 11/2018:<br>Environmental questions: Sustainable use of resources: direct / indirect energy consumption; use of renewable energies<br><br>Principles 7, 8 and 9 of the Global Compact<br><br>SDG 6 | ✓ |
| <b>GRI 304. Biodiversity 2016</b>                                                                                                                      |                                                                                                   |                                                                                                                                                                                                        |   |
| <b>304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas</b> | MAPFRE does not have work centers in protected areas or in unprotected high biodiversity areas.   | Law 11/2018:<br>Environmental questions: Protection of biodiversity: preservation<br><br>Principles 7, 8 and 9 of the Global Compact<br><br>SDG 6,14 and 15                                            | ✓ |
| <b>304-2 Significant impacts of activities, products, and services on biodiversity</b>                                                                 | 6.5 Natural Dimension - Biodiversity Preservation                                                 | Law 11/2018:<br>Environmental questions: Protection of biodiversity: preservation<br><br>Principles 7, 8 and 9 of the Global Compact<br><br>SDG 6, 14 and 15                                           | ✓ |
| <b>304-3 Protected or restored habitats</b>                                                                                                            | Due to the nature of MAPFRE's activity, this indicator is not applicable.                         |                                                                                                                                                                                                        | ✓ |
| <b>304-4 Species that appear on the IUCN Red List and in national conservation lists whose habitats are in areas affected by operations</b>            | Due to the nature of MAPFRE's activity, this indicator is not applicable. [KPMG4]                 |                                                                                                                                                                                                        | ✓ |
| <b>GRI 305. Emissions 2016</b>                                                                                                                         |                                                                                                   |                                                                                                                                                                                                        |   |
| <b>305-1 Direct (Scope 1) GHG emissions</b>                                                                                                            | 6.5 Natural Dimension - Climate change action strategy<br>7.4 Note 5 – Environmental information. | Law 11/2018:<br>Environmental questions: pollution, Climate Change,                                                                                                                                    | ✓ |

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|                                                      |                                                        | emissions<br><br>Principles 7, 8 and 9 of the Global Compact<br><br>SDG 2,3,12,13, 14 and 15                                                                  |   |
| <b>305-2 Energy indirect (Scope 2) GHG emissions</b> | 6.5 Natural Dimension - Climate change action strategy | Law 11/2018:<br>Environmental questions: pollution, Climate Change, emissions<br><br>Principles 7, 8 and 9 of the Global Compact<br><br>SDG 3, 12, 13, 14, 15 | ✓ |
| <b>305-3- Other indirect (Scope 3) GHG emissions</b> | 6.5 Natural Dimension - Climate change action strategy | Law 11/2018:<br>Environmental questions: pollution, Climate Change, emissions<br><br>Principles 7, 8 and 9 of the Global Compact<br><br>SDG 3, 12, 13, 14, 15 | ✓ |
| <b>305-4 GHG emissions intensity</b>                 | 6.5 Natural Dimension - Climate change action strategy | Law 11/2018:<br>Environmental questions: pollution, Climate Change, emissions<br><br>Principles 7, 8 and 9 of the Global Compact<br><br>SDG 13, 14, 15        | ✓ |
| <b>305-5- Reduction of GHG emissions</b>             | 6.5 Natural Dimension - Climate change action strategy | Law 11/2018:<br>Environmental questions: pollution,                                                                                                           | ✓ |

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## 7 SUPPLEMENTARY INFORMATION

|                                                                      |                                                                                                                                                                                    |                                                                                                                                                                                                         |   |
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|                                                                      |                                                                                                                                                                                    | Climate Change, emissions<br><br>Principles 7, 8 and 9 of the Global Compact<br><br>SDG 13, 14, 15                                                                                                      |   |
| <b>GRI 306. Effluents and waste 2016</b>                             |                                                                                                                                                                                    |                                                                                                                                                                                                         |   |
| <b>306-2- Wastes by type and disposal method</b>                     | 7.4 Note 5 – Environmental information.                                                                                                                                            | Law 11/2018:<br>Environmental questions: Circular economy and prevention of waste management: prevention measures and actions<br><br>Principles 7, 8 and 9 of the Global Compact<br><br>SDG 3, 6 and 12 | ✓ |
| <b>306-3- Significant spills</b>                                     | During 2018 no spills or leaks in establishments or facilities where MAPFRE carries out its activities were registered.                                                            | Principles 7, 8 and 9 of the Global Compact<br><br>SDG 3,6,12,14 and 15                                                                                                                                 | ✓ |
| <b>306-4- Transport of hazardous waste</b>                           | 7.4 Note 5 – Environmental information.                                                                                                                                            | Principles 7, 8 and 9 of the Global Compact<br><br>SDG 3, 12                                                                                                                                            |   |
| <b>306-5 Water bodies affected by water discharges and/or runoff</b> | The activity carried out by MAPFRE is mainly administrative and, by its nature, has a low environmental impact. This year no significant impacts have been identified in this area | Law 11/2018:<br>Environmental questions: Preservation of biodiversity: impact<br><br>Principles 7, 8 and 9 of the Global Compact<br><br>SDG 6, 15                                                       | ✓ |
| <b>GRI 307. Environmental compliance 2016</b>                        |                                                                                                                                                                                    |                                                                                                                                                                                                         |   |
| <b>307-1 Non-compliance with environmental laws and regulations</b>  | The company does not have any record of having received a significant environmental fine in 2018.                                                                                  | Principles 7, 8, 9 and 10 of the Global Compact                                                                                                                                                         | ✓ |

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|                                                                                                           |                                                                                                             | SDG 16                                                                                                                                                  |   |
| GRI 308. Provider environmental evaluation 2016                                                           |                                                                                                             |                                                                                                                                                         |   |
| 308-1. New providers that were screened using environmental criteria                                      | 6.2 Productive Dimension - Providers ESG provider approval                                                  | Law 11/2018:<br>Information about the company: tax information<br><br>Principles 7, 8, 9 and 10 of the Global Compact                                   | ✓ |
| 308-2- Negative environmental impacts in the supply chain and actions taken                               | 6.2 Productive Dimension - Providers                                                                        | Law 11/2018<br><br>Principles 7, 8, 9 and 10 of the Global Compact                                                                                      | ✓ |
|                                                                                                           |                                                                                                             |                                                                                                                                                         |   |
| Standard and Content                                                                                      | PAGE No. / INFORMATION                                                                                      | Other references                                                                                                                                        |   |
| GRI 401. Employment 2016                                                                                  |                                                                                                             |                                                                                                                                                         |   |
| 401-1 - New employee hires and employee turnover                                                          | 6.3 Human Dimension – General information / Diversity management.<br>7.4 Note 1 – New hires and departures. | Law 11/2018: Social questions related to personnel:<br>Organization of work: Equality<br><br>Global Compact Principles 1, 2, 3, 6 and 10                | ✓ |
| 401-2- Benefits provided to full-time employees that are not provided to temporary or part-time employees | 6.3 Human Dimension - Remuneration and Recognition/Work-life balance and Well-being                         | Global Compact Principles 1, 2, 3, 6 and 10<br><br>SDG 3,5 and 8                                                                                        | ✓ |
| 401-3 Parental leave                                                                                      | 6.3 Human Dimension - Work-life balance and Well-being<br><br>7.4 Note 4 – Health and well-being.           | Law 11/2018: Social questions related to personnel:<br>Organization of work: Equality<br><br>Global Compact Principles 1, 2, 3, 6 and 10<br><br>SDG 5,8 | ✓ |
| GRI 402. Labor/Management Relations 2016                                                                  |                                                                                                             |                                                                                                                                                         |   |
| 402-1 - Minimum notice periods regarding operational changes                                              | 6.5 Social and Relational Dimension – Relationship channels with workers' representatives                   | Law 11/2018:<br>Social questions related to personnel: Social relations                                                                                 | ✓ |

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|                                                                                                                                        |                                                                                                                                                                                                                  | Global Compact Principles 1, 2, 3, and 6<br><br>SDG 8                                                                                                            |   |
| <b>GRI 403. Occupational health and safety 2016</b>                                                                                    |                                                                                                                                                                                                                  |                                                                                                                                                                  |   |
| <b>403-1 - Workers' representation in formal joint management-worker health and safety committees</b>                                  | 6.3 Human Dimension - Employee Experience<br>Relevant data for the year.<br>6.5 Social and Relational Dimension – Relationship channels with workers' representatives<br><br>7.4 Note 4 – Health and Well-being. | Law 11/2018:<br>Social questions related to personnel: Social relations<br><br>Global Compact Principles 1, 2, 3, and 6<br><br>SDG 8                             | ✓ |
| <b>403-2 – Types of injury and rate of injury, occupational diseases, lost days, absenteeism and number of work-related fatalities</b> | 6.3 Human Dimension Employee Experience                                                                                                                                                                          | Law 11/2018:<br>Social questions related to personnel: Organization of work; Health and safety<br><br>Global Compact Principles 1, 2, 3, 4 and 6<br><br>SDG 3, 8 | ✓ |
| <b>403-3 - Workers with high incidence or high risk of diseases related to their occupation</b>                                        | 6.3 Human Dimension - Employee Experience / Conciliation and Well-being.<br>6.6 Social and relational Dimensions – relationship channels with workers' representatives.<br>7.4 Note 4 – Health and Well-being.   | Law 11/2018:<br>Social questions related to personnel: Social relations<br><br>Global Compact Principles 1, 2, 3, 4 and 6<br><br>SDG 3, 8                        | ✓ |
| <b>403-4 - Health and safety topics covered in formal agreements with trade unions</b>                                                 | 6.3 Human Dimension - Employee Experience / conciliation and well-being<br>6.6 Social and Relational Dimension - Relationship channels with workers' representatives<br><br>7.4 Note 4 – Health and Well-being.  | Law 11/2018:<br>Social questions related to personnel: Social relations<br><br>Global Compact Principles 1, 2, 3, 4                                              | ✓ |

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|                                                                                                     |                                                                                                                                     | and 6                                                                                                                                                                 |   |
|                                                                                                     |                                                                                                                                     | SDG 8                                                                                                                                                                 |   |
| <b>GRI 404. Training 2016</b>                                                                       |                                                                                                                                     |                                                                                                                                                                       |   |
| <b>404-1 - Average hours of training per year per employee</b>                                      | 6.3 Human Dimension - / Learning and knowledge management.                                                                          | Law 11/2018:<br>Social questions related to personnel: Training<br><br>Global Compact Principles 1, 2, 3, 4, 6 and 8<br><br>SDG 4,5 and 8                             | ✓ |
| <b>404-2 Programs for upgrading employee skills and transition assistance programs</b>              | 6.3 Human Dimension - page / Internal Mobility / Learning and knowledge management                                                  | Law 11/2018:<br>Social questions related to personnel: Training<br><br>Global Compact Principles 1, 2, 3, 4, 6 and 8<br><br>SDG 8                                     | ✓ |
| <b>404-3 - Percentage of employees receiving regular performance and career development reviews</b> | 6.3 Human Dimension - page Remuneration and recognition.                                                                            | Global Compact Principles 1, 2, 3, 4, 6 and 8<br><br>SDG 5,8 and 10                                                                                                   | ✓ |
| <b>GRI 405. Diversity and equal opportunities 2016</b>                                              |                                                                                                                                     |                                                                                                                                                                       |   |
| <b>405-1- Diversity of governance bodies and employees</b>                                          | 4. 1 Governance System - Diversity and Experience<br>4.2 Ethics and Sustainability<br>6.3 Human Dimension - Diversity and Inclusion | Law 11/2018:<br>Social questions related to personnel:<br>Employment;<br>Accessibility;<br>Equality<br><br>Global Compact Principles 1, 2, 3, 4 and 6<br><br>SDG 5, 8 | ✓ |
| <b>405-2 – Ratio of basic salary and remuneration of women to men</b>                               | 6.3 Human Dimension - Managing Diversity/Remuneration and Recognition                                                               | Law 11/2018:<br>Social questions related to personnel:<br>Employment<br><br>Global Compact                                                                            | ✓ |

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|                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                     | Principles 1, 2, 3, 4 and 6<br>SDG 5, 8, 10                                                                                                                                             |   |
| <b>GRI 406- Non-discrimination 2016</b>                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                         |   |
| <b>406-1 – Incidents of discrimination and corrective actions taken</b>                                                      | 4.2 Ethics and Sustainability - Ethical Behavior: key prevention and compliance measures / Code of Ethics and Conduct / Ethics Committee / Whistleblowing Channel Protection of employees from moral and sexual harassment in the workplace<br>6.6 Social and Relational Dimension – SDG and Human Rights.<br>7.4 Note 5 – Global Compact Principles and measures adopted to prevent and comply with MAPFRE's human rights measures | Law 11/2018: Social questions related to personnel: Equality; Information about respect for Human Rights<br><br>Global Compact Principles 1, 2, 3, 4, 6 and 10<br><br>SDG 5,8, 16       | ✓ |
| <b>GRI 407. Freedom of association and collective bargaining 2016</b>                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                         |   |
| <b>407-1- Operations and providers in which the right to freedom of association and collective bargaining may be at risk</b> | 4.2 Ethics and Sustainability - Ethical Behavior: key prevention and compliance measures<br><br>6.6 Social and Relational Dimension – Relationship channels / Employees and their legal representatives / SDG and Human Rights<br>7.4 Note 5 – Global Compact Principles and measures adopted to prevent and comply with MAPFRE's human rights measures                                                                             | Law 11/2018: Information about respect for Human Rights; Information about the company: Subcontracting and providers<br><br>Global Compact Principles 1, 2, 3, 4, 6 and 10<br><br>SDG 8 | ✓ |
| <b>GRI 408. Child labor 2016</b>                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                         |   |
| <b>408-1 Operations and providers at significant risk for incidents of child labor</b>                                       | 4.2 Ethics and Sustainability - Ethical Behavior: key prevention and compliance measures / Code of Ethics and Conduct / Ethics Committee<br>6.2 Productive Dimension - Providers<br>6.5 Social and Relational Dimension – SDG and Human Rights.<br>7.4 Note 5 – Global Compact Principles and measures adopted to prevent and comply with MAPFRE's human rights measures                                                            | Law 11/2018: Information about respect for Human Rights<br><br>Global Compact Principles 1, 2, 3, 5, 6 and 10<br><br>SDG 8, 16                                                          | ✓ |
| <b>GRI 409. Forced or compulsory labor 2016</b>                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                         |   |
| <b>409-1 Operations and providers at significant for incidents of forced</b>                                                 | 4.2 Ethics and Sustainability - Ethical Behavior: key prevention and compliance measures / Code                                                                                                                                                                                                                                                                                                                                     | Law 11/2018: Information about                                                                                                                                                          | ✓ |

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|                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                   |   |
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| or compulsory labor                                                                          | of Ethics and Conduct / Ethics Committee<br>6.2 Productive Dimension - Providers<br>6.6 Social and Relational Dimension – SDG and Human Rights.<br>7.4 Note 5 – Global Compact Principles and measures adopted to prevent and comply with MAPFRE's human rights measures                                                                                                                  | respect for Human Rights<br><br>Global Compact Principles 1, 2, 3, 4, 6 and 10<br><br>SDG 8                                                                                                       |   |
| <b>GRI 410. Security practices 2016</b>                                                      |                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                   |   |
| <b>410-1 Security personnel trained in human rights policies or procedures</b>               | 4.2 Ethics and Sustainability - Code of Ethics and Conduct / Ethics Committee/Security<br>5. Risks and opportunities, page / ESG Risks and opportunities<br>6.2. Productive Dimension - Providers<br>6.6 Social and Relational Dimension – SDG and Human Rights.<br>7.4 Note 5 – Global Compact Principles and measures adopted to prevent and comply with MAPFRE's human rights measures | Law 11/2018: Information about Human Rights<br><br>Global Compact Principles 1, 2, 3, and 10<br><br>SDG 16                                                                                        | ✓ |
| <b>GRI 411. Rights of indigenous peoples 2016</b>                                            |                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                   |   |
| <b>411 - 1 Incidents of violations involving rights of indigenous peoples</b>                | 6.6 Social and Relational Dimension – SDG and Human Rights.<br>7.4 Note 5 – Global Compact Principles and measures adopted to prevent and comply with MAPFRE's human rights measures.<br><br>There is no record of any incidents of violations involving rights of indigenous people.                                                                                                     | Law 11/2018: Information about the company: commitment to sustainable development: impact on local populations and the surroundings<br><br>Global Compact Principles 1, 2, 3, and 10<br><br>SDG 2 | ✓ |
| <b>GRI 412. Human Rights Assessments 2016</b>                                                |                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                   |   |
| <b>412-1 Operations that have been subject to human rights reviews or impact assessments</b> | 6.6 Social and Relational Dimension – SDG and Human Rights.<br>7.2 Materiality.<br>7.4 Note 5 – Global Compact Principles and measures adopted to prevent and comply with MAPFRE's human rights measures                                                                                                                                                                                  | Law 11/2018: Information about respect for Human Rights<br><br>Global Compact Principles 1-10                                                                                                     | ✓ |
| <b>412-2 Employee training on human rights policies or procedures</b>                        | 6.6 Social and Relational Dimension – SDG and Human Rights.<br>7.4 Note 5 – Global Compact Principles and measures adopted to prevent and comply with                                                                                                                                                                                                                                     | Law 11/2018: Information about respect for Human Rights                                                                                                                                           | ✓ |

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|                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                       |   |
|------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|
|                                                                                                      | MAPFRE's human rights measures                                                                                                                                                                                                                                                                                                                                           | Global Compact Principles 1-10                                                                                                                                                                                                                                                                        |   |
| <b>412-3 Significant investment agreements and contracts that include human rights clauses</b>       | 4.2 Ethics and Sustainability - Ethical Behavior: key prevention and compliance measures / Code of Ethics and Conduct; Ethics Compliance<br>6.2 Productive Dimension - Providers<br>6.6 Social and Relational Dimension – SDG and Human Rights.<br>7.4 Note 5 – Global Compact Principles and measures adopted to prevent and comply with MAPFRE's human rights measures | Law 11/2018: Information about respect for Human Rights<br><br>Global Compact Principles 1, 2, 3, 4, 5, 6, 7 and 10                                                                                                                                                                                   | ✓ |
| <b>GRI 413. Local communities 2016</b>                                                               |                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                       |   |
| <b>413-1 Operations with local community engagement, impact assessments and development programs</b> | 6.3 Human Dimension - Employee Experience Volunteering:<br>6.6 Social and Relational Dimension – SDG and Human Rights.<br>7.4 Note 5 – Global Compact Principles and measures adopted to prevent and comply with MAPFRE's human rights measures<br><a href="http://www.fundacionmapfre.org">www.fundacionmapfre.org</a>                                                  | Law 11/2018: Information related to the fight against corruption and bribery; Information about the company: commitment to sustainable development: impact on employment, local development, local populations and the surrounding areas.<br><br>Global Compact Principles 1, 2, 3, 4, 5, 6, 7 and 10 | ✓ |
| <b>413-2 Operations with significant actual and potential negative impacts on local communities</b>  | 6.3 Human Dimension - Employee Experience: Volunteering:<br>6.6 Social and Relational Dimension – SDG and Human Rights.<br>7.4 Note 5 - Global Compact Principles and measures adopted to prevent and comply with MAPFRE's human rights measures <a href="http://www.fundacionmapfre.org">www.fundacionmapfre.org</a>                                                    | Law 11/2018: Information about the company: commitment to sustainable development: impact on local populations and the surrounding areas.<br><br>Global Compact Principles 1, 2, 3, 4, 5, 6, 7 and 10<br><br>SDG 1 and 2                                                                              | ✓ |
| <b>GRI 414. Provider Social Assessment 2016</b>                                                      |                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                       |   |

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|                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                              |   |
|------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|---|
| 414-1 New providers that were screened using social criteria                                   | 6.2 Productive Dimension - Providers                                                                                                                                                                                                                                                                                                                                                                                      | Law 11/2018:<br>Information about the company:<br>Subcontracting and providers.<br><br>Global Compact Principles 1-10<br><br>SDG 5, 8 and 16 | ✓ |
| 414-2 Negative social impacts in the supply chain and actions taken                            | 6.2 Productive Dimension - Providers<br>6.6 Social and Relational Dimension – SDG and Human Rights.                                                                                                                                                                                                                                                                                                                       | Law 11/2018:<br>Information about the company:<br>Subcontracting and providers.<br><br>Global Compact Principles 1-10<br><br>SDG 5, 8 and 16 | ✓ |
| <b>GRI 415. Public policies 2016</b>                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                              |   |
| 415-1 Political contributions                                                                  | 4.2 Ethics and Sustainability - Ethical Behavior: key prevention and compliance measures /Code of Ethics and conduct / Ethics Committee Institutional Relations, Institutional, Business and Organizational Principles of the MAPFRE Group<br><a href="https://www.mapfre.com/corporate/institutional-investors/corporate-governance/">https://www.mapfre.com/corporate/institutional-investors/corporate-governance/</a> | Global Compact Principle 10<br><br>SDG 16                                                                                                    | ✓ |
| <b>GRI 417. Marketing and labeling 2016</b>                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                              |   |
| 417-1 Requirements for product and service information and labeling                            | Not available. Varies according to local legislation.                                                                                                                                                                                                                                                                                                                                                                     | SDG 12                                                                                                                                       |   |
| 417-2 Incidents of non-compliance concerning product and service information and labeling      | 4.2 Ethics and Social Responsibility – Grievances and complaints.                                                                                                                                                                                                                                                                                                                                                         | Global Compact Principle 10<br><br>SDG 12, 16                                                                                                | ✓ |
| 417-3 Incidents of non-compliance concerning marketing communications                          | No significant cases of non-compliance with regulations or voluntary codes assumed by the company were reported in 2018.                                                                                                                                                                                                                                                                                                  | Global Compact Principle 10<br><br>SDG 16                                                                                                    | ✓ |
| <b>GRI 418. Client privacy 2016</b>                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                              |   |
| 418-1 Substantiated complaints concerning breaches of client privacy and losses of client data | 6.4 Intellectual Dimension - Cybersecurity                                                                                                                                                                                                                                                                                                                                                                                | Law 11/2018<br><br>Global Compact Principles 1, 2, 3, and 10<br><br>SDG 16                                                                   | ✓ |

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| <b>GRI 419. Environmental compliance 2016</b>                                         |                                                                                          |                                                                                                                        |   |
|---------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------|---|
| <b>419-1 Non-compliance with laws and regulations in the social and economic area</b> | 4.2 Ethics and Sustainability - Ethical Behavior: key prevention and compliance measures | Law 11/2018: Information about respect for Human Rights<br><br>Global Compact Principles 1, 2, 3, and 10<br><br>SDG 16 | ✓ |

**GRI FINANCE SUPPLEMENT INDICATORS**

| <b>GRI Indicators</b>                  |                                                                                                                                                                    | <b>Page / Information</b>                                                                                                                                                                                                              | <b>Other references</b> | <b>KPMG verified</b> |
|----------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|----------------------|
| <b>Impact of products and services</b> |                                                                                                                                                                    |                                                                                                                                                                                                                                        |                         |                      |
| FS1                                    | Policies with specific environmental and social components applied to business lines.                                                                              | 4.1 Governance System.<br>4.2 Ethics and Sustainability<br>5. Risks and opportunities<br>6.3 Human Dimension<br>6.5 Natural Dimension – Strategic environmental model.<br>7.4 Note 6 – Social and environmental products and services. |                         | ✓                    |
| FS2                                    | Procedures for assessing and screening environmental and social risks in business lines.                                                                           | 5. Risks and opportunities / ESG Risks and opportunities<br>6.5 Natural Dimension – Strategic environmental model.                                                                                                                     |                         | ✓                    |
| FS3                                    | Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions with clients. | 4.2 Ethics and Sustainability<br>5. Risks and opportunities / ESG Risks and opportunities<br>6.5 Natural Dimension – Strategic environmental model.<br>7.4 Note 6 – Social and environmental products and services.                    |                         | ✓                    |
| FS4                                    | Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines.                         | 4.2 Ethics and Sustainability: Sustainability training<br>6.3 Human Dimension – the continuing talent challenge                                                                                                                        |                         | ✓                    |
| FS5                                    | Interactions with clients, investors and business partners regarding environmental and social risks and opportunities.                                             | 5. Risks and opportunities / ESG Risks and opportunities<br>6.5 Natural Dimension – Strategic environmental model.<br>7.2 Materiality.<br>mapfre.com – Group/shareholders and investors corporate information                          |                         | ✓                    |

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## 7 SUPPLEMENTARY INFORMATION

| Product portfolio        |                                                                                                                                                                |                                                                                                                                                                                                                                                 |  |   |
|--------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|---|
| FS6                      | Percentage of the portfolio for each business line by specific region, size and sector.                                                                        | 3.4.2 Information by Business Unit.                                                                                                                                                                                                             |  | ✓ |
| FS7                      | Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by objective.                         | 7.4 Note 4 – Social and environmental products and services.                                                                                                                                                                                    |  | ✓ |
| FS8                      | Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by objective.                  | 7.4 Note 6 – Social and environmental products and services.                                                                                                                                                                                    |  | ✓ |
| Auditing                 |                                                                                                                                                                |                                                                                                                                                                                                                                                 |  |   |
| FS9                      | Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures.                                 | 5. Risks and opportunities / ESG Risks and opportunities<br>6.5 Natural Dimension – Strategic environmental model.<br>7.1 Bases of preparation and presentation of the report.<br>7.4 Note 5 – Environmental information: Environmental Audits. |  | ✓ |
| Active ownership         |                                                                                                                                                                |                                                                                                                                                                                                                                                 |  |   |
| FS10                     | Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues. | This information is not available as of the close of this report                                                                                                                                                                                |  | ✓ |
| FS11)                    | Percentage of assets subject to positive and negative environmental or social screening.                                                                       |                                                                                                                                                                                                                                                 |  | ✓ |
| Community                |                                                                                                                                                                |                                                                                                                                                                                                                                                 |  |   |
| FS13                     | Access points in low-populated or economically disadvantaged areas by type.                                                                                    | 4.2 Ethics and Sustainability<br>7.4 Note 6 – Social and environmental products and services.                                                                                                                                                   |  | ✓ |
| FS14                     | Initiatives to improve access to financial services for disadvantaged people                                                                                   | Annual report of Fundación MAPFRE 2018                                                                                                                                                                                                          |  | ✓ |
| Client health and safety |                                                                                                                                                                |                                                                                                                                                                                                                                                 |  |   |
| FS15                     | Policies for the fair design and sale of financial products and services                                                                                       | 4.2 Ethics and Sustainability<br>7.4 Note 4 – Social and environmental products and services.                                                                                                                                                   |  | ✓ |
| Marketing communications |                                                                                                                                                                |                                                                                                                                                                                                                                                 |  |   |
| FS16                     | Initiatives to improve literacy and financial education by type of beneficiary                                                                                 | Annual report of Fundación MAPFRE 2018                                                                                                                                                                                                          |  | ✓ |

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## 7.4. Notes

### Note 1 - New Hires and Dismissals in 2018 by job position

[GRI 401-1]

| Reason for new hire                 | 2018  | 2017  |
|-------------------------------------|-------|-------|
| - Merger or acquisition             | 0     | 679   |
| - External recruitment              | 5,037 | 4,732 |
| - Return after leave of absence     | 142   | 166   |
| - Return from international posting | 2     | 7     |
| - Temporary contract                | 359   | 396   |
| - Change of company                 | 787   | 938   |

| Reason for departure                | 2018  | 2017  |
|-------------------------------------|-------|-------|
| - Transfer                          | 2     | 0     |
| - Voluntary                         | 3,131 | 3,232 |
| - Dismissal                         | 2,543 | 2,610 |
| - Leave of absence                  | 163   | 178   |
| - Retirement                        | 87    | 95    |
| - Early retirement                  | 3     | 5     |
| - Death                             | 26    | 23    |
| - Disability                        | 34    | 25    |
| - Termination of temporary contract | 344   | 340   |
| - Change of company                 | 875   | 1,161 |

DISMISSALS BY JOB POSITION LEVEL AND GENDER IN 2018

|                                | VETERANS |       |       | BABY BOOMERS |       |       | GENERATION X |       |       | GENERATION Y |       |       | GENERATION Z |       |       |
|--------------------------------|----------|-------|-------|--------------|-------|-------|--------------|-------|-------|--------------|-------|-------|--------------|-------|-------|
|                                | MEN      | WOMEN | TOTAL | MEN          | WOMEN | TOTAL | MEN          | WOMEN | TOTAL | MEN          | WOMEN | TOTAL | MEN          | WOMEN | TOTAL |
| MANAGEMENT                     | 4        | 0     | 4     | 40           | 7     | 47    | 21           | 13    | 34    | 3            | 0     | 3     | 0            | 1     | 1     |
| HEADS AND MANAGEMENT POSITIONS | 2        | 0     | 2     | 31           | 12    | 43    | 50           | 53    | 103   | 24           | 27    | 51    | 2            | 0     | 2     |
| TECHNICIANS                    | 14       | 6     | 20    | 90           | 54    | 144   | 175          | 152   | 327   | 184          | 176   | 360   | 23           | 28    | 51    |
| ADMIN STAFF                    | 7        | 3     | 10    | 33           | 56    | 89    | 88           | 165   | 253   | 254          | 387   | 641   | 132          | 226   | 358   |
| TOTAL                          | 27       | 9     | 36    | 194          | 129   | 323   | 334          | 383   | 717   | 465          | 590   | 1,055 | 157          | 255   | 412   |

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# 7 SUPPLEMENTARY INFORMATION

**Note 2 – Development of average remuneration, broken down by gender, age and professional classification.**

## Average salaries in Spain.

| AGE AND JOB POSITION      |             | 2018  |       | No. PEOPLE |         | AVERAGE FIXED REMUNERATION |  |
|---------------------------|-------------|-------|-------|------------|---------|----------------------------|--|
|                           |             | M     | W     | M          | W       |                            |  |
| VETERANS                  | MANAGEMENT  | 27    | 16    | 73,039     | 35,942  |                            |  |
|                           |             | 4     |       | 162,956    |         |                            |  |
| MGRS. AND MGMT. POSITIONS | TECHNICIANS | 1     |       | 62,108     |         |                            |  |
|                           |             | 15    | 10    | 66,644     | 38,541  |                            |  |
| ADMIN. AND SUPPORT STAFF  |             | 7     | 6     | 36,924     | 31,609  |                            |  |
|                           |             | 1,957 | 1,064 | 59,196     | 42,459  |                            |  |
| BABY BOOMERS              | MANAGEMENT  | 247   | 39    | 130,620    | 102,306 |                            |  |
|                           |             | 321   | 93    | 62,202     | 58,505  |                            |  |
| MGRS. AND MGMT. POSITIONS | TECHNICIANS | 1,140 | 619   | 48,010     | 40,618  |                            |  |
|                           |             | 249   | 313   | 35,685     | 33,874  |                            |  |
| ADMIN. AND SUPPORT STAFF  |             | 2,710 | 3,483 | 42,519     | 33,919  |                            |  |
|                           |             | 177   | 76    | 98,883     | 88,226  |                            |  |
| GENERATION X              | MANAGEMENT  | 426   | 243   | 48,627     | 48,165  |                            |  |
|                           |             | 1,812 | 2,022 | 37,775     | 33,470  |                            |  |
| MGRS. AND MGMT. POSITIONS | TECHNICIANS | 295   | 1,142 | 29,016     | 28,069  |                            |  |
|                           |             | 625   | 940   | 29,681     | 25,389  |                            |  |
| ADMIN. AND SUPPORT STAFF  |             | 11    | 3     | 74,455     | 61,500  |                            |  |
|                           |             | 37    | 21    | 48,924     | 43,055  |                            |  |
| GENERATION Y              | MANAGEMENT  | 459   | 470   | 29,376     | 28,665  |                            |  |
|                           |             | 118   | 446   | 20,658     | 20,862  |                            |  |
| MGRS. AND MGMT. POSITIONS | TECHNICIANS | 41    | 55    | 17,295     | 17,844  |                            |  |
|                           |             | 18    | 19    | 18,220     | 20,983  |                            |  |
| ADMIN. AND SUPPORT STAFF  |             | 23    | 36    | 16,570     | 16,188  |                            |  |
|                           |             |       |       |            |         |                            |  |

Average fixed remuneration by country, job position and gender as at December 2018.

| COUNTRY             | LEADERSHIP AND MGMT. POSITIONS |         | TECHNICIANS |        | ADMIN. STAFF |        |
|---------------------|--------------------------------|---------|-------------|--------|--------------|--------|
|                     | MEN                            | WOMEN   | MEN         | WOMEN  | MEN          | WOMEN  |
| Germany             | 94,277                         | 52,599  | 45,441      | 35,116 | 27,848       | 25,850 |
| Argentina           | 37,161                         | 32,812  | 16,359      | 15,935 | 12,823       | 12,520 |
| Brazil              | 32,120                         | 25,211  | 13,146      | 5,172  | 3,573        | 4,704  |
| Brazil Asistencia   | 24,938                         | 10,912  | 14,283      | 18,987 | 3,145        | 3,329  |
| Chile               | 68,710                         | 43,303  | 20,955      | 22,206 | 11,258       | 11,020 |
| Chile Asistencia    | 82,569                         | 69,598  | 13,531      | 17,858 | 9,988        | 8,872  |
| Colombia            | 52,225                         | 34,957  | 16,212      | 17,629 | 7,300        | 7,181  |
| Colombia Asistencia | 90,651                         | 40,331  | 26,295      | 43,801 | 5,557        | 5,566  |
| USA                 | 115,151                        | 105,009 | 57,910      | 48,248 | 36,740       | 38,254 |
| Spain               | 71,795                         | 53,780  | 39,808      | 33,984 | 28,699       | 26,685 |
| Honduras            | 46,581                         | 24,187  | 7,307       | 13,036 | 5,782        | 5,945  |
| Indonesia           | 61,399                         | 39,170  | 8,036       | 9,017  | 3,548        | 3,896  |
| Italy               | 81,944                         | 62,065  | 43,920      | 38,426 | 23,031       | 23,282 |
| Italy Asistencia    | 59,574                         | 44,673  | 26,680      | 25,966 | 21,282       | 21,193 |
| Malta               | 63,115                         | 53,960  | 25,519      | 21,401 | 13,287       | 14,941 |
| Mexico              | 46,662                         | 26,903  | 11,510      | 13,328 | 6,228        | 7,931  |
| Mexico Asistencia   | 19,041                         | 20,838  | 6,464       | 5,679  | 3,211        | 3,047  |
| Panama              | 44,777                         | 44,923  | 13,851      | 10,567 | 8,784        | 7,059  |
| Panama Asistencia   | 54,789                         | 42,033  | 13,142      | 14,229 | 7,757        | 8,280  |
| Paraguay            | 33,317                         | 24,023  | 8,378       | 8,550  | 6,167        | 6,303  |
| Peru                | 49,366                         | 27,431  | 12,693      | 9,628  | 5,886        | 7,039  |
| Peru Asistencia     | 0                              | 0       | 0           | 0      | 7,255        | 6,711  |
| Portugal            | 42,973                         | 43,645  | 24,743      | 22,483 | 17,483       | 17,878 |
| Portugal Asistencia | 61,012                         | 39,511  | 17,604      | 21,721 | 14,310       | 13,745 |
| Puerto Rico         | 85,343                         | 58,321  | 34,670      | 32,899 | 18,172       | 20,487 |
| UK Asistencia       | 77,132                         | 87,830  | 28,836      | 24,713 | 19,822       | 17,642 |
| Dominican Republic  | 36,097                         | 37,713  | 11,764      | 11,381 | 5,465        | 5,412  |
| Turkey              | 37,594                         | 24,989  | 10,243      | 10,222 | 6,022        | 5,093  |
| Turkey Asistencia   | 20,000                         | 18,355  | 9,252       | 8,377  | 4,499        | 4,314  |

Figures in euros

The countries shown in the table represent 90 percent of MAPFRE's employees.

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**Note 3 – Average remuneration of directors and senior managers, including variable remuneration, travel and subsistence allowances, settlements, retirement and long-term savings contributions, by gender.**

**Senior managers by gender and age:**

| AGE          | 2018*      |          | AVERAGE REMUNERATION |            |
|--------------|------------|----------|----------------------|------------|
|              | No. PEOPLE |          |                      |            |
|              | MEN        | WOMEN    | MEN                  | WOMEN      |
| VETERANS     | 4 (100%)   |          | 260,000.00           |            |
| BABY BOOMERS | 242 (86%)  | 39 (14%) | 190,000.00           | 150,000.00 |
| GENERATION X | 177 (70%)  | 77 (30%) | 145,000.00           | 125,000.00 |
| GENERATION Y | 11 (79%)   | 3 (21%)  | 93,000.00            | 86,000.00  |

\*This table includes the information related to main Group managers at global level domiciled in Spain.

| COUNTRY            | 2018       |       | AVERAGE REMUNERATION |             |
|--------------------|------------|-------|----------------------|-------------|
|                    | No. PEOPLE |       |                      |             |
|                    | MEN        | WOMEN | MEN                  | WOMEN       |
| GERMANY            | 15         | 3     | 387,952              | 145,000     |
| ARGENTINA          | 33         | 17    | 2,831,027            | 2,197,895   |
| BRAZIL             | 103        | 45    | 396,306              | 251,072     |
| CHILE              | 28         | 9     | 89,338,372           | 83,343,579  |
| COLOMBIA           | 27         | 13    | 395,559,246          | 245,487,287 |
| USA                | 91         | 47    | 220,198              | 164,921     |
| HONDURAS           | 8          | 8     | 2,396,465            | 1,168,280   |
| ITALY              | 14         | 6     | 170,134              | 147,171     |
| MALTA              | 21         | 6     | 96,537               | 101,405     |
| MEXICO             | 53         | 19    | 2,336,164            | 1,373,915   |
| PANAMA             | 23         | 13    | 158,389              | 78,024      |
| PARAGUAY           | 10         | 12    | 409,359,623          | 289,163,463 |
| PERU               | 69         | 19    | 372,345              | 215,482     |
| PORTUGAL           | 20         | 7     | 86,537               | 75,871      |
| PUERTO RICO        | 30         | 18    | 163,482              | 125,607     |
| UK                 | 18         | 7     | 106,826              | 77,757      |
| DOMINICAN REPUBLIC | 11         | 11    | 4,359,764            | 5,759,149   |
| TURKEY*            | 54         | 27    | 115,614              | 72,944      |

Figures in local currency

\*Figures in euros

**Directors:** we submit the Annual Report on the Remuneration of Directors of Publicly Traded Companies, as published on the corporate website [www.mapfre.com](http://www.mapfre.com) as well as Note 6.26 of the Annual Accounts.

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**Note 4 - Health and Well-being**

[GRI 401-3, 403-1, 403-3, 403-4]

**Workplace**

MAPFRE encourages measures to achieve a better workplace, in the broadest sense of the term, and as a company that promotes the health of its employees.

|                        | Workplace                                                                                                                                                                                                                                                                                                                                                                                                                             |
|------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>SPAIN</b>           | <ul style="list-style-type: none"> <li>- 66 occupational risk assessments.</li> <li>- Risk prevention and control training programs, with the participation of 1,408 employees, covering 11,352 hours.</li> <li>- 5,958 workplace physical exams.</li> <li>- On-site road safety education campaign on safe driving: among different groups where driving risk is inherent to the job.</li> </ul>                                     |
| <b>BRAZIL</b>          | <ul style="list-style-type: none"> <li>- 100 occupational risk assessments.</li> <li>- Risk prevention and control training programs, with the participation of 5,552 employees, covering 33,312 hours.</li> <li>- 3,690 company physical exams.</li> <li>- Environmental risk prevention program (ERPP) and analyses of ergonomic work and maintenance of the program for medical control of occupational health (PMCOH).</li> </ul> |
| <b>COLOMBIA</b>        | <ul style="list-style-type: none"> <li>- 250 occupational risk assessments (safety, hygiene and ergonomics).</li> <li>- 68 psychosocial risk assessments.</li> <li>- 20 medical checkups.</li> <li>- Studies were conducted on employees' most frequent health issues so as to make local improvements, intervene in hygiene assessments performed, and in improving lifestyle habits to prevent illness.</li> </ul>                  |
| <b>USA</b>             | <ul style="list-style-type: none"> <li>- Company activities were held on preventing workplace risks: Training programs covered: hazardous materials, blood-borne pathogens, associated maintenance for installation personnel, communication of risks and suspicious packages/mail, first aid for emergency personnel, and general safety during cleaning.</li> </ul>                                                                 |
| <b>MEXICO</b>          | <ul style="list-style-type: none"> <li>- Work-related accident prevention and emergency measures, and first-aid and building evacuation plans are in place.</li> </ul>                                                                                                                                                                                                                                                                |
| <b>OTHER COUNTRIES</b> | <ul style="list-style-type: none"> <li>- Emergency fire drills were held at Puerto Rico facilities and offices, as well as an earthquake-preparedness shake-out exercise.</li> <li>- The annual training program in Guatemala on the use of extinguishers, first aid, and first aid kit, and maintenance of alarms and fire extinguishers.</li> <li>- The workplace responsibility policies implemented in Honduras.</li> </ul>       |

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**HEALTH PROMOTION**

The main objective of the health promotion activities is to prevent non-communicable diseases and optimize health care by establishing channels and procedures for providing medical and psychological advice and running global health awareness campaigns.

|                 | HEALTH PROMOTION                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|-----------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>SPAIN</b>    | <ul style="list-style-type: none"> <li>- 4 information campaigns on the prevention of the main non-communicable diseases: cancer, cardiovascular, etc.</li> <li>- 12 healthy month campaign, focused on fostering good health, creating awareness, and bettering the health of employees thanks to monthly suggestions.</li> <li>- Flu vaccine</li> <li>- Blood drive:</li> <li>- 14,091 psychological consultations for employees' relatives</li> <li>-</li> </ul>                                                                                                                                                                                                                                                                                 |
| <b>BRAZIL</b>   | <ul style="list-style-type: none"> <li>- Assistance and care campaign A support group for cancer collaborators</li> <li>- Global cardiac health day</li> <li>- 17 campaigns took place, including Flu Vaccination and Blue November, encompassing 9,723 employee physicals as well as 3,103 psychological consultations for employees.</li> <li>- Work-balance actions - public defender - topics: How healthy am I, physical activity, healthy eating alcohol consumption, you are your health, monthly murals on emotional stability, fighting and preventing yellow fever, World voice day, healthy teeth, financial education, chats with a physical therapist, Pilates classes, skin cleaning, feminine sexual health, acupuncture,</li> </ul> |
| <b>COLOMBIA</b> | <ul style="list-style-type: none"> <li>- Health and prevention campaigns took place to detect uterus, breast, prostate, and skin cancer, as well as others on musculoskeletal disorders, chats on the importance of order and cleanliness, and prevention of the consumption of mind-altering drugs, tobacco, and alcohol.</li> <li>- 100 medical consultations for employees.</li> </ul>                                                                                                                                                                                                                                                                                                                                                           |
| <b>USA</b>      | <ul style="list-style-type: none"> <li>- The American Cancer Society and American Heart Association provided employees information on cancer prevention.</li> <li>- In June, representatives of the Diane Farber Association explained the dangers of sun exposure.</li> <li>- Eye exams were held in Webster and Miami, as were bone-density, blood pressure, glucose tests, flu vaccinations, and workshops on diabetes and osteoporosis.</li> </ul>                                                                                                                                                                                                                                                                                              |
| <b>MEXICO</b>   | <ul style="list-style-type: none"> <li>- Campaigns were held on lung disease (spirometers), ictus, and breast cancer detection.</li> <li>- Campaigns to detect Hepatitis C, the flue and the human papilloma</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |

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|                        |                                                                                                                                                                                                                                                                                                                                      |
|------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                        | virus <ul style="list-style-type: none"> <li>- Notisalud is a monthly video program covering disease prevention</li> <li>- 2,800 medical assessments.</li> </ul>                                                                                                                                                                     |
| <b>OTHER COUNTRIES</b> | <ul style="list-style-type: none"> <li>- In El Salvador, information campaigns on the most common diseases in women, and prostate cancer among men.</li> <li>- A conference was held in the Philippines with invited medical professionals during the celebration of the stroke prevention awareness campaign.</li> <li>-</li> </ul> |

### Physical activity and diet

The pillars of good health are physical activity and diet. MAPFRE promotes sports activities among employees and provides information on a healthy, appetizing and fun diet. The following is a selection of the activities conducted:

|                 | <b>Physical activity and diet</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|-----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>SPAIN</b>    | <ul style="list-style-type: none"> <li>- A gymnasium at the Majadahonda offices (Madrid), Sant Cugat (Barcelona), and at the Palacete (Monte del Pilar-Majadahonda).</li> <li>- Eat nutritiously campaign</li> <li>- National Breakfast Day</li> <li>- Several social activities took place to promote healthy habits, such as exercise, with the participation of 1,459 employees.</li> <li>- Yoga class pilot program at several location, and 142 employees involved.</li> </ul> |
| <b>BRAZIL</b>   | <ul style="list-style-type: none"> <li>- Nutrition care once a week, nutrition assistance at walk-in clinics, health coach, fruit support, and nutritional advice</li> <li>- Pilates classes- twice a week at the walk-in clinic, HIIT classes high-intensity training routines, running and walking groups.</li> </ul>                                                                                                                                                             |
| <b>COLOMBIA</b> | <ul style="list-style-type: none"> <li>- Size challenge Healthy eating, keeping diaries on this topic and exercise.</li> <li>- Implementation of the "Get going" program to promote physical activity.</li> <li>- Yoga, Runbo, Zumba, calisthenics, physical exercise assisted by body weight to promote activity.</li> </ul>                                                                                                                                                       |
| <b>USA</b>      | <ul style="list-style-type: none"> <li>- Seminars on nutritional myths, intelligent shopping, organic gardens, agriculture markets, healthy food trucks, and healthy cooking demonstrations.</li> <li>- Yoga and Tai Chi classes.</li> <li>- Ohio ping-pong tournament.</li> <li>- Suggestions on running and appropriate footwear.</li> </ul>                                                                                                                                      |

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|                        |                                                                                                                                                                                                                                                                                                                                                                             |
|------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>MEXICO</b>          | <ul style="list-style-type: none"> <li>- Nutritionist consultations</li> <li>- Nutrition campaign ("I can do it" challenge)</li> <li>- Races (running club)</li> </ul>                                                                                                                                                                                                      |
| <b>OTHER COUNTRIES</b> | <ul style="list-style-type: none"> <li>- In Germany, a digital challenge to use the stairs all year round to prevent illnesses caused by sedentary lifestyles.</li> <li>- Italian Health Project, workshops fostering healthy lifestyles and habits</li> <li>- In Puerto Rico, acquisition of products/food from gluten-free farms through agricultural markets.</li> </ul> |

### Mental Well-being

As psychosocial risks and mental illnesses are issues that increasingly affect companies and society in general, MAPFRE believes they should be addressed in the workplace. The company promotes measures to help manage stress and develop positive behavior and personal effectiveness tools, as well as providing psychological support for employees and their relatives.

|                        | <b>Mental Well-being</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>SPAIN</b>           | <ul style="list-style-type: none"> <li>- Online training for Stress Management given to more than 590 employees, with a total of more than 352 hours of training.</li> <li>- Yoga classes, 142 participants.</li> <li>- The following essays were published under the intranet's People section: "The pain of the loss of a loved one," "Breakup, separation, and divorce: how to handle it?"</li> <li>- Courses on: assertiveness, communication, executive coaching, active listening, and handling emotions</li> </ul> |
| <b>BRAZIL</b>          | <ul style="list-style-type: none"> <li>- Psychological assistance at the walk-in clinic twice a week, and the support program</li> <li>- Insurance Group: quick massage MAPFRE Financial Services: meditation, reflexology, and quick massage</li> </ul>                                                                                                                                                                                                                                                                  |
| <b>COLOMBIA</b>        | <ul style="list-style-type: none"> <li>- Talks on handling feelings, workshops on stress, and implementation of rest areas.</li> <li>- Spa and massage days for employees</li> </ul>                                                                                                                                                                                                                                                                                                                                      |
| <b>UNITED STATES</b>   | <ul style="list-style-type: none"> <li>- Employee Aid Program offering 24-7 telephone assistance. It offers 6 hours/year of support and advice on critical issues</li> <li>- Yoga classes, massage, meditation, stress-reduction and management sessions.</li> </ul>                                                                                                                                                                                                                                                      |
| <b>MEXICO</b>          | <ul style="list-style-type: none"> <li>- MAPFRE Week Workshop: How to deal with anxiety? Massage, mindfulness, and emotional intelligence, through medication</li> </ul>                                                                                                                                                                                                                                                                                                                                                  |
| <b>OTHER COUNTRIES</b> | <ul style="list-style-type: none"> <li>- PAP (psychological assistance program) in Peru to provide employees emotional support, and orientation on inter-personal relationships.</li> <li>- In Panama, psychological support to workers, who are sent to an</li> </ul>                                                                                                                                                                                                                                                    |

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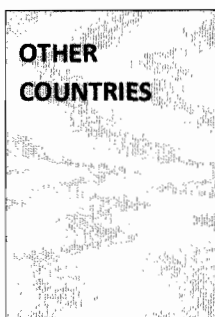
|  |                                                                                                                                                                                              |
|--|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  | <p>external professional for individual therapy.</p> <ul style="list-style-type: none"> <li>- Professional lectures on “The power of emotions” and suicide prevention in Uruguay.</li> </ul> |
|--|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

## PERSONAL ENVIRONMENT

These activities are related to the health and well-being of employees and their relatives in their personal lives. The issues addressed include caring for dependents, parenting and prevention of workplace accidents.

|                      | PERSONAL ENVIRONMENT                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|----------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>SPAIN</b>         | <ul style="list-style-type: none"> <li>- 85 assessments provided to employees whose relatives have health problems.</li> <li>- Area for nursing mothers in Majadahonda.</li> <li>- Procedures for protecting pregnancies and during the breastfeeding period: 64 assessments.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>BRAZIL</b>        | <ul style="list-style-type: none"> <li>- Support group for partners of cancer patients, flu vaccination campaign-covering family members, as well. Workshops for pregnant women, with partners welcome. Social assistance provided to employees and family members</li> <li>- CIPA Reports – Issues on the prevention of household risks</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>UNITED STATES</b> | <ul style="list-style-type: none"> <li>- Webinars on financial planning</li> <li>- Boston Children's Hospital informed its employees on the correct installation of car seats.</li> <li>- Advice to parents on adolescence, and seminars on university admissions processes.</li> <li>- Retirement-planning seminars.</li> <li>- The American Red Cross informed employees on safety in the home, traveling, and safe driving; local banks provided information on their services and discounts</li> <li>- Employee Aid Program offering support and information on female health and safety, providing resources and legal assistance to prevent violence against women.</li> <li>- Talks on retirement and medical care programs in force.</li> <li>- The Employee Aid Program offers free content on caring for the elderly, covering 21 articles, 2 webinars, and link to finding help for geriatrics, and a class on power-of-attorney decisions.</li> </ul> |
| <b>MEXICO</b>        | <ul style="list-style-type: none"> <li>- 100 psychological consultations for employees' relatives</li> <li>- Special workshops for mothers.</li> <li>- School Program for Primary students on road safety.</li> <li>- Discussions on the myths and taboos surrounding addiction (for parents).</li> <li>-</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |

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|                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|-----------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  | <ul style="list-style-type: none"> <li>- In Panama, actions supporting Women, work, and health through the recognition of mothers on their day, and cancer-prevention talks.</li> <li>- To commemorate World Breast Cancer Day, a talk was offered on "Food as a cancer-prevention factor," with the presence of a co-worker's mother who told her story.</li> <li>- In Puerto Rico, the Healthy Pregnancy Program offers expecting mothers food and health advice for themselves and their babies.</li> </ul> |
|-----------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

### Note 5 – Workplace-related accident data

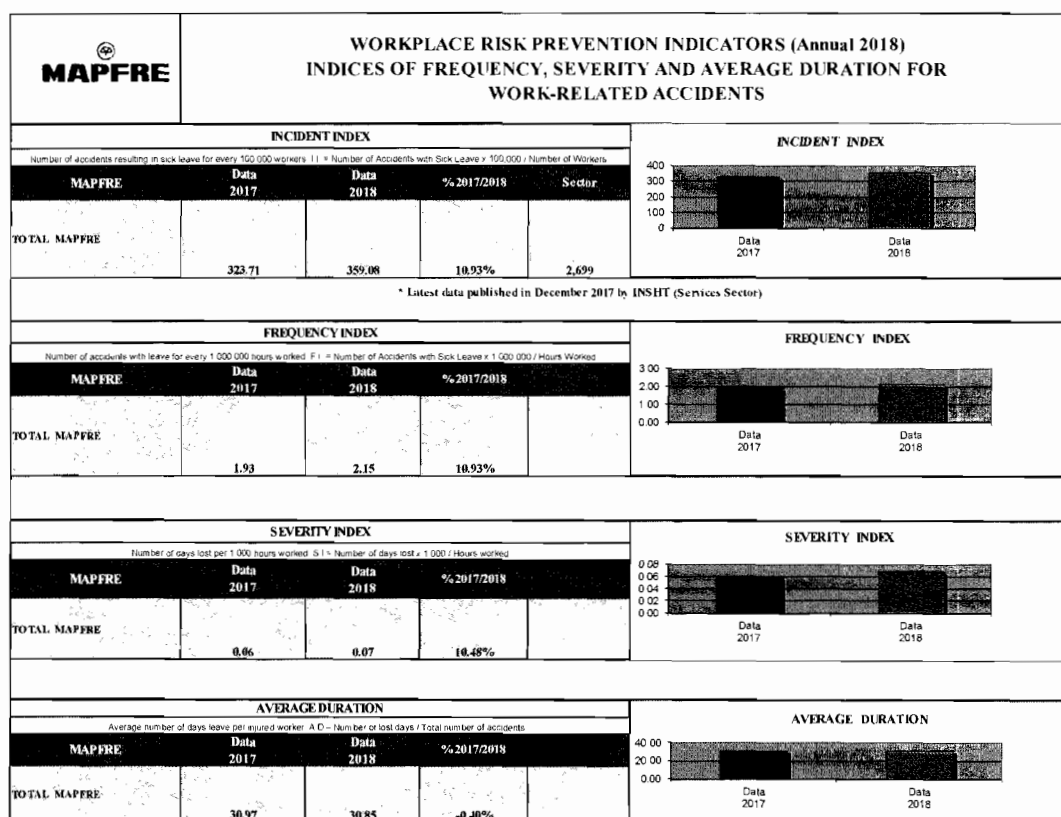
Both the frequency and severity index are part of the Loss Report, which is prepared and presented annually at the Health and Safety Committee of Spain, in March.

The formulas used to calculate the different loss rates in Spain are the following:

- **Incident index:** Number of accidents resulting in sick leave for every 100,000 workers.  $I.I. = \text{Number of Accidents with Sick Leave} \times 100,000 / \text{Number of Workers}$
- **Frequency index:** Number of accidents with leave for every 1,000,000 hours worked.  $F.I. = \text{Number of Accidents with Sick Leave} \times 1,000,000 / \text{Hours Worked}$
- **Severity index:** Number of days lost per 1,000 hours worked.  $S.I. = \text{Number of days lost} \times 1,000 / \text{Hours worked}$
- **Average duration:** Average number of days leave per injured worker.  $A.D = \text{Number of lost days} / \text{Total number of accidents}$

To calculate these indices, work accidents (WA) en-route are not considered.

The results for Spain in 2018 were as follows:



As of the date of this integrated report, the annual accident report for 2018 is not available, since it is necessary to investigate accidents and work on the information related to accident data corresponding to 2018 in order to present the information as clearly as possible.

In MAPFRE, in Spain, the incidence of occupational illnesses is extremely low, in fact, only one occupational disease was reported, without sick leave being required, in the job position of telephone service manager during 2018.



**Note 6 - Environmental Information**

[306-4]

**CO<sub>2</sub>eq consumption and emissions inventory**

| Resource consumption                | GRI                 | MEASURE<br>MENT       | 2018       | 2017       | 2016       |
|-------------------------------------|---------------------|-----------------------|------------|------------|------------|
| <b>Scope 1:</b>                     |                     |                       |            |            |            |
| Natural gas consumption             | 302-1; 302-4; 305-1 | m <sup>3</sup>        | 1,293,571  | 1,156,730  | 1,098,991  |
| Oil consumption in buildings        | 302-1; 302-4; 305-1 | L                     | 368,709    | 441,409    | 403,204    |
| Refrigeration gas recharges         | 302-1; 302-4; 305-1 | kg                    | 536        | 941        | 733        |
| Consumption of fuel in own vehicles | 302-1; 302-4; 305-1 | L                     | 2,319,928  | 3,164,699  | 3,677,690  |
| <b>Scope 2:</b>                     |                     |                       |            |            |            |
| Electrical energy consumption       | 302-1; 302-4        | GWh                   | 113.41     | 108.72     | 115.95     |
| <b>Scope 3:</b>                     |                     |                       |            |            |            |
| Business travel (air, train bus)    | 302-2               | Km                    | 53,428,757 | 46,305,542 | 41,801,773 |
|                                     |                     | Tm CO <sub>2</sub> eq | 6,976.85   | 8,118      | 7,479      |
| Business travel (vehicle)           | 302-2               | Km                    | 8,825,915  | 9,325,947  | 10,660,287 |
|                                     |                     | Tm CO <sub>2</sub> eq | 1,594.31   | 1,701.24   | 1,992.94   |
| Paper consumption                   | 302-2               | Tm CO <sub>2</sub> eq | 1,526      | 1,925      | 2,110      |
| Toner use                           | 302-2               | Tm CO <sub>2</sub> eq | 87.39      | 51.71      | 36.73      |
| Paper waste                         | 302-2               | Tm CO <sub>2</sub> eq | 18.07      | 19.33      | 22.51      |
| Toner waste                         | 302-2               | Tm CO <sub>2</sub> eq | 131.15     | 219.35     | 178.81     |
| Fluorescent waste                   | 302-2               | Tm CO <sub>2</sub> eq | 0.51       | 0.21       | 0.54       |
| Commuting                           | 302-2               | Tm CO <sub>2</sub> eq | 16,044     | 16,257     | 17,538     |

- 2016 Data for Spain, Argentina, Brazil, USA
- 2017 Data for Spain, Argentina, Brazil, Chile USA, Peru, Portugal, Puerto Rico, Turkey.
- 2018 Data for Spain, Argentina, Brazil, Chile, USA, Mexico, Peru, Puerto Rico, Turkey, Costa Rica, Nicaragua; Dominican Republic, Uruguay, and Malta.

**REDUCTION IN CONSUMPTION THROUGH BIOMETRIC SIGNATURE: 202,952 policies**

| PAPER<br>CONSUMPTION | Toner consumption | ENERGY<br>CONSUMPTION              | FELLING TREES     |
|----------------------|-------------------|------------------------------------|-------------------|
| 16 Tons avoided      | 85 Units avoided  | Savings of 113,653 kWh of electric | 259 Units avoided |

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|  |  |       |  |
|--|--|-------|--|
|  |  | power |  |
|--|--|-------|--|

**Waste management**

[GRI 306-2]

| WASTE INDICATORS                                         | MEASUREMENT | 2018     | 2017     | 2016     |
|----------------------------------------------------------|-------------|----------|----------|----------|
| Paper                                                    | Tn          | 844.95   | 888.54   | 1,072.11 |
| Toner                                                    | Tn          | 10.98    | 18.37    | 14.97    |
| Computers and electronic equipment managed               | Tn          | 66.62    | 33.66    | 86.76    |
| Computers and electronic equipment donated               | Tn          | 13.07    | 8.77     | 10.57    |
| Light bulbs and fluorescent lights at end of useful life | Tn          | 4.62     | 1.60     | 4.11     |
| Batteries                                                | Tn          | 1.64     | 3.80     | 2.46     |
| Hazardous waste in buildings                             | Tn          | 0.95     | 5.07     | 2.40     |
| Hazardous waste in repair shops                          | Tn          | 63.74    | 102.14   | 89.01    |
| Non-hazardous waste in buildings and repair shops (*)    | Tn          | 1,655.15 | 1,585.70 | 2,352.70 |
| Urban waste                                              | Tn          | 958.64   | 769.89   | 205.85   |
| Sanitary waste                                           | Tn          | 2.4      | 2.78     | 2.31     |
| Expired medicines                                        | Tn          | 0.20     | 0.11     | 0.16     |
| X-rays                                                   | Tn          | 1.06     | 0.98     | 0.87     |
| Computer media                                           | Tn          | 2.70     | 2.78     | 8.62     |
| Total waste deposited in landfills (*)                   | Tn          | 501.09   | 398.36   | 651.34   |

**Environmental audits**

[GRI FS9]

| ENVIRONMENTAL AUDITS OF ASSETS                         |            | 2018   | 2017  | 2016  |
|--------------------------------------------------------|------------|--------|-------|-------|
| Environmental diagnoses and inspections                | Units      | 5      | 9     | 84    |
| Internal environmental audits                          | Units      | 39     | 44    | 47    |
| Environmental certification audits                     | Units      | 29     | 36    | 19    |
| Percentage of assets subject to environmental controls | Percentage | 32.75% | 31.26 | 28.61 |

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**Resource consumption**

[GRI 302-3]

| Resource consumption                           | GRI             | MEASUREMENT    | 2018    | 2017    | 2016    |
|------------------------------------------------|-----------------|----------------|---------|---------|---------|
| Total energy consumption                       | 302-1;<br>302-4 | GWh            | 130.94  | 125.74  | 132.06  |
| Renewable energy consumption                   | 302-1;<br>302-4 | GWh            | 65.7    | 68.47   | 64.87   |
| Total water consumption                        | 303-1           | m <sup>3</sup> | 665,874 | 615,356 | 709,834 |
| Total paper consumption                        | 301-1           | Tm             | 1,818   | 2,136   | 2,248   |
| Total certified paper consumption              | 301-1           | Tm             | 1,359   | 1,311   | 1,319   |
| Ecologically-tagged paper/total paper consumed | 301-2           | %              | 74      | 61      | 69      |
| Toner consumption (Spain)                      | 301-1           | Units          | 9,220   | 5,455   | 3,875   |

**Resource consumption indicators**

|                                   | GRI                      | 2018  | 2017  | 2016  |
|-----------------------------------|--------------------------|-------|-------|-------|
| Total energy consumption/employee | kWh/employee/<br>year    | 3,919 | 3,680 | 3,910 |
| Water per employee                | m <sup>3</sup> /employee | 19.93 | 18.01 | 21.02 |
| Activity consumption              | kWh/premium<br>(€000)    | 6.87  | 6.5   | 6.9   |

- 2016. Data for Spain, Argentina, Brazil, Chile, Colombia, USA, Mexico, Puerto Rico, Turkey, Costa Rica, El Salvador, Nicaragua, Honduras, Panama, Guatemala, Ecuador, Dominican Republic, Paraguay, Uruguay, Peru, Venezuela, Portugal, Philippines and Malta.
- 2017 and 2018. Data for Spain, Argentina, Brazil, Chile, Colombia, USA, Italy, Mexico, Puerto Rico, Turkey, Costa Rica, El Salvador, Nicaragua, Honduras, Panama, Guatemala, Ecuador, Dominican Republic, Paraguay, Uruguay, Peru, Venezuela, Portugal, Philippines, Malta and Germany.

**Note 7 - Social and Environmental Products and Services**

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[GRI 102-2, 201-2, FS1, FS3, FS7, FS8, FS13, FS14, FS15]

**Products with high social content**

These are products offering basic coverage (Burial, Homeowners and Life, etc.) that are adapted to very specific local needs, and with low premiums, which help cover the personal risks of different groups, while also promoting an insurance culture.

| Country                        | Line           | Type of product or service                                                                                                                                                                                                                                                                | % of total premiums | % of line total | No. of insured parties /beneficiaries |
|--------------------------------|----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|-----------------|---------------------------------------|
| <b>IBERIA TERRITORIAL AREA</b> |                |                                                                                                                                                                                                                                                                                           |                     |                 |                                       |
| Spain                          | Health         | Health Choice: Health assistance insurance that guarantees primary care and basic diagnosis tests in approved centers. For other medical attention the insured may require, reductions on prices payable by private patients are offered in recommended clinics.                          | 0.16                | 0.16            | 8,950                                 |
|                                | LIFE           | Essential Burial: based on sliding pricing scale that is adapted to clients who wish to keep their burial insurance in force but face adverse economic circumstances.                                                                                                                     | 2.92                | 2.92            | 265,549                               |
| Portugal                       | LIFE           | Auto Vida Express: Personal and family insurance protection featuring simplified contracting based on just two health questions, and a closed guarantee plan.                                                                                                                             | 0.33                | 2.57            | 1,999                                 |
| <b>LATAM TERRITORIAL AREA</b>  |                |                                                                                                                                                                                                                                                                                           |                     |                 |                                       |
| BRAZIL                         | Homeow<br>ners | Telephone protection program: coverage for vulnerable situations A financial protection insurance covering payment of phone bills in the case of unemployment, disability, etc., so that clients are protected in situations of vulnerability.                                            | 0.04                | 0.03            | 24,015                                |
|                                | Automo<br>bile | Auto Mais Responsável: Covers third-party damage. An easily-contracted/paid policy, as it does not require prior inspection of vehicles up to 20 years old, payable in a maximum of 4 installments, at no interest.                                                                       | 0.14                | 0.3             | 21,739                                |
|                                | LIFE           | BB Agriculture and Family Life Insurance: insurance for rural loan clients of the Agricultura Familiar (Family Agriculture) programs that guarantees the settlement or surrender of the balance held with Banco do Brasil in the event of the natural or accidental death of the insured. | 1.89                | 14              | 434,623                               |

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| Country  | Line             | Type of product or service                                                                                                                                                       | % of total premiums | % of line total | No. of insured parties /beneficiaries |
|----------|------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|-----------------|---------------------------------------|
|          |                  | BB Microseguro protección total: for those with low income, covering accidental death, funeral costs, and any accident-related hospital expenses.                                | 0.02                | 100             | 5,320                                 |
|          |                  | Crediamigo Microcredit Program: with death coverage or funeral assistance, in addition to four monthly capitalization lotteries.                                                 | 0.22                | 1.5             | 78,067                                |
|          |                  | BARCELONA I: social in nature, fosters the access of those with low income, with a minimum monthly contribution of R \$100.00 or contribution/minimum transfer of R \$1,200.00.  | 3.38                | 6.95            | 10,132                                |
|          |                  | Vida Protegida y premiada: a micro-insurance policy combining coverage with monthly drawings. Sold by MAPFRE in conjunction with Casas Bahia.                                    | 1.12                | 7.3             | 90,017                                |
|          |                  | Microseguro de Personas: policy protecting clients taking out loans or paying invoices through the Correspondent Banking Agency.                                                 | 0.43                | 2.8             | 25,753                                |
|          |                  | Proteção Financeira: a product generating credit coverage for those with low incomes.                                                                                            | 0.64                | 4.2             | 57,685                                |
|          |                  | Agroamigo: fosters economic growth and is directed at formal/ informal micro-entrepreneurs in rural economies.                                                                   | 0.06                | 0.4             | 15,950                                |
|          |                  | Microseguro residencial: considered the social inclusion insurance policy, as its premiums are so low. Coverage offered supports policyholders in the case of unforeseen events. | 0.65                | 35.8            | 490,447                               |
|          |                  | CR Microseguro accidentes personales premiado: a micro-insurance policy covering customer purchases in CR Diementz stores.                                                       | 0.03                | 0.2             | 11,536                                |
|          |                  | Microseguro Solar: covers purchases made at Solar stores.                                                                                                                        | 0.01                | 0.03            | 1,452                                 |
| Colombia | Other Activities | Education insurance: covers basic/essential needs Intended for students currently enrolled, covering financial needs.                                                            | 0.23                | 1.5             | 1,759                                 |
|          | Burial           | Seguro Exequial: covers funeral expenses and offers economic assistance of up to \$3,000 for                                                                                     | 3.41                | 72              | 424,927                               |

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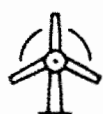
| Country        | Line         | Type of product or service                                                                                                                                                                                                                                               | % of total premiums | % of line total | No. of insured parties /beneficiaries |
|----------------|--------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|-----------------|---------------------------------------|
|                |              | accidental death of the main policyholder. The average monthly premium for family coverage (main policyholder, partner, and all children under 40) is \$3.                                                                                                               |                     |                 |                                       |
|                | LIFE         | Life insurance: no age permanence limit, covers terminal illnesses, and is in effect starting the first payment encompassing a cash sum and monthly payments. The average monthly premium for the personal plan is \$3.                                                  | 1.70                | 6.49            | 736,189                               |
|                | Accident     | Personal accident insurance: payment of an indemnity for death or total/permanent disability, or a monthly payment due to temporary disability. Homicides are covered after the first year holding the policy. The average monthly premium for the personal plan is \$3. | 1.51                | 34.17           | 420,846                               |
|                | Non-Life     | Homeowner Insurance: for those who own/lease properties (may be contracted in modules to include different cover). Indemnities are paid during the first loss, to a maximum amount, as inspection is not necessary. The average monthly premiums is \$4.                 | 0.36                | 1.06            | 38,846                                |
| Dominican Rep. | Health       | Assistance program for entrepreneurs, small and medium-sized businesses who are clients of Banco BHD Leon Credit Cards: Services or business assistance granted to policyholder including plumbing, electricity, locksmith, and legal assistance.                        | 0.09                | 0.57            | 3334                                  |
|                |              | Coverage of male cancer victims who are clients of Banco BHD Leon credit card services: coverage guaranteeing that the insured party receives the contracted capital in the event that where they are diagnosed for the first time with prostate cancer.                 | 0.07                | 0.49            | 2280                                  |
|                |              | Assistance granted to the insured party for holding a Banco BHD Leon Woman's credit card: services include assistance for home, traffic, legal and medical emergencies during national and international travel, and personal assistance.                                | 0.95                | 6.18            | 40,408                                |
|                | LIFE         | Education insurance covering the death of the student's father: in the event of the death or total disability of the insured party, the company will pay the agreed amount to the education center which certifies the enrollment of the children of the insured party.  | 0.14                | 0.17            | 12,371                                |
| MEXICO         | Accident and | Basic Standardized Personal Accident Insurance: accident insurance that offers indemnity up to                                                                                                                                                                           | 0.00011             | 0.04586         | 175                                   |

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| Country                               | Line       | Type of product or service                                                                                                                                                                          | % of total premiums | % of line total | No. of insured parties /beneficiaries |
|---------------------------------------|------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|-----------------|---------------------------------------|
| VENEZUELA                             | Illness    | \$200,000.<br><br>Basic Standardized Medical Expenses Insurance: medical attention at any national or international hospital.                                                                       | 0.00013             | 0.0017          | 11                                    |
|                                       | LIFE       | Group Life Insurance: marketed through the Compartamos bank. Aimed at groups for which Company Group Life Insurance products cannot be offered due to their special characteristics.                | 6.78                | 30.1            | 4,109,955                             |
|                                       | LIFE       | Solidarity Insurance: for retirees, disabled, or those with income under the basic wage.                                                                                                            | 0.02                | 0.02            | 666                                   |
| <b>INTERNATIONAL TERRITORIAL AREA</b> |            |                                                                                                                                                                                                     |                     |                 |                                       |
| PUERTO RICO                           | Automobile | Auto Plus: replaces or greatly improves the mandatory insurance for only 36 dollars more. Includes road assistance, accidental death or dismemberment, medical expenses and legal defense coverage. | 0.02                | 0.07            | 505                                   |
|                                       |            | Roadside and travel assistance: a product providing the insured party with immediate road assistance for only 45 dollars for the first vehicle and 25 dollars for subsequent insured vehicles.      | 0.01                | 0.02            | 4,144                                 |

### Environmental products and services

#### Underwriting of renewable energy



29,397 MW wind power

4,929 MW solar power

28.6 million euros insured premiums

#### Green policy



43,765 insured low emission vehicles

15.3 million euros insured premiums

#### Scrapped vehicles (SV)



2,599 # VFU

69,517 recovered pieces

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### Environmental liability



160,000 policies with free coverage

9.6 million euros insured premiums

### Sustainable mobility



installation of 124 charging points

16 hybrid towing vehicles



25 electrical vehicles

### Underwriting crops and sustainable forests



108,195 insured hectares

1,136 crop insurance policies

22.08M euros insured premium

Overall, more than 57,300 policies covering environment-related aspects were issued in 2018, representing a premium volume of more than 56 million euros, and 0.25 percent of total Group premiums.

| Environmental products and services       |                  |            |             |            |
|-------------------------------------------|------------------|------------|-------------|------------|
| Product/Service                           |                  | 2018       | 2017        | 2016       |
| Environmental risk coverages              | No. of policies  | 57,357     | 20,705      | 19,834     |
| Insurance for sustainable projects        | Net premiums (€) | 56,479,313 | 120,461,190 | 82,699,760 |
| Environmental and energy-saving insurance | Revenue (€)      | 408,517    | 235,177     | 315,049    |

In the case of environmental and energy services, some are directly associated with insurance policy benefits. Proof of this is that in 2018 the MAPFRE provider network has 25 100-percent electric mobile recharging vehicles to provide road assistance for electric cars. These assistance vehicles are equipped with a generator that can charge cars anywhere, anytime. As a result, this service reduces carbon footprint, preventing assistance tow trucks from traveling to the breakdown location and towing the vehicle back to a charging station.

In addition, MAPFRE is encouraging its providers to renew their tow truck fleets with hybrid vehicles, and there are already 16 lightweight hybrid tow trucks in service on the motorways.

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Other services are related to research on repairs for vehicles involved in accidents, conducted at the Road Safety Experimentation Centers (CESVI) in Spain and the Americas, which contribute to the reduced consumption of pollutants such as paint and solvents and helps minimize the environmental impact of vehicle repairs.

CESVIMAP, through CESVI RECAMBIOS, manages scrapped vehicles. In 2018, 2,599 scrapped vehicles were handled in Spain and Colombia, of which 69,517 parts and components were recovered for recycling.

Below are the main environment-related insurance products and services:

| Country                               | Type of product or service                                                                                                                                                                                                                                                                                                       | % of total premiums | % of line total | No. of insureds |
|---------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|-----------------|-----------------|
| <b>IBERIA TERRITORIAL AREA</b>        |                                                                                                                                                                                                                                                                                                                                  |                     |                 |                 |
| Spain                                 | Green Policy: First comprehensive pay-per-use insurance for electric, hybrid and eco-friendly vehicles.                                                                                                                                                                                                                          | 0.05                | 0.19            | 7,494           |
|                                       | Casualty and Third-Party Liability Insurance: Product aimed at solar, photovoltaic plants, wind farms and cogeneration plants.                                                                                                                                                                                                   | 0.06                | 3.61            | 1,328           |
|                                       | Environmental liability cover in general third-party liability policies and multirisk policies: covers policyholder liability for damage caused due to environmental pollution.                                                                                                                                                  | 0.01                | 1.6             | 1,297           |
| Portugal                              | Environmental liability: covers the cost of repairs due to accidents or an imminent threat, damage to wildlife and habitats, water and land pollution.                                                                                                                                                                           | 0.33                | 13.7            | 710             |
| <b>LATAM TERRITORIAL AREA</b>         |                                                                                                                                                                                                                                                                                                                                  |                     |                 |                 |
| BRAZIL                                | Environmental Third-Party Liability: this insurance is taken out at total sum insured, that is, the insurance company guarantees payment for damages and losses up to the maximum limit stated in the insurance policy. Consists of basic coverage for mandatory requirements, and additional coverages.                         | 0.05                | 100             | 170             |
|                                       | Removal of Wrecks: A policy for recreational boats and general use aircraft that provides compensation to policyholders to recover damaged property and minimize environmental harm.                                                                                                                                             | 0.45                | 1.41            | 3,120           |
| MEXICO                                | Safe Gas Station: insurance that includes third-party liability coverage against contamination.                                                                                                                                                                                                                                  | 0.27                | 0.01            | 3,220           |
| Colombia                              | Climate Change insurance: insurance that protects agricultural and livestock producers against the devastating effects of natural events on their plantations, as a consequence of climate change. Provides coverage for natural events such as droughts or floods, frost, strong winds, landslides, hail, avalanches and fires. | 1.69                | 100             | 437             |
| <b>INTERNATIONAL TERRITORIAL AREA</b> |                                                                                                                                                                                                                                                                                                                                  |                     |                 |                 |

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## 7 SUPPLEMENTARY INFORMATION

|                                                                                                                                                                                                                                                         |                                                                                                                             |      |      |     |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|------|------|-----|
| PUERTO RICO                                                                                                                                                                                                                                             | MCS-90: transportation policy that covers repairing damage resulting from contamination due to leaks of hazardous products. | 0.04 | 0.17 | 316 |
| <b>GLOBAL BUSINESSES</b>                                                                                                                                                                                                                                |                                                                                                                             |      |      |     |
| Damage and Third-Party Liability Policy: Insurance that covers the different phases (design, construction, commissioning and operation) of large renewable energy plants (thermosolar and wind).<br>These products are marketed by MAPFRE GLOBAL RISKS. |                                                                                                                             |      |      |     |
| Wind Farms                                                                                                                                                                                                                                              |                                                                                                                             | 0.3  | 1.5  | 7   |
| Solar energy                                                                                                                                                                                                                                            |                                                                                                                             | 0.15 | 0.78 | 9   |

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## 7 SUPPLEMENTARY INFORMATION

### Note 8 - Global Compact Principles and measures adopted to prevent and comply with MAPFRE's human rights measures

[GRI 102-17, 205-1, 205-2, 205-3, 406-1, 407-1, 408-1, 409-1, 410-1, 411-1, 412-1, 412-2, 412-3, 413-1, 413-2]

MAPFRE joined the Global Compact Spanish Network in 2004, and in 2017 ratified its commitment as a signatory member. It has also reaffirmed its commitment to the 2030 United Nations Agenda and its Sustainable Development Goals (SDG) within its sustainability strategies.

| GLOBAL COMPACT PRINCIPLES |                                                                                                                                                    | MAPFRE                                                                                                                                                                                                               | Prevention and mitigation (due diligence)                                                                                                                                                                                                                                                            | Claims mechanisms and follow-up.                                                                                                                                      | ODS MAPFRE      |
|---------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
| Human rights              | Principle 1:<br>"Businesses should support and respect the protection of internationally proclaimed human rights under their sphere of influence." | Institutional, Organizational and Business Principles<br>Code of Ethics and Conduct<br>Corporate Social Responsibility Policy                                                                                        | <b>Internal regulations:</b><br>Code of Ethics and Conduct<br>Corporate Governance Policy<br>Corporate Social Responsibility Policy                                                                                                                                                                  | Ethics Committee<br>Whistleblowing Channel for employees/collaborators and providers<br>The employee Financial and Accounting Whistleblowing Channel                  | 1,3,4,5,8,11,17 |
|                           | Principle 2:<br>"Companies must ensure that their companies are not involved in any infringement of human rights."                                 | <b>Inclusion in:</b><br>United Nations Global Compact:<br>UNEFP's Principles for Sustainable Insurance (PSI)<br>Principles for Responsible Investment (PRI) of the United Nations<br><i>Paris Pledge for Action:</i> | Respect for People Policy<br>Diversity and Equal Opportunities Policy<br>Promotion, Selection and Mobility Policy<br>Compensation Policy<br>Policy on Health, Well-Being and Prevention of Occupational Risks<br>Corporate Security Policy<br>Environment Policy<br>Workplace Risk Prevention Policy | Procedure for complaints and grievances<br>Harassment Protocol<br>Human Resources departments<br>Employee Legal Representatives<br>Corporate Sustainability Committee | 1,3,4,5,8,11,17 |
|                           | Principle 3:<br>"Companies must uphold the freedom of association and the effective recognition of the right to collective bargaining."            |                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                       | 1,3,5,8,9,17    |
| Labor Standards           | Principle 4:<br>"Companies must support the steps to                                                                                               |                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                       | 1,3,5,8,9,17    |

## 7 SUPPLEMENTARY INFORMATION

| GLOBAL COMPACT PRINCIPLES |                                                                                                                   | MAPFRE            |                                                                                                                                                                                                                                                                                                                   |                                  |
|---------------------------|-------------------------------------------------------------------------------------------------------------------|-------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|
|                           |                                                                                                                   | Public commitment | Prevention and mitigation (due diligence)                                                                                                                                                                                                                                                                         | Claims mechanisms and follow-up. |
|                           | eradicate forced or coerced work."                                                                                |                   | Purchasing Regulations                                                                                                                                                                                                                                                                                            |                                  |
|                           | Principle 5:<br>"Companies must support the abolition of child labor."                                            |                   | Harassment Protocol                                                                                                                                                                                                                                                                                               | 1,3,5,8,9,17                     |
|                           | Principle 6:<br>"Companies must eliminate discrimination in respect of employment and occupation."                |                   | Collective bargaining agreements (sector/company)<br><b>Other prevention/assessment systems:</b><br>Self-assessment of impact - The UN Guiding Principles on Business and Human Rights prepared by the Spanish Global Compact Network.<br>Materiality surveys with stakeholders on internal/external human rights | 1,3,5,8,9,17                     |
|                           | Principle 7:<br>"Companies must support a precautionary approach to environmental challenges."                    |                   | Environmental, social, and governance (ESG) report on underwriting and investments<br>RepRisk, making it possible to identify, evaluate, and monitor business conduct risks and related ESGs related to human rights, work, the environment, and corruption                                                       | 13,8,9,11,17                     |
|                           | Principle 8:<br>"Companies must undertake initiatives to promote greater environmental responsibility."           |                   | Workplace satisfaction survey<br>Performance evaluation<br>Development evaluation committee                                                                                                                                                                                                                       | 13,8,9,11,17                     |
|                           | Principle 9:<br>"Companies must encourage the development and diffusion of environmentally friendly technologies" |                   | Failure to comply with internal and external regulations<br>Healthy company model (assessments on occupational risks (safety, hygiene, and ergonomics, psycho-social risks, company physical exams, epidemiological studies, etc.).                                                                               | 13,8,9,11,17                     |

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7 SUPPLEMENTARY INFORMATION

| GLOBAL COMPACT PRINCIPLES |                                                                                                              | MAPFRE            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                  |
|---------------------------|--------------------------------------------------------------------------------------------------------------|-------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|
|                           |                                                                                                              | Public commitment | Prevention and mitigation (due diligence)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Claims mechanisms and follow-up. |
| Anti-corruption           | Principle 10:<br>"Companies must work against corruption in all its forms, including extortion and bribery." |                   | <p>Internal audit, control, and compliance</p> <p>The employee Financial and Accounting Whistleblowing Channel</p> <p>Different channels in order to notify lack of compliance with the Code of Conduct and Ethics, available to all employees and providers.</p> <p>Specific channels and means designed to protect customer rights and handle their claims</p> <p>Internal systems and procedures established to detect signs of corruption, and prevent fraud/money laundering</p> <p>Environmental management system (SYGMAYE)</p> <p>Approval processes for its providers, including areas related to human rights, non-discrimination, and compliance with environmental and workplace regulations.</p> | ODS MAPFRE<br><br>17, 3,4,8      |

### **7.5. External verification report**

[GRI 102-48, 102-49, 102-56]

See KPMG Report.



KPMG Asesores, S.L.  
Pº de la Castellana, 259 C  
28046 Madrid

## **Independent Assurance Report**

(Free translation from the original in Spanish.  
In case of discrepancy, the Spanish language version prevails.)

To MAPFRE shareholders:

In accordance with Article 49 of the Commercial Code, we performed a limited assurance review on the non-financial information statement (hereinafter, NFIS) contained in the Integrated Report of MAPFRE, S.A. (hereinafter MAPFRE) for the year ended 31 December 2018 (hereinafter "the Report") and which part of the consolidated 2018 Management Report of MAPFRE.

### **MAPFRE Board of Directors and Management responsibilities**

MAPFRE Board of Directors and MAPFRE management is responsible for the preparation and presentation of the Report in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative (GRI Standards), in accordance with comprehensive option as described in item 102-54 of the GRI Content index of the Report.

The formulation of the NFIS included in MAPFRE Integrated Report, and its content, is responsibility of MAPFRE Board of Directors. The NFIS has been prepared according to the contents presents in current mercantile legislation and according to the Sustainability Reporting Standards of Global Reporting Initiative (GRI Standards) in accordance with comprehensive option and financial sector supplement selected and mentioned in the table named "GRI Content Index" included in the Integrated Report.

These responsibilities include the design, implementation and establishment of appropriate internal controls that MAPFRE management consider necessary to enable that the preparation of indicators with a limited assurance review would be free of material errors due to fraud or errors.

MAPFRE board of directors are also responsible for defining, developing and maintaining of the management systems from which the reported performance information is derived in order to prepare the Integrated Report.

### **Our independence and quality control**

We have complied with the requirements of independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants which is founded on Fundamental Principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.



KPMG applies International Standard on Quality Control 1 (ISQC1) and accordingly maintains a comprehensive quality control system, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our multidisciplinary team included specialists in non-financial information and particularly in social, environmental and economic business performance.

### **Our responsibility**

---

Our responsibility is to carry out a limited assurance review and issue this report based on the work performed. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (reviewed), "Assurance Engagements other than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board (IAASB) of International Federation of Accountants (IFAC)

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently the level of assurance obtained in a limited assurance engagement is lower than that of a reasonable assurance engagement.

Our limited assurance engagement consisted of making inquiries to MAPFRE Management and persons responsible for the preparation of information presented in the Report, in the process review for collecting and validating the information presented in the Report and applying analytical and other evidence gathering procedures. These procedures included:

- Interviews with MAPFRE Management and relevant staff in order to know the business model, policies and management approaches applied, the main risks related to these issues and obtain the necessary information for external review.
- Analysis of the scope, relevance and integrity of the contents included in the Report based on the materiality analysis carried out by MAPFRE and considering contents required by current mercantile legislation.
- Analysis of the processes to collect and validate the data presented in the Report that include the Non-Financial Information Statement for the 2018 fiscal year.
- Review of information regarding the risks, policies and management approaches applied in relation to the material aspects presented in the Report.
- Review through testing and based on a sample selection, of the information related to the contents included in the Report for the year 2018 and its adequate compilation from the data provided by the internal, external information sources or third party report.
- Review of the application of the Global Reporting Initiative's Sustainability Reporting Standards (GRI Standards) requirements for the preparation of reports in accordance with comprehensive option.
- Collection of the Representation Letter signed by the Board of Directors and Management of the Company.



**Conclusion**

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Based on the limited assurance procedures performed and the evidence obtained, as described above, nothing has come to our attention that causes us to believe that the non-financial information statement contained in the Integrated Report of MAPFRE, S.A. and dependent companies for the year ended 31 December 2018 has not been prepared, in all material aspects, in accordance with the current mercantile legislation and the Sustainability Reporting Standards of Global Reporting Initiative (GRI Standards) selected and mentioned in the table named "GRI Content Index" included in the Integrated Report.

**Purpose of our report**

---

This Independent Assurance Report has been prepared in response to the requirement established in the mercantile regulations in force in Spain, so it may not be suitable for other purposes and jurisdictions.

KPMG Asesores, S.L.

[Signed]

Patricia Reverter Guillot

7 February 2019

The Integrated Report for MAPFRE S.A. corresponding to the financial year 2018, on the preceding pages 1 to -- herein, endorsed by the Secretary of the Board and which includes information from the Consolidated Non-Financial Information Statement which forms part of the Consolidated Report, has been drafted by the Board of Directors at its meeting held on February 6, 2019.

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D. Antonio Huertas Mejías  
Chairman

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D. Antonio Gómez Ciria  
Member

---

D. Ignacio Baeza Gómez  
1st Vice Chairman

---

D. Luis Hernando de Larramendi Martínez  
Member

---

D<sup>a</sup>. Catalina Miñarro Brugarolas  
2nd Vice Chairman

---

D. Francisco J. Marco Orenes  
Member

---

D. José Manuel Inchausti Pérez  
3rd Vice Chairman

---

D. Fernando Mata Verdejo  
Member

---

D. José Antonio Colomer Guiu  
Member

---

D. Antonio Miguel-Romero de Olano  
Member

---

D. Georg Daschner  
Member

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D<sup>a</sup>. Pilar Perales Viscasillas  
Member

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D<sup>a</sup>. María Leticia de Freitas Costa  
Member

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D. Alfonso Rebuelta Badías  
Member

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D<sup>a</sup>. Ana Isabel Fernández Álvarez  
Member

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D. Ángel Luis Dávila Bermejo  
Secretary and Non-Member

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