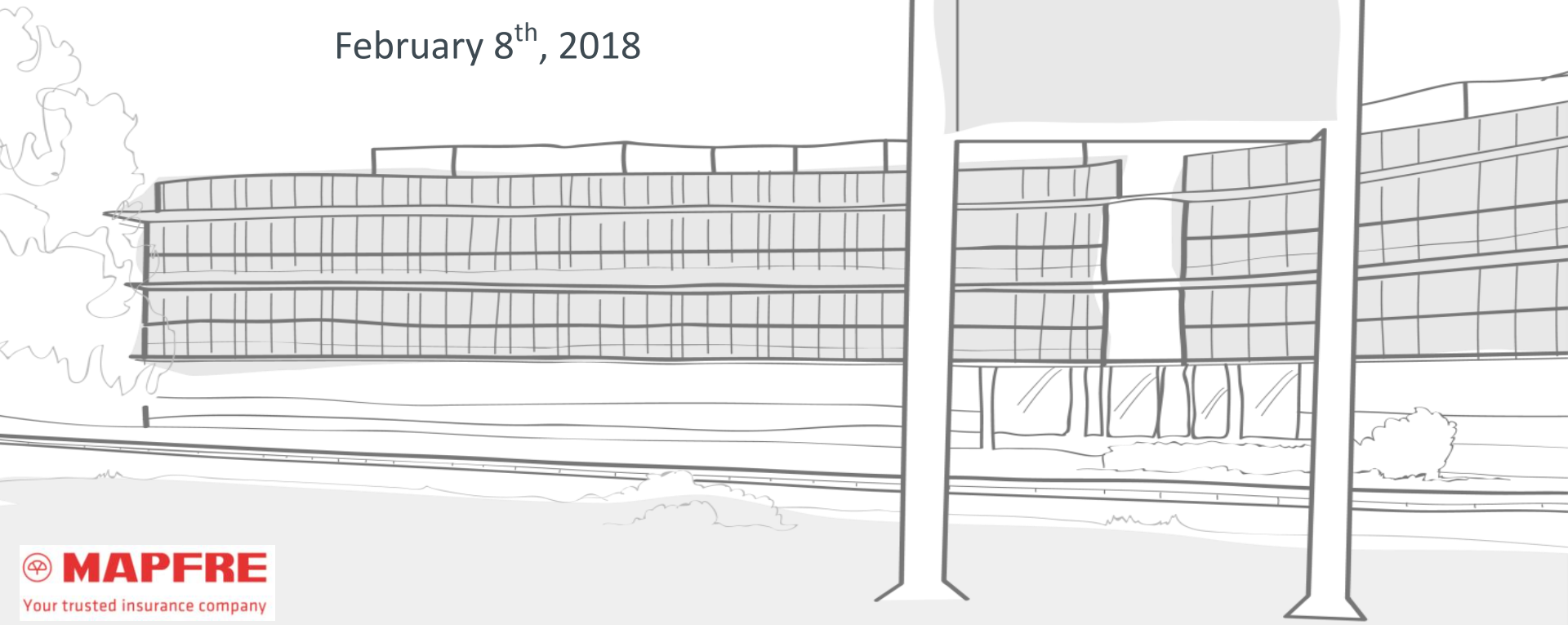


# Financial results

## Year end 2017

Analyst and investor presentation

February 8<sup>th</sup>, 2018



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**01 KEY HIGHLIGHTS**

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**02 FINANCIAL OVERVIEW**

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**03 WRAP-UP**

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## MAPFRE continues thriving with outstanding 4Q results

- › IBERIA and MAPFRE RE continue demonstrating solid underwriting results

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- › EURASIA (former EMEA and APAC), LATAM NORTH, and LATAM SOUTH show relevant and consistent improvements across the board

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- › Resilient premium growth and excellent combined ratio in Brazil

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- › Measures have been implemented in USA to deliver results going forward

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- › Outstanding 4Q results:
  - › NatCat losses lower than initial estimates, supported by an effective reinsurance policy
  - › Extraordinary income in USA and Brazil
  - › Significant progress made in cost reduction program
  - › Successful management of investment portfolio

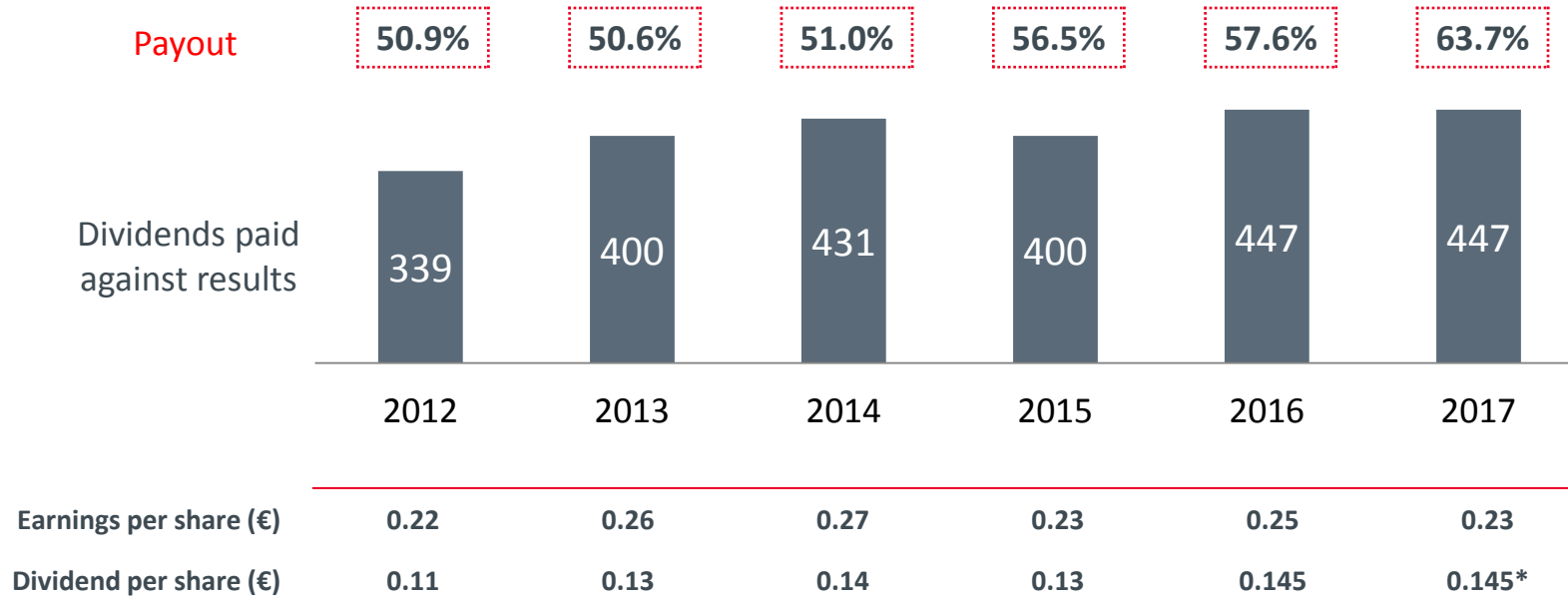
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- › Strong capital position with a high level of financial flexibility

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- › Total dividend of €0.145 per share

## MAPFRE continues proving strong commitment to stable and growing shareholder remuneration



\*Interim dividend €0.06; final dividend €0.085 to be approved at Annual General Meeting

Million euros

## Main highlights (I/II) > 12M 2017

Spain	<ul style="list-style-type: none"> <li>› Successful implementation of transformation process continues delivering results</li> </ul>
Brazil	<ul style="list-style-type: none"> <li>› Competitive environment in Motor affecting premiums and results, mitigated by diversified business mix</li> <li>› Strong impact from fall in financial income</li> <li>› Alignment of balance sheet with current market context, taking into consideration recent developments in partnership agreements (+€28 mn impact on attributable result)</li> </ul>
USA	<ul style="list-style-type: none"> <li>› Northeast region continues contributing positively to results</li> <li>› Positive effect of U.S. tax reforms (+€38 mn impact on attributable result)</li> </ul>
EURASIA	<ul style="list-style-type: none"> <li>› Successful rebranding in Germany</li> <li>› Italy beginning to enter in value creation mode</li> <li>› Strong results in Turkey, thanks to selective underwriting and tariff increases implemented in 2016 in Motor, helping mitigate impact of new regulation</li> </ul>
LATAM NORTH & SOUTH	<ul style="list-style-type: none"> <li>› Premiums impacted by stricter underwriting guidelines and cancellation of unprofitable business</li> <li>› Strong improvement in combined ratio in Mexico, thanks to business restructuring</li> <li>› Strong growth in results in LATAM SOUTH</li> </ul>

## Main highlights (II/II) > 12M 2017

### MAPFRE RE

- › Exceptional performance, despite catastrophic events, thanks to diversified business mix and prudent underwriting

### GLOBAL RISKS

- › Carefully monitoring performance as result of the impact of NatCat and other large claims on 2017 results

### ASISTENCIA

- › Reaching final stages of restructuring process with significant overhead reduction underway

## Key Figures > 12M 2017

	12M 2017	Δ	Δ (constant exchange rates)	12M 2017	Δ
<b>Revenue</b>	<b>27,984</b>	<b>3.3%</b>	<b>5.4%</b>	<b>Ex - NatCat*</b>	
Total written and accepted premiums	23,481	2.9%	4.1%	96.9%	-0.5 p.p
- Non-Life	18,154	2.6%	4.3%	69.5%	-0.5 p.p
- Life	5,326	4.2%	3.4%		
<b>Non-Life Combined Ratio</b>	<b>98.1%</b>	<b>0.7 p.p</b>		<b>826.1</b>	<b>6.5%</b>
Non-Life Loss Ratio	70.7%	0.7 p.p			
Non-Life Expense Ratio	27.5%	0.1 p.p			
<b>Net result</b>	<b>700.5</b>	<b>-9.7%</b>			
<b>Balance sheet</b>					
Assets under management	60,082	2.1%			
Shareholders' equity	8,611	-5.6%			
<b>ROE</b>	<b>7.9%</b>	<b>-0.9 p.p</b>		<b>9.2%</b>	<b>0.5 p.p</b>
	<b>9M 2017</b>	<b>Δ</b>			
<b>Solvency ratio**</b>	<b>189.4%</b>	<b>-20.4 p.p</b>			

\* Excluding impacts from hurricanes Maria, Irma and Harvey, Mexican earthquakes and the Coastal Niño at primary insurances units; other events and impacts at MAPFRE RE have been considered part of the recurring business

\*\* Solvency ratio variation calculated compared to data at December 31<sup>st</sup>, 2016

Million euros

## 2017 catastrophic events update: effective risk management and reinsurance protections

### NatCat impact > 12M 2017

	MAPFRE GLOBAL RISKS	Puerto Rico	USA	Colombia & Peru	Mexico	Dominican Republic	Subtotal	MAPFRE RE	TOTAL
Hurricane Harvey	11.3						11.3	7.0	18.3
Hurricane Irma	18.8	19.6	1.1				39.5	5.4	44.9
Hurricane Maria	16.9	23.3				0.4	40.6	25.8	66.4
Mexican earthquakes	10.5				1.4		11.9	15.3	27.2
<b>Total 3Q NatCat events</b>	<b>57.5</b>	<b>42.9</b>	<b>1.1</b>	<b>0.0</b>	<b>1.4</b>	<b>0.4</b>	<b>103.3</b>	<b>53.5</b>	<b>156.8</b>
Coastal Niño	19.9			2.4			22.3	4.7	27.0
<b>TOTAL</b>	<b>77.4</b>	<b>42.9</b>	<b>1.1</b>	<b>2.4</b>	<b>1.4</b>	<b>0.4</b>	<b>125.6</b>	<b>58.2</b>	<b>183.8</b>

### NatCat impact > 12M 2017 vs. 9M 2017

	Hurricanes	Earthquakes	Coastal Niño	TOTAL
MAPFRE RE	(17.9)	(1.3)	(7.7)	(26.9)
GLOBAL RISKS	(3.9)	(11.6)	2.1	(13.4)
Puerto Rico	14.5	-	-	14.5
USA	-	-	-	0.0
Mexico	-	0.4	-	0.4
Dominican Republic	0.2	-	-	0.2
Colombia & Peru	-	-	(0.1)	(0.1)
<b>TOTAL</b>	<b>(7.1)</b>	<b>(12.5)</b>	<b>(5.7)</b>	<b>(25.3)</b>

› Gross loss at December 31<sup>st</sup>, 2017: €1,047 mn  
of which:

- › Claims paid: €189 mn
- › Claims outstanding: €552 mn
- › IBNR: €306 mn

› Variation gross loss 12M 2017 vs. 9M 2017: -€106 mn

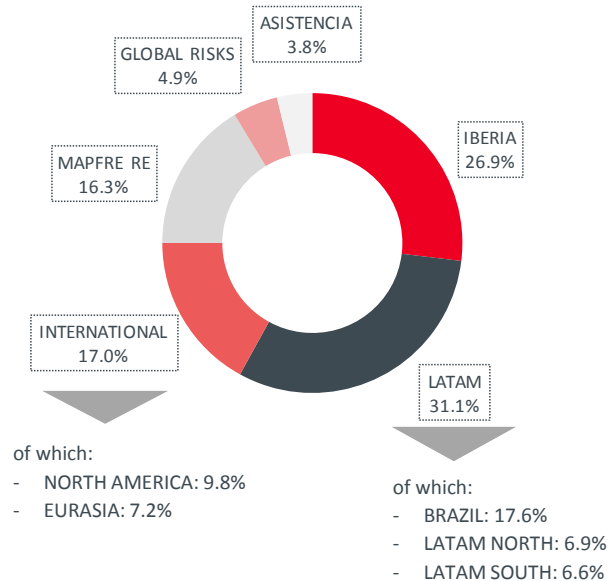
Post-tax and non-controlling interests, net of reinsurance and retrocessional recoveries

Million euros



## Key figures by business unit

### Premiums – Distribution by business unit



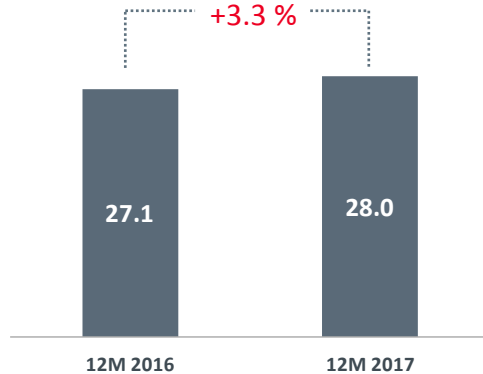
	Attributable result			Premiums	
	12M 2017	Δ mn	Δ %	12M 2017	Δ %
<b>IBERIA</b>	<b>511.5</b>	<b>(24.4)</b>	<b>-4.6%</b>	<b>6,960</b>	<b>3.8%</b>
<b>LATAM</b>	<b>229.4</b>	<b>37.3</b>	<b>19.4%</b>	<b>8,018</b>	<b>8.6%</b>
BRAZIL	125.4	(15.9)	-11.3%	4,547	3.5%
LATAM NORTH	33.8	(0.5)	-1.4%	1,772	39.6%
LATAM SOUTH	70.2	53.7	--	1,699	-1.4%
<b>INTERNATIONAL</b>	<b>88.0</b>	<b>79.7</b>	<b>--</b>	<b>4,398</b>	<b>-4.2%</b>
NORTH AMERICA	48.7	(28.6)	-37.0%	2,529	-3.6%
EURASIA	39.3	108.3	157.0%	1,870	-5.1%
<b>MAPFRE RE</b>	<b>162.7</b>	<b>(23.4)</b>	<b>-12.6%</b>	<b>4,222</b>	<b>-0.3%</b>
<b>GLOBAL RISKS</b>	<b>(66.3)</b>	<b>(113.6)</b>	<b>--</b>	<b>1,257</b>	<b>3.7%</b>
<b>ASISTENCIA</b>	<b>(68.4)</b>	<b>(12.1)</b>	<b>-21.4%</b>	<b>984</b>	<b>-7.8%</b>
<b>OTHER*</b>	<b>(156.3)</b>	<b>(18.5)</b>	<b>-13.4%</b>	<b>(2,359)</b>	<b>1.0%</b>
<b>TOTAL</b>	<b>700.5</b>	<b>(74.9)</b>	<b>-9.7%</b>	<b>23,481</b>	<b>2.9%</b>

\* "Other" includes Corporate Areas and consolidation adjustments

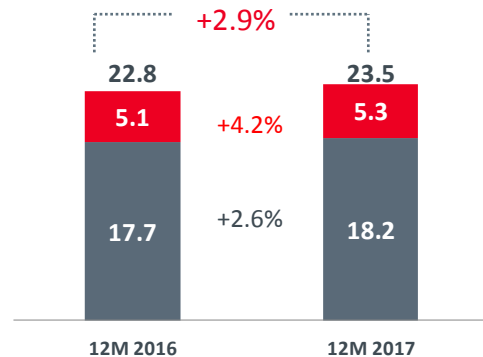
Million euros

## Tailwinds from Spain and green shoots in premium trends in Brazil

### Revenue



### Premiums

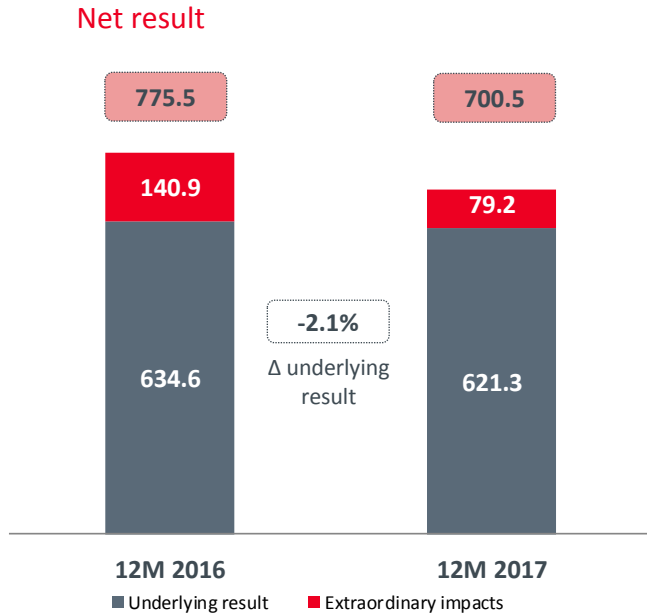


Billion euros

■ Non-Life ■ Life

- › **Growth in Non-Life** despite cancellations of non-profitable business segments:
  - › IBERIA: +3.2%, growth in main business lines
  - › BRAZIL: +4.4%, premiums relatively stable in local currency
  - › LATAM NORTH: +48% including multi-year policy
  
- › **Excellent performance of Life business**
  - › IBERIA: +5.2%
  - › Double digit growth in LATAM NORTH and LATAM SOUTH thanks to Mexico, Colombia and Peru
  - › EURASIA: +6.1%, driven by Life-Savings in bancassurance channel in Malta
  
- › **Underlying financial revenue impacted by low yields** in Brazil and Europe
  
- › **Limited currency effect on premium growth based on proper geographic mix** (US dollar -2.7%, Brazilian real +3.6%, Turkish lira -19%). Total premiums would have grown by 4.1% at constant exchange rates

## Resilient underlying net result



## Extraordinary impacts

	12M 2016	12M 2017	Δ (mn)
<b>Attributable result</b>	<b>775.5</b>	<b>700.5</b>	<b>(74.9)</b>
NatCat losses (primary insurance)		(125.6)	(125.6)
Realized gains (financial investments)*	99.8	82.8	(17.0)
Realized gains (real estate)	87.4	29.0	(58.4)
Writedown intangibles & Others (Italy & Brazil)	(46.4)	28.0	74.4
Extraordinary income - USA		37.8	37.8
Bancassurance reversal		27.2	27.2
<b>Total extraordinary impacts</b>	<b>140.9</b>	<b>79.2</b>	<b>(61.6)</b>
<b>Underlying result</b>	<b>634.6</b>	<b>621.3</b>	<b>(13.3)</b>

NatCat impacts include hurricanes Maria, Irma and Harvey, Mexican earthquakes and the Coastal Niño at primary insurances units; other events and impacts at MAPFRE RE have been considered part of the recurring business

\*Actively managed Non-Life portfolios  
Million euros

## Non Life: Key figures

	Result of Non-Life business		Combined ratio		Premiums	
	12M 2017	Δ %	12M 2017	Δ	12M 2017	Δ %
	<b>IBERIA</b>	<b>453.8</b>	<b>-6.5%</b>	<b>93.7%</b>	<b>-0.8 p.p</b>	<b>4,740</b>
<b>LATAM</b>	<b>320.8</b>	<b>-19.5%</b>	<b>96.6%</b>	<b>-0.0 p.p</b>	<b>5,869</b>	<b>10.2%</b>
BRAZIL	200.7	-33.6%	96.1%	1.8 p.p	2,996	4.4%
LATAM NORTH	40.6	42.3%	98.0%	-4.2 p.p	1,438	48.3%
LATAM SOUTH	79.5	16.8%	96.9%	-2.2 p.p	1,435	-3.4%
<b>INTERNATIONAL</b>	<b>74.1</b>	<b>111.6%</b>	<b>103.6%</b>	<b>0.4 p.p</b>	<b>4,098</b>	<b>-4.7%</b>
NORTH AMERICA	21.3	-81.6%	104.9%	3.9 p.p	2,524	-3.2%
EURASIA	52.8	165.6%	100.9%	-6.3 p.p	1,574	-6.9%
<b>MAPFRE RE</b>	<b>201.3</b>	<b>-7.5%</b>	<b>94.8%</b>	<b>0.8 p.p</b>	<b>3,566</b>	<b>-0.6%</b>
<b>GLOBAL RISKS</b>	<b>(89.9)</b>	<b>-279.9%</b>	<b>135.4%</b>	<b>37.9 p.p</b>	<b>1,257</b>	<b>3.7%</b>
<b>ASISTENCIA</b>	<b>(32.3)</b>	<b>128.7%</b>	<b>103.7%</b>	<b>1.6 p.p</b>	<b>984</b>	<b>-7.8%</b>
<b>OTHER*</b>	<b>18.0</b>	<b>-69.8%</b>	<b>---</b>	<b>---</b>	<b>(2,359)</b>	<b>-1.1%</b>
<b>TOTAL</b>	<b>945.8</b>	<b>-23.2%</b>	<b>98.1%</b>	<b>0.7 p.p</b>	<b>18,154</b>	<b>2.6%</b>

\* "Other" includes consolidation adjustments

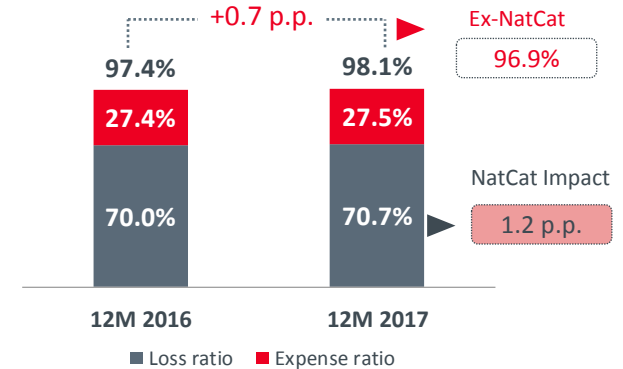
Million euros

## Resilient underlying Non-Life result

### Result of Non-Life business

	12M 2016	12M 2017	Δ (mn)
<b>Non-Life result</b>	<b>1,231.8</b>	<b>945.8</b>	<b>(286.0)</b>
NatCat events (primary insurance)	0.0	(164.8)	(164.8)
Realized gains*	250.1	146.5	(103.6)
Writedown intangibles & Others	(53.2)	(1.9)	51.3
<b>Total extraordinary impacts</b>	<b>196.9</b>	<b>(20.2)</b>	<b>(217.1)</b>
<b>Underlying result</b>	<b>1,034.9</b>	<b>966.1</b>	<b>(68.8)</b>
<i>of which</i>			
Technical result	370.5	432.7	62.1
Financial result & others	664.4	533.4	(131.0)

### Combined Ratio

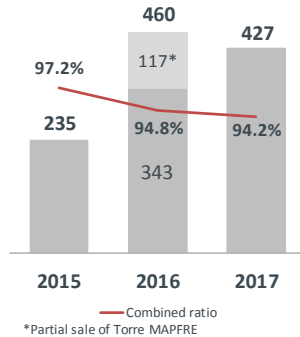


NatCat impacts include hurricanes Maria, Irma and Harvey, Mexican earthquakes and the Coastal Niño at primary insurances units; other events and impacts at MAPFRE RE have been considered part of the recurring business

\*Financial investments in actively managed Non Life portfolios and Real Estate

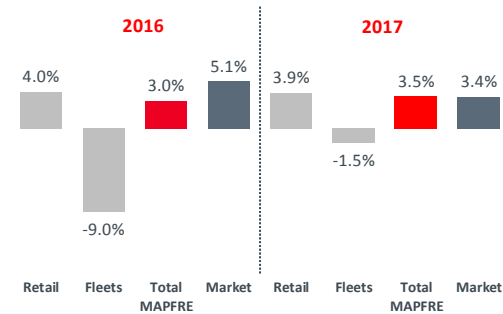
# Successful implementation of transformation process delivering results in Non-Life Spain

## Spain (Non-Life) – pre-tax profit



- > CAGR 2015-17: +34.8%
- > Focus on profitable growth
- > Cost cutting
- > Value proposition for best clients
- > Broker segmentation and value proposition
- > Digitalization of claims handling (e-claim, e-loss adjusters)
- > New pricing and policy writing solutions

## Premium growth - Motor



- > Outperforming the market, despite reduction in underperforming business segments (i.e. fleets)

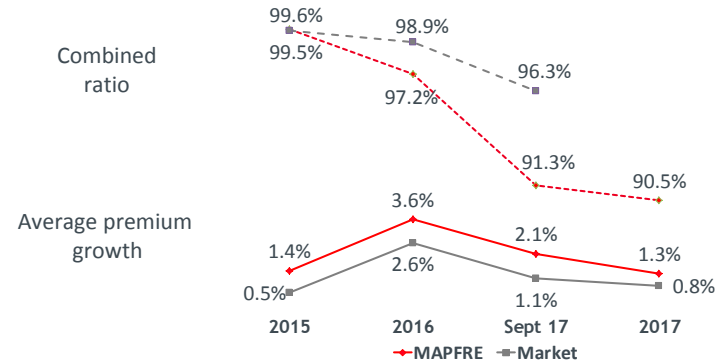
## Strong position in Spanish market

	Growth		Market share	Position
	Market	MAPFRE		
Motor	3.4%	3.5%	20.0%	1
Homeowners	3.0%	1.9%		1
Commercial	1.8%	3.1%		2
Health	4.2%	5.0%	6.4%	5
Condominiums	2.3%	3.4%		1

ICEA data. Written premiums

Million euros

## Combined ratio and average premium growth - Motor



## Non Life: Key highlights (I/II)

### IBERIA

- › Motor
  - › Premiums: above market growth in Retail Motor (+3.9%), with 1.3% average premium growth, and a 2.2% increase in number of insured vehicles
  - › Combined Ratio: excellent levels thanks to cancellation of unprofitable business and positive evolution of VERTI. Benign weather in 4Q 2017 vs. 2016
- › Health & Accidents: above market growth (+4.7%)
- › General P&C: large property claims and weather related events in 1H 2017
- › Non-recurring provisions: impact in the third quarter of the partial release of the Baremo provision (€15 mn), helping offset the cost of a voluntary early retirement scheme (€35 mn)
- › Lower realized gains (€119.2 mn in 2017 vs. €194.8 mn in 2016)

### BRAZIL

- › Solid local currency growth in General P&C (+6%), Industrial Risks (+10%) and Agricultural (+14%), helping offset the decrease in Motor premiums (-6%)
- › Increase in acquisition expenses
- › Improvement in loss ratio, boosted by benign weather in Agricultural insurance
- › Fall in financial income due to the lower returns on floating rate and inflation linked investments
- › Writedown of goodwill and intangible assets of Non-Life business, which was offset by the release of a provision for potential expenses (+€28 mn impact on attributable result )

### NORTH AMERICA

#### Premiums

- › USA: positive trends in Massachusetts ( $\approx +4.9\%$  in USD), mainly in Motor, mitigating the fall in other states ( $\approx -8.5\%$  in USD)
- › Puerto Rico: decline ( $\approx -10\%$ ) driven by selective underwriting and cancellation of unprofitable policies in Health ( $-22\%$  in USD). All lines of business have been impacted by a lack of sales and underwriting activity post- Hurricane Maria
- › Impact of dollar depreciation on average exchange rates ( $-2.7\%$ )

#### Combined ratio

- › Large impact from natural catastrophes (+2.8 p.p.), mainly affecting Puerto Rico
- › USA: market impacted by challenging retail Motor market environment and NatCats
  - › Massachusetts: 98.4% at 12M 2017, impacted by December snowstorms
  - › Other: 116% at 12M 2017, impacted by Irma (Florida)

### MAPFRE RE

#### Premiums

- › Positive contribution of Non-Group business

#### Combined ratio

- › Negative impact of NatCat events during the year, offset by exceptional performance of non-NatCat claims

## Non Life: Key highlights (II/II)

### EURASIA

#### Premiums

- › Turkey: strong impact of Turkish lira depreciation on average exchange rates (-19%) and decline in local currency (-3.8%) as a result of stricter underwriting guidelines
- › Favorable growth trends in Germany (+6.9%) and Italy (+1.1%)

#### Combined ratio

- › Turkey: improvements in Motor, thanks to selective underwriting and tariff increases implemented in 2016
- › Italy & Germany: reduction in both claims and expense ratio, despite strong impact of hail & floods in Germany during the year

*Other:* increase in financial income due to the writedown of goodwill and other intangibles in 2016 (-€43.2 mn) in Italy as well as favorable interest rate environment in Turkey

### LATAM SOUTH

- › Premiums: impacted by cancellation of unprofitable business in Motor and General P&C lines in Chile
- › Combined ratio: improvement in all countries, with the exception of Chile, affected by flooding & forest fires, as well as negative developments in Motor

### LATAM NORTH

- › Premiums: excluding multi-year policy issued in 2Q (€499 mn), premiums would have fallen by 3.2%, due to stricter underwriting guidelines in Motor and Health in Mexico
- › Combined ratio: strong improvement in LATAM NORTH (-4.7 p.p., excluding NatCat), thanks to business restructuring and cancellations in Mexico

### GLOBAL RISKS

- › Premiums: solid premium evolution in expansion markets
- › Combined ratio: negative impact of large industrial claims and NatCat events during the year
- › Extraordinary income (€5 mn pre-tax) from the agreement reached with Solunion regarding the Surety portfolio

### ASISTENCIA

- › Fall in business volume, stemming from cancellations of loss-making businesses, tariff increases and renegotiation of economic conditions with some large clients
- › Increase in expenses as a result of restructuring
- › Writedown of intangibles and other non-performing assets



## Life: Key figures

	Result of Life business		Premiums	
	12M 2017	Δ %	12M 2017	Δ %
IBERIA	241.1	8.8%	2,220	5.2%
BRAZIL	404.3	-18.2%	1,551	1.8%
OTHERS*	74.2	138.1%	1,555	5.2%
<b>TOTAL</b>	<b>719.7</b>	<b>-3.6%</b>	<b>5,326</b>	<b>4.2%</b>

### IBERIA

- › Strong premium volumes in bancassurance, thanks to successful launch of new savings product and sales campaigns, especially unit-linked, with outstanding performance of BANKIA MAPFRE VIDA
- › Premiums from BANKINTER agency in Portugal fully integrated in 2017 (these premiums were included as of April 2016)
- › Gains from sale agreement of UNIÓN DUERO VIDA and DUERO PENSIONES (€7.6 mn) and cancellation of a provision for contingent payments from bancassurance (€29 mn)

### BRAZIL

- › Decrease in premiums in local currency (-2%) as a result of lower credit activity
- › Fall in financial income (≈-€52 mn), due to impact of lower rates and inflation on floating rate and inflation linked bonds

### OTHERS\*

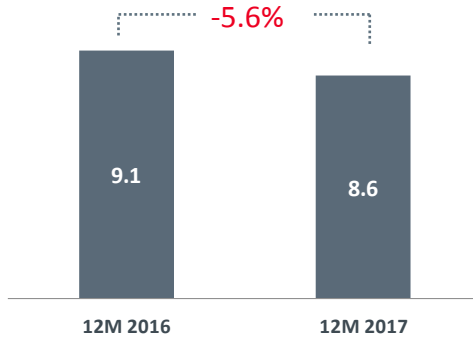
- › Positive premium developments in Mexico, Colombia, Peru, and MAPFRE RE, as well as in Life-Savings products in the bancassurance channel in Malta
- › Improvement in operations in Colombia in addition to the absence of adjustments carried out in 2016 in discontinued loss-making annuity portfolios
- › Gains from the sale of the annuity business in Peru (€8 mn)

\*Includes all other Life business, as well as consolidation adjustments

Million euros

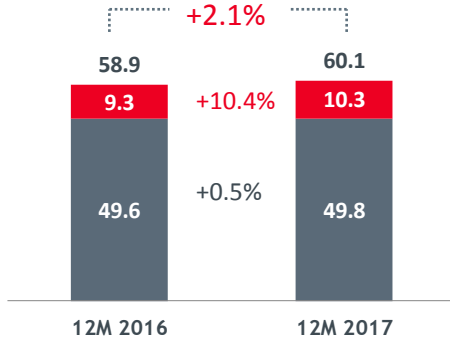
## Balance sheet diversification mitigating market volatility and currency depreciation

### Shareholders' equity



- › Depreciation of several currencies during the period, mainly the Brazilian real (-13.8%), the US dollar (-12.3%) and the Turkish lira (-18.4%), as well as other Latin American currencies

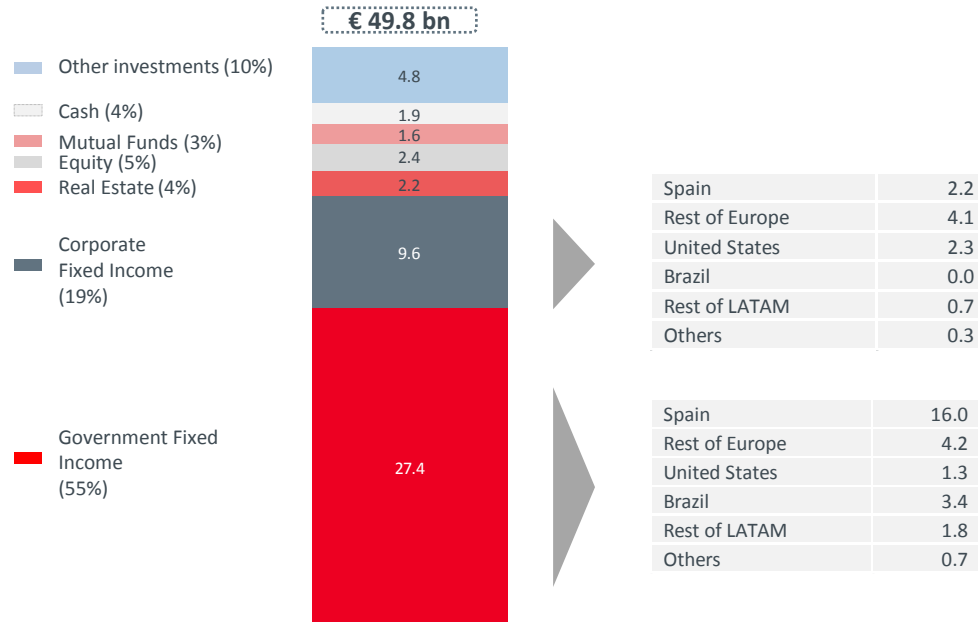
### Assets under management



- › Successful commercial strategy in mutual and pension fund business
- › Strong performance of equity markets during 2017
- › Increase in interest rates in Europe during the year, especially at the longer end of the curve, has had a negative impact on the fixed income portfolio

## Diversified investment portfolio . . .

### Investment portfolio – Breakdown by asset class



## ... well positioned to take advantage of market opportunities

### Portfolio yield and duration <sup>1</sup>

		Market Value (bn€)	Accounting Yield	Market Yield	Duration
Non Life (IBERIA, MAPFRE RE, & GLOBAL RISKS)	12.31.2016	7.6	2.7%	1.3%	6.4
	12.31.2017	7.2	2.6%	1.2%	6.4
Life (IBERIA)	12.31.2016	6.7	4.1%	1.0%	7.1
	12.31.2017	6.3	4.1%	1.0%	6.8

### Realized capital gains & losses (mn€) <sup>2</sup>

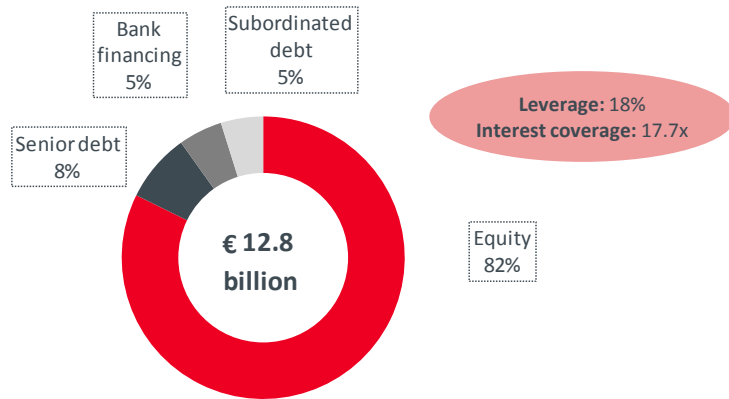
		12M 2016	12M 2017
Non Life	IBERIA	194.8	119.2
	MAPFRE RE	36.2	29.0
	GLOBAL RISKS	19.1	9.4

€130 mn of unrealized gains in actively managed equity and mutual fund portfolios

- 1) Actively managed fixed income portfolios in the Euro area
- 2) Includes only actively managed portfolios in the Euro area and real estate

## Strong capital position with a high level of financial flexibility

### Capital structure



### Shareholders' equity - breakdown

	12.31.2015*	12.31.2016*	12.31.2017
<b>Capital, retained earnings and reserves</b>	<b>8,300</b>	<b>8,614</b>	<b>8,764</b>
Treasury stock and other adjustments	2	(47)	(41)
Net unrealized capital gains (financial investments - technical provisions)	628	651	620
Foreign exchange differences	(356)	(92)	(731)
<b>Attributable equity</b>	<b>8,574</b>	<b>9,127</b>	<b>8,611</b>

\* Figures restated to reflect the inclusion of all the effects on equity related to hyperinflation as well as currency conversion differences in Venezuela, in one single reserve account  
Million euros

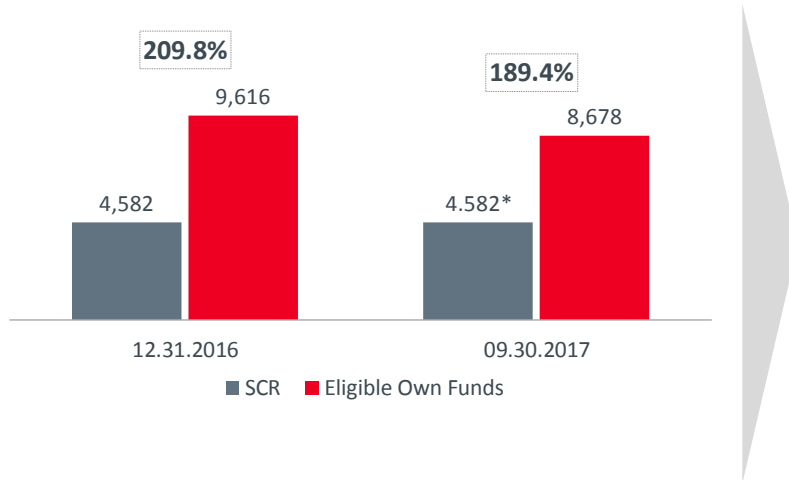
### Change in shareholders' equity (mn€)

Shareholders' equity – 12.31.16	<b>9,127</b>
Δ Financial Assets AFS & others	-289
Δ Shadow accounting	+254
Δ Currency conversion differences	-639
Result for the period	+701
Distribution of results	-447
Other	-96
Shareholders' equity – 12.31.17	<b>8,611</b>

- > Negative impact of depreciation of main currencies on shareholders' equity
- > Lower value of available for sale portfolio due to an increase in yields in Europe, largely offset by shadow accounting

## Solid solvency levels despite market volatility and extraordinary catastrophic events

### Solvency II ratio



### From IFRS Equity to Eligible Own Funds (EOF)

	12.31.2016	09.30.2017	Δ	Δ Solvency II ratio (p.p.)
<b>IFRS equity</b>	<b>11,443</b>	<b>10,792</b>	<b>(651)</b>	<b>-14.2 p.p.</b>
<i>Solvency II adjustments to IFRS equity:</i>				
Intangible assets	(3,506)	(3,152)	354	7.7 p.p.
Market value - real estate & others	666	600	(66)	-1.4 p.p.
Best estimate liabilities net of DACs	2,739	2,150	(589)	-12.9 p.p.
Subordinated debt	607	601	(6)	-0.1 p.p.
Other Solvency II adjustments**	(2,334)	(2,313)	21	0.5 p.p.
<b>Eligible Own Funds to meet SCR</b>	<b>9,616</b>	<b>8,678</b>	<b>(938)</b>	<b>-20.5 p.p.</b>

- > **High quality capital base:** €8,078 mn in Tier 1 (93% of Eligible Own Funds)
- > **Fully loaded Solvency II ratio:** ≈170.5% (excluding impacts of transitional measures for technical provisions and equity)

\*SCR data at 12.31.2016, as recalculation is not required throughout the year unless the risk profile changes significantly

\*\* "Other Solvency II adjustments" include participations not considered under Solvency II, subsidiaries under equivalence, foreseeable dividends and others

## MAPFRE - BANCO DO BRASIL Alliance: 2018 Memorandum of Understanding

- 1 > MAPFRE would control 100% of BB MAPFRE's agency channel
- 2 > MAPFRE would control 100% of Motor and Large Risk business in the bancassurance channel
- 3 > MAPFRE would maintain exclusivity, both in Life and Non-Life, for the distribution of products in the Banco do Brasil channel
- 4 > BB MAPFRE would focus on Life (including Mortgage Life), Agricultural, SME and Homeowner insurance for Banco do Brasil clients

## What would this agreement bring to MAPFRE?

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- › Significant increase in **shareholding** in the business in Brazil
  - › Increase in **profit contribution** from local business, **expanding consolidation scope**
  - › Simplification of MAPFRE's **strategy execution** in Brazil and **elimination of shared management restrictions**
  - › Leveraging of the **MAPFRE brand in Brazil** – becoming the **second largest Non-Life insurer** in the country
  - › **Exclusivity** in the Banco do Brasil channel is maintained
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## Wrap-up

- › Solid results in a complicated year

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- › Financial strength and conservative management strategy

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- › Continuous shareholder commitment

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- › Focus on profitable growth is beginning to bear fruit outside of IBERIA

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- › Satisfied with the results of a well-defined strategy

Income	Top line figure which includes premiums, financial income, and income from non-insurance entities and other income
Combined ratio – Non Life	Expense ratio + Loss ratio
Expense ratio – Non Life	(Operating expenses, net of reinsurance – other technical revenue + other technical expenses) / Net premiums earned.
Loss ratio – Non Life	(Net claims incurred + variation in other technical reserves + profit sharing and returned premiums) / Net premiums earned.
Result of Non Life business	Includes technical result, financial result and other non-technical result of the Non Life business
Result of Life business	Includes technical result, financial result and other non-technical result of the Life business
Corporate Areas and Consolidation Adjustments	Includes the result attributable to MAPFRE RE and MAPFRE INTERNACIONAL's non-controlling interests and other concepts
Other business activities	Includes the Group's non-insurance activities undertaken by the insurance subsidiaries, as well as by other subsidiaries, including activities of the holding companies of MAPFRE S.A. and MAPFRE INTERNACIONAL
Solvency ratio	Eligible Own Funds / Solvency Capital Requirement
Interest Coverage	Earnings before tax & financial expenses (EBIT) / financial expenses
Leverage	Total Debt/ (Total Equity + Total Debt)
Payout	(Total dividend charged against earnings / Result for the year attributable to the controlling company)
ROE (Return on Equity)	(Attributable result for the last twelve months) / (Arithmetic mean of equity attributable to the controlling company at the beginning and closing of the period (twelve months))
Other investments	Includes investments on behalf of policyholders, interest rate swaps, investments in associates, accepted reinsurance deposits and others

Alternative Performance Measures (APM) used in this report correspond to those financial measures that are not defined or detailed within the framework of the applicable financial information. Their definition and calculation can be consulted at the following link:

<https://www.mapfre.com/corporate/institutional-investors/investors/financial-information/alternative-performance-measures.jsp>



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Certain numerical figures included in the Investor Presentation have been rounded. Therefore, discrepancies in tables between totals and the sums of the amounts listed may occur due to such rounding.