

December 2018

Financial Report



MAPFRE

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1. Key Figures

ITEM	DECEMBER 2017	DECEMBER 2018	Δ %
Results			
Revenue	27,983.7	26,589.7	-5.0%
Total written and accepted premiums	23,480.7	22,537.1	-4.0%
- Non-Life	18,154.5	17,060.9	-6.0%
- Life	5,326.2	5,476.2	2.8%
Attributable net result	700.5	528.9	-24.5%
Earnings per share (euros)	0.23	0.17	-24.5%
Balance sheet			
Total assets	67,569.5	67,290.8	-0.4%
Assets under management	60,082.0	58,484.6	-2.7%
Shareholders' equity	8,611.3	7,993.8	-7.2%
Debt	2,327.4	2,670.3	14.7%
Ratios			
Non-Life Loss Ratio	70.7%	69.8%	-0.9 p.p
Non-Life Expense Ratio	27.5%	27.8%	0.4 p.p
Non-Life Combined Ratio	98.1%	97.6%	-0.5 p.p
ROE	7.9%	6.4%	-1.5 p.p
Employees at the close of the period			
Total	36,271	35,390	-2.4%
- Spain	10,894	10,918	0.2%
- Other countries	25,377	24,472	-3.6%
MAPFRE share			
Market capitalization (million euros)	8,247.0	7,144.6	-13.4%
Share price (euros)	2.678	2.320	-13.4%
Share price variation since January 1 (%)	-7.7%	-13.4%	-5.7 p.p
Solvency			
Solvency ratio	200.2%	207.9%	7.7 p.p

Figures in millions of euros

2. Significant Economic and Corporate Events

2.1 Significant Economic Events.

2.1.1 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.

2.1.2 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.

2.1.3 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

2.2 Significant Corporate Events

2.2.1 Business Restructuring

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:

- a) 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.
- b) 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.
- c) 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 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 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.
- c) 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 has the following ongoing business reorganizations 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 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.

2.2.2 Acquisition and Sale of Treasury Stock

At December 31 2018, the Controlling Company held 24,431,890 shares of treasury stock representing 0.7934 percent of the capital, for the amount of 48.3 million euros.

At December 31 2018 and December 31 2017, no other Group company held shares in the controlling company.

2.2.3 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.

3. Macroeconomic Overview and Financial Markets

General Overview

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.

Main currencies compared to the euro

ITEM	Average Exchange Rate		Closing Exchange Rate	
	DECEMBER 2018	Var. DECEMBER 2018 vs. DECEMBER 2017	DECEMBER 2018	Var. DECEMBER 2018 vs. DECEMBER 2017
US dollar	0.84905	-3.5%	0.87283	4.8%
Brazilian real	0.23126	-15.8%	0.22488	-10.6%
Turkish lira	0.18141	-25.0%	0.16467	-25.1%
Mexican peso	0.04403	-6.6%	0.04443	4.9%
Colombian peso	0.00029	-3.7%	0.00027	-4.0%
Chilean peso	0.00131	-3.0%	0.00126	-7.1%
Peruvian sol	0.25792	-4.7%	0.25911	0.7%
Argentine peso	0.02318	-56.5%	0.02318	-48.2%
Panamanian balboa	0.84935	-3.5%	0.87283	4.8%
Dominican peso	0.01710	-7.6%	0.01736	0.8%
Honduran lempira	0.03555	-5.1%	0.03586	1.5%
Philippine peso	0.01600	-10.0%	0.01666	-0.1%
Indonesian rupiah	0.00006	-8.8%	0.00006	-1.3%

4. Consolidated Result

Consolidated revenue

ITEM	DECEMBER 2017	DECEMBER 2018	Δ %
Total written and accepted premiums	23,480.7	22,537.1	-4.0%
Financial income from investments	2,801.7	2,575.2	-8.1%
Revenue from non-insurance entities and other revenue	1,701.3	1,477.5	-13.2%
Total consolidated revenue	27,983.7	26,589.7	-5.0%

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 Auto 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.

Income Statement

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 2017	DECEMBER 2018	Δ %
NON-LIFE BUSINESS			
Gross written and accepted premiums	18,154.5	17,060.9	-6.0%
Net premiums earned	14,255.0	13,890.4	-2.6%
Technical result	267.9	333.7	24.6%
Net financial income	616.6	471.0	-23.6%
Other non-technical revenue and expenses	61.4	(66.2)	--
Result of Non-Life business	945.8	738.5	-21.9%
LIFE BUSINESS			
Gross written and accepted premiums	5,326.2	5,476.2	2.8%
Net premiums earned	5,054.6	5,321.7	5.3%
Technical result	(581.6)	(198.5)	65.9%
Financial result and other non-technical revenue	1,301.3	880.0	-32.4%
Result of Life business	719.7	681.5	-5.3%
Result from other business activities	(132.3)	(70.7)	46.5%
Hyperinflation adjustments	(24.5)	(18.7)	23.6%
Result before tax	1,508.7	1,330.5	-11.8%
Tax on profits	(410.3)	(453.0)	10.4%
Result for the period	1,098.4	877.5	-20.1%
Result attributable to non-controlling interests	397.9	348.7	-12.4%
Attributable net result	700.5	528.9	-24.5%

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 a tax credit 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 Auto, 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 our 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
Total Goodwill impairment	173.5	748.8

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 softens 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

Regarding 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.

5. Consolidated Balance Sheet

5.1. Balance Sheet

ITEM	DECEMBER 2017	DECEMBER 2018
Goodwill	1,883.0	1,689.0
Other intangible assets	1,539.9	1,383.3
Other fixed assets	271.1	259.7
Cash	1,864.0	2,201.4
Real estate	2,171.4	2,096.2
Financial investments	42,003.2	41,246.0
Other investments	1,437.3	1,487.4
Unit-Linked investments	2,320.1	2,242.5
Participation of reinsurance in technical provisions	4,989.6	5,883.2
Receivables on insurance and reinsurance operations	5,006.7	4,547.3
Deferred taxes	296.8	333.6
Assets held for sale	155.6	341.5
Other assets	3,630.8	3,579.7
TOTAL ASSETS	67,569.5	67,290.8
Equity attributable to the Controlling company	8,611.3	7,993.8
Non-controlling interests	1,901.4	1,203.8
Equity	10,512.7	9,197.6
Financial debt	2,327.4	2,670.3
Technical provisions	47,814.1	48,723.6
Provisions for risks and expenses	661.7	641.5
Debt due on insurance and reinsurance operations	2,190.7	1,947.4
Deferred taxes	588.0	499.3
Liabilities held for sale	1.1	194.0
Other liabilities	3,473.7	3,417.1
TOTAL LIABILITIES	67,569.5	67,290.8

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 follows the exit of non-controlling interests in the shareholding in the Group companies included in section 2.1.1 herein, and the impact 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.

5.2. Investment Portfolio

In the fourth quarter of the year, economic agent expectations experienced a strong deterioration due to the confluence of diverse factors. On the one hand, the possible deterioration of economic activity, on the other hand, fear that monetary policies continue their restrictive path and, finally, a battery of habitual economic and geopolitical risks like Brexit, the trade war, the budget proposals in Italy, social discontent in France, the weakness of the European banking sector and lower growth in China's economy.

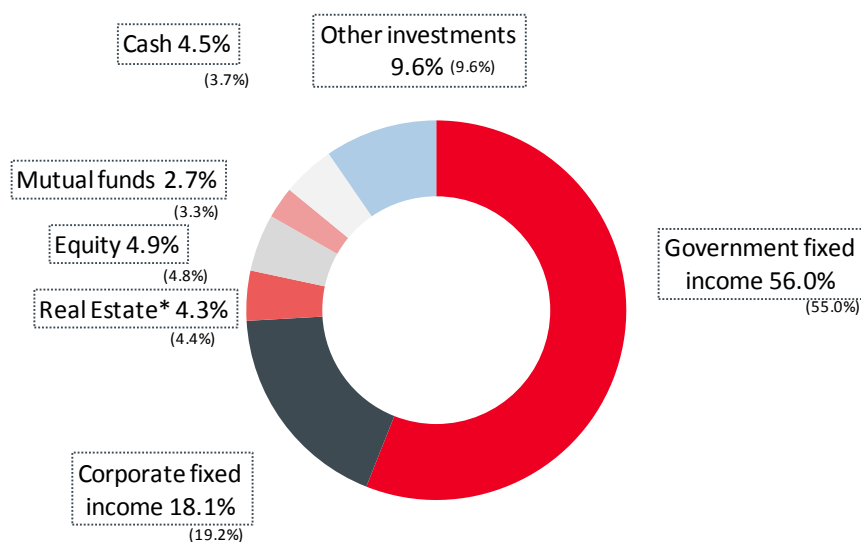
In December, the stock markets experienced a significant correction and there was a flight to quality which ultimately positively affected sovereign bonds and the US dollar. Though it is true that the correction wasn't unexpected, as occurs in other late phases of the economic cycle, the intensity and speed of the correction surprised economic agents. As what was expected to happen in the second or third quarter of 2019 is already happening, the outlook for 2019 has improved significantly for financial assets.

Our central scenario continues to point to a favorable global macroeconomic context, in absence of external shocks or geopolitical risks, despite the moderation in growth at a global level. Further, the moderation in the rate hikes in the United States could be a significant push for emerging markets, their currencies and commercial activity insofar as conflict regarding international trade is reduced.

In terms of portfolio diversification, the investment portfolio's Government and Corporate debt exposure has had minimal variation over the course of the quarter – from 54.4 and 18.7 percent to 56.0 and 18.1 percent, respectively, above all from market effects. Over the course of the quarter, we have taken advantage of bond volatility to slightly increase or reduce the duration. Exposure to equity and mutual funds has gone down slightly, from 7.9 percent to 7.6 percent in the quarter, from the stock market corrections.

Below, details of the investment portfolio by asset class to December 31 of each period are given:

Breakdown by asset class



The figures from the previous period are in smaller text

ITEM	DECEMBER 2017	DECEMBER 2018	Δ %
Government fixed income	27,388.4	27,595.9	0.8%
Corporate fixed income	9,572.6	8,921.6	-6.8%
Real Estate*	2,171.4	2,096.2	-3.5%
Equity	2,400.9	2,407.1	0.3%
Mutual funds	1,631.4	1,330.4	-18.4%
Cash	1,864.0	2,201.4	18.1%
Other investments	4,767.3	4,720.8	-1.0%
TOTAL	49,796.0	49,273.5	-1.0%

Figures in millions of euros

*"Real Estate" includes both investment property and real estate for own use

Appendix 13.1, Consolidated Balance Sheet, includes a breakdown of the financial investments: by held to maturity portfolio, portfolio available for sale, and trading portfolio.

Breakdown of Fixed Income portfolio by geographic area and by asset class

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
TOTAL	27,595.9	8,921.6	7,178.0	1,743.6	36,517.5

Figures in millions of euros

Four different types of portfolios are included 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.

Breakdown of actively managed Fixed Income portfolios

	Market Value	Accounting Yield	Market Yield	Modified Duration
Non Life (IBERIA + MAPFRE RE + GLOBAL RISKS)				
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%
Life (IBERIA)				
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.

5.3. Equity

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 2017	DECEMBER 2018
BALANCE AT 12/31 PREVIOUS YEAR	9,126.5	8,611.3
Additions and deductions recognized directly in equity		
Financial assets available for sale	(285.5)	(472.7)
Currency conversion differences	(639.1)	(102.8)
Shadow accounting	254.2	143.9
Other	(2.7)	1.4
TOTAL	(673.1)	(430.2)
Result for the period	700.5	528.9
Dividends	(446.7)	(446.7)
Other changes in net equity	(96.0)	(269.5)
BALANCE AS AT PERIOD END	8,611.3	7,993.8

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 net 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 2016	DECEMBER 2017	DECEMBER 2018
Capital, retained earnings and reserves	8,614.0	8,763.6	8,482.2
Treasury stock and other adjustments	(46.9)	(41.3)	(41.3)
Net capital gains (financial investments - technical provisions)	651.0	619.7	290.8
Currency conversion differences	(91.6)	(730.7)	(737.9)
Attributable equity	9,126.5	8,611.3	7,993.8

Figures in millions of euros

A breakdown of currency conversion differences to December 2016, 2017 and 2018 is given below:

CURRENCY	December 2016	December 2017	December 2018
Brazilian real	(339.0)	(510.6)	(629.8)
US dollar	661.7	347.5	442.7
Turkish lira	(197.6)	(243.5)	(295.0)
Mexican peso	(112.2)	(132.4)	(120.6)
Argentine peso	(79.6)	(95.6)	(.0)
Colombian peso	(19.0)	(36.5)	(44.4)
Indonesian rupiah	3.2	(13.7)	(15.5)
Other currencies	(9.0)	(45.9)	(75.3)
Total	(91.6)	(730.7)	(737.9)

Figures in millions of euros

As can be seen, in 2017 and 2018, there has been a strong depreciation of the Brazilian real and the Turkish lira.

Hyperinflation in Argentina

Argentina has been considered to be a hyperinflationary country as it has an accumulated inflation of over 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.

Consequently, the Group financial statements, at the close of 2018, include, on the one hand, the negative impact of the accounting for hyperinflation in Argentina in the attributable result, which

reached 17.6 million euros, and on the other hand, the positive impact on attributable net equity, which reached 10.1 million euros, ultimately reaching the amount of 47.0 million euros.

Impact on equity of hyperinflationary economies

Following the accounting policy applied for those countries with a hyperinflationary economy, the Group includes in a Reserves caption the following figures:

- a) The restatement of reserves, which primarily originate not in the companies' real results but in the pure accounting restatement for inflation of the undistributed reserves.
- b) The currency conversion differences from converting the restated financial accounts to euros for the investee companies.

Both figures are presented together in this Reserves caption as they are both related to hyperinflation and the subsequent depreciation of the currency.

At December 2018, the Group's accounts present the hyperinflationary effect of MAPFRE's subsidiaries in Venezuela and Argentina. The following tables show the detail and development of the balances included in the Reserves caption both from the restatement for inflation and from the conversion to euros of the financial statements, to December 2016, 2017 and 2018:

Impact on Reserves in MAPFRE subsidiaries in Venezuela

	DECEMBER 2016	Variation	DECEMBER 2017	Variation	DECEMBER 2018
Reserves for restatement for inflation	481.7	35.6	517.3	3.9	521.2
Currency conversion differences	(832.9)	(57.1)	(889.9)	(63.1)	(953.0)
Other equity items	407.0	3.7	410.8	24.5	435.3
Total attributable equity	55.9	(17.7)	38.2	(34.7)	3.5

Figures in millions of euros

Impact on Reserves in MAPFRE subsidiaries in Argentina

	DECEMBER 2016	Variation	DECEMBER 2017	Variation	DECEMBER 2018
Reserves for restatement for inflation	0.0	0.0	0.0	21.6	21.6
Currency conversion differences	0.0	0.0	0.0	(117.8)	(117.8)
Other equity items	133.3	13.9	147.2	(4.0)	143.2
Total attributable equity	133.3	13.9	147.2	(100.2)	47.0

Figures in millions of euros

The variation in 2018 in Currency conversion differences includes 95.6 million euros from subsidiaries in Argentina originating in previous years that are reclassified to Reserves in the year in which said country is considered to be hyperinflationary.

5.4. 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 2017	DECEMBER 2018	Δ %
Life technical provisions	28,718.9	28,536.5	-0.6%
Pension funds	5,083.5	4,874.7	-4.1%
Mutual funds and other	5,202.5	4,336.4	-16.6%
Subtotal	39,004.9	37,747.6	-3.2%

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 2017	DECEMBER 2018	Δ %
Investment portfolio	49,796.0	49,273.5	-1.0%
Pension funds	5,083.5	4,874.7	-4.1%
Mutual funds and other	5,202.5	4,400.8	-15.4%
TOTAL	60,082.0	58,549.0	-2.6%

Figures in millions of euros

6. 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

AREA / BUSINESS UNIT	Premiums			Attributable result			Combined ratio	
	DECEMBER 2017	DECEMBER 2018	Δ %	DECEMBER 2017	DECEMBER 2018	Δ %	DECEMBER 2017	DECEMBER 2018
IBERIA	6,960.2	7,657.9	10.0%	511.5	480.6	-6.0%	93.7%	93.8%
LATAM	8,017.9	6,887.3	-14.1%	229.4	156.9	-31.6%	96.6%	98.2%
INTERNATIONAL	4,398.2	4,191.0	-4.7%	88.0	47.4	-46.1%	103.6%	103.5%
TOTAL INSURANCE	19,376.3	18,736.2	-3.3%	828.9	684.9	-17.4%	97.4%	97.8%
RE	4,222.4	3,787.1	-10.3%	162.7	149.1	-8.3%	94.8%	96.1%
ASISTENCIA	983.5	911.0	-7.4%	(68.4)	(10.1)	85.2%	103.7%	103.5%
GLOBAL RISKS	1,257.4	1,173.9	-6.6%	(66.3)	23.8	135.9%	135.4%	91.9%
Holdings and consolidation adjustments	(2,359.0)	(2,071.2)	12.2%	(156.3)	(318.9)	-104.0%	--	--
MAPFRE S.A.	23,480.7	22,537.1	-4.0%	700.5	528.9	-24.5%	98.1%	97.6%

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 Auto 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 Auto 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.

6.1. Insurance Entities

6.1.1. 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.

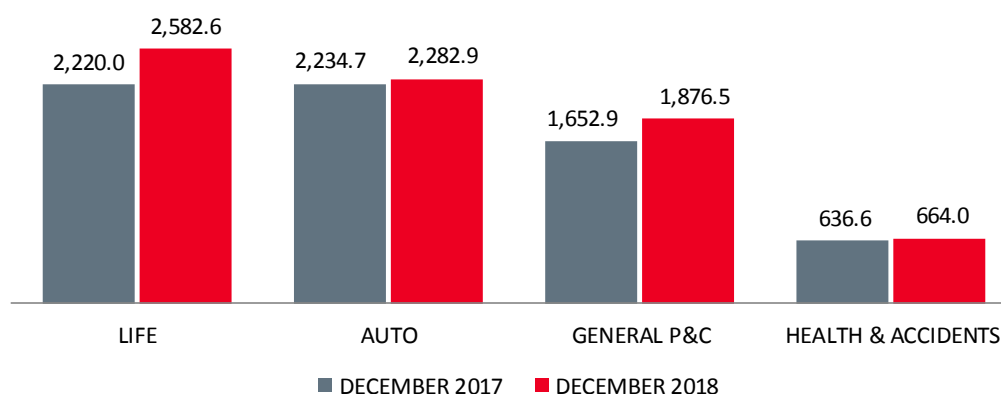
Information by country

REGION / COUNTRY	Premiums			Attributable result			Combined ratio	
	DECEMBER 2017	DECEMBER 2018	Δ %	DECEMBER 2017	DECEMBER 2018	Δ %	DECEMBER 2017	DECEMBER 2018
IBERIA	6,960.2	7,657.9	10.0%	511.5	480.6	-6.0%	93.7%	93.8%
SPAIN	6,820.6	7,524.0	10.3%	515.0	466.7	-9.4%	93.4%	93.7%
PORTUGAL	139.6	133.9	-4.0%	(3.5)	13.9	--	112.1%	96.5%

Figures in millions of euros

IBERIA Premiums

Written premiums in key lines



Figures in millions of euros

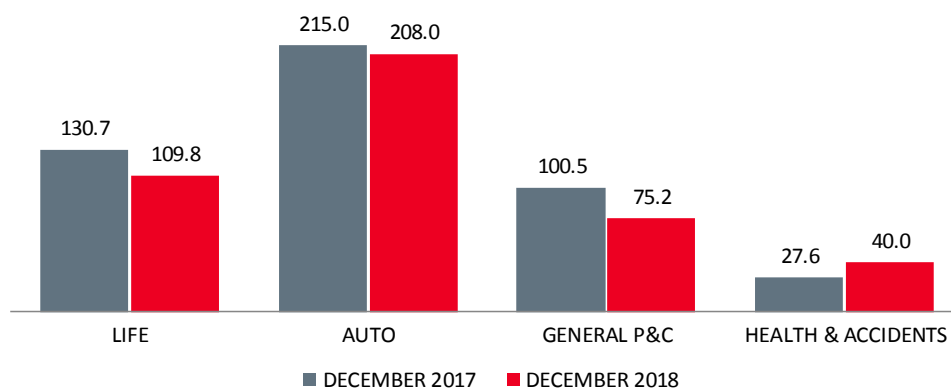
Premiums in IBERIA grew 10.0 percent due to an increase in General P&C issuing, which grew 13.5 percent, and to the Life business, which grew 16.3 percent, primarily from the issuing of a collective Life insurance policy for the amount of 282 million euros.

Non-Life premiums grew by 7.1 percent and reflect the positive evolution of the Auto, Health, Commercial and Combined Agricultural Insurance lines.

Life premiums, eliminating the effect of the group Life policy issued in the third quarter of 2018, would have grown 3.6 percent.

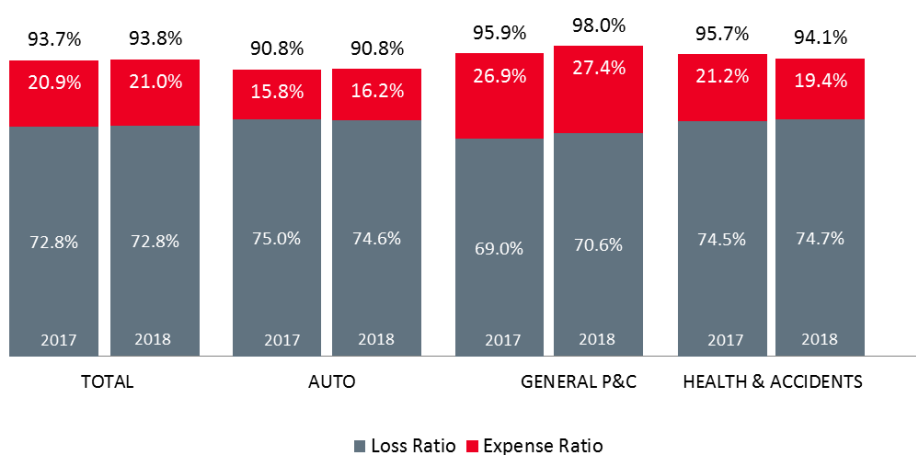
IBERIA Result

Attributable result of key lines



Figures in millions of euros

Combined ratio of key lines to December 2018



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 Street in Madrid for the net amount of 29.0 million euros, and the gain from the sale of Union 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 Auto 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).

The charts below provide a breakdown of the information for MAPFRE ESPAÑA:

MAPFRE ESPAÑA – Key figures

ITEM	DECEMBER 2017	DECEMBER 2018	Δ %
Gross written and accepted premiums	4,703.8	5,031.6	7.0%
Net premiums earned	4,165.0	4,294.9	3.1%
Gross result	424.0	389.5	-8.1%
Tax on profits	(95.3)	(86.4)	-9.4%
Non-controlling interests	(0.3)	(0.9)	--
Attributable net result	328.3	302.2	-8.0%
Combined ratio	94.5%	94.6%	0.0 p.p.
Expense ratio	20.8%	21.0%	0.2 p.p.
Loss ratio	73.8%	73.6%	-0.2 p.p.
Investments, real estate and cash	6,434.5	6,437.0	0.0%
Technical provisions	5,180.9	5,494.4	6.1%
Shareholders' equity	2,257.8	2,190.4	-3.0%
ROE	14.5%	13.6%	-0.9 p.p.

Figures in millions of euros

MAPFRE ESPAÑA – Automobiles

ITEM	DECEMBER 2017	DECEMBER 2018	Δ %
Gross written and accepted premiums	2,234.7	2,282.9	2.2%
Net premiums earned	1,957.8	2,021.6	3.3%
Result before tax	286.6	274.3	-4.3%
Non-Life Loss Ratio	75.0%	74.6%	-0.4 p.p.
Non-Life Expense Ratio	15.8%	16.2%	0.4 p.p.
Non-Life Combined Ratio	90.8%	90.8%	0.0 p.p.
Number of vehicles insured (units)	5,607,555	5,740,018	2.4%

Figures in millions of euros

Auto premiums (including VERTI and SEGUROS GERAIS PORTUGAL) grew by 2.2 percent. The positive evolution of personal Auto premiums in Spain is noteworthy, with 2.5 percent growth in the year.

To December 31, 2018, the number of vehicles insured in MAPFRE reached 5,740,018 units, 132,463 more vehicles than December of the previous year.

The Auto combined ratio stands at 90.8 percent, stable compared to the same period the previous year. The loss ratio improved thanks to the increase in rates and claims cost contention, as well as the favorable development of the VERTI business, which shows a net profit of 1.4 million euros.

MAPFRE ESPAÑA – General P&C

ITEM	DECEMBER 2017	DECEMBER 2018	Δ %
Gross written and accepted premiums	1,652.9	1,876.5	13.5%
Net premiums earned	1,425.4	1,466.3	2.9%
Result before tax	134.4	100.2	-25.4%
Non-Life Loss Ratio	69.0%	70.6%	1.6 p.p.
Non-Life Expense Ratio	26.9%	27.4%	0.5 p.p.
Non-Life Combined Ratio	95.9%	98.0%	2.1 p.p.

Figures in millions of euros

General P&C business volume reflects the solid performance of the Commercial business and the majority of personal Non-Life lines and Combined Agricultural Insurance. The loss ratio has deteriorated as a result of severe claims in the Fire business, and a worse loss experience in Homeowners and Condominium business, and especially in Combined Agricultural Insurance, as a result of adverse weather conditions, primarily hailstorms and flooding.

MAPFRE ESPAÑA – Health & Accidents

ITEM	DECEMBER 2017	DECEMBER 2018	Δ %
Gross written and accepted premiums	548.7	578.1	5.4%
Net premiums earned	541.6	570.3	5.3%
Result before tax	15.8	28.4	79.4%
Non-Life Loss Ratio	81.4%	80.1%	-1.3 p.p.
Non-Life Expense Ratio	17.9%	17.3%	-0.7 p.p.
Non-Life Combined Ratio	99.4%	97.4%	-2.0 p.p.

Figures in millions of euros

Health and Accidents premiums maintained their strong rate of growth, reaching 5.4 percent over the same period in the previous year. The combined ratio shows substantial improvement compared to the same period the previous year, improving 2.0 percentage points.

The charts below provide a breakdown of the information for MAPFRE VIDA:

MAPFRE VIDA – Key figures

ITEM	DECEMBER 2017	DECEMBER 2018	Δ %
Gross written and accepted premiums	2,256.7	2,626.5	16.4%
Gross result	325.8	319.5	-2.0%
Tax on profits	(64.2)	(68.1)	6.2%
Non-controlling interests	(75.1)	(73.0)	-2.8%
Attributable net result	186.6	178.4	-4.4%
Investments, real estate and cash	24,484.9	24,227.2	-1.1%
Shareholders' equity	1,782.5	1,541.0	-13.6%
ROE	10.6%	10.7%	0.2 p.p.
Technical financial Margin	1.2%	1.2%	0.0 p.p.

Figures in millions of euros

MAPFRE VIDA – Premium breakdown

ITEM	DECEMBER 2017	DECEMBER 2018	Δ %
- Agent channel	1,455.1	1,593.7	9.5%
- Bank channel	801.6	1,032.9	28.9%
BANKIA MAPFRE VIDA	346.5	511.4	47.6%
BANKINTER SEGUROS DE VIDA	339.0	385.9	13.8%
CAJA CASTILLA LA MANCHA	79.8	135.6	69.9%
DUERO SEGUROS DE VIDA	36.2	0.0	-100.0%
TOTAL PREMIUMS	2,256.7	2,626.5	16.4%
- Life-Savings	1,753.5	2,118.3	20.8%
- Life-Protection	415.3	422.3	1.7%
- Accidents	87.9	85.9	-2.3%

Figures in millions of euros

MAPFRE VIDA premiums show satisfactory growth of 16.4 percent, due in large part to the issuing of a group Life policy. Without the effect of this policy, premiums would have grown 3.9 percent, thanks to the positive performance of the agent channel.

The result has gone down due to the previously mentioned effect of the cancellation of a provision for contingent payments of 27.2 million euros. Excluding this effect, the net attributable result would have grown 11.9 percent.

MAPFRE VIDA – Managed savings

ITEM	DECEMBER 2017	DECEMBER 2018	Δ %
Technical provisions	21,614.9	21,618.4	0.0%
MAPFRE VIDA	12,804.4	12,746.9	-0.4%
BANKIA MAPFRE VIDA	6,923.8	6,819.8	-1.5%
BANKINTER SEGUROS DE VIDA	1,016.8	1,220.4	20.0%
CAJA CASTILLA LA MANCHA	870.0	831.3	-4.4%
Mutual funds and other	3,700.4	3,236.9	-12.5%
Pension funds	5,083.5	4,874.7	-4.1%
MAPFRE AM	2,303.9	2,203.4	-4.4%
OTHER	2,779.6	2,671.2	-3.9%
TOTAL MANAGED SAVINGS	30,398.7	29,730.0	-2.2%

Figures in millions of euros

6.1.2. LATAM

This territorial area comprises the regional areas of BRAZIL, LATAM NORTH, and LATAM SOUTH.

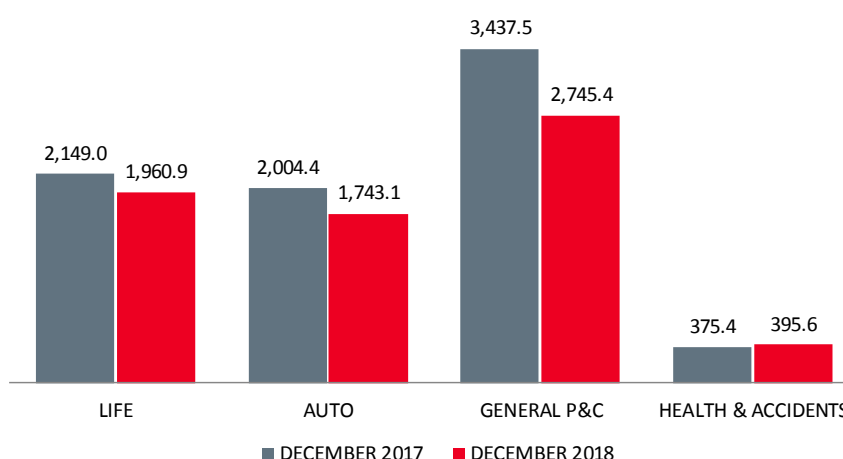
Information by region

REGION	Premiums			Attributable result			Combined ratio	
	DECEMBER 2017	DECEMBER 2018	Δ %	DECEMBER 2017	DECEMBER 2018	Δ %	DECEMBER 2017	DECEMBER 2018
BRAZIL	4,546.9	3,972.2	-12.6%	125.4	54.1	-56.8%	96.1%	98.5%
LATAM NORTH	1,772.1	1,309.3	-26.1%	33.8	43.7	29.3%	98.0%	98.1%
LATAM SOUTH	1,698.9	1,605.7	-5.5%	70.2	59.1	-15.8%	96.9%	97.3%

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 biannual PEMEX policy from 2017), Peru (10 percent), Argentina (58 percent), Dominican Republic (13 percent) and other countries in the region.

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 Auto and of some General P&C lines in the agent channel.

BRAZIL

This regional area encompasses the insurance activity in Brazil.

Key figures

ITEM	DECEMBER 2017	DECEMBER 2018	Δ %
Gross written and accepted premiums	4,546.9	3,972.2	-12.6%
- Non-Life	2,996.0	2,616.5	-12.7%
- Life	1,550.9	1,355.7	-12.6%
Net premiums earned	3,728.4	3,339.2	-10.4%
Gross result	620.1	487.6	-21.4%
Tax on profits	(217.8)	(197.3)	-9.4%
Non-controlling interests	(276.9)	(236.2)	-14.7%
Attributable net result	125.4	54.1	-56.8%
Combined ratio	96.1%	98.5%	2.5 p.p.
Expense ratio	34.5%	37.0%	2.5 p.p.
Loss ratio	61.6%	61.5%	0.0 p.p.
Investments, real estate and cash	4,230.2	3,729.6	-11.8%
Technical provisions	4,971.3	4,693.5	-5.6%
Shareholders' equity	1,035.5	1,010.1	-2.4%
ROE	11.4%	5.3%	-6.1 p.p.

Figures in millions of euros

Breakdown by key lines

ITEM	Premiums			Attributable result			Combined ratio	
	DECEMBER 2017	DECEMBER 2018	Δ %	DECEMBER 2017	DECEMBER 2018	Δ %	DECEMBER 2017	DECEMBER 2018
LIFE	1,550.9	1,355.7	-12.6%	54.7	50.3	-8.0%	--	--
AUTO	1,205.2	1,013.5	-15.9%	(13.4)	(56.0)	--	107.7%	114.7%
GENERAL P&C	1,787.0	1,599.7	-10.5%	78.6	45.5	-42.1%	81.2%	80.8%

Figures in millions of euros

The following table shows a breakdown of written premiums and attributable result by holdings based on the new structure, to December 2018:

SEPTEMBER 2018	WRITTEN PREMIUMS	ATTRIBUTABLE RESULT
BB MAPFRE	1,902.0	86.1
MAPFRE SEGUROS	1,960.4	(26.4)
HOLDING AND OTHER BUSINESS	109.8	(5.5)
TOTAL BRAZIL	3,972.2	54.1

Figures in millions of euros

Premiums

The fall in premiums in euros shows the effect of the depreciation of the Brazilian real (15.8 percent). In reals, total premium issuing in Brazil grew 3.7 percent due to higher issuing in General P&C (6 percent) and a standstill in Auto issuing. The Life business grew 4 percent in reals, primarily in the bank channel (Life Protection).

Result

The deterioration of the result in Brazil originates in:

1. The fall in recurring Life business results due to an important reduction in earned premiums, as the main products that present growth in reals are insurance products linked to financing through loans, which have a coverage period longer than two years.
2. The increase in acquisition costs, specifically in business coming from the banking channel.
3. Lower financial results due to the low interest rates in Brazil.
4. The unfavorable evolution of the loss experience in the Auto, Industrial Risks and Transport lines, which placed the Non-Life Combined Ratio at 98.5 percent. For this Non-Life business in 2018, several balance sheet headings have been reviewed in order to apply more prudent valuation criteria and this has had a 22.0 million euro negative impact in the year on the country's attributable result and 26.7 million euros on reserves.
5. In the Life business, the sufficiency of certain technical provisions in Brazil was reviewed in 2018, in order to adapt them to the best actuarial estimate, which has implied a positive contribution to the attributable result, in the year, of 17.8 million euros.

LATAM NORTH

This regional area includes Mexico and the sub-region of Central America, which includes operations in Panama, the Dominican Republic, Honduras, Guatemala, Costa Rica, El Salvador and Nicaragua.

Key figures

ITEM	DECEMBER 2017	DECEMBER 2018	Δ %
Gross written and accepted premiums	1,772.1	1,309.3	-26.1%
- Non-Life	1,437.6	965.6	-32.8%
- Life	334.5	343.8	2.8%
Net premiums earned	831.6	848.5	2.0%
Gross result	57.6	66.7	15.8%
Tax on profits	(14.4)	(13.3)	-7.6%
Non-controlling interests	(9.4)	(9.8)	3.3%
Attributable net result	33.8	43.7	29.3%
Combined ratio	98.0%	98.1%	0.1 p.p.
Expense ratio	32.8%	32.2%	-0.6 p.p.
Loss ratio	65.2%	65.9%	0.7 p.p.
Investments, real estate and cash	1,340.1	1,451.1	8.3%
Technical provisions	1,730.9	1,585.6	-8.4%
Shareholders' equity	598.9	634.6	6.0%
ROE	5.3%	7.1%	1.8 p.p.

Figures in millions of euros

Breakdown of key countries

COUNTRY	Premiums			Attributable result		
	DECEMBER 2017	DECEMBER 2018	Δ %	DECEMBER 2017	DECEMBER 2018	Δ %
MEXICO	1,182.8	719.2	-39.2%	5.4	18.0	232.6%
PANAMA	217.7	204.0	-6.3%	10.0	4.2	-57.7%
DOMINICAN REP.	125.4	131.1	4.6%	9.1	9.3	2.9%
HONDURAS	72.9	77.3	6.1%	5.0	5.7	12.8%

Figures in millions of euros

Premiums

The depreciation of the main currencies of the region, as well as the issuing of the PEMEX policy in the first half of 2017, are causes of the notable fall in premiums in LATAM NORTH (-26.1 percent in euros). Eliminating the effect of the PEMEX policy in 2017, premiums in the region would grow by 1.3 percent.

All the important countries in the region grew at a good rate in local currency with the exception of Panama. The strong growth in local currency in Mexico (9 percent, removing the PEMEX effect) is noteworthy, with a decline in premiums in Auto (4.2 percent), and an increase in Life (14 percent) and Health (23 percent), and in the Dominican Republic (13 percent), Honduras (12 percent), El Salvador (11 percent), Nicaragua (9 percent) and Costa Rica (13 percent).

Result

There was an important improvement in results in the LATAM NORTH region, supported by the favorable development of business in Mexico and the Dominican Republic. There was a noteworthy reduction in the loss ratio in Autos in Mexico (62.5 percent in 2018 compared to 68.7 percent in 2017) from the measures implemented in rates and risk selection, in line with the strategic initiative for profitable growth. The Non-Life combined ratio stands at 98.1 percent, stable compared to the same period the previous year.

LATAM SOUTH

This regional area encompasses the business activities in Peru, Colombia, Argentina, Chile, Uruguay, Paraguay and Ecuador.

Key figures

ITEM	DECEMBER 2017	DECEMBER 2018	Δ %
Gross written and accepted premiums	1,698.9	1,605.7	-5.5%
- Non-Life	1,435.3	1,344.3	-6.3%
- Life	263.6	261.5	-0.8%
Net premiums earned	1,001.8	954.6	-4.7%
Gross result	107.9	97.5	-9.6%
Tax on profits	(27.3)	(29.9)	9.4%
Non-controlling interests	(10.4)	(8.5)	-17.8%
Attributable net result	70.2	59.1	-15.8%
Combined ratio	96.9%	97.3%	0.4 p.p.
Expense ratio	36.4%	36.2%	-0.2 p.p.
Loss ratio	60.4%	61.1%	0.7 p.p.
Investments, real estate and cash	1,847.2	1,845.3	-0.1%
Technical provisions	2,399.2	3,366.7	40.3%
Shareholders' equity	512.5	556.8	8.6%
ROE	13.9%	11.1%	-2.8 p.p.

Figures in millions of euros

Breakdown of key countries

COUNTRY	Premiums			Attributable result		
	DECEMBER 2017	DECEMBER 2018	Δ %	DECEMBER 2017	DECEMBER 2018	Δ %
COLOMBIA	393.9	391.2	-0.7%	13.2	(9.8)	-174.1%
PERU	469.6	491.5	4.7%	34.8	31.4	-9.9%
ARGENTINA	291.9	200.1	-31.5%	11.6	0.5	-95.3%
CHILE	306.9	289.4	-5.7%	0.9	32.1	--

Figures in millions of euros

Premiums

The decrease in premiums reached 5.5 percent, due to the depreciation of the main currencies in the region. In general, issuing grew at a good rate in local currency in the region in almost all countries – Peru (10 percent), Argentina (58 percent), Paraguay (5 percent), Colombia (3 percent), Uruguay (5 percent) and Ecuador (12 percent); with the exception of Chile (-3 percent) from lower premium issuing in General P&C and Industrial Risks, in line with the strategy of cancelling unprofitable policies.

The Group, with respect to consolidation, at the close of 2018 restated for inflation the financial statements of MAPFRE subsidiaries in Argentina. As a result of this and of the strong depreciation of the Argentine peso, insurance premiums have suffered a negative impact that implied a decline of 31.5 percent in euros (not including Assistance business) compared to the close of the previous year.

Result

To the close of 2018, LATAM SOUTH had a combined ratio of 97.3 percent, slightly higher than the previous year. Improvements are present in the result in local currency in Ecuador, Paraguay and Chile, with the latter standing out for its extraordinary attributable net gain of 25 million euros from the sale of real estate.

It is also important to point out the impact on results of the classification of Argentina as hyperinflationary and having to restate for inflation the consolidated financial statements of MAPFRE companies in Argentina, which had a negative impact on insurance activity results in Argentina (not including Assistance business) of 16.7 million euros.

In the rest of the countries in the region profit went down compared to the previous year, specifically in Colombia due to higher technical provisions that were necessary in the Life Savings and Workers' Compensation businesses, due to the update of long-term financial assumptions, and in Uruguay where the Auto line suffered a higher loss experience.

Finally, it is important to point out that the significant increase in technical provisions at the close of 2018 comes from a claim occurring at a hydroelectric dam in Colombia that, although it does not have a significant impact on results, produces a relevant increase in technical provisions from direct insurance and ceded reinsurance.

6.1.3. INTERNATIONAL

This territorial area comprises NORTH AMERICA and EURASIA.

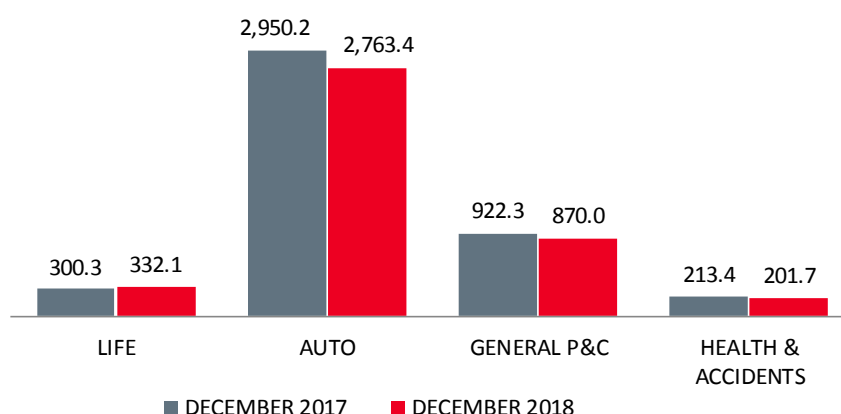
Information by region

REGION	Premiums			Attributable result			Combined ratio	
	DECEMBER 2017	DECEMBER 2018	Δ %	DECEMBER 2017	DECEMBER 2018	Δ %	DECEMBER 2017	DECEMBER 2018
NORTH AMERICA	2,528.5	2,425.3	-4.1%	48.7	35.0	-28.1%	104.9%	102.1%
EURASIA	1,869.7	1,765.8	-5.6%	39.3	12.5	-68.3%	100.9%	106.7%

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.

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.

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).

Key figures

ITEM	DECEMBER 2017	DECEMBER 2018	Δ %
Gross written and accepted premiums	2,528.5	2,425.3	-4.1%
Net premiums earned	1,996.5	1,971.4	-1.3%
Gross result	20.9	54.1	159.0%
Tax on profits	28.0	(19.2)	168.6%
Non-controlling interests	(0.2)	0.1	-133.6%
Attributable net result	48.7	35.0	-28.1%
Combined ratio	104.9%	102.1%	-2.8 p.p.
Expense ratio	25.5%	28.1%	2.6 p.p.
Loss ratio	79.4%	74.0%	-5.4 p.p.
Investments, real estate and cash	2,393.1	2,294.3	-4.1%
Technical provisions	3,069.6	3,025.2	-1.4%
Shareholders' equity	1,264.1	1,239.9	-1.9%
ROE	3.7%	2.8%	-0.9 p.p.

Figures in millions of euros

Breakdown by country

COUNTRY	Premiums			Attributable result		
	DECEMBER 2017	DECEMBER 2018	Δ %	DECEMBER 2017	DECEMBER 2018	Δ %
UNITED STATES	2,201.6	2,038.3	-7.4%	65.6	8.2	-87.5%
Northeast	1,680.3	1,624.4	-3.3%	166.7	54.3	-67.4%
Non-northeast	416.2	350.3	-15.8%	(77.7)	(22.2)	71.4%
Exit states	105.1	62.3	-40.7%	(18.0)	(11.1)	38.2%
Verti	0.0	1.3	--	(5.5)	(12.8)	-133.9%
PUERTO RICO	326.9	386.9	18.4%	(16.9)	26.8	--

Figures in millions of euros

Combined ratio

	DECEMBER 2017	DECEMBER 2018
UNITED STATES	103.6%	104.1%
Northeast	98.4%	100.5%
Non-northeast	118.2%	113.9%
Exit states	117.6%	113.1%
PUERTO RICO	114.2%	88.0%

Premiums

At the close of December, premiums in NORTH AMERICA registered a 4.1 percent decrease, mainly due to the effect of the depreciation of the US dollar (-3.5 percent). The United States shows a 7.4 percent drop in premium issuing though in the most important Northeast region (Massachusetts and four other adjacent states) it remains stable, with similar figures to the close of the previous period. Business outside the Northeast maintains its downward trend due to the cancellation of unprofitable business, with the aim of improving profitability in those states.

There was positive premium development in Puerto Rico, with 22.6 percent growth in dollars from the renewal of government, municipal and commercial property policies, which obtained considerable increases in premiums, due to the harder market from the increase in reinsurance rates as a result of Hurricane Maria in 2017.

Result

The 2018 result in NORTH AMERICA is affected by the impact of several storms that occurred in the first quarter on the East coast of the United States, which had a gross cost, before reinsurance, of 52.6 million US dollars. The cost, net of reinsurance and after taxes, stands at 13.8 million US dollars (11.7 million euros), which has had a relevant impact on the results and has produced an increase in the combined ratio in the Auto and General P&C business lines.

The sale agreement for the business in New York and New Jersey that was reached in the second quarter of the year (and which has already received approval from the relevant regulatory bodies, and was formalized on January 2, 2019), the sale of MAPFRE Life Insurance Company, and the exit from Tennessee, Kentucky and Indiana have implied a net loss of 8.6 million USD (7.2 million euros).

What's more, the CAR (Commonwealth Automobile Reinsurance) and the Fair Plan Homeowners risk pools in the state of Massachusetts, in which MAPFRE is obligated to participate, have generated a negative impact of 9.9 and 6.8 million dollars, respectively, in 2018. As a result, at December 2018 the Non-Life combined ratio in the United States stood at 104.1 percent.

VERTI's result corresponds to the expenses coming from the launch of the operation, primarily related to technology and to fine-tuning adjustments. The volume of premiums is still modest and is in line with the original business plan.

Puerto Rico, on the other hand, showed very positive development after the losses last year. At the close of December 2018, it presented a net result of 26.8 million euros and a combined ratio of 88.0 percent.

The net impact of the catastrophic claims which occurred in 2017 has increased, as a result of an increase in claims reported in 2018, which has produced a 4 million euro negative impact on the attributable result for Puerto Rico for this period.

EURASIA

This regional area encompasses the insurance operations in Italy, Germany, Turkey, Malta, Indonesia and the Philippines.

Key figures

ITEM	DECEMBER 2017	DECEMBER 2018	Δ %
Gross written and accepted premiums	1,869.7	1,765.8	-5.6%
- Non-Life	1,574.0	1,437.7	-8.7%
- Life	295.8	328.1	10.9%
Net premiums earned	1,303.7	1,225.8	-6.0%
Gross result	60.9	24.9	-59.1%
Tax on profits	(10.8)	(4.5)	-58.3%
Non-controlling interests	(10.8)	(8.0)	-26.4%
Attributable net result	39.3	12.5	-68.3%
Combined ratio	100.9%	106.7%	5.7 p.p.
Expense ratio	23.2%	22.2%	-0.9 p.p.
Loss ratio	77.7%	84.4%	6.7 p.p.
Investments, real estate and cash	3,886.6	3,964.4	2.0%
Technical provisions	4,079.3	4,142.5	1.5%
Shareholders' equity	630.0	650.4	3.2%
ROE	7.1%	1.9%	-5.2 p.p.

Figures in millions of euros

Breakdown by country

COUNTRY	Premiums			Attributable result		
	DECEMBER 2017	DECEMBER 2018	Δ %	DECEMBER 2017	DECEMBER 2018	Δ %
TURKEY	653.2	485.5	-25.7%	48.4	14.2	-70.6%
ITALY	471.4	474.1	0.6%	(13.9)	(3.9)	71.7%
GERMANY	310.7	327.3	5.3%	2.7	2.7	0.1%
MALTA	351.1	389.7	11.0%	4.1	4.3	5.7%
PHILLIPINES	39.8	27.2	-31.6%	0.2	0.2	18.8%
INDONESIA	43.5	61.9	42.1%	4.0	(2.2)	-155.2%

Figures in millions of euros

Premiums

At the close of December, premiums in EURASIA registered a fall of 5.6 percent as a consequence, on the one hand, of the strong depreciation of the Turkish lira (25.0 percent), the Philippine peso (10.0 percent) and the Indonesian rupiah (8.8 percent), and, on the other hand, of lower premium issuing in Turkey due to a strict underwriting policy in the framework of the strategy focused on profitable growth, specifically in the Motor Third Party Liability line. Premiums in Germany and Italy are in line with current market conditions.

Result

The result in EURASIA shows negative development, which was expected, due to the impact of the regulatory change from April 2017 in Motor Third Party Liability insurance in Turkey, which regulated an important decrease in compulsory Motor Third Party Liability insurance rates, essentially eliminating freedom of pricing in this insurance in the Turkish market. This fact explains the fall in the EURASIA region result and the increase in the Non-Life combined ratio to 106.7 percent.

Italy significantly improved results and shows a very positive trend. Germany and Malta maintain their results in line with expectations.

The fall in the result in Indonesia in 2018 follows the systematic amortization of intangible assets from the acquisition of this subsidiary, for an attributable net amount of 3.9 million euros.

6.2. MAPFRE RE

MAPFRE RE is a global reinsurer and is the professional reinsurer of 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 2017	DECEMBER 2018	Δ %
Gross written and accepted premiums	4,222.4	3,787.1	-10.3%
- Non-Life	3,565.7	3,186.7	-10.6%
- Life	656.7	600.5	-8.6%
Net premiums earned	2,999.7	3,051.2	1.7%
Gross result	221.2	192.9	-12.8%
Tax on profits	(58.6)	(43.7)	-25.3%
Non-controlling interests	0.0	(0.0)	--
Attributable net result	162.7	149.1	-8.3%
Combined ratio	94.8%	96.1%	1.3 p.p.
Expense ratio	28.6%	27.2%	-1.4 p.p.
Loss ratio	66.2%	68.8%	2.6 p.p.
Investments, real estate and cash	4,472.0	4,353.0	-2.7%
Technical provisions	4,727.1	4,402.9	-6.9%
Shareholders' equity	1,301.4	1,264.9	-2.8%
ROE	12.6%	11.6%	-1.0 p.p.

Figures in millions of euros

Breakdown of premium distribution to December 2018 is as follows:

ITEM	%	ITEM	%
By Type of business:		By Ceding company:	
Proportional	77.4%	MAPFRE	35.0%
Non-proportional	15.6%	Other	65.0%
Facultative	7.0%		
		By Insurance Lines:	
By Region:		Property	47.7%
IBERIA	21.5%	Life & Accident	20.5%
EURASIA	52.3%	Motor	20.9%
LATAM	17.8%	Transport	3.8%
NORTH AMERICA	8.5%	Other Insurance lines	7.2%

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.

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 ultimate loss estimates expected for the business, based on the additional historic information obtained during the year.

At the close of 2018, 30.9 million euros of financial gains, net of financial losses, were registered (38.1 million to December 2017).

6.3. 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 2017	DECEMBER 2018	Δ %
Gross written and accepted premiums	1,257.4	1,173.9	-6.6%
Net premiums earned	333.1	301.1	-9.6%
Gross result	(89.8)	42.5	147.3%
Tax on profits	23.6	(18.7)	179.3%
Non-controlling interests	0.0	0.0	--
Attributable net result	(66.3)	23.8	135.9%
Combined ratio	135.4%	91.9%	-43.5 p.p.
Expense ratio	31.1%	32.6%	1.5 p.p.
Loss ratio	104.3%	59.3%	-45.0 p.p.
Investments, real estate and cash	925.1	842.4	-8.9%
Technical provisions	2,420.3	2,381.0	-1.6%
Shareholders' equity	335.4	343.3	2.3%
ROE	-18.1%	7.0%	25.1 p.p.

Figures in millions of euros

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. 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.

6.4. MAPFRE ASISTENCIA

MAPFRE ASISTENCIA specializes in travel assistance, roadside assistance, and other special risks of the Group.

Key figures

ITEM	DECEMBER 2017	DECEMBER 2018	Δ %
Operating revenue	1,113.5	982.7	-11.7%
- Gross written and accepted premiums	983.5	911.0	-7.4%
- Other revenue	130.0	71.7	-44.9%
Net premiums earned	712.4	637.4	-10.5%
Result from other business activities	(24.4)	18.2	174.5%
Gross result	(56.8)	(0.7)	98.8%
Tax on profits	(10.0)	(8.1)	-18.7%
Non-controlling interests	(1.6)	(1.3)	-18.9%
Attributable net result	(68.4)	(10.1)	85.2%
Combined ratio	103.7%	103.5%	-0.2 p.p.
Expense ratio	36.6%	41.1%	4.5 p.p.
Loss ratio	67.1%	62.4%	-4.7 p.p.
Investments, real estate and cash	331.2	436.6	31.8%
Technical provisions	673.4	743.7	10.4%
Shareholders' equity	232.5	238.0	2.3%
ROE	-28.2%	-4.3%	23.9 p.p.

Figures in millions of euros

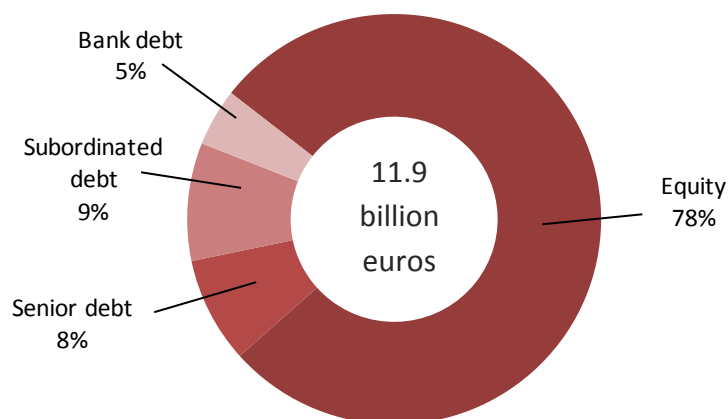
The reduction in operating income and premiums in the ASISTENCIA unit is a result of the business restructuring started in previous years, and which implied adopting diverse measures in the Assistance business and the Travel Insurance business, such as: exiting or discontinuing operations in certain 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.

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.

7. Capital Management & Debt

The chart below shows the composition of the capital structure at the close of 2018:

Capital structure



Figures in billions of euros

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, with the possibility of up to two more annual extensions, which would go until February 2025 if executed.
- 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 issued a new subordinated debt 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.

The following chart shows the development of the Group's debt instruments and leverage ratios:

Debt instruments and leverage ratios

ITEM	DECEMBER 2017	DECEMBER 2018
Total Equity	10,512.7	9,197.6
Total debt	2,327.4	2,670.3
- of which: senior debt - 5/2026	1,003.3	1,004.0
- of which: subordinated debt - 3/2047 (First Call 3/2027)	617.4	617.6
- of which: subordinated debt - 9/2048 (First Call 9/2028)	0.0	503.0
- of which: syndicated credit facility - 02/2023 (€ 1,000 M)	600.1	490.0
- of which: bank debt	106.7	55.6
Earnings before tax	1,508.7	1,330.5
Financial expenses	90.1	76.5
Earnings before tax & financial expenses	1,598.8	1,407.0
Leverage	18.1%	22.5%
Equity / Debt	4.5	3.4
Earnings before tax & financial expenses / financial expenses (x)	17.7	18.4

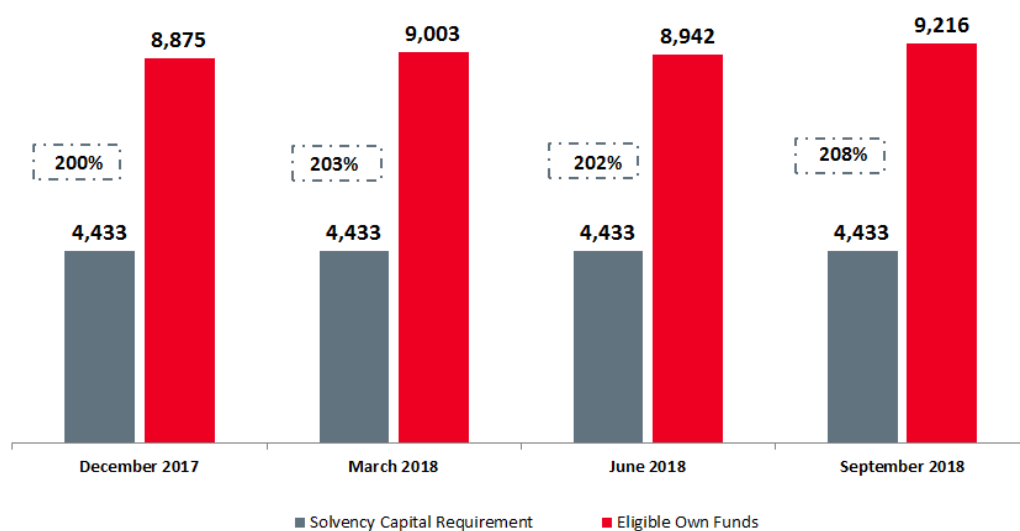
Figures in millions of euros

8. 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 fully-loaded ratio, excluding the effects of said measures, is 188.6 percent. 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

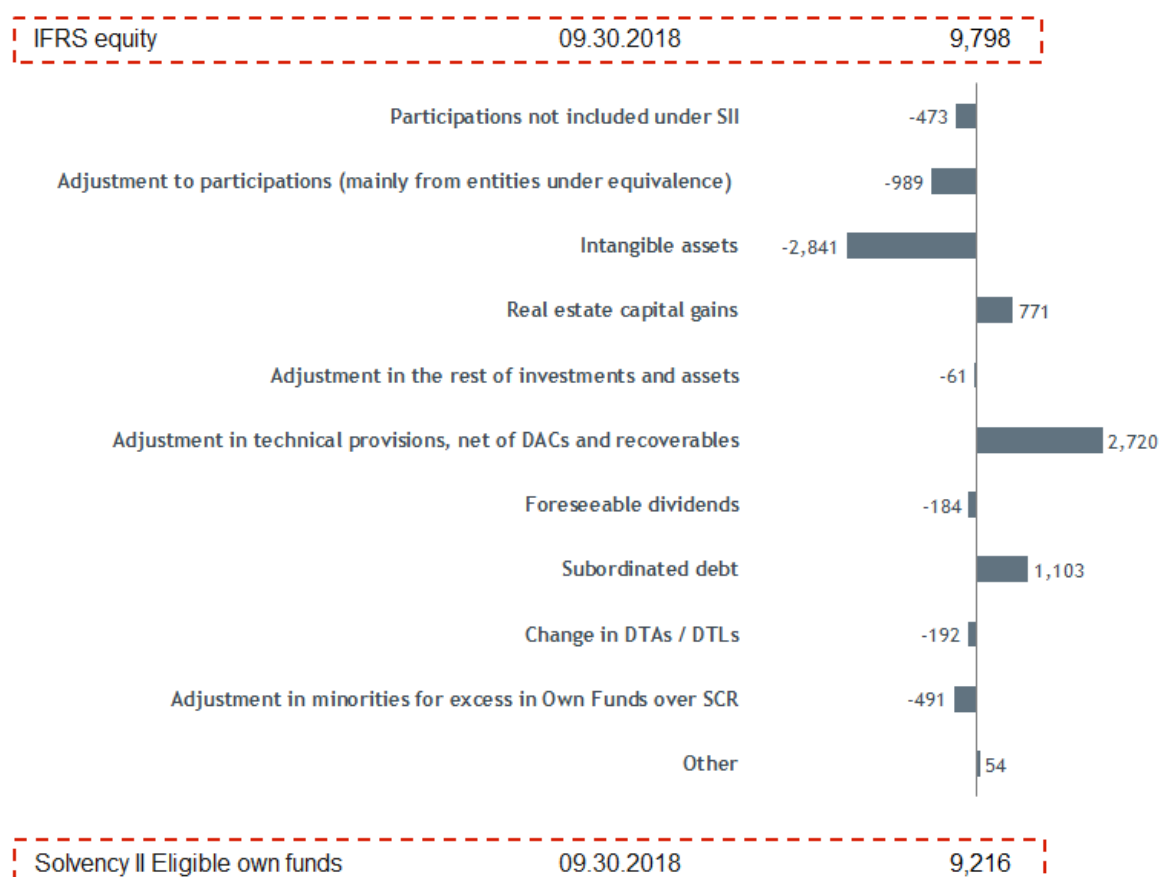
The SCR amount is calculated annually, as recalculation during the year is not required unless there is a significant change in the risk profile.

Impact of transitional measures and matching and volatility adjustments

Ratio at 09.30.2018	207.9%
Impact transitional for technical provisions	-16.1%
Impact equity transitional	-3.3%
Impact transitional for assets in non-euro currencies	0.0%
Total ratio without transitionals	188.6%

Ratio at 09.30.2018	207.9%
Impact Matching Adjustment	-2.0%
Impact Volatility Adjustment	-1.0%
Total ratio without Matching and Volatility Adjustments	205.0%

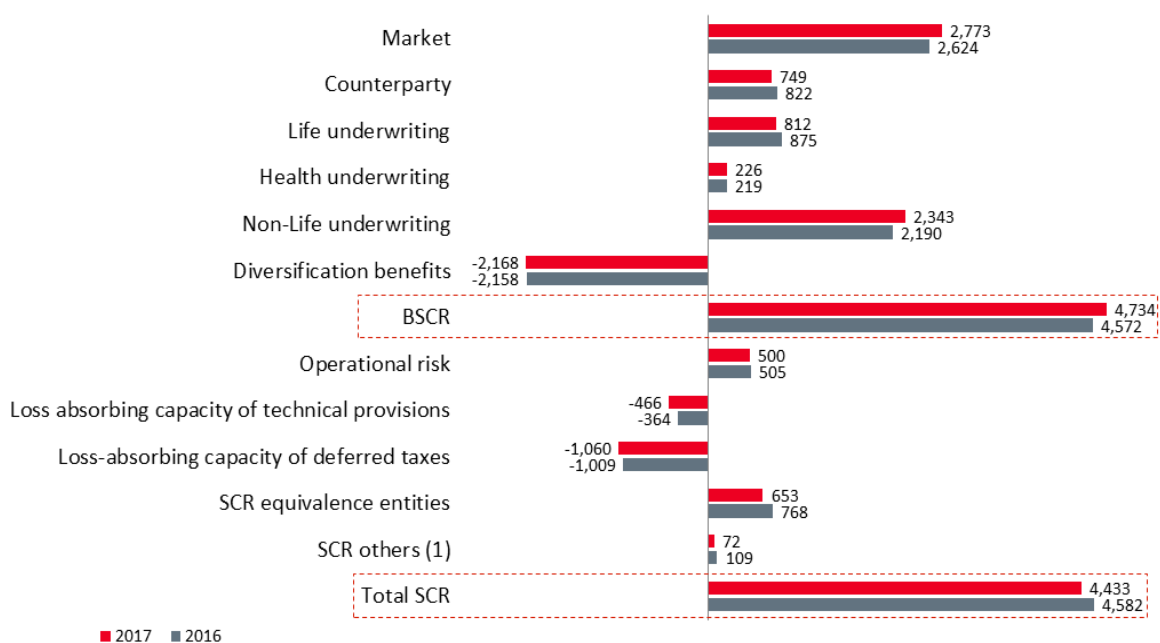
IFRS and Solvency II Capital Reconciliation



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

9. Ratings

The main rating agencies, Fitch, Standard & Poor's and Moody's, upgraded the Spanish sovereign debt credit rating in the first of half of 2018. These improvements contributed to a rating revision of the MAPFRE Group companies in Spain, over the course of this period.

The chart below details the current credit ratings granted by the main rating agencies for companies registered in Spain, with the positive updates from the year circled 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

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 January 23 2019, Fitch confirmed the rating of MAPFRE S.A. and raised the financial strength rating of MAPFRE ESPAÑA, MAPFRE VIDA, MAPFRE GLOBAL RISKS, MAPFRE RE and MAPFRE ASISTENCIA.

On November 23 2018, Fitch upgraded the rating outlook of MAPFRE SEGUROS GENERALES DE COLOMBIA, from “Negative” to “Stable”, as a result of the business’s improved technical result, backed by a strategy focused on profitable growth. Fitch also revised the outlook for MAPFRE COLOMBIA VIDA SEGUROS from “Stable” to “Negative”. The current situation of the ratings granted to the main Group companies registered outside of Spain is 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 MÉXICO	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

10. The MAPFRE Share. Dividend Information

The chart below includes information regarding the development of MAPFRE's shares.

Stock Market Information

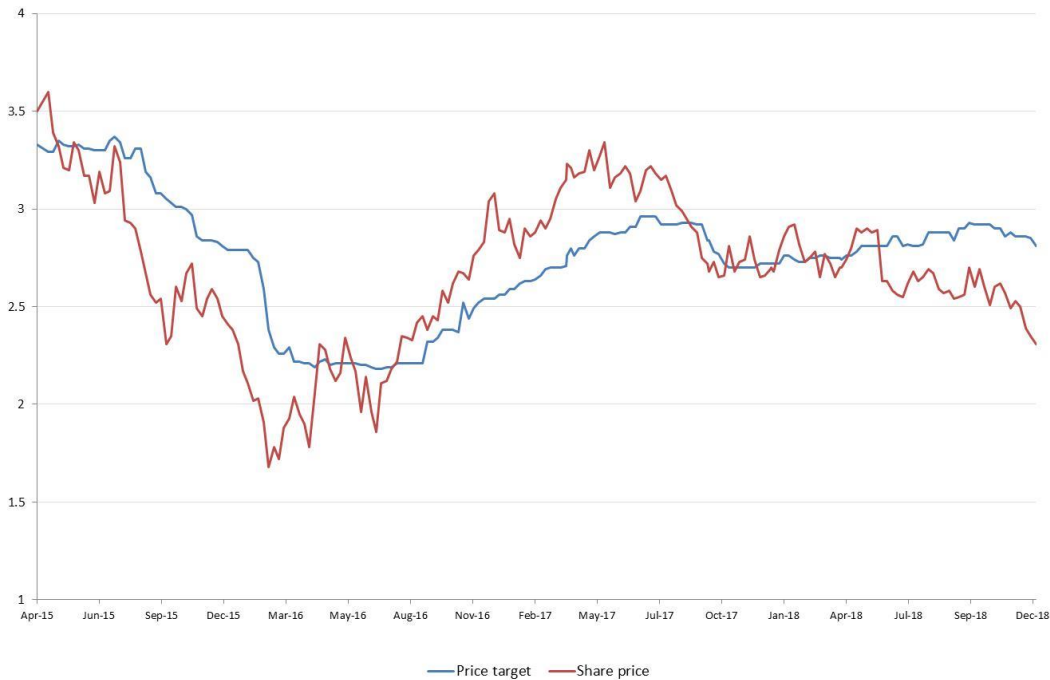
	12/31/2015	12/31/2016	12/31/2017	12/31/2018
Total outstanding shares	3,079,553,273	3,079,553,273	3,079,553,273	3,079,553,273
Market cap (million euros)	7,119.9	8,930.7	8,247.0	7,144.6
Share price (euros)	2.312	2.900	2.678	2.320
Changes in value from January 1(%)	-17.8%	25.4%	-7.7%	-13.4%
Changes in IBEX 35 from January 1(%)	-7.2%	-2.0%	7.4%	-15.0%
Average number of shares traded daily	9,937,097	9,032,451	7,267,696	5,515,638
Average daily effective value (million euros)	28.5	20.4	21.5	14.6
Period high	3.605	3.130	3.336	2.955
Period low	2.281	1.617	2.621	2.267
Volume / total stock market (%)	0.76%	0.80%	0.85%	0.64%
Book value per share	2.78	2.96	2.80	2.60
Dividend per share (last 12 months)	0.14	0.13	0.145	0.145

In 2018, the price of MAPFRE S.A. stock went down 13.4 percent, while the IBEX 35 went down 15 percent. According to the information released by BME (Spanish Stock Exchange operator), an average of 5,515,638 shares were traded daily on the BME, compared to 7,267,696 in 2017, a decrease of 24.1 percent. The average daily effective value reached 14.6 million euros, versus 21.5 million euros the previous year, a decrease of 32.1 percent.

Share Performance: January 1, 2018 – December 31, 2018



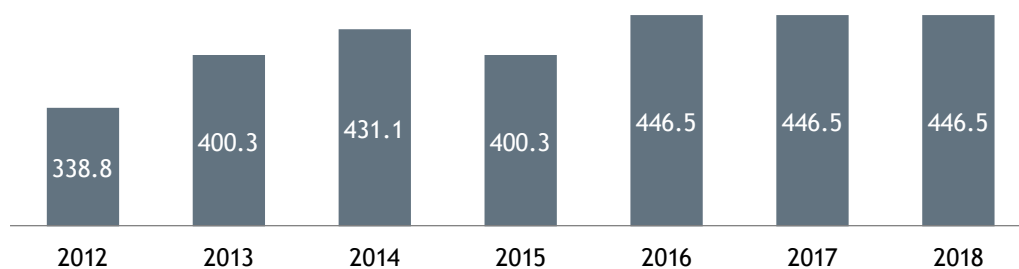
Average price target (data provided by analysts) and share price: April 1, 2015 – December 31, 2018



Dividend and Payout

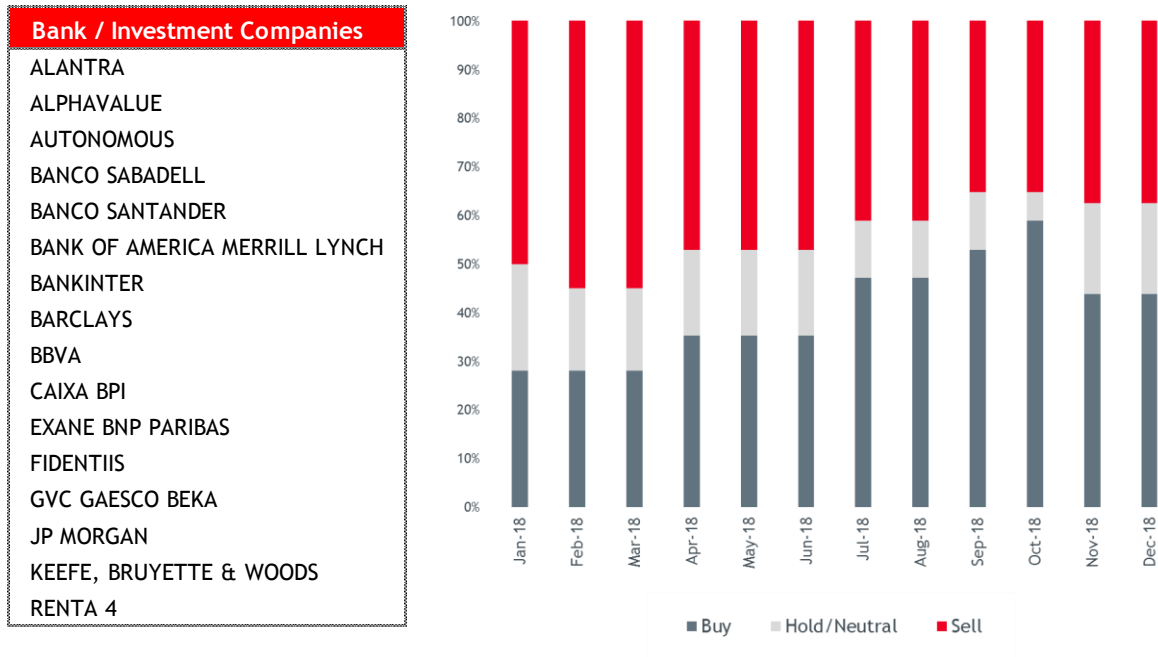
The Board of Directors proposed a final dividend for 2018 of 0.085 euros gross per share. With this, the total dividend paid against 2018 earnings reaches 0.145 euros gross per share, which implies a payout ratio of 84.4 percent.

Dividends paid against results (in million euros)

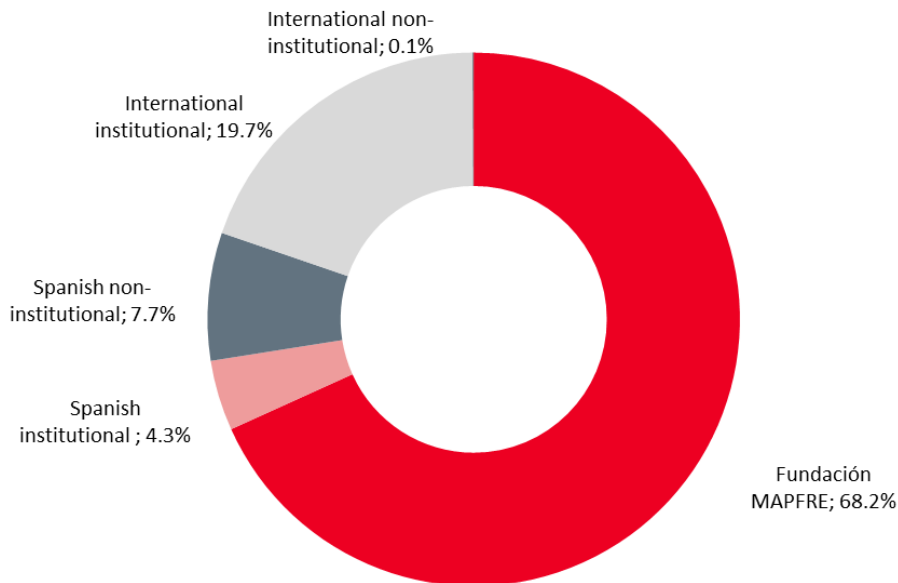


Earnings per share (euros)	0.22	0.26	0.27	0.23	0.25	0.23	0.17
Dividend per share (euros)	0.11	0.13	0.14	0.13	0.145	0.145	0.145
Payout (%)	50.9%	50.6%	51.0%	56.5%	57.6%	63.7%	84.4%

Analyst coverage: Recommendation summary



Shareholder composition



11. Accolades Received in the Year

Group

- **MAPFRE Global Intranet, “Best Intranet” in Europe**

MAPFRE’s Global Intranet won the category of “Best Intranet Portal” in the annual awards granted by the European Association for Internal Communication.

- **MAPFRE S.A. receives the distinction of “Equality in the Company” from the Ministry of Health, Social Services and Equality**

The Ministry of Health, Social Services and Equality has awarded MAPFRE S.A. the distinction of “Equality in the Company”, which distinguishes those companies that develop policies for equal opportunities for men and women in the workplace.

- **Antonio Huertas, named 2018 Financier of the Year**

The jury for the ECOFIN awards has recognized the work of Antonio Huertas as Chairman and CEO of MAPFRE and Fundación MAPFRE with its 2018 Financier of the Year award, highlighting his role as “a decisive driver of innovation in business success”.

- **MAPFRE receives the ASTER award for corporate trajectory**

This recognition reaffirms the company’s capacity to continue growing and adapt to society’s new challenges and demands. Further, these awards strengthen the integration and communication between academic activity and business activity.

- **Antonio Huertas, in the Top 5 leading executives in Social Responsibility**

Antonio Huertas, Chairman and CEO of MAPFRE, features among the 5 most highly recognized Spanish business leaders in Corporate Social Responsibility, according to the ranking by consulting company Advice Strategic Consultants. The report analyzes the contribution of 36 leaders of the main companies of the Ibex 35 and other unlisted Spanish systemic companies in terms of their CSR.

- **MAPFRE, included among the most sustainable companies in the world, according to the Dow Jones Sustainability World Index**

MAPFRE is included among the 15 Spanish companies present on the Dow Jones Sustainability World Index, which monitors the performance of companies focused on sustainability and social responsibility. Further, MAPFRE is in 10th place in the worldwide ranking of sustainable insurance companies.

- **Antonio Huertas is recognized as the best CEO for his support in employee management**

Antonio Huertas has been recognized as the best CEO for his support in employee management, in the XVI edition of the Expansión Awards for innovation in Human Resources, which is organized annually by the economic newspaper.

- **MAPFRE receives the solidarity award “Solidarios ONCE” for its social commitment**

MAPFRE has been awarded the ONCE (Spanish National Organization for the Blind) Solidarity award for the Community of Madrid 2018, in the “Company” category. This award recognizes MAPFRE’s collaboration in the inclusion of people with disabilities in the workplace, and its commitment to raise employee awareness of social volunteering programs.

Spain

- **MAPFRE, the most valuable insurer in Spain, according to Interbrand**

MAPFRE is the most valued insurer according to the ranking of “Best Spanish Brands 2017”, by the international consultant Interbrand, which highlights the 30 most valuable companies in the country.

- **MAPFRE, the most valuable insurer in Spain, according to Brand Finance**

MAPFRE is once again the most valuable insurer in Spain, according to the ranking carried out by the international consultant Brand Finance. In the ranking of Spanish companies, MAPFRE is in ninth place, with 17% growth in the value of its brand, to 2.8 billion euros.

- **For the sixth year in a row, MAPFRE is the most attractive insurer to work for**

MAPFRE has been awarded, for the sixth year in a row, with the Ranstad Award for the most attractive company to work for in Spain in the insurance sector. This recognition was given within the framework of the Employer Branding International Study.

- **MAPFRE, among the top ten companies with the best corporate reputation in Spain, according to the MERCOSUR report**

MAPFRE continues to be named among the top ten companies with the best reputation in Spain, taking ninth position in the latest report from MERCOSUR (which stands for Spanish Corporate Reputation Monitor), which prepares these rankings of the 100 companies and leaders with the best reputation in Spain.

- **Innovación Aseguradora awards MAPFRE ESPAÑA for its online sales process**

MAPFRE ESPAÑA received an award in the V edition of the Innovación Aseguradora awards. These awards recognize participating company’s efforts and capacities for improvement, in the award’s different categories.

- **VERTI, Innovation award for digital strategy from La Razón**

“VERTI Driver”, the VERTI app with which clients can receive up to a 40% discount for good driving, has received the award for “Innovation in Digital Strategy” from the newspaper La Razón.

Other countries and business units

- **World Finance recognizes the management in MAPFRE Peru in the Life Insurance line**

The British publication World Finance has awarded MAPFRE the distinction of “Best Insurer in the Life category in Peru”, in its 2017 Global Insurance Awards.

- **MAPFRE Investimentos, included among the best financial institutions by the Ministry of Finance in Brazil**

MAPFRE Investimentos has once again been named among the best companies in the latest “Podium Curto Prazo” ranking, released by the Secretary of Economic Policy, who works under the Ministry of Finance in Brazil.

- **MAPFRE leads the MERCOSUR Social Responsibility ranking in Argentina**

MAPFRE ARGENTINA is included in the most responsible companies in the country, according to the MERCOSUR Social Responsibility and Corporate Governance ranking. It is currently in 1st place in the insurance sector, and 28th place in the general ranking, moving up 20 positions from last year.

- **MAPFRE, one of the four Spanish companies with the best reputation in Latin America**

MAPFRE is one of the four Spanish companies with the best corporate reputation in Latin America, according to MERCOSUR 2017 Spain-Latam ranking, a benchmark monitor that has been evaluating the prestige of companies in Spain and Latin America since 2000.

- **MAPFRE MEXICO, recognized by “Great Place to Work” as the best place to work for the 11th consecutive year**

MAPFRE MEXICO was recognized for the 11th consecutive year as the best place to work, for its persistence and interest in maintaining a process of continuous improvement.

- **MAPFRE’s car insurance is the best valued in Massachusetts, according to ValChoice**

MAPFRE Insurance’s car insurance received first place in the ValChoice awards in the state of Massachusetts, with a score of 92 out of 100, in the latest ValChoice Best Value Award, an annual grading system.

- **MAPFRE RE wins an award for its reinsurance service quality in Italy**

MAPFRE RE won an award for its commitment and the growth achieved in the Italian reinsurance market, in the Italy Protection Awards and Forum, presented every year by EMF Group.

- **MAPFRE reaffirms its leadership as the insurer with the best reputation in Mexico**

MAPFRE MEXICO reaffirms its leading position for another year in the classification of insurers with the best reputation in the country, according to the latest ranking prepared by MERCOSUR.

- **MAPFRE improves its “Great Place to Work” in Peru and is the only insurer in its category**

The “Great Place to Work” ranking in Peru places MAPFRE PERU as the only insurance company included in the companies with more than 1,000 employees. MAPFRE PERU holds 16th place, after climbing four positions from the previous year.

12. Events Subsequent to Closing

- 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 indefinite duration. The definitive terms and conditions of the agreement will be made known when the final contracts are signed.
- 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 newly created company, for a consideration of 82.2 million euros, and BANCO DE SANTANDER, through its subsidiary SANTANDER SEGUROS, will own the remaining 49.99 percent.

13. Appendixes

13.1. Consolidated Balance Sheet

ITEM	DECEMBER 2017	DECEMBER 2018
A) INTANGIBLE ASSETS	3,422.9	3,072.4
I. Goodwill	1,883.0	1,689.0
II. Other intangible assets	1,539.9	1,383.3
B) PROPERTY, PLANT AND EQUIPMENT	1,191.7	1,112.3
I. Real estate for own use	920.6	852.7
II. Other property, plant and equipment	271.1	259.7
C) INVESTMENTS	44,691.2	43,977.0
I. Real estate investments	1,250.7	1,243.6
II. Financial investments		
1. Held-to-maturity portfolio	2,024.2	1,951.5
2. Available-for-sale portfolio	34,516.4	33,753.7
3. Trading portfolio	5,462.6	5,540.8
III. Investments recorded by applying the equity method	203.9	193.7
IV. Deposits established for accepted reinsurance	790.6	806.1
V. Other investments	442.8	487.6
D) INVESTMENTS ON BEHALF OF LIFE INSURANCE POLICYHOLDERS BEARING THE INVESTMENT RISK	2,320.1	2,242.5
E) INVENTORIES	67.1	60.9
F) PARTICIPATION OF REINSURANCE IN TECHNICAL PROVISIONS	4,989.6	5,883.2
G) DEFERRED TAX ASSETS	296.8	333.6
H) RECEIVABLES	6,337.1	5,761.2
I. Receivables on direct insurance and co-insurance operations	4,019.5	3,644.2
II. Receivables on reinsurance operations	987.2	903.1
III. Tax receivables		
1. Tax on profits receivable	143.0	192.1
2. Other tax receivables	128.6	144.7
IV. Corporate and other receivables	1,058.7	877.2
V. Shareholders, called capital	0.0	0.0
I) CASH	1,864.0	2,201.4
J) ACCRUAL ADJUSTMENTS	2,132.3	2,168.8
K) OTHER ASSETS	101.0	136.2
L) NON-CURRENT ASSETS HELD FOR SALE AND FROM DISCONTINUED OPERATIONS	155.6	341.5
TOTAL ASSETS	67,569.5	67,290.8

Figures in millions of euros

ITEM	DECEMBER 2017	DECEMBER 2018
A) EQUITY	10,512.7	9,197.6
I. Paid-up capital	308.0	308.0
II. Share premium	1,506.7	1,506.7
III. Reserves	6,433.1	6,323.6
IV. Interim dividend	(184.8)	(184.8)
V. Treasury Stock	(52.4)	(48.2)
VI. Result attributable to controlling company	700.5	528.9
VII. Other equity instruments	10.1	4.5
VIII. Valuation change adjustments	620.7	293.1
IX. Currency conversion differences	(730.7)	(737.9)
Equity attributable to the controlling company's shareholders	8,611.3	7,993.8
Non-controlling interests	1,901.4	1,203.8
B) SUBORDINATED LIABILITIES	617.4	1,120.5
C) TECHNICAL PROVISIONS	45,494.0	46,481.1
I. Provisions for unearned premiums and unexpired risks	8,375.1	7,951.4
II. Provisions for life insurance	24,992.9	24,838.5
III. Provision for outstanding claims	11,223.1	12,714.1
IV. Other technical provisions	902.9	977.1
D) TECHNICAL PROVISIONS FOR LIFE INSURANCE WHERE POLICYHOLDERS BEAR THE INVESTMENT RISK	2,320.1	2,242.5
E) PROVISIONS FOR RISKS AND EXPENSES	661.7	641.5
F) DEPOSITS RECEIVED ON CEDED AND RETROCEDED REINSURANCE	42.4	79.5
G) DEFERRED TAX LIABILITIES	588.0	499.3
H) DEBT	7,073.7	6,596.4
I. Issue of debentures and other negotiable securities	1,003.3	1,004.0
II. Due to credit institutions	706.7	545.7
III. Other financial liabilities	1,235.2	1,262.8
IV. Due on direct insurance and co-insurance operations	972.1	1,094.8
V. Due on reinsurance operations	1,218.6	852.6
VI. Tax liabilities		
1. Tax on profits to be paid	167.6	130.1
2. Other tax liabilities	343.2	320.6
VII. Other debts	1,427.0	1,385.8
I) ACCRUAL ADJUSTMENTS	258.3	238.4
J) LIABILITIES LINKED TO NON-CURRENT ASSETS HELD FOR SALE AND FROM DISCONTINUED OPERATIONS	1.1	194.0
TOTAL LIABILITIES AND EQUITY	67,569.5	67,290.8

Figures in millions of euros

13.2. Consolidated Income Statement

ITEM	DECEMBER 2017	DECEMBER 2018
I. REVENUE FROM INSURANCE BUSINESS		
1. Premiums allocated to the financial year, net		
a) Written premiums, direct insurance	19,982.3	19,102.2
b) Premiums from accepted reinsurance	3,498.4	3,434.9
c) Premiums from ceded reinsurance	(4,064.4)	(3,374.3)
d) Variations in provisions for unearned premiums and unexpired risks		
Direct insurance	(515.6)	35.4
Accepted reinsurance	74.1	172.5
Ceded reinsurance	334.9	(158.7)
2. Share in profits from equity-accounted companies	11.0	12.1
3. Revenue from investments		
a) From operations	2,363.9	2,176.1
b) From equity	195.3	214.0
4. Gains on investments on behalf of life insurance policyholders bearing the investment risk	131.0	88.1
5. Other technical revenue	63.7	61.0
6. Other non-technical revenue	194.6	69.5
7. Positive foreign exchange differences	1,039.8	959.4
8. Reversal of the asset impairment provision	21.1	41.1
TOTAL REVENUE FROM INSURANCE BUSINESS	23,330.0	22,833.4
II. INSURANCE BUSINESS EXPENSES		
1. Incurred claims for the year, net		
a) Claims paid and variation in provision for claims, net		
Direct insurance	(13,218.9)	(13,802.2)
Accepted reinsurance	(2,382.9)	(2,465.6)
Ceded reinsurance	2,881.2	3,677.1
b) Claims-related expenses	(855.7)	(815.8)
2. Variation in other technical provisions, net	(806.6)	(564.8)
3. Profit sharing and returned premiums	(46.8)	(38.7)
4. Net operating expenses		
a) Acquisition expenses	(4,924.7)	(4,810.8)
b) Administration expenses	(760.0)	(745.6)
c) Commissions and participation in reinsurance	557.0	567.7
5. Share in losses from equity-accounted companies	(0.1)	(0.0)
6. Expenses from investments		
a) From operations	(627.8)	(710.8)
b) From equity and financial accounts	(44.8)	(92.9)
7. Losses on investments on behalf of life insurance policyholders bearing the investment risk	(8.5)	(146.2)
8. Other technical expenses	(129.6)	(139.1)
9. Other non-technical expenses	(114.3)	(149.7)
10. Negative foreign exchange differences	(1,019.4)	(946.7)
11. Allowance to the asset impairment provision	(162.6)	(229.3)
TOTAL EXPENSES FROM INSURANCE BUSINESS	(21,664.5)	(21,413.4)
RESULT FROM THE INSURANCE BUSINESS	1,665.5	1,420.0
III. OTHER ACTIVITIES		
1. Operating revenue	363.0	321.0
2. Operating expenses	(489.8)	(401.6)
3. Net financial income		
a) Financial income	97.6	82.6
b) Financial expenses	(99.8)	(85.3)
4. Results from non-controlling interests		
a) Share in profits from equity-accounted companies	3.0	2.3
b) Share in losses from equity-accounted companies	(0.0)	(0.0)
5. Reversal of asset impairment provision	19.0	25.4
6. Allowance to the asset impairment provision	(25.2)	(15.1)
7. Result from the disposal of non-current assets classified as held for sale, not included in discontinued operations	0.0	0.0
RESULT FROM OTHER ACTIVITIES	(132.3)	(70.7)
IV. RESULT ON RESTATEMENT OF FINANCIAL ACCOUNTS	(24.5)	(18.7)
V. RESULT BEFORE TAXES FROM ONGOING OPERATIONS	1,508.7	1,330.5
VI. TAX ON PROFITS FROM ONGOING OPERATIONS	(410.3)	(453.0)
VII. RESULT AFTER TAX FROM ONGOING OPERATIONS	1,098.4	877.5
VIII. RESULT AFTER TAX FROM DISCONTINUED OPERATIONS	0.0	0.0
IX. RESULT FOR THE FINANCIAL YEAR	1,098.4	877.5
1. Attributable to non-controlling interests	397.9	348.7
2. Attributable to the controlling company	700.5	528.9

Figures in millions of euros

13.3. Key Figures by Region. Quarterly Breakdown.

Period	2017				2018				Δ Annual Sept.-Dec. 2018/2017
	Jan.-Mar.	Apr.-Jun.	Jul.-Sept.	Sept.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sept.	Sept.-Dec.	
Consolidated figures									
Total consolidated revenue	7,854.9	7,583.4	5,854.0	6,691.4	7,257.0	6,834.0	6,205.5	6,293.1	-6.0%
Written and accepted premiums - Total	6,674.6	6,398.6	4,913.5	5,494.1	6,197.2	5,773.2	5,248.1	5,318.6	-3.2%
Written and accepted premiums - Non-Life	5,217.9	5,038.2	3,837.8	4,060.7	4,965.9	4,306.2	3,814.1	3,974.7	-2.1%
Written and accepted premiums - Life	1,456.7	1,360.4	1,075.7	1,433.4	1,231.3	1,467.1	1,434.0	1,343.9	-6.2%
Net result	206.2	208.9	29.5	255.9	187.0	198.7	143.1	0.1	-100.0%
Combined ratio	97.5%	96.8%	102.0%	96.3%	96.5%	98.2%	99.5%	96.2%	-0.1 p.p.
Loss ratio	70.8%	68.6%	72.6%	70.7%	68.3%	70.5%	70.2%	70.0%	-0.7 p.p.
Expense ratio	26.7%	28.2%	29.4%	25.6%	28.2%	27.8%	29.3%	26.2%	0.6 p.p.
Figures by business unit									
Written and accepted premiums - Total									
IBERIA	2,386.9	1,560.5	1,310.5	1,702.3	2,342.4	1,787.5	1,809.5	1,718.6	1.0%
BRAZIL	1,203.1	1,179.7	1,066.4	1,097.7	1,012.9	1,005.1	968.3	985.9	-10.2%
NORTH AMERICA	654.0	693.3	630.2	551.1	561.9	685.8	637.5	540.2	-2.0%
EURASIA	586.9	454.1	405.6	423.1	541.2	455.2	359.4	409.9	-3.1%
LATAM SOUTH	428.5	466.2	395.5	408.8	395.4	399.9	410.6	399.8	-2.2%
LATAM NORTH	366.9	828.3	263.1	313.9	365.2	340.0	277.7	326.4	4.0%
MAPFRE RE	1,165.7	1,160.0	974.7	921.9	1,126.4	1,035.5	810.1	815.1	-11.6%
MAPFRE GLOBAL RISKS	318.6	406.4	224.5	307.9	266.7	364.6	192.7	349.9	13.7%
MAPFRE ASISTENCIA	276.1	255.2	250.9	201.3	226.9	244.0	239.3	200.9	-0.2%
Written and accepted premiums - Non-Life									
IBERIA	1,721.1	1,040.6	930.5	1,048.1	1,805.5	1,158.5	988.2	1,123.2	7.2%
BRAZIL	838.4	803.6	680.6	673.4	689.4	660.7	645.1	621.3	-7.7%
NORTH AMERICA	651.3	691.0	627.6	554.1	560.9	684.8	636.4	539.1	-2.7%
EURASIA	489.3	384.3	337.3	363.0	456.6	362.5	278.9	339.6	-6.4%
LATAM SOUTH	361.7	397.6	332.5	343.6	328.5	334.9	345.2	335.8	-2.3%
LATAM NORTH	256.7	753.7	190.0	237.1	258.0	263.2	197.3	247.2	4.2%
MAPFRE RE	1,017.0	911.1	871.6	766.0	1,015.4	777.3	748.2	645.8	-15.7%
MAPFRE GLOBAL RISKS	318.6	406.4	224.5	307.9	266.7	364.6	192.7	349.9	13.7%
MAPFRE ASISTENCIA	276.1	255.2	250.9	201.3	226.9	244.0	239.3	200.9	-0.2%
Written and accepted premiums - Life									
IBERIA	665.9	519.9	380.0	654.2	536.9	629.0	821.3	595.4	-9.0%
BRAZIL	364.8	376.1	385.7	424.3	323.6	344.4	323.1	364.6	-14.1%
NORTH AMERICA	2.7	2.2	2.6	(3.0)	0.9	1.0	1.0	1.1	-376.2%
EURASIA	97.6	69.8	68.3	60.1	84.6	92.6	80.5	70.3	17.1%
LATAM SOUTH	66.8	68.7	63.0	65.2	66.9	65.0	65.5	64.0	-1.8%
LATAM NORTH	110.2	74.6	73.0	76.8	107.2	76.8	80.5	79.3	3.3%
MAPFRE RE	148.7	248.9	103.1	155.9	111.1	258.1	62.0	169.3	8.6%
MAPFRE GLOBAL RISKS	--	--	--	--	--	--	--	--	--
MAPFRE ASISTENCIA	--	--	--	--	--	--	--	--	--

Figures in millions of euros

Quarter	2017				2018				Δ Annual Sept.-Dec. 2018/2017
	I	II	III	IV	I	II	III	IV	
Period	Jan.-Mar.	Apr.-Jun.	Jul.-Sept.	Sept.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sept.	Sept.-Dec.	
Net result									
IBERIA	127.6	133.1	128.6	122.3	117.9	132.0	104.1	126.6	3.5%
BRAZIL	26.2	36.8	23.0	39.4	14.5	15.4	9.2	15.0	-62.0%
NORTH AMERICA	15.9	16.4	(11.0)	27.4	(4.2)	8.5	16.7	14.0	-49.0%
EURASIA	8.5	13.0	7.7	10.1	4.3	6.0	6.3	(4.2)	-141.1%
LATAM SOUTH	15.6	19.1	12.2	23.3	13.8	15.0	31.4	(1.1)	-104.6%
LATAM NORTH	4.6	12.5	6.7	9.9	9.9	14.3	11.2	8.3	-16.1%
MAPFRE RE	51.3	50.4	(4.4)	65.4	62.7	39.2	11.5	35.8	-45.2%
MAPFRE GLOBAL RISKS	0.2	(13.2)	(74.2)	20.9	8.1	12.2	(7.4)	10.8	-48.0%
MAPFRE ASISTENCIA	(9.1)	(15.4)	(26.6)	(17.3)	(2.7)	0.2	(4.8)	(2.7)	539.9%
Holdings and consolidation adjustments	(34.6)	(43.8)	(32.5)	(45.4)	(37.2)	(44.0)	(35.1)	(202.5)	--
Combined ratio									
IBERIA	94.6%	95.6%	91.8%	93.0%	92.1%	95.2%	94.0%	93.8%	0.8 p.p.
BRAZIL	98.5%	92.0%	92.9%	100.9%	98.3%	106.9%	104.8%	85.2%	-15.7 p.p.
NORTH AMERICA	101.4%	101.8%	109.4%	107.5%	106.2%	100.1%	101.0%	101.4%	-6.1 p.p.
EURASIA	100.7%	98.3%	103.1%	101.5%	104.9%	104.9%	110.5%	106.7%	5.2 p.p.
LATAM SOUTH	99.2%	100.3%	97.0%	89.9%	97.0%	96.6%	97.4%	98.3%	8.5 p.p.
LATAM NORTH	99.1%	94.1%	104.1%	95.5%	96.6%	93.6%	99.6%	102.3%	6.8 p.p.
MAPFRE RE	91.4%	93.1%	106.4%	91.2%	91.1%	95.0%	98.1%	99.4%	8.2 p.p.
MAPFRE GLOBAL RISKS	109.5%	130.9%	231.6%	78.9%	92.0%	86.3%	112.5%	81.3%	2.4 p.p.
MAPFRE ASISTENCIA	103.9%	99.0%	104.5%	108.0%	102.2%	104.2%	103.7%	103.8%	-4.2 p.p.
Loss ratio									
IBERIA	74.1%	74.8%	69.8%	72.6%	71.3%	75.2%	72.4%	72.4%	-0.2 p.p.
BRAZIL	66.4%	56.9%	58.9%	63.6%	63.8%	66.9%	68.0%	48.3%	-15.3 p.p.
NORTH AMERICA	75.8%	76.5%	83.6%	82.1%	76.4%	72.6%	72.5%	74.5%	-7.6 p.p.
EURASIA	76.8%	78.1%	79.6%	76.3%	80.3%	86.9%	88.0%	82.9%	6.6 p.p.
LATAM SOUTH	62.1%	61.3%	58.1%	59.9%	61.3%	60.4%	62.1%	60.7%	0.8 p.p.
LATAM NORTH	69.8%	63.2%	68.1%	60.5%	65.3%	61.1%	67.5%	69.3%	8.7 p.p.
MAPFRE RE	64.2%	60.1%	69.4%	70.1%	62.0%	66.5%	62.6%	79.3%	9.2 p.p.
MAPFRE GLOBAL RISKS	75.6%	99.7%	197.9%	53.4%	56.1%	55.2%	77.2%	52.6%	-0.8 p.p.
MAPFRE ASISTENCIA	72.7%	59.4%	64.6%	72.4%	61.3%	63.6%	62.1%	62.4%	-10.0 p.p.
Expense ratio									
IBERIA	20.5%	20.8%	22.0%	20.4%	20.8%	20.0%	21.6%	21.4%	1.0 p.p.
BRAZIL	32.0%	35.1%	34.0%	37.3%	34.5%	40.0%	36.8%	37.0%	-0.4 p.p.
NORTH AMERICA	25.7%	25.3%	25.8%	25.4%	29.8%	27.5%	28.5%	26.9%	1.5 p.p.
EURASIA	23.9%	20.2%	23.5%	25.2%	24.6%	17.9%	22.5%	23.8%	-1.4 p.p.
LATAM SOUTH	37.1%	39.0%	38.9%	30.0%	35.7%	36.2%	35.4%	37.7%	7.7 p.p.
LATAM NORTH	29.3%	30.9%	36.0%	35.0%	31.3%	32.4%	32.0%	33.1%	-1.9 p.p.
MAPFRE RE	27.2%	33.0%	37.0%	21.1%	29.0%	28.5%	35.5%	20.1%	-1.0 p.p.
MAPFRE GLOBAL RISKS	33.9%	31.2%	33.8%	25.6%	35.9%	31.1%	35.3%	28.7%	3.2 p.p.
MAPFRE ASISTENCIA	31.1%	39.6%	39.9%	35.5%	40.9%	40.5%	41.6%	41.4%	5.8 p.p.

Figures in millions of euros

13.4. Consolidated Statement of Other Comprehensive Income

	GROSS AMOUNT		TAX ON PROFITS		ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		ATTRIBUTABLE TO CONTROLLING COMPANY	
	DECEMBER 2017	DECEMBER 2018	DECEMBER 2017	DECEMBER 2018	DECEMBER 2017	DECEMBER 2018	DECEMBER 2017	DECEMBER 2018
A) CONSOLIDATED RESULT FOR THE YEAR	1,508.7	1,330.5	(410.3)	(453.0)	397.9	348.7	700.5	528.9
B) OTHER RECOGNIZED REVENUE (EXPENSES)	(902.4)	(677.5)	15.6	122.7	(213.8)	(124.5)	(673.1)	(430.4)
1. Financial assets available for sale	(466.9)	(708.6)	124.6	186.0	(56.8)	(49.8)	(285.5)	(472.8)
a) Valuation gains (losses)	(263.9)	(564.3)	71.1	150.2				
b) Amounts transferred to the income statement	(204.6)	(144.3)	53.3	35.8				
c) Other reclassifications	1.6	(0.0)	0.2	0.0				
2. Currency conversion differences	(852.0)	(202.5)	1.0	(0.4)	(212.0)	(100.1)	(639.1)	(102.8)
a) Valuation gains (losses)	(850.5)	(215.6)	1.0	(0.4)				
b) Amounts transferred to the income statement	(0.0)	0.2	0.0	0.0				
c) Other reclassifications	(1.5)	12.9	0.0	0.0				
3. Shadow accounting	419.1	232.5	(110.0)	(63.3)	54.9	25.3	254.2	143.9
a) Valuation gains (losses)	381.5	212.0	(100.6)	(58.2)				
b) Amounts transferred to the income statement	37.6	20.5	(9.4)	(5.1)				
c) Other reclassifications	0.0	0.0	0.0	0.0				
4. Equity-accounted entities	(0.1)	(1.6)	0.0	0.5	0.0	0.0	(0.1)	(1.2)
a) Valuation gains (losses)	0.1	(1.3)	0.0	0.5				
b) Amounts transferred to the income statement	0.0	0.1	0.0	0.0				
c) Other reclassifications	(0.2)	(0.4)	0.0	0.0				
5. Other recognized revenue and expenses	(2.6)	2.7	0.1	0.0	0.1	0.2	(2.6)	2.5
TOTALS	606.3	653.0	(394.7)	(330.3)	184.1	224.2	27.4	98.5

Figures in millions of euros

13.5. Income Statement by Business Unit

ITEM	IBERIA		BRAZIL		NORTH AMERICA		EURASIA		LATAM SOUTH		LATAM NORTH	
	DECEMBER 2017	DECEMBER 2018	DECEMBER 2017	DECEMBER 2018	DECEMBER 2017	DECEMBER 2018	DECEMBER 2017	DECEMBER 2018	DECEMBER 2017	DECEMBER 2018	DECEMBER 2017	DECEMBER 2018
Gross written and accepted premiums	4,740.2	5,075.4	2,996.0	2,616.5	2,524.0	2,421.3	1,574.0	1,437.7	1,435.3	1,344.3	1,437.6	965.6
Net premiums earned	4,203.2	4,335.6	2,205.4	1,949.0	1,989.8	1,966.2	1,012.2	902.4	786.7	731.5	571.4	574.5
Net claims incurred and variation in other technical provisions	(3,059.7)	(3,157.1)	(1,357.8)	(1,199.6)	(1,579.3)	(1,454.1)	(786.9)	(761.7)	(475.4)	(446.9)	(372.7)	(378.5)
Net operating expenses	(853.2)	(883.9)	(761.3)	(718.9)	(522.5)	(566.5)	(226.9)	(198.2)	(283.8)	(265.4)	(181.9)	(174.3)
Other technical revenue and expenses	(26.0)	(24.8)	0.3	(1.9)	14.6	13.5	(7.8)	(2.5)	(2.9)	0.6	(5.5)	(10.9)
Technical result	264.3	269.8	86.7	28.6	(97.4)	(41.0)	(9.3)	(60.1)	24.6	19.7	11.3	10.8
Net financial income	225.9	205.9	10.7	82.3	119.9	96.7	62.9	74.4	53.5	79.1	29.4	31.6
Other non-technical revenue and expenses	(36.4)	(55.3)	103.4	(0.7)	(1.2)	(0.6)	(0.8)	(1.8)	1.4	1.0	(0.1)	(0.3)
Result of Non-Life business	453.8	420.4	200.7	110.2	21.3	55.1	52.8	12.5	79.5	99.8	40.6	42.1
Gross written and accepted premiums	2,220.0	2,582.6	1,550.9	1,355.7	4.5	4.0	295.8	328.1	263.6	261.5	334.5	343.8
Net premiums earned	2,192.1	2,544.6	1,523.0	1,390.1	6.6	5.2	291.5	323.5	215.1	223.1	260.2	274.0
Net claims incurred and variation in other technical provisions	(2,521.5)	(2,665.2)	(668.7)	(572.5)	(1.8)	(1.3)	(327.2)	(243.6)	(176.1)	(185.4)	(184.1)	(190.3)
Net operating expenses	(244.2)	(240.5)	(652.4)	(580.3)	(5.8)	(3.7)	(18.9)	(21.2)	(106.7)	(109.0)	(83.9)	(81.4)
Other technical revenue and expenses	(24.2)	(22.1)	(7.3)	0.0	0.0	0.0	0.5	0.5	(1.1)	(0.8)	(2.0)	(2.7)
Technical result	(597.9)	(383.2)	194.6	237.3	(1.0)	0.1	(54.2)	59.2	(68.8)	(72.1)	(9.7)	(0.4)
Financial result and other non-technical revenue	839.0	615.1	209.7	127.0	0.6	0.4	67.3	(43.8)	92.3	80.9	27.4	27.4
Result of Life business	241.1	231.9	404.3	364.4	(0.5)	0.5	13.1	15.4	23.5	8.7	17.7	27.0
Result from other business activities	51.9	56.2	15.1	13.1	0.1	(1.5)	(5.1)	(2.9)	4.9	5.9	(0.6)	(2.3)
Hyperinflation adjustments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(16.9)	0.0	0.0
Result before tax	746.9	708.6	620.1	487.6	20.9	54.1	60.9	24.9	107.9	97.5	57.6	66.7
Tax on profits	(159.5)	(154.5)	(217.8)	(197.3)	28.0	(19.2)	(10.8)	(4.5)	(27.3)	(29.9)	(14.4)	(13.3)
Result from discontinued operations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-controlling interests	75.9	73.5	276.9	236.2	0.2	(0.1)	10.8	8.0	10.4	8.5	9.4	9.8
Attributable net result	511.5	480.6	125.4	54.1	48.7	35.0	39.3	12.5	70.2	59.1	33.8	43.7
Loss ratio	72.8%	72.8%	61.6%	61.5%	79.4%	74.0%	77.7%	84.4%	60.4%	61.1%	65.2%	65.9%
Expense ratio	20.9%	21.0%	34.5%	37.0%	25.5%	28.1%	23.2%	22.2%	36.4%	36.2%	32.8%	32.2%
Combined ratio	93.7%	93.8%	96.1%	98.5%	104.9%	102.1%	100.9%	106.7%	96.9%	97.3%	98.0%	98.1%
Investments, real estate and cash	30,919.4	30,664.2	4,230.2	3,729.6	2,393.1	2,294.3	3,886.6	3,964.4	1,847.2	1,845.3	1,340.1	1,451.1
Technical provisions	26,789.9	27,107.3	4,971.3	4,693.5	3,069.6	3,025.2	4,079.3	4,142.5	2,399.2	3,366.7	1,730.9	1,585.6
Shareholders' equity	4,035.5	3,730.1	1,035.5	1,010.1	1,264.1	1,239.9	630.0	650.4	512.5	556.8	598.9	634.6
ROE	12.7%	12.4%	11.4%	5.3%	3.7%	2.8%	7.1%	1.9%	13.9%	11.1%	5.3%	7.1%

Figures in millions of euros

ITEM	MAPFRE RE		MAPFRE GLOBAL RISKS		MAPFRE ASISTENCIA		CONS. ADJUST. & CORPORATE AREAS		TOTAL	
	DECEMBER 2017	DECEMBER 2018	DECEMBER 2017	DECEMBER 2018	DECEMBER 2017	DECEMBER 2018	DECEMBER 2017	DECEMBER 2018	DECEMBER 2017	DECEMBER 2018
Gross written and accepted premiums	3,565.7	3,186.7	1,257.4	1,173.9	983.5	911.0	(2,359.2)	(2,071.3)	18,154.5	17,060.9
Net premiums earned	2,433.8	2,490.2	333.1	301.1	712.4	637.4	7.0	2.5	14,255.0	13,890.4
Net claims incurred and variation in other technical provisions	(1,611.7)	(1,714.4)	(347.3)	(178.5)	(477.9)	(397.5)	(4.7)	(1.6)	(10,073.5)	(9,690.0)
Net operating expenses	(694.1)	(676.1)	(103.2)	(91.3)	(258.6)	(244.2)	3.0	4.6	(3,882.4)	(3,814.2)
Other technical revenue and expenses	(1.5)	(1.8)	(0.4)	(6.9)	(2.0)	(17.7)	(0.1)	(0.0)	(31.2)	(52.6)
Technical result	126.5	97.9	(117.8)	24.4	(26.1)	(22.1)	5.2	5.5	267.9	333.7
Net financial income	80.5	68.7	27.0	18.4	(6.2)	3.8	13.0	(189.7)	616.6	471.0
Other non-technical revenue and expenses	(5.6)	(7.6)	1.0	(0.7)	0.0	0.0	(0.2)	(0.1)	61.4	(66.2)
Result of Non-Life business	201.3	158.9	(89.9)	42.1	(32.3)	(18.3)	18.0	(184.3)	945.8	738.5
Gross written and accepted premiums	656.7	600.5	0.0	0.0	0.0	0.0	0.2	0.1	5,326.2	5,476.2
Net premiums earned	565.9	561.0	0.0	0.0	0.0	0.0	0.1	0.0	5,054.6	5,321.7
Net claims incurred and variation in other technical provisions	(493.3)	(473.0)	0.0	0.0	0.0	0.0	16.5	11.4	(4,356.2)	(4,320.1)
Net operating expenses	(133.4)	(138.5)	0.0	0.0	0.0	0.0	(0.1)	(0.0)	(1,245.3)	(1,174.5)
Other technical revenue and expenses	(0.5)	(0.4)	0.0	0.0	0.0	0.0	(0.0)	(0.0)	(34.7)	(25.6)
Technical result	(61.2)	(50.9)	0.0	0.0	0.0	0.0	16.6	11.4	(581.6)	(198.5)
Financial result and other non-technical revenue	81.2	84.9	0.0	(0.0)	0.0	0.0	(16.2)	(11.8)	1,301.3	880.0
Result of Life business	19.9	34.0	0.0	(0.0)	0.0	0.0	0.4	(0.4)	719.7	681.5
Result from other business activities	0.0	0.0	0.0	0.4	(24.4)	18.2	(174.3)	(157.7)	(132.3)	(70.7)
Hyperinflation adjustments	0.0	0.0	0.0	0.0	(0.1)	(0.5)	(24.4)	(1.3)	(24.5)	(18.7)
Result before tax	221.2	192.9	(89.8)	42.5	(56.8)	(0.7)	(180.2)	(343.6)	1,508.7	1,330.5
Tax on profits	(58.6)	(43.7)	23.6	(18.7)	(10.0)	(8.1)	36.5	36.2	(410.3)	(453.0)
Result from discontinued operations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-controlling interests	(0.0)	0.0	0.0	0.0	1.6	1.3	12.6	11.5	397.9	348.7
Attributable net result	162.7	149.1	(66.3)	23.8	(68.4)	(10.1)	(156.3)	(318.9)	700.5	528.9
Loss ratio	66.2%	68.8%	104.3%	59.3%	67.1%	62.4%			70.7%	69.8%
Expense ratio	28.6%	27.2%	31.1%	32.6%	36.6%	41.1%			27.5%	27.8%
Combined ratio	94.8%	96.1%	135.4%	91.9%	103.7%	103.5%			98.1%	97.6%
Investments, real estate and cash	4,472.0	4,353.0	925.1	842.4	331.2	436.6	(549.0)	(307.5)	49,796.0	49,273.5
Technical provisions	4,727.1	4,402.9	2,420.3	2,381.0	673.4	743.7	(3,046.7)	(2,724.8)	47,814.1	48,723.6
Shareholders' equity	1,301.4	1,264.9	335.4	343.3	232.5	238.0	(1,334.5)	(1,674.3)	8,611.3	7,993.8
ROE	12.6%	11.6%	-18.1%	7.0%	-28.2%	-4.3%			7.9%	6.4%

Figures in millions of euros

13.6. Terminology

CONCEPT	DEFINITION
Total managed assets	Includes total balance sheet assets, pension funds, and mutual funds
Managed savings	Includes third party Life technical reserves, pensions funds and mutual funds
Corporate Areas and Consolidation adjustments	Includes the result attributable to MAPFRE RE and MAPFRE INTERNACIONAL's non-controlling interests and other concepts
Gross result	Before taxes and non-controlling interests
Minimum capital requirement (MCR)	Minimum level of capital below which the amount of financial resources should not fall
Solvency capital requirement (SCR)	Reflects a level of eligible own funds that enables insurance and reinsurance undertakings to absorb significant losses and meet their obligations to policyholders
Financial debt	Includes subordinated debt, senior debt and debt due to credit institutions
Senior debt	Issue of debentures and other negotiable securities
Subordinated debt	Subordinated liabilities
Eligible Own Funds / EOF	Funds available to cover the Solvency Capital Requirement on an on-going basis, consisting of the insurance company's assets, free of any foreseeable liabilities, less any intangible items, and having applied another series of adjustments in line with the Solvency II regulation
Solvency ratio	The coefficient between Eligible Own Funds and Solvency Capital Requirement
Technical and financial margin – Life	Technical and financial result, plus other non-technical revenue / arithmetic mean of technical reserves at the beginning and closing of the period (twelve months) x 100
Other business activities	Includes the Group's non-insurance activities undertaken by the insurance subsidiaries, as well as by other subsidiaries: <ul style="list-style-type: none"> • Activities of the holding companies of MAPFRE S.A. and MAPFRE INTERNACIONAL • Non-insurance activities of the Group developed by its subsidiaries, mainly including: • MAPFRE INVERSIÓN (MAPFRE ASSET MANAGEMENT)

	<ul style="list-style-type: none"> • MAPFRE ASISTENCIA: Assistance and Specialty Risks • MAPFRE ESPAÑA: FUNESPAÑA (funeral services), MULTIMAP, CENTROS MÉDICOS MAPFRE SALUD (medical services), CESVIMAP (research and training services) • MAPFRE INTERNACIONAL: GENEL SERVIS (vehicle repair shops in Turkey), BEE INSURANCE (advisory services in Malta), GROWTH INVESTMENTS (investment services in Malta)
Payout	(Total dividend charged against earnings / Result for the year attributable to the controlling company) x 100
Price target	Average of the price targets calculated by analysts over a period of one year
Combined ratio - Non-Life	Expense ratio + Loss ratio
Expense ratio - Non-Life	(Net operating expenses – other technical revenue + other technical expenses) / Net premiums earned. Figures regarding Non-Life Insurance
Loss ratio - Non-Life	(Incurred claims for the year, net + Variation in other technical provisions + Profit sharing and returned premiums) / Net premiums earned. Figures regarding Non-Life Insurance
Solvency II Ratio	Eligible Own Funds / Solvency Capital Requirement (SCR) x 100
Dividend yield	Amount of dividend paid in the year / Average share market price in the year
Result of Life business	Includes technical result, financial result and other non-technical revenue
ROE (Return on equity)	(Attributable result (see definition) for the last twelve months) / Arithmetic mean of equity attributable to the controlling company (see definition) at the beginning and closing of the period (twelve months)) x 100

The 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>

Certain numerical figures included in this report have been rounded. Therefore, discrepancies may arise in the tables between the totals and the itemized amounts as a result of said rounding.

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