

June 2018

Financial Report



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1. Key Figures

ITEM	JUNE 2017	JUNE 2018	Δ %
Results			
Revenue	15,438.3	14,091.1	-8.7%
Total written and accepted premiums	13,073.1	11,970.4	-8.4%
- Non-Life	10,256.1	9,272.1	-9.6%
- Life	2,817.1	2,698.3	-4.2%
Attributable net result	415.1	385.7	-7.1%
Earnings per share (euros)	0.135	0.125	-7.1%
Balance sheet			
Total assets	68,127.0	68,202.7	0.1%
Assets under management	59,322.6	59,458.3	0.2%
Shareholders' equity	8,859.6	8,456.9	-4.5%
Debt	2,643.9	2,452.7	-7.2%
Ratios			
Non-Life Loss Ratio	69.7%	69.4%	-0.3 p.p
Non-Life Expense Ratio	27.4%	28.0%	0.5 p.p
Non-Life Combined Ratio	97.2%	97.4%	0.2 p.p
ROE	9.1%	7.8%	-1.3 p.p
Employees at the close of the period			
Total	37,076	35,730	-3.6%
- Spain	10,839	10,885	0.4%
- Other countries	26,237	24,845	-5.3%
MAPFRE share			
Market capitalization (million euros)	9,417.3	7,923.7	-15.9%
Share price (euros)	3.058	2.573	-15.9%
Share price variation since January 1	5.4%	-3.5%	--
Solvency			
Solvency ratio	200.2%	203.1%	2.9 p.p

Figures in millions of euros

2. Significant Economic and Corporate Events

2.1 Business Restructuring

Brazil

On June 26, 2018, MAPFRE and Banco do Brasil signed a reorganization of the strategic alliance initially formed in 2011 and 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, 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 which will be absorbed by BB MAPFRE SH1.
- c) Once the previously mentioned spin-off operations are completed, BB Seguros will sell to MAPFRE Brasil the whole of its shareholding in SH2 for a base price of 2.406 billion Brazilian reais (546 million euros at the June 2018 exchange rate). This amount will be adjusted depending on the dividends distributed to shareholders until the closing date of the transaction, after receiving the relevant administrative authorizations, and on reaching objectives in the business plan for Auto insurance distribution in the bank channel.

Based on the insurance business reorganization agreement, MAPFRE's shareholding in the Brazilian insurance companies affected by the agreement will be 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, will be transferred to BB MAPFRE SH1, while the renewal rights will remain with MAPFRE Seguros

The operation is subject to obtaining approval from the Brazilian supervisory bodies, and is expected to be completed in the second half of 2018. This agreement will imply, at the close of the operation, an estimated payment of 515 million euros (at the exchange rate from June 30, 2018),

which will be financed with excess cash available in Brazil and with debt. At the same time, there will be an exit of non-controlling interests and a reduction in consolidated reserves.

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 business volume there to make them profitable.

This restructuring is based on the following three transactions:

- a) The sale during the second quarter of MAPFRE Life Insurance Company, to the Swiss reinsurer Swiss Re. The sale operation is limited to assets and liabilities, as well as the license MAPFRE had in all states in the U.S. to operate in the Life insurance line.
- b) The sale to the US insurer Plymouth Rock of the business in New York and New Jersey. In the case of New York, MAPFRE sold its subsidiary, MAPFRE Insurance Company, while in New Jersey, the operation was structured as a business portfolio transfer to various entities of the Plymouth Rock group. Both operations, which closed simultaneously, are subject to approval from the regulatory bodies of New York and New Jersey.
- c) The transfer, in April, of the Non-Life business portfolios in the states of Tennessee, Kentucky and Indiana to the entity Safeco Insurance, subsidiary of the Liberty Mutual Group.

For these last two transactions, MAPFRE has, at the close of June 2018, recorded the fair value of the assets from these operations in the “Assets held for sale” caption of the balance sheet.

The reorganization of all these businesses in the United States implies the recording of losses, net of taxes, of approximately 8.7 million dollars (7.2 million euros) at the close of June 2018, and recording a cash inflow in MAPFRE USA of 67 million dollars.

Finally, 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

This past month of April, MAPFRE approved a new business configuration to insure 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 assets and liabilities tied to them, will be sent, respectively, to MAPFRE ESPAÑA and MAPFRE RE;
2. The creation of an entity that will be created 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.

2.2 Acquisition and Sale of Treasury Stock

In the first half of 2018, the number of shares of treasury stock has gone down by 2,079,216 shares, representing 0.0675 percent of the capital, for the amount of 4.11 million euros. At June 30, 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 June 30, 2018 and December 31, 2017, no other Group company held shares in the controlling company.

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 with an initial payment of 60 million euros and successive payments in the periods and for the amounts determined by the governing body of the company, subject to the applicable market and insurance regulations in the country. This increase is intended to improve the solvency position of the entity.

3. Macroeconomic Overview and Financial Markets

General Overview

The first quarter of the year was marked by economic and political volatility, with considerable nominal effects on financial variables and monetary policy reactions. The protagonists of these reactions were more aggressive than expected rate hikes in the United States which strengthened the dollar against the euro (the exchange rate at the close of the second quarter was below 1.17), as well as against the currencies of other emerging countries.

On the other hand, increases in the risk premium and higher fiscal costs displaced interest rates in the markets in Argentina, Brazil, Turkey and Italy, catalyzing the uncertainty looming over these economies in the short term.

In this context, oil surpassed 75 USD/Bbl facing reduced inventory, sanctions against Iran and supply problems in Venezuela. The United States urged Saudi Arabia and Russia to arrange an increase in production to balance the effect. Despite the price of Brent closing June at 79 USD/Bbl, this is expected to reduce slightly through the end of the year.

There have been two severe currency conversion adjustments that have led to depreciations of close to 18 and 35 percent in Turkey and Argentina, respectively, attributable to the effect of the US monetary normalization and, probably, the beginning of a general risk off mood. In line with the situation, both countries' (Argentina and Turkey) central banks reacted with aggressive increases in order to control outflows and stabilize their currencies. Despite the severity of the adjustment, the positive note is that almost all the emerging currencies are now aligned with their fundamentals. The Brazilian real lost close to 15 percent in the second quarter, primarily from the contagion effect from Argentina and not from political uncertainty, which was already assumed.

In Italy, a government was able to be formed, which lowered conversion risk, despite remaining uncertainties and traces of instability in the face of electoral promises of increased public spending (and not maintaining the budget balance). The Italian risk premium has not returned to pre-election levels.

Spain also saw an increase in its risk premium in this period, though it is not clear if it is a symptom of contagion of the peripheral Italian risk, or as a result of the change in government.

On a global level, economic activity continues strong though it is showing signs of fatigue. The United States and China each maintain their growth, but signs of deceleration crystalized in Europe in the first quarter of the year while the loss of synchronized growth in the emerging world becomes clear. A more restrictive global monetary policy generally limits liquidity conditions that were being enjoyed before the change of year. The factors influencing this deceleration include the

rise in oil prices, the tightening of financial conditions and growing penalization for financing in dollars in the case of some emerging markets.

Expectations are for inflation growth, synchronized with the resilience in the increase of oil prices so far, and though the underlyings are still contained, it is to be expected that sooner or later they are affected by the second-round effects. Thus, the US Federal Reserve raised benchmark interest rates 25 basis points, placing them in the range of 1.75-2.00 percent. The market expects an additional interest rate hike this year, with a 60 percent probability of a raise in September and/or a 40 percent probability of one in December. This factor, added to the stress observable in some emerging economies has made several central banks raise the interest rates (Turkey, Argentina, Indonesia, Mexico), or preventatively stop lowering them as was expected (Brazil).

The political cycle continued in emerging countries. The coalition proposed for Mexico's presidency won by a wide margin, which will foreseeably give them a majority both in Congress and the Senate. The elections in Turkey were the week earlier, establishing the president and the government leaders until 2023. One month before that, the election results in Colombia maintained the country's path of continuity. The next elections will take place in Brazil (first round October 7, second October 28), where there is still great uncertainty regarding the candidates.

Eurozone

Expectations for activity in the Eurozone indicate a relative cool-down. The ZEW Economic Sentiment Indicator was in negative territory in June (-12.6), while industrial production slowed down to +1.7 percent; indicators that corroborate a deceleration in growth in the second quarter to 2.1 percent from the 2.5 percent of the first quarter. Lower domestic demand with lower expectations for real disposable income and foreseeable restrictions on global commerce give us our current full-year GDP forecast of 2.0 percent, a downward revision from before.

Inflation in the Eurozone reached 2.0 percent in June due largely to the behavior of oil prices. Underlying inflation, however, stood at 1.0 percent. This underpins the gradualist discourse of the European Central Bank's (ECB) monetary normalization, which reiterated that it will not raise interest rates until after the bond purchase program is finished (implicitly, until the third quarter of 2019). The outlooks point to an initial rate hike of the Refi rate between the third and fourth quarter of 2019. Official interest rates maintain their current levels (0.0 percent refi rates and -0.40 percent deposit rate) at least until summer 2019 and, in any case, for as long as necessary to ensure that inflation remains stable close to its target of 2.0 percent.

The ECB, at its meeting on June 14, confirmed its intention to continue with the asset purchase program at its current rate of 30 billion euros per month until the end of September 2018. Likewise, it will maintain the policy of reinvesting the principal from the bonds maturing, for an extended period after the end of the asset purchase program and, in any case, for as long as necessary to maintain favorable liquidity conditions and a high degree of monetary

accommodation. That is, adjustments are expected in line with the monetary normalization timeline announced a year ago.

The Euro Stoxx 50 index fell 3 percent to 3,395 points to the end of June as a result of the volatility arising from doubts about the formation of Italy's government, where there is a delicate balance between keeping electoral promises about spending and the commitment to fiscal orthodoxy with creditors and Euro partners.

Spain

Spain grew 3.0 percent in the first quarter of 2018 (year-on-year), robust growth in the European context though the rate of growth can be seen beginning to moderate (industrial production in May +1.6 percent y-o-y, retail sales in May -0.4 percent y-o-y). Though there is still job creation (+90,000 in June and an unemployment rate of 16.74 percent in the first quarter), dynamism is slightly lower. Inflation stood at 2.3 percent in June.

The economy is expected to finish the year with average growth of 2.7 percent, a deceleration with respect to the 3.1 percent of 2017. There are downward risk expectations.

The IBEX 35 index showed a lot of volatility in the quarter as a result of the change in government in Spain and the nervousness of the markets about the formation of the government in Italy, ending the quarter practically flat compared to March, at 9,622.7 points (falling 4.2 percent in the year).

United States

The United States grew in the first quarter 2.8 percent year-on-year, and activity will continue strong, finishing the year with average growth of 3.0 percent. The US economy is at full employment, with an unemployment rate of 3.8 percent (May) and the creation of 223,000 jobs (non-agricultural) in May. Inflation stood at 2.8 percent, and underlying at 2.2. percent. This encouraged the Federal Reserve to continue raising interest rates, placing them at the end of June at 2.00 percent (upper limit). One or two more raises are expected in the rest of the year, the first probably in September.

Fiscal stimuli (lowering taxes and increasing spending) will continue driving activity (+0.5 percent per year) which, together with the acceleration of underlying inflation, makes it possible to foresee additional rate hikes beyond 2018, reaching 3 percent at the end of 2019, if nothing disrupts the current strength of the economy. However, it is foreseeable that the fiscal impulse runs out before 2020, which coincides with the theory that the cycle will change during this period. The US economy is the most advanced in the cycle and will lead the cyclical adjustment coming in the next few years. The adjustment is expected to be smooth, though there are vulnerabilities that could accelerate the correction in the case a risk event occurs.

In the markets, 10-year Treasury Note yields stood at 2.86 percent at the end of June. The interest rate curve went up in the quarter at all points of the curve, raising returns on 10-years 12 basis

points. Looking at attractive returns on US bonds and a feeling of aversion toward emerging and peripheral European bond risk, the dollar strengthened to 1.16 against the euro.

The S&P500 index has increased so far this year by 2.2 percent in USD (5.3 percent in euros), reaching 2,732 points.

Brazil

In Brazil, the GDP grew 1.2 percent year-on-year in the first quarter, a substantial deceleration from the 2.1 percent of the fourth quarter of 2017. This deceleration is primarily attributed to a reduction in government spending and a deceleration of investment and exportation. For 2018, GDP growth has been downgraded to 1.6 percent, from the increase in oil prices and the depreciation of the real, as well as from the predictable effect of the truck drivers' strike in May. Inflation (IPCA) stood at 2.9 percent in May.

The Central Bank, at its meeting May 16, surprised the market by maintaining SELIC rates at 6.50 percent, while an additional 25 bps reduction was expected. The decision was based on the *"change in the risk balance"*, an allusion to the pressure on emerging currencies, a context of US bonds with attractive yields and an appreciating dollar (flight to quality).

The fiscal deficit improved, reaching 7.2 percent in May (1.4 percent of the primary deficit). Brazil needs to continue with structural reforms to balance the public accounts, but no major advances in this sense are expected until the elections in October.

The Brazilian real has also suffered market pressure, like the rest of emerging currencies, reaching close to 3.90 against the dollar at the close of the second quarter. However, positive commercial balance plays in its favor, as do wide currency reserves and a much healthier current account balance sheet than other emerging markets under pressure. Additionally, it already has a currency adjustment that places it in the terrain of balance against the USD, while its financing is much more stable and less dependent on the dollar.

In the stock market, the BOVESPA index went back 2.8 percent in local currency (-14.5 percent in euros), placing it at the date of this report at 74,300 points.

Turkey

The Turkish economy grew 7.2 percent (year-on-year) in the first quarter, as a result of the straggling effects of the pre-electoral quasi-fiscal stimuli. For 2018, 4.1 percent average GDP growth is expected.

The Turkish lira sustained strong pressure in the quarter, depreciating 16.5 percent from the 3.95 at the close of the first quarter to the 4.60 USD/TRY at the close of the second. So far this year, the currency has lost 21 percent (3.80 at the close of 2017). The underlying factors for this behavior were differentially idiosyncratic, like the uncertainty about the elections and underlying economic

problems (current account and fiscal deficits and the need for external financing in USD up to 25 percent of the GDP).

Facing a depreciation that seemed to be on the verge of losing control, the central bank raised interest rates 300 basis points to 16.5 percent in May, and in June 125 more basis points to 17.75 percent. Inflation in June surprisingly soared to 15.4 percent. The current account deficit grew again to -6.3 percent in the first quarter, and the fiscal deficit stood at 1.6 percent in the same period.

For 2018, deceleration of economic activity is expected, to around 4.1 percent (from 7.4 percent in 2017), from an expected deceleration of credit in a context of higher interest rates, more expensive financing in dollars, and greater costs for energy imports.

The BIST30 stock index has fallen 17 percent so far this year (-30 percent in euros), reaching close to 118,400 points.

Mexico

The Mexican economy has been decelerating from the levels of 3 percent in 2016 to 1.3 percent, recorded in the first quarter of this year. For 2018, average GDP growth of 2.3 percent is expected. Inflation stood at 4.5 percent in May (with underlying at 3.7 percent). The central bank raised the benchmark rate to 7.75 percent in June, in the context of the US Federal Reserve tightening monetary conditions and the dollar appreciating.

NAFTA negotiations with the United States and Canada, after several rounds, still have not concluded, and it is only hoped that there is more clarity about its results in the second half of 2018.

The Mexican Stock Market's CPI stock index stood at 47,160 points, dropping 4.5 percent (1 percent in euros). The Mexican peso closed June at 19.90 against the dollar.

Main currencies compared to the euro

ITEM	Average Exchange Rate		Closing Exchange Rate	
	JUNE 2018	Var. JUNE 2018 vs. JUNE 2017	JUNE 2018	Var. JUNE 2018 vs. DECEMBER 2017
US dollar	0.83117	-9.0%	0.85624	2.8%
Brazilian real	0.23908	-16.6%	0.22097	-12.2%
Turkish lira	0.20300	-19.8%	0.18640	-15.2%
Mexican peso	0.04352	-9.0%	0.04311	1.8%
Colombian peso	0.00029	-6.5%	0.00029	4.6%
Chilean peso	0.00134	-2.6%	0.00131	-3.2%
Peruvian sol	0.25511	-9.1%	0.26099	1.4%
Argentine peso	0.03786	-34.6%	0.02959	-33.9%
Panamanian balboa	0.82939	-9.3%	0.85624	2.8%
Dominican peso	0.01681	-13.3%	0.01732	0.6%
Honduran lempira	0.03500	-10.0%	0.03570	1.1%
Indonesian rupiah	0.00006	-12.3%	0.00006	-2.1%

4. Consolidated Result

Consolidated revenue

ITEM	JUNE 2017	JUNE 2018	Δ %
Total written and accepted premiums	13,073.1	11,970.4	-8.4%
Financial income from investments	1,561.1	1,307.8	-16.2%
Revenue from non-insurance entities and other revenue	804.1	812.9	1.1%
Total consolidated revenue	15,438.3	14,091.1	-8.7%

Figures in millions of euros

The Group's consolidated revenue reached 14.1 billion euros, with a reduction of 8.7 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 12 billion euros, with a reduction of 8.4 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 and Chile.

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, the decrease in premiums would stand at 4.8 percent.

Non-Life premiums fell by 9.6 percent, while Life premiums receded 4.2 percent. By Non-Life business type, Automobile is the most important line, with 3.6 billion euros in premiums. General P&C holds second place, with 3 billion euros, and Health and Accidents is in third place with 926 million euros in premiums.

At a constant exchange rate, the variation in premiums would be -2.3 percent; -3.4 percent in Non-Life and +1.8 percent in Life. Eliminating the effect of the PEMEX policy, premiums would have grown by +1.6 percent.

Gross revenue from investments reached 1.3 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, as well as lower financial gains. The absence of gains from the sale of real estate in 2018 is also significant.

Finally, other revenue, which mostly includes non-insurance activity and non-technical revenue, reflects an increase deriving from positive currency conversion differences.

Income Statement

The chart below gives a summary of the consolidated income statement as of June 2018, showing the various components of MAPFRE's earnings and the comparison with the same period of the previous year.

ITEM	JUNE 2017	JUNE 2018	Δ %
NON-LIFE BUSINESS			
Gross written and accepted premiums	10,256.1	9,272.1	-9.6%
Net premiums earned	7,145.4	6,878.2	-3.7%
Technical result	202.7	179.7	-11.4%
Net financial income	373.6	335.6	-10.2%
Other non-technical revenue and expenses	(11.3)	(36.9)	--
Result of Non-Life business	565.1	478.4	-15.3%
LIFE BUSINESS			
Gross written and accepted premiums	2,817.1	2,698.3	-4.2%
Net premiums earned	2,730.0	2,578.6	-5.5%
Technical result	(295.7)	(87.6)	70.4%
Financial result and other non-technical revenue	722.7	492.7	-31.8%
Result of Life business	427.0	405.2	-5.1%
Result from other business activities	(61.7)	(40.9)	33.8%
Hyperinflation adjustments	4.1	(27.0)	--
Result before tax	934.5	815.8	-12.7%
Tax on profits	(281.0)	(230.6)	-17.9%
Result for the period	653.5	585.1	-10.5%
Result attributable to non-controlling interests	238.4	199.4	-16.3%
Result attributable to the controlling Company	415.1	385.7	-7.1%

Figures in millions of euros

The attributable result reached 385.7 million euros, decreasing by -7.1 percent, primarily due to the following events occurring in the first half of 2018:

1. 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.
2. The absence of atypical operations with relevant contributions to earnings for the period. It is important to point out that in the Life business from the previous period, non-technical revenue included the cancellation of a provision for contingent payments in the bancassurance channel in Spain totaling 27.2 million euros, net of taxes. Additionally, the sale of real estate on calle Luchana in Madrid contributed a 29.0 million net profit in 2017.
3. Expenses from the restructuring of operations in Brazil and the United States.

Non-Life

Non-Life results reached 478.4 million euros, with a decline of -15.3 percent compared to the previous period.

The businesses in Spain and MAPFRE RE's positive rate of contribution to earnings is noteworthy, as is the significant improvement in MAPFRE ASISTENCIA's and GLOBAL RISKS' result. However, the reduction in Non-Life results is primarily due to the effects of one-off events that took place 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 (11.5 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 8.7 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 drop in interest rates.

Secondly, in the first half of the year various captions on the balance sheet have been reviewed, and this has had a 24.1 million euro negative impact on the attributable result for the country.

Finally, net cost of the catastrophic events occurring in 2017 has increased to 163.4 million euros, primarily as a result of an increase in claims reported in Puerto Rico in the first half of 2018. This has had a 6.6 million euro negative impact on the attributable result for this year.

Life

Life results reached 405.2 million euros, with a decrease of 5.1 percent compared to the previous period. The Life business result in the second quarter has improved significantly thanks to the excellent results in Spain, which considerably soften the negative affect 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 better adapt them to the actuarial estimate, which has implied a positive contribution to the attributable result of 15 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

Taxes on profits decreased significantly, due to the lower results from countries with higher tax rates.

Finally, 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	JUNE 2018
Goodwill	1,883.0	1,875.5
Other intangible assets	1,539.9	1,420.6
Other fixed assets	271.1	274.0
Cash	1,864.0	2,185.0
Real estate	2,171.4	2,157.2
Financial investments	42,003.2	41,356.2
Other investments	1,437.3	1,586.7
Unit-Linked investments	2,320.1	2,404.1
Participation of reinsurance in technical provisions	4,989.6	5,174.1
Receivables on insurance and reinsurance operations	5,006.7	5,595.7
Deferred taxes	296.8	309.8
Assets held for sale	155.6	157.4
Other assets	3,630.8	3,706.4
TOTAL ASSETS	67,569.5	68,202.7
Equity attributable to the Controlling company	8,611.3	8,456.9
Non-controlling interests	1,901.4	1,649.7
Equity	10,512.7	10,106.6
Financial debt	2,327.4	2,452.7
Technical provisions	47,814.1	48,357.5
Provisions for risks and expenses	661.7	593.3
Debt due on insurance and reinsurance operations	2,190.7	2,337.5
Deferred taxes	588.0	547.0
Liabilities held for sale	1.1	91.1
Other liabilities	3,473.7	3,716.9
TOTAL LIABILITIES	67,569.5	68,202.7

Figures in millions of euros

Total assets reached 68.2 billion euros at June 30, 2018 and grew 0.9 percent compared to the close of the previous period. 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. The increase in technical provisions and in reinsurance participation in technical provisions is, in part, in line with the increase in gross reserves from the claims registered from the catastrophic events occurring last September and the corresponding cession to reinsurers.
2. Changes in equity correspond to the earnings from the period and the agreement about distribution of dividends, as well as to changes in value of investments available for sale and currency conversion differences of financial accounts denominated in currencies other than the euro.

3. The heading for Assets held for sale primarily include, to June 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 125.9 million euros. To December 2017, this heading contained the valuation of assets corresponding to the sale operation of Union Duero for the amount of 141.7 million euros.

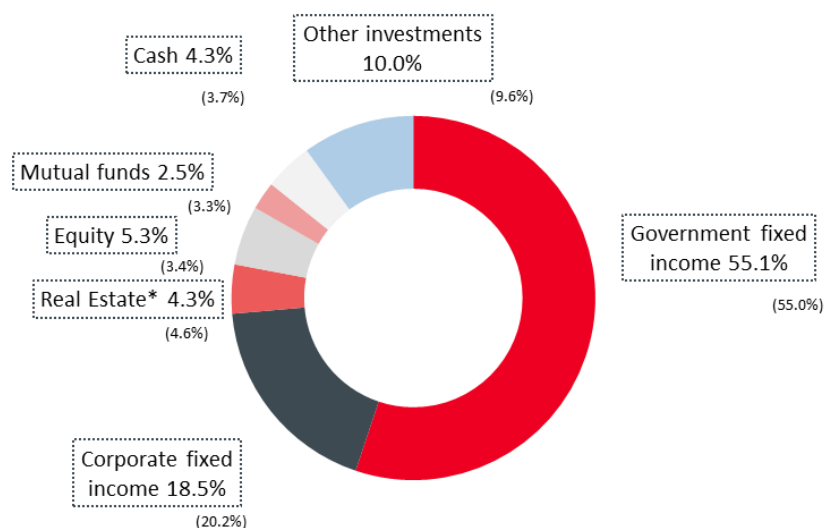
5.2. Investment Portfolio

Spanish sovereign debt, the primary asset of our investment portfolio, has registered quite volatile behavior during the second quarter. As such, the 10-year bond has passed 1.2 percent at the close of March, after the improvement of the sovereign rating, to 1.32 percent at the close of June, though it did reach 1.6 percent at one point from the tensions in Italy. As for equity, the above mentioned events acted as a drag on the markets and a range of between -5 and +5 percent was registered in the main stock indexes, the American stock market standing out for its relatively better performance.

In terms of portfolio diversification, the investment portfolio's Government and Corporate debt exposure has had minimal variation over the course of the second quarter – from 55.8 and 18.6 percent to 55.1 and 18.5 percent, respectively, including market effects. In the second quarter, bond volatility has taken advantage of to slightly increase or reduce the duration and prepare the portfolio for the beginning of rate raises in 2019. Exposure to equity and mutual funds has gone down slightly, from 8.0 to 7.8 percent in the second quarter, from the market effect. It is worth pointing out that in the second quarter the objective of committing 450 million euros in investments to alternative investments was reached, with close to 50 percent of these in the European real estate market and the other half between private debt and risk capital. The profitability objective for this investments stands above 4 percent on average, and allows for greater investment diversification.

Below, details of the investment portfolio by asset type to June 30 of each period are given:

Breakdown by type of asset



The figures from the previous period are in smaller text

ITEM	DECEMBER 2017	JUNE 2018	Δ %
Government fixed income	27,388.4	27,369.2	-0.1%
Corporate fixed income	9,572.6	9,172.2	-4.2%
Real Estate*	2,171.4	2,157.2	-0.7%
Equity	2,400.9	2,622.0	9.2%
Mutual funds	1,631.4	1,236.6	-24.2%
Cash	1,864.0	2,185.0	17.2%
Other investments	4,767.3	4,947.0	3.8%
TOTAL	49,796.0	49,689.2	-0.2%

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 type

ITEM	Government	Total Corporate Debt	Corporate without collateral	Corporate with collateral	Total
Spain	16,228.5	1,923.8	785.4	1,138.5	18,152.3
Rest of Europe	4,428.4	3,962.9	3,417.3	545.6	8,391.3
United States	1,254.7	2,214.5	2,146.1	68.3	3,469.2
Brazil	2,944.7	1.8	1.8	0.0	2,946.5
Latin America - Other	1,851.1	744.8	696.9	47.9	2,595.9
Other countries	661.7	324.4	312.6	11.9	986.2
TOTAL	27,369.2	9,172.2	7,360.0	1,812.2	36,541.4

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)				
06.30.2017	7,221.1	2.68%	1.33%	6.41%
09.30.2017	7,196.7	2.60%	1.28%	6.37%
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	7,251.0	2.34%	1.32%	6.77%
Life (IBERIA)				
06.30.2017	6,549.0	4.08%	1.15%	7.19%
09.30.2017	6,337.4	4.09%	1.06%	6.89%
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	6,738.0	3.97%	1.00%	6.97%

Figures in millions of euros

As at June 30, 2018, the actively managed portfolios in IBERIA, MAPFRE RE and MAPFRE GLOBAL RISKS had unrealized net gains in assets and mutual funds of 54.2 million euros.

5.3. Equity

Consolidated equity amounted to 10.1 billion euros at June 30, 2018, as compared to 10.5 billion euros at December 31, 2017. Of this amount, 1.6 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 2.75 euros at June 30, 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	JUNE 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)	(110.4)
Currency conversion differences	(639.1)	(143.8)
Shadow accounting	254.2	(45.1)
Other	(2.7)	1.5
TOTAL	(673.1)	(297.8)
Result for the period	700.5	385.7
Dividends	(446.7)	(261.8)
Other changes in net equity	(96.0)	19.5
BALANCE AS AT PERIOD END	8,611.3	8,456.9

Figures in millions of euros

Equity attributable to the controlling Company in the first half of 2018 includes:

- A reduction of 110.4 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 drop in the European stock markets.
- A reduction of 143.8 million euros from currency conversion differences, primarily due to the depreciation in the first half of 2018 of the Brazilian real, the Turkish lira, and the majority of currencies in LATAM.
- Profits to June 2018.
- A reduction of 261.8 million euros equivalent to the final dividend from the 2017 financial year, approved in the Annual General Meeting in March 2018 and paid in June 2018.

The breakdown and development of the equity items attributable to the controlling Company are shown below:

ITEM	DECEMBER 2016	DECEMBER 2017	JUNE 2018
Capital, retained earnings and reserves	8,614.0	8,763.6	8,901.9
Treasury stock and other adjustments	(46.9)	(41.3)	(34.8)
Net capital gains (financial investments - technical provisions)	651.0	619.7	464.2
Currency conversion differences	(91.6)	(730.7)	(874.4)
Attributable equity	9,126.5	8,611.3	8,456.9

Figures in millions of euros

The detail of the composition of currency conversion differences to December 2016 and 2017, and to June 2018, are given below:

CURRENCY	December 2016	December 2017	June 2018
Brazilian real	(339.0)	(510.6)	(645.7)
US dollar	663.4	347.0	403.2
Turkish lira	(197.6)	(243.5)	(276.3)
Mexican peso	(112.2)	(132.4)	(128.7)
Argentine peso	(79.6)	(95.6)	(115.1)
Colombian peso	(19.0)	(36.5)	(30.0)
Indonesian rupiah	3.2	(13.7)	(16.4)
Other currencies	(10.7)	(45.3)	(65.5)
Total	(91.6)	(730.7)	(874.4)

Figures in millions of euros

As can be seen, in 2017 and the first half of 2018, there has been a strong depreciation of the main currencies in Latin America and of the Turkish lira.

Following the accounting policy applied in the 2017 consolidated annual accounts, for those countries with a hyperinflationary economy, which is the case for MAPFRE companies in Venezuela, 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 and devaluation of the currency.

The Group understands that in those countries with a hyperinflationary economy and limited reliability of official inflation and exchange rate indicators, it provides a more true and fair view to include all the effects previously recorded in equity in one single Reserves caption, thus avoiding separating the impacts for depreciation of the exchange rate and for hyperinflation, considering that, in any case, the Equity remained unalterable and the conversion effects on the monetary items continued to be recorded in the Income statement.

The following table shows the detail of the balances included in the Reserves caption both from the restatement of the balance sheet and from the conversion to euros of the financial statements of the Group companies operating in Venezuela, at December 2016 and 2017, and to June 2018:

	December 2016	Variation	December 2017	Variation	June 2018
Reserves for restatement for inflation	481.7	35.6	517.3	42.7	560.0
Currency conversion differences	(832.9)	(57.1)	(889.9)	(59.2)	(949.1)
Other equity items	407.1	3.7	410.8	(14.5)	396.2
Total attributable equity	55.9	(17.7)	38.2	(31.1)	7.1

Figures in million euros

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	JUNE 2017	JUNE 2018	Δ %
Life technical provisions	28,696.2	28,683.7	0.0%
Pension funds	4,875.0	5,060.8	3.8%
Mutual funds and other	5,236.8	4,708.3	-10.1%
Subtotal	38,808.0	38,452.7	-0.9%

Figures in millions of euros

Changes in managed savings with respect to June of the previous year reflect:

1. The flattening of Life technical provisions, from the fall in the portfolio as a result of maturities, mainly in the bancassurance channel in Spain.
2. The reduction in the value of managed savings in Brazil and other countries outside of the Eurozone from the depreciation of their currencies.
3. The growth in pension and the fall in mutual funds, which are less attractive to clients in the current low-interest rate environment, compared to other products like Unit-Link.

The following chart reflects the performance of assets under management, which includes the total Group investment portfolio as well as pension and mutual funds, and which shows growth of 0.2 percent, compared to June of the previous year:

Assets under management

ITEM	JUNE 2017	JUNE 2018	Δ %
Investment portfolio	49,210.8	49,689.2	1.0%
Pension funds	4,875.0	5,060.8	3.8%
Mutual funds and other	5,236.8	4,708.3	-10.1%
TOTAL	59,322.6	59,458.3	0.2%

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	
	JUNE 2017	JUNE 2018	Δ %	JUNE 2017	JUNE 2018	Δ %	JUNE 2017	JUNE 2018
IBERIA	3,947.4	4,129.9	4.6%	260.7	249.9	-4.2%	95.1%	93.7%
LATAM	4,472.7	3,518.6	-21.3%	114.8	82.9	-27.8%	96.5%	99.8%
INTERNATIONAL	2,388.3	2,244.0	-6.0%	53.8	14.6	-72.8%	100.9%	103.7%
TOTAL INSURANCE	10,808.4	9,892.5	-8.5%	429.3	347.4	-19.1%	97.2%	98.3%
RE	2,325.8	2,161.9	-7.0%	101.7	101.9	0.2%	92.3%	93.1%
ASISTENCIA	531.3	470.9	-11.4%	(24.5)	(2.6)	89.5%	101.4%	103.2%
GLOBAL RISKS	725.0	631.3	-12.9%	(13.0)	20.3	--	119.3%	89.1%
Holdings and consolidation adjustments	(1,317.3)	(1,186.2)	10.0%	(78.4)	(81.3)	-3.7%	--	--
MAPFRE S.A.	13,073.1	11,970.4	-8.4%	415.1	385.7	-7.1%	97.2%	97.4%

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, primarily from the strong depreciation of the main currencies in countries where MAPFRE has international business operations.
2. 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.
3. The IBERIA area improved its Non-Life combined ratio 1.4 percentage points and its technical result. Eliminating the extraordinary effects from the release of a provision for contingent payments in the bancassurance channel totaling 27.2 million euros and the sale of the Luchana building for 29.0 million euros, its attributable result would have grown by 22.2 percent.
4. 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 fall in interest rates in Brazil and other countries in the region generated lower financial income. In addition to this, in Brazil, adjustments were recorded in the valuations of certain balance

sheet captions which reduced the result for the region by a net amount of 9.2 million euros.

5. 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 as well as certain deteriorations in investments, which had a negative net impact of 21.7 million euros on the result. 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 increase in loss experience in this line.

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.

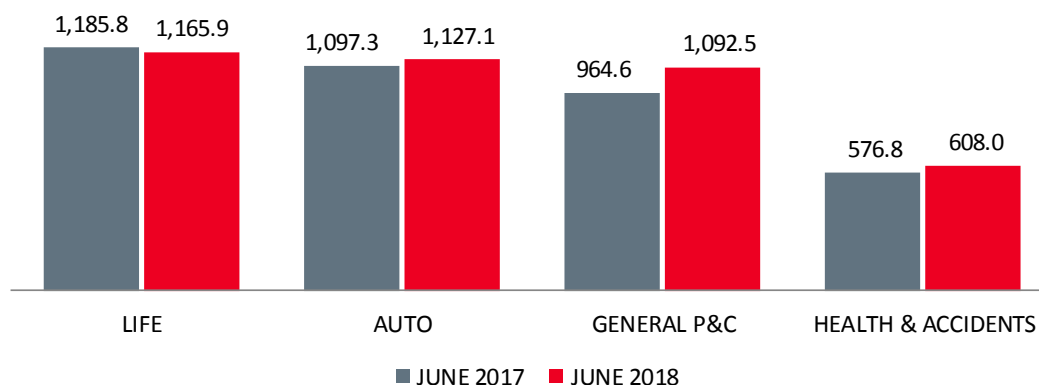
Information by country

REGION / COUNTRY	Premiums			Attributable result			Combined ratio	
	JUNE 2017	JUNE 2018	Δ %	JUNE 2017	JUNE 2018	Δ %	JUNE 2017	JUNE 2018
IBERIA	3,947.4	4,129.9	4.6%	260.7	249.9	-4.2%	95.1%	93.7%
SPAIN	3,875.1	4,064.9	4.9%	260.1	247.5	-4.9%	94.9%	93.5%
PORTUGAL	72.3	65.0	-10.0%	0.6	2.4	--	106.7%	101.4%

Figures in millions of euros

IBERIA Premiums

Written premiums in key lines



Figures in millions of euros

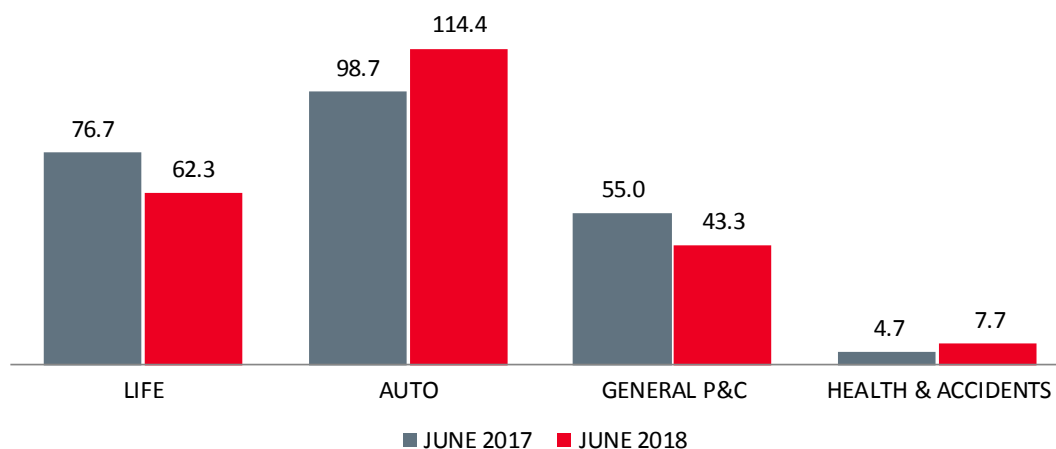
Premiums in IBERIA grew 4.6 percent due to an increase in General P&C issuing, which grew 13.3 percent.

Non-Life premiums grew by 7.3 percent and reflect the positive evolution of the Auto, Health, Commercial and Combined Agricultural Insurance (SAC) lines.

Life premiums fell by 1.7 percent, mainly due to lower issuing in the Life Savings line from the commercialization of new savings products in the last year, without similar operations in 2018.

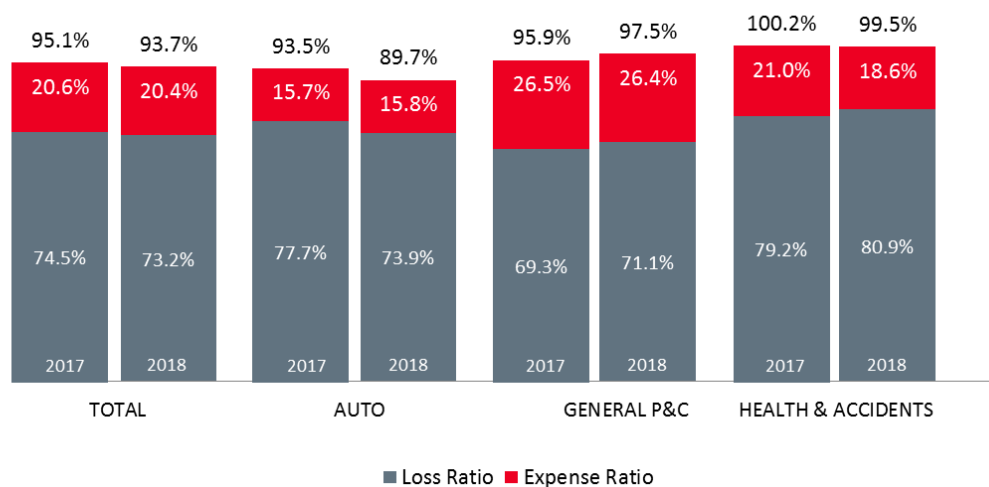
IBERIA Result

Attributable result of key lines



Figures in millions of euros

1st Half combined ratio of key lines



IBERIA's attributable result reached 249.9 million euros with fall of 4.2 percent compared to the previous period. 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, and another for the sale of real estate on Luchana for the net amount of 29.0 million euros, both of which are considered to be atypical operations. Without these operations, the result would have grown 22.2 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 significant improvement of the Auto combined ratio, which stood at 89.7 percent.

In the first half of 2018, 61.6 million euros in financial gains, net of financial losses, were recorded (97.4 million to June 2017).

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

MAPFRE ESPAÑA – Key figures

ITEM	JUNE 2017	JUNE 2018	Δ %
Gross written and accepted premiums	2,741.1	2,937.6	7.2%
Net premiums earned	2,044.1	2,104.5	3.0%
Gross result	207.6	202.3	-2.6%
Tax on profits	(51.7)	(44.2)	-14.5%
Non-controlling interests	(0.6)	(0.5)	-19.4%
Attributable net result	155.3	157.6	1.4%
Combined ratio	95.9%	94.4%	-1.4 p.p.
Expense ratio	20.5%	20.4%	-0.1 p.p.
Loss ratio	75.4%	74.0%	-1.3 p.p.
Investments, real estate and cash	6,428.5	6,574.0	2.3%
Technical provisions	5,508.1	5,798.0	5.3%
Shareholders' equity	2,334.2	2,240.9	-4.0%
ROE	15.7%	14.5%	-1.2 p.p.

Figures in millions of euros

MAPFRE ESPAÑA – Automobiles

ITEM	JUNE 2017	JUNE 2018	Δ %
Gross written and accepted premiums	1,097.3	1,127.1	2.7%
Net premiums earned	956.9	993.1	3.8%
Result before tax	131.8	152.6	15.8%
Non-Life Loss Ratio	77.7%	73.9%	-3.9 p.p.
Non-Life Expense Ratio	15.7%	15.8%	0.1 p.p.
Non-Life Combined Ratio	93.5%	89.7%	-3.8 p.p.
Number of vehicles insured (units)	5,507,326	5,674,184	3.0%

Figures in millions of euros

Auto premiums (including VERTI and SEGUROS GERAIS PORTUGAL) grew by 2.7 percent. The positive evolution of personal Auto premiums in Spain is noteworthy, with 3.1 percent growth in the year.

To June 30, 2018, the number of vehicles insured in MAPFRE reached 5,674,184 units, 166,858 more vehicles than June of the previous year.

The Auto combined ratio stands at 89.7 percent, a 3.8 percentage point improvement 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.

MAPFRE ESPAÑA – General P&C

ITEM	JUNE 2017	JUNE 2018	Δ %
Gross written and accepted premiums	964.6	1,092.5	13.3%
Net premiums earned	710.9	726.7	2.2%
Result before tax	73.3	58.0	-20.8%
Non-Life Loss Ratio	69.3%	71.1%	1.8 p.p.
Non-Life Expense Ratio	26.5%	26.4%	-0.2 p.p.
Non-Life Combined Ratio	95.9%	97.5%	1.6 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 (SAC). The loss ratio has deteriorated in the second quarter, as a result of severe claims in the Fire business, and a worse loss experience in Homeowners and Condominium business, as a result of adverse weather conditions.

MAPFRE ESPAÑA – Health & Accidents

ITEM	JUNE 2017	JUNE 2018	Δ %
Gross written and accepted premiums	532.7	566.1	6.3%
Net premiums earned	259.2	274.3	5.8%
Result before tax	(4.7)	(4.0)	14.0%
Non-Life Loss Ratio	86.5%	87.2%	0.7 p.p.
Non-Life Expense Ratio	17.9%	16.9%	-1.0 p.p.
Non-Life Combined Ratio	104.4%	104.2%	-0.3 p.p.

Figures in millions of euros

Health premiums maintained their strong rate of growth, reaching 6.3 percent over the same period in the previous year. The combined ratio is stable though it is above 100 percent due to the seasonality of claims in this line in the first half of the year.

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

MAPFRE VIDA – Key figures

ITEM	JUNE 2017	JUNE 2018	Δ %
Gross written and accepted premiums	1,206.1	1,192.4	-1.1%
Gross result	183.1	162.9	-11.1%
Tax on profits	(38.5)	(32.4)	-15.8%
Non-controlling interests	(41.3)	(37.9)	-8.2%
Attributable net result	103.3	92.5	-10.5%
Investments, real estate and cash	24,003.1	24,662.3	2.7%
Shareholders' equity	1,773.4	1,616.3	-8.9%
ROE	11.7%	10.4%	-1.3 p.p.
Technical financial Margin	1.3%	1.2%	-0.2 p.p.

Figures in millions of euros

MAPFRE VIDA – Premium breakdown

ITEM	JUNE 2017	JUNE 2018	Δ %
- Agent channel	767.8	817.4	6.5%
- Bank channel	438.3	375.0	-14.4%
BANKIA MAPFRE VIDA	184.7	135.5	-26.7%
BANKINTER SEGUROS DE VIDA	178.7	213.0	19.2%
CAJA CASTILLA LA MANCHA	38.7	26.5	-31.5%
DUERO SEGUROS DE VIDA	36.2	0.0	-100.0%
TOTAL PREMIUMS	1,206.1	1,192.4	-1.1%
- Life-Savings	915.5	903.9	-1.3%
- Life-Protection	246.6	246.6	0.0%
- Accidents	44.1	42.0	-5.0%

Figures in millions of euros

MAPFRE VIDA premiums fell by 1.1 percent, primarily affected by the bancassurance channel from lower issuing in the Life Savings business. Without considering the premiums from Duero Vida, entity which was sold in 2017, premiums would have grown 1.4 percent.

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 21.2 percent.

MAPFRE VIDA – Managed savings

ITEM	JUNE 2017	JUNE 2018	Δ %
Technical provisions	21,658.7	21,771.1	0.5%
MAPFRE VIDA	12,710.2	12,977.1	2.1%
BANKIA MAPFRE VIDA	7,108.6	6,802.7	-4.3%
BANKINTER SEGUROS DE VIDA	928.9	1,143.4	23.1%
CAJA CASTILLA LA MANCHA	911.0	848.0	-6.9%
Mutual funds and other	3,622.8	3,515.9	-2.9%
Pension funds	4,875.0	5,060.8	3.8%
MAPFRE AM	2,212.4	2,272.4	2.7%
OTHER	2,662.6	2,788.3	4.7%
TOTAL MANAGED SAVINGS	30,156.5	30,347.8	0.6%

Figures in millions of euros

6.1.2. LATAM

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

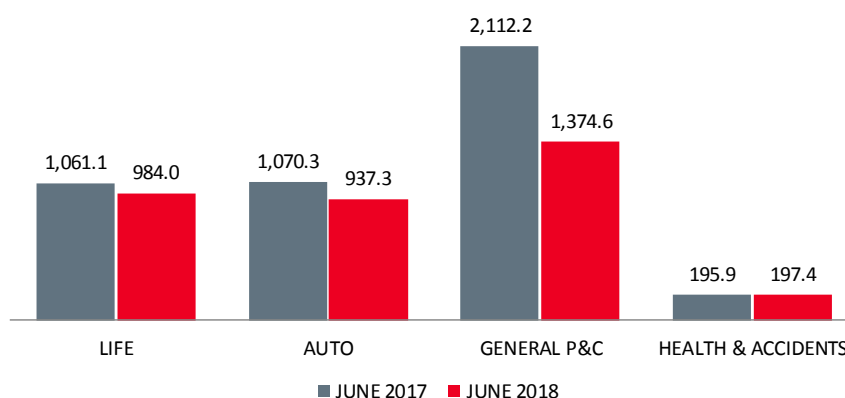
Information by region

REGION	Premiums			Attributable result			Combined ratio	
	JUNE 2017	JUNE 2018	Δ %	JUNE 2017	JUNE 2018	Δ %	JUNE 2017	JUNE 2018
BRAZIL	2,382.8	2,018.0	-15.3%	63.0	30.0	-52.4%	95.4%	102.4%
LATAM NORTH	1,195.2	705.2	-41.0%	17.2	24.1	40.7%	96.5%	95.1%
LATAM SOUTH	894.7	795.3	-11.1%	34.7	28.8	-17.1%	99.8%	96.8%

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 region where MAPFRE has Direct Insurance operations.

The 16.6 percent decline in the Brazilian real is noteworthy. It is important to point out that, in local currency, there is strong growth in premiums issued in Mexico (17 percent, eliminating the PEMEX effect), Peru (11 percent), Argentina (17 percent), and other countries in the region.

The attributable result to June 2018 in the LATAM Territorial Area was affected by an increase in results in LATAM NORTH due to the favorable development of the loss experience in Mexico. On the other hand, Brazil has had a fall in Life business results in the banking channel from an increase in acquisition expenses and from lower financial results as a result of lower interest rates, in addition to unfavorable development of the Auto loss experience and of some General P&C lines in the agent channel.

BRAZIL

This regional area encompasses the insurance activity in Brazil.

Key figures

ITEM	JUNE 2017	JUNE 2018	Δ %
Gross written and accepted premiums	2,382.8	2,018.0	-15.3%
- Non-Life	1,641.9	1,350.0	-17.8%
- Life	740.9	668.0	-9.8%
Net premiums earned	1,961.2	1,741.3	-11.2%
Gross result	372.0	269.9	-27.4%
Tax on profits	(136.7)	(100.7)	-26.3%
Non-controlling interests	(172.3)	(139.2)	-19.2%
Attributable net result	63.0	30.0	-52.4%
Combined ratio	95.4%	102.4%	7.0 p.p.
Expense ratio	33.5%	37.1%	3.6 p.p.
Loss ratio	61.9%	65.3%	3.4 p.p.
Investments, real estate and cash	4,188.8	3,617.9	-13.6%
Technical provisions	5,147.9	4,523.6	-12.1%
Shareholders' equity	1,204.8	1,006.7	-16.4%
ROE	11.6%	8.4%	-3.3 p.p.

Figures in millions of euros

Breakdown by key lines

ITEM	Premiums			Attributable result			Combined ratio	
	JUNE 2017	JUNE 2018	Δ %	JUNE 2017	JUNE 2018	Δ %	JUNE 2017	JUNE 2018
LIFE	740.9	668.0	-9.8%	32.4	29.2	-10.0%	--	--
AUTO	671.4	564.4	-15.9%	(1.7)	(12.7)	--	106.9%	114.3%
GENERAL P&C	967.2	782.7	-19.1%	27.7	9.3	-66.6%	80.1%	88.6%

Figures in millions of euros

The following table shows a breakdown of written premiums and attributable result by holdings and subsidiaries to June 2018:

JUNE 2018	WRITTEN PREMIUMS	ATTRIBUTABLE RESULT
BB MAPFRE SH1 PARTICIPAÇÕES S.A	925.9	53.5
COMPANHIA SEGUROS ALIANÇA DO BRASIL S.A.	817.6	54.0
MAPFRE VIDA S.A.	108.3	1.8
HOLDING AND OTHER	0.0	(2.3)
MAPFRE BB SH2 PARTICIPAÇÕES S.A.	1,031.2	(21.2)
MAPFRE SEGUROS GERAIS S.A.	786.3	(27.6)
BRASIL VEÍCULOS COMPANHIA DE SEGUROS S.A.	170.5	4.6
ALIANÇA DO BRASIL SEGUROS S.A	74.4	2.3
HOLDING AND OTHER	0.0	(0.5)
OTHER BUSINESS AND CONSOLIDATION ADJUSTMENTS	60.9	(2.4)
TOTAL BRAZIL	2,018.0	30.0

Figures in millions of euros

Premiums

The fall in premiums in euros shows the effect of the depreciation of the Brazilian real (16.6 percent). In reals, total premium issuing in Brazil grew 1.6 percent due to lower issuing in General P&C (-1 percent) and a standstill in Auto issuing. The Life business grew 9 percent in reals, primarily in the banking channel (Life Protection), as a result of an increase in bank credit in insurance linked to personal and corporate financing.

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 an effective 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 fall in interest rates in Brazil.
4. The unfavorable evolution of the loss ratio in the Auto, Industrial Risks and Transport lines, which placed the Non-Life Combined Ratio at 102.4 percent. For this Non-Life business in the first half of the year, several balance sheet headings were reviewed in order to apply more prudent valuation criteria and this has had a 24.1 million euro negative impact on the attributable result for the country.
5. In the Life business, in the first half of the year, 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 15.0 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	JUNE 2017	JUNE 2018	Δ %
Gross written and accepted premiums	1,195.2	705.2	-41.0%
- Non-Life	1,010.4	521.1	-48.4%
- Life	184.8	184.0	-0.4%
Net premiums earned	419.3	411.9	-1.8%
Gross result	28.6	38.2	33.7%
Tax on profits	(7.0)	(9.7)	38.2%
Non-controlling interests	(4.4)	(4.3)	-1.3%
Attributable net result	17.2	24.1	40.7%
Combined ratio	96.5%	95.1%	-1.4 p.p.
Expense ratio	30.1%	31.9%	1.7 p.p.
Loss ratio	66.4%	63.2%	-3.2 p.p.
Investments, real estate and cash	1,386.1	1,355.8	-2.2%
Technical provisions	1,872.1	1,768.3	-5.5%
Shareholders' equity	785.5	717.1	-8.7%
ROE	3.6%	5.4%	1.8 p.p.

Figures in millions of euros

Breakdown of key countries

COUNTRY	Premiums			Attributable result		
	JUNE 2017	JUNE 2018	Δ %	JUNE 2017	JUNE 2018	Δ %
MEXICO	879.7	405.8	-53.9%	2.3	10.8	--
PANAMA	115.8	103.0	-11.1%	5.1	4.3	-15.6%
DOMINICAN REP.	66.2	64.5	-2.7%	4.2	4.1	-1.8%
HONDURAS	43.7	43.1	-1.4%	3.7	2.4	-34.9%

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 (-41.0 percent in euros). Eliminating the effect of the PEMEX policy in 2017, premiums in the region would grow by 1.1 percent.

All the important countries in the region grew at a good rate in local currency with the exception of Panama and Guatemala. The strong growth in local currency in Mexico (17 percent, removing the PEMEX effect) is noteworthy, with an increase in premiums in Auto (15 percent), Life (14 percent) and Health (29 percent), and in the Dominican Republic (12 percent), Honduras (10 percent) and Costa Rica (45 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 relevant improvement in the Non-Life combined ratio, which went down to 95.1 percent (1.4 percentage points lower than June 2017) due to a reduction in the loss ratio, especially in Mexico thanks to the implementation of control measures in claims handling and improved claims management. On the other hand, the expense ratio has gone up 1.7 percentage points, especially in Mexico from the increase in acquisition expenses in the Auto line due to the increased weight of issuing in vehicle financing companies and bancassurance distribution channels, with higher commissions.

LATAM SOUTH

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

Key figures

ITEM	JUNE 2017	JUNE 2018	Δ %
Gross written and accepted premiums	894.7	795.3	-11.1%
- Non-Life	759.3	663.4	-12.6%
- Life	135.4	132.0	-2.6%
Net premiums earned	527.3	490.7	-6.9%
Gross result	52.8	46.3	-12.4%
Tax on profits	(11.3)	(13.4)	18.0%
Non-controlling interests	(6.8)	(4.1)	-39.3%
Attributable net result	34.7	28.8	-17.1%
Combined ratio	99.8%	96.8%	-3.0 p.p.
Expense ratio	38.0%	36.0%	-2.0 p.p.
Loss ratio	61.8%	60.8%	-0.9 p.p.
Investments, real estate and cash	1,885.7	1,900.0	0.8%
Technical provisions	2,522.1	2,407.8	-4.5%
Shareholders' equity	514.0	528.6	2.8%
ROE	6.0%	12.3%	6.3 p.p.

Figures in millions of euros

Breakdown of key countries

COUNTRY	Premiums			Attributable result		
	JUNE 2017	JUNE 2018	Δ %	JUNE 2017	JUNE 2018	Δ %
COLOMBIA	209.0	190.5	-8.9%	10.4	1.9	-81.4%
PERU	249.4	251.5	0.8%	17.7	12.6	-28.9%
ARGENTINA	169.7	130.1	-23.4%	4.3	8.4	95.4%
CHILE	144.5	109.7	-24.1%	(2.9)	3.3	--

Figures in millions of euros

Premiums

The decrease in premiums reached 11.1 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 (11 percent), Argentina (17 percent), Paraguay (6 percent) and Uruguay (7 percent); with the exception of Chile (-22 percent) and Colombia (-2 percent) from lower premium issuing in General P&C and Industrial Risks in the latter two, in line with the strategy of cancelling unprofitable policies.

All the important countries in the region are growing at a good rate in local currency with the exception of Panama and Guatemala. The strong growth in local currency in Mexico (17 percent, without the PEMEX effect) is noteworthy, with premium growth in Auto (15 percent), Life (14 percent) and Health (29 percent), as is the local currency growth in the Dominican Republic (12 percent), Honduras (10 percent) and Costa Rica (45 percent).

Result

To the close of June 2018, LATAM SOUTH showed a significant improvement in the Non-Life combined ratio, which went down to 96.8 percent (3.0 percentage points lower than in June 2017), due to a reduction in the loss ratio and the expense ratio. There was favorable development in the result in local currency in Chile, Argentina and Paraguay. In the rest of the countries in the region profit went down slightly compared to the previous year, specifically in Colombia due to greater 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.

6.1.3. INTERNATIONAL

This territorial area comprises NORTH AMERICA and EURASIA.

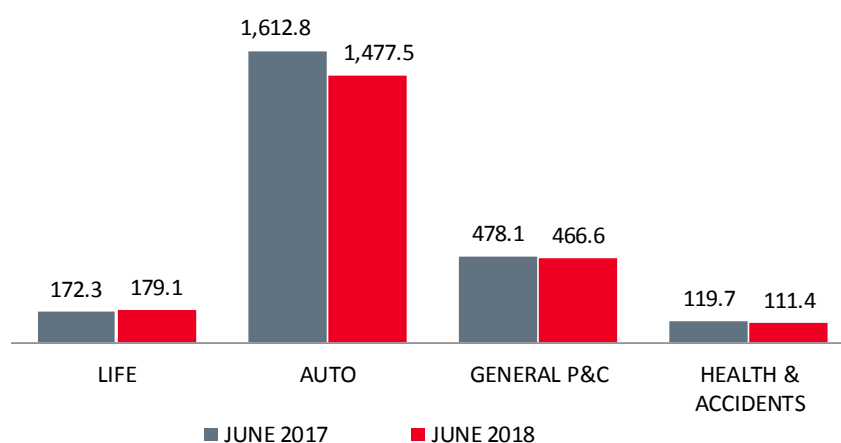
Information by region

REGION	Premiums			Attributable result			Combined ratio	
	JUNE 2017	JUNE 2018	Δ %	JUNE 2017	JUNE 2018	Δ %	JUNE 2017	JUNE 2018
NORTH AMERICA	1,347.2	1,247.6	-7.4%	32.3	4.3	-86.7%	101.6%	103.0%
EURASIA	1,041.0	996.4	-4.3%	21.5	10.3	-52.0%	99.5%	104.9%

Figures in millions of euros

Premiums and Result

Written premiums in key lines



Figures in millions of euros

Premiums from the INTERNATIONAL area fell, due to a strong depreciation of the main currencies in the Territorial Area – the US dollar (-9.0 percent), and the Turkish lira in EURASIA (-19.8 percent). In NORTH AMERICA the drop in premium issuing stood at 7.4 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 4.3 percent due, on the one hand, to a strong depreciation of the Turkish lira 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 of 2018, which implied a cost of 11.5 million euros, net of reinsurance. Additionally, the business restructuring in the United States,

exiting several states, will have an estimated net cost of 5.4 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 (U.S.A.) and encompasses the business activity in NORTH AMERICA (United States and Puerto Rico).

Key figures

ITEM	JUNE 2017	JUNE 2018	Δ %
Gross written and accepted premiums	1,347.2	1,247.6	-7.4%
Net premiums earned	1,035.9	937.2	-9.5%
Gross result	49.8	6.8	-86.4%
Tax on profits	(17.3)	(2.6)	-85.1%
Non-controlling interests	(0.2)	0.1	-144.8%
Attributable net result	32.3	4.3	-86.7%
Combined ratio	101.6%	103.0%	1.4 p.p.
Expense ratio	25.5%	28.6%	3.1 p.p.
Loss ratio	76.2%	74.5%	-1.7 p.p.
Investments, real estate and cash	2,398.2	2,197.6	-8.4%
Technical provisions	2,414.9	2,862.5	18.5%
Shareholders' equity	1,344.4	1,212.0	-9.8%
ROE	5.1%	1.6%	-3.5 p.p.

Figures in millions of euros

Breakdown by country

COUNTRY	Premiums			Attributable result		
	JUNE 2017	JUNE 2018	Δ %	JUNE 2017	JUNE 2018	Δ %
UNITED STATES	1,161.1	1,035.9	-10.8%	22.5	(2.1)	-109.2%
Northeast	881.0	820.1	-6.9%	44.4	22.6	-49.2%
Non-northeast	222.1	181.0	-18.5%	(14.1)	(9.1)	35.6%
Exit states	57.9	34.5	-40.5%	(5.9)	(10.1)	-71.8%
Verti	0.0	0.3	--	(2.0)	(5.5)	-182.1%
PUERTO RICO	186.2	211.7	13.7%	9.7	6.4	-34.6%

Figures in millions of euros

Combined ratio

	JUNE 2017	JUNE 2018
UNITED STATES	102.1%	104.2%
Northeast	96.6%	100.6%
Non-northeast	116.2%	113.2%
Exit states	122.8%	117.9%
Verti	--	--
Other states	28.6%	-131.3%
PUERTO RICO	98.4%	95.0%

MAPFRE USA – Key figures

ITEM	JUNE 2017	JUNE 2018	Δ %
Gross written and accepted premiums	1,161.1	1,035.9	-10.8%
Net premiums earned	899.7	815.1	-9.4%
Gross result	29.8	(3.0)	-110.2%
Tax on profits	(9.5)	0.4	-104.1%
Non-controlling interests	(0.2)	0.1	-144.8%
Attributable net result	20.2	(2.6)	-112.8%
Combined ratio	102.1%	104.2%	2.1 p.p.
Expense ratio	23.9%	27.4%	3.5 p.p.
Loss ratio	78.2%	76.9%	-1.4 p.p.
Investments, real estate and cash	1,989.4	1,788.8	-10.1%
Technical provisions	2,162.5	2,102.4	-2.8%
Shareholders' equity	1,109.7	1,009.8	-9.0%
ROE	4.4%	3.5%	-0.9 p.p.

Figures in millions of euros

Premiums

At the close of June, premiums in NORTH AMERICA registered a 7.4 percent decrease, mainly due to the effect of the depreciation of the US dollar (9.0 percent). The United States shows a 10.8 percent drop in premium issuing though in the most important Northeast region (Massachusetts and four other adjacent states) it shows 2.3 percent growth in local currency. 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 premiums development in Puerto Rico, with 25 percent growth in dollars from the renewal of government, municipal and commercial real estate business policies, which obtained

considerable increases in premiums, due to the harder market from the increase in reinsurance coverage as a result of Hurricane Maria.

Result

The first quarter 2018 result in NORTH AMERICA was affected by the impact of several storms that occurred on the East coast of the United States, which at the close of June 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 (11.5 million euros), which has had a relevant impact on the results for the half year and has produced an increase in the combined ratio in the Auto and General P&C business lines.

Additionally, in the second quarter, an agreement was reached for the sale of businesses in New York and New Jersey, MAPFRE Life Insurance Company was sold, and the exit from Tennessee, Kentucky and Indiana was agreed. Net losses from these operations reached 8.7 million USD (7.2 million EUR).

Further, deteriorations have been recorded on certain investments in fixed income securities, which imply a reduction of the attributable result of 3.0 million euros.

The aggregate effect of these three extraordinary events reached 21.7 million euros.

What's more, the CAR (Commonwealth Automobile Reinsurance) risk pool in the state of Massachusetts, in which MAPFRE is obligated to participate substantially due to our leadership in this line in terms of our market share, has generated a negative impact in the first half of 2018 of 12 million dollars, with respect to the previous period. As a result, at June 2018 the Non-Life combined ratio in the United States stood at 104.2 percent.

Verti's result corresponds to the expenses coming from the launch of the operation primarily related to technology and to process and procedure adjustments. The volume of premiums is still insufficient and is in line with the planned business launch model.

Puerto Rico, on the other hand, showed very positive development after the losses in the second half last year. In the first half of 2018, it presented a net result of 6.4 million euros and a combined ratio of 95.0 percent, with a 3.4 percentage point improvement compared to the same quarter last year.

The net impact of the catastrophic events in Puerto Rico in 2017 has increased, as a result of claims being reported in the first half of 2018, which has produced a 3.5 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	JUNE 2017	JUNE 2018	Δ %
Gross written and accepted premiums	1,041.0	996.4	-4.3%
- Non-Life	873.6	819.2	-6.2%
- Life	167.4	177.2	5.9%
Net premiums earned	672.8	650.2	-3.4%
Gross result	31.6	19.7	-37.6%
Tax on profits	(5.8)	(4.5)	-22.1%
Non-controlling interests	(4.3)	(4.9)	13.4%
Attributable net result	21.5	10.3	-52.0%
Combined ratio	99.5%	104.9%	5.4 p.p.
Expense ratio	22.0%	21.4%	-0.6 p.p.
Loss ratio	77.5%	83.4%	6.0 p.p.
Investments, real estate and cash	3,911.2	3,961.0	1.3%
Technical provisions	4,055.2	4,193.9	3.4%
Shareholders' equity	723.8	707.1	-2.3%
ROE	-6.0%	3.9%	9.9 p.p.

Figures in millions of euros

Breakdown by country

COUNTRY	Premiums			Attributable result		
	JUNE 2017	JUNE 2018	Δ %	JUNE 2017	JUNE 2018	Δ %
TURKEY	358.6	280.7	-21.7%	27.3	8.8	-67.8%
ITALY	252.0	254.0	0.8%	(7.0)	(1.0)	86.4%
GERMANY	200.6	202.9	1.2%	1.3	1.1	-16.5%
MALTA	197.3	210.7	6.8%	1.7	2.0	15.4%
PHILLIPINES	26.0	18.1	-30.6%	(0.1)	(0.3)	-137.1%
INDONESIA	6.6	29.9	--	1.6	1.3	-19.7%

Figures in millions of euros

Premiums

At the close of June, premiums in EURASIA registered a fall of 4.3 percent as a consequence, on the one hand, of the strong depreciation of the Turkish lira (-19.8 percent) and other currencies in the Asia region and, on the other hand, of lower premium issuing Turkey due to a strict underwriting policy in line with the strategy focused on profitable growth, specifically in the Motor Third Party Liability line, due to the pressure from existing margins in this line, with the market reducing its exposure to this. 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 introduced in 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 104.9 percent.

Italy significantly improved results and shows a very positive trend.

6.2. MAPFRE RE

MAPFRE RE is a global reinsurer and is the main 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	JUNE 2017	JUNE 2018	Δ %
Gross written and accepted premiums	2,325.8	2,161.9	-7.0%
- Non-Life	1,928.1	1,792.7	-7.0%
- Life	397.6	369.2	-7.1%
Net premiums earned	1,493.2	1,493.3	0.0%
Gross result	139.7	134.1	-3.9%
Tax on profits	(38.0)	(32.3)	-15.0%
Non-controlling interests	(0.0)	(0.0)	--
Attributable net result	101.7	101.9	0.2%
Combined ratio	92.3%	93.1%	0.8 p.p.
Expense ratio	30.2%	28.8%	-1.4 p.p.
Loss ratio	62.1%	64.3%	2.2 p.p.
Investments, real estate and cash	4,584.5	4,606.9	0.5%
Technical provisions	4,087.9	4,603.5	12.6%
Shareholders' equity	1,321.7	1,326.0	0.3%
ROE	15.4%	12.3%	-3.1 p.p.

Figures in millions of euros

Breakdown of premium distribution to June 2018 is as follows:

ITEM	%
By Type of business:	
Proportional	80.0%
Non-proportional	14.1%
Facultative	5.8%
By Region:	
IBERIA	24.6%
EURASIA	51.4%
LATAM	15.9%
NORTH AMERICA	8.1%

ITEM	%
By Ceding company:	
MAPFRE	38.0%
Other	62.0%
By Insurance Lines:	
Property	43.1%
Life & Accident	21.3%
Motor	25.5%
Transport	3.6%
Other Insurance lines	6.4%

The net result for MAPFRE RE at the close of June 2018 rose to 101.9 million euros and maintained its sustained growth of recent years. The Non-Life combined ratio stood at 93.1 percent, similar to the previous period. This was a good half year for results for MAPFRE RE, showing excellent levels of returns.

Premium issuing fell 7 percent due to a relevant part of MAPFRE RE's business coming from countries outside of Europe, with currencies, as already explained, that have suffered strong depreciations in the first half of the year 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.

In the first half of 2018, 17.5 million euros of financial gains, net of financial losses, were registered (16.6 million to June 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	JUNE 2017	JUNE 2018	Δ %
Gross written and accepted premiums	725.0	631.3	-12.9%
Net premiums earned	170.0	159.4	-6.2%
Gross result	(17.2)	27.2	--
Tax on profits	4.3	(6.9)	--
Non-controlling interests	0.0	0.0	--
Attributable net result	(13.0)	20.3	--
Combined ratio	119.3%	89.1%	-30.2 p.p.
Expense ratio	32.6%	33.5%	0.9 p.p.
Loss ratio	86.7%	55.6%	-31.1 p.p.
Investments, real estate and cash	992.5	925.1	-6.8%
Technical provisions	2,095.3	2,611.2	24.6%
Shareholders' equity	370.0	351.7	-4.9%
ROE	2.3%	-9.1%	-11.4 p.p.

Figures in millions of euros

MAPFRE GLOBAL RISKS premiums reached 631.3 million euros, which represents 12.9 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 Europe.

In the first half of the year, the attributable result reached 20.3 million euros, with the Non-Life combined ratio reaching 89.1 percent due to the important positive development of the loss ratio in the half-year, from the reduction in the number of relevant high-intensity claims.

In this half year, financial gains of 1.3 million euros, net of financial losses, were recorded (6.5 million to June 2017).

6.4. MAPFRE ASISTENCIA

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

Key figures

ITEM	JUNE 2017	JUNE 2018	Δ %
Operating revenue	582.8	506.7	-13.1%
- Gross written and accepted premiums	531.3	470.9	-11.4%
- Other revenue	51.5	35.9	-30.4%
Net premiums earned	368.4	314.6	-14.6%
Result from other business activities	(8.9)	8.8	199.2%
Gross result	(18.6)	0.1	100.4%
Tax on profits	(5.1)	(2.0)	-60.0%
Non-controlling interests	(0.8)	(0.6)	-27.1%
Attributable net result	(24.5)	(2.6)	89.5%
Combined ratio	101.4%	103.2%	1.7 p.p.
Expense ratio	35.3%	40.7%	5.4 p.p.
Loss ratio	66.1%	62.5%	-3.6 p.p.
Investments, real estate and cash	238.7	356.6	49.4%
Technical provisions	662.2	728.5	10.0%
Shareholders' equity	209.0	219.9	5.2%
ROE	-27.3%	-21.7%	5.6 p.p.

Figures in millions of euros

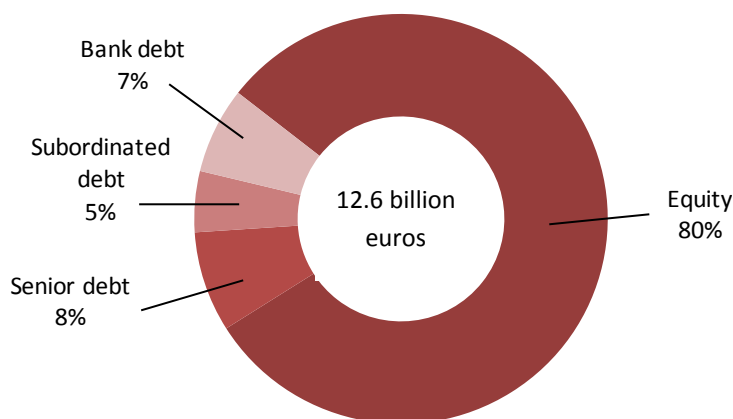
The reduction in operating income and premiums in the ASISTENCIA unit is a result of the business restructuring started in previous periods, and which implied adopting diverse measures in the Assistance business and the Travel Insurance business, such as: exiting or discontinuing operations in certain countries, cancelling contracts and loss-making business, 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 in the first half of 2018.

All the measures adopted led to an 89.5 percent reduction in losses in the ASISTENCIA unit compared to the previous year. Losses were reduced to 2.6 million euros in the first half of 2018, and there was significant improvement in the loss ratio, which went down 3.6 percentage points to 62.5 percent. The Non-Life combined ratio was still high at 103.2 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 the first half of 2018:

Capital structure



Figures in billions of euros

Capital structure reached 12.6 billion euros, of which 80 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 a 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.

At June 30, 2018, 740 million euros were drawn down, which means the Group has an additional 260 million euros of liquidity available.

The Group has a leverage ratio of 19.5 percent, with an increase of 1.4 percentage points compared to the close of 2017.

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

Debt instruments and leverage ratios

ITEM	JUNE 2017	DECEMBER 2017	JUNE 2018
Total Equity	10,863.5	10,512.7	10,106.6
Total debt	2,643.9	2,327.4	2,452.7
- of which: senior debt - 5/2026	994.7	1,003.3	995.5
- of which: subordinated debt - 7/2017	607.4	0.0	0.0
- of which: subordinated debt - 3/2047 (First Call 3/2027)	604.0	617.4	604.2
- of which: syndicated credit facility - 02/2023 (€ 1,000 M)	320.1	600.1	740.1
- of which: bank debt	117.7	106.7	112.9
Earnings before tax	934.5	1,508.7	815.8
Financial expenses	46.7	90.1	38.4
Earnings before tax & financial expenses (EBIT)	981.3	1,598.8	854.2
Leverage	19.6%	18.1%	19.5%
Equity / Debt	4.1	4.5	4.1
EBIT / financial expenses (x)	21.0	17.7	22.2

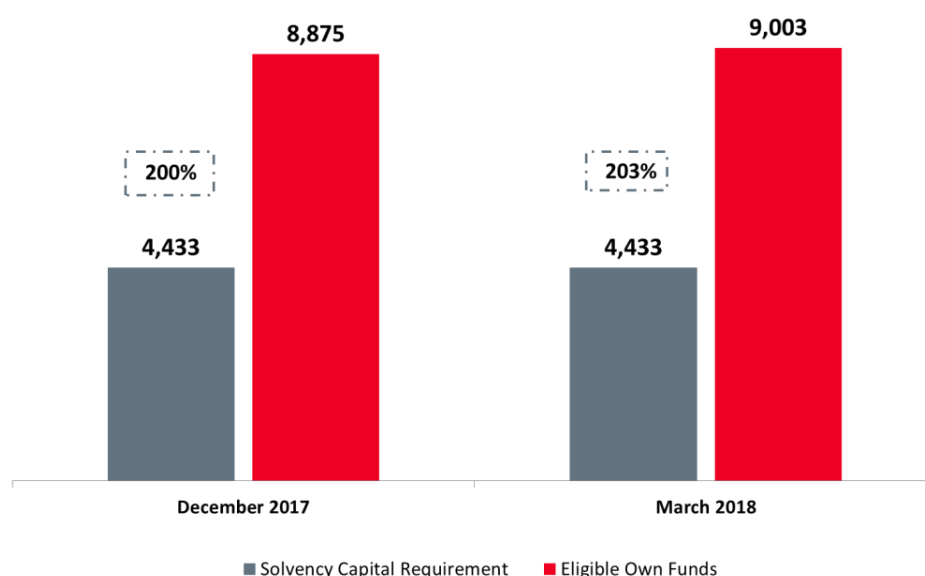
Figures in millions of euros

8. Solvency II

The Solvency II ratio for MAPFRE Group stood at 203.1 percent at the close of March 2018, compared to 200.2 percent at the close of December 2017, including transitional measures. This ratio would be 183.9 percent, excluding the effects of said measures. Eligible Own Funds reached 9.0 billion euros in the same period, of which 93.4 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

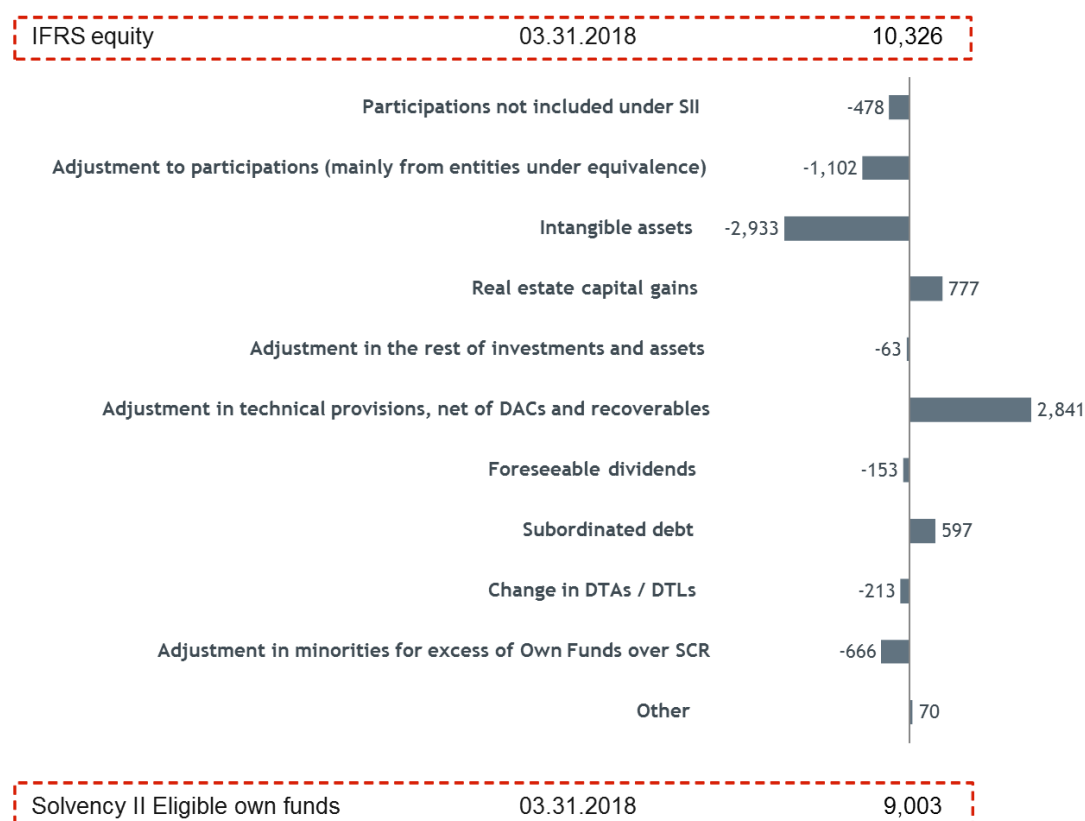
The SCR information is calculated annually, as recalculation during the year is not required unless there is a significant change in the risk profile.

Impact of transitional measures and matching and volatility adjustments

Ratio at 03.31.2018	203.1%
Impact transitional for technical provisions	-16.1%
Impact equity transitional	-3.2%
Impact transitional for assets in non-euro currencies	0.0%
Total ratio without transitionals	183.9%

Ratio at 03.31.2018	203.1%
Impact Matching Adjustment	0.7%
Impact Volatility Adjustment	-0.2%
Total ratio without Matching and Volatility Adjustments	203.6%

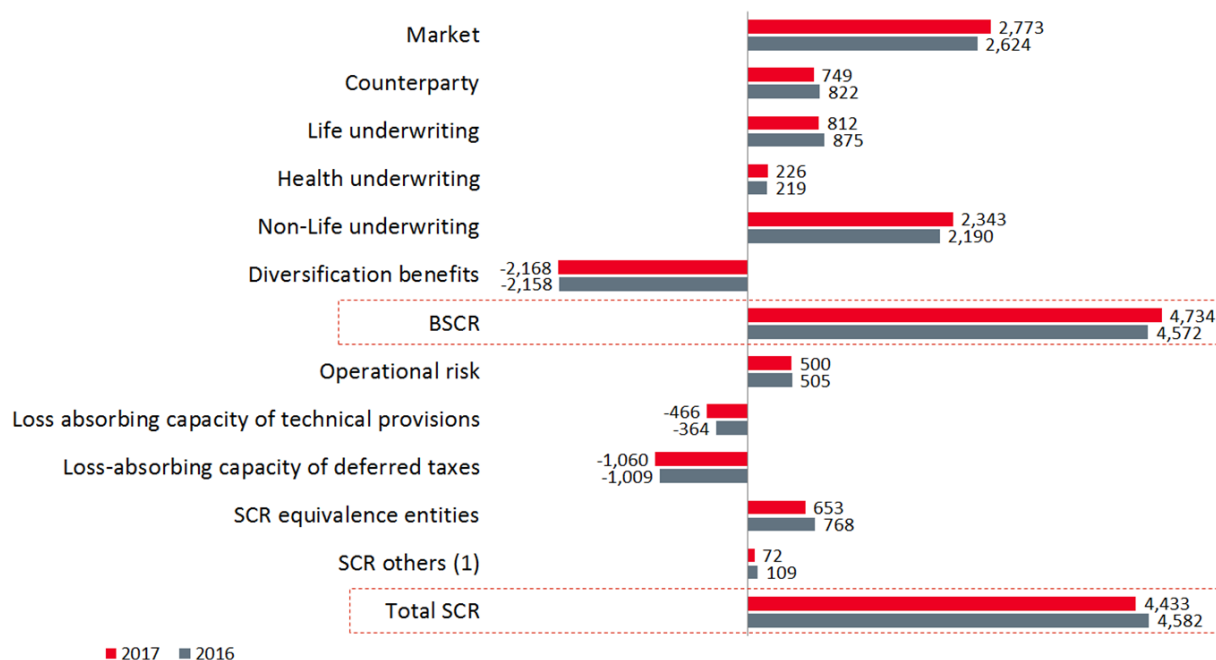
IFRS and Solvency II Capital Reconciliation



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

In the first half of 2018, the main ratings agencies, Fitch, Standard & Poor's and Moody's, improved Spain's credit assessment. These improvements contributed to a rating revision of the MAPFRE Group companies in Spain, over the course of this period.

Fitch raised the financial strength rating for MAPFRE RE, MAPFRE GLOBAL RISKS, MAPFRE ESPAÑA and MAPFRE VIDA from "A-" to "A", and maintained MAPFRE S.A.'s issuer rating at "A-". Subsequently, Standard & Poor's changed the outlook of MAPFRE S.A.'s, MAPFRE RE's and MAPFRE GLOBAL RISKS' ratings from "stable" to "positive". Finally, in April, Moody's raised the financial strength rating for MAPFRE GLOBAL RISKS and MAPFRE ASISTENCIA from A3 to A2.

The chart below details the current credit ratings granted by the main ratings agencies for companies registered in Spain.

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

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

The chart below details the current credit ratings assigned to the Group's key undertakings outside of Spain:

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)	Negative
MAPFRE COLOMBIA VIDA SEGUROS S.A.	Colombia	Financial strength	AA- (col)	Stable

10. The MAPFRE Share. Dividend Information

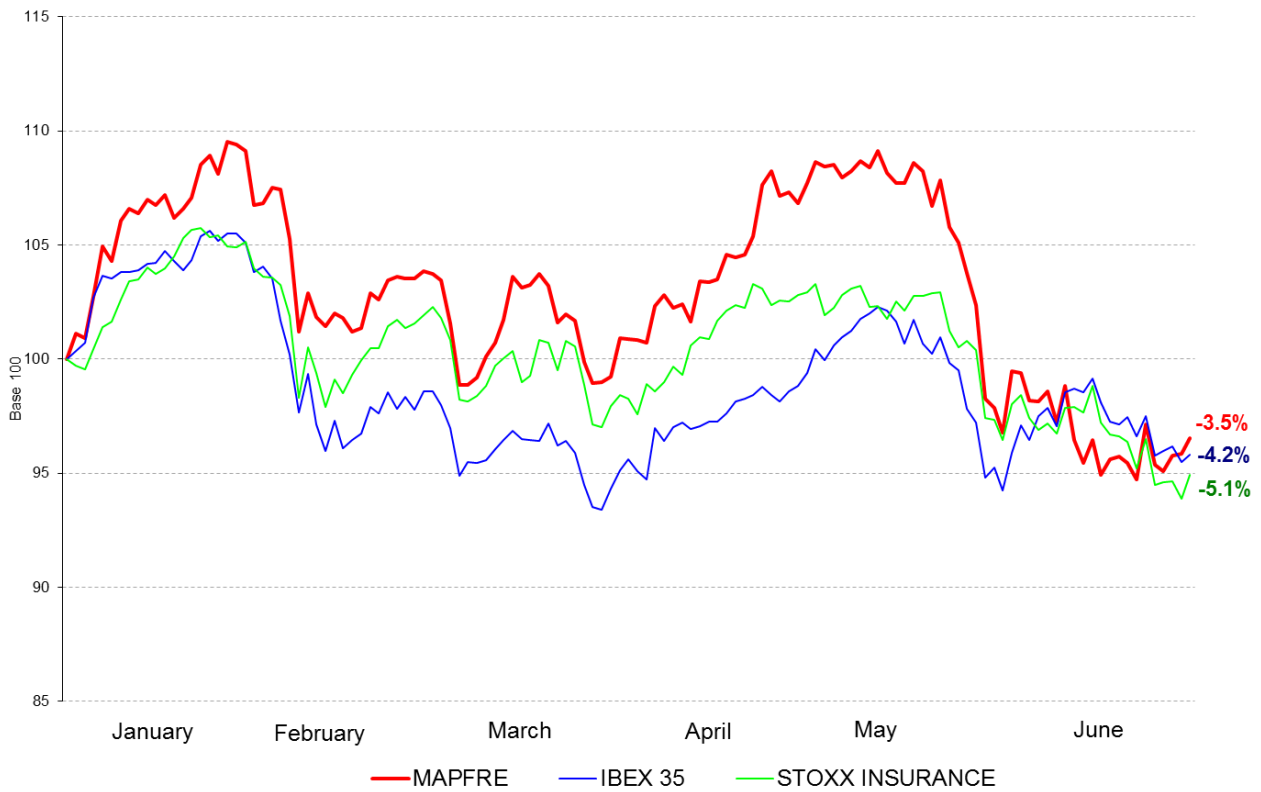
The chart below includes information regarding the development of MAPFRE's shares.

Stock Market Information

	12/31/2015	12/31/2016	12/31/2017	06/30/2018
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	7,923.7
Share price (euros)	2.312	2.900	2.678	2.573
Changes in value from January 1(%)	-17.8%	25.4%	-7.7%	-3.5%
Changes in IBEX 35 from January 1(%)	-7.2%	-2.0%	7.4%	-4.2%
Average number of shares traded daily	9,937,097	9,032,451	7,267,696	6,811,063
Average daily effective value (million euros)	28.5	20.4	21.5	18.4
Period high	3.605	3.130	3.336	2.955
Period low	2.281	1.617	2.621	2.498
Volume / total stock market (%)	0.76%	0.80%	0.85%	0.70%
Book value per share	2.78	2.96	2.80	2.75
Dividend per share (last 12 months)	0.14	0.13	0.145	0.145

In the first half of 2018, the price of MAPFRE S.A. stock went down 3.5 percent, while the IBEX 35 went down 4.2 percent. An average of 6,811,063 shares was traded daily, compared to 7,562,948 in the first half of 2017, a decrease of 6.3 percent. The daily effective value reached 18.4 million euros, versus 23.4 million euros in the previous year, a decrease of 14.4 percent.

Share Performance: January 1, 2018 – June 30, 2018



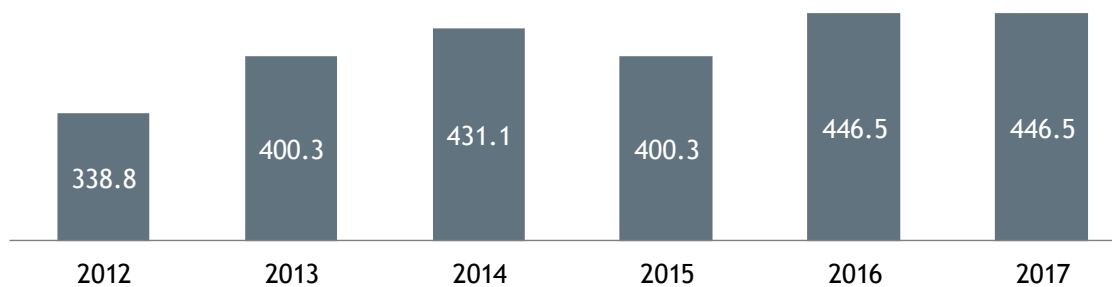
Average price target published by analysts and share price: April 1, 2015 – June 30, 2018



Dividend and Payout

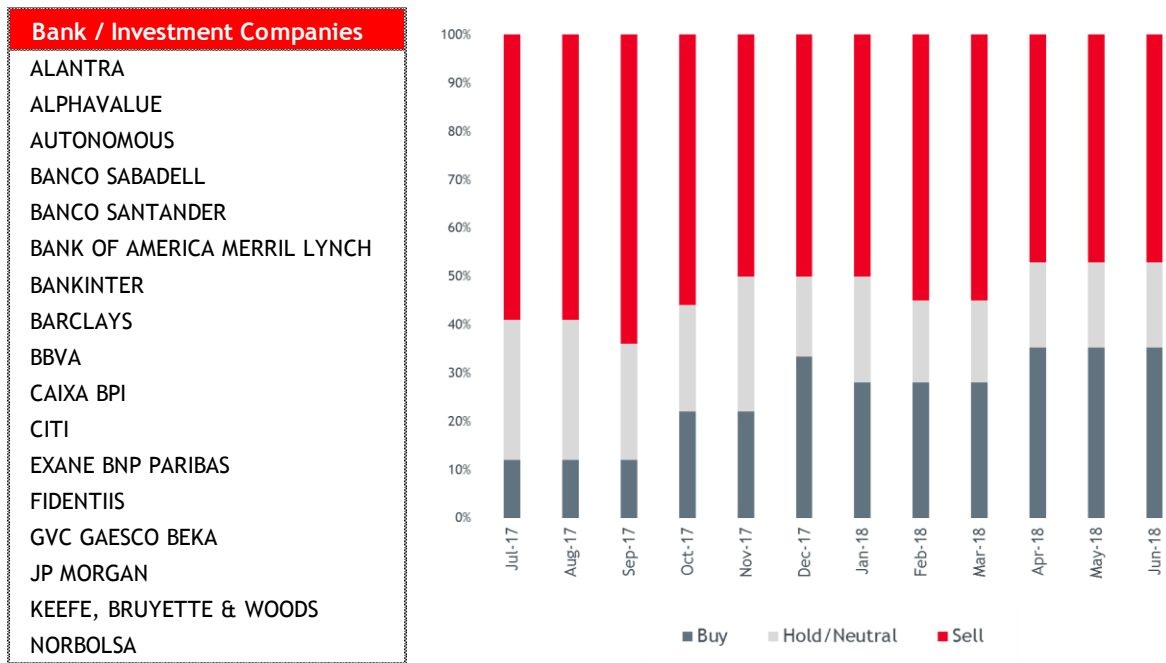
On June 14, a final dividend of 0.085 euros gross per share was distributed, as agreed at the Ordinary Annual General Meeting.

Dividends paid against results (in million euros)

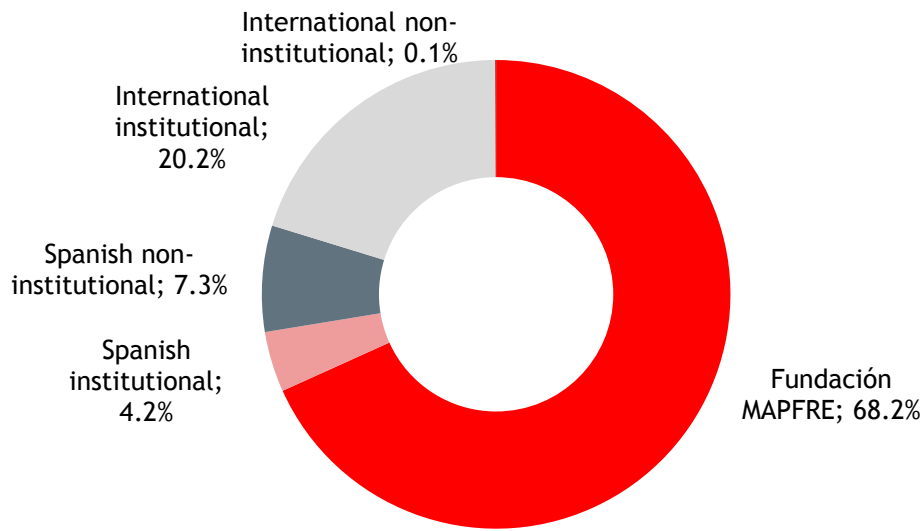


Earnings per share (euros)	0.22	0.26	0.27	0.23	0.25	0.23
Dividend per share (euros)	0.11	0.13	0.14	0.13	0.145	0.145
Payout (%)	50.9%	50.6%	51.0%	56.5%	57.6%	63.7%

Analyst coverage: Recommendation summary



Shareholder composition



11. Accolades Received in the Quarter

Group

- **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 clear 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.

Spain

- **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 Merco 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 Merco (from the Spanish *Monitor Español de Reputación Corporativa*), which prepares these rankings of the 100 companies and leaders with the best reputation in Spain.

Other companies and business units

- **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 Merco 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 quality service 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.

12. Events Subsequent to Closing

- The CNMV has finally given its approval to MAPFRE ESPAÑA for the delisting takeover bid for FUNESPAÑA, at a fair price of 7.5 euros per share. Said takeover bid, agreed by the governing bodies of the Group at the end of 2014, has been delayed as a result of the CNMV's decision to condition its approval on carrying out the Supreme Court's sentence of July 20, 2015, regarding the takeover bid made in 2011, which questioned the fair price of 7 euros per share, finally setting it at 7.37 euros per share.

The delisting takeover bid will be carried out immediately and is aimed at the 735,395 shares belonging to non-controlling shareholders. If the shareholders of 90 percent of the shares accept the offer, this would allow MAPFRE ESPAÑA to complete the mandatory takeover of the shares belonging to shareholders who had not accepted.

13. Appendixes

13.1. Consolidated Balance Sheet

ITEM	DECEMBER 2017	JUNE 2018
A) INTANGIBLE ASSETS	3,422.9	3,296.0
I. Goodwill	1,883.0	1,875.5
II. Other intangible assets	1,539.9	1,420.6
B) PROPERTY, PLANT AND EQUIPMENT	1,191.7	1,187.3
I. Real estate for own use	920.6	913.3
II. Other property, plant and equipment	271.1	274.0
C) INVESTMENTS	44,691.2	44,186.8
I. Real estate investments	1,250.7	1,243.9
II. Financial investments		
1. Held-to-maturity portfolio	2,024.2	2,008.6
2. Available-for-sale portfolio	34,516.4	33,984.2
3. Trading portfolio	5,462.6	5,363.4
III. Investments recorded by applying the equity method	203.9	205.9
IV. Deposits established for accepted reinsurance	790.6	865.5
V. Other investments	442.8	515.3
D) INVESTMENTS ON BEHALF OF LIFE INSURANCE POLICYHOLDERS BEARING THE INVESTMENT RISK	2,320.1	2,404.1
E) INVENTORIES	67.1	67.0
F) PARTICIPATION OF REINSURANCE IN TECHNICAL PROVISIONS	4,989.6	5,174.1
G) DEFERRED TAX ASSETS	296.8	309.8
H) RECEIVABLES	6,337.1	6,965.1
I. Receivables on direct insurance and co-insurance operations	4,019.5	4,738.9
II. Receivables on reinsurance operations	987.2	856.8
III. Tax receivables		
1. Tax on profits receivable	143.0	164.8
2. Other tax receivables	128.6	161.0
IV. Corporate and other receivables	1,058.7	1,043.6
V. Shareholders, called capital	0.0	0.0
I) CASH	1,864.0	2,185.0
J) ACCRUAL ADJUSTMENTS	2,132.3	2,166.9
K) OTHER ASSETS	101.0	103.1
L) NON-CURRENT ASSETS HELD FOR SALE AND FROM DISCONTINUED OPERATIONS	155.6	157.4
TOTAL ASSETS	67,569.5	68,202.7

Figures in millions of euros

ITEM	DECEMBER 2017	JUNE 2018
A) EQUITY	10,512.7	10,106.6
I. Paid-up capital	308.0	308.0
II. Share premium	1,506.7	1,506.7
III. Reserves	6,433.1	6,701.5
IV. Interim dividend	(184.8)	(0.0)
V. Treasury Stock	(52.4)	(48.2)
VI. Result attributable to controlling company	700.5	385.7
VII. Other equity instruments	10.1	11.0
VIII. Valuation change adjustments	620.7	466.6
IX. Currency conversion differences	(730.7)	(874.4)
Equity attributable to the controlling company's shareholders	8,611.3	8,456.9
Non-controlling interests	1,901.4	1,649.7
B) SUBORDINATED LIABILITIES	617.4	604.2
C) TECHNICAL PROVISIONS	45,494.0	45,953.4
I. Provisions for unearned premiums and unexpired risks	8,375.1	8,929.9
II. Provisions for life insurance	24,992.9	24,962.4
III. Provision for outstanding claims	11,223.1	11,121.9
IV. Other technical provisions	902.9	939.2
D) TECHNICAL PROVISIONS FOR LIFE INSURANCE WHERE POLICYHOLDERS BEAR THE INVESTMENT RISK	2,320.1	2,404.1
E) PROVISIONS FOR RISKS AND EXPENSES	661.7	593.3
F) DEPOSITS RECEIVED ON CEDED AND RETROCEDED REINSURANCE	42.4	94.9
G) DEFERRED TAX LIABILITIES	588.0	547.0
H) DEBT	7,073.7	7,523.4
I. Issue of debentures and other negotiable securities	1,003.3	995.5
II. Due to credit institutions	706.7	853.0
III. Other financial liabilities	1,235.2	1,290.1
IV. Due on direct insurance and co-insurance operations	972.1	1,036.5
V. Due on reinsurance operations	1,218.6	1,301.0
VI. Tax liabilities		
1. Tax on profits to be paid	167.6	175.7
2. Other tax liabilities	343.2	393.2
VII. Other debts	1,427.0	1,478.4
I) ACCRUAL ADJUSTMENTS	258.3	284.7
J) LIABILITIES LINKED TO NON-CURRENT ASSETS HELD FOR SALE AND FROM DISCONTINUED OPERATIONS	1.1	91.1
TOTAL LIABILITIES AND EQUITY	67,569.5	68,202.7

Figures in millions of euros

13.2. Consolidated Income Statement

ITEM	JUNE 2017	JUNE 2018
I. REVENUE FROM INSURANCE BUSINESS		
1. Premiums allocated to the financial year, net		
a) Written premiums, direct insurance	11,182.7	10,102.2
b) Premiums from accepted reinsurance	1,890.5	1,868.2
c) Premiums from ceded reinsurance	(2,569.5)	(1,828.1)
d) Variations in provisions for unearned premiums and unexpired risks		
Direct insurance	(1,205.8)	(671.6)
Accepted reinsurance	(92.3)	(138.3)
Ceded reinsurance	669.9	124.3
2. Share in profits from equity-accounted companies	2.7	5.3
3. Revenue from investments		
a) From operations	1,303.6	1,129.0
b) From equity	108.4	98.6
4. Gains on investments on behalf of life insurance policyholders bearing the investment risk	89.4	41.3
5. Other technical revenue	29.9	32.0
6. Other non-technical revenue	59.9	30.2
7. Positive foreign exchange differences	523.3	566.5
8. Reversal of the asset impairment provision	15.7	12.2
TOTAL REVENUE FROM INSURANCE BUSINESS	12,008.2	11,371.7
II. INSURANCE BUSINESS EXPENSES		
1. Incurred claims for the year, net		
a) Claims paid and variation in provision for claims, net		
Direct insurance	(6,310.0)	(6,399.4)
Accepted reinsurance	(1,133.7)	(1,207.7)
Ceded reinsurance	1,040.6	1,437.2
b) Claims-related expenses	(431.2)	(402.8)
2. Variation in other technical provisions, net	(517.1)	(251.7)
3. Profit sharing and returned premiums	(19.9)	(17.0)
4. Net operating expenses		
a) Acquisition expenses	(2,487.9)	(2,384.3)
b) Administration expenses	(378.6)	(369.9)
c) Commissions and participation in reinsurance	301.1	263.1
5. Share in losses from equity-accounted companies	(0.0)	(0.0)
6. Expenses from investments		
a) From operations	(361.3)	(361.0)
b) From equity and financial accounts	(24.8)	(35.9)
7. Losses on investments on behalf of life insurance policyholders bearing the investment risk	(11.5)	(48.5)
8. Other technical expenses	(61.5)	(64.0)
9. Other non-technical expenses	(45.0)	(73.8)
10. Negative foreign exchange differences	(550.6)	(545.9)
11. Allowance to the asset impairment provision	(24.7)	(26.4)
TOTAL EXPENSES FROM INSURANCE BUSINESS	(11,016.1)	(10,488.2)
RESULT FROM THE INSURANCE BUSINESS	992.1	883.6
III. OTHER ACTIVITIES		
1. Operating revenue	173.9	164.9
2. Operating expenses	(221.9)	(198.3)
3. Net financial income		
a) Financial income	54.7	32.2
b) Financial expenses	(55.7)	(42.8)
4. Results from non-controlling interests		
a) Share in profits from equity-accounted companies	2.3	1.5
b) Share in losses from equity-accounted companies	(0.0)	(0.0)
5. Reversal of asset impairment provision	1.4	7.1
6. Allowance to the asset impairment provision	(16.4)	(5.5)
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	(61.7)	(40.9)
IV. RESULT ON RESTATEMENT OF FINANCIAL ACCOUNTS	4.1	(27.0)
V. RESULT BEFORE TAXES FROM ONGOING OPERATIONS	934.5	815.8
VI. TAX ON PROFITS FROM ONGOING OPERATIONS	(281.0)	(230.6)
VII. RESULT AFTER TAX FROM ONGOING OPERATIONS	653.5	585.1
VIII. RESULT AFTER TAX FROM DISCONTINUED OPERATIONS	0.0	0.0
IX. RESULT FOR THE FINANCIAL YEAR	653.5	585.1
1. Attributable to non-controlling interests	238.4	199.4
2. Attributable to the controlling company	415.1	385.7

Figures in millions of euros

13.3. Key Figures by Region. Quarterly Breakdown.

Period	2017				2018		Δ Annual Apr.-Jun. 2018/2017
	Jan.-Mar.	Apr.-Jun.	Jul.-Sept.	Sept.-Dec.	Jan.-Mar.	Apr.-Jun.	
Consolidated figures							
Total consolidated revenue	7,854.9	7,583.4	5,854.0	6,691.4	7,257.0	6,834.0	-9.9%
Written and accepted premiums - Total	6,674.6	6,398.6	4,913.5	5,494.1	6,197.2	5,773.2	-9.8%
Written and accepted premiums - Non-Life	5,217.9	5,038.2	3,837.8	4,060.7	4,965.9	4,306.2	-14.5%
Written and accepted premiums - Life	1,456.7	1,360.4	1,075.7	1,433.4	1,231.3	1,467.1	7.8%
Net result	206.2	208.9	29.5	255.9	187.0	198.7	-4.9%
Combined ratio	97.5%	96.8%	102.0%	96.3%	96.5%	98.2%	1.4 p.p.
Loss ratio	70.8%	68.6%	72.6%	70.7%	68.3%	70.5%	1.9 p.p.
Expense ratio	26.7%	28.2%	29.4%	25.6%	28.2%	27.8%	-0.5 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	14.5%
BRAZIL	1,203.1	1,179.7	1,066.4	1,097.7	1,012.9	1,005.1	-14.8%
NORTH AMERICA	654.0	693.3	630.2	551.1	561.9	685.8	-1.1%
EURASIA	586.9	454.1	405.6	423.1	541.2	455.2	0.2%
LATAM SOUTH	428.5	466.2	395.5	408.8	395.4	399.9	-14.2%
LATAM NORTH	366.9	828.3	263.1	313.9	365.2	340.0	-59.0%
MAPFRE RE	1,165.7	1,160.0	974.7	921.9	1,126.4	1,035.5	-10.7%
MAPFRE GLOBAL RISKS	318.6	406.4	224.5	307.9	266.7	364.6	-10.3%
MAPFRE ASISTENCIA	276.1	255.2	250.9	201.3	226.9	244.0	-4.4%
Written and accepted premiums - Non-Life							
IBERIA	1,721.1	1,040.6	930.5	1,048.1	1,805.5	1,158.5	11.3%
BRAZIL	838.4	803.6	680.6	673.4	689.4	660.7	-17.8%
NORTH AMERICA	651.3	691.0	627.6	554.1	560.9	684.8	-0.9%
EURASIA	489.3	384.3	337.3	363.0	456.6	362.5	-5.7%
LATAM SOUTH	361.7	397.6	332.5	343.6	328.5	334.9	-15.8%
LATAM NORTH	256.7	753.7	190.0	237.1	258.0	263.2	-65.1%
MAPFRE RE	1,017.0	911.1	871.6	766.0	1,015.4	777.3	-14.7%
MAPFRE GLOBAL RISKS	318.6	406.4	224.5	307.9	266.7	364.6	-10.3%
MAPFRE ASISTENCIA	276.1	255.2	250.9	201.3	226.9	244.0	-4.4%
Written and accepted premiums - Life							
IBERIA	665.9	519.9	380.0	654.2	536.9	629.0	21.0%
BRAZIL	364.8	376.1	385.7	424.3	323.6	344.4	-8.4%
NORTH AMERICA	2.7	2.2	2.6	(3.0)	0.9	1.0	-56.9%
EURASIA	97.6	69.8	68.3	60.1	84.6	92.6	32.8%
LATAM SOUTH	66.8	68.7	63.0	65.2	66.9	65.0	-5.3%
LATAM NORTH	110.2	74.6	73.0	76.8	107.2	76.8	3.0%
MAPFRE RE	148.7	248.9	103.1	155.9	111.1	258.1	3.7%
MAPFRE GLOBAL RISKS	--	--	--	--	--	--	--
MAPFRE ASISTENCIA	--	--	--	--	--	--	--

Figures in millions of euros

Quarter	2017				2018		Δ Annual Apr.-Jun. 2018/2017
	I	II	III	IV	I	II	
Period	Jan.-Mar.	Apr.-Jun.	Jul.-Sept.	Sept.-Dec.	Jan.-Mar.	Apr.-Jun.	
Net result							
IBERIA	127.6	133.1	128.6	122.3	117.9	132.0	-0.8%
BRAZIL	26.2	36.8	23.0	39.4	14.5	15.4	-58.0%
NORTH AMERICA	15.9	16.4	(11.0)	27.4	(4.2)	8.5	-48.3%
EURASIA	8.5	13.0	7.7	10.1	4.3	6.0	-53.8%
LATAM SOUTH	15.6	19.1	12.2	23.3	13.8	15.0	-21.5%
LATAM NORTH	4.6	12.5	6.7	9.9	9.9	14.3	13.8%
MAPFRE RE	51.3	50.4	(4.4)	65.4	62.7	39.2	-22.2%
MAPFRE GLOBAL RISKS	0.2	(13.2)	(74.2)	20.9	8.1	12.2	192.9%
MAPFRE ASISTENCIA	(9.1)	(15.4)	(26.6)	(17.3)	(2.7)	0.2	101.1%
Holdings and consolidation adjustments	(34.6)	(43.8)	(32.5)	(45.4)	(37.2)	(44.0)	-0.7%
Combined ratio							
IBERIA	94.6%	95.6%	91.8%	93.0%	92.1%	95.2%	-0.4 p.p.
BRAZIL	98.5%	92.0%	92.9%	100.9%	98.3%	106.9%	14.9 p.p.
NORTH AMERICA	101.4%	101.8%	109.4%	107.5%	106.2%	100.1%	-1.7 p.p.
EURASIA	100.7%	98.3%	103.1%	101.5%	104.9%	104.9%	6.6 p.p.
LATAM SOUTH	99.2%	100.3%	97.0%	89.9%	97.0%	96.6%	-3.7 p.p.
LATAM NORTH	99.1%	94.1%	104.1%	95.5%	96.6%	93.6%	-0.5 p.p.
MAPFRE RE	91.4%	93.1%	106.4%	91.2%	91.1%	95.0%	1.9 p.p.
MAPFRE GLOBAL RISKS	109.5%	130.9%	231.6%	78.9%	92.0%	86.3%	-44.6 p.p.
MAPFRE ASISTENCIA	103.9%	99.0%	104.5%	108.0%	102.2%	104.2%	5.2 p.p.
Loss ratio							
IBERIA	74.1%	74.8%	69.8%	72.6%	71.3%	75.2%	0.4 p.p.
BRAZIL	66.4%	56.9%	58.9%	63.6%	63.8%	66.9%	10.1 p.p.
NORTH AMERICA	75.8%	76.5%	83.6%	82.1%	76.4%	72.6%	-3.9 p.p.
EURASIA	76.8%	78.1%	79.6%	76.3%	80.3%	86.9%	8.8 p.p.
LATAM SOUTH	62.1%	61.3%	58.1%	59.9%	61.3%	60.4%	-0.9 p.p.
LATAM NORTH	69.8%	63.2%	68.1%	60.5%	65.3%	61.1%	-2.1 p.p.
MAPFRE RE	64.2%	60.1%	69.4%	70.1%	62.0%	66.5%	6.4 p.p.
MAPFRE GLOBAL RISKS	75.6%	99.7%	197.9%	53.4%	56.1%	55.2%	-44.6 p.p.
MAPFRE ASISTENCIA	72.7%	59.4%	64.6%	72.4%	61.3%	63.6%	4.2 p.p.
Expense ratio							
IBERIA	20.5%	20.8%	22.0%	20.4%	20.8%	20.0%	-0.8 p.p.
BRAZIL	32.0%	35.1%	34.0%	37.3%	34.5%	40.0%	4.8 p.p.
NORTH AMERICA	25.7%	25.3%	25.8%	25.4%	29.8%	27.5%	2.2 p.p.
EURASIA	23.9%	20.2%	23.5%	25.2%	24.6%	17.9%	-2.3 p.p.
LATAM SOUTH	37.1%	39.0%	38.9%	30.0%	35.7%	36.2%	-2.8 p.p.
LATAM NORTH	29.3%	30.9%	36.0%	35.0%	31.3%	32.4%	1.5 p.p.
MAPFRE RE	27.2%	33.0%	37.0%	21.1%	29.0%	28.5%	-4.4 p.p.
MAPFRE GLOBAL RISKS	33.9%	31.2%	33.8%	25.6%	35.9%	31.1%	0.0 p.p.
MAPFRE ASISTENCIA	31.1%	39.6%	39.9%	35.5%	40.9%	40.5%	1.0 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	
	JUNE 2017	JUNE 2018	JUNE 2017	JUNE 2018	JUNE 2017	JUNE 2018	JUNE 2017	JUNE 2018
A) CONSOLIDATED RESULT FOR THE YEAR	934.5	815.8	(281.0)	(230.6)	238.4	199.4	415.1	385.7
B) OTHER RECOGNIZED REVENUE (EXPENSES)	(551.6)	(510.2)	7.5	59.5	(150.5)	(153.0)	(393.6)	(297.8)
1. Financial assets available for sale	(421.5)	(159.7)	121.8	41.2	(57.5)	(8.1)	(242.2)	(110.4)
a) Valuation gains (losses)	(313.4)	(62.6)	94.7	16.7				
b) Amounts transferred to the income statement	(107.9)	(97.0)	27.0	24.4				
c) Other reclassifications	(0.2)	(0.2)	0.1	0.0				
2. Currency conversion differences	(530.0)	(278.0)	0.3	(0.3)	(143.4)	(134.6)	(386.4)	(143.7)
a) Valuation gains (losses)	(529.3)	(291.8)	0.3	(0.3)				
b) Amounts transferred to the income statement	(0.1)	0.1	0.0	0.0				
c) Other reclassifications	(0.6)	13.7	0.0	0.0				
3. Shadow accounting	401.9	(74.1)	(114.6)	18.5	50.3	(10.5)	237.0	(45.1)
a) Valuation gains (losses)	382.6	(86.2)	(109.7)	21.5				
b) Amounts transferred to the income statement	19.4	12.1	(4.8)	(3.0)				
c) Other reclassifications	(0.1)	0.0	0.0	0.0				
4. Equity-accounted entities	(2.0)	(0.5)	0.0	0.1	(0.0)	0.0	(2.0)	(0.5)
a) Valuation gains (losses)	(2.0)	(0.4)	0.0	0.1				
b) Amounts transferred to the income statement	(0.0)	0.0	0.0	0.0				
c) Other reclassifications	0.1	(0.1)	0.0	0.0				
5. Other recognized revenue and expenses	0.0	2.1	0.0	0.0	0.1	0.2	(0.1)	1.9
TOTALS	382.9	305.5	(273.5)	(171.2)	87.9	46.4	21.5	87.9

Figures in millions of euros

13.5. Income Statement by Business Unit

ITEM	IBERIA		BRAZIL		NORTH AMERICA		EURASIA		LATAM SOUTH		LATAM NORTH	
	JUNE 2017	JUNE 2018	JUNE 2017	JUNE 2018	JUNE 2017	JUNE 2018	JUNE 2017	JUNE 2018	JUNE 2017	JUNE 2018	JUNE 2017	JUNE 2018
Gross written and accepted premiums	2,761.6	2,964.0	1,641.9	1,350.0	1,342.3	1,245.7	873.6	819.2	759.3	663.4	1,010.4	521.1
Net premiums earned	2,064.9	2,130.2	1,157.6	983.8	1,032.3	934.6	508.1	475.9	414.8	379.3	287.0	279.8
Net claims incurred and variation in other technical provisions	(1,537.4)	(1,560.3)	(716.8)	(642.2)	(786.2)	(696.0)	(393.6)	(397.1)	(256.2)	(230.7)	(190.4)	(176.8)
Net operating expenses	(420.1)	(430.9)	(388.0)	(363.9)	(270.2)	(273.8)	(107.8)	(99.3)	(154.2)	(137.3)	(81.6)	(83.8)
Other technical revenue and expenses	(5.9)	(3.9)	0.5	(0.8)	7.3	6.7	(4.2)	(2.8)	(3.4)	0.9	(4.9)	(5.4)
Technical result	101.4	135.0	53.2	(23.2)	(16.7)	(28.4)	2.5	(23.3)	1.0	12.2	10.0	13.8
Net financial income	130.1	112.5	69.5	42.6	67.5	36.7	25.9	37.5	31.4	26.3	9.9	14.4
Other non-technical revenue and expenses	(9.6)	(31.7)	0.7	(0.0)	(0.7)	(0.2)	(0.4)	(1.2)	0.4	(0.1)	(0.0)	(0.2)
Result of Non-Life business	221.9	215.8	123.4	19.4	50.1	8.1	28.0	13.1	32.7	38.4	19.9	27.9
Gross written and accepted premiums	1,185.8	1,165.9	740.9	668.0	4.9	1.9	167.4	177.2	135.4	132.0	184.8	184.0
Net premiums earned	1,152.2	1,122.1	803.6	757.5	3.5	2.6	164.7	174.3	112.4	111.4	132.4	132.1
Net claims incurred and variation in other technical provisions	(1,339.7)	(1,193.7)	(364.3)	(283.2)	(1.3)	(0.8)	(176.1)	(160.4)	(99.9)	(88.9)	(91.3)	(92.3)
Net operating expenses	(122.7)	(121.1)	(312.4)	(288.0)	(2.9)	(2.1)	(9.6)	(10.8)	(56.9)	(55.7)	(43.0)	(41.1)
Other technical revenue and expenses	(10.5)	(10.8)	(2.7)	0.0	0.0	0.0	0.2	0.2	(0.5)	(0.4)	(1.6)	(1.5)
Technical result	(320.6)	(203.5)	124.2	186.4	(0.7)	(0.3)	(20.7)	3.3	(44.9)	(33.6)	(3.5)	(2.7)
Financial result and other non-technical revenue	461.1	324.7	113.4	56.6	0.3	0.2	26.8	4.9	62.5	40.2	12.4	14.0
Result of Life business	140.5	121.2	237.6	243.0	(0.4)	(0.1)	6.1	8.2	17.6	6.5	8.9	11.3
Result from other business activities	30.3	28.0	10.9	7.6	0.1	(1.2)	(2.5)	(1.6)	2.5	1.4	(0.3)	(1.0)
Hyperinflation adjustments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Result before tax	392.7	365.0	372.0	269.9	49.8	6.8	31.6	19.7	52.8	46.3	28.6	38.2
Tax on profits	(90.2)	(76.6)	(136.7)	(100.7)	(17.3)	(2.6)	(5.8)	(4.5)	(11.3)	(13.4)	(7.0)	(9.7)
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	41.8	38.6	172.3	139.2	0.2	(0.1)	4.3	4.9	6.8	4.1	4.4	4.3
Attributable net result	260.7	249.9	63.0	30.0	32.3	4.3	21.5	10.3	34.7	28.8	17.2	24.1
Loss ratio	74.5%	73.2%	61.9%	65.3%	76.2%	74.5%	77.5%	83.4%	61.8%	60.8%	66.4%	63.2%
Expense ratio	20.6%	20.4%	33.5%	37.1%	25.5%	28.6%	22.0%	21.4%	38.0%	36.0%	30.1%	31.9%
Combined ratio	95.1%	93.7%	95.4%	102.4%	101.6%	103.0%	99.5%	104.9%	99.8%	96.8%	96.5%	95.1%
Investments, real estate and cash	30,431.6	31,236.3	4,188.8	3,617.9	2,398.2	2,197.6	3,911.2	3,961.0	1,885.7	1,900.0	1,386.1	1,355.8
Technical provisions	27,160.7	27,563.3	5,147.9	4,523.6	2,414.9	2,862.5	4,055.2	4,193.9	2,522.1	2,407.8	1,872.1	1,768.3
Shareholders' equity	4,109.7	3,857.0	1,204.8	1,006.7	1,344.4	1,212.0	723.8	707.1	514.0	528.6	785.5	717.1
ROE	14.0%	12.6%	11.6%	8.4%	5.1%	1.6%	-6.0%	3.9%	6.0%	12.3%	3.6%	5.4%

Figures in millions of euros

ITEM	MAPFRE RE		MAPFRE GLOBAL RISKS		MAPFRE ASISTENCIA		CONS. ADJUST. & CORPORATE AREAS		TOTAL	
	JUNE 2017	JUNE 2018	JUNE 2017	JUNE 2018	JUNE 2017	JUNE 2018	JUNE 2017	JUNE 2018	JUNE 2017	JUNE 2018
Gross written and accepted premiums	1,928.1	1,792.7	725.0	631.3	531.3	470.9	(1,317.6)	(1,186.3)	10,256.1	9,272.1
Net premiums earned	1,132.2	1,214.8	170.0	159.4	368.4	314.6	10.1	5.8	7,145.4	6,878.2
Net claims incurred and variation in other technical provisions	(702.9)	(780.8)	(147.4)	(88.7)	(243.5)	(196.5)	(6.9)	(4.0)	(4,981.3)	(4,773.1)
Net operating expenses	(340.4)	(348.7)	(52.3)	(49.5)	(129.1)	(119.2)	(1.4)	0.2	(1,945.1)	(1,906.2)
Other technical revenue and expenses	(1.2)	(1.0)	(3.2)	(4.0)	(1.1)	(8.9)	(0.1)	(0.1)	(16.3)	(19.2)
Technical result	87.7	84.3	(32.9)	17.3	(5.3)	(10.0)	1.7	2.0	202.7	179.7
Net financial income	37.1	36.7	15.2	9.6	(4.3)	1.2	(8.6)	18.0	373.6	335.6
Other non-technical revenue and expenses	(2.0)	(2.4)	0.5	0.2	0.0	0.0	(0.0)	(1.2)	(11.3)	(36.9)
Result of Non-Life business	122.8	118.6	(17.2)	27.2	(9.6)	(8.8)	(7.0)	18.9	565.1	478.4
Gross written and accepted premiums	397.6	369.2	0.0	0.0	0.0	0.0	0.2	0.1	2,817.1	2,698.3
Net premiums earned	361.0	278.5	0.0	0.0	0.0	0.0	0.2	0.1	2,730.0	2,578.6
Net claims incurred and variation in other technical provisions	(325.4)	(256.9)	0.0	0.0	0.0	0.0	8.0	7.6	(2,389.9)	(2,068.5)
Net operating expenses	(72.9)	(66.2)	0.0	0.0	0.0	0.0	(0.0)	(0.0)	(620.3)	(584.9)
Other technical revenue and expenses	(0.3)	(0.3)	0.0	0.0	0.0	0.0	(0.0)	(0.0)	(15.4)	(12.8)
Technical result	(37.6)	(44.8)	0.0	0.0	0.0	0.0	8.2	7.7	(295.7)	(87.6)
Financial result and other non-technical revenue	54.4	60.4	0.0	0.0	0.0	0.0	(8.3)	(8.2)	722.7	492.7
Result of Life business	16.9	15.6	0.0	0.0	0.0	0.0	(0.1)	(0.5)	427.0	405.2
Result from other business activities	0.0	0.0	0.0	0.0	(8.9)	8.8	(93.9)	(82.9)	(61.7)	(40.9)
Hyperinflation adjustments	0.0	0.0	0.0	0.0	(0.1)	0.0	4.2	(27.0)	4.1	(27.0)
Result before tax	139.7	134.1	(17.2)	27.2	(18.6)	0.1	(96.7)	(91.6)	934.5	815.8
Tax on profits	(38.0)	(32.3)	4.3	(6.9)	(5.1)	(2.0)	26.1	18.1	(281.0)	(230.6)
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	0.8	0.6	7.8	7.8	238.4	199.4
Attributable net result	101.7	101.9	(13.0)	20.3	(24.5)	(2.6)	(78.4)	(81.3)	415.1	385.7
Loss ratio	62.1%	64.3%	86.7%	55.6%	66.1%	62.5%			69.7%	69.4%
Expense ratio	30.2%	28.8%	32.6%	33.5%	35.3%	40.7%			27.4%	28.0%
Combined ratio	92.3%	93.1%	119.3%	89.1%	101.4%	103.2%			97.2%	97.4%
Investments, real estate and cash	4,584.5	4,606.9	992.5	925.1	238.7	356.6	(806.4)	(467.9)	49,210.8	49,689.2
Technical provisions	4,087.9	4,603.5	2,095.3	2,611.2	662.2	728.5	(2,182.0)	(2,905.1)	47,836.1	48,357.5
Shareholders' equity	1,321.7	1,326.0	370.0	351.7	209.0	219.9	(1,723.1)	(1,469.2)	8,859.6	8,456.9
ROE	15.4%	12.3%	2.3%	-9.1%	-27.3%	-21.7%			9.1%	7.8%

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	<p>Includes the Group's non-insurance activities undertaken by the insurance subsidiaries, as well as by other subsidiaries:</p> <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: <ul style="list-style-type: none"> • MAPFRE INVERSIÓN (MAPFRE ASSET MANAGEMENT) • 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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