



Individual Annual Accounts and
Management Report

Other documentation of interest
to shareholders

2018





Individual annual accounts and
management report

Other documentation of interest
to shareholders

2018

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MAPFRE S.A.

Annual Accounts
31 December 2018

Directors' Report
2018

(With Independent Auditor's Report Thereon)

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



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

Independent Auditor's Report on the Annual Accounts

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

To the Shareholders of MAPFRE, S.A.

Report on the Annual Accounts

Opinion

We have audited the annual accounts of MAPFRE, S.A. (the "Company"), which comprise the balance sheet at 31 December 2018, and the income statement, statement of changes in net equity, cash flow statement and notes for the year then ended.

In our opinion, the accompanying annual accounts give a true and fair view, in all material respects, of the equity and financial position of the Company at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with the applicable financial reporting framework, (specified in note 2 to the accompanying annual accounts) and, in particular, with the accounting principles and criteria set forth therein.

Basis for Opinion

We conducted our audit in accordance with prevailing legislation regulating the audit of accounts in Spain. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Annual Accounts section of our report.

We are independent of the Company in accordance with the ethical requirements, including those regarding independence, that are relevant to our audit of the annual accounts in Spain pursuant to the legislation regulating the audit of accounts. We have not provided any non-audit services, nor have any situations or circumstances arisen which, under the aforementioned regulations, have affected the required independence such that this has been compromised.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the annual accounts of the current period. These matters were addressed in the context of our audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of non-current investments in group companies and associates (Euros 9,536,749 thousand)

See notes 4.c) and 8 of the notes to the annual accounts

<i>Key audit matter</i>	<i>How the issue was addressed in our audit</i>
<p>The Entity, holding company of Mapfre Group, has recognised non-current investments in group companies and associates.</p> <p>Recoverable value of these non-current investments in group companies and associates is determined by the use of valuation technics that require of management judgement and estimations and assumptions that consider macroeconomics factors, internal circumstances of the Group companies and their competitors, discount rates, growth rates or estimations of the future evolution of their businesses.</p> <p>Due to the level of uncertainty and judgement associated to the mentioned estimations, as well as the significance of the carried amount of the investments, we consider this to be a key audit matter.</p>	<p>Our audit procedures included, among others, the following:</p> <ul style="list-style-type: none"> - Evaluation of the criteria used by the Company in the identification of impairment indicators of the investments in group companies and associates. - Understanding the process of estimation of the recoverable value of the group investments and associates, and evaluation of design and implementation of the relevant controls related to the process that the Company has in place. - Evaluation of the reasonability of the methodology and assumptions used in the estimation of the recoverable value of the investments in group companies and associates, with the collaboration of our corporate finance specialists. <p>We have checked the consistency between the expected cash flow estimates in the calculation of the value in use, with the business plans approved by the Directors of the Group's companies. Likewise, we have compared the companies forecasted cash flows estimated in previous exercises with the real actual experienced.</p> <p>Additionally, we have evaluated the discount and growth rates used in the calculation of the recoverable values, as well as performed sensitivity analysis over the key inputs used in the model, with the goal of assessing their impact in the valuation.</p> <ul style="list-style-type: none"> - Evaluation that the information within the annual accounts is in compliance with the legal financial reporting requirements applicable to the Company.



Other Information: Directors' Report

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

Our audit opinion on the annual accounts does not encompass the directors' report. Our responsibility regarding the information contained in the directors' report is defined in the legislation regulating the audit of accounts, which establishes two different levels for this information:

- a) A specific level applicable to non-financial information included in the Annual Report on the Corporate Governance, as defined in article 35.2. b) of the Audit Law 22/2015, which consists of merely verifying that this information has been provided in the directors' report and, if not, report on this matter.
- b) A general level applicable to the rest of the information included in the directors' report, which consists of assessing and reporting on the consistency of this information with the annual accounts, based on knowledge of the Company obtained during the audit of the aforementioned accounts and without including any information other than that obtained as evidence during the audit. Also, assessing and reporting on whether the content and presentation of this part of the directors' report are in accordance with applicable legislation. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report them.

Based on the work carried out, as described in the preceding paragraphs, we have verified that the specific information mentioned in a) above has been provided in the directors' report and that the rest of the information contained in the directors' report is consistent with that disclosed in the annual accounts for 2018 and the content and presentation of the report are in accordance with applicable legislation.

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

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

In preparing the annual accounts, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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



Auditor's Responsibilities for the Audit of the Annual Accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with prevailing legislation regulating the audit of accounts in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with prevailing legislation regulating the audit of accounts in Spain, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, and not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the Audit and Compliance Committee of MAPFRE, S.A. regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Company's Audit and Compliance Committee of the Entity with a statement that we have complied with the applicable ethical requirements, including those regarding independence, and to communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



From the matters communicated to the Company's Audit and Compliance Committee, we determine those that were of most significance in the audit of the annual accounts of the current period and which are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Additional Report to the Audit and Compliance Committee _____

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

Contract Period _____

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

Previously, we had been appointed as auditors by the shareholders for a period of 3 years, and have been auditing uninterrupted the Company's Annual Accounts since the year ended 31 December 2015.

KPMG Auditores, S.L. (S0702)

(Signed on original in Spanish)

Jorge Segovia

R.O.A.C: 21903

7 February 2019

ANNUAL ACCOUNTS

MANAGEMENT REPORT

FISCAL YEAR 2018

MAPFRE S.A.

ANNUAL ACCOUNTS

FISCAL YEAR 2018

Balance sheet

Income statement

Statement of changes in net equity

Cash flow statement

Annual report

MAPFRE S.A.

BALANCE SHEET AT DECEMBER 31, 2018 AND 2017

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

Thousands of euros

BALANCE SHEET AT DECEMBER 31, 2018 AND 2017

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

Thousands of euros

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

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

Thousands of euros

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

A) STATEMENTS OF RECOGNIZED INCOME AND EXPENSES

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

Thousands of euros

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

ITEM	Capital		Share premium	Reserves	(Treasury stock)	Result from previous years	Other shareholder contributions	Result for the period	(Interim dividend)	Other equity instruments	Valuation change adjustments	Grants, donations and bequests received	TOTAL
	Authorized	Uncalled											
ADJUSTED BALANCE, BEGINNING OF 2017	307,955	--	3,338,720	3,120,074	(60,234)	279,195	--	468,831	(184,773)	2,918	--	--	7,272,686
I. Total recognized revenue and expenses	--	--	--	--	--	--	--	495,530	--	--	--	--	495,530
1. Share capital increases	--	--	--	--	--	--	--	--	--	--	--	--	--
4. Distribution of dividends	--	--	--	--	--	--	--	(261,762)	(184,772)	--	--	--	(446,534)
4. bis. Distribution of earnings	--	--	--	12,000	--	10,208	--	(206,980)	184,772	--	--	--	--
5. Operations with treasury stock (Note 9)	--	--	--	4,702	7,878	--	--	--	--	--	--	--	12,580
6. Decrease in equity resulting from a business combination	--	--	--	--	--	--	--	--	--	--	--	--	--
III. Other variations in equity	--	--	--	7	--	--	--	(89)	--	(51)	--	--	(133)
CLOSING BALANCE FOR YEAR 2017	307,955	--	3,338,720	3,136,783	(52,356)	289,403	--	495,530	(184,772)	2,867	--	--	7,334,129
II. Adjustments for errors 2017	--	--	--	--	--	--	--	--	--	--	--	--	--
ADJUSTED BALANCE, BEGINNING OF 2018	307,955	--	3,338,720	3,136,783	(52,356)	289,403	--	495,530	(184,772)	2,867	--	--	7,334,129
I. Total recognized revenue and expenses	--	--	--	--	--	--	--	493,455	--	--	--	--	493,455
1. Share capital increases	--	--	--	--	--	--	--	--	--	--	--	--	--
4. Distribution of dividends	--	--	--	--	--	--	--	(261,825)	(184,834)	--	--	--	(446,659)
4. bis. Distribution of earnings	--	--	--	1,857	--	47,076	--	(233,705)	184,772	--	--	--	--
5. Operations with treasury stock or own equity (Note 9)	--	--	--	1,931	4,106	--	--	--	--	--	--	--	6,037
6. Increases in equity resulting from a business combination	--	--	--	--	--	--	--	--	--	--	--	--	--
III. Other variations in equity	--	--	--	(60)	--	--	--	--	--	(2,867)	--	--	(2,927)
CLOSING BALANCE FOR YEAR 2018	307,955	--	3,338,720	3,140,511	(48,250)	336,479	--	493,455	(184,834)	--	--	--	7,384,036

Thousands of euros

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CASH FLOW STATEMENT AT DECEMBER 31, 2018 AND 2017

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

Thousands of euros

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ANNUAL REPORT

FISCAL YEAR 2018

1. COMPANY ACTIVITY

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

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

The registered offices are situated at Carretera de Pozuelo, 52, Majadahonda (Madrid, Spain). The Company is the parent of the MAPFRE Group, which comprises MAPFRE S.A. and several companies operating in the insurance, property, financial and services sectors.

The Company is a subsidiary of CARTERA MAPFRE, S.L. (a single-member company), with registered address at Carretera de Pozuelo, 52, Majadahonda (Madrid, Spain). The annual accounts of that company for the year ended December 31, 2017 will be prepared by its Board of Directors on March 28, 2019 and will be placed on file at the Madrid Companies' Registry.

The ultimate controlling company is Fundación MAPFRE, a non-profit company whose registered address is Paseo de Recoletos No. 23, Madrid and whose consolidated annual accounts will be filed with the Madrid Companies' Registry and a copy sent to the Foundations Register.

2. BASIS OF PRESENTATION OF THE ANNUAL ACCOUNTS

a) FAITHFUL IMAGE

The application of legal provisions regarding accounting matters have resulted in a true and fair view of the Company's equity, financial position and results for the year, as well as of the accuracy of the cash flows reported on the cash flow statement. The directors consider that it is not necessary to include supplementary information in this regard.

The Board of Directors expects the individual and consolidated annual accounts for 2018, which were prepared on February 6, 2019 to be approved by the Annual General Meeting with no changes.

b) ACCOUNTING PRINCIPLES

The annual accounts have been prepared in accordance with the Spanish General Chart of Accounts approved under Royal Decree 1514/2007 of November 16 and subsequently amended through Royal Decree 1159/2010 of September 17 and Royal Decree 602/2016 of December 2, as well as with all other applicable mercantile legislation.

c) CRITICAL ASPECTS OF MEASURING AND ESTIMATING UNCERTAINTY

When preparing the annual accounts, judgments and estimates were used that are based on assumptions about the future and uncertainties. These primarily refer to impairment of the value of assets, deferred tax assets and provisions.

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

d) COMPARING INFORMATION

There is nothing preventing the annual accounts of the current year from being compared with those of the previous year.

e) CORRECTIONS OF ERRORS

No significant errors were found in the Company's annual accounts from previous years.

3. APPROPRIATION OF EARNINGS

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

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

Figures in euros

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

The planned distribution of dividends in the distribution of profits complies with the requirements and limitations established under legal regulations and the corporate bylaws. The requirements and limitations related to restricted reserves are set out in Note 9 "Shareholders' equity".

In 2018, the Company distributed an interim dividend for a total amount of 184,834,843.67 euros (184,773,196.38 euros in 2017), which is recorded in equity under the heading "Interim dividend".

The liquidity statement prepared by the Board of Directors for the distribution of the interim dividend is shown below.

Item	DATE OF AGREEMENT September 28, 2018
Cash available on date of the resolution	36,959
Increases in cash forecast within one year	770,752
(+) From expected current collection operations	575,752
(+) From expected financial transactions	195,000
Decreases in cash forecast within one year	(431,267)
From expected current payment transactions	(83,447)
From expected financial transactions	(347,820)
Cash available within one year	376,444

Thousands of euros

The distribution of profits for 2017, carried out during 2018, is presented in the statement of total changes in equity.

4. RECOGNITION AND MEASUREMENT STANDARDS

The recognition and measurement standards applied are indicated below:

a) Fixed assets

Intangible assets

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

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

Property, plant and equipment

The assets included under property, plant and equipment are measured at cost of acquisition or production, including indirect taxes that are not directly recoverable, less accumulated depreciation and impairment losses. Depreciation is calculated on a straight-line basis, on the cost of the asset less the residual value and less the value of land, in accordance with the estimated useful life.

The costs of renovating, expanding or improving property, plant and equipment goods are included as the greatest value of the asset when they entail an increase in capacity, productivity or extension of their useful life.

Impairment of fixed assets

At least at the fiscal year-end, and wherever there are indications of impairment, the Company considers whether the fixed assets may have suffered a loss in value. If such evidence exists, the recoverable amount of the asset is estimated.

Recoverable amount is the greater of an asset's fair value less costs to sell and its value in use.

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

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

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

b) Operational Leasing

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

c) Financial instruments**FINANCIAL ASSETS**

All assets corresponding to cash, equity instruments of other companies, or that entail a contractual right to receive cash or another financial asset, or any exchange of financial instruments under favorable conditions, are classified as financial assets.

The fair value of financial assets is determined through the use of market prices, as long as the available quotations of the instruments can be considered representative. In order for them to be considered as such, they must be published regularly in standard information systems provided by recognized financial brokers.

If market valuation is not possible, a valuation will be performed with internal models using, as far as possible, public market data that satisfactorily replicates the valuation of the instruments quoted. This valuation methodology will be based on the discounting of future asset flows (determined or estimated) using the discount curve free from risk. Depending on the characteristics of the issue concerned and the issuer, a specific credit risk will be assigned, which will apply to a different degree to each of the flows to be received.

Operations in the currency market are recorded on the settlement date, while financial assets traded in secondary markets of the Spanish market are recognized on the trading date, for equity instruments, and on the settlement date, for debt securities.

Financial assets are classified as:

Loans and receivables

This category includes receivables for commercial and non-commercial operations.

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

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

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

Impairment exists when there is a decrease or delay in future estimated cash flows that could result from debtor insolvency.

Corrections in value due to impairment and its reversal, if applicable, are made at the close of the fiscal year, recognizing an expense or revenue, respectively, in the income statement. Nevertheless, impairment losses may only be reversed up to the limit of the amortized cost that would have been recorded if an impairment loss had not been recognized in previous years.

Financial assets held for trading

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

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

Investment in Group equity and multi-group and associated companies

Investment in the Group equity, multi-group and associated companies is initially recognized and measured at cost minus the accumulated amount of corrections in value due to impairment, if applicable.

In the case of non-monetary contributions to Group companies, the contributor values the investment at the book value of the assets and liabilities delivered in the Group's most recent consolidated annual accounts. Any difference between the book value of the investment contributed and the value assigned to the interest received is posted in a reserve account.

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

In the case of the sale of preemptive subscription rights and similar rights or the separation of rights to exercise them, the cost of the rights reduces the book value of the respective assets.

At the close of the fiscal year, when there is objective evidence that the book value of the investment is not recoverable, the necessary corrections in value are made.

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

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

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

Financial assets available for sale

This category includes debt securities and equity instruments of other companies that are not classified in any other financial asset category.

Initial recognition and subsequent measurement are at fair value, plus the preferential subscription rights acquired, without subtracting transaction costs that could arise from disposal.

Changes in fair value are recognized directly in equity until the financial asset is written off or impairment is perceived, at which time they are recorded in the income statement.

Impairment losses and currency exchange differences in financial assets carried in foreign currencies are registered in the income statement. The amount of interest calculated applying the effective interest rate method and dividends accrued are also recorded in the income statement.

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

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

In case of sale of preemptive subscription rights and similar rights, the cost of the rights reduces the book value of the respective assets.

At least at the close of the financial year, the pertinent corrections in value are made, providing there is objective evidence that the value of an available-for-sale financial asset is impaired, the amount of which is recognized in the income statement. Reversal of corrections in value are credited to the income statement, with the exception of equity instruments, the reversal for which is made directly in equity.

For equity instruments, investments are analyzed individually to determine whether any impairment exists, when the market has declined either over a prolonged period (18 months) or in a significant amount (40 percent) compared to cost.

Cash and other equivalent liquid assets

Cash includes cash on hand and demand deposits, while cash equivalents correspond to highly liquid short-term investments that can be easily converted to fixed amounts of cash and have an insignificant risk of change in value.

Interest and dividends received from financial assets

The interest and dividends from financial assets accrued after acquisition are recognized as revenue in the income statement. Interest is recognized using the effective interest rate method, and dividends when the right to receive them is declared.

To this end, the amount of accrued and non-accrued explicit interest and the dividends agreed upon at the moment of acquisition are recorded independently in the initial valuation of financial assets, bearing in mind their maturity.

Additionally, when the distributed dividends come from earnings generated prior to the acquisition date, because amounts were distributed that are greater than the profits generated by the investee since the acquisition, they are not recognized as revenue and they reduce the book value of the investment.

Cancellation of financial assets

Financial assets are canceled when the contractual rights over the cash flows of the financial asset expire or when they are transferred, whereupon the risks and benefits derived from their ownership are substantially transferred.

When a financial asset is canceled, the difference between the net received compensation of the attributable transaction costs and the book value of the financial asset, plus any accumulated amount recognized directly as equity, determines the resulting gains or losses and is part of the result for the financial year.

FINANCIAL LIABILITIES

All instruments issued, incurred or assumed that imply a direct or indirect contractual obligation for the Company are recorded as financial liabilities, in accordance with the economic reality of delivering cash or another financial asset or exchanging financial assets and liabilities with third parties in unfavorable conditions.

Financial liabilities are classified as:

Debits and payables

These correspond to debits for commercial and non-commercial operations.

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

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

Financial liabilities held for trading

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

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

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

Cancellation of financial liabilities

Financial liabilities are canceled when the obligation inherent to them has expired. Additionally, acquired shareholders' financial liabilities are canceled even when there is an intention to reassign them in the future.

If there is an exchange of debt instruments with significantly different conditions, the original liability is canceled and the new liability is recognized.

The difference between the book value of the financial liability or the canceled part of the liability and the compensation paid, including attributable transaction costs and the compensation that encompasses any transferred asset other than the cash or liability assumed, is recognized in the income statement during the fiscal year in which it occurs.

If there is an exchange of debt instruments without significantly different conditions, the original liability is not removed from the balance sheet, and the paid commissions are recorded as an adjustment to the book value.

Shareholders' equity instruments

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

Treasury stock is assessed at its net acquisition cost and recorded in equity. Expenses incurred on acquisition are recognized in equity as a decrease in the value of reserves.

All transactions performed with own equity instruments are recorded under equity as a variation in the value of shareholders' equity.

d) Transactions in foreign currency

Transactions in foreign currencies are converted to euros by applying the exchange rate in force on the transaction date.

At the close of the fiscal year, the balances that correspond to monetary items expressed in foreign currencies are converted at the exchange rate of the euro on that date, and all exchange differences are allocated in the income statement, except for monetary financial assets that are available for sale and in which exchange rates other than those generated from the amortized cost are recognized directly in equity.

Non-monetary items that are measured at historical cost are generally recorded by applying the exchange rate at the transaction date. When determining the net equity of an investee company, corrected for the tacit capital gains that exist on the date of valuation, the closing exchange rate is applied to the net equity and the tacit capital gains that exist on that date.

Non-monetary items that are measured at fair value are recorded by applying the exchange rate on the date when the fair value was determined, recognizing the losses and gains derived from the valuation as net equity or as earnings, depending on the nature of the item.

When presenting the cash flow statement, the flows from transactions in foreign currencies are converted to euros by applying the cash exchange rate on the dates of exchange to the amount in foreign currency.

The effect of the variation in exchange rates on cash and other equivalent liquid assets expressed in foreign currency is presented separately in the cash flow statement as "Effect of the variations in exchange rates."

e) Tax on profits

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

However, tax on profits related to items where modifications in their value are directly recognized in equity are not posted to the income statement but to equity, and the changes in value are included in those items net of the tax effect.

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

The Company files taxes as part of a consolidated tax group. The expense for corporate tax on the companies in the consolidated tax group is determined taking into account the parameters used in calculated individual tax as well as the following items:

- Temporary and permanent differences arising as a result of eliminating gains and losses on intergroup transactions, derived from the processing of determining the consolidated tax base.
- Tax credits and deductions corresponding to each Group company in the consolidated tax group. To that end, tax credits and deductions are recorded in the company that carried out the related activity or that obtained the gain necessary to secure the tax credit or deduction.

Temporary differences derived from elimination of gains and losses between companies in the tax group are recognized in the company that generated the gain or loss, and are measured at the applicable tax rate.

Tax losses incurred in certain Group companies that have been offset by profits of other companies in the Group give rise to a reciprocal credit and debit between the companies, as appropriate. In the event that tax losses cannot be offset by profits of other Group companies, the tax losses carried forward are recognized as deferred tax assets by the corresponding companies, considering that they will be offset by future profits of the tax group.

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

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

The tax effect of temporary differences is included for all taxable temporary differences under the corresponding headings of "Deferred tax assets" and "Deferred tax liabilities," excluding the exceptions provided in current regulations, if applicable.

Deferred tax is recorded for temporary differences on the date of the balance between the tax base of the assets and the liabilities and their book values. The tax base of an equity item is the amount attributed to it for tax purposes.

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

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

The Company recognizes deferred tax assets that have not been recognized due to expiry of the ten-year recovery period if the future reversal period does not exceed ten years from the date of fiscal year closure or when there are sufficient liabilities derived from temporary tax differences.

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

Deferred tax assets and deferred tax liabilities are recognized in the balance sheet as non-current assets or liabilities, regardless of the expected date of payment or settlement.

f) Revenue and expenses

Revenue and expenses are measured in accordance with the General Chart of Accounts.

Revenue from services provided are recognized when the transaction earnings are estimated reliably, taking into account the percentage of the service performed at the close of the fiscal year.

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

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

g) PROVISIONS AND CONTINGENCIES

Provisions are recognized when there is a current obligation, whether legal or implicit, as a result of a past event, and a probable disbursement of resources that include future economic profits.

They are measured at the close of the fiscal year at the present value of the best possible estimate of the amount needed to cancel or transfer the obligation to a third party. The resulting adjustments are recorded when the provision is updated as a financial expense as it accrues.

The compensation to be received from a third party on settling the obligation, provided that there is no doubt that it will be received, does not entail a decrease in the debt, and the collection right is recognized in the asset whose amount will not exceed the amount of the obligation recorded in the accounts.

h) Staff Expenses

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

Short-term remuneration

These are recorded pursuant to the services provided by employees, on an accrual basis.

Post-employment benefits

These essentially consist of defined contribution plans and defined benefit plans, as well as Life insurance covering death between age 65 and 77.

Defined contribution plans

These are those in which the company in question makes pre-determined contributions to a separate company (whether linked to the Group or external) and has no legal or implicit obligation to make any additional contributions in the event of an insufficiency of assets to honor the payment of benefits. The obligation is limited to the contribution agreed on to deposit in a fund and the amount of benefits to be received by employees is determined by

the contributions made plus the yield obtained by the investments in which the fund was materialized.

Defined benefit plans

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

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

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

Actuarial gains and losses are recorded in equity accounts.

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

Termination payments

Termination payments are recognized as a liability and as an expense when there is a demonstrable intention of termination of the labor relationship before the normal retirement date of employees, or when there is an offer to encourage the voluntary termination of labor contracts.

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

Other long-term remuneration besides those described in the preceding paragraphs and referring specifically to the award for years of service or time with the company are recorded in line with the aforementioned principles; the only exceptions are the cost of past services, which is recognized immediately and recorded as an offsetting liability entry under the heading "Long-term provisions", and actuarial gains and losses, which are recorded in the income statement.

In 2016, a new medium-term incentive plan was approved for certain members of the MAPFRE executive team. The plan is extraordinary, non-cumulative and multi-year, commencing January 1, 2016 and ending March 31, 2019, with payment of the part of the incentives deferred to the period 2020-2022. The payment of incentives is dependent on fulfilling certain corporate and specific objectives, as well as the director remaining in the Group's employ. The incentive will partly be paid in cash (50 percent) and partly by means of MAPFRE S.A. shares (50 percent), and is subject to reduction or recovery clauses.

At the close of each year of the plan, fulfillment of the objectives is evaluated and the amount accrued is recorded in the income statement, with a credit to a provisions account for the part of cash remuneration and a credit to equity, for the part corresponding to shares. The valuation of the incentive to be received in MAPFRE S.A. shares is conducted taking into account the fair value of the assigned equity instruments.

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

i) Related-party transactions

Transactions with related parties linked to the usual activities of the Company are conducted under market conditions and are recorded according to the aforementioned valuation rules.

5. PROPERTY, PLANT AND EQUIPMENT

The accompanying table shows the movements under this heading for the last two fiscal years:

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

Thousands of euros

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

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

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

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

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No items of property, plant or equipment are located outside Spanish territory.

At the close of the last two fiscal years, there were no fully depreciated assets in use.

The Company has insurance policies covering the net book value of property, plant and equipment.

6. INTANGIBLE FIXED ASSETS

The accompanying table shows the movements under this heading for the last two fiscal years:

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

Thousands of euros

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

The annual amortization ratio is 33 percent.

There are no intangible fixed assets outside Spanish territory.

At the close of the last two fiscal years, there were no fully depreciated assets in use.

7. LEASING

Operational Leasing

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

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

Lease expenses amounted to 2,854,000 euros and 2,753,000 euros in 2018 and 2017, respectively.

8. FINANCIAL INSTRUMENTS

The following table shows the book value of the financial assets recorded in the last two fiscal years.

Financial assets

A.- Long-term financial instruments								
Class	Equity instruments		Debt securities		Credit derivatives and Other		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
Loans, receivables and other assets	19,189	9,894	--	--	383,201	183,753	402,390	193,647
TOTAL A	19,189	9,894	--	--	383,201	183,753	402,390	193,647
B.- Short-term financial instruments								
Class	Equity instruments		Debt securities		Credit derivatives and Other		TOTAL	
	2018	2017	2018	2017	2018	2017	2018	2017
Loans, receivables and other assets	--	--	--	--	200,794	317,620	200,794	317,620
TOTAL B	--	--	--	--	200,794	317,620	200,794	317,620
TOTAL A + B	19,189	9,894	--	--	583,995	501,373	603,184	511,267

Thousands of euros

Financial liabilities

The book value of the financial liabilities corresponding to the last two fiscal years is shown below.

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

Thousands of euros

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

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

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

Thousands of euros

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

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

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

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

2018

HEADINGS	Maturity in						Closing
	2019	2020	2021	2022	2023	Subsequent	balance
Financial assets							
- Other investments	200,794	50,500	50,500	50,500	50,500	181,201	583,995
Total financial assets	200,794	50,500	50,500	50,500	50,500	181,201	583,995
Financial liabilities							
- Debentures and other negotiable securities	63,125	63,125	63,125	63,125	63,125	2,320,538	2,636,163
- Due to credit institutions	490,150	--	--	--	--	--	490,150
- Other financial liabilities	217,754	--	--	--	--	365	218,119
Total financial liabilities	771,029	63,125	63,125	63,125	63,125	2,320,903	3,344,432

Thousands of euros

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2017

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

Thousands of euros

Information regarding the income statement and equity

The following table provides information regarding the income statement and the equity of financial instruments for the last two fiscal years:

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

Thousands of euros

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

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

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

Thousands of euross

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

Group and associated companies

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

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

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

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

Non-controlling shareholders of the MAPFRE RE subsidiary have a put option on the shares of this company. If exercised, MAPFRE or a MAPFRE Group company would have to acquire the shares from the selling minority shareholder. The purchase price for the shares will be calculated using the previously agreed formulas in each case.

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

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

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

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

Financial instruments risk

Credit and market risks are managed centrally through the MAPFRE Group Investment Area, which applies a prudent investment policy to mitigate exposure to these kinds of risks.

Liquidity is managed by the Company, which maintains sufficient balances of current assets and lines of credit to cover any event derived from its obligations and has the Group's support for financing operations when additional liquidity is required.

There were no significant amounts in the last two years regarding financial assets exposed to interest rate risk.

The following table shows the significant information for the last two years regarding the level of exposure to the interest rate risk of the financial liabilities:

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

Thousands of euros

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

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

9. SHAREHOLDERS' EQUITY

SHARE CAPITAL

The share capital of the Company at December 31, 2018 and 2017 was represented by 3,079,553,273 shares with a face value of 0.10 euros each, fully subscribed and paid-up. All shares carry identical voting and dividend rights.

All shares representing the share capital of the Company are admitted to official trading on the Madrid and Barcelona stock markets.

The Annual General Meeting of March 9, 2018 authorized the directors of the Company to increase capital up to a maximum of 153,977,663.65 euros, equivalent to 50 percent of the share capital at the time. This authorization was extended for a period of five years. Furthermore, the directors were authorized to issue analogous fixed-income securities or debentures, convertible or not, for a maximum amount of 2 billion euros.
authorization.

CARTERA MAPFRE directly held 67.60 percent of the share capital of the Company as at December 31 of the last two fiscal years.

SHARE PREMIUM

This reserve is unrestricted and corresponds to the provisions made as a result of the capital increases, as indicated below.

DATE	ISSUANCE TYPE	AMOUNT
June 1985	200%	956
October 1985	300%	4,015
January 1986	600%	11,040
June 1986	600%	2,428
January 2007	3,192%	3,320,281
TOTAL		3,338,720

Thousands of euros

LEGAL RESERVE

The legal reserve, which at the end of the last two years amounted to 61,591,065 euros, cannot be distributed to shareholders unless the Company is liquidated. In this case, it may only be used to offset potential losses.

OTHER RESTRICTIONS ON THE AVAILABILITY OF RESERVES

“Reserves” includes reserve for re-denomination of the share capital to euros, which in accordance with Article 28 of Law 46/1998 may not be distributed. Additionally, a capitalization reserve totaling 48,857,000 euros is included, which will be available once five years have elapsed since its creation.

TREASURY STOCK

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

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

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

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

10. NON-CONVERTIBLE DEBENTURES

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

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

Thousands of euros

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September 2018 issue

This issue included an initial redemption option on September 9, 2028, with the interest payable from this date up to 2048 being the three-month Euribor plus 4.3 percent, payable quarterly.

The issuer is obliged to defer interest payments in the case where there is any non-compliance with the Solvency Capital Requirement or Minimum Capital Requirement, or prohibition of making interest payments on the part of the relevant Regulator, or incapacity on the part of the issuer to meet required matured and enforceable liabilities.

March 2017 issue

This issue included an initial redemption option on March 31, 2027, with the interest payable from this date up to 2047 being Euribor at three months plus 4.54 percent, payable quarterly.

The issuer is obliged to defer interest payments in the case where there is any non-compliance with the Solvency Capital Requirement or Minimum Capital Requirement, or prohibition of making interest payments on the part of the relevant Regulator, or incapacity on the part of the issuer to meet required matured and enforceable liabilities.

For both issues, the redemption will occur in special cases as a result of reform or modification of tax regulations, due to lack of interchangeability of the issuer's own resources and as a result of the treatment awarded same by the Ratings Agencies.

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

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

11. FOREIGN CURRENCY

At the end of the last two years there were no significant amounts of asset and liability items expressed in foreign currency.

12. FISCAL SITUATION

Since 1985, the Company has been included for corporate tax purposes in Tax Group 9/85, consisting of the Company and those subsidiaries that meet the requirements to be eligible for this tax regime.

In 2018, the following companies belonged to Tax Group No. 9/85:

MAPFRE S.A.; MAPFRE RE, COMPAÑÍA INTERNACIONAL DE REASEGUROS S.A.; MAPFRE INMUEBLES S.G.A.; DESARROLLOS URBANOS CIC S.A.; SERVICIOS INMOBILIARIOS MAPFRE S.A.; MAPFRE ASISTENCIA, CIA. INTERNACIONAL DE SEGUROS S.A.; IBEROASISTENCIA S.A.; IBEROASISTENCIA CONSULTING DE SOLUCIONES Y TECNOLOGÍAS S.A.; MAPFRE INTERNACIONAL S.A.; MAPFRE VIDA S.A. DE SEGUROS Y REASEGUROS SOBRE LA VIDA HUMANA; MAPFRE INVERSIÓN S.V.S.A.; MAPFRE ASSET MANAGEMENT S.G.I.I.C.S.A.; MAPFRE VIDA PENSIONES S.G.F.P. S.A.; CONSULTORA ACTUARIAL Y DE PENSIONES, MAPFRE VIDA S.A.; GESTIÓN MODA SHOPPING S.A.; MIRACETI S.A.; MAPFRE ESPAÑA S.A.; MULTISERVICIOS MAPFRE S.A.; MAPFRE TECH S.A.; GESTIÓN DE CENTROS MEDICOS MAPFRE S.A.U.; MAPFRE GLOBAL RISKS S.A.; SERVIFINANZAS S.A.; MAPFRE VIDEO Y COMUNICACIÓN S.A.; CENTRO DE EXPERIMENTACIÓN Y SEGURIDAD VIAL MAPFRE S.A. ; CLUB MAPFRE S.A.; MAPFRE CONSULTORES DE SEGUROS Y REASEGUROS S.A.; MAPFRE AUTOMOCIÓN S.A; VERTI ASEGURADORA CIA DE SEGUROS Y REASEGUROS S.A.; MEDISEMAP AGENCIA DE SEGUROS S.L.; MAQUAVIT INMUEBLES S.L.; BIOINGENIERIA ARAGONESA S.L.; MAPFRE AM INVESTMENT HOLDING S.A.U.; FUNESPAÑA S.A.; SERVICIOS FUNERARIOS FUNESMADRID S.A.; ALL FUNERAL SERVICES S.L.; FUNERARIAS REUNIDAS EL BIERZO S.A.; GAB MANAGEMENT & CONSULTING S.R.L.; POMPES FÚNEBRES DOMINGO S.L.; SALUD DIGITAL MAPFRE S.A.; MAPFRE GLOBAL RISKS AGENCIA DE SUSCRIPCIÓN S.A.

The reconciliation of the book earnings with the corporate tax base for the last two years is shown in the accompanying table.

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

Thousands of euros

Increases and decreases in the past two years:

Increases due to permanent differences in the income statement relate to expenses that are not tax deductible, including contributions made to support programs for exceptional public-interest events pursuant to Law 49/2002 and corrections in the value of equity instruments (participations in Group and associated companies) duly accounted for.

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

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

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

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

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

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

Thousands of euros

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

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

Thousands of euros

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

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

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

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

Fiscal year 2018

Item	Opening balance	From		Settled	Closing balance
		Earnings	Equity		
Assets					
Commitments to personnel	10,155	2,797	--	(3,137)	9,815
Equity instruments impairment	13,768	930	--	(1,460)	13,238
Other items	5,725	682	--	(2,391)	4,016
Total	29,648	4,409	--	(6,988)	27,069

Thousands of euros

Fiscal year 2017

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

Thousands of euros

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

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Fiscal year 2018

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

Thousands of euros

Fiscal year 2017

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

Thousands of euros

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

Fiscal year 2018

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

Thousands of euros

Fiscal year 2017

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

Thousands of euros

In 2011, the Company applied a deduction of 2,175,741 euros for reinvestment of extraordinary profits, as referred to in Art. 42 of the revised text of the Corporate Income Tax Law approved by Royal Decree-Law 4/2004 of March 5, against a tax base of 18,131,178 euros. The commitment to reinvestment was completely covered during the year by investments made by Tax Group 9/85.

In fiscal 2017, in accordance with article 25 of Corporate Income Tax Law 27/2014 of November 27, the Company availed itself of the tax benefit for reduction of the capitalization reserve, as the controlling company of Tax Group 9/85.

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

Year	Amount:
2017	1,857
2016	12,000
2015	35,000
TOTAL	48,857

Thousands of euros

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

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

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

Thousands of euros

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

During the past two years, no significant eliminations were made in the consolidated Tax Group due to temporary differences.

The following table breaks down the amounts pending reversal as a result of the eliminations for temporary differences of the Company in the Tax Group.

Item	Purchasing company	Amount:	Year eliminated
• Shares sale			
- MAPFRE SOFT	MAPFRE INTERNACIONAL S.A.	(2)	2003
- MUSINI	MAPFRE GLOBAL RISKS S.A.	(92)	2004
MAPFRE CAUCIÓN Y CRÉDITO	MAPFRE GLOBAL RISKS S.A.	10,251	2005
- MAPFRE SERVICIOS DE INFORMAT.	MAPFRE INTERNET S.A.	1,262	2010
MAPFRE INMUEBLES, S.G.A.	MAPFRE CAUCIÓN Y CRÉDITO	(16)	2010
MAPFRE INMUEBLES, S.G.A.	MAPFRE ESPAÑA S.A.	(1,764)	2010
MAPFRE INMUEBLES, S.G.A.	MAPFRE GLOBAL RISKS S.A.	(184)	2010
MAPFRE INMUEBLES, S.G.A.	MAPFRE ESPAÑA S.A.	(956)	2010
MAPFRE INMUEBLES, S.G.A.	MAPFRE VIDA, S.A. DE SEGUROS Y REASEGUROS SOBRE LA VIDA HUMANA	(251)	2010
MAPFRE INMUEBLES, S.G.A.	MAPFRE ESPAÑA S.A.	(697)	2011
MAPFRE INMUEBLES, S.G.A.	MAPFRE VIDA, S.A. DE SEGUROS Y REASEGUROS SOBRE LA VIDA HUMANA	(98)	2011
MAPFRE INMUEBLES, S.G.A.	MAPFRE ESPAÑA S.A.	(371)	2011
MAPFRE ESPAÑA.	MAPFRE AUTOMOCIÓN	(15)	2015
MAPFRE SA	MAPFRE INTERNACIONAL S.A.	(13)	2016
MAPFRE ESPAÑA.	MAPFRE INTERNACIONAL S.A.	207	2016
MAPFRE VIDA	MAPFRE INTERNACIONAL S.A.	23	2016
MAPFRE GLOBAL RISKS	MAPFRE INTERNACIONAL S.A.	(7)	2016
MAPFRE GLOBAL RISKS	MAPFRE ESPAÑA S.A.	(43)	2016
Total		7,234	

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

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

Thousands of euros

In accordance with current legislation, the statements filed for the different taxes may not be considered final until they have been inspected by tax authorities or the expiration period of four years has elapsed.

Verification by tax authorities

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

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

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

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

Business restructuring operations

During 2016, the merger by absorption of MAPFRE AMÉRICA S.A. (absorbing company) and MAPFRE INTERNACIONAL S.A. (absorbed company) into MAPFRE INTERNACIONAL S.A., took place, with the absorbed company changing its name to MAPFRE INTERNACIONAL S.A.

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

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

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

On February 22, 2011, the capital of MAPFRE VIDA was increased via non-monetary contributions from the companies CAJA CASTILLA LA MANCHA VIDA Y PENSIONES DE SEGUROS Y REASEGUROS and UNIÓN DUERO COMPAÑÍA DE SEGUROS VIDA S.A., a transaction covered by the Special Regime of Chapter VIII, Title VII of Royal Legislative Decree 4/2004.

On June 6, 2011 the capital of MAQUAVIT INMUEBLES was increased via the contribution of the holdings of the company MAPFRE QUAVITAE, a transaction covered under the Special Regime of Chapter VIII, Title VII of Royal Legislative Decree 4/2004.

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

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

- Merger by absorption of MAPFRE-CAJAMADRID HOLDING DE ENTIDADES ASEGURADORAS S.A. into MAPFRE S.A. The last balance sheet closed by the absorbed company was included as an annex to the 2008 annual accounts.
- Merger by absorption of MAPFRE AUTOMOBILES, COMPAÑÍA DE SEGUROS Y REASEGUROS S.A., MAPFRE CAJA SALUD, COMPAÑÍA DE SEGUROS, S.A. and MAPFRE GUANARTEME, COMPAÑÍA DE SEGUROS DE CANARIAS S.A. into MAPFRE SEGUROS GENERALES, COMPAÑÍA DE SEGUROS Y REASEGUROS S.A. (which changed its company name to MAPFRE FAMILIAR, COMPAÑÍA DE SEGUROS Y REASEGUROS S.A.).
- Merger by absorption of MAPFRE AGROPECUARIA, COMPAÑÍA DE SEGUROS Y REASEGUROS S.A. into MAPFRE EMPRESAS, COMPAÑÍA DE SEGUROS Y REASEGUROS S.A.
- Merger by absorption of MAPFRE AMÉRICA VIDA S.A. into MAPFRE AMÉRICA S.A.

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

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

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

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

In 2006, a capital increase took place in MAPFRE INTERNACIONAL through the contribution of the Company's stake in MIDDLE SEA and MAPFRE ASIAN INSURANCE CORPORATION, a transaction covered by the Special Regime of Chapter VIII Title VII of Royal Decree Law 4/2004.

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

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

This property had a book value of 11,868,822.10 euros at the time of the contribution and an accumulated depreciation of 1,567,104.37 euros.

As a result of the non-monetary contribution in the aforementioned capital increase, the Company received MAPFRE RE shares amounting to 30,000,000 euros.

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

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

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

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

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

In 2000, the Company performed operations covered by the Special Regime of Chapter VIII of Title VII of Royal Legislative Decree 4/2004, for the contribution of shares of MAPFRE VIDA, Sociedad Anónima de Seguros y Reaseguros sobre la Vida Humana S.A., MAPFRE CAUCIÓN Y CRÉDITO, Compañía de Seguros de Reaseguros S.A., and MAPFRE SEGUROS GENERALES, Compañía de Seguros y Reaseguros S.A. for a capital increase of MAPFRE-CAJA MADRID Holding de Entidades Aseguradoras S.A.

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

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

VAT Group companies

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

In 2018, the following companies comprised VAT Tax Group No. 87/10:

MAPFRE S.A.;MAPFRE INTERNACIONAL S.A.; MAPFRE RE COMPAÑÍA DE REASEGUROS S.A.; MAPFRE ESPAÑA, COMPAÑÍA DE SEGUROS Y REASEGUROS S.A.; MAPFRE VIDA S.A.; MAPFRE GLOBAL RISKS S.A; MAPFRE ASISTENCIA CIA INTERNACIONAL DE SEGUROS Y REASEGUROS S.A.; BANKIA MAPFRE VIDA S.A. DE SEGUROS Y REASEGUROS; CCM VIDA Y PENSIONES DE SEGUROS Y REASEGUROS S.A.; BANKINTER VIDA SOCIEDAD DE SEGUROS Y REASEGUROS S.A.; VERTI ASEGURADORA COMPAÑÍA DE SEGUROS Y REASEGUROS, S.A; MAPFRE TECH S.A; BANKINTER SEGUROS GENERALES, S.A. DE SEGUROS Y REASEGUROS.; MAPFRE INVERSIÓN SOCIEDAD DE VALORES S.A.; MAPFRE ASSET MANAGEMENT SGIIC S.A.

13. REVENUE AND EXPENSES

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

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

Thousands of euros

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

14. PROVISIONS AND CONTINGENCIES

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

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

Thousands of euros

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

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

At the close of the last two fiscal years, and up to the date these annual accounts were prepared, there was no evidence of the existence of contingent assets and contingent liabilities for significant amounts.

15. ENVIRONMENTAL INFORMATION

The Company did not have any environmental-related item in the last two years that might be significant or specifically included in these annual accounts.

16. MEDIUM-TERM AND LONG-TERM EMPLOYEE REMUNERATION AND SHARE-BASED PAYMENTS

Long-term remuneration

The current defined benefit and defined contribution plans are measured as described in the recognition and measurement standards.

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

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

A) Amounts recognized in the Balance Sheet

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

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

Thousands of euros

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

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

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

Thousands of euros

B) Hypothesis

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

Other medium-term remuneration and share-based payments

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

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

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

17. SUBSEQUENT EVENTS

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

18. OPERATIONS WITH RELATED PARTIES

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

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

Thousands of euros

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

Thousands of euros

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

Investments	Group companies	
	2018	2017
Capital increases		
MAPFRE INTERNACIONAL	199,999	135,000
MAPFRE ASISTENCIA	30,999	49,998
TOTAL	230,998	184,998

Thousands of euros

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

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

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

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

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

Thousands of euros

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

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

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

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

Thousands of euros

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

In addition, the members benefit from Life insurance in the event of death with an insured capital of 150,253 euros, and they also enjoy some of the benefits offered to personnel, such as health insurance.

Executive directors receive the remuneration established in their contracts, including fixed salary, incentives of varying amounts linked to results, life and disability insurance, and other general benefits established for Company personnel. They also receive certain retirement-related pension complements embodied in defined contribution plans in the event of retirement, externalized through a life insurance policy. All of these payments are pursuant to the remuneration policy established by the Group for its senior executives, whether they are directors or not. Contributions to defined benefit plans were recorded as expenses and amounted to 4,385,000 euros in 2018 (4,200,000 euros in 2017).

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

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

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

The basic remuneration for external directors is approved at the Annual General Meeting at the proposal of the Board of Directors and pursuant to the report issued by the Appointments and Remuneration Committee. The amount of the contractual remuneration for executive directors and the fixed payment for membership of the boards or steering committees is approved by the Board of Directors, subject to a report by the committee.

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

During the last two years, the Company's directors did not undertake any operations with the company itself or with any other Group company either outside the scope of the companies' ordinary trading activities or outside normal market conditions.

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

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

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

Thousands of euros

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

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

19. OTHER INFORMATION

The following tables show the average and year-end headcount during the last two years, by category and gender.

Average number of employees:

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

Number of employees at the end of the year:

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

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

Item	2018	2017
Management	2	2
Technicians	4	2
Administrators	4	5
TOTAL	10	9

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

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

Thousands of euros

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

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

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

Thousands of euros

Annex 1

Fiscal year 2018

Name	Legal form	Address	Activity	STAKE				Capital	Reserves	Other items in equity	Earnings for the year		Book value	(Impairment) /Reversal year	Accumulated impairment	Dividends received
				%		Voting rights					Earnings from operations	Other earnings				
				Direct	Indirect	Direct	Indirect									
MAPFRE TECH	S.A.	Carretera Pozuelo, 52 Majadahonda - 28222 Madrid	IT	0.7746	99.1526	0.7746	99.1526	30.990	--	157	570	--	--	240	--	
MAPFRE INTERNACIONAL	S.A.	Carretera Pozuelo, 52 Majadahonda - 28222 Madrid	Holding	100.0000	--	100.0000	--	784.432	(800,784)	190,014	(31,051)	4,141,763	--	--	--	
MAPFRE RE Cia. de Reaseguros	S.A.	Paseo de Recoletos 25 28004 Madrid	Reinsurance	92.2454	0.0003	92.2454	0.0003	223.916	2.420	149,137	--	383,360	--	--	92,615	
MAPFRE ASISTENCIA, Cia Internacional de Seguros y Reaseguros	S.A.	Sor Ángela de la Cruz, No. 6, 28020 Madrid.	Insurance and reinsurance	99.9970	0.0030	99.9970	0.0030	365.176	(49,102)	(28,258)	18,153	189,634	(151,429)	178,540	--	
MAPFRE INMUEBLES	S.G.A.	Carretera Pozuelo, 52 Majadahonda - 28222 Madrid	Real Estate	9.9977	89.9944	9.9977	89.9944	593.474	--	(4,615)	18,520	54,358	2,122	52,639	--	
Maquavit Inmuebles	S.L.	Carretera Pozuelo, 52 Majadahonda - 28222 Madrid	Real Estate	100.0000	--	100.0000	--	37.436	--	(527)	1,915	26,662	--	--	--	
MAPFRE VIDA	S.A.	Carretera Pozuelo, 52 Majadahonda - 28222 Madrid	Insurance and reinsurance	99.9121	--	99.9121	--	60.242	165,313	121,326	57,061	1,132,946	--	--	371,972	
Fancy Investment	S.A.	Avda. 18 de Julio, 841 Montevideo (Uruguay)	Finance	100.0000	--	100.0000	--	11.024	(6,720)	--	483	10,118	--	--	--	
MAPFRE Consultores de Seguros y Reaseguros	S.A.	Paseo de Recoletos 25 28004 Madrid	Advisory and management services	50.0000	49.99865	50.0000	49.9987	120	--	(12)	48	61	--	--	--	
MAPFRE Inversión	S.A.	Carretera Pozuelo, 50 Majadahonda - 28222 Madrid	Investment company	0.0009	99.91120079	0.0009	99.91120079	33.055	4,705	(14,134)	55,663	2	--	--	1	
MAPFRE AM Investment	S.A.	Carretera Pozuelo, 50 Majadahonda - 28222 Madrid	Holding	100.0000	--	100.0000	--	15.000	--	64	(256)	15,000	--	--	4	
MAPFRE ASSET MANAGEMENT	S.A.	Carretera Pozuelo, 50 Majadahonda - 28222 Madrid	Institution management investment	0.0147	99.89741371	0.0147	99.89741371	2.043	2,155	(10,366)	41,481	2	--	--	1	
MAPFRE ESPAÑA.	S.A.	Carretera Pozuelo, 52 Majadahonda - 28222 Madrid	Insurance and reinsurance	83.5168	16.4825	83.5168	16.4825	564.624	260,206	295,925	6,253	3,050,931	--	--	231,063	
MAPFRE Global Risks	S.A.	Carretera Pozuelo, 52 Majadahonda - 28222 Madrid	INSURANCE	100.0000	--	100.0000	--	20.132	33,489	73,191	382	529,067	--	--	45,602	

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Fiscal year 2018

Name	Legal form	Address	Activity	STAKE				Capital	Reserves	Other items in equity	Earnings for the year		Book value	(Impairment /Reversal year	Accumulated impairment	Dividends received
				%		Voting rights					Earnings from operations	Other earnings				
				Direct	Indirect	Direct	Indirect									
Clube Mapipe do Brasil	L.TDA	Av. dos Autonomistas, 701 Vila- Yara – Osasco SP CEP 06020-000 (Brazil)	Consultancy	0.3314	99.6686	0.3314	99.6686	23,496	(86,204)	(5,680)	6,395	86	--	--	--	
Desarrollos Urbanos	S.A.	Carretera Pozuelo, 52 Majadahonda - 28222 Madrid	Real Estate	0.0784	99.9137	0.0784	99.9137	4,805	--	1,162	(4,647)	3	(6)	43	--	
SERVIFINANZAS	S.A.	Carretera Pozuelo, 52 Majadahonda - 28222 Madrid	Finance	100.0000	--	100.0000	--	49	--	--	11	267	--	--	--	
MGR Agencia de Suscripción	S.A.	Carretera Pozuelo, 52 Majadahonda - 28222 Madrid	Insurance and reinsurance	100.0000	--	100.0000	--	--	--	2	(7)	60	--	--	--	
Preminen Price Comparison Holding	L.TDA	Ty Admiral David Street Cardiff CF-102EH	Online insurance policy price comparator	50.0000	--	50.0000	--	10	--	--	(4,627)	2,691	(2,309)	2,309	--	
TOTAL													9,536,741	(151,622)	233,771	
Other investments													8			
Total investments in Group and associated companies													9,536,749			

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Fiscal year 2017

Name	Legal form	Address	Activity	STAKE				Capital	Reserves	Other items in equity	Earnings for the year		Book value	(Impairment) /Reversal year	Accumulated impairment	Dividends received
				%		Voting rights					Earnings from operations	Other earnings				
				Direct	Indirect	Direct	Indirect									
MAPFRE TECH	S.A.	Carretera Pozuelo, 52 Majadahonda - 28222 Madrid	IT	0.7746	99.1525	0.7746	99.1525	30.990	(9.052)	--	1.252	(3.028)	--	240	--	
MAPFRE Internacional	S.A.	Carretera Pozuelo, 52 Majadahonda - 28222 Madrid	Holding	100.0000	--	100.0000	--	624.432	5.242.462	(1.567.003)	262.587	21.011	--	3.941.763	99.909	
MAPFRE Re Cia. de Reaseguros	S.A.	Paseo de Recoletos 25 28004 Madrid	Reinsurance	92.2454	0.0003	92.2454	0.0003	223.916	831.059	83.813	162.655	--	--	383.360	95.281	
MAPFRE Asistencia, Cia Internacional de Seguros y Reaseguros	S.A.	Sor Angela de la Cruz No. 6. 28020 Madrid.	Insurance and reinsurance	99.9970	0.0030	99.9970	0.0030	334.176	35.804	(69.023)	(44.053)	(24.373)	(27.111)	309.794	--	
MAPFRE INMUEBLES	S.G.A.	Carretera Pozuelo, 52 Majadahonda - 28222 Madrid	Real Estate	9.9977	89.9943	9.9977	89.9943	593.474	(115.132)	--	(1.095)	5.306	(652)	52.236	54.761	
Maquavit Inmuebles	S.L.	Carretera Pozuelo, 52 Majadahonda - 28222 Madrid	Real Estate	100.0000	--	100.0000	--	45.436	575	--	(416)	1.475	--	34.582	--	
MAPFRE VIDA	S.A.	Carretera Pozuelo, 52 Majadahonda - 28222 Madrid	Insurance and reinsurance	99.9114	--	99.9114	--	60.242	1.324.994	210.701	131.396	55.205	--	1.132.932	153.682	
Fancy Investment	S.A.	Avda. 18 de Julio, 841 Montevideo (Uruguay)	Finance	100.0000	--	100.0000	--	11.024	6.757	(7.387)	--	1.446	--	10.118	--	
MAPFRE Consultores de Seguros y Reaseguros	S.A.	Paseo de Recoletos 25 28004 Madrid	Advisory and management services	50.0000	49.9997	50.0000	49.9997	120	131	--	(13)	51	--	61	--	
MAPFRE Inversión	S.A.	Carretera Pozuelo, 50 Majadahonda - 28222 Madrid	Investment company	0.0009	99.9105	0.0009	99.9105	33.055	195.118	14.197	(13.410)	54.128	--	2	1	
MAPFRE AM Investment	S.A.	Carretera Pozuelo, 50 Majadahonda - 28222 Madrid	Holding	100.0000	--	100.0000	--	15.000	(6)	--	(100)	--	--	15.000	--	
MAPFRE Asset Management (formerly MAPFRE Inversión DOS)	S.A.	Carretera Pozuelo, 50 Majadahonda - 28222 Madrid	Institution management investment entity groups	0.0147	99.8967	0.0147	99.8967	2.043	11.397	3.747	(2.543)	10.224	--	2	1	
MAPFRE ESPAÑA	S.A.	Carretera Pozuelo, 52 Majadahonda - 28222 Madrid	Insurance and reinsurance	83.5168	16.4825	83.5168	16.4825	564.624	1.014.675	350.139	323.934	4.399	--	3.050.931	243.900	
MAPFRE Global Risks	S.A.	Carretera Pozuelo, 52 Majadahonda - 28222 Madrid	INSURANCE	99.9999	--	99.9999	--	20.132	1.110.059	64.396	(12.183)	9	--	529.060	39.419	

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Fiscal year 2017

Name	Legal form	Address	Activity	STAKE				Capital	Reserves	Other items in equity	Earnings for the year		Book value	(Impairment) /Reversal year	Accumulated impairment	Dividends received
				%		Voting rights					Earnings from operations	Other earnings				
				Direct	Indirect	Direct	Indirect									
Clube Mapfre do Brasil	L.TDA	Av. dos Autonomistas, 701 Vila- Yara – Osasco SP CEP 06020-000 (Brazil)	Consultancy	0.3314	99.6686	0.3314	99.6686	151,830	(74,819)	(6,024)	6,097	86	--	--	--	
Premieren Price Comparison Holding	L.TDA	Ty Admial David Street Cardiff CF 102EH	Online insurance policy price comparator	50.0000	--	50.0000	--	5,000	--	--	(426)	5,000	--	--	--	
Desarrollos Urbanos	S.A.	Carretera Pozuelo, 52 Majadahonda - 28222 Madrid	Real Estate	0.0784	99.9136	0.0784	99.9136	383	678	2,483	(9,932)	--	(37)	37	--	
Total																
Other investments																
Total investments in Group and associated companies																
											9,464,927	(27,800)	82,149			
											7					
											9,464,934					

No companies are listed on the stock market.

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

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INDIVIDUAL MANAGEMENT REPORT

2018

MAPFRE S.A.

MAPFRE S.A.

2018 INDIVIDUAL MANAGEMENT REPORT

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

A. KEY BASIC FIGURES

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

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

Key balance sheet figures are as follows:

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

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

B. MAIN ACTIVITIES

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

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

Investments in Group companies

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

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

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

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

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

C. MAPFRE AND ITS SHAREHOLDERS

MAPFRE SHARES

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

Number of shares outstanding	3,079,553,273 fully underwritten and paid-up
Face value of each share	0.1 euros
Share class	Common, represented by book entries. All outstanding shares carry identical voting and dividend rights
Stock exchange listings	Madrid and Barcelona Stock Exchanges (continuous market)
Stock market index membership	<ul style="list-style-type: none"> – IBEX 35 – Stoxx Insurance – MSCI Spain – FTSE All-World Developed Europe – FTSE4Good¹ and FTSE4Good IBEX4¹ – DJSI World4
ISIN code	ES0124244E34

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

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

¹ Indexes that measure the outcome of a company's actions to uphold and support sustainable development and human rights.

Value and return

The share price performance is shown in the following table, compared to two key benchmark indexes (the IBEX 35 and the STOXX Insurance indexes):

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

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

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

Shareholder structure and remuneration

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

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

The dividend policy establishes that shareholder remuneration must be linked to the Company's earnings, solvency, liquidity and investment plans, and also aligned with the interests of all its shareholders. Among the objectives set for the three-year period 2016-2018 is adequate shareholder remuneration.

In fiscal year 2018, the Board of Directors agreed to pay an interim dividend against the year's results of 0.06 euros per share. The total amount paid out in the year was 0.145 euros per share, giving a total remuneration of 446.5 million euros.

The final dividend for fiscal year 2018 to be proposed at the Annual General Meeting is a dividend of 0.085 euros per share (before tax). Consequently, the total dividend against the results for 2018 amounts to 0.145 euros per share before tax, representing a payout ratio of 84.4 percent.

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

	2018	2017	2016	2015	2014
DIVIDEND (euros)	0.145	0.145	0.13	0.14	0.14
DIVIDEND YIELD	5.5%	4.9%	5.8%	4.9%	4.7%

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

D. ENVIRONMENT

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

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

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

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

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

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

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

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

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

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

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

E. ACQUISITION AND DISPOSAL OF TREASURY STOCK

MAPFRE S.A. shares are bought and sold in accordance with the regulations in force, the relevant agreements adopted at the Annual General Meeting, and the MAPFRE Group Treasury Stock Policy on how to handle transactions which involve the company's own shares.

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

Legitimate purpose refers to:

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

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

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

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

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

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

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

Human Resources

The following tables show the average and year-end headcount during the last two years, by category and gender.

Average number of employees.

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

Number of employees at the end of the year.

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

The following table shows the average number of employees in the Group with a degree of disability equal to or higher than 33 percent, indicating the categories to which they belong.

Item	2018	2017
Management	2	2
Technicians	4	2
Administrators	4	5
TOTAL	10	9

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

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

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

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

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

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

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

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

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

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

External Audit

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

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

Thousand euros

Governing bodies

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

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

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

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

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

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

Average provider payment period

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

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

Thousands of euros

Research, Development and Innovation

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

Innovation

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

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

The functional parts of MOi are summed up below:

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

Strategic innovation activity is focused on four pillars:

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

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

Disruptive Innovation focuses on:

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

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

Digital Transformation

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

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

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

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

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

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

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

Quality

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

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

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

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

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

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

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

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

Economic Outlook

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

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

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

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

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

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

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

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

Annual Corporate Governance Report

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

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

D. Antonio Huertas Mejías
Chairman

D. Antonio Gómez Ciria
Member

D. Ignacio Baeza Gómez
1st Vice Chairman

D. Luis Hernando de Larramendi Martínez
Member

D^a. Catalina Miñarro Brugarolas
2nd Vice Chairman

D. Francisco J. Marco Orenes
Member

D. José Manuel Inchausti Pérez
3rd Vice Chairman

D. Fernando Mata Verdejo
Member

D. José Antonio Colomer Guiu
Member

D. Antonio Miguel-Romero de Olano
Member

D. Georg Daschner
Member

D^a. Pilar Perales Viscasillas
Member

D^a. María Leticia de Freitas Costa
Member

D. Alfonso Rebuelta Badías
Member

D^a. Ana Isabel Fernández Alvarez
Member

D. Ángel Luis Dávila Bermejo
Secretary and Non-Member



**REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE TO THE MAPFRE
S.A. BOARD OF DIRECTORS REGARDING ITS COMPOSITION AND
FUNCTIONS IN 2018**

The Audit and Compliance Committee is the delegate body of the MAPFRE S.A. (the “Company”) Board of Directors for undertaking, among other things, supervisory functions relating to the integrity of finance information and the effectiveness of internal control, internal auditing and risk management.

Its regulation is contained in article 22 of the Corporate Statutes and in article 10 of the Board of Directors Regulations.

1. Composition

The Audit and Compliance Committee must consist of at least three but not more than five Directors, all of whom shall be non-executive, and at least the majority of whom must be Independent Directors, and one of whom will be designated in view of his or her knowledge and experience in matters of accounting, auditing or both. Its Chairman should be an Independent Director and must be substituted in this position every four years, only being able to be reelected to the post one year after leaving that position. The Secretary will be that of the Board of Directors.

As on December 31, 2018 the Audit and Compliance Committee was composed of the following Directors:

Chairman: Mr. Jose Antonio Colomer Guiu (independent).

Members: Ms. Ana Isabel Fernández Álvarez (independent).
Mr. Antonio Miguel-Romero de Olano (nominee).
Ms. María del Pilar Perales Viscasillas (independent).

On December 29, 2018, Mr. Rafael Márquez Osorio stepped down as a director and member of the Audit and Compliance Committee.

2. SKILLS

The Audit and Compliance Committee has the following responsibilities assigned in accordance with article 10 of the Regulations for the Board of Directors:

- a) To apprise the Annual General Meeting of matters that are the responsibility of the Committee and, in particular, regarding the results of the audit, explaining how the committee has contributed to the integrity of the financial information and role that the Committee had in that process.
- b) To supervise the efficiency of the internal control of the company, internal audit and risk management systems, as well as debate the significant weaknesses in the internal control system detected when carrying out audits with the external auditor without compromising the independence thereof. To this end, where applicable, recommendations or proposals, and the corresponding term for monitoring them, may be presented to the Board of Directors.
- c) To supervise the process for drawing up and presenting the mandatory financial information, and present recommendations or proposals to the Board of Directors with a view to safeguarding its integrity.
- d) To bring before the Board of Directors the proposals for the selection, appointment, re-election and substitution of the External Auditor, being accountable for the selection process as contemplated in the corresponding legislation currently in force, as well as the conditions of his/her hiring and regularly gathering from him information relating to the audit plan and its execution, as well as remaining independent in the performance of his or her functions.
- e) To establish appropriate relationships with the external auditor in order to receive information concerning those issues which may jeopardize their independence, so that they may be examined by the Committee, and any other issues relating to the accounts auditing process, and where appropriate, authorizations for services other than those prohibited in the terms contemplated in the corresponding legislation currently in force for auditing accounts, for the regime of independence, as well as other communications envisaged in account audit legislation and auditing standards. In any case, they must receive annual written confirmation from the External Auditor of their independence from the company or companies directly or indirectly linked to it, as well as the detailed and

individualized information concerning the additional services of any type rendered and those professional fees received corresponding to these companies by said External Auditor, or by the people or companies linked to them in accordance with the provisions of the accounts auditing legislation in force.

- f) To issue a yearly report, prior to the publication of the accounts audit report, expressing an opinion concerning whether the independence of the external auditor has been compromised. This report in any case must contain, the reasoned evaluation of the provision of each and every one of the additional services to which the above letter makes reference, individually considered and jointly, apart from those concerning legal audits and in relation to the independent status or with the regulatory statutes for account auditing activity.
- g) To ensure that, as far as possible, the external auditor of the Group takes responsibility for auditing all the companies belonging to it.
- h) To ensure the independence and efficacy of the internal audit; to propose the selection, appointment, reappointment and removal of its most senior management, as well as its annual budget; to receive regular information on its activities; and to check that senior management takes the conclusions and recommendations of its reports into account.
- i) To give prior notification to the Board of Directors of all matters stipulated by Law, in the Corporate Statutes or this Regulation, specifically with regard to:
 - Financial information that the company must make public periodically.
 - Creation of or acquisition of shareholdings in special purpose companies or registered in countries or territories considered to be tax havens.
 - OPERATIONS WITH RELATED PARTIES.
- j) To establish and supervise a mechanism that enables employees to communicate confidentially any irregularities they notice within the company that may be of potential importance, especially financial and accounting irregularities.
- k) To verify the application of the established good governance regulations at all times.

- l) To supervise compliance with internal and external regulations, especially with internal codes of conduct, regulations and procedures for the prevention of money laundering and financing terrorism, as well as making proposals for their improvement.
- m) To supervise the adoption of actions and measures resulting from inspection reports or actions taken by administrative supervision and control authorities.

3. OPERATIONAL FRAMEWORK

As laid down in the Board of Directors Regulations, the Audit and Compliance Committee usually meets on a quarterly basis, as well as holding ordinary or extraordinary meetings whenever required, attended by the Group's General Manager for Internal Audit.

During the 2018 financial year the Committee met 14 times, when the main topics addressed were as follows:

- **Information for the Annual General Meeting:**

The Chairman of the Audit and Compliance Committee, and the other members of the Committee, attended the Annual General Meeting held on March 9, 2018. The shareholders did not raise any questions regarding matters within its remit.

- **Economic / financial information**

In accordance with its assigned responsibilities, in 2018 the MAPFRE Audit and Compliance Committee verified the following documentation:

- Management Report and Individual and Consolidated Annual Accounts of MAPFRE S.A. and its dependent companies for 2017.
- Report on the Financial Situation and Solvency of MAPFRE Group and the subsidiaries residing in Spain that carry out insurance and reinsurance activities.

- The Integrated Report for 2017, which follows the guidelines and recommendations of the International Integrated Report Reporting Framework.
- Report on the limited review of intermediate, summarized, consolidated financial statements of MAPFRE S.A. corresponding to the intermediate period ending on June 30 2018.

- **Information to the Board of Directors**

The Audit and Compliance Committee gave a favorable report *to the Board of Directors on the information that MAPFRE sends to the Spanish National Securities and Exchange Commission (the "CNMV") every quarter*. This economic and financial information is reviewed in advance by the Internal Audit Corporate Area.

- **Internal Audit Supervision**

The Audit and Compliance Committee approved the Annual Internal Audit Plan for the 2018 financial year for MAPFRE and its subsidiaries, which includes the Annual Report for 2017, the Audit Plan for 2018, the structure and budget for the Unit and the training plan for internal auditors.

The Audit and Compliance Committee also received, reviewed and approved the Internal Audit Unit Activity Reports which are issued quarterly by the Corporate Internal Audit Area and which place special emphasis on significant issues arising during the quarter relating to the internal audit reports and internal control. These reports also include monitoring of compliance with the objectives of the Audit Plans, the implementation of the recommendations, information on auditor training and collaboration with the external auditor and other areas within the company. Detailed information was presented to the Committee on the monitoring and progress of the recommendations at the close of each quarter.

The general directives for the 2019 Internal Audit Plan were also presented and the Committee was notified of the different management appointments in the Services and Internal Audit Units during 2018, as well as the new Internal Audit structure for 2019.

In addition, the Committee was informed of the expected budget for the Internal Audit Unit for the 2018 and 2019 financial years and the forecast for 2020 and 2021.

Finally, the Audit and Compliance Committee submitted the update of the Bylaw and the Internal Audit Policy to the Board of Directors.

- **Appointment of the General Manager for Internal Audit**

The Audit and Compliance Committee proposed the appointment of Ms. Maria Luisa Gordillo Gutierrez as General Manager of the Internal Audit Corporate Area, with effect from January 1, 2019, to replace Mr. José Manuel Muries Navarro, following his retirement on December 31, 2018, which received the approval of the Company's Board of Directors.

- **Internal control and risk management:**

The internal control evaluation reports on MAPFRE Group insurance and reinsurance companies relating to 2017 and prepared by the Corporate Internal Audit Area were presented to the Audit and Compliance Committee.

With regard to the Internal Financial Information Control System (SCIIF), the Audit and Compliance Committee received an Audit Report from KPMG entitled "Information relating to the System for the Internal Control over Finance Information" corresponding to 2017, which summarized the internal control procedures established by MAPFRE S.A. with regard to annual finance information.

The Committee was also provided with the Own Risk and Solvency Assessment (ORSA), the Solvency and Financial Condition Report (FCR) and the Quantitative Reporting Templates (QRTs).

Moreover, in relation to the revision of Risk Management and Solvency II, the Committee was informed of the most important aspects implemented by Internal Audit as part of its supervisory functions of the risk management system, such as the audits on Solvency II and internal control and the risk-based audit plan.

- **External auditing**

The Audit and Compliance Committee proposed the re-election of KPMG as auditors of the Company and its subsidiary companies for the period 2018-2020, for the purposes of their submission by the Board of Directors of these companies to their respective Annual General Meetings. In particular, this proposal was approved by the Company's General Meeting on March 9, 2018.

The Audit and Compliance Committee approved the budget for the external audit of the Individual and Consolidated Annual Accounts of MAPFRE S.A. and its dependent companies for the 2018 financial year, together with the payment of extraordinary fees to KPMG as a result of the deviation in hours employed in the auditing of the annual accounts corresponding to the 2017 financial year for a number of MAPFRE companies. In the same way, the Committee authorized additional services provided by KPMG in a number of MAPFRE companies and the total amount for the fees to be received for the same.

KPMG presented the 2018 annual Accounts Audit Plan to the Audit and Compliance Committee, which included the work schedule, the scope of the Group Audit, the members of the work team, preliminary assessment of risks and the accounting and regulatory changes affecting the review period. Moreover, KPMG presented to the Committee the Preliminary Memorandum of the Audit of the Annual Accounts for fiscal year 2018. These preliminary reports are issued by the audit firm for all subsidiaries of MAPFRE on the Interim Financial Statements of the company as on September 30.

Furthermore, and with the aim of guaranteeing the independence of the external auditor, the Audit and Compliance Committee undertook quarterly monitoring of the fees invoiced by the main audit company for services other than auditing Annual Accounts and supervised the relation between the fees paid to the audit company and the total revenue for the former, which according to MAPFRE S.A. Board of Directors Regulations should not exceed 5 percent.

The external auditor KPMG has attended the meetings of the Audit and Compliance Committee when discussing matters relating to the audit of the annual accounts, the limited review report at June 30, 2018 and the preliminary reports prior to the audit of the accounts, as well as matters concerning the limited review process of the Solvency and Financial Condition Report of the MAPFRE Group and the subsidiaries residing in Spain that engage in insurance and reinsurance activities.

Furthermore, and with the aim of verifying the information and contributing to the principle of transparency in matters of Corporate Social Responsibility, the external auditor, KPMG, was responsible for verifying the non-financial information in MAPFRE's Integrated Report corresponding to the 2017 fiscal year; this report was verified by the Committee. In addition, the Committee approved the fees proposed by KPMG for issuance of the report verifying the non-financial information in the 2018 Integrated Report.

- **Related-party operations**

The Audit and Compliance Committee published a report on related-party operations in 2017, to be made available to shareholders at the General Meeting.

The Committee also analyzed related-party operations carried out in 2018 between MAPFRE Group companies and large shareholders and senior representative or management positions at MAPFRE. In all cases the Committee prepared the relevant report that was provided to the Board of Directors for its approval, if appropriate, of the related-party operations.

- **Reply to the request from the Spanish National Securities and Exchange Commission (the "CNMV") Audit and Compliance Committee**

The Audit Committee analyzed and approved the Company's written reply to the request received from the Spanish National Securities and Exchange Commission (the "CNMV") in relation to specific information on fulfillment of the obligations arising from the Third Additional Provision of Law 22/2015, of July 20, on account auditing.

- **Regulatory and legal compliance**

The Committee was provided with a report on 2018 regulatory compliance actions in 2017 and the verification plan for 2018 was approved.

Similarly, the Committee was informed of the degree of compliance by MAPFRE Group of the Corporate Policies and the policies adopted as a result of the guidelines framework established by Solvency II.

Moreover, the Committee was provided with information on the degree of compliance and development of the Penal Prevention Model.

- **Supervision of a mechanism for notifying irregularities**

The Audit and Compliance Committee was informed of the activities carried out in 2017 by the Financial and Accounting Complaints Channel.

- **Other issues**

In addition to those previously described, the Audit and Compliance Committee also addressed the following matters during 2018:

- Fiscal Policies applied in 2017, in compliance with the recommendations contained in the Tributary Good Practice Code.
- Main issues addressed and agreements reached by the Audit Committees for MAPFRE subsidiaries.
- Assessment of the composition and functioning of the Committee during the 2017 financial year in accordance with that established in recommendation no. 36 of the Good Governance Code for listed companies in the Spanish National Securities and Exchange Commission (the “CNMV”), with unanimous agreement on the qualification of its composition and functioning this year as very satisfactory.
- Treasury stock operations undertaken in the 2018 financial year.
- Technical guide regarding Audit Committees at companies classified as of public interest by the CNMV.

4. 2018 assessment

The result of the Audit and Compliance Committee composition and functions self-assessment was very positive, giving rise to the following observation:

- Analyze in detail the specific knowledge and experience required by the Committee when a new member joins.

Therefore, the Audit and Compliance Committee has unanimously agreed to submit this report to the MAPFRE S.A. Board of Directors for them to evaluate the functioning of the Committee during the 2018 financial year based on its content.

Madrid, February 5, 2019
Committee Secretary

Ángel L. Dávila Bermejo

INFORME DEL COMITÉ DE AUDITORÍA Y CUMPLIMIENTO **SOBRE LA INDEPENDENCIA DEL AUDITOR DE CUENTAS**

1. Introducción

El Texto Refundido de la Ley de Sociedades de Capital recoge en su artículo 529 quaterdecies, apartado 4, las funciones que, como mínimo, debe asumir la Comisión de Auditoría. Entre ellas, se menciona la de emitir anualmente, con carácter previo a la emisión del informe de auditoría de cuentas, un informe en el que se debe expresar una opinión sobre si la independencia de los auditores de cuentas o sociedades de auditoría resulta comprometida.

Dicho artículo dispone, asimismo, que la Comisión de Auditoría deberá recibir anualmente de los auditores externos la declaración de su independencia en relación con la entidad o entidades vinculadas a esta directa o indirectamente, así como la información detallada e individualizada de los servicios adicionales de cualquier clase prestados y los correspondientes honorarios percibidos de estas entidades por el auditor externo o por las personas o entidades vinculados a este, de acuerdo con lo dispuesto en la normativa reguladora de la actividad de auditoría de cuentas.

Adicionalmente, en el Reglamento del Consejo de Administración de MAPFRE, S.A., artículo 10.f, se menciona también como función básica del Comité de Auditoría y Cumplimiento la de emitir dicho informe.

Para dar cumplimiento a lo establecido en las normas anteriormente mencionadas, y de acuerdo con sus competencias, el Comité de Auditoría y Cumplimiento, en su reunión celebrada el 5 de febrero de 2019, ha acordado emitir el presente informe.

2. Circunstancias de incompatibilidad a efectos de la independencia de los Auditores Externos

El artículo 16 de la Ley 22/2015, de 20 de julio, de Auditoría de Cuentas, recoge aquellas circunstancias en las que, en caso de concurrir, se considerará que el auditor de cuentas no goza de la suficiente independencia en el ejercicio de sus funciones respecto de una empresa o entidad.

Además de en los supuestos de incompatibilidad previstos en otras leyes, las anteriormente referidas circunstancias, que de concurrir en la firma KPMG respecto de MAPFRE indicarían no gozar de la suficiente independencia, son las siguientes:

<u>Artículo 16 de la Ley 22/2015, de 20 de julio, de Auditoría de Cuentas</u> Circunstancias que no pueden concurrir en el auditor de cuentas firmante del informe de auditoría	Concurrencia en MAPFRE de esta circunstancia
<i>Punto a.1)</i> La condición de miembro del órgano de administración, de directivo o de apoderado que tenga otorgado a su favor un poder general de la entidad auditada o desempeñar puestos de empleo en la entidad auditada. También concurrirá esta circunstancia respecto del responsable del área económica financiera y de quién desempeñe funciones de supervisión o control interno en la entidad auditada, cualquiera que sea el vínculo que tengan con dicha entidad.	NO
<i>Punto a.2)</i> Tener interés significativo directo en la entidad auditada derivado de un contrato o de la propiedad de un bien o de la titularidad de un derecho. En todo caso, se entenderá que existe tal interés en el supuesto de poseer instrumentos financieros de la entidad auditada o de una entidad vinculada a ésta cuando, en este último caso, sean significativos para cualquiera de las partes. A efectos de lo dispuesto en este número, se exceptúan los intereses que se posean de forma indirecta a través de instituciones de inversión colectiva diversificada.	NO
<i>Punto a.3)</i> Realizar cualquier tipo de operación relacionada con instrumentos financieros emitidos, garantizados o respaldados de cualquier otra forma por la entidad auditada. A efectos de lo dispuesto en este número, se exceptúan los instrumentos financieros que se posean de forma indirecta a través de instituciones de inversión colectiva diversificada.	NO
<i>Punto a.4)</i> Solicitar o aceptar obsequios o favores de la entidad auditada, salvo que su valor sea insignificante o intrascendente.	NO
<i>Punto b.1)</i> La prestación a la entidad auditada de servicios de contabilidad o preparación de los registros contables o los estados financieros.	NO

<p align="center">Artículo 16 de la Ley 22/2015, de 20 de julio, de Auditoría de Cuentas</p> <p align="center">Circunstancias que no pueden concurrir en el auditor de cuentas firmante del informe de auditoría</p>	<p align="center">Concurrencia en MAPFRE de esta circunstancia</p>
<p>Punto b.2) La prestación a la entidad auditada de servicios de valoración, salvo que se cumplan los siguientes requisitos:</p> <p>i. Que no tengan un efecto directo o tengan un efecto de poca importancia relativa, por separado o de forma agregada, en los estados financieros auditados;</p> <p>ii. Que la estimación del efecto en los estados financieros auditados esté documentada.</p>	<p align="center">NO</p>
<p>Punto b.3) La prestación de servicios de auditoría interna a la entidad auditada, salvo que el órgano de gestión de la entidad auditada sea responsable del sistema global de control interno, de la determinación del alcance, riesgo y frecuencia de los procedimientos de auditoría interna, de la consideración y ejecución de los resultados y recomendaciones proporcionadas por la auditoría interna.</p>	<p align="center">NO</p>
<p>Punto b.4) La prestación de servicios de abogacía simultáneamente para la entidad auditada, salvo que dichos servicios se presten por personas jurídicas distintas y con consejos de administración diferentes, y sin que puedan referirse a la resolución de litigios sobre cuestiones que puedan tener una incidencia significativa, medida en términos de importancia relativa, en los estados financieros correspondientes al período o ejercicio auditado.</p>	<p align="center">NO</p>
<p>Punto b.5) La prestación a la entidad auditada de servicios de diseño y puesta en práctica de procedimientos de control interno o de gestión de riesgos relacionados con la elaboración o control de la información financiera, o del diseño o aplicación de los sistemas informáticos de la información financiera, utilizados para generar los datos integrantes de los estados financieros de la entidad auditada, salvo que ésta asuma la responsabilidad del sistema global de control interno o el servicio se preste siguiendo las especificaciones establecidas por dicha entidad, la cual debe asumir también la responsabilidad del diseño, ejecución, evaluación y funcionamiento del sistema.</p>	<p align="center">NO</p>

3. Opinión sobre la independencia

No existen circunstancias que hagan considerar que el auditor de cuentas, KPMG, no goza de suficiente independencia para el desarrollo de sus funciones en el Grupo MAPFRE.

Todos los servicios encomendados al auditor externo del Grupo MAPFRE son aprobados por el Comité de Auditoría y Cumplimiento de MAPFRE, S.A. Tanto el Comité de Auditoría y Cumplimiento como el Consejo de Administración de MAPFRE, S.A. reciben trimestralmente información detallada y justificada de los servicios prestados por el auditor externo distintos a los de Auditoría de Cuentas y sus correspondientes honorarios, así como de la evolución de los mismos respecto al año anterior.

MAPFRE siempre ha tenido unos porcentajes de gastos por prestación de servicios distintos a la Auditoría de Cuentas, sobre la cifra de ingresos de su auditor de cuentas, satisfactorios.

El Comité de Auditoría y Cumplimiento, tras haber analizado la adecuación de los servicios adicionales y distintos a los de auditoría de cuentas que presta el auditor externo, la confirmación escrita de KPMG sobre su independencia y no conocer ninguna evidencia que haga dudar sobre la misma, acuerda emitir una opinión favorable con relación a la independencia del auditor de cuentas KPMG.

Madrid, 5 de febrero de 2019
El Secretario del Comité

Ángel L. Dávila Bermejo

AUDIT AND COMPLIANCE COMMITTEE REPORT ON RELATED-PARTY TRANSACTIONS IN 2018

Article 529 of the Capital Companies Act establishes that the Board of Directors shall hold non-delegable power to approve, subject to a report of the Audit and Compliance Committee, transactions with related parties, where such parties include directors and shareholders with significant shareholdings. Notwithstanding, transactions of a standard nature carried out at generally applicable prices are legally exempt from this obligation if the amount does not exceed 1% of the company's annual revenue.

This article also states that, in duly justified urgent circumstances, the above decisions may be taken by delegated bodies or individuals, where such decisions must be ratified in the first meeting of the Board of Directors held after the adoption of such a decision.

In accordance with the provisions of the law, Article 2 of the Regulation of the Board of Directors of MAPFRE S.A. includes the following non-delegable competences of the Board:

- To authorize –subject to a report from the Audit and Compliance Committee– transactions that the company or Group companies may carry out with Directors or shareholders in a conflict of interest position, in accordance with the provisions of the applicable legislation.

By virtue of the provisions of Article 8 of the Regulation of the Board of Directors, Directors must abstain from attending and taking part in deliberations and votes on decisions that affect them personally and in situations of conflicts of interest, under the terms set out in the prevailing legislation.

Moreover, the Board of Directors of MAPFRE S.A. approved on July 23, 2015 its Policy for Managing Conflicts of Interest and Transactions Related to Significant Shareholders and Senior Representative and Management Roles, which describes the procedure to be followed with regard to such transactions.

With respect to related-party transactions with Senior Representative and Management Roles, in 2018 the company and companies in its Group have

carried out the transactions described in this report with the same or with persons related thereto.

With respect to related-party transactions with shareholders, transactions that are significant because of their amount or because of their subject matter carried out by the company or by companies in its Group with shareholders holding a significant stake or with parties related thereto are listed in the Annual Corporate Governance Report and in the 2018 financial statements.

The following transactions are listed, in relation to which the Audit and Compliance Committee issued a favorable report prior to the Board of Directors meeting:

- Acquisition by MAPFRE PERU of land for cemetery in Lima (Peru)

At the meeting held on February 6, 2018, the Committee analyzed the acquisition by MAPFRE PERU from Inversiones Centenario, S.A.A. of a plot of land in Lima intended for use as a cemetery for the sum of 11.2 million US dollars.

Taking into account the market valuation issued by an independent entity, the Committee issued a favorable report regarding the transaction to the Board of Directors.

- Sale by MAPFRE ESPAÑA of a dwelling in Las Palmas de Gran Canaria

At the meeting held on February 6, 2018, the Committee analyzed the sale by MAPFRE ESPAÑA to Alfredo Montes García of the dwelling and parking space located at calle José Ramírez Bethencourt number 10 in Las Palmas de Gran Canaria, for a total sum of 410,000 euros.

Taking into account the market valuation issued by an independent entity, the Committee issued a favorable report regarding the transaction to the Board of Directors.

- Renewal of the line of credit granted by CARTERA MAPFRE, S.L.U. to MAPFRE S.A.

At the meeting held on July 23, 2018, the Committee analyzed the renewal of the line of credit granted by CARTERA MAPFRE, S.L.U. to MAPFRE S.A. for another year, also revising the interest rate to reflect the current market conditions, applying the following terms with immediate effect:

- Maximum amount: 400 million euros.
- Maturity: September 10, 2019, automatically renewable for successive annual periods unless expressly stated otherwise. The applicable interest rate will be updated if renewed in accordance with the market conditions in force at that time.
- Interest: 3-month Euribor plus 1.50%, payable quarterly. The 3-month Euribor is updated in each interest period.

Taking into account the report issued by the MAPFRE S.A. Administration and Treasury General Management, the Committee issued a favorable report regarding the transaction to the Board of Directors.

Both the Regulation of the Board of Directors of MAPFRE S.A. and the text of the Policy for Managing Conflicts of Interest and Transactions Related to Significant Shareholders and Senior Representative and Management Roles are available on the corporate website (www.mapfre.com/corporativos/accionistas-inversores/inversores/gobierno-corporativo/).

In accordance with recommendation 6 of the Good Governance Code of Listed Companies of the Spanish National Securities and Exchange Commission (the "CNMV"), the Audit and Compliance Committee of MAPFRE S.A. authorizes this report for issue on the corporate website prior to the General Shareholders' Meeting to be held on March 8, 2019.

Madrid, February 5, 2019
Committee Secretary

Ángel L. Dávila Bermejo

REPORT TO THE MAPFRE S.A. BOARD OF DIRECTORS
RELATING TO THE PROPOSED REELECTION
OF MR. JOSÉ MANUEL INCHAUSTI PÉREZ AS EXECUTIVE DIRECTOR

The MAPFRE Appointments and Remuneration Committee, at the meeting held on January 30, 2019, unanimously agreed to present the following report to the MAPFRE S.A. Board of Directors in accordance with the provisions of Article 529-decies.6 of the Capital Companies Act and Article 6.5 of the Regulations of the Board of Directors, with regard to the proposed reelection of Mr. José Manuel Inchausti Pérez as a Director for a period of four years.

“The Appointments and Remuneration Committee, considers that the conduct of Mr. José Manuel Inchausti Pérez as a member of the MAPFRE S.A. Board of Directors since his appointment by the Board, through the co-option procedure, on June 18, 2018, with effect from July 18, 2018, has been very satisfactory in all aspects: performance of the role of director; quantity and quality of his work; and dedication to the role.

And in view of the above, the Appointments and Remuneration Committee unanimously agrees to approve the proposed reelection of Mr. José Manuel Inchausti Pérez as a member of the Board of Directors for a further period of four years.”

Madrid, January 30, 2019
Committee Secretary

Ángel L. Dávila Bermejo

PROPOSED REELECTION OF MR. GEORG DASCHNER
AS INDEPENDENT DIRECTOR

The MAPFRE Appointments and Remuneration Committee, at the meeting held on January 30, 2019, unanimously agreed to propose to the MAPFRE S.A. Board of Directors in accordance with the provisions of Article 529-decies.4 of the Capital Companies Act and Article 6.2 of the Board of Directors Regulations, that the Annual General Meeting should approve the reelection of Mr. Georg Daschner as Independent Director for a period of four years.

The Appointments and Remuneration Committee, considers that the conduct of Mr. Georg Daschner as a member of the MAPFRE S.A. Board of Directors since his appointment by the General Meeting on March 13, 2015 has been very satisfactory in all aspects: performance of the role of director; performance of his roles in the Committee and/or Steering Committees, quantity and quality of his work; and dedication to the role.

Madrid, January 30, 2019
Committee Secretary

Ángel L. Dávila Bermejo

PROPOSED REELECTION OF MR. ANTONIO GÓMEZ CIRIA
AS INDEPENDENT DIRECTOR

The MAPFRE Appointments and Remuneration Committee, at the meeting held on January 30, 2019, unanimously agreed to propose to the MAPFRE S.A. Board of Directors in accordance with the provisions of Article 529-decies.4 of the Capital Companies Act and Article 6.2 of the Board of Directors Regulations, that the Annual General Meeting should approve the reelection of Mr. Antonio Gómez Ciria as Independent Director for a period of four years.

The Appointments and Remuneration Committee, considers that the conduct of Mr. Antonio Gómez Ciria as a member of the MAPFRE, S.A. Board of Directors since his appointment by the Board, through the co-option procedure, on Wednesday, November 7, 2018, with effect from Tuesday, January 1, 2019, has been very satisfactory in all aspects: performance of the role of director; quantity and quality of his work; and dedication to the role.

Madrid, January 30, 2019
Committee Secretary

Ángel L. Dávila Bermejo

REPORT TO THE MAPFRE S.A. BOARD OF DIRECTORS
RELATING TO THE PROPOSED REELECTION OF MR. LUIS HERNANDO
DE LARRAMENDI MARTÍNEZ AS NOMINEE DIRECTOR

The MAPFRE Appointments and Remuneration Committee, at the meeting held on January 30, 2019, unanimously agreed to present the following report to the MAPFRE S.A. Board of Directors in accordance with the provisions of Article 529-decies.6 of the Capital Companies Act and Article 6.5 of the Regulations of the Board of Directors, with regard to the proposed reelection of Mr. Luis Hernando de Larramendi Martínez as a Director for a period of four years.

“The Appointments and Remuneration Committee, considers that the conduct of Mr. Luis Hernando de Larramendi Martínez as a member of the MAPFRE S.A. Board of Directors since his appointment by the General Meeting on March 13, 2015 has been very satisfactory in all aspects: performance of the role of director; performance of his roles in the Committee and/or Steering Committees, quantity and quality of his work; and dedication to the role.

And in view of the above, the Appointments and Remuneration Committee unanimously agrees to approve the proposed reelection of Mr. Luis Hernando de Larramendi Martínez as a member of the Board of Directors for a further period of four years.”

Madrid, January 30, 2019
Committee Secretary

Ángel L. Dávila Bermejo

REPORT TO THE MAPFRE S.A. BOARD OF DIRECTORS
RELATING TO THE PROPOSED REELECTION OF MR. ANTONIO MIGUEL-
ROMERO DE OLANO AS NOMINEE DIRECTOR

The MAPFRE Appointments and Remuneration Committee, at the meeting held on January 30, 2019, unanimously agreed to present the following report to the MAPFRE S.A. Board of Directors in accordance with the provisions of Article 529-decies.6 of the Capital Companies Act and Article 6.5 of the Regulations of the Board of Directors, with regard to the proposed reelection of Mr. Antonio Miguel-Romero de Olano as a Director for a period of four years.

“The Appointments and Remuneration Committee, considers that the conduct of Mr. Antonio Miguel-Romero de Olano as a member of the MAPFRE S.A. Board of Directors since his appointment by the General Meeting on March 13, 2015 has been very satisfactory in all aspects: performance of the role of director; performance of his roles in the Committee and/or Steering Committees, quantity and quality of his work; and dedication to the role.

And in view of the above, the Appointments and Remuneration Committee unanimously agrees to approve the proposed reelection of Mr. Antonio Miguel-Romero de Olano as a member of the Board of Directors for a further period of four years.”

Madrid, January 30, 2019
Committee Secretary

Ángel L. Dávila Bermejo

REPORT TO THE MAPFRE S.A. BOARD OF DIRECTORS
RELATING TO THE PROPOSED REELECTION OF MR. ALFONSO
REBUelta BADIÁS AS NOMINEE DIRECTOR

The MAPFRE Appointments and Remuneration Committee, at the meeting held on January 30, 2019, unanimously agreed to present the following report to the MAPFRE S.A. Board of Directors in accordance with the provisions of Article 529-decies.6 of the Capital Companies Act and Article 6.5 of the Regulations of the Board of Directors, with regard to the proposed reelection of Mr. Alfonso Rebuelta Badías as a Director for a period of four years.

“The Appointments and Remuneration Committee, considers that the conduct of Mr. Alfonso Rebuelta Badías as a member of the MAPFRE S.A. Board of Directors since his appointment by the General Meeting on March 13, 2015 has been very satisfactory in all aspects: performance of the role of director; performance of his roles in the Committee and/or Steering Committees, quantity and quality of his work; and dedication to the role.

And in view of the above, the Appointments and Remuneration Committee unanimously agrees to approve the proposed reelection of Mr. Alfonso Rebuelta Badías as a member of the Board of Directors for a further period of four years.”

Madrid, January 30, 2019
Committee Secretary

Ángel L. Dávila Bermejo



BOARD OF DIRECTORS REPORT ON THE PROPOSALS FOR THE APPOINTMENT,
REELECTION AND RATIFICATION OF DIRECTORS

Madrid, February 6, 2019

I. BACKGROUND AND JUSTIFICATION FOR THE PROPOSALS

This report is prepared by the Board of Directors of MAPFRE S.A., (“MAPFRE” or the “Company”) in accordance with the provisions of Article 529-decies. 5 of the Companies Act, to justify the following proposals for appointment, reelection and ratification of directors which are submitted to the approval of the Annual General Meeting under point 5 of the agenda: (i) Mr. José Manuel Inchausti Pérez, as executive director; (ii) Mr. Luis Hernando de Larramendi Martínez, Mr. Antonio Miguel-Romero de Olano and Mr. Alfonso Rebuelta Badías, as nominee directors and (iii) Mr. Georg Daschner and Mr. Antonio Gómez Ciria, as independent directors.

The aim of this report is to assess the competence, experience and merits of the candidates proposed for appointment, reelection and ratification to the Annual General Meeting, for which the Board of Directors have taken into consideration the suitability of the director's professional profiles, the specific nature of the business and the international character of the company. The Board of Directors has also verified that the candidates meet the requirements for prestige, suitability, solvency, competence, experience, qualifications, training, availability and commitment to their function, and that they are neither directly nor indirectly affected by any of the causes for incompatibility, prohibition or conflict of interest established by Law, the Corporate Statutes or the Regulations of the Board of Directors.

The Appointments and Remuneration Committee issued, in advance, a report in which it recognized the dedication to the role of non-independent directors whose reelection is proposed, which was approved at its meeting on January 30, 2019. In addition, the Committee agreed at that meeting to propose the reelection of Mr. Georg Daschner and Mr. Antonio Gómez Ciria as directors, with the category of independent directors.

II. PROPOSALS

Mr José Manuel Inchausti Pérez

A Law graduate from the Complutense University of Madrid who also completed the Senior Management Program at IESE. He has spent a large part of his professional career at MAPFRE, holding several senior executive positions since he joined. He has been Vice Chairman of the Board of MAPFRE since July 2018 and CEO of the Iberia Territorial Area since 2015.

Mr. Inchausti Pérez has been an executive director of the Company since July 18, 2018, the effective date of his appointment by co-option, agreed by the Board of Directors on June 18, 2018. He currently also holds the positions of First Vice Chairman and CEO of MAPFRE ESPAÑA, director of MAPFRE VIDA, MAPFRE GLOBAL, MAPFRE RE and CARTERA MAPFRE, Chairman of MAPFRE SEGUROS GERAIS, administrator of VERTI ASEGURADORA and member of the FUNDACIÓN MAPFRE Trust.

The Board of Directors, in the light of the report of the Appointments and Remuneration Committee, considers that the conduct of Mr. Inchausti Pérez as a member of the MAPFRE Board of Directors since his appointment by the Board, by means of the co-option procedure, has been very satisfactory in all aspects: performance of the role of director; quantity and quality of his work; and dedication to the role. In the view of the Board of Directors this, together with his knowledge in the legal field, and broad experience in the insurance industry during his professional career at MAPFRE justifies his ratification and reelection as a Director with the category of Executive Director.

Georg Daschner

Having worked for his entire career at MUNICH RE, which he joined in 1965, he has held, among other positions, that of Chairman of MUNICH RE in Caracas from 1982 to 1988, Director of the Latin American Division in Munich from 1988 to 2000 and Chairman of the Spain and Portugal Branch in Madrid from 2000 to 2003. He was also a member of the Management Board of MUNICH RE responsible for the Europe (excl. Germany) and Latin America Business Area from 2003 until his retirement on January 1, 2015.

Mr. Daschner has been an independent director since acceptance of his appointment by co-option by the Board of Directors on February 10, 2015. He is currently a member of the Steering Committee and Chairman of the Risk Committee of MAPFRE. He is also a director of VERTI VERSICHERUNG A.G.

The Board of Directors, in view of the proposal formulated by the Appointments and Remuneration Committee, considers that the outstanding personal and professional career of Mr. Daschner, together with his extensive knowledge of the insurance industry and in particular of the Spanish, Portuguese and Latin American markets, where MAPFRE has had a long-standing presence, justifies his reelection as a Director, with the category of Independent Director.

Mr Antonio Gómez Ciria

A graduate in Economic and Business Sciences and in Mathematical Sciences from the Complutense University of Madrid who holds an Executive MBA from IESE. He has held the positions of General Manager of Administration and Information Technology and member of the Steering Committee of the FCC Group (2009-2014), General Technical Secretary of InverCaixa (2000-2005) and Chairman of the Instituto de Contabilidad y Auditoría de Cuentas [Accounting and Auditing Institute] (1996-2000). He currently holds the position of Independent Director and Chairman of the Audit Committee of Red Eléctrica Corporación, S.A.

Mr. Sr. Gómez Ciria has been executive director of the Company since January 1, 2019, the effective date of his appointment by co-option, agreed by the Board



of Directors on November 7, 2018. He is also currently a director of MAPFRE ESPAÑA, MAPFRE VIDA and MAPFRE RE.

The Board of Directors, in view of the proposal formulated by the Appointments and Remuneration Committee, considers that the outstanding personal and professional career of Mr. Gómez Ciria, together with his extensive experience and knowledge in the field of audit, accounting and the finance industry, justifies his reelection as a Director, with the category of Independent Director.

Mr Luis Hernando de Larramendi Martínez

A Law graduate from the Complutense University of Madrid, Official Industrial and Intellectual Property Agent in Spain and European Patent Agent. Since 1983, and until his retirement in 2016, he was a partner of ELZABURU, S.L.P. He is currently a member of the Board of Directors of the same company and member of the International Association for the Protection of Industrial Property.

Mr. Hernando de Larramendi Martínez has been a Nominee Director, at the proposal of the shareholder CARTERA MAPFRE, S.L.U., since the acceptance of his appointment by the General Meeting on April 17, 1999, having been reelected for the last time at the General Meeting on March 13, 2015. He is also a member of the Steering Committee and the Appointments and Remuneration Committee of MAPFRE, Second Vice Chairman of MAPFRE VIDA and MAPFRE ESPAÑA, director of MAPFRE INTERNACIONAL and Second Vice Chairman of FUNDACIÓN MAPFRE.

The Board of Directors, in light of the Report of the Appointments and Remuneration Committee, considers that the conduct of Mr. Hernando de Larramendi as a member of the MAPFRE Board of Directors since his last appointment by the General Meeting has been very satisfactory in all aspects: performance of the role of director; performance of his roles in the Committee and/or Steering Committees, quantity and quality of his work; and dedication to the role. In the view of the Board of Directors, this, together with his Mr. Hernando de Larramendi Martínez's extensive training and knowledge in the legal field and broad professional experience, at national and international level, as Agent for Patents and Brands, justifies his reelection as a Director, with the category of Nominee Director.

Mr. Antonio Miguel-Romero de Olano

Agricultural Engineer having graduated from the Polytechnic University of Madrid and holder of a Masters in Business Administration (MBA) from the Madrid Business Institute. From 1986 to 2005 he was Deputy Risk Manager at FIAT FINANCIERA.



Mr. Miguel-Romero de Olano has been a Nominee Director, at the proposal of the shareholder CARTERA MAPFRE, S.L.U., since the acceptance of his appointment by the General Meeting on April 17, 1999, having been reelected for the last time at the General Meeting on March 13, 2015. He is currently a member of the Steering Committee, the Audit and Compliance Committee and the Risk Committee of MAPFRE. He is also a director of MAPFRE ASISTENCIA, MAPFRE ESPAÑA and MAPFRE VIDA, and a member of the FUNDACIÓN MAPFRE Trust.

The Board of Directors, in light of the Report of the Appointments and Remuneration Committee, considers that the conduct of Mr. Miguel-Romero de Olano as a member of the MAPFRE Board of Directors since his last appointment by the General Meeting has been very satisfactory in all aspects: performance of the role of director; performance of his roles in the Committee and/or Steering Committees, quantity and quality of his work; and dedication to the role. In the view of the Board of Directors this, together with his training in economic sciences and his broad knowledge and experience justifies his reelection as a Director with the category of Nominee Director.

Mr. Alfonso Rebuelta Badías

A graduate in Business Sciences from Pontificia Comillas University and a holder of a Masters in Business Administration (MBA) from the University of Colombia (New York). From 1978 to 1988 he was Vice Chairman of JP MORGAN before taking on the Vice Chairmanship of CITIBANK until 1991. He then became a partner of HEIDRICK & STRUGGLES until 2002, and from then until 2005 consultant partner in Asset Executive. He currently holds the position of Partner of SIGNIUM INTERNATIONAL.

Mr. Rebuelta Badías has been a nominee director, at the proposal of the shareholder CARTERA MAPFRE, S.L.U., since the acceptance of his appointment by the General Meeting on April 17, 1999, having been reelected for the last time at the General Meeting on March 13, 2015. He is currently a member of the Appointments and Remuneration Committee of MAPFRE, Vice Chairman of MAPFRE GLOBAL RISKS, director of MAPFRE INTERNACIONAL and is also a member of the Fundación MAPFRE Trust.

The Board of Directors, in light of the Report of the Appointments and Remuneration Committee, considers that the conduct of Mr. Rebuelta Badías as a member of the MAPFRE Board of Directors since his last appointment by the General Meeting has been very satisfactory in all aspects: performance of the role of director; performance of his roles in the Committee and/or Steering Committees, quantity and quality of his work; and dedication to the role. In the view of the Board of Directors this, together with his extensive knowledge and experience in the financial sector, consultancy and human resources justifies his reelection as a Director with the category of Nominee Director.





BOARD OF DIRECTORS' REPORT ON THE PROPOSED AMENDMENT OF ARTICLES 9
AND 16 OF THE REGULATIONS FOR THE GENERAL SHAREHOLDERS' MEETING

Madrid, February 6, 2019

I. BACKGROUND AND JUSTIFICATION FOR THE PROPOSAL

This report is prepared by the Board of Directors of MAPFRE S.A. (“**MAPFRE**”) to justify the proposed amendment of Articles 9 and 16 of the Regulations for the Annual General Meeting, in relation to the rights to attend, represent and vote on agreements in the General Meeting.

Section 2 of Article 521 of the Recast Text of the Capital Companies Act establishes that, in accordance with the provisions of the bylaws, the regulations for the general shareholders’ meeting may govern the exercise of such rights.

To this effect, and pursuant to the provisions of Article 12 of MAPFRE’s Articles of Association, the Board of Directors deems it appropriate to incorporate changes into the Regulations for the General Shareholders’ Meeting with a view to amending the arrangements set out for the right to attend, vote and representation in the Meeting, in order to make it even easier for shareholders to participate by remote means of communication, adjusting its regulations to the most common practices.

II. PROPOSED RESOLUTIONS

- To amend Article 9 of the Regulations for the General Shareholders’ Meeting which will be worded as follows:

Article 9 Right to representation

The right to attend the General Meeting may be delegated to another person, who may or not be a shareholder. Representation must be granted in writing or by mail, email or any other remote means of communication, provided that the identity of the parties involved is duly guaranteed, and it is granted in accordance with the legally established procedures. Representation must always be granted on a case-by-case basis for each Meeting.

Based on the current provisions and technological developments, for each Meeting the Board of Directors will establish the most appropriate procedure for granting representation by remote means of communication. The aforementioned procedure will be described in detail in the call to the Meeting.

For its validity, the representation granted by any of the aforementioned remote means of communication must be received by the Company at least 24 hours in advance of the Meeting.

Representation may be revoked at any time. Personal attendance at the General Meeting by the shareholder being represented shall be sufficient to

revoke the proxy. No more than one representative shall be allowed at the Meeting.

When the Company's Board of Directors conducts a public request for representation, the rules applicable will be those set forth in the current legislation. Specifically, the agenda should be included in or annexed to the document containing the proxy, as well as the request for instructions for exercising the right to vote and indications as to how the representative will vote where precise instructions are not given and the existence of conflicts of interest will be explicitly stated where these occur.

- To amend Article 16 of the Regulations for the General Shareholders' Meeting which will be worded as follows:

*Article 16 **Voting on the agreements***

Following the shareholders' contributions, the proposed agreements on the matters included in the agenda will be put to the vote.

Any substantially independent matters will be voted on separately, in order to also allow the shareholders to exercise their voting rights separately. This rule will apply in particular:

- a) To the appointment, ratification, reappointment and termination of directors.*
- b) In the event of amendments to the Articles of Association, in each article or group of articles with their own autonomy.*
- c) To any subjects for which such a provision is made in the Articles of Association.*

Financial intermediaries who attend the Meeting acting on behalf of different clients may split their vote and, if they receive different voting instructions, may exercise it by different means to comply with the instructions received from each of their clients.

The shareholders may cast their vote remotely by mail, email or any other remote means of communication, provided that the identity of the party exercising their voting right is duly guaranteed. Voting must take place in accordance with the legally established procedures.

Based on the current provisions and technological developments, for each Meeting the Board of Directors will establish the most appropriate procedure for exercising the right to vote by remote means of communication. The aforementioned procedure will be described in detail in the call to the Meeting. For its validity, votes conferred by any of the aforementioned remote means of communication must be received by the Company at least 24 hours in advance of the Meeting.



Resolutions shall be adopted by a simple majority of the votes cast by shareholders present or represented at the General Meeting, and a resolution shall be deemed to be adopted when it receives more votes in favor than against, except in those cases where the law or the Articles of Association require a qualified vote in favor. Each share entitles its holder to one vote.

The Chairman of the Meeting will inform the shareholders of whether or not the agreements proposed to the General Meeting are approved when sufficient votes have been received to achieve the majorities required in each of the agreements.

It is the Chairman's responsibility to declare the Meeting finished and adjourn the session."



**REPORT TO THE ANNUAL GENERAL MEETING ON AMENDMENTS TO
REGULATIONS OF THE MAPFRE S.A. BOARD OF DIRECTORS
APPROVED SINCE THE LAST ANNUAL GENERAL MEETING**

Since the last Annual General Meeting was held on March 9, 2018, the Board of Directors of MAPFRE S.A. did not adopt any resolutions to modify the regulations governing that body.



**REMUNERATION POLICY FOR DIRECTORS
OF MAPFRE S.A. 2019-2021**

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1. Introduction

Article 17 of the Articles of Association of MAPFRE S.A. (hereinafter, “MAPFRE” or “the Company”) sets out the remuneration system for directors, which must comply with the remuneration policy for directors approved at the Annual General Meeting and with the legally established terms and conditions.

In accordance with Article 529(r) of the Capital Companies Act, this policy must comply with the remuneration system established in the Corporate Bylaws and must be approved at an Annual General Meeting at least every three years as a separate point on the agenda.

The article also states that the remuneration policy for directors will remain effective for the three years following the year in which it was approved, and that any amendment or replacement of the policy during the effective period will require prior approval by the shareholders in accordance with the established procedure.

2. GENERAL PRINCIPLES

The aim of the policy is to promote the long-term profitability and sustainability of the company, and it therefore includes the necessary precautions to prevent an excessive assumption of risk or unfavorable outcomes.

To this end, the remuneration for directors is governed by the following general principles:

- Priority of the creation of value and profitability in the medium and long-term over short-term results.
- Reasonable proportion between the company's economic situation and the market standards of comparable companies.
- Alignment with the commercial and risk management strategy, risk profile, objectives, and risk management practices.
- Appropriate and efficient risk management within the established risk tolerance limits.
- Attraction and retention of talent.
- Appropriate remuneration for dedication, qualification and responsibility.
- Appropriate proportion of fixed and variable components, avoiding excessive reliance on variable components.
- Deferred payment of a significant portion of the variable remuneration.
- Possibility of ex-post adjustments to the variable remuneration.
- Avoidance of conflicts of interest.

3. REMUNERATION FOR DIRECTORS IN THEIR STATUS AS SUCH

In accordance with Article 529-septdecies of the Capital Companies Act, the remuneration policy for directors will determine the remuneration for directors in their status as such, within the remuneration system established in the Corporate Bylaws, and it must state the maximum total amount of the annual remuneration payable to such directors. Thereafter, it is up to the Board of Directors to determine the remuneration for each director in their status as such.

In accordance with Article 17 of the Articles of Association, Directors will receive a fixed amount for their membership on the Board of Directors as basic remuneration and, where applicable, for membership of the Steering Committee and substeering committees, which may be higher for people who occupy positions on the Board itself or who chair any of the Board committees or subcommittees. In addition, members of the Steering Committee shall receive an allowance for attending its meetings. This remuneration may be supplemented with other non-monetary remuneration (life or medical insurance, discounts on products sold by companies in the MAPFRE Group) that have been established for the Company staff in general.

The maximum total amount of annual remuneration payable to directors in their status as such is set at 4 million euros.

Subject to this limit, and pursuant to the recommendation of the Appointments and Remuneration Committee, the Board of Directors will determine the amount of the aforementioned fixed sums on an annual basis.

4. REMUNERATION FOR EXECUTIVE DIRECTORS

In accordance with Article 529(q) of the Capital Companies Act, the remuneration payable to directors for performing executive functions must comply with the remuneration policy for directors. This must indicate the amount of the annual fixed remuneration and its variation in the period to which the policy refers, the different parameters for establishing the variable components and the main terms and conditions of their contracts, including in particular their duration, remuneration for early termination or conclusion of the contractual relationship, and any exclusivity, non-compete, continuity of service and loyalty agreements.

As stated in Article 17 of the Corporate Bylaws, directors who have been assigned executive functions in the company or Group are excluded from the remuneration system indicated in Point 3 and are entitled to receive remuneration exclusively for performing the those executive functions. This remuneration may include the delivery of shares, share option rights or other share value-referenced amounts, subject to the requirements set forth in current legislation at the time.

This remuneration will be determined by the Board of Directors and all the corresponding items must be stated in the contract between the company and the executive director, which must be approved by the Board of Directors pursuant to the recommendation of the Appointments and Remuneration Committee.

4.1 Fixed remuneration

The fixed remuneration for each executive director will be established in line with their functions, level of responsibility and professional profile, in accordance with the criteria governing MAPFRE Group senior executives.

The fixed remuneration amount for executive directors will be agreed on an annual basis.

For fiscal year 2019, the fixed remuneration of the executive directors amounted to 2,592,335 euros, of which 2,192,335 euros corresponded to the Company, and 400,000 euros to other companies of the Group.

4.2 Variable remuneration

4.2.1 Short-term variable remuneration

The short-term variable remuneration system for executive directors will be based on an annual incentive linked to the Company's consolidated net profits. This incentive, which will be paid in cash in its entirety, may amount to a total of 3,825,323 euros in 2019, of which 3,225,323 euros would correspond to the Company, and 600,000 euros to other companies of the Group.

4.2.2 Medium and long-term variable remuneration

The medium and long-term variable remuneration system for executive directors is articulated through their participation in multi-year incentive plans approved, where applicable, by the Board of Directors pursuant to the recommendation of the Appointments and Remuneration Committee, in relation to the Group's executive team.

The accrual and payment of these incentives will, in any event, be conditional on the achievement of the objectives in the Plan, which have been set in line with the Group's Strategic Plan, and on continued employment by the Company or in the Group, according to the terms established in the aforementioned plan.

These incentives may be paid in cash or through the delivery of MAPFRE shares, share option rights or other share value-referenced amounts, subject to the requirements set forth in current legislation.

On February 6, 2019 the Board of Directors, acting on the recommendation of the Appointments and Remuneration Committee, approved an extraordinary medium-term incentive plan for key executives of the MAPFRE Group, including executive directors. Non-cumulative and multi-year, this plan runs from January 1, 2019 to March 31, 2022.

The amount derived from this plan depends in general on each beneficiary fulfilling its objectives and, in general (except for special cases of severance expressly established), maintaining their relationship with the Group until the termination date of the plan. The incentive will partly be paid in cash and partly by means of MAPFRE S.A. shares. The receipt of 60 percent of the incentive by each executive director will be deferred for a period of three years, in thirds, with 50 percent of the deferred part paid in cash and the remaining 50 percent in shares. The incentive will also be subject to clauses of reduction (malus) or recovery (clawback).

Calculation of the amount of incentive payable will depend on the degree of achievement of the objectives, which have been set in line with the Group's Strategic Plan and refer to the Earnings per share (EPS), Total Shareholder Return (TSR), Return on Equity (ROE) and Conversion Rate.

The rules for calculating the incentive are as follows:

- The fulfillment of the objectives weighted as a whole must reach an average of 50 percent, otherwise there is no entitlement to receive the incentive.
- If the fulfillment of objectives is between 50 percent and 80 percent, 60 percent of the incentive will be paid.
- If the fulfillment of objectives is between 80 percent and 100 percent, the same proportion of the incentive will be paid.
- If the fulfillment of objectives exceeds 100 percent, with an upper limit of 150 percent, the incentive paid will be proportional to the fulfillment of 100 percent of the objectives, plus a multiplication coefficient of 2 on the surplus fulfillment above 100 percent.

4.2.3 Common provisions

Variable remuneration will be determined, applied and maintained in accordance with the company's sales and risk management strategy, risk profile, objectives, risk management practices, and the performance and short, medium and long-term interests of MAPFRE as a whole. It will also include measures to prevent conflicts of interest.

In accordance with these principles, the following specific mechanisms will be used to determine variable remuneration components:

a) Proportion between fixed and variable components

The fixed and variable components of the remuneration package must be balanced in such a way that the fixed component constitutes a sufficiently large part of the total remuneration, therefore enabling the application of a completely flexible policy with regard to the variable components of the remuneration package, even including the possibility of not paying them. Accordingly, and to avoid the excessive assumption of risk, the percentage of the variable component with respect to the fixed remuneration should not exceed 150 percent.

b) Variable remuneration criteria

Variable remuneration linked to performance will be based on a combination of the following factors:

- Individual performance, evaluated according to financial or other criteria.
- Performance of the activity segment/department.
- Overall result of the company and GROUP.

The performance evaluation will include an adjustment for exposure to present and future risks.

c) Deferred variable remuneration component

The payment of at least 30 percent of the variable remuneration will be deferred for at least three years in line with the nature and time horizon of the company's business and risks and the specific activities of each executive director.

This deferred component will be paid on a pro rata basis throughout the years of deferral, calculated according to the number of years in question.

d) Ex-post adjustments (malus and clawback clauses)

Contracts drawn up with executive directors must include malus and clawback clauses affecting up to 100 percent of the total variable remuneration.

Malus clause

Deferred variable remuneration that has accrued and is pending payment is subject to a partial or total reduction if any of the following circumstances arise before the payment date:

1. Restatement of the annual accounts for reasons other than a change in legislation and provided that the variable remuneration resulting from the restatement is zero or less than the amount initially accrued as per the variable remuneration model.
2. Provisos contained in the auditor's report that reduce the earnings of the company subject to the payment of outstanding variable remuneration.
3. Variable remuneration accrued as a direct or indirect consequence of:
 - a. Fraudulent action by the executive director.
 - b. Actions conducted by the executive director that cause serious damage to the company through their fault or negligence.
 - c. Actions conducted by the executive director that are a gross or willful breach of the regulations in force.

The reasons for applying the malus clause may be modified, extended or adapted in line with the regulations in force at the time or if deemed appropriate by the governing body.

Clawback clause

The variable remuneration already paid to executive directors, irrespective of whether it has been deferred or not, will be subject to partial or total recovery if during the three years immediately following its payment it is revealed that said payment was in total or partial breach of the conditions established for its accrual or it was made on the basis of information that has since been proved to be false or inaccurate.

The Board of Directors' determination that the circumstances leading to the application of this clause have arisen and that a percentage of the variable remuneration must be paid back to the company, plus the procedure by which the company may claim the proportional return of the amount paid or even offset it against other types of remuneration owing to the executive director concerned, and this individual's obligation to pay back part or all of the said amount to the company, must be carried out in accordance with the regulations approved to this effect.

4.3 Social protection and social benefits

In addition to this fixed and variable remuneration, executive directors, as members of the Group's executive team, may be beneficiaries of defined contribution pension agreements in the event of retirement, death or permanent disability. The contribution and vesting conditions will be set out in their respective contracts.

Executive directors will also be entitled to the social benefits established for company staff in general.

4.4 Other main conditions of contracts

Executive directors must have an exclusive relationship with the company.

There are no contractual conditions relating to post-contractual non-compete agreements or continuity of service.

The duration of the contracts for executive directors is related to the length of service as a director. Termination in this role implies lifting the suspension of the relationship prior to the appointment as such.

The expiry on the date of maturity of this previous relationship will not lead in itself to any economic right, without prejudice to the right of the Board of Directors to agree, on the recommendation of the chairperson and the Appointments and Remuneration Committee, extraordinary bonuses based on performance during their career.

Except where there is good cause for dismissal, the early termination of the previous relationship will entail remuneration under the terms established in the Workers' Statute in relation to unfair dismissal.

5. EFFECTIVE PERIOD

This policy applies to the remuneration of MAPFRE S.A. directors during the years 2019, 2020 and 2021, unless a new agreement is adopted at the Annual General Meeting.

Agreement on the delivery of shares

In accordance with the provisions of point 4.2.2 of this policy, on February 6, 2019 the Board of Directors, acting on the recommendation of the Appointments and Remuneration Committee, approved an extraordinary medium-term incentive plan for key executives of the MAPFRE Group, including executive directors. Non-cumulative and multi-year, this plan runs from January 1, 2019 to March 31, 2022.

To enable its implementation, the Annual General Meeting is expressly requested to deliver company shares to the beneficiaries of the plan, of which up to a maximum of 2,586,212 shares may be delivered to executive directors. In order to cover the abovementioned shares, the company may allocate those that form or come to form its treasury stock, or make use of another suitable financial system determined by the company.



REPORT OF THE APPOINTMENTS AND REMUNERATION COMMITTEE REGARDING
THE REMUNERATION POLICY FOR THE DIRECTORS OF MAPFRE S.A.

Madrid, January 30, 2019

1. GUIDELINES FRAMEWORK

In accordance with Article 529 r of the Capital Companies Act, "the remuneration policy for directors will follow the remuneration system established by company statutes and will be approved by shareholders at the Annual General Meeting at least every three years as a separate point on the agenda". In accordance with that Article "the proposed remuneration policy for the Board of Directors will be justified and must be accompanied by a specific report from the Appointments and Remuneration Committee". The "will remain in force for the three years following that in which it was approved by shareholders at a general meeting".

In accordance with the above, Article 23 of the Company Statutes and Article 11.1.f) of the Regulations of the MAPFRE S.A. Board of Directors, the Appointments and Remuneration Committee has the authority to "propose to the Board of Directors the remuneration policy for directors [...], as well as individual remuneration and the other terms and conditions of the Executive Directors' contracts, ensuring their observance".

This document constitutes the legal report justifying the proposed remuneration policy for directors that will be submitted for the approval of the Board of Directors to be raised, if appropriate, to shareholders at an Annual General Meeting.

2. Appointments and Remuneration Committee

The Appointments and Remuneration Committee is the delegate body of the Board of Directors for the coordinated development of appointments and remuneration policy regarding the directors.

Over the past few years, the Committee carried out a comparative study of the remuneration of Members of the Board of Directors of IBEX 35 companies, the results and conclusions of which were taken into account in creating the remuneration policy referred to in this report.

Acting on the recommendation of the Board of Directors, the Annual General Meeting of March 9, 2018 approved the Remuneration Policy for directors for the 2019-2021 period. Notwithstanding the foregoing, in light of the expiry of the 2016-2018 medium-term Incentives Plan and in accordance with the proposal of this Committee to approve a new medium-term Incentives Plan for the 2019-2021 period, the Committee considers it necessary to approve a new remuneration policy in order to reflect the new plan.

3. GENERAL PRINCIPLES OF THE REMUNERATION POLICY FOR DIRECTORS

The preparation of the remuneration policy for directors took into account the following:

- Applicable regulations:

The Appointments and Remuneration Committee has verified that the policy is in line with the provisions of Articles 217, 529.17.1, 529.18.1 and concordant sections of the Capital Companies Act, as well as Article 275 of the European Commission's Delegated Regulation 2015/35 which supplements Directive 2009/138 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II).

- GENERAL PRINCIPLES

The policy referred to in this report is based on the following principles which, in the case of the Executive Directors, are the same as those for executive personnel at the Company and the Group:

- a) Priority of the creation of value and profitability in the medium and long-term over short-term results.
- b) Reasonable proportionality between the company's economic situation and the market standards of comparable companies.
- c) Alignment with the company's commercial and risk management strategy, risk profile, objectives, and risk management practices.
- d) Appropriate and efficient risk management within the established risk tolerance limits.
- e) Attraction and retention of talent.
- f) Appropriate remuneration for dedication, qualification and responsibility.
- g) Appropriate proportion of fixed and variable components, avoiding excessive reliance on variable components.
- h) Deferred payment of a significant portion of the variable remuneration.
- i) Possibility of ex-post adjustments to the variable remuneration.
- j) Avoidance of conflicts of interest.

4. TERM OF THE REMUNERATION POLICY FOR DIRECTORS

If approved by the Annual General Meeting, the policy referred to in this report will remain in force during fiscal years 2019, 2020 and 2021. Any amendments thereof will require the prior authorization of the General Meeting in accordance with the stipulations of the current legislation.

5. PROPOSED RESOLUTION

The Appointments and Remuneration Committee at MAPFRE S.A. held a meeting on January 30, 2019 and considered that the remuneration principles and systems applicable to both the remuneration of directors in their position as such and, where applicable, for the performance of executive functions, that are set out in the remuneration policy for directors is in line with the provisions of the Capital Companies Act and, in particular, Articles 217 and 529 o through 529 r, inclusive, and that the provisions in force regarding Solvency II are adequate to attain the Group's objectives.

As a result, the Committee adopted the following resolutions at the aforementioned meeting:

- To submit the director remuneration policy of MAPFRE S.A. for the period 2019-2021 to the Board of Directors so that it may be presented to shareholders at an Annual General Meeting as a separate point on the agenda.
- To prepare this report regarding the directors' remuneration policy, the approval of which is proposed.

REPORT OF THE APPOINTMENTS AND REMUNERATION COMMITTEE
TO THE MAPFRE S.A. BOARD OF DIRECTORS
REGARDING ITS COMPOSITION AND FUNCTIONS IN 2018

The Appointments and Remuneration Committee is the delegate body of the Board of Directors of MAPFRE S.A. (the “Company”) for undertaking the functions of appointment, termination and reelection of Directors and Senior Managers for MAPFRE S.A. and its Group, and for establishing remuneration.

Its regulation is contained in article 23 of the Corporate Statutes and in article 11 of the Board of Directors Regulations.

1. Composition

The Appointments and Remuneration Committee should consist of a minimum of three and a maximum of five Directors, all non executive and at least two of whom should be Independent Directors. The Chairman should have the condition of Independent Director and the Secretary is that of the Board of Directors.

As on December 31, 2018 the Appointments and Remuneration Committee was composed of the following Directors:

Chairman: Ms. Catalina Miñarro Brugarolas (independent).

Members: Mr. José Antonio Colomer Guiu (independent)
Luis Hernando de Larramendi Martínez (nominee)
Alfonso Rebuelta Badías (nominee)

2. SKILLS

The Appointments and Remuneration Committee has the following responsibilities assigned in accordance with article 11 of the Regulations for the Board of Directors:

- a) To evaluate the balance of skills, knowledge and experience required on the Board, defining the functions and capabilities required of the candidates to fill each vacancy accordingly and deciding the time and dedication necessary for them to properly perform their functions.
- b) To establish a representation target for the gender least represented on the Board of Directors and to draw up guidelines on how to achieve this target.
- c) To bring before the Board of Directors the appointment proposals of independent directors for them to be designated by cooptation or for them to be subject to the decision of the General Meeting, as well as proposals for reappointment or removal, and to report on cases related to proposals that affect the remaining directors.
- d) To notify proposals for the appointment and termination of senior managers and their basic contractual conditions.
- e) To examine and organize the succession of the Chairman of the Board, and where appropriate, to make the corresponding proposals to the Board so that this succession is orderly and well-planned.
- f) To propose to the Board of Directors the remuneration policy for directors and general managers or anyone who performs senior management functions under the direct control of the Board, the Steering Committee or the Managing Directors, as well as individual remuneration and other conditions of the contracts of executive directors, ensuring their enforcement.
- g) To propose to the Board of Directors the candidates for Fundación MAPFRE trustees whose appointment is the responsibility of the company.
- h) To authorize the appointment of external directors in the other Group companies.

3. OPERATIONAL FRAMEWORK

As laid down in the Board of Directors Regulations, the Appointments and Remuneration Committee meets whenever necessary in order to perform its functions appropriately, and to this effect the Senior Manager supervising the Human Resources Division will be in attendance.

During the 2018 financial year the Committee met 5 times, when the main topics addressed were as follows:

- **Appointment and reelection of directors:**

In compliance with Director Selection Policy and the Board Renewal Plan approved in 2015, the Appointments and Remuneration Committee completed the selection processes and made proposals to the Board of Directors for the appointment of a new Independent Director and the reelection of two Independent Directors, and reported to the Board of Directors with regard to proposals for the appointment and reelection of two Executive Director.

To this effect, the Appointments and Remuneration Committee contributed to the analysis of the requirements of the company and those of the Group and to the assessment of prestige and suitability, avoiding at all times any implicit bias which may imply discrimination, especially with regard to the selection of candidates or one gender or the other.

In each case, the Committee assessed the personal and professional qualities of the candidates and took into account the need for a plurality of profiles on the Board to enable suitable balance and diversity in training, experience, gender and nationality.

Furthermore, and in accordance with the provisions established in the regulations currently in force, the Appointments and Remuneration Committee analyzed the suitability of the members of the Board of Directors to be a part of said body, assessing the existence of circumstances that may affect their personal and professional prestige.

In particular, in matters of gender diversity the policy establishes that by 2020 the number of female directors should represent at least 30

percent of the total members of the Board of Directors, having already reached 28.5 percent as on December 31, 2018.¹

- **Assessment of the Chairman of the Board:**

The Appointments and Remuneration Committee assessed the Chairman of the Board of Directors of MAPFRE S.A.

The Appointments and Remuneration Committee, following timely analysis, deemed the conduct of the Chairman of the Board of Directors of MAPFRE S.A. to be very satisfactory, in both the aforementioned capacity and in that of the most senior management representative of the Group, in all aspects: fulfillment of the institutional principles established in the rules of good governance; performance of the functions of providing high institutional representation of the company and direction of the activities of its Board of Directors and delegated bodies, inherent to the position of Chairman; and performance of the high executive management of the activities of the Group.

- **Remuneration Policy for Directors 2019-2021**

The Appointments and Remuneration Committee issued a favorable report for the 2019-2020 Remuneration Policy for Directors 2021, for its submission by the Board of Directors to the Annual General Meeting, and which was approved at the meeting on March 9, 2018.

- **Remuneration to Directors:**

In compliance with its responsibilities and within the framework of the Directors Remuneration Policy approved by Shareholders at the Annual General Meeting held on March 11, 2016, the Appointments and Remuneration Committee made a proposal for the remuneration of Directors in their condition as such, and the contract conditions, including remuneration, for Executive Directors corresponding to the 2018 financial year, for their approval by the Board of Directors.

¹On the date this report was prepared, and following the appointment of Mr. Antonio Gómez Ciria as independent director of MAPFRE with effect from January 1, 2019, the percentage of female representation on the Board of Directors was 26.7%.

- **Extraordinary bonuses**

The Appointments and Remuneration Committee agreed to propose to the Company's Board of Directors the granting of an extraordinary bonus to Mr. Antonio Núñez Tovar, on the occasion of his retirement, for a gross amount of 650,000 euros for his outstanding professional career at MAPFRE.

- **Annual Report on Director Remuneration:**

The Appointments and Remuneration Committee issued a favorable report for the Annual Report on Director Remuneration corresponding to the 2017 financial year, for its submission on a consultation basis by the Board of Directors to the Annual General Meeting, and which was approved at the meeting held on March 9, 2018.

- **Senior Management Appointments:**

The Appointments and Remuneration Committee analyzed the proposals for appointments and dismissals for MAPFRE S.A. and MAPFRE Group Senior Management, issuing a report on same to be submitted for approval by the MAPFRE Group administrative bodies corresponding to each case.

- **Contract conditions for members of Senior Management:**

The Committee analyzed, and presented to the Board of Directors, the proposals for the applicable contract conditions, including fixed and variable remuneration, corresponding to the 2018 financial year for members of Senior Management in the MAPFRE Group, in the terms provided for in the MAPFRE Group Remuneration Policy.

- **Remuneration and relevant personnel from MAPFRE INVERSIÓN SOCIEDAD DE VALORES, S.A. and MAPFRE ASSET MANAGEMENT, S.G.I.I.C.**

In accordance with the current regulations, the Company's Appointments and Remuneration Committee performs functions related to remuneration for MAPFRE INVERSIÓN SOCIEDAD DE VALORES, S.A. and MAPFRE ASSET MANAGEMENT, S.G.I.I.C., S.A. To this effect, it issued a favorable report for the remuneration of relevant personnel from these companies in fiscal year 2018 and their respective remuneration policies.

- **Appointment and reelection of Fundación MAPFRE trustees**

In accordance with the provisions of the Board of Directors Regulations, the Appointments and Remuneration Committee has proposed to the board the appointment of a Fundación MAPFRE Trustee.

4. 2018 assessment

The result of the Appointments and Remuneration Committee composition and operation self-assessment was very positive, and did not give rise to any observations or suggestions for improvement from its members.

Therefore, the Appointments and Remuneration Committee has unanimously agreed to submit this report to the MAPFRE S.A. Board of Directors for them to evaluate the functioning of the Committee during the 2018 financial year based on its content.

Madrid, January 30, 2019
Committee Secretary

Ángel L. Dávila Bermejo

**ANNUAL REPORT ON THE REMUNERATION OF
DIRECTORS OF PUBLICLY TRADED COMPANIES**

ISSUER'S IDENTITY DATA

END DATE OF THE REFERENCED FISCAL YEAR

12/31/2018

Tax ID A08055741

Corporate Name: MAPFRE S.A.

Registered Office:

MAJADAHONDA (MADRID), No. 52 CARRETERA DE POZUELO

ANNUAL REPORT ON THE REMUNERATION OF DIRECTORS OF PUBLIC TRADED COMPANIES

A REMUNERATION POLICY OF THE COMPANY FOR THE CURRENT FISCAL YEAR

A.1 Explains the current remuneration policy for directors applicable to the current fiscal year. If applicable, certain information regarding the remuneration policy approved by the annual general meeting may be included, provided that such inclusion is clear, specific and definite.

The resolutions specific to the current fiscal year shall be described, both for remuneration of directors for their status as such and for the performance of executive functions that may be performed by the board in compliance with the provisions in contracts signed with the executive directors and with the remuneration policy approved by the general meeting.

In any event, at a minimum the following items shall be indicated:

- Description of the procedures and entities within the company involved in determining and approving the remuneration policy and its conditions.**
- Indicate and if applicable explain whether comparable companies have been taken into consideration in establishing the remuneration policy of the company.**
- Information regarding whether any external advisor took part, and if so, that individual's identity.**

i) **General principles underpinning the current policy:**

The remuneration of directors is determined in accordance with the provisions of regulations applicable to corporations, the corporate bylaws of the Board of Directors, and the decisions adopted by the Annual General Meeting.

In the meeting held on February 6 2019, the Board of Directors agreed to refer a new remuneration policy for Directors for the period 2019-2021 to the Annual General Meeting. The general principles are:

- Priority of the creation of value and profitability in the medium and long term over short-term results.
- Reasonable proportion between the company's economic situation and the market standards of comparable companies.
- Alignment with the commercial and risk management strategy, risk profile, objectives, and risk management practices.
- Appropriate and efficient risk management within the established risk tolerance limits.
- Attraction and retention of talent.
- Appropriate remuneration for dedication, qualification and responsibility.

- Appropriate proportion of fixed and variable components, avoiding excessive reliance on variable components.
- Deferred payment of a significant portion of the variable remuneration.
- Possibility of ex-post adjustments to the variable remuneration.
- Avoidance of conflicts of interest.

Based on the principles indicated above, the remuneration system for directors, in their status as such, is defined by the following characteristics:

- Transparency in reporting the remuneration of directors.
- It provides an incentive to reward dedication, qualifications and responsibility, without constituting an obstacle to the duty of loyalty.
- It consists of a fixed amount for membership of the Board of Directors and, where applicable, of the Steering Committee and sub-steering committees, which may be higher for people with positions on the Board or who chair the sub-steering committees. In addition, members of the Steering Committee shall receive an allowance for attending its meetings. This remuneration is supplemented with other non-monetary benefits (Life or health insurance, discounts on products marketed by companies of the MAPFRE Group, etc.) established on a general basis for the company's personnel.
- It does not include variable components or those indexed to share value.
- Directors are reimbursed for traveling expenses and other costs incurred to attend company meetings or carry out their functions.

The remuneration system for directors who carry out executive functions within the company is based on the following criteria:

- The remuneration for carrying out executive functions is determined according to those functions, levels of responsibility and professional profile, in accordance with the criteria governing the remuneration of MAPFRE Group senior executives.
- This remuneration consists of a balanced and efficient relationship between fixed and variable components, with fixed components forming a sufficiently high proportion of total remuneration.
- Executive directors may not receive the remuneration assigned to the directors in their status as such.
- The remuneration of executive directors is designed with a view to the medium and long term, which drives their performance in strategic terms while encouraging them to achieve short-term results.
- The remuneration system is compatible with appropriate and effective risk management, with the business strategy and with the long-term values and interests of the company, without variable remuneration compromising the company's capacity to maintain an adequate capital base.
- It takes into account market trends and its position in the market reflects the strategic approach of the company, being effective for attracting and retaining the best professionals.
- It guarantees equality for all MAPFRE professionals, regardless of their gender, race or beliefs.

The remuneration policy is therefore aimed at creating value for the company, seeking alignment with the interests of shareholders, with prudent risk management and strict compliance with current regulations regarding the remuneration of directors of publicly traded companies.

With regard to the criteria followed to determine the different components in the remuneration package for directors, in the case of external directors the aim is compensate them in accordance with their professional experience, dedication to the position and the responsibility involved, while ensuring that their objectivity in the defense of company interests is not affected by the remuneration received.

For executive directors, as for the rest of the Group's senior managers, the aim is to provide competitive remuneration packages that will attract and retain outstanding professionals while establishing and sustaining a stable relationship between remuneration, results and accepted risk (this risk therefore constitutes a determining factor of the variable remuneration in the medium term).

- ii) Description of the procedures and entities within the Company involved in determining and approving the Remuneration Policy:

MAPFRE is aware of the importance of having a corporate governance system to steer the structure and operations of its management bodies in the interests of the company and its shareholders.

The MAPFRE Board of Directors has implemented regulations which take into account the principles and elements of the corporate governance system and comprise the internal regulations and operations of the Board, the Steering Committee and the Sub-Steering Committees, as well as the rights and duties of the directors in carrying out their functions.

In order to comply with the legal requirements for remuneration of directors and continue adhering to corporate governance best practices regarding remuneration, the Regulations of the Board of Directors govern the areas related to remuneration of the Board of Directors and the Appointments and Remuneration Committee.

Accordingly, the MAPFRE Board of Directors carries out the following functions:

- Decisions regarding the remuneration of directors, within the statutory framework and, as applicable, the remuneration policy approved by the general meeting.
- Approval of the terms and conditions of the contracts of the managing director and directors who perform executive functions.
- Definition of the remuneration of directors who perform executive functions.

The MAPFRE corporate governance system is designed to ensure that the recommendations regarding remuneration that are submitted to the company's Board of Directors originate in the Appointments and Remuneration Committee, which analyzes them previously in consultation with the different internal services of the company and external experts where necessary. The committee is also assisted by the Group Chief People Officer, the company's senior executive responsible for Human Resources.

In accordance with Article 11 of the Regulations of the MAPFRE Board of Directors, the Appointments and Remuneration Committee recommends to the Board of Directors the remuneration policy for directors, for general managers and for those who perform senior management functions and report directly to the Board, to the Steering Committee or to the managing directors, as well as individual remuneration and the other terms and conditions of the executive directors' contracts, ensuring their observance.

To exercise the aforementioned responsibilities, the committee must consult the Chairman of the Board and consider his recommendations on issues related to executive directors and senior managers.

In accordance with the Regulations of the Board of Directors, and with the provisions of the legislation in force, the Appointments and Remuneration Committee must consist of a minimum of three and a maximum of five directors, all non-executive, and at least two of whom must be independent. This committee must also be chaired by an independent director.

The committee meets whenever necessary to ensure the correct exercise of its functions and responsibilities, and five meetings were held in 2018.

At the time this report was prepared its members were as follows:

Chairman: Catalina Miñarro Brugarolas (independent).
Voting Member: José Antonio Colomer Guiu (Independent).
Voting Member: Luis Hernando de Larramendi Martínez (nominee).
Voting Member: Alfonso Rebuelta Badías (nominee).

Remuneration practices of companies listed on the IBEX35 were taken into consideration in the preparation of the remuneration policy for Board Members for the 2019-2021 period that the Board of Directors has resolved to submit to the Annual General Meeting this coming March 8, based on the following external reports:

- KPMG report "Remuneration of Board Members of IBEX35 Companies 2018".
- EY report "Remuneration of IBEX35 Board Members 2018".

The participation and counsel of the company JA Garrigues S.L.P. was also involved. (Department of Human Capital Services) in the design and preparation of the 2019-2021 Medium Term Incentive Plan.

- **Relative importance of the variable remuneration items in relation to fixed items (remuneration mix) and which criteria and objectives have been considered in its establishment, and to guarantee a proper balance between fixed and variable remuneration items. Specifically, it indicates the actions adopted by the company related to the remuneration systems to reduce exposure to excessive risk and adapt it to the long-term objectives, values and interests of the company, including if applicable a reference to measures provided to guarantee that the remuneration policy gives due consideration to the long-term results of the company, the measures adopted with regard to the categories of personnel whose professional activities have a material effect on the risk profile of the company, and measures designed to avoid conflicts of interest, if applicable.**
- **It also indicates whether the company has set any accrual or vesting period for specific remuneration variables, in cash, shares or other financial instruments, a deferral period for payment of sums or provision of accrued and vested financial instruments, or whether any reduction or deferred remuneration clause has been agreed upon that obligates the director to return any remuneration received whenever that remuneration based on data which is clearly shown later to be inaccurate.**

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The executive directors have an annual variable remuneration system linked to the net consolidated profits of the Company, along with multi-annual variable incentive plans linked to meeting global objectives.

In accordance with the Remuneration Policy for Board Members for the 2019-2021 period, the fixed and variable components (short, medium and long-term) of the remuneration package must be balanced in such a way that the fixed component constitutes a sufficiently large part of the total remuneration, thus enabling the application of a completely flexible policy with regard to the variable components of the remuneration package, including the possibility of not paying these.

The weight of the annual variable remuneration for the 2019 fiscal year (with consideration of proration of multi-annual variables and contribution to the defined-contribution pensions commitment as their calculation is partly connected to the meeting of annual objectives) over fixed remuneration (with consideration of other pension commitments) is 74.32 percent of variable remuneration on average, varying between a range of 56.29 percent and 96.34 percent.

For the purpose of an appropriate balance between fixed and variable components, the Company has used the remuneration practices of IBEX35 companies as its reference.

Furthermore, employee categories that may have a material impact on the company's risk profile have a variable short-term remuneration system linked to the achievement of objectives directly connected to strategic plans that is also subject to deferral rules.

In particular, executive directors of the Company have been assigned, in the 2019-2021 Medium-term Incentive Plan, a multi-year variable remuneration with objectives (Earning per Share (EPS), Total Shareholder Return (TSR), Return on Equity (ROE) and the Transformation Index) pegged to averages of a period of three years, so that it is only possible to obtain the remuneration through management that generates results and business models that are sustainable over time.

Regarding deferral of variable remuneration for directors, the payment of at least thirty percent of the annual variable remuneration will be deferred for a minimum of three years.

In addition, in the case of multi-year variable remuneration, the payment of at least sixty percent of the same will be deferred for a minimum of three years. In addition, directors are required to hold shares received as incentives as stock during a period for a maximum of two years from its payout.

Furthermore, contracts for directors include the following clauses that may affect 100 percent of the variable remuneration:

- Reduction clause (malus): provides for the partial or total reduction of remuneration accrued and pending issue under certain serious circumstances, either for improper actions or situations that effect the settlement.
- Recovery cause (clawback): provides specifically for the return of variable remuneration paid within three years following its payout.

In relation to potential conflicts of interest, the internal regulations of the company establish that these must be reported to the governing bodies of MAPFRE through General Counsel by those affected. These governing bodies must establish whether or not there is a conflict of interest, and if this is case they must establish measures to protect the company interest in accordance with the circumstances. These measures must be accepted by those affected.

- **Amount and form of fixed components that are provided will be accrued by the directors within the fiscal year based on their position.**

External directors receive a fixed amount for their membership of the Board of Directors as basic remuneration and, where applicable, for membership of the Steering Committee and sub-steering committees, which may be higher for people who occupy positions on the Board itself or who chair any of the Board committees or sub-committees. In addition, members of the Steering Committee shall receive an allowance for attending its meetings. This remuneration may be supplemented with other non-monetary compensation as established for the company staff in general.

- (i) Fixed allocation and attendance allowance.

Basic remuneration of external directors consists of an annual fixed allocation for membership on the Board of Directors, and on the Steering committees if applicable. In addition, members of the Steering Committee shall receive an allowance for attending its meetings. The amounts for these categories for fiscal year 2019 shall be as follows:

- Membership on the Board of Directors: 110,000 euros
- Vice Chairman of the Board of Directors - Independent Coordinating Director: 110,000 euros
- Membership on the Steering Committee: 10,000 euros plus an attendance allowance of 3,000 euros per meeting
- Chairperson of the Audit and Compliance Committee: 68,000 euros
- Members of the Audit and Compliance Committee: 48,000 euros
- Chairperson of the Appointments and Remuneration Committee: 60,000 euros
- Voting Members of the Appointments and Remuneration Committee: 39,000 euros
- Chairperson of the Risk Committee: 60,000 euros
- Voting Members of the Risk Committee: 39,000 euros

- (ii) Life insurance and other non-cash earnings.

External directors have life insurance with an insured capital of 150,253 euros in case of death, and other benefits such as discounts on products sold by MAPFRE Group companies in line with those established for the company staff in general.

- (iii) Allocation for participating in Boards of Directors of subsidiary companies.

External directors who are members of the Board of Directors of subsidiary companies also receive a fixed amount for this membership and, as applicable, for membership of their management committees.

These amounts vary depending on the size and geographic location of the subsidiary company.

- **Amount and form of fixed components that will be accrued in the fiscal year for performance of senior management functions of directors.**

- (i) Fixed remuneration.

Directors will not receive the fixed allocation or attendance allowance set for external directors.

The fixed remuneration for carrying out their executive functions is determined in line with the policy established for the remuneration of MAPFRE senior

managers, and in accordance with the stipulations of their respective contracts.

For 2019, the fixed salary remuneration of the five Executive Directors totals 2,592,335 euros, of which 2,192,335 euros corresponds to the company and 400,000 euros to other companies of the Group.

(ii) Life insurance and other earnings.

Executive directors are entitled to the allowances or social benefits established for members of senior management as well as those established for company staff in general, as stipulated in the collective bargaining agreement signed by MAPFRE.

Part of these social benefits for executive directors include a supplementary insurance policy with an insured value of 400 percent of the fixed remuneration in case of death or total disability, with a double indemnity clause for accidental death. They also receive additional benefits such as discounts on products sold by MAPFRE Group companies

- **Amount and form of any remuneration component in kind that will be accrued in the fiscal year, including but not limited to insurance premiums paid in favor of the director.**

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External directors are entitled to the following company benefits in accordance with the policy established for company staff in general.

- Life insurance, described above.
- Discounts on products sold by companies belonging to the MAPFRE Group.
- Christmas gift.

In the case of executive directors, in addition to the company benefits applicable to all MAPFRE staff they are entitled to receive the following as remuneration in kind:

- Personal life insurance, described above.
- The private use of a company vehicle according to the terms and conditions established in the policy for assignment of MAPFRE vehicles.

- **Amount and form of variable components, distinguished by short and long-term types. Financial and non-financial parameters, the latter including social, environmental and climate-change-related parameters, selected to determine variable remuneration for the current fiscal year, explanation of the extent to which such parameters correlate with the performance of both the director and the company and its risk profile, and the methodology, necessary period and techniques provided to enable determination at the end of the fiscal year of the degree of compliance with the parameters utilized in determining variable remuneration.**
- **It indicates in monetary terms the range of the various variable components in relation to the degree of compliance with established objectives and parameters, and any maximum monetary amount in absolute terms, if applicable.**

As indicated above, only executive directors receive variable remuneration, three types of which can be distinguished:

(i) Annual variable remuneration:

The executive directors of the Group are part of the senior management collective that has set up an annual variable remuneration system linked to the objective related to net consolidated profits of the company. This remuneration is always paid in cash.

In 2019 this annual variable remuneration may reach a maximum total of 3,825,323 euros, with 3,225,323 euros corresponding to the company and 600,000 euros to other companies in the Group.

The annual variable remuneration is approved annually by the Board of Directors following a report from the Appointments and Remuneration Committee, which at the end of the year also assesses the degree to which the objective has been met.

(ii) Medium term variable remuneration:

In 2016, as recommended by the Appointments and Remuneration Committee, the Board of Directors of MAPFRE S.A. approved the 2016-2018 Medium-Term Incentive Plan for executive directors in their capacity as senior managers. The settlement period for this non-cumulative plan comes to an end on March 31, 2019.

The amount derived from this plan depends in general on each beneficiary fulfilling certain specific corporate objectives and (except for special cases of severance expressly established), remaining in the Group's employment until the termination date of the plan. The incentive will partly be paid in cash and partly by means of MAPFRE S.A. shares. The receipt of 60 percent of the incentive by each executive director will be deferred for a period of three years, in thirds, with 50 percent of the deferred part paid in cash and the remaining 50 percent in shares. The incentive will also be subject to clauses of reduction (malus) or recovery (clawback).

The quantification of the incentive to be paid depends on the degree of fulfillment of the objectives that have been established in line with the Group's strategic plan. The metrics for assessing the corporate objectives are indexed to the Total Shareholder Return (TSR) and Return on Equity (ROE) and to specific individual objectives related to the metrics and financial indicators of the MAPFRE Group Balanced Scorecard, technical ratios (expense ratio, net combined ratio, etc.) and the return on written premiums.

The rules for calculating the incentive are as follows:

- The fulfillment of the objectives weighted as a whole must reach an average of 50 percent, otherwise there is no entitlement to receive the incentive.
- If the fulfillment of objectives is between 50 percent and 80 percent, 60 percent of the incentive will be paid.
- If the fulfillment of objectives is between 80 percent and 100 percent, the same proportion of the incentive will be paid.
- If the fulfillment of objectives exceeds 100 percent, with an upper limit of 150 percent, the incentive paid will be proportional to the fulfillment of 100 percent of the objectives, plus a multiplication coefficient of 2 on the surplus fulfillment above 100 percent.

The Remuneration Policy for directors for the period 2016-2018 that was approved by the Annual General Meeting, establishes a total of 2,645,655 shares as the maximum number of shares that may be distributed for this purpose.

On February 6, 2019 the Board of Directors, acting on the recommendation of the Appointments and Remuneration Committee, also approved a 2019-2021 Medium-Term Incentive Plan for executive directors in their capacity as senior managers. The settlement period for this non-cumulative plan comes to an end on March 31, 2022.

The main characteristics and conditions of this plan are governed under the same terms as those for the 2016-2018 Medium-term Incentive Plan, except for the defining metrics for the plan objectives, which in this case refer to the Earnings per Share (EPS), the Total Shareholder Return (TSR), the Return on Equity (ROE) and the Transformation Index.

The Director Remuneration Policy for the period 2019-2021, as submitted to the Annual General Meeting by the Board of Directors, establishes a total of 2,586,212 shares as the maximum number of shares that may be distributed as a result of its implementation.

To avoid excessive assumption of risk, the percentage of the variable element (annual, medium and long-term) in relation to the executive directors' fixed remuneration must not exceed 150%.

- **Principal characteristics of the long-term savings systems. The following shall be indicated, among other information: the contingencies covered by the system, whether or not it is a defined contribution or benefit system, the annual contribution to be made to defined contribution systems, the benefit to which the beneficiaries are entitled for defined benefit systems, the conditions for vesting in favor of directors and their compatibility with any type of payment or indemnification due to early termination or dismissal or arising from the termination of the contractual relation between the company and the director under previously determined conditions.**
- **It must be indicated whether or not the vesting or accrual of any of the long-term savings plans is linked with the attainment of specific objectives or parameters related to the long and short-term performance of the director.**

Under the provisions of their contracts, executive directors, like other company employees, are beneficiaries of the MAPFRE Employment System Pension Plan.

Additionally, executive directors, under the remuneration policy in place for MAPFRE senior managers, are entitled to specific contribution pension agreements in the event of retirement, death or permanent disability, which are externalized through group life insurance. .

Expenses for 2019 under this item are predicted to amount to 4,567,165 euros, with 3,806,374 euros corresponding to the Company and 760,791 euros to other companies in the Group.

The annual vesting of defined contribution pension commitments is partially related to the attainment of objectives that determine the collection of annual variable remuneration by the executive director.

The conditions for vesting economic rights in favor of executive directors are set forth in the contracts that govern their relationship with the Company. The vesting

of rights occurs, in some cases, from the time when executive directors have worked in the service of the MAPFRE Group for 10 years including 5 years at senior director level, which is the case for all executive directors, and, in others, from the time the director reaches retirement.

There is no incompatibility with any kind of compensation for early termination or the conclusion of the contractual relationship between the company and the director.

- **Any type of payment or indemnification due to early termination or dismissal or arising from the contractual relation between the company and the director under previously determined conditions, whether at the behest of the company or the director, as well as any agreements such as agreements for exclusivity, post-contractual non-competition and non-separation or loyalty that entitle the director to any type of consideration.**

In the case of external directors, there is no compensation agreed or paid if they terminate their functions as directors. In the case of executive directors, the termination of their role implies lifting the suspension of the relationship prior to their appointment as such. Early termination of the previous relationship entails compensation under the terms established in the workers' statute in relation to unfair dismissal, except where there is good cause for dismissal.

- **Indicate the terms and conditions that must be included in the contracts of people who perform senior management functions as executive directors. This information should cover aspects such as duration, limits to compensation amounts, continuity of service clauses, notice periods, as well as the amount paid in lieu of this notice period, and any other clauses related to signing bonuses, compensation or financial protection in the event of early termination or the conclusion of the contractual relationship between the company and the executive director. To include agreements or accords of non competition, exclusivity, non-separation or loyalty and post-contractual non-competition, unless they have been indicated in the previous paragraph.**

The duration of the contracts for executive directors is related to the length of service as a director. Termination in this role implies lifting the suspension of the relationship prior to the appointment as such.

Contracts governing the prior relationship establish the termination of this relationship as January 1 of the year after which the director reaches the age of 60, unless annual extensions are implemented at the initiative of the company until the date on which the executive reaches the age of 65, as a maximum.

The expiry on the date of maturity of the previous relationship will not lead in itself to any economic right, without prejudice to the right of the Board of Directors to agree, on the recommendation of the chairperson and the Appointments and Remuneration Committee, to extraordinary bonuses based on performance during their career.

In the event of early termination by decision of the company, the company must inform the director of his/her removal three (3) months prior to the date of termination.

Executive directors must have an exclusive relationship with the company, and

there are no contractual conditions relating to post-contractual non-competition agreements or continuity of service.

There are no clauses related to signing bonuses.

- **The type and estimated amount of any other supplementary remuneration that shall be accrued by the directors in the current fiscal year** in compensation for services rendered other than those involved in their position.

Directors will receive no remuneration whatsoever for services other than those involved in their responsibilities as directors or executive functions, if applicable, with the exception of Alfonso Rebuelta Badías, for his duties with the MAPFRE GLOBAL RISKS Council, for which he will receive 35,000 euros in 2019.

- **Other remunerative items such as those arising, if applicable, from the granting by the company of advance payments, loans and guarantees and other remuneration to directors.**

None of the Group companies have granted any payments in advance or loans to directors, or has provided guarantees on their behalf.

- **The type and estimated amount of any other supplementary remuneration provided that is not covered in the above sections, whether paid by the company or another company of the group, that will be accrued by the directors in the current fiscal year.**

There are no remuneration items other than those described above.

A.2 Explain any relevant change to the remuneration policy applicable in the current fiscal year arising due to:

- **A new policy or a modification of a policy already approved by the Annual General Meeting.**
- **Relevant changes in specific rulings agreed upon by the board for the current fiscal year to the current remuneration policy regarding remuneration for the previous year.**
- **Proposals that the board of directors may have agreed to present to the Annual General Meeting to which this annual report will be submitted and that it is proposed to adopt for the current fiscal year.**

Acting on the recommendation of the Board of Directors, the Annual General Meeting of March 9, 2018 approved the remuneration policy for directors for the 2019-2021 period.

In relation to the policy in force for the 2016-2018 period, this policy introduces the adjustment of the remuneration system for members of the Steering

Committee to receive a fixed allocation for membership of the committee in addition to an allowance for attendance at its meetings.

The justification for this change is the considerable increase in the number of meetings held by the Board of Directors in recent years and the parallel reduction in the number of meetings of the Steering Committee.

As indicated in section A.1, in the meeting held on February 6, 2019, the Board of Directors agreed to submit a new Director Remuneration Policy for the period 2019-2021 to the Annual General Meeting, in order to incorporate the new 2019-2021 Incentive Plan.

A.3 Provide the direct link to the document presenting the current remuneration policy for the company that should be available on the company's website.

https://www.mapfre.com/corporativo-es/images/15-politica-remuneraciones-consejeros-2019-2021_tcm884-441716.pdf

A.4 In light of the data provided in section B.4, explain how the vote of the shareholders at the Annual General Meeting at which the annual report on remuneration for the previous year was submitted to vote on an advisory basis was taken into consideration.

As indicated in section B.4, the annual report on remuneration for fiscal year 2017 was approved with support of 72.59 percent of the votes cast in the meeting of the Annual Meeting held on March 9, 2018. The Board of Directors believes that the remunerative practices contained in that report have been accepted by a significant majority of the shareholders and are in keeping with the practices of other IBEX 35 companies and international insurance groups, and so have acted in continuity with it. In this regard, the Board of Directors submitted to the Annual General Meeting the Remuneration Policy for directors for the 2019-2021 period.

B] GENERAL SUMMARY OF HOW THE REMUNERATION POLICY WAS APPLIED DURING THE CLOSED FISCAL YEAR

B.1 Explain the process that was followed to apply the remuneration policy and determine the individual remuneration indicated in section C of this report. This information shall include the role played by the remuneration committee, the decisions made by the board of directors and, if applicable, the identity and role of external advisors whose services were utilized in applying the remuneration policy in the closed fiscal year.

At the proposal of the Appointments and Remuneration Committee, the Board of Directors unanimously approved the items and amounts assigned to each of the directors for the 2018 fiscal years at their meeting held on February 7, 2018, and which appear in section C of this report.

Regarding the variable remuneration for executive directors, at the close of 2018 the amount was determined based on the fulfillment of the objective in relation to the consolidated profits obtained by the Company.

B.2 Explain the various actions adopted by the company related to the remuneration system and how they contributed to reducing exposure to excessive risk and adapting it to the long-term objectives, values and interests of the company, including a reference to measures provided to guarantee that the remuneration policy gave due consideration to the long-term results of the company and reached an adequate balance between the fixed and variable remuneration components, which measures were adopted with regard to the categories of personnel whose professional activities have a material effect on the risk profile of the company, which measures were adopted to avoid conflicts of interest, if applicable.

The Annual General Meeting of March 11, 2016 approved the remuneration policy for directors for the period 2016-2018. This policy took into account the legal requirements governing remuneration as set out in the Spanish Corporations Act and Delegated Regulation 2015/35 of the European Commission which supplements Directive 2009/138 on taking up and pursuing the business of insurance and reinsurance (Solvency II), as well as the recommendations on this matter included in the Good Governance Code for publicly traded companies.

Among other matters, it included mechanisms for deferring the payment of earned remuneration as well as reduction (malus) and recovery (clawback) clauses, as described in this report, and the option of paying part of the variable remuneration in shares, all under the conditions described above in section A.1.

B.3 Explain how the remuneration accrued during the fiscal year meets the provisions of the current remuneration policy.

As indicated above in section B.2, the Annual General Meeting of March 11, 2016 approved the remuneration policy for directors for the period 2016-2018 (https://www.mapfre.com/corporativo-es/images/politica-de-remuneraciones-de-los-consejeros_tcm884-176236.pdf).

This policy provides fixed remuneration components, and short, medium and long-term variable components for executive directors, the characteristics of which are indicated therein.

All remunerative items for which remuneration has been accrued during the 2018 fiscal year, both for directors acting as such and executive directors, are expressly provided in the policy without any remuneration being accrued or distributed in the fiscal year for items not provided therein.

Also advise regarding the relation between the remuneration received by directors and the results or other performance measures, both long and short-term, of the company, explaining if necessary how variations in company performance could affect variations in remuneration of directors, including items accrued for which payment is deferred, and how they contribute to the long and short-term results of the company.



As indicated in section A.1, only executive directors receive variable remuneration.

The interrelation between annual variable remuneration and the results of the company is preponderant or full for all directors (between 60 and 100 percent) up to 2017, and since 2018 the full application of 100 percent of variable remuneration has been tied to the results of the company for all directors (José Manuel Inchausti, who was appointed director in July 2018, will be assigned this sole objective starting in 2019). In this manner, and given the relative importance of the variable component in remuneration, total linking of the directive to favorable management of the company has been achieved.

Information regarding the ratio between after-tax results and non-controlling interests of the Company and the average variable annual remuneration for the last three fiscal years is broken down below:

For Fiscal Year 2018:

- After tax result and non-controlling interests of MAPFRE S.A.: 675,642,000 euros.
- Average annual variable remuneration: 386,920 euros
- Ratio: 0.057%

For Fiscal Year 2017:

- After tax result and non-controlling interests of MAPFRE S.A.: 700,510,000 euros.
- Average annual variable remuneration: 396,231 euros
- Ratio: 0.057%

For Fiscal Year 2016:

- After tax result and non-controlling interests of MAPFRE S.A.: 775,451,000 euros.
- Average annual variable remuneration: 504,151 euros
- Ratio: 0.065%

As can be seen, there is a high correlation between company results and the amount of annual variable remuneration received by the executive directors.

Regarding multi-year remuneration, objectives tied to share value (TSR - Total Shareholder Return) and the ROE of the company have also been established in the case of executive directors, with weights between 40 and 60 percent, which involves a high correlation of this remunerative component with the long-term performance of the Company.

In this way, and in line with the calculation standards for compliance with the objectives indicated in section A.1, medium and long-term variable remuneration is directly tied not only to the medium and long-term company results but also to various indicators related to the profitability of the company and its sustainability to avoid any excessive assumption of risk.

B.4 Report on the result of the advisory vote at the Annual General Meeting on the annual report on remuneration for the previous financial year, indicating the number of any negative votes cast.

	Number	% of total
Votes cast	2,500,798,713	98.95

	Number	% cast
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Negative votes	199,301,864	7.97
Votes in favor	2,235,537,896	89.39
Abstentions	65,958,953	2.64

Observations

B.5 Explain how the fixed components accrued during the fiscal year for the directors in their positions as such were determined, and how they varied from the prior year

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External directors received a fixed amount in 2018 as basic remuneration for their membership on the Board of Directors and, as applicable, of the Steering Committee and delegate bodies, which was higher for those who occupied positions on the Board or chaired its committees. This remuneration was supplemented with other non-monetary compensation of a general nature established for company personnel.

(i) Fixed assignment:

Basic remuneration of external directors consisted of an annual fixed allocation for membership on the Board of Directors of the Company, and on the Steering committees if applicable. The amounts corresponding to these items for fiscal years 2018 and 2017 are indicated below, along with any existing variation, if applicable:

- Membership of the Board of Directors: 110,000 euros in 2018 and 2017.
- Vice Chairman of the Board of Directors - Coordinating Director: 110,000 euros in 2018 and 2017.
- Membership of the Steering Committee: 20,000 euros in 2018 and 2017.
- Chairperson of the Audit and Compliance Committee: 65,000 euros in 2018 and 55,000 in 2017 (increase of 18.1%).
- Voting Members of the Audit and Compliance Committee: 45,000 euros in 2018 and 35,000 in 2017 (increase of 28.5%).
- Chairperson of the Appointments and Remuneration Committee: 57,000 euros in 2018 and 55,000 in 2017 (increase of 3.6%).
- Voting Members of the Appointments and Remuneration Committee: 37,000 euros in 2018 and 35,000 in 2017 (increase of 5.7%).
- Chairperson of the Risk Committee: 57,000 euros in 2018 and 55,000 in 2017 (increase of 3.6%).
- Voting Members of the Risk Committee: 37,000 euros in 2018 and 35,000 in 2017 (increase of 5.7%).

(ii) Life insurance and other non-cash earnings.

During 2018, external directors were provided a life insurance policy in the event of death under the same conditions described in section A.1 above.

(iii) Allocation for participating in Boards of Directors of subsidiary companies.

External directors who are members of the Board of Directors of subsidiary companies also receive a fixed amount for this membership and, as applicable, for membership on their management committees, under the same conditions described in section A.1 above.

B.6 Explain how the balances accrued during the closed fiscal year for each of the executive directors for the performance of their management functions were determined, and how they varied from the prior year

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As indicated in section C.1, the salary of the executive directors in fiscal year 2018 totals 3,003,000 euros, of which 2,668,000 euros corresponds to the Company and 335,000 euros to other companies of the Group.

These amounts were set by the Board of Directors in their meeting of February 7, 2018, on the recommendation of the Appointments and Remuneration Committee, with consideration of the external reports provided by the Ernst & Young consulting firm.

The individual breakdown of the balances received by the persons that held the position of executive director in fiscal year 2018 are indicated below, with its variance from the prior fiscal year:

Antonio Huertas Mejías: 824,180 euros in 2018 and 812,000 in 2017 (increase of 1.5%).

- Antonio Núñez Tovar: 564,616 euros in 2018 and 1,014,000 in 2017 (decrease of 44.32%).

- Ignacio Baeza Gómez: 505,894 euros in 2018 and 498,418 in 2017 (increase of 1.5%).

- José Manuel Inchausti Pérez: 334,950 euros in 2018. He was appointed director on July 18, 2018.

- Francisco José Marco Orenes: 360,460 euros in 2018 and 327,691 in 2017 (increase of 10%).

- Fernando Mata Verdejo: 413,700 euros in 2018 and 344,750 in 2017 (increase of 20%).

B.7 Explain the nature and the principal characteristics of the variable components of the remuneration systems accrued in the closed fiscal year.

In particular:

- **Identify each of the remuneration plans that governed the different variable forms of remuneration accrued by each of the directors during the closed fiscal year, including information on their extent, their date of approval, date of implementation, vesting periods and maturity, criteria used to evaluate performance and how it affected the determination of the variable amount accrued, and measurement criteria used and the necessary period to be in a position to properly measure all prescribed conditions and criteria.**

In the case of plans involving stock options or other financial instruments, the general characteristics of each plan will include information regarding their conditions both for acquiring unconditional title (vesting) and for enabling the exercise of such options or financial instruments, including the price and period for exercise.

- Each of the directors, and their category (executive directors, nominee external directors, independent external directors and other external directors) who are beneficiaries of remuneration systems or plans which include a variable remuneration.
- If applicable, include information on the applied accrual or postponement periods for payment established and/or the retention/non-disposal periods for any shares or other financial instruments.

Explain the short-term variable components of the remuneration systems

As indicated in section A.1, only executive directors receive annual variable remuneration linked to consolidated vested profits after taxes of the company. This remuneration is always paid in cash.

The date of approval, maximum amount, deferral rules and other characteristics of this remuneration are indicated in section A.1 above.

Annual variable remuneration for executive directors accrued from January 1 to December 31, 2018. At the close of 2018 the amount was determined based on the fulfillment of the Company's profit objectives.

The Company has no option plans involving stock or other financial instruments.

Explain the long-term variable components of the remuneration systems

As indicated in section A.1, only executive directors receive medium and long-term variable remuneration. These directors are beneficiaries of the 2016-2018 Incentive Plan.

The date of approval, maximum amount, deferral rules, stock retention periods and other characteristics of this remuneration are indicated in section A.1 above.

B.8 Indicate whether there has been any reduction or claims for the return of specific variable components, if any, in the first case when payment is vested or deferred, or in the second case vested and paid, based on data which was manifestly demonstrated as inaccurate at a later time. Describe the amounts reduced or returned due to the application of reduction or return (clawback) clauses, why they were applied and the fiscal years involved.

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No remuneration amount has ever been reduced or claimed for any reason.

- B.9 Explain the principal characteristics of the long-term savings plans whose amount or annual equivalent cost appear in the tables in section C, including retirement and any other survivorship provision that is financed in whole or part by the company, whether endowed internally or externally, indicating the type of plan, whether it is a defined contribution or defined benefit plan, the situations that it covers and the conditions for vesting in any type of indemnification due to early cancellation or termination of the contractual relation between the company and the director.**

During fiscal year 2018, the executive directors were beneficiaries of the same long-term savings systems described in section A.1.

Under this item, a total amount of 5,738,000 euros was recorded in relation to contributions made to savings systems with consolidated rights and to the amount of accumulated funds consolidated in fiscal year 2018, of which 5,602,000 euros corresponded to the Company, and 136,000 euros to other companies of the Group.

- B.10 Explain, if applicable, the indemnifications or any other type of payment related to early cancellation, whether at the behest of the company or the director, or the termination of the contract under the terms provided therein, accrued and/or received by the directors during the closed fiscal year.**

No indemnification was paid to directors in fiscal year 2018.

Under the provisions of clause 4.4 of the Director Remuneration Policy, the Board of Directors, upon the recommendation of the Appointments and Remuneration Committee, agreed to endow an extraordinary bonus on Antonio Núñez Tovar on the occasion of his retirement, in the amount of 650,000 euros gross for his distinguished professional career with MAPFRE.

- B.11 Indicate whether any significant modifications were made to the contracts of those individuals that held senior management positions as executive directors, and if so, explain them. Also, explain the principal conditions of the new contracts signed with executive directors during the fiscal year, unless they have already been explained in section A.1.**

There have been no significant modifications to the contracts of individuals who perform senior management functions as executive directors.

- B.12 Explain any supplementary remuneration earned by directors for services rendered other than those inherent to their position.**

No director has performed any services other than those involved in their responsibilities as directors or executive functions, if applicable, with the exception of those performed by Alfonso Reuelta Badías, for his membership in

the MAPFRE GLOBAL RISKS Advisory Council, for which he received 30,000 euros.

- B.13 Explain any remuneration derived from the concession of advance payments, loans or guarantees, specifying the interest rate, their essential characteristics and the amounts returned and any obligations undertaken on their behalf by way of a guarantee.**

None of the Group companies granted any advance payments or loans to directors, or have provided guarantees on their behalf during fiscal year 2018.

- B.14 Provide details on the remuneration in kind accrued by the directors during the fiscal year, briefly explaining the nature of the different salary components.**

During fiscal year 2018, the external directors were also beneficiaries of the current social benefits for fiscal year 2019 and under the terms previously described in section A.1, except in relation to the insured value in the case of death or total disability of the supplementary insurance policy which in fiscal year 2018 was between 300 and 400 percent of the fixed remuneration, with a double indemnity clause for accidental death.

- B.15 Explain the remuneration earned by directors by virtue of the payments made by the company to a third party for which the directors render services, when such payments are intended to compensate the directors for the services provided to the company.**

No such remuneration was earned under this area during 2018.

- B.16 Explain any other remuneration item other than those indicated above, whatever its nature or the Group company paying it, especially if treated as a related party transaction or if its payment could distort the true and fair image of the total remuneration earned by directors.**

There were no other remuneration items other than the ones cited above in fiscal year 2018.

C) BREAKDOWN OF THE INDIVIDUAL REMUNERATION EARNED BY EACH DIRECTOR

Name	Type	Vesting period fiscal year t
Director 1		
Director 2		

- C.1 Complete the following tables on the individual remuneration for each of the directors (including the remuneration for executive functions) earned during the year.

a) Remuneration from the company that is the subject of this report:

i) Remuneration in cash (thousands of euros)

Name	Fixed remuneration	Attendance fees	Remuneration for membership	Salary	Fixed remuneration	Long-term variable	Indemnity	Other	Total	Total fiscal
Direct										
Direct										

Observations

ii) Table of remuneration system movements based on stock and gross profits from stock or vested financial instruments

Name	Name of Plan	Financial instruments at the start of fiscal year		Financial instruments granted during fiscal year		Financial instruments vested in fiscal year				Expired but not exercised	Financial instruments at the end of fiscal year	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent/vested shares	Price of vested shares	Gross profits from vested stock or financial instruments	No. of instruments	No. of instruments	No. of equivalent shares
Direct	Plan 1:											
	Plan 2:											

Observations

iii) Long-term savings systems

	Remuneration by vesting of rights to savings
Director 1	

Name	Contribution during the year made by the company Thousands of £				Amount of accumulated funds			
	Savings systems with vested		Savings systems without		Financial year t		Financial year t-1	
	Financial year t-1	Financial year t	Financial year t-1	Financial year t	Systems with vested economic	Systems without vested economic	Systems with vested economic	Systems without vested economic
Director 1								

Observations

iv) Breakdown of other items

Name	ITEM	Amount of remuneration

Director 1		
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Observations

Observations

iv) Breakdown of other items

Name	ITEM	Amount of
Director		

Observations

c) Summary of remuneration (thousands of euros)

The summary must include the amounts corresponding to all remuneration items described in this report that have been earned by directors, in thousands of euros.

Name	Remuneration earned within the					Remuneration earned within Group				
	Total remuneration	Gross profits from operations	Remuneration via equity	Remuneration via debt	Total	Total remuneration	Gross profits from vested shares	Remuneration via equity	Remuneration via debt	Total
Direct										
TOTAL										

Observations

D OTHER USEFUL INFORMATION

If there is any relevant aspect regarding the remuneration of directors which has not been covered in the other sections of this report but which should be included to provide more complete and explanatory information about the remuneration structure and practices of the company in relation to its directors, please provide a brief explanation here.

This annual report on remuneration was approved by the company's Board of Directors at its meeting on_____.

Indicate whether any directors voted against the report or abstained.

Yes

No

Name or company name of members of board of directors that did not vote in favor of approval of this report	Reasons (against,	Explain the reasons

