



**MAPFRE AND BANCO DO BRASIL
UPDATE THEIR STRATEGIC
ALLIANCE IN THE INSURANCE
BUSINESS**

MAPFRE AND BANCO DO BRASIL FORMALIZE THE UPDATING OF THEIR STRATEGIC ALLIANCE IN THE INSURANCE BUSINESS

- **MAPFRE will control 100% of MAPFRE BB SH2 (“SH2”), to be renamed MAPFRE SEGUROS, and which will include:**
 - All the businesses from the traditional channel
 - The Automobile business from the bank channel
 - The renewal rights for the Large Risks business from the bank channel
- Neither the duration of the agreement nor the **exclusivity in product distribution via the BB channel will change for MAPFRE**, for both Life and Non-Life.
- BB MAPFRE SH1 (“SH1”) will focus on Life, Agro, Mortgage Life, SMEs and Homeowners insurance for BB clients, and will maintain the Large Risks portfolio run-off.

CONSIDERATION

- Reaches **2.406 billion Brazilian reais** (546 million euros at current exchange rates).
- Equivalent to **≈1.4 times its book value** (data at March 2018)
- Supposes an expected **ROI of 10%**

FUNDING

- **CASH:**

Excess available in the insurance holding in Brazil (approximately 250 million euros).

- **DEBT:**

- Availability of credit line (€340 million euros as at March).
- Possible hybrid debt issuance, with conditions and amount to be determined in coming months.
- Leverage: potential increase from 18% to approximately 22%.

REALLOCATION OF INSURANCE BUSINESS RESULTING FROM THE AGREEMENT

MAPFRE SHAREHOLDING IN ENTITIES - % VARIATION

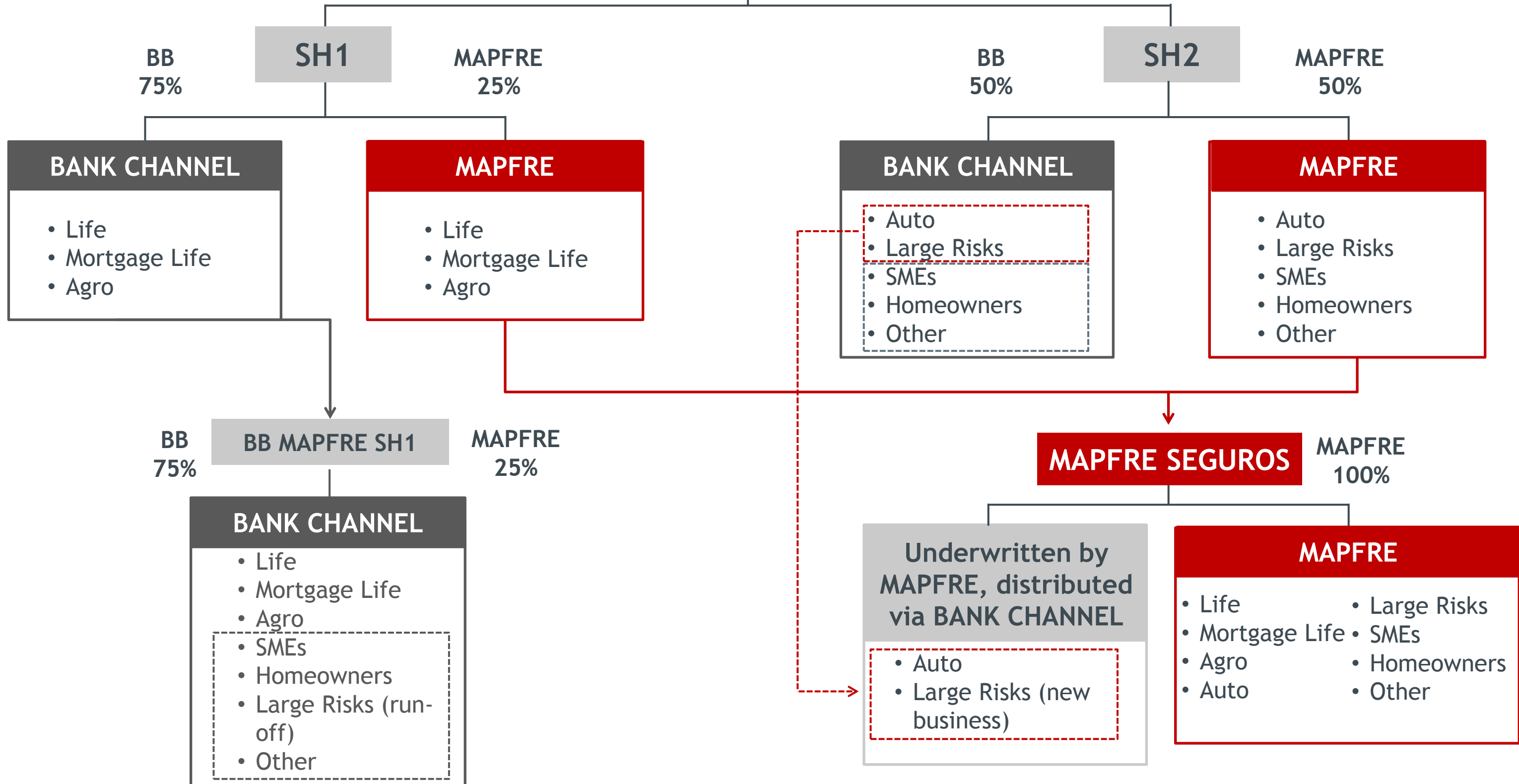
			SHAREHOLDING	
VARIATION	ENTITY	PREVIOUS	NEW	
75%	MAPFRE VIDA (Life / Agency)	25%	100%	
50%	BRASIL VEÍCULOS (Auto / Bank)	50%	100%	
50%	MAPFRE SEGUROS GERAIS (Non-Life / Agency)	50%	100%	
-25%	ALIANÇA DO BRASIL SEGUROS (Non-Life / Bank)*	50%	25%	

The Large Risks portfolio, currently in this entity, will be transferred to BB MAPFRE SH1, while the renewal rights will remain with MAPFRE Seguros.



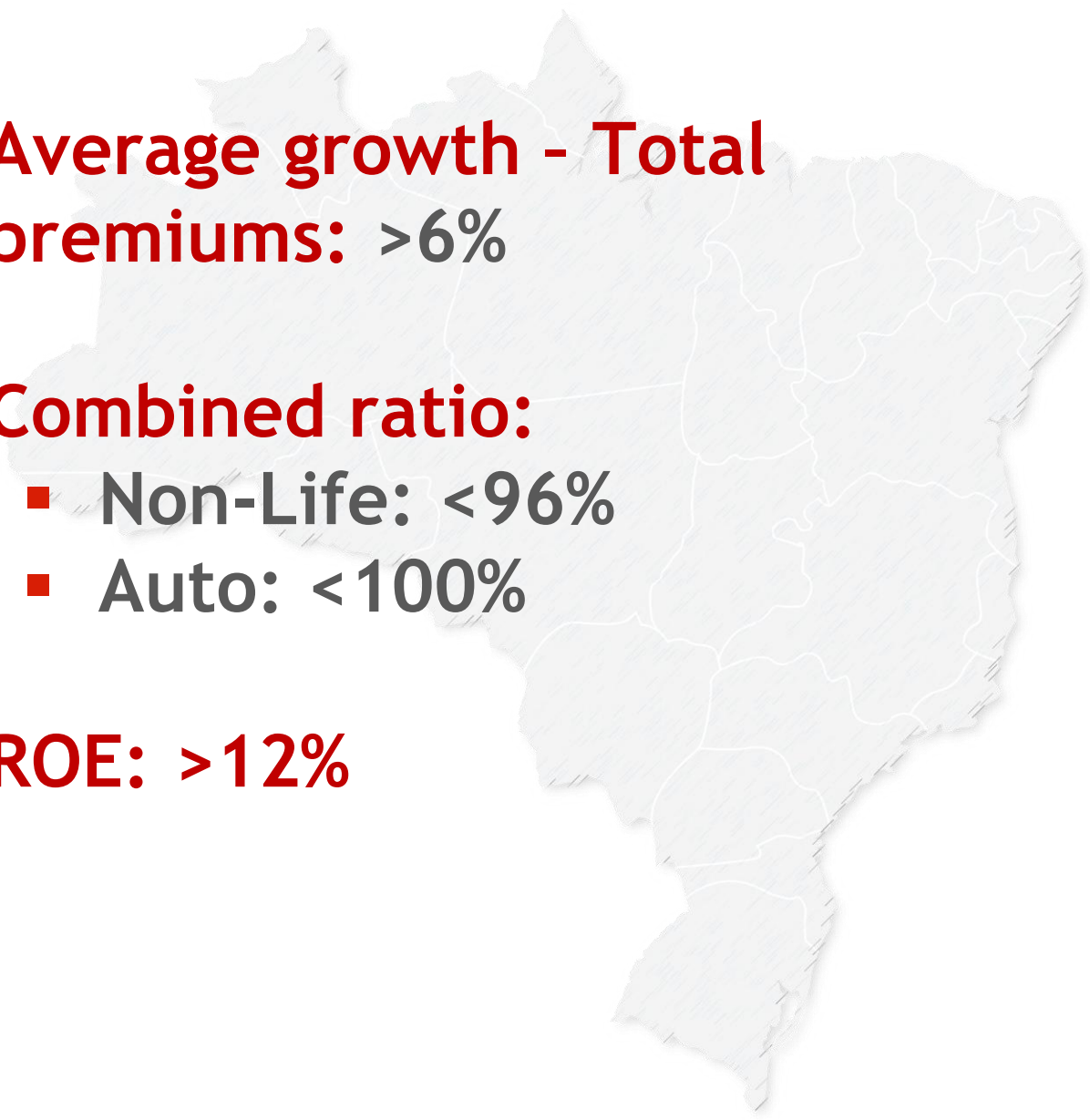
PREVIOUS STRUCTURE

CURRENT AGREEMENT



- Significantly boosts its **shareholding** in the business in Brazil.
- Increases the **profit contribution**.
- Simplifies MAPFRE's **strategy execution** in Brazil.
- Leverages the **MAPFRE brand in Brazil** - the company becomes the second largest Non-Life insurer in the country.
- Maintains **exclusivity** in the Banco do Brasil channel.
- **Improves the management** and control of the various areas in the company, unifying the areas and departments that were distributed between both companies.
- Facilitates application of MAPFRE's best practices and experience in the management of the Automobile business.
- The new situation will allow MAPFRE to reach new distribution agreements, **acquire new businesses**, grow in new lines and further penetrate in other channels.

MAPFRE BRAZIL 3-Year Objectives

- 
- **Average growth - Total premiums: >6%**
 - **Combined ratio:**
 - **Non-Life: <96%**
 - **Auto: <100%**
 - **ROE: >12%**

MAPFRE IN BRAZIL

BB MAPFRE

(BANK CHANNEL BB: LIFE, MORTGAGE LIFE,
AGRO, SME AND HOMEOWNERS)

+

MAPFRE

(AGENCY CHANNEL AND AFFINITY: ALL BUSINESS LINES
BB BANK CHANNEL: AUTOMOBILE AND LARGE RISKS)

+

MAPFRE INVESTMENTS, PENSIONES AND FINANCIAL PRODUCTS

+

BRASIL ASSISTÊNCIA

STRENGTHS

12 Million Clients

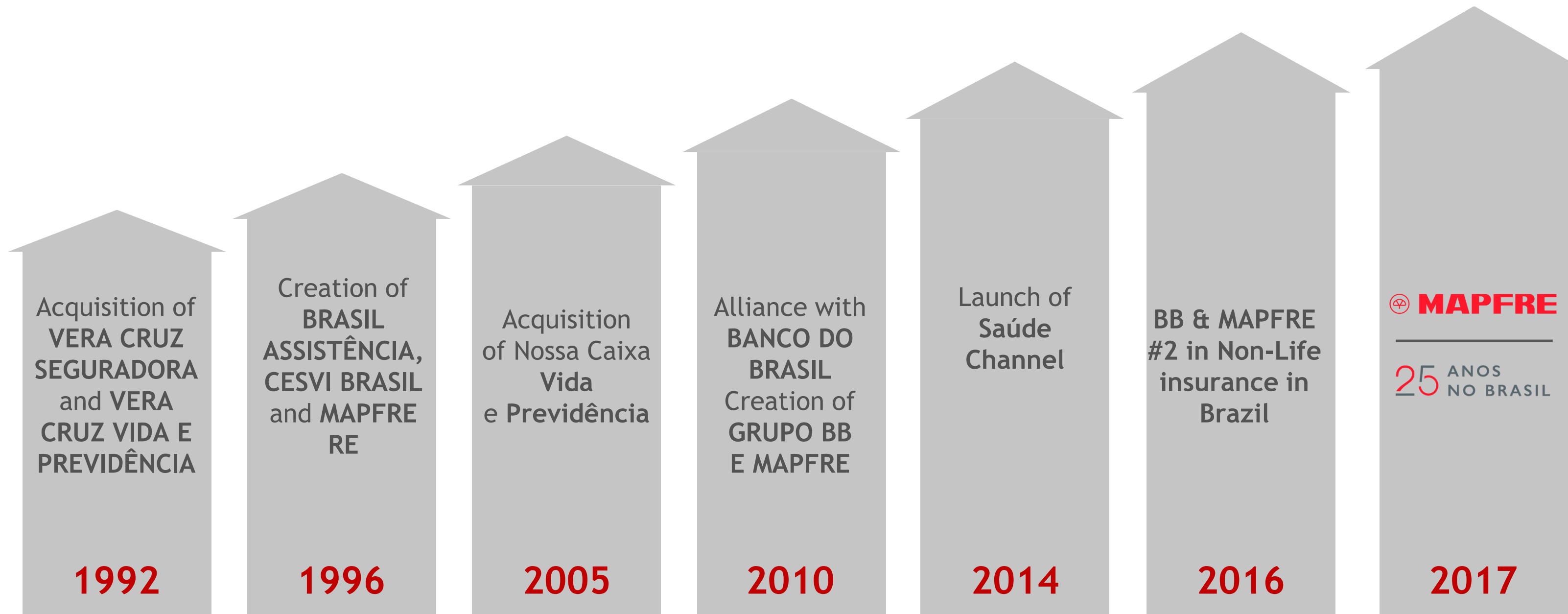
6,300 Employees

+20,000 Brokers

103 MAPFRE branches

+7,100 own
points of sale

LINE	RANKING						MARKET SHARE					
	2012	2013	2014	2105	2016	2017	2012	2013	2014	2105	2016	2017
Life Protection	1	1	1	1	1	1	20.6%	20.7%	22.0%	20.0%	18.3%	16.8%
Agro	1	1	1	1	1	1	66.4%	72.0%	73.0%	75.5%	74.2%	74.2%
Auto	2	2	2	2	2	2	14.5%	14.5%	14.9%	14.8%	12.6%	11.7%
P&C	2	2	2	1	1	2	10.0%	10.2%	10.8%	11.1%	10.7%	11.2%
TOTAL	1	1	1	1	1	1	16.5%	17.2%	18.3%	17.9%	16.6%	16.8%



2018

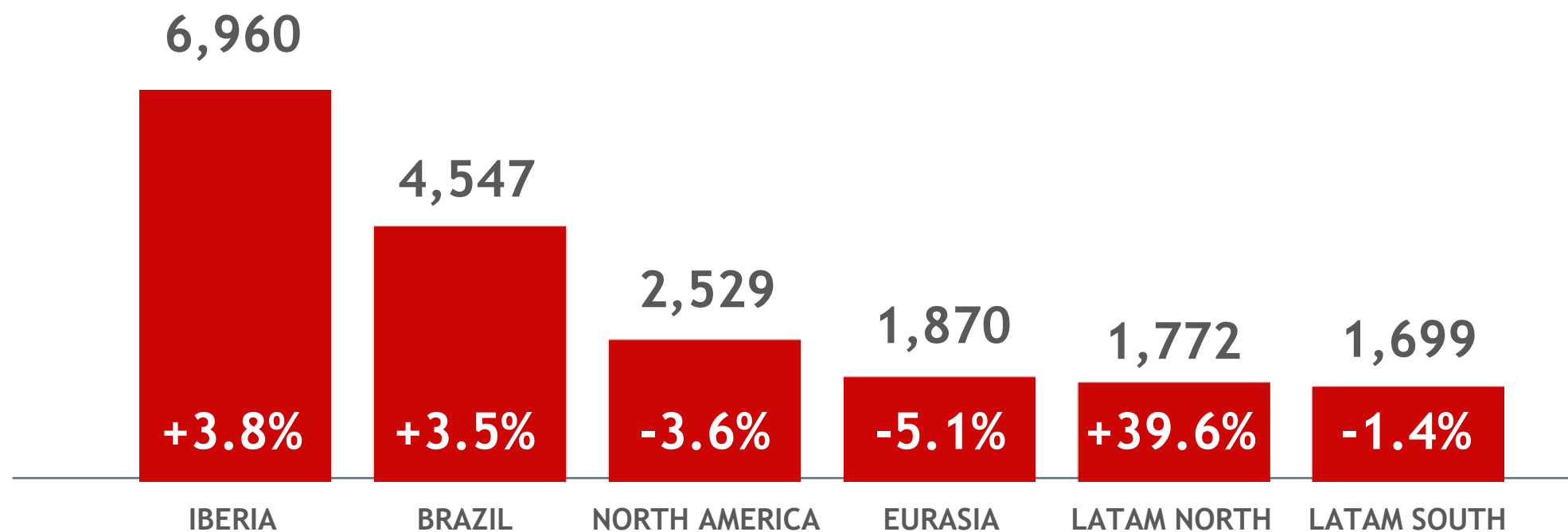
**MAPFRE - BANCO DO BRASIL
STRATEGIC ALLIANCE UPDATE**

 **MAPFRE**

BANCO DO BRASIL
Seguros

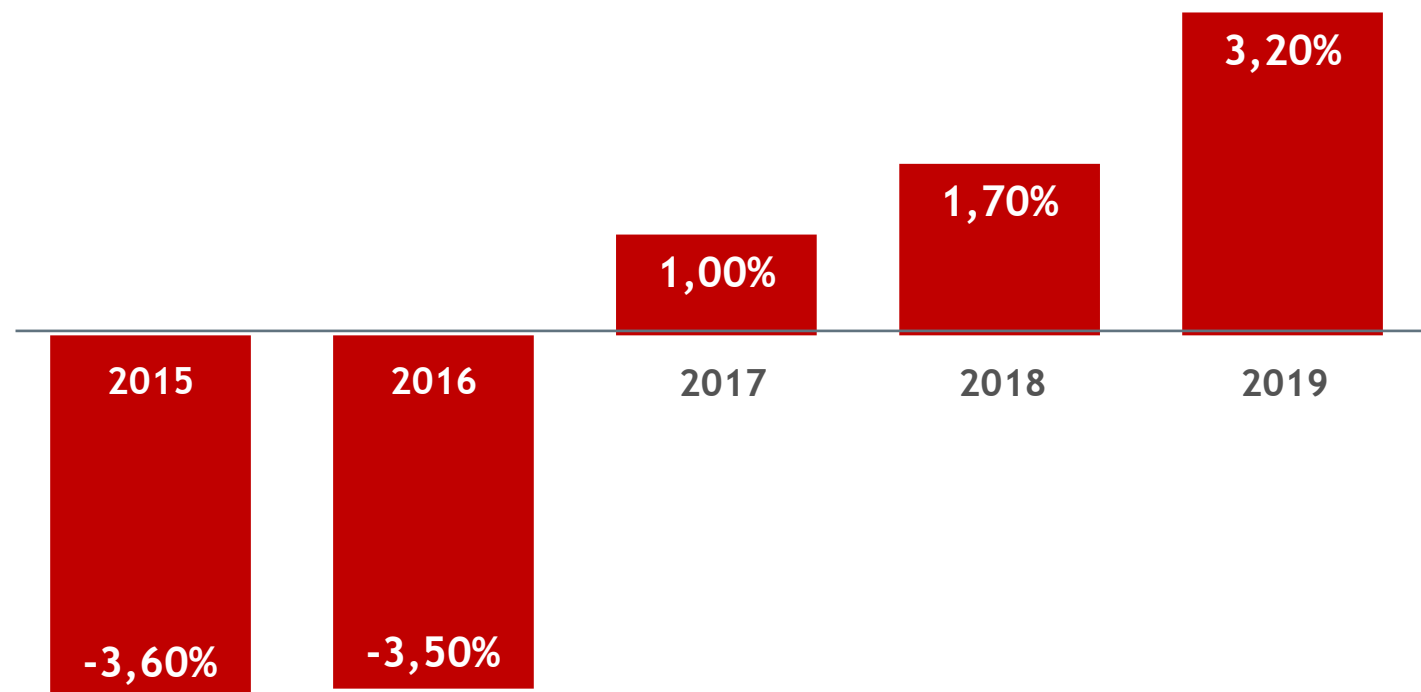
- **Second largest market** (after Spain) for MAPFRE in terms of business contribution.
- Contributes 20% of **premiums** and 18% of MAPFRE's **earnings** worldwide.
- The strength of business in Brazil means MAPFRE is **the number one multinational insurance group in Latin America** today.

PREMIUMS BY REGION - INSURANCE UNIT 2017



FORECAST FOR THE BRAZILIAN ECONOMY

GDP



STRENGTHS

- Ninth largest economy worldwide.
- GDP: 2.6% of the world (practically double Spain's).
- Population of over 200 million.
- Potential growth is double the average of industrialized countries.
- Insurance gap (insurance market growth potential): 4.7% of GDP.

