



Madrid, June 26, 2018

## **SPANISH SECURITIES AND EXCHANGE COMMISSION**

In accordance with article 228 of the Recast Text of the Securities Market Act, MAPFRE S.A. (MAPFRE) hereby gives notice to the Spanish Securities and Exchange Commission of the following

### **RELEVANT FACT**

By means of relevant fact on February 6, 2018 (registration number 261344), MAPFRE informed that it had reached a memorandum of understanding with BB Seguros and its parent company, BANCO DO BRASIL, with the aim of establishing the general lines for carrying out a reorganization of the strategic alliance formed with said banking entity in 2011 and implemented through the holding companies BB MAPFRE SH1, focused primarily on the Life business, and MAPFRE BB SH2, owner of the insurers operating in other lines.

Today, and as a result of the negotiations that have been taking place since the signing of the memorandum of understanding, the parties have signed the definitive agreements that will govern the announced restructuring in the following terms:

- i. Partial spin-off of BB MAPFRE SH1 by means of the segregation of the shareholding in MAPFRE Vida S.A. (agent channel life insurance) which will be absorbed by MAPFRE BB SH2.
- ii. Partial spin-off of MAPFRE BB SH2 by means of the segregation of the shareholding in Aliança do Brasil Seguros (bank channel homeowners insurance) which will be absorbed by BB MAPFRE SH1.
- iii. Sale, once the previously mentioned spin-off operations are completed, by BB SEGUROS to MAPFRE BRASIL of its shareholding in MAPFRE BB SH2 for the base price of 2.406 billion Brazilian reais (546 million euros at the current exchange rate), subject to adjustments depending on the dividends distributed to shareholders until the operation closing date, upon receiving the relevant administrative authorizations and on reaching the objectives for the bank channel auto insurance distribution business plan.

As a result of the above, MAPFRE will become the owner of 100 percent (currently 50 percent) of the whole of the business (Life and Non-Life) generated by the agent channel, and the auto and large risks businesses distributed through the bank channel. Further, it will maintain its current stake (25 percent) in BB MAPFRE, which will incorporate bank channel homeowners insurance into its business.



The validity of the execution of the operations described above is subject to obtaining the mandatory administrative authorizations, and the alliance resulting from the restructuring will be effective until 2031.

The agreed operation will make it possible to renew and update the alliance with Banco do Brasil, increase the size of MAPFRE's business in the country, maintain the exclusivity of the bank channel for those businesses included in the scope of the alliance, and ultimately, through a simpler and more efficient structure, to achieve better productivity and business profitability.

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