

CONSOLIDATED ANNUAL ACCOUNTS

AND

CONSOLIDATED MANAGEMENT REPORT

FISCAL YEAR 2017

MAPFRE S.A.



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

Independent Auditor's Report on the Consolidated 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. commissioned by its Board of Directors

Report on the Consolidated Annual Accounts

Opinion

We have audited the consolidated annual accounts of MAPFRE, S.A. and subsidiaries (together the "Group"), which comprise the consolidated balance sheet at 31 December 2017, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and consolidated notes for the year then ended.

In our opinion, the accompanying consolidated annual accounts give a true and fair view, in all material respects, of the consolidated equity and consolidated financial position of the Group at 31 December 2017 and of its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable in Spain.

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 Consolidated Annual Accounts section of our report.

We are independent of the Group in accordance with the ethical requirements, including those regarding independence, that are relevant to our audit of the consolidated 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 consolidated annual accounts of the current period. These matters were addressed in the context of our audit of the consolidated annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of mathematical provisions (Euros 23,063.43 million)

See notes 5.15 and 6.14 of the notes to the consolidated annual accounts

<i>Key audit matters</i>	<i>How the issue was addressed in our audit</i>
<p>The Group calculates mathematical provisions for commitments with its policyholders, including some very long-term commitments. Estimating mathematical provisions requires the use of actuarial calculations and methods that employ key assumptions involving a high degree of judgement and uncertainty, including projected future mortality, morbidity, administration costs, interest rates, etc.</p> <p>In addition, International Financial Reporting Standards as adopted by the EU (IFRS-EU) require that the adequacy of insurance contract liabilities be tested, including life insurance liabilities, in order to determine whether sufficient provision has been made on the basis of projected future cash flows associated with contracts in force, taking into account the most up-to-date assumptions available. These tests also require the use of actuarial methods, where the assumptions employed have a significant impact.</p> <p>The use of inadequate assumptions in actuarial methods can have a significant impact on the consolidated annual accounts</p>	<p>Our audit approach included testing the design and implementation of key controls established by the Group for estimating mathematical provisions, including controls on the definition of key assumptions and on the completeness and accuracy of the data bases used when estimating these provisions.</p> <p>Our substantive procedures in relation to the mathematical provisions, which were carried out in collaboration with our actuarial specialists and for a representative sample of contracts selected based on our assessment of risks and their significance, consisted primarily of the following:</p> <ul style="list-style-type: none"> • Testing the completeness and accuracy of the data bases used in the actuarial calculations. • Recalculating the life insurance provision, considering the economic and technical conditions in the insurance contracts and those established in prevailing legislation. • As regards the Liability Adequacy Test, assessing the methodology employed by the Group and its principal economic (interest rate curves used for discounting, administration costs, etc.) and technical (mortality, morbidity and lapse rates, etc.) assumptions used to project future cash flows. We assessed the reasonableness of future cash flows (premiums, claims, expenses), and compared them to the Group's past financial information. <p>We also assessed the adequacy of the information disclosed in the consolidated annual accounts on mathematical provisions, considering the requirements of IFRS-EU.</p>

Valuation of mathematical provisions (Euros 23,063.43 million)
 See notes 5.15 and 6.14 of the notes to the consolidated annual accounts

<i>Key audit matters</i>	<i>How the issue was addressed in our audit</i>
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Valuation of the provision for non-life insurance claims (Euros 10,088.98 million)
 See notes 5.15 and 6.14 of the notes to the consolidated annual accounts.

<i>Key audit matters</i>	<i>How the issue was addressed in our audit</i>
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<p>The Group recognises the provision for non-life insurance claims to cover the estimated cost of accidents occurring up to the closing date. Estimating this provision is complex and requires actuarial methods and calculations based on judgement and significant assumptions, particularly for those lines of business where the claim settlement period can be very long, such as in automobile, public liability, fires, aviation and transport.</p> <p>When valuing the claims provision, estimates are used on a case-by-case basis, as well as actuarial projection methods based on past information and assumptions on their future evolution. These estimates include assumptions related to the amount of the expected settlement and claim payment patterns, and due to their nature, there is a significant degree of uncertainty, and a change in assumptions could significantly impact the consolidated annual accounts.</p>	<p>Our audit procedures included testing the design and implementation of key controls established by the Group for estimating provisions for claims, including controls on the definition of key assumptions and on the completeness and accuracy of the data bases used when estimating these provisions.</p> <p>Our substantive procedures in relation to the provision for claims, which were carried out in collaboration with our actuarial specialists and for a representative sample of lines of business selected based on our assessment of risks and their significance, consisted primarily of the following:</p> <ul style="list-style-type: none"> • Testing the completeness and accuracy of the data bases used in the actuarial calculations. • Based on our knowledge and experience of the sector, we assessed the reasonableness of the actuarial models and the assumptions employed in calculating the provision for claims, comparing them to best actuarial practices, regulatory requirements, market scenarios and historical trends. • We estimated the provision for claims and, based on our experience, determined a range for assessing its reasonableness. <p>We also assessed the adequacy of the information disclosed in the annual accounts on the provisions for non-life insurance claims, considering the requirements of IFRS-EU.</p>
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Valuation of goodwill and portfolio acquisition costs (Euros 2,846.05 million)
 See notes 5.1 and 6.1 of the notes to the consolidated annual accounts.

<i>Key audit matters</i>	<i>How the issue was addressed in our audit</i>
<p>The Group has recognised significant goodwill and portfolio acquisition costs from the acquisition of entities or businesses. A high degree of judgement and complexity is involved in valuing these intangible assets</p> <p>Valuing these assets requires that cash-generating units (CGUs) be determined, that the carrying amount of each CGU be calculated, that their recoverable amount be estimated and that any impairment indicators be identified. Determining the recoverable amount of each CGU involves financial projections that consider assumptions on macroeconomic trends, internal circumstances of the entity and competitors, discount rates or the outlook for the business. Complex data and estimates, in general, entail uncertainty and judgement, and have an associated significant inherent risk.</p> <p>The Group tests goodwill and portfolio acquisition costs for impairment annually, or when impairment indicators are identified. In this regard, our assessment centred mainly on goodwill from MAPFRE USA and the acquisition of Direct Line Italia, as a result of trends in the results of these entities.</p>	<p>Our audit procedures included testing the design and implementation of key controls established by the Group for identifying CGUs, evaluating impairment indicators, having financial projections approved by the Board of Directors and defining the calculation assumptions and methods used to estimate the recoverable amount of CGUs.</p> <p>Based on our knowledge and experience, we assessed the reasonableness of the methods used by the Group to estimate the recoverable amounts of CGUs, considering IFRS-EU and best market practices.</p> <p>Our substantive procedures, which were performed for a sample of CGUs, including MAPFRE USA and Direct Line Italia, basically consisted of the following:</p> <ul style="list-style-type: none"> • Evaluating the existence of goodwill and portfolio acquisition cost impairment indicators considering external and internal factors such as macroeconomic indicators, sector expectations, the financial history of CGUs and management's expectations. • In collaboration with our valuation specialists, analysing the discount and growth rates used by the Group to estimate the recoverable amount of CGUs. • Assessing the reasonableness of the financial projections prepared by management, comparing them to the historical financial information of the CGUs, to business plans approved by the Group and to market expectations in the sectors in which they operate. • Performing a sensitivity analysis of the key assumptions and financial projections used to estimate the recoverable amount of CGUs. <p>We also assessed the adequacy of the information disclosed in the annual accounts on goodwill and portfolio acquisition costs, considering the requirements of IFRS-EU.</p>

Valuation of financial instruments not quoted on active markets and recognized at fair value (Euros 5,510.14 thousand)

See notes 5.5 and 6.4 of the notes to the consolidated annual accounts.

<i>Key audit matters</i>	<i>How the issue was addressed in our audit</i>
<p>For valuation purposes, the classification of financial instruments in the different portfolios stipulated in applicable accounting regulations determines the criteria to be used when valuing them subsequently.</p> <p>The majority of the MAPFRE Group's financial instruments are valued using market prices in active markets. Nonetheless, where there is no quoted price in an active market, the fair value of financial instruments is determined using valuation techniques that consider factors such as non-observable market inputs or complex valuation models that require a high degree of judgement. Changes in the assumptions considered, market events or new regulations can also have a significant impact on valuation.</p> <p>We consider there is a significant inherent risk associated with the valuation of financial instruments recognised at fair value, and that for valuation purposes they are classified hierarchically by the Group as level 3 financial instruments (use of a significant input not based on observable market inputs) and certain portfolios are classified as level 2 (significant input based on directly or indirectly observable market data). In both cases, this due to the use of complex valuation models.</p>	<p>Our audit approach included assessing the key controls linked to the processes of valuing financial instrument portfolios and performing substantive testing thereon.</p> <p>In collaboration with our specialists in financial instruments, we selected representative samples of the population of the Group's financial assets, which we evaluated using different substantive procedures, including recalculating the fair value and assessing the reasonableness of the market inputs used in the valuation model.</p> <p>Additionally, we assessed whether the information disclosed in the consolidated annual accounts on financial instruments adequately reflects the Group's exposure to the risk of valuing financial instruments, and whether it complies with the disclosure requirements of IFRS-EU.</p>

Accounting policy for the recognition of currency conversion differences on operations in Venezuela (Euros 832.85 million)

See note 2.4 to the consolidated annual accounts.

<i>Key Audit Matter</i>	<i>How the Matter was Addressed in Our Audit</i>
<p>The Group controls several subsidiaries with operations in Venezuela. In recent years, it has applied the accounting treatment provided for in IAS 29 to its operations in that country as it is considered a hyperinflationary economy. In accordance with this standard, the financial statements of its subsidiaries in Venezuela are adjusted based on estimated inflation for each year.</p>	<p>Our audit approach included:</p> <ul style="list-style-type: none"> • An evaluation of the Group's considerations regarding current regulations. • Based on an analysis of international financial reporting standards, an evaluation of the appropriateness of the accounting policy adopted by the Group.

Accounting policy for the recognition of currency conversion differences on operations in Venezuela (Euros 832.85 million)

See note 2.4 to the consolidated annual accounts.

<i>Key Audit Matter</i>	<i>How the Matter was Addressed in Our Audit</i>
<p>In accordance with IAS 21, the Group translates the adjusted financial statements of these subsidiaries applying the year-end closing rate, which is closely linked to the hyperinflation rate and tends to mitigate the effects thereof to a large extent.</p> <p>When Venezuela came to be considered a hyperinflationary economy for international financial reporting standard purposes, the Group adopted an accounting policy that presents the effects of hyperinflation through a reserve account, and the effects of translation differences in the statement of “Other Recognised Revenue and Expense”, which is also included in equity.</p> <p>However, in 2017 the Group decided to modify its accounting policy regarding the presentation of translation differences, considering it to be more relevant and reliable to present the effects of hyperinflation and the effects of translation differences arising on translation to Euros of the adjusted financial statements of the Venezuelan subsidiaries in the same reserve account, in accordance with the provisions of IAS 8. This change, which resulted in the restatement of comparative figures, requires the use of significant judgement by the Group when evaluating its greater relevance and reliability. Consequently this is considered a key audit matter in our audit.</p>	<ul style="list-style-type: none"> • Based on the historical information available and our knowledge of the Group, an analysis of the elements which, from our evaluation of the Group, support the view that the new policy offers more relevant and reliable information, in accordance with the criteria set forth in IAS 8. • Verification, using tests of detail, of the quantitative impact recognised in the accompanying annual accounts and which arises as a result of the modification of the accounting policy. • An evaluation of whether the disclosures included in the annual accounts regarding the change in accounting policy comply with the requirements of the applicable financial reporting framework.

Other Information. Consolidated Directors' Report

Other information solely comprises the 2017 consolidated directors' report, the preparation of which is the responsibility of the Parent's Directors and which does not form an integral part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not encompass the consolidated directors' report. Our responsibility regarding the information contained in the consolidated 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 consolidated information, as well as certain information included in the Annual Report on the Corporate Governance (ARCG), 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, or in the case of the non-financial information, in a separate report corresponding to the same year and to which reference is made 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 consolidated directors' report, which consists of assessing and reporting on the consistency of this information with the consolidated annual accounts, based on knowledge of the Group 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 consolidated 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 a separate report – the “Integrated Report MAPFRE S.A. 2017” – to which the consolidated directors' report makes express reference, that the information of the ARGC referred in this section is included in the directors' report, and that the rest of the information contained in the consolidated directors' report is consistent with that disclosed in the consolidated annual accounts for 2017 and the content and presentation of the report are in accordance with applicable legislation.

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

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

In preparing the consolidated annual accounts, the Parent's Directors are responsible for assessing the Group'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 Group or to cease operations, or have no realistic alternative but to do so.

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



Auditor's Responsibilities for the Audit of the Consolidated Annual Accounts

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent's Directors.
- Conclude on the appropriateness of the Parent's 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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated annual accounts, including the disclosures, and whether the consolidated annual accounts represent the underlying transactions and events in a manner that achieves a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.



We communicate with the Audit and Compliance Committee of the Parent 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 Parent's Audit and Compliance Committee 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 Audit and Compliance Committee of the Parent, we determine those that were of most significance in the audit of the consolidated 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 of the Parent_____

The opinion expressed in this report is consistent with our additional report to the Group's Audit and Compliance Committee dated February 8, 2018.

Contract Period _____

We were appointed as auditor of the Group by the shareholders at the ordinary general meeting on 13 March 2015 for a period of 3 years, from the year ended 1 January 2015.

KPMG Auditores, S.L. (S0702)

(Signed on original in Spanish)

Hilario Albarracín Santa Cruz

R.O.A.C: 09144

8 February 2018

CONSOLIDATED ANNUAL ACCOUNTS

2017

MAPFRE S.A.

CONSOLIDATED ANNUAL ACCOUNTS

2017

- A)** Consolidated balance sheet
- B)** Global consolidated income statement
- C)** Consolidated statement of changes in equity
- D)** Consolidated cash flow statement
- E)** Financial information by segment
- F)** Complementary financial information by product and geographical area
- G)** Consolidated annual report

MAPFRE S.A.

MAPFRE S.A. AND SUBSIDIARIES

A) CONSOLIDATED BALANCE SHEET AS ON DECEMBER 31, 2017 AND 2016

ASSETS	Notes	2017	2016
A) INTANGIBLE ASSETS	6.1	3,422.90	3,798.92
I. Goodwill	6.1	1,882.96	1,990.05
II. Other intangible assets	6.1	1,539.94	1,808.87
B) PROPERTY, PLANT AND EQUIPMENT	6.2	1,191.73	1,296.57
I. Real estate for own use	6.2	920.64	1,002.97
II. Other property, plant and equipment	6.2	271.09	293.60
C) INVESTMENTS		44,691.23	45,087.98
I. Real estate investments	6.2	1,250.71	1,274.81
II. Financial investments			
1. Held-to-maturity portfolio	6.4	2,024.26	2,419.76
2. Available-for-sale portfolio	6.4	34,516.43	35,102.61
3. Trading portfolio	6.4	5,462.57	5,018.59
III. Investments recorded by applying the equity method		203.92	242.57
IV. Deposits established for accepted reinsurance		790.59	650.22
V. Other investments		442.75	379.42
D) INVESTMENTS ON BEHALF OF LIFE INSURANCE POLICYHOLDERS BEARING THE INVESTMENT RISK	6.5	2,320.14	2,013.96
E) INVENTORIES	6.6	67.08	75.04
F) PARTICIPATION OF REINSURANCE IN TECHNICAL PROVISIONS	6.14	4,989.62	3,934.36
G) DEFERRED TAX ASSETS	6.21	296.81	335.32
H) RECEIVABLES	6.7	6,337.10	6,651.86
I. Receivables on direct insurance and co-insurance operations	6.7	4,019.46	4,315.06
II. Receivables on reinsurance operations	6.7	987.25	876.57
III. Tax receivables			
1. Tax on profits receivable	6.21	143.02	166.22
2. Other tax receivables		128.65	137.57
IV. Corporate and other receivables	6.7	1,058.72	1,156.44
V. Shareholders, called capital		--	--
I) CASH		1,864.01	1,451.13
J) ACCRUAL ADJUSTMENTS	5.11	2,132.33	2,179.96
K) OTHER ASSETS		100.95	145.50
L) NON-CURRENT ASSETS HELD FOR SALE AND FROM DISCONTINUED OPERATIONS	6.10	155.58	911.16
TOTAL ASSETS		67,569.48	67,881.76

Figures in millions of euros

MAPFRE S.A. AND SUBSIDIARIES

A) CONSOLIDATED BALANCE SHEET AS ON DECEMBER 31, 2017 AND 2016

EQUITY AND LIABILITIES	Notes	2017	2016
A) EQUITY	6.11	10,512.66	11,443.48
I. Paid-up capital	6.11	307.95	307.95
II. Share premium	6.11	1,506.74	1,506.74
III. Reserves		6,433.14	6,208.62
IV. Interim dividend		(184.77)	(184.77)
V. Treasury Stock	6.11	(52.36)	(60.23)
VI. Result for the period attributable to controlling company	4.1	700.51	775.45
VII. Other equity instruments	6.22	10.08	9.68
VIII. Valuation change adjustments	6.11	620.69	654.67
IX. Currency conversion differences	6.23	(730.70)	(91.61)
Equity attributable to the controlling company's shareholders		8,611.28	9,126.50
Non-controlling interests		1,901.38	2,316.98
B) SUBORDINATED LIABILITIES	6.12	617.37	593.96
C) TECHNICAL PROVISIONS	6.14	45,493.96	45,226.13
I. Provisions for unearned premiums and unexpired risks	6.14	8,375.10	8,636.53
II. Provisions for life insurance	6.14	24,992.92	25,664.78
III. Provision for outstanding claims	6.14	11,223.09	10,086.76
IV. Other technical provisions	6.14	902.85	838.06
D) TECHNICAL PROVISIONS FOR LIFE INSURANCE WHERE POLICYHOLDERS BEAR THE INVESTMENT RISK	6.14	2,320.14	2,013.96
E) PROVISIONS FOR RISKS AND EXPENSES	6.15	661.76	752.75
F) DEPOSITS RECEIVED ON CEDED AND RETROCEDED REINSURANCE	6.16	42.42	49.37
G) DEFERRED TAX LIABILITIES	6.21	588.04	730.71
H) DEBT	6.17	7,073.74	6,141.27
I. Issue of debentures and other negotiable securities	6.13	1,003.29	1,002.55
II. Due to credit institutions	6.13	706.74	606.35
III. Other financial liabilities	6.13	1,235.17	752.09
IV. Due on direct insurance and co-insurance operations	6.17	972.11	953.02
V. Due on reinsurance operations	6.17	1,218.63	1,045.83
VI. Tax liabilities		--	--
1. Tax on profits to be paid	6.21	167.63	231.32
2. Other tax liabilities	6.17	343.17	440.22
VII. Other debts	6.17	1,427.00	1,109.89
I) ACCRUAL ADJUSTMENTS	5.11	258.30	240.85
J) LIABILITIES LINKED TO NON-CURRENT ASSETS HELD FOR SALE AND FROM DISCONTINUED OPERATIONS	6.10	1.09	689.28
TOTAL EQUITY AND LIABILITIES		67,569.48	67,881.76

Figures in millions of euros

MAPFRE S.A. AND SUBSIDIARIES

B) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR YEARS ENDING DECEMBER 31, 2017 AND 2016

B.1) CONSOLIDATED INCOME STATEMENT

ITEM	Notes	2017	2016
I. REVENUE FROM INSURANCE BUSINESS			
1. Premiums allocated to the financial year, net			
a) Written premiums, direct insurance	7.A.2	19,982.34	19,313.69
b) Premiums from accepted reinsurance	7.A.2	3,498.35	3,499.48
c) Premiums from ceded reinsurance	6.20	(4,064.44)	(3,593.86)
d) Variations in provisions for unearned premiums and unexpired risks			
Direct insurance	6.14	(515.55)	76.19
Accepted reinsurance	6.14	74.10	(162.00)
Ceded reinsurance	6.20	334.86	(95.29)
2. Share in profits from equity-accounted companies		10.97	10.44
3. Revenue from investments			
a) From operations	6.18	2,363.88	2,603.79
b) From equity	6.18	195.27	203.81
4. Gains on investments on behalf of life insurance policyholders bearing the investment risk	6.5	131.02	145.39
5. Other technical revenue		63.67	52.94
6. Other non-technical revenue		194.61	71.71
7. Positive foreign exchange differences	6.23	1,039.86	705.99
8. Reversal of the asset impairment provision	6.8	21.07	22.00
TOTAL REVENUE FROM INSURANCE BUSINESS		23,330.01	22,854.28
II. EXPENSES FROM INSURANCE BUSINESS			
1. Incurred claims for the year, net			
a) Claims paid and variation in provision for claims, net			
Direct insurance	5.15	(13,218.93)	(12,560.54)
Accepted reinsurance	5.15	(2,382.90)	(2,058.29)
Ceded reinsurance	6.20	2,881.19	1,687.43
b) Claims-related expenses	6.19	(855.71)	(881.58)
2. Variation in other technical provisions, net	5.15	(806.59)	(380.19)
3. Profit sharing and returned premiums		(46.80)	(50.05)
4. Net operating expenses	6.19		
a) Acquisition expenses		(4,924.76)	(4,748.03)
b) Administration expenses		(760.01)	(770.33)
c) Commissions and participation in reinsurance	6.20	557.03	518.39
5. Share in losses from equity-accounted companies		(0.08)	--
6. Expenses from investments			
a) From operations	6.18	(627.80)	(571.36)
b) From equity and financial accounts	6.18	(44.84)	(39.12)
7. Losses on investments on behalf of life insurance policyholders bearing the investment	6.5	(8.47)	(25.83)
8. Other technical expenses	6.19	(129.57)	(118.05)
9. Other non-technical expenses	6.19	(114.33)	(130.57)
10. Negative foreign exchange differences	6.23	(1,019.39)	(626.50)
11. Allowance to the asset impairment provision	6.8	(162.58)	(121.05)
TOTAL EXPENSES FROM INSURANCE BUSINESS		(21,664.54)	(20,875.67)
RESULT FROM THE INSURANCE BUSINESS		1,665.47	1,978.61
III. OTHER ACTIVITIES			
1. Operating revenue		363.02	361.80
2. Operating expenses	6.19	(489.79)	(498.57)
3. Net financial income			
a) Financial income	6.18	97.59	91.45
b) Financial expenses	6.18	(99.81)	(84.16)
4. Results from non-controlling interests			
a) Share in profits from equity-accounted companies		3.00	1.47
b) Share in losses from equity-accounted companies		(0.03)	(0.48)
5. Reversal of asset impairment provision	6.8	19.01	8.14
6. Allowance to the asset impairment provision	6.8	(25.25)	(13.18)
7. Result from the disposal of non-current assets classified as held for sale, not included in discontinued operations		--	--
RESULT FROM OTHER ACTIVITIES		(132.26)	(133.53)
IV. RESULT ON RESTATEMENT OF FINANCIAL ACCOUNTS	3.2	(24.50)	(39.98)
V. RESULT BEFORE TAXES FROM ONGOING OPERATIONS		1,508.71	1,805.10
VI. TAX ON PROFIT FROM ONGOING OPERATIONS	6.21	(410.35)	(559.92)
VII. RESULT AFTER TAX FROM ONGOING OPERATIONS		1,098.36	1,245.18
VIII. RESULT AFTER TAX FROM DISCONTINUED OPERATIONS	6.10		
IX. RESULT FOR THE PERIOD		1,098.36	1,245.18
1. Attributable to non-controlling interests		397.85	469.73
2. Attributable to the controlling company	4.1	700.51	775.45

Figures in millions of euros

Earnings per share (Euros)			
Basic	4.1	0.23	0.25
Diluted	4.1	0.23	0.25

MAPFRE S.A. AND SUBSIDIARIES

B.2) CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

ITEM	NOTES	GROSS AMOUNT		TAX ON PROFITS		ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		ATTRIBUTABLE TO CONTROLLING COMPANY	
		2017	2016	2017	2016	2017	2016	2017	2016
A) CONSOLIDATED RESULT FOR THE YEAR		1,508.71	1,805.10	(410.35)	(559.92)	397.85	469.73	700.51	775.45
B) OTHER RECOGNIZED REVENUE (EXPENSES)		(902.44)	613.07	15.60	(3.95)	(213.77)	342.44	(673.07)	266.68
1. Financial assets available for sale	6.4	(466.90)	328.70	124.58	(76.10)	(56.83)	60.19	(285.49)	192.41
a) Valuation gains (losses)		(263.93)	570.27	71.10	(139.80)				
b) Amounts transferred to the income statement		(204.58)	(238.88)	53.27	62.89				
c) Other reclassifications		1.61	(2.69)	0.21	0.81				
2. Currency conversion differences	6.23	(852.03)	572.45	0.99	0.43	(211.95)	308.68	(639.09)	264.20
a) Valuation gains (losses)		(850.52)	573.12	0.99	0.43				
b) Amounts transferred to the income statement		(0.03)	(0.59)	--	--				
c) Other reclassifications		(1.48)	(0.08)	--	--				
3. Shadow accounting		419.13	(287.08)	(110.03)	71.72	54.93	(26.27)	254.17	(189.09)
a) Valuation gains (losses)	6.14	381.55	(314.43)	(100.63)	78.56				
b) Amounts transferred to the income statement		37.58	27.35	(9.40)	(6.84)				
c) Other reclassifications		--	--	--	--				
4. Equity-accounted entities		(0.07)	(0.97)	--	--	0.02	0.02	(0.09)	(0.99)
a) Valuation gains (losses)		0.08	2.66	--	--				
b) Amounts transferred to the income statement		0.04	--	--	--				
c) Other reclassifications		(0.19)	(3.63)	--	--				
5. Other recognized revenue and expenses		(2.57)	(0.03)	0.06	--	0.06	(0.18)	(2.57)	0.15
TOTAL		606.27	2,418.17	(394.75)	(563.87)	184.08	812.17	27.44	1,042.13

Figures in millions of euros

All the items included in the consolidated statement of comprehensive income and expenses may be reclassified to the consolidated income statement in line with EU-IFRS.

MAPFRE S.A. AND SUBSIDIARIES

C CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS ON DECEMBER 31, 2017 AND 2016

ITEM	NOTES	EQUITY ATTRIBUTABLE TO CONTROLLING COMPANY									NON-CONTROLLING INTERESTS	TOTAL EQUITY
		SHAREHOLDERS' FUNDS										
		SHARE CAPITAL	SHARE PREMIUM	RESERVES	INTERIM DIVIDEND	TREASURY STOCK	RESULT FOR THE YEAR ATTRIBUTABLE TO CONTROLLING COMPANY	OTHER EQUITY INSTRUMENTS	VALUATION CHANGE ADJUSTMENTS	CURRENCY CONVERSION DIFFERENCES		
OPENING BALANCE AS ON JANUARY 1, 2016		307.95	1,506.74	6,747.74	(184.77)	(2.39)	708.77	--	632.19	(1,142.49)	1,834.55	10,408.29
1. Changes in accounting policies		--	--	(786.68)	--	--	--	--	--	786.68	--	--
2. Correction of errors		--	--	--	--	--	--	--	--	--	--	--
ADJUSTED BALANCE AS ON JANUARY 1, 2016		307.95	1,506.74	5,961.06	(184.77)	(2.39)	708.77	--	632.19	(355.81)	1,834.55	10,408.29
I. TOTAL COMPREHENSIVE REVENUE (EXPENSES)		--	--	--	--	--	775.45	--	2.48	264.20	812.17	1,854.30
II. OPERATIONS WITH THE CONTROLLING COMPANY'S SHAREHOLDERS AND NON-CONTROLLING INTERESTS		--	--	(209.54)	(184.77)	(57.84)	--	--	--	--	(368.68)	(820.83)
1. Capital increases (decreases)		--	--	--	--	--	--	--	--	--	55.00	55.00
2. Distribution of dividends	4.2	--	--	(215.57)	(184.77)	--	--	--	--	--	(387.90)	(788.24)
3. Increases (decreases) from business combinations		--	--	--	--	--	--	--	--	--	--	--
4. Other operations with the controlling company's shareholders and non-controlling interests		--	--	6.03	--	--	--	--	--	--	(35.78)	(29.75)
5. Operations with treasury stock and own shares	6.11	--	--	--	--	(57.84)	--	--	--	--	--	(57.84)
III. OTHER VARIATIONS IN EQUITY		--	--	457.10	184.77	--	(708.77)	9.68	20.00	--	38.94	1.72
1. Transfers among equity items	6.26	--	--	458.80	184.77	--	(708.77)	--	20.00	--	45.20	--
2. Other variations	3.2 and 2.4	--	--	(1.70)	--	--	--	9.68	--	--	(6.26)	1.72
CLOSING BALANCE AS ON DECEMBER 31, 2016		307.95	1,506.74	6,208.62	(184.77)	(60.23)	775.45	9.68	654.67	(91.61)	2,316.98	11,443.48

OPENING BALANCE AS ON JANUARY 1, 2017		307.95	1,506.74	6,208.62	(184.77)	(60.23)	775.45	9.68	654.67	(91.61)	2,316.98	11,443.48
1. Changes in accounting policies		--	--	--	--	--	--	--	--	--	--	--
2. Correction of errors		--	--	--	--	--	--	--	--	--	--	--
ADJUSTED BALANCE AS ON JANUARY 1, 2017		307.95	1,506.74	6,208.62	(184.77)	(60.23)	775.45	9.68	654.67	(91.61)	2,316.98	11,443.48
I. TOTAL COMPREHENSIVE REVENUE (EXPENSES)		--	--	--	--	--	700.51	--	(33.98)	(639.09)	184.08	211.52
II. OPERATIONS WITH THE CONTROLLING COMPANY'S SHAREHOLDERS AND NON-CONTROLLING INTERESTS		--	--	(279.67)	(184.77)	7.87	--	--	--	--	(582.42)	(1,038.99)
1. Capital increases (decreases)		--	--	--	--	--	--	--	--	--	--	--
2. Distribution of dividends	4.2	--	--	(261.92)	(184.77)	--	--	--	--	--	(572.91)	(1,019.60)
3. Increases (decreases) from business combinations		--	--	--	--	--	--	--	--	--	(0.80)	(0.80)
4. Other operations with the controlling company's shareholders and non-controlling interests		--	--	(22.45)	--	--	--	--	--	--	(8.71)	(31.16)
5. Operations with treasury stock and own shares	6.11	--	--	4.70	--	7.87	--	--	--	--	--	12.57
III. OTHER VARIATIONS IN EQUITY		--	--	504.19	184.77	--	(775.45)	0.40	--	--	(17.26)	(103.35)
1. Transfers among equity items	6.26	--	--	590.68	184.77	--	(775.45)	--	--	--	--	--
2. Other variations	3.2 and 2.4	--	--	(86.49)	--	--	--	0.40	--	--	(17.26)	(103.35)
CLOSING BALANCE AS ON DECEMBER 31, 2017		307.95	1,506.74	6,433.14	(184.77)	(52.36)	700.51	10.08	620.69	(730.70)	1,901.38	10,512.66

Figures in millions of euros

MAPFRE S.A. AND SUBSIDIARIES

D) CONSOLIDATED CASH FLOW STATEMENT FOR YEARS ENDING DECEMBER 31, 2017 AND 2016

ITEM	NOTES	2017	2016
1. Insurance activity:		1,362.27	954.37
Cash received from insurance activity		24,497.41	23,760.11
Cash payments from insurance activity		(23,135.14)	(22,805.74)
2. Other operating activities:		(410.38)	(321.05)
Cash received from other operating activities		800.20	767.24
Cash payments from other operating activities		(1,210.58)	(1,088.29)
3. Receipt (payment) of income tax		(497.80)	(474.69)
4. Discontinued operations		--	--
NET CASH FLOWS FROM OPERATING ACTIVITIES		454.09	158.63
1. Proceeds from investment activities:		20,132.61	19,972.92
Property, plant and equipment		56.24	27.28
Real estate investments		54.58	200.88
Intangible fixed assets		0.57	2.77
Financial instruments		16,958.98	17,136.21
Equity instruments		1,834.70	1,038.75
Controlled companies and other business units		29.83	46.27
Interest collected		1,089.15	1,153.24
Dividends collected		69.85	57.59
Other receipts related to investment activities		38.71	309.93
2. Payments from investment activities:		(19,100.39)	(19,258.52)
Property, plant and equipment	6.2	(121.19)	(161.59)
Real estate investments	6.2	(14.24)	(15.84)
Intangible fixed assets		(98.37)	(147.86)
Financial instruments		(16,375.32)	(17,461.53)
Equity instruments		(2,340.32)	(1,327.93)
Controlled companies and other business units	6.9	(127.35)	(125.05)
Other payments related to investment activities		(23.60)	(18.72)
3. Discontinued operations		--	--
NET CASH FLOWS FROM INVESTMENT ACTIVITIES		1,032.22	714.40
1. Proceeds from financing activities		1,227.70	1,147.10
Subordinated liabilities		600.00	--
Proceeds from issuing of equity instruments and capital increases		--	55.00
Proceeds from sale of treasury stock		12.50	--
Other proceeds related to financing activities		615.20	1,092.10
2. Payments from financing activities		(2,212.73)	(1,461.91)
Dividends paid to shareholders		(1,019.47)	(786.67)
Interest paid		(67.94)	(53.31)
Subordinated liabilities		(578.45)	--
Payments on return of shareholders' contributions		--	--
Purchase of treasury stock	6.11	--	(57.84)
Other payments related to financing activities		(546.87)	(564.09)
3. Discontinued operations		--	--
NET CASH FLOW FROM FINANCING ACTIVITIES		(985.03)	(314.81)
Conversion differences in cash flow and cash balances		(88.40)	(96.18)
NET INCREASE/(DECREASE) IN CASH FLOW		412.88	462.04
OPENING CASH BALANCE		1,451.13	989.09
CLOSING CASH BALANCE		1,864.01	1,451.13

Figures in millions of euros

MAPFRE S.A. AND SUBSIDIARIES

EJ FINANCIAL INFORMATION BY SEGMENT - CONSOLIDATED INCOME STATEMENT FOR YEARS ENDING DECEMBER 31, 2017 AND 2016

ITEM	IBERIA		LATAM NORTH		LATAM SOUTH		BRAZIL		NORTH AMERICA	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
I. REVENUE FROM INSURANCE BUSINESS										
1. Premiums allocated to the financial year, net										
a) Written premiums, direct insurance	6,954.87	6,689.68	1,739.17	1,238.57	1,694.73	1,718.75	4,546.87	4,392.82	2,506.51	2,572.80
b) Premiums from accepted reinsurance	5.33	14.84	32.96	30.42	4.17	4.82	--	--	22.00	50.52
c) Premiums from ceded reinsurance	(510.32)	(484.11)	(935.05)	(443.77)	(641.09)	(724.19)	(760.47)	(702.15)	(530.26)	(555.27)
d) Variations in provisions for unearned premiums and unexpired risks, net										
Direct insurance	(49.52)	(8.17)	(240.69)	164.94	(66.64)	(45.33)	(63.44)	174.89	(9.91)	(59.47)
Accepted reinsurance	(0.20)	0.29	(0.70)	0.33	0.27	(1.41)	--	--	5.84	(15.18)
Ceded reinsurance	(4.93)	(14.71)	235.94	(162.58)	10.38	27.12	5.43	(41.08)	2.28	29.56
2. Share in profits from equity-accounted companies	8.20	3.93	--	--	--	--	--	--	--	--
3. Revenues from investments										
From operations	1,343.83	1,521.90	65.33	65.93	162.89	162.25	351.26	417.05	87.10	98.86
From equity	62.77	58.49	10.79	10.46	15.08	14.70	13.79	10.35	46.26	60.91
4. Unrealized gains on investments on behalf of life insurance policyholders bearing the investment risk	67.79	57.05	0.38	--	--	--	76.58	108.50	--	--
5. Other technical revenue	21.42	22.15	0.58	0.15	17.09	13.27	2.04	2.15	14.57	13.48
6. Other non-technical revenue	84.89	59.37	0.17	0.25	2.89	6.25	103.82	3.04	0.05	0.14
7. Positive foreign exchange differences	10.89	14.52	15.53	8.01	5.49	8.76	--	--	--	--
8. Reversal of the asset impairment provision	16.97	15.86	--	--	--	0.15	--	--	--	--
TOTAL REVENUE FROM INSURANCE BUSINESS	8,011.99	7,951.09	924.41	912.71	1,205.26	1,185.14	4,275.88	4,365.57	2,144.44	2,196.35
II. EXPENSES FROM INSURANCE BUSINESS										
1. Incurred claims for the financial year, net										
a) Claims paid and variation in provision for outstanding claims, net										
Direct insurance	(5,219.49)	(5,636.18)	(1,002.04)	(908.92)	(1,009.71)	(900.34)	(2,100.90)	(2,086.92)	(2,388.82)	(1,507.32)
Accepted reinsurance	(1.80)	(10.12)	(6.56)	(6.40)	(4.07)	(0.07)	--	--	(19.59)	(26.79)
Ceded reinsurance	337.54	311.01	505.03	371.71	458.40	385.88	400.23	314.23	1,024.84	213.61
b) Claims-related expenses	(356.05)	(340.07)	(13.35)	(11.86)	(41.91)	(38.33)	(89.29)	(88.33)	(197.34)	(201.40)
2. Variation in other technical provisions, net	(318.65)	228.74	(31.31)	(2.75)	(54.35)	(128.23)	(232.78)	(288.94)	(0.25)	(0.35)
3. Profit sharing and returned premiums	(22.73)	(32.77)	(8.57)	(0.32)	0.10	0.09	(3.75)	(4.02)	--	--
4. Net operating expenses										
a) Acquisition expenses	(1,090.00)	(1,072.63)	(263.02)	(262.37)	(399.58)	(411.32)	(1,298.77)	(1,196.51)	(578.31)	(584.42)
b) Administration expenses	(121.20)	(124.46)	(73.54)	(71.83)	(71.30)	(68.08)	(207.16)	(193.76)	(114.31)	(113.04)
c) Commissions and participation in reinsurance	113.81	109.44	70.80	57.24	80.35	88.15	92.28	84.06	164.27	162.42
5. Share in losses from equity-accounted companies	3.53	(2.42)	--	--	--	--	--	--	--	--
6. Expenses from investments										
a) From operations	(386.25)	(378.43)	(14.06)	(13.38)	(12.89)	(12.84)	(116.32)	(104.96)	(7.61)	(10.11)
b) From equity and financial accounts	(39.66)	(29.85)	(0.68)	(0.82)	(0.72)	(0.79)	--	--	(1.66)	(2.69)
7. Unrealized losses on investments on account of life insurance policyholders bearing investment risk	(8.47)	(25.83)	--	--	--	--	--	--	--	--
8. Other technical expenses	(71.58)	(73.04)	(8.07)	(11.25)	(21.10)	(11.82)	(9.03)	(4.12)	--	--
9. Other non-technical expenses	(102.93)	(114.12)	(0.26)	(0.18)	(1.54)	(8.91)	(0.47)	(0.13)	(1.23)	(1.32)
10. Negative foreign exchange differences	(12.40)	(15.74)	(20.53)	(0.04)	(15.88)	(13.59)	--	--	--	--
11. Allowance to the asset impairment provision	(20.68)	(37.79)	--	--	(8.14)	(11.66)	(104.86)	--	(3.65)	(10.18)
TOTAL EXPENSES FROM INSURANCE BUSINESS	(7,317.01)	(7,244.26)	(866.16)	(861.17)	(1,102.34)	(1,131.86)	(3,670.82)	(3,569.40)	(2,123.66)	(2,081.59)
RESULT FROM THE INSURANCE BUSINESS	694.98	706.83	58.25	51.54	102.92	53.28	605.06	796.17	20.78	114.76
III. OTHER ACTIVITIES										
1. Operating revenue	232.68	241.08	9.96	10.85	20.21	20.25	27.82	32.05	2.01	1.96
2. Operating expenses	(185.32)	(192.88)	(10.90)	(12.18)	(18.51)	(28.95)	(43.95)	(49.48)	(1.82)	(1.87)
3. Net financial income										
a) Financial income	6.30	11.04	0.21	0.14	3.62	1.51	32.57	38.82	--	--
b) Financial expenses	(2.63)	(5.15)	0.13	(0.01)	(0.37)	(0.39)	(1.37)	(9.38)	(0.08)	(0.09)
4. Result from non-controlling interests										
a) Share in profits from equity-accounted companies	1.87	1.47	--	--	--	--	--	--	--	--
b) Share in losses from equity-accounted companies	--	--	--	--	--	--	--	--	--	--
5. Reversal of asset impairment provision	1.49	1.59	--	--	--	--	--	--	--	--
6. Allowance to the asset impairment provision	(2.49)	(4.32)	--	--	--	--	--	--	--	--
7. Result from the disposal of non-current assets classified as held for sale, not included in discontinued operations	--	--	--	--	--	--	--	--	--	--
RESULT FROM OTHER ACTIVITIES	51.90	52.83	(0.60)	(1.20)	4.95	(7.58)	15.07	12.01	0.11	(0.00)
IV. RESULT ON RESTATEMENT OF FINANCIAL ACCOUNTS	--	--	--	--	--	--	--	--	--	--
V. RESULT BEFORE TAXES FROM ONGOING OPERATIONS	746.88	759.66	57.65	50.34	107.87	45.70	620.13	808.18	20.89	114.76
VI. TAX ON PROFIT FROM ONGOING OPERATIONS	(159.50)	(148.53)	(14.42)	(7.60)	(27.30)	(21.28)	(217.82)	(310.89)	28.03	(37.04)
VII. RESULT AFTER TAX FROM ONGOING OPERATIONS	587.38	611.13	43.23	42.74	80.57	24.42	402.31	497.29	48.92	77.72
VIII. RESULT AFTER TAX FROM DISCONTINUED OPERATIONS	--	--	--	--	--	--	--	--	--	--
IX. RESULT FOR THE PERIOD	587.38	611.13	43.23	42.74	80.57	24.42	402.31	497.29	48.92	77.72
1. Attributable to non-controlling interests	75.86	75.19	9.45	8.52	10.36	7.92	276.93	355.96	0.23	0.48
2. Attributable to the controlling company	511.52	535.94	33.78	34.22	70.21	16.50	125.38	141.33	48.69	77.24

Figures in millions of euros

MAPFRE S.A. AND SUBSIDIARIES

FI FINANCIAL INFORMATION BY SEGMENT - CONSOLIDATED INCOME STATEMENT FOR YEARS ENDING DECEMBER 31, 2017 AND 2016

ITEM	EMEA		MAPFRE ASISTENCIA		MAPFRE GLOBAL RISKS		MAPFRE RE		CORPORATE AREAS AND CONSOLIDATION ADJUSTMENTS		TOTAL	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
I. REVENUE FROM INSURANCE BUSINESS												
1. Premiums allocated to the financial year, net												
a) Written premiums, direct insurance	1,842.97	1,968.29	341.03	860.91	344.50	328.67	--	--	11.69	43.20	19,982.34	19,313.69
b) Premiums from accepted reinsurance	26.76	1.74	642.48	705.86	912.92	883.52	4,222.42	4,234.75	(2,370.69)	(2,426.99)	3,498.35	3,499.48
c) Premiums from ceded reinsurance	(522.79)	(509.11)	(217.52)	(234.13)	(915.87)	(920.46)	(1,399.63)	(1,434.09)	2,368.56	2,413.42	(4,064.44)	(3,593.86)
d) Variations in provisions for unearned premiums and unexpired risks, net												
Direct insurance	(42.80)	(145.56)	(34.31)	(0.73)	(5.42)	5.29	--	--	(2.82)	(9.67)	(515.55)	76.19
Accepted reinsurance	(16.46)	0.99	(36.33)	(40.57)	(16.26)	(19.55)	174.65	(140.55)	(36.71)	53.65	74.10	(162.00)
Ceded reinsurance	16.06	11.34	17.11	12.70	13.22	58.63	2.27	31.64	37.10	(47.91)	334.86	(95.29)
2. Share in profits from equity-accounted companies	0.07	2.48	--	--	--	3.03	4.14	--	(0.33)	(0.11)	10.97	10.44
3. Revenues from investments												
From operations	151.17	107.35	3.28	2.84	28.32	34.42	185.64	196.08	(14.94)	(2.89)	2,363.88	2,603.79
From equity	36.09	28.82	--	--	0.78	9.14	7.66	10.14	2.05	0.80	195.27	203.81
4. Unrealized gains on investments on behalf of life insurance policyholders bearing the investment risk	2.86	2.57	--	--	--	--	--	--	(16.59)	(22.73)	131.02	145.39
5. Other technical revenue	3.54	2.89	--	--	5.35	1.31	0.02	--	(0.94)	(2.46)	63.67	52.94
6. Other non-technical revenue	1.01	1.00	--	--	1.06	1.10	0.88	0.75	(0.16)	(0.19)	194.61	71.71
7. Positive foreign exchange differences	12.42	16.21	0.25	7.96	149.26	83.32	797.41	490.26	48.61	76.95	1,039.86	705.99
8. Reversal of the asset impairment provision	0.27	0.24	--	0.09	--	--	3.83	5.68	--	(0.02)	21.07	22.00
TOTAL REVENUE FROM INSURANCE BUSINESS	1,511.17	1,489.25	715.99	814.93	520.89	469.53	3,995.15	3,394.66	24.83	75.05	23,330.01	22,854.28
II. EXPENSES FROM INSURANCE BUSINESS												
1. Incurred claims for the financial year, net												
a) Claims paid and variation in provision for outstanding claims, net												
Direct insurance	(1,156.72)	(1,186.33)	(171.36)	(184.89)	(162.97)	(116.63)	--	--	(6.92)	(33.01)	(13,218.93)	(12,560.54)
Accepted reinsurance	(10.40)	(1.61)	(268.85)	(302.19)	(1,242.66)	(474.46)	(3,801.88)	(2,540.88)	2,972.91	1,304.23	(2,382.90)	(2,058.29)
Ceded reinsurance	288.30	240.81	78.06	79.05	1,063.00	362.15	1,696.19	702.09	(2,970.40)	(1,293.11)	2,881.19	1,687.43
b) Claims-related expenses	(37.17)	(36.79)	(115.78)	(158.64)	(4.37)	(4.65)	(0.10)	(0.11)	(0.35)	(1.40)	(855.71)	(881.58)
2. Variation in other technical provisions, net	(186.55)	(177.03)	--	--	--	--	0.73	(11.60)	16.57	(0.03)	(806.59)	(380.19)
3. Profit sharing and returned premiums	(11.55)	(12.72)	--	--	(0.30)	(0.32)	--	--	--	0.01	(46.80)	(50.05)
4. Net operating expenses												
a) Acquisition expenses	(284.69)	(290.99)	(305.32)	(313.21)	(154.67)	(141.66)	(1,148.71)	(1,052.64)	598.31	577.72	(4,924.76)	(4,748.03)
b) Administration expenses	(113.31)	(132.20)	(39.01)	(39.89)	(8.02)	(8.47)	(16.10)	(13.91)	3.94	(4.69)	(760.01)	(770.33)
c) Commissions and participation in reinsurance	152.17	131.94	85.75	101.86	59.52	58.98	337.39	306.35	(599.31)	(582.05)	557.03	518.39
5. Share in losses from equity-accounted companies	(0.08)	--	--	--	--	(0.26)	--	--	(3.53)	2.68	(0.08)	--
6. Expenses from investments												
a) From operations	(56.15)	(13.43)	(1.38)	(2.58)	(7.25)	(7.95)	(26.64)	(29.30)	0.75	1.62	(627.80)	(571.36)
b) From equity and financial accounts	(0.04)	(0.15)	--	--	(0.27)	(0.05)	(1.62)	(3.65)	(0.19)	(1.12)	(44.84)	(39.12)
7. Unrealized losses on investments on account of life insurance policyholders bearing investment risk	--	--	--	--	--	--	--	--	--	--	(8.47)	(25.83)
8. Other technical expenses	(10.82)	(11.41)	(2.02)	(2.36)	(5.78)	(3.83)	(2.03)	(2.35)	0.86	2.13	(129.57)	(118.05)
9. Other non-technical expenses	(1.87)	(1.87)	--	--	(0.11)	(0.17)	(5.90)	(3.85)	(0.02)	(0.02)	(114.33)	(130.57)
10. Negative foreign exchange differences	(9.77)	(11.18)	(8.37)	(6.20)	(146.88)	(82.25)	(805.27)	(487.25)	(0.29)	(10.25)	(1,019.39)	(626.50)
11. Allowance to the asset impairment provision	(6.54)	(56.65)	--	--	--	--	--	(4.77)	(18.71)	--	(162.58)	(121.05)
TOTAL EXPENSES FROM INSURANCE BUSINESS	(1,445.19)	(1,559.61)	(748.28)	(829.05)	(610.76)	(419.57)	(3,773.94)	(3,141.87)	(6.38)	(37.29)	(21,664.54)	(20,875.67)
RESULT FROM THE INSURANCE BUSINESS	65.98	(70.36)	(32.29)	(14.12)	(89.87)	49.96	221.21	252.79	18.45	37.76	1,665.47	1,978.61
III. OTHER ACTIVITIES												
1. Operating revenue	3.23	3.60	129.98	89.40	--	--	--	--	(62.87)	(37.39)	363.02	361.80
2. Operating expenses	(9.52)	(8.60)	(155.02)	(126.73)	--	--	--	--	(64.75)	(77.88)	(489.79)	(498.57)
3. Net financial income												
a) Financial income	0.23	0.17	5.42	7.27	--	--	--	--	49.24	32.50	97.59	91.45
b) Financial expenses	(0.11)	(0.11)	(4.77)	(10.88)	--	--	--	--	(90.61)	(58.15)	(99.81)	(84.16)
4. Result from non-controlling interests												
a) Share in profits from equity-accounted companies	1.13	--	--	--	--	--	--	--	--	--	3.00	1.47
b) Share in losses from equity-accounted companies	--	--	--	--	--	--	--	--	(0.03)	(0.48)	(0.03)	(0.48)
5. Reversal of asset impairment provision	--	--	--	--	0.01	--	--	--	17.51	6.55	19.01	8.14
6. Allowance to the asset impairment provision	--	--	--	--	--	--	--	--	(22.76)	(8.86)	(25.25)	(13.18)
7. Result from the disposal of non-current assets classified as held for sale, not included in discontinued operations	--	--	--	--	--	--	--	--	--	--	--	--
RESULT FROM OTHER ACTIVITIES	(5.04)	(4.94)	(24.39)	(40.94)	0.01	--	--	--	(174.27)	(143.71)	(132.26)	(133.53)
IV. RESULT ON RESTATEMENT OF FINANCIAL ACCOUNTS	--	--	(0.12)	0.20	--	--	--	--	(24.38)	(40.18)	(24.50)	(39.98)
V. RESULT BEFORE TAXES FROM ONGOING OPERATIONS	60.94	(75.30)	(56.80)	(54.86)	(89.86)	49.96	221.21	252.79	(180.20)	(146.13)	1,508.71	1,805.10
VI. TAX ON PROFIT FROM ONGOING OPERATIONS	(10.81)	11.71	(9.97)	(0.38)	23.57	(2.66)	(58.58)	(66.73)	36.45	23.48	(410.35)	(559.92)
VII. RESULT AFTER TAX FROM ONGOING OPERATIONS	50.13	(63.59)	(66.77)	(55.24)	(66.29)	47.30	162.63	186.06	(143.75)	(122.65)	1,098.36	1,245.18
VIII. RESULT AFTER TAX FROM DISCONTINUED OPERATIONS	--	--	--	--	--	--	--	--	--	--	--	--
IX. RESULT FOR THE PERIOD	50.13	(63.59)	(66.79)	(55.24)	(66.29)	47.30	162.65	186.06	(143.75)	(122.65)	1,098.36	1,245.18
1. Attributable to non-controlling interests	10.81	5.39	1.64	1.12	--	--	--	(0.01)	12.57	15.16	397.85	469.73
2. Attributable to the controlling company	39.32	(68.98)	(68.43)	(56.36)	(66.29)	47.30	162.65	186.07	(156.32)	(137.81)	700.51	775.45

Figures in millions of euros

F) SUPPLEMENTARY FINANCIAL INFORMATION BY PRODUCT AND GEOGRAPHICAL AREA

1. CONSOLIDATED ORDINARY REVENUES FROM EXTERNAL CLIENTS IN FINANCIAL YEARS ENDING DECEMBER 31, 2017 AND 2016

The breakdown of consolidated ordinary revenues, by product and country, in line with the segments broken down in Note 2.2, is as follows:

1.a) Information by product

Products	2017	2016
Life	4,669.50	4,465.08
Automobile	7,271.17	7,370.91
Homeowners and commercial risks	2,510.26	2,498.02
Health	991.98	999.09
Accidents	238.80	246.70
Other Non-Life	4,441.52	3,869.90
Reinsurance	5,782.56	5,817.01
Other Activities	925.44	933.22
Consolidation adjustments	(2,987.53)	(3,024.96)
TOTAL	23,843.71	23,174.97

Figures in millions of euros

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1.b) Information by country

Geographic Area / Countries	2017	2016
<u>IBERIA</u>		
Spain	7,053.29	6,805.41
Portugal	139.59	140.19
<u>LATAM NORTH</u>		
Mexico	1,192.23	726.06
Panama	217.68	208.68
Other	372.18	345.10
<u>LATAM SOUTH</u>		
Argentina	306.96	294.93
Chile	306.88	366.06
Colombia	398.75	405.50
Peru	469.93	465.70
Other	236.59	211.62
<u>BRAZIL</u>	4,574.69	4,424.88
<u>NORTH AMERICA</u>		
United States of America	2,201.62	2,260.64
Puerto Rico	328.91	364.65
<u>EURASIA</u>		
Italy	471.44	466.18
Malta	352.54	334.03
Turkey	654.95	840.73
Other	394.02	332.70
<u>ASISTENCIA</u>	1,113.48	1,156.17
<u>GLOBAL RISKS</u>	1,257.42	1,212.19
<u>MAPFRE RE</u>	4,222.42	4,234.75
<u>CORPORATE AREAS</u>		
<u>AND CONSOLIDATION ADJUSTMENTS</u>	(2,421.86)	(2,421.20)
TOTAL	23,843.71	23,174.97

Figures in millions of euros

Direct insurance and accepted reinsurance premiums, as well as operating revenues from non-insurance activities are considered as ordinary revenues.

2. NON-CURRENT ASSETS AT DECEMBER 31, 2017 AND 2016

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

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The breakdown of non-current assets in line with the segments broken down in Note 2.2, is as follows:

Geographic Area / Countries	2017	2016
IBERIA		
Spain	1,695.37	2,478.53
Portugal	20.41	22.31
LATAM NORTH		
Mexico	114.55	80.35
Panama	56.78	77.42
Other	28.32	30.16
LATAM SOUTH		
Argentina	35.68	40.67
Chile	38.23	37.58
Colombia	23.86	36.42
Peru	85.51	84.59
Other	21.08	27.93
BRAZIL	927.42	1,028.65
NORTH AMERICA		
United States of America	352.64	389.52
Puerto Rico	65.28	69.42
EURASIA		
Italy	34.28	57.28
Malta	179.90	174.25
Turkey	60.61	62.94
Other	40.91	22.47
ASISTENCIA	135.27	195.54
GLOBAL RISKS	9.86	16.04
MAPFRE RE	64.37	64.59
CORPORATE AREAS	682.99	778.38
AND CONSOLIDATION ADJUSTMENTS		
TOTAL	4,673.32	5,775.04

Non-current assets include other intangible fixed assets, property, plant and equipment, real estate investments, inventories, tax receivables, corporate and other receivables, other assets, and non-current assets held for sale and from discontinued operations.

The fall of non-current assets in Spain is explained in Note 6.10 and corresponds to the exercising of the purchase option for the shares of Unión Duero, Compañía de Seguros de Vida (Duero Vida) and Duero Pensiones, EGFP S.A. (Duero Pensiones).

There is no client contributing, on an individual basis, more than 10 percent of the Group's ordinary revenues.

G) CONSOLIDATED ANNUAL REPORT

1. GENERAL INFORMATION REGARDING THE COMPANY AND ITS ACTIVITIES

MAPFRE S.A. (hereinafter the “controlling company”) is a listed public limited company and parent of a number of controlled companies engaged in insurance in its various lines of business, both Life and Non-Life, finance, securities investment, and services.

MAPFRE S.A. is a subsidiary of CARTERA MAPFRE, S.L. Sociedad Unipersonal (hereinafter, CARTERA MAPFRE), fully controlled by Fundación MAPFRE.

The scope of activity of the controlling company and its subsidiaries (hereinafter “MAPFRE”, “the Group” or “MAPFRE Group”) includes the Spanish territory, European Economic Area countries, and other countries.

The controlling company was incorporated in Spain and has its registered office in Majadahonda (Madrid), Carretera de Pozuelo 52.

The MAPFRE Group activities are carried out through four business units: Insurance, Asistencia (assistance, services and specialty risks), Global Risks, and Reinsurance; three territorial areas: IBERIA, LATAM and INTERNATIONAL; and six regional areas: IBERIA (Spain and Portugal), BRAZIL, LATAM NORTH (Mexico, Dominican Republic, Panama, El Salvador, Nicaragua, Costa Rica, Honduras and Guatemala), LATAM SOUTH (Colombia, Venezuela, Ecuador, Peru, Chile, Argentina, Uruguay and Paraguay), NORTH AMERICA (United States, Puerto Rico and Canada), and EURASIA (Europe, Middle East, Africa and Asia-Pacific).

The Insurance Business Units are organized according to the regional areas of MAPFRE, which comprise the geographical units that plan, support and supervise all the insurance and service business units in the region.

In addition to the activity of the Business Units, there are also global corporate areas (Finance, Investment, Human Resources, Resources and Institutional Coordination, Business Support, Internal Audit, Strategy and M&A, General Counsel, and Business, Clients and Innovation), which have global responsibilities for all the Group's companies worldwide regarding the development, implementation, and monitoring of global, regional and local corporate policies.

The MAPFRE Group maintains its own distribution networks with offices in the countries in which it operates, which it combines with the use of other distribution channels. It also collaborates with mediators—professional insurance distributors—who in their different positions (delegates, agents and brokers) play an important role in marketing operations and servicing insured parties.

The Group boosts its distribution capacity by signing distribution agreements—and bancassurance agreements in particular—with different companies.

The internal structure and distribution systems of the controlled companies are tailored to the characteristics of the markets in which they operate.

The individual and consolidated annual accounts were prepared by the Board of Directors on February 7, 2018 and are expected to be approved by the Annual General Meeting. Spanish regulations provide for the possibility of modifying the consolidated annual accounts if they are not approved by the aforementioned sovereign body.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED ANNUAL ACCOUNTS

2.1. BASIS OF PRESENTATION

The Group's consolidated annual accounts were prepared in accordance with the International Financial Reporting Standards as adopted by the European Union (EU-IFRS), with all companies having carried out the requisite standardization adjustments.

The consolidated annual accounts have been prepared on the cost model basis, except for financial assets available for sale, financial assets for trading and derivative instruments, which are recorded at their fair value.

There was no early application of the rules and interpretations which, having been approved by the European Commission, had not entered into force at the close of 2017. However, their early adoption would have had no effect on the Group's financial situation and results.

2.2. FINANCIAL INFORMATION BY SEGMENT

Section E) of the consolidated annual accounts contains the financial information broken down by segment.

In 2017, the Group has modified the information by operating segment, with the aim of aligning it with the information provided to Management and to the market with a breakdown by business unit (Insurance, Asistencia, Global Risks and Reinsurance):

Insurance activity and other activities

- INSURANCE
 - IBERIA
 - BRAZIL
 - LATAM NORTH
 - LATAM SOUTH
 - NORTH AMERICA
 - EURASIA
- ASISTENCIA
- GLOBAL RISKS

Reinsurance activity

- MAPFRE RE

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Revenues and expenses from the "insurance activity and other activities" corresponds to income and derivatives from the Insurance business also includes complementary activities relating to the management of property and equipment, and from medical services, assistance, funeral services, technology services, and others. The operating segment corresponding to the Insurance Unit presents its information according to the structure of the Group's regional management areas and taking into account the quantitative thresholds established in prevailing regulations.

The operating segments corresponding to the Assistance business unit (MAPFRE ASISTENCIA), the Global Risks business unit (MAPFRE GLOBAL RISKS) and the Reinsurance business unit (MAPFRE RE) include insurance and reinsurance activity, regardless of the geographic location.

Transactions between segments are recorded at fair value and eliminated in the consolidation process.

The amounts shown under "Corporate Areas and consolidation adjustments" include expenses for services rendered by the global corporate areas and the adjustments made on consolidation.

The Consolidated Management Report contains additional information on business performance and characteristics.

2.3 FINANCIAL INFORMATION BY PRODUCT AND GEOGRAPHIC AREA

Section F) of the consolidated annual accounts contains supplementary financial information broken down by product and geographical area.

The information by product is presented for the main activity lines, which are:

- Life
- Automobile
- Homeowners and commercial risks
- Health
- Accidents
- Other Non-Life
- Reinsurance
- Other Activities

The information shown for each geographic area is broken down by the main countries comprising the Group's regional areas, as indicated in Note 1 herein.

2.4. CHANGES IN ACCOUNTING POLICIES, CHANGES IN ESTIMATES AND ERRORS

The complexity in the accounting for Group operations in Venezuela, the mechanics of accounting for the hyperinflation present in its economy and the historic variation in its exchange rate, have led to important impacts on the Group's financial statements that have grown sharper in the last periods. In this context, in order to improve the true and fair view of the financial statements, in 2017 the Group carried out a change in

accounting policies that consists in recording in a Provisions account both the revaluation of non-monetary items and the currency conversion differences generated from the conversion to euros of the restated financial statements of subsidiaries in Venezuela, which were previously recorded in "Currency conversion differences", avoiding the separation of impacts from hyperinflation and foreign exchange depreciation.

The Group understands that with above mentioned change in accounting policies, in line with IAS 8, offers more reliable and relevant information about its operations in Venezuela. Further, and in line with the applicable regulations, the information in the previous year's consolidated annual accounts has been restated, reclassifying 832.85 and 786.68 million euros of "Currency conversion differences" to "Provisions" at December 31 and January 1 2016, respectively. The reclassification corresponding to January 1, 2016 is included as "Adjustments for changes in accounting criteria" in the consolidated statement of changes in equity. In said statement, "Other variations" of provisions includes both currency conversion differences as well as the effects of restatement from inflation for 2017 and 2016.

In the financial years 2017 and 2016, with the exception of the situation indicated in the previous paragraphs, there were no changes in accounting policies, estimates or significant errors that could have had an effect on the Group's financial position or results.

2.5. COMPARISON OF INFORMATION

Financial information by segment for the period ending December 31, 2017 is given in the consolidated annual accounts, in accordance with the adaptation reflected in Note 2.2 herein. In order for the information to be comparable, the information by segment reflected in the consolidated annual accounts from the previous year has been restated.

With the exception of the aforementioned amendments, there is nothing preventing the consolidated annual accounts of this reporting period from being compared with those of the previous period, and the consolidated annual accounts have been prepared in line with the international standards which, having been approved by the European Commission, were in force at the close of the year.

At the date when these annual accounts were prepared, the following applied:

- The adoption of the EU-IFRS 15 "Ordinary revenues from contracts with clients", which will enter force for reporting periods beginning on or after January 1, 2018, is not deemed to have any significant effect on the Group's financial situation and results.
- In relation to EU-IFRS 16 "Leases", which will enter into force for reporting periods beginning on or after January 1, 2019, a new study has been carried out to analyze the impact on the financial statements during its first year of implementation, based on the current market conditions and the terms and conditions of lease contracts currently in force. The main impacts will be:
 - An increase in assets and liabilities of approximately 620.64 million euros.
 - A decrease in operating expenses and an increase in financial expenses of 14.51 and 33.60 million euros, respectively. The amount of financial expenses will reduce gradually, applying financial criteria, during the estimated term of the contracts.
 - A fall of 11.16 million euros in the result for the period attributable to the controlling company. This amount will be offset entirely at the end of the estimated term of the contracts.

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- The Group is analyzing the impact of IFRS 17 “Insurance Contracts”, which is expected to be significant, and which will be applicable to reporting periods beginning on or after January 1, 2021, and which was approved by the International Accounting Standards Board (IASB), not yet been adopted by the European Union.
- In relation to EU-IFRS 9 "Financial instruments", which is also expected to have a significant impact, and the modification of EU-IFRS 4 “Insurance Contracts”, which will apply to reporting periods beginning on or after January 1, 2018, the Group deems, by virtue of the provisions set out in this standard, that it is eligible for the temporary deferral approach approved for the insurance industry. Said temporary deferral can be applied until reporting periods beginning on or after January 1, 2021, on which date it is estimated that the new IFRS 17 “Insurance Contracts” will enter into force.
- The Group shall adopt, upon its entry into force, all other applicable standards, amendments and interpretations. The initial application of such is not expected to have a significant impact on the Group’s financial situation or result.

2.6. CHANGES IN THE CONSOLIDATION PERIMETER

The companies that were added to the consolidation perimeter in 2017 and 2016 are listed in Annex 1 along with their equity figures and results. Annex 1 also contains all the other changes to the consolidation perimeter.

In the 2017 financial year, mutual funds managed by Group companies in which the participation is greater than 30 percent were consolidated by global integration method. As they were consolidated in the previous period, the consolidated assets and liabilities would have been greater than 308.01 million euros, of which 218.33 million correspond to the “Available-for-sale portfolio”; 86.67 million to “Cash”; 3.01 to “Corporate and other receivables”; 304.19 to “Other financial liabilities” (Note 6.13) and 3.82 million to “Other debts”.

The effects on the equity attributable to the controlling company as a result of changes in the last two financial years regarding the ownership of controlled companies that do not imply a loss of control have not been significant (these changes are described in Annex 1).

The result for the period arising from the loss of control in controlled companies is insignificant (these losses of control are described in Annex 1).

The overall effect on the Group's consolidated equity, financial position and results in 2017 and 2016 derived from other changes in the consolidation perimeter with respect to the preceding year is described in the relevant notes of the consolidated annual report.

2.7. ACCOUNTING JUDGMENTS AND ESTIMATES

In the preparation of the consolidated annual accounts under EU-IFRS, the controlling company’s Board of Directors has made judgments and estimates based on assumptions about the future and uncertainties that basically refer to:

- The technical provisions (Note 6.14).
- Impairment losses on certain assets (Notes 6.1, 6.2 and 6.4).

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- The calculation of provisions for risks and expenses (Note 6.15).
- The actuarial calculation of post-employment remuneration-related commitments and liabilities (Note 6.22).
- The useful life of intangible assets and of tangible fixed asset items (Notes 5.3 and 6.1).
- The fair value of certain non-listed assets (Note 6.4).

The estimates and assumptions used are reviewed regularly and are based on past experience and other factors that may have been deemed more 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.

3. CONSOLIDATION

3.1. CONTROLLED COMPANIES, ASSOCIATED UNDERTAKINGS AND JOINT ARRANGEMENTS

The controlled companies, associated undertakings and joint arrangements included in the consolidation are listed, indicating the integration method, in the table of acquisitions of controlled companies attached as Annex 1 to the consolidated annual report.

Companies are configured as controlled companies when the controlling company holds power over the investee entity, has exposure or rights to variable returns, and has the capacity to influence those returns through the power exercised in the entities. Controlled companies are consolidated from the date when the Group acquires control, and are excluded from the consolidation on the date when it ceases to have such control.

In controlled companies where 50 percent or less of the economic rights are held, the classification as "controlled company" is based on the provisions set out in the shareholder agreements, which contemplate the following scenarios:

- The administration of the companies is carried out by a Board of Directors, which is responsible for their operating and financial strategies as well as their administration and management, and for overseeing their financial and operating policies, among others. In these cases the Board of Directors is made up of an odd number of members and the chairman is always appointed at the recommendation of MAPFRE. The chairman has the casting vote, therefore exercising control over the company.
- MAPFRE is granted the power to appoint and revoke the CEO, finance manager, actuarial manager, and any other key personnel for the management and control of the company.
- The political rights established do not coincide with the economic rights, which means that MAPFRE has the majority of the voting rights in the General Assembly. Additionally, in these cases the Board of Directors is made up of an even number of members and in the event of a tie one of the directors appointed at the recommendation of MAPFRE has the casting vote.

Non-controlling acquisitions of controlled companies made since January 1, 2004 are recorded at the fair value of the percentage of purchased net assets identifiable at the acquisition date. Those acquisitions made before the transition date were recorded at the percentage of purchased net assets at the date of the first consolidation.

Non-controlling acquisitions are shown in consolidated equity separately from the equity attributable to the controlling company shareholders. Non-controlling acquisitions of controlled companies in the consolidated results for the period (and in the total consolidated overall result for the period) are also shown separately in the consolidated income statement (overall consolidated income statement).

Associated undertakings are companies in which the controlling company exercises a significant influence but which are neither controlled companies nor joint arrangements.

Significant influence is understood as the power to intervene in decisions on financial and operating policies of the investee company, but without controlling or jointly controlling these policies, presuming that there is significant influence when, either directly or indirectly through its controlled companies, at least 20 percent is owned, of the voting rights of the investee company.

Acquisitions of controlled companies in associated undertakings are consolidated by the equity method, including, in the value of interests, the net goodwill identified at the date of acquisition.

When the Group's participation in the losses of an associated undertaking is equal to or higher than the book value of its stake, including any unsecured receivable, the Group does not record additional losses, unless obligations have been incurred or payments have been made on behalf of the associated undertaking.

To determine if an investee company is controlled or associated, the purpose and design of the investee company have been taken into account to ascertain the relevant activities, the way that decisions are taken on these activities, who has the current capacity to direct these activities and who receives their financial returns. The potential voting rights held and exercisable as purchase options on shares, debt instruments convertible into shares or other instruments giving the controlling company the possibility to increase their voting rights have also been considered.

A joint arrangement is considered to exist when two or more entities undertake an economic activity subject to shared control regulated by means of contractual agreement.

A joint arrangement is classified as a joint venture when the parties have rights to the net assets, in which case their acquisitions are recorded in the consolidated annual accounts using the equity-accounted method.

A joint arrangement is classified as a joint operation when the parties have rights to the net assets and obligations for the liabilities, in which case their interests are recorded in the consolidated annual accounts using the proportionate consolidation method.

The financial statements of the controlled companies, associated undertakings and joint arrangements used for the consolidation correspond to the years ending December 31, 2017 and 2016.

3.2. CONVERSION OF ANNUAL ACCOUNTS OF FOREIGN COMPANIES INCLUDED IN THE CONSOLIDATION

The functional and presentation currency of the MAPFRE Group is the euro. Accordingly, the balances and operations of Group companies with a different functional currency are translated into euros using the closing exchange rate for balance sheet balances at the average exchange rate weighted for the volume of operations, for transactions.

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The exchange differences resulting from applying this procedure, as well as those arising from the conversion of loans and other foreign currency instruments covering investments in foreign activities, are presented as a separate component in the "Statement of Recognized Revenues and Expenses" and are shown under equity in the "Currency conversion differences" account, deducting the part of the difference that corresponds to non-controlling acquisitions of controlled companies.

Goodwill and fair value adjustments of assets and liabilities arising from the acquisition of Group companies whose presentation currency is not the euro are treated as assets and liabilities of overseas activities. As such, they are stated in the functional currency of the overseas undertaking and translated at the closing exchange rate.

The financial statements of the companies registered in countries with a high inflation rate or hyperinflationary economies are adjusted or restated for the effects of changes in prices before their conversion into euros. Adjustments for inflation are performed in line with IAS 29 "Financial reporting in hyperinflationary economies".

For the years 2017 and 2016 Venezuela was the only country treated as having a hyperinflationary economy. The functional currency of the Group companies operating in this country is the Venezuelan bolivar (VEF).

Although there are various official exchange rates in the country, none fluctuate freely, and as such they do not reflect the currency's loss of value deriving from the country's hyperinflation.

As a result, and given the lack of a reliable official index, at the close of both 2016 and 2017 it was deemed necessary to estimate an exchange rate that takes into account real inflation in the country, and reflects more accurately the integration of the Venezuelan subsidiaries' financial statements in the preparation of the MAPFRE Group consolidated accounts, in order to meet the requirement for a true and fair view of their situation.

The Group believes that the exchange rate that best reflects the financial position of the Venezuelan companies should be based on updating the last reliable exchange rate, taking as a reference for the mentioned update the inflation reported in the Purchasing Power Parity (PPP) variation, which is the ratio of prices with respect to a Venezuelan basket over a global basket, which implies estimating an inflation variant but without using local consumption prices exclusively, and using information produced by a renowned international institution for this purpose. The inflation applied in 2017 was estimated at 835 percent, with 2016 having been re-estimated in line with what the IMF published during the year.

To this effect, the exchange rate on which the successive exchange rates have been calculated, is the rate used in the 2016 annual accounts, which was based on the SIMADI's inflation update from when it appeared (February 2015), which amounted to 176.60 USD/VEF. The interest rates obtained this way, which have been used to convert the balances and operation of the Group companies operating in Venezuela, are the following:

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Year	Exchange rate at the close of the period	
	USD/VEF	EUR/VEF
2015	425.8	463.6
2016	3,598.3	3,787.2
2017	14,460.1	17,355.0

In the consolidated income statement, the loss arising from the net monetary position is shown under a separate heading, amounting to 24.50 and 39.98 million euros in 2017 and 2016, respectively.

Adjustments to the opening balance

The adjustments to opening balance columns in the different tables of the consolidated annual report include the variations that occurred as result of applying a different conversion exchange rate to the figures for overseas subsidiaries.

The variations in the technical provisions shown in the consolidated income statement differ from those obtained due to the discrepancy in the consolidated balance sheets for this year and the previous year. This is owing to the use of a different conversion exchange rate for the overseas subsidiaries.

4. EARNINGS PER SHARE AND DIVIDENDS

4.1. EARNINGS PER SHARE

The calculation of the basic earnings per share—which matches the diluted gains per share, since there is no ordinary potential share—is shown below:

Item	2017	2016
Net profit attributable to controlling company's shareholders	700.51	775.45
Weighted average number of ordinary shares in issue	3,079.55	3,079.55
Basic earnings per share (euros)	0.23	0.25

4.2. DIVIDENDS

The breakdown of the dividends paid by the controlling company in the last two years is shown below:

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Item	Total dividend (million euros)		Dividend per share (euro cents)	
	2017	2016	2017	2016
Interim dividend	184.77	184.77	6.00	6.00
Final dividend	261.76	261.76	8.50	8.50
TOTAL	446.53	446.53	14.50	14.50

The total dividend for 2017 was proposed by the Board of Directors and is pending approval by the Ordinary Annual General Meeting.

The planned dividend payout complies with the requirements and limitations that are set out in the legal regulations and the corporate bylaws.

In 2017 the controlling company distributed an interim dividend equivalent to a total amount of 184,773,196.38 euros, which is recorded in equity under the heading "Interim dividend". The liquidity statement prepared by the Board of Directors for the distribution is shown below.

Item	Date of Resolution 08-11-2017
Cash available on date of the resolution	14.86
Increases in cash forecast within one year	731.45
From expected current collection operations	731.45
From financial transactions	--
Decreases in cash forecast within one year	511.60
From expected current payment transactions	(70.00)
From expected financial transactions	(441.60)
Cash available within one year	234.71

Figures in millions of euros

5. ACCOUNTING POLICIES

The accounting policies applied to the following entries are indicated below:

5.1. INTANGIBLE ASSETS

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

GOODWILL

Goodwill on merger

This represents the excess of cost paid on a business combination over the fair value of the identifiable assets and liabilities at the date of the merger.

Consolidation differences

- Goodwill on consolidation

This represents the excess net acquisition costs paid over the fair value of the acquisition in the equity of the controlled company at the date of acquisition, except for acquisitions realized before January 1, 2004, which correspond to goodwill net of amortization recorded in line with Spanish legislation in force at the time. In the case of acquisitions of stakes in the controlled company from non-controlling shareholders subsequent to the initial one, the controlling company recognizes this excess as a lower amount of reserves.

- Negative consolidation difference

Where the value of the identifiable assets acquired less the value of assumed liabilities is higher than the acquisition cost, this difference is recorded as revenue in the consolidated income statement.

Goodwill impairment

After its initial recognition and allocation to a cash-generating unit, its possible loss in value is assessed at least once a year. When the recoverable amount of a cash generating unit is below the net book value, the loss in value is recognized immediately in the consolidated income statement.

OTHER INTANGIBLE ASSETS

Other intangible assets from an independent acquisition

The intangible assets acquired by third parties in a market transaction are valued at cost. If their useful life is finite, they are amortized and, if their useful life is indefinite, the value impairment tests are undertaken at least once a year.

Internally-generated intangible assets

Investigation expenses are directly recognized on the consolidated income statement for the year in which they are incurred. Development expenses are recorded as an asset when their probability, feasibility and future recoverability can be reasonably ensured. They are valued by the disbursements made.

The capitalized development expenses are amortized during the period in which revenues or yields are to be obtained without prejudice to the valuation that would be made if impairment occurs.

Amortization of limited useful life intangible assets

- Portfolio acquisition costs

These costs are amortized over the life of the portfolios, in a maximum period of 30 years, and depending on their maintenance.

- Other intangible assets

These are amortized based on their limited useful life following a linear method. The amortization has been recorded in the “Amortization allowances” expense account.

5.2. BUSINESS COMBINATIONS

The controlling company identifies a business combination when the assets acquired and the liabilities assumed in a transaction constitute a business. The combinations are recorded by applying the acquisition method.

On the acquisition date, which is when control of the acquired business or company is obtained, the acquirer separately recognizes the goodwill, the identifiable assets acquired, the liabilities assumed, and any non-controlling interest in the acquiree.

Goodwill represents the excess of cost, including deferred payments, whether certain or contingent, on the net amount on the date of acquisition of the identifiable assets acquired and the liabilities assumed. In line with the provisions under EU-IFRS 3, the Group has chosen not to increase goodwill in part corresponding to external partners.

Initially, the identifiable assets and liabilities assumed are recorded at fair value on the acquisition date. Any acquisition-related costs incurred by the acquirer are recognized as an expense in the period in which they are incurred, except in the case of any costs incurred in issuing debt or shares.

Subsequently, the acquiring company measures the assets acquired, liabilities assumed and equity instruments issued in the business combination in line with the valuation rules applied to those items, according to their nature.

In business combinations carried out in stages, on the date on which control of the acquisition is obtained, the controlling company once again measures its previously held acquisitions in the acquiree's equity at their acquisition-date fair value and recognizes any resulting gain or loss in the consolidated income statement. Likewise, any revaluation adjustments pending allocation to the result for the period are transferred to the consolidated income statement.

When the necessary valuation process to apply the acquisition method may not be concluded on the closing date of the fiscal year, annual accounts are prepared with provisional data. These values are adjusted within the necessary period to complete the initial accounting, this period never exceeding one year from the date of acquisition.

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When the business combinations have been recognized in the accounts, any modifications to contingent payments are recorded for combinations undertaken on or after January 1, 2010, in the consolidated income statement; combinations undertaken earlier are recorded as a change in the business combination cost.

5.3. PROPERTY, PLANT AND EQUIPMENT AND REAL ESTATE INVESTMENTS

Property, plant and equipment and real estate investment are valued at their net acquisition cost minus their accumulated amortization and, if applicable, accumulated losses due to impairment.

Investments classified as real estate investments are those non-current real estate assets intended to obtain rental income, gains or both.

Costs incurred after their acquisition are recognized as an asset only when the future financial profits related to them are likely to revert to the Group and the cost of the item may be accurately determined. All other expenses associated with maintenance and repair are charged to the consolidated income statement during the year in which they are incurred.

The depreciation of these elements is calculated linearly based on the cost of acquisition of the asset, less its residual value and the value of the land according the following periods of useful life:

ITEM GROUP	YEARS	ANNUAL RATIO
Buildings and other structures	50-25	2%-4%
Vehicles	6.25	16%
Furniture	10	10%
Fittings	20-10	5%-10%
Data processing equipment	4	25%

The residual value and the useful life of assets are reviewed and adjusted if necessary at the close of each year.

These assets are written off in the accounts when they are transferred or future economic profit derived from their continuous use is not expected to be obtained. The gains or losses resulting from writing the aforementioned elements off are included on the consolidated income statement.

5.4. LEASING

Finance lease

Leases transferring to the lessee all the risks and profits inherent to the ownership of the leased asset are classified as finance leases. The lessee records the leased asset in its assets at fair value or at the current value of the minimum payments under the lease if this figure is lower, and this depreciates during the useful life of the leased asset.

Each lease payment is distributed between the liabilities and financial charges in order to arrive at a constant interest rate on the outstanding balance of the debt.

The financial costs are recorded in the consolidated income statement.

Operational Leasing

Leases in which the lessor maintains an important part of the risks and advantages derived from ownership are classified as operational leasing. Payments, net of any incentive received from the lessor, are charged to the consolidated income statement on a linear basis during the leasing period.

5.5. FINANCIAL INVESTMENTS

Recognition

Financial assets traded on secondary securities markets are generally recognized on the settlement date.

Classification

Financial investments are classified in the following portfolios:

- Held-to-maturity portfolio

This includes the securities for which there is the intention and proven financial capacity to hold them until their maturity.

- Available-for-sale portfolio

This includes debt securities not labeled in other portfolios and the capital instruments of companies that are not controlled, associated or joint arrangements and that are not included in the "Trading portfolio".

- Trading portfolio

This includes financial assets originating or acquired with the objective of selling them in the short term, that are part of a portfolio of financial instruments identified and managed together for which there is proof of recent actions to obtain gains in the short term.

Derivative instruments not assigned to a hedging operation and hybrid financial assets completely valued at their fair value are also part of this portfolio.

In hybrid financial assets that include, at the same time, a main contract and a financial derivative, both components are separated and treated independently for the purpose of classifying and valuing them. When this separation is not possible, they are valued at their fair value.

Valuation

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In their initial recognition on the balance sheet, all financial investments are recognized at the fair value of the provided remuneration plus, in the case of financial investments not classified in the "trading portfolio", the transaction costs that are directly attributable to their acquisition. Fair value is the price that would be received for the sale of a financial asset through a transaction ordered between market participants on the date of valuation.

Subsequently, financial investments are measured at their fair value without deducting any transaction cost that may be incurred due to their sale or any form of disposition, with the following exceptions:

- a) Financial investments included in the "held-to-maturity portfolio", which are measured at their amortized cost using the effective interest rate method.
- b) Financial assets that are capital instruments whose fair value cannot be reliably estimated, as well as derivatives with an asset supporting these instruments and that are settled by providing them and that are measured at cost.

The fair value of financial investments, included in the available-for-sale portfolio and the trading portfolio are classified according to the levels of the variables used in their valuation:

- Level 1. Quoted price: Unadjusted price quoted in active markets
- Level 2. Observable data: Prices quoted in active markets for instruments similar to the one being valued or other valuation techniques in which all the significant variables are based on observable market data. The valuation is made via a model that discounts future financial flows, including the reimbursement value, using a rate curve with two main components:
 - Zero coupon swap curve of the currency of the issuance, which is considered to be the best approximation to the risk-free interest rate.
 - Spread of the additional risk, which will be the spread added to or subtracted from the zero coupon swap curve that reflects the risks inherent to the issuance valued, such as credit, liquidity or optionality risk.
- Level 3. Other valuations: Variables specific to each case. For these purposes, it is possible to distinguish between:
 - Equity assets, where in general the sale value is estimated according to the individual characteristics of the asset.
 - Fixed-income assets with complex future flow structures (interest rates linked to financial variables, with caps and/or floors) and one or more early redemptions, and in which the issuer has no similar issuances on the market or any unquoted issuances from an issuer with no similar issuances. In these cases, the assets are usually valued by requesting a valuation from a benchmark third party.

Changes in the observable variables used in the aforementioned individual valuation would not significantly alter the fair value obtained.

Impairment

The book value of financial investments is corrected via a charge to the consolidated income statement when there is objective evidence that an event which entails a negative impact on its future cash flows has occurred or in any other circumstance that would indicate the inability to recover the investment cost of the financial instrument. The amount of losses due to impairment is equal to the difference between its book value and the current value of its future estimated cash flows.

For fixed-income securities in which there is a defaulted interest and/or principal, the potential loss is estimated according to the situation of the issuer. For all other fixed-income securities, an analysis is undertaken based on their credit quality and the degree of solvency of the issues, proceeding to record the impairment if the risk of non-payment is considered to be likely.

For equity instruments, an individual analysis of the investments is undertaken to determine whether or not they are impaired. Furthermore, it is considered that there is a sign of impairment when the market value decreases for a long time (18 months) or significantly (40 percent) in terms of its cost.

The amount of estimated losses due to impairment is recognized on the consolidated income statement, also including any reduction of the fair value of the investments previously recognized in "Revaluation adjustments". The reversal is recognized in the consolidated income statement, except for in the case of equity instruments. In this case, the valuation adjustment recorded in prior years is not recognized in the income statement, but rather any increase in value is taken directly to equity.

For financial swaps of flow exchanges, the amounts accrued for main operations are recognized, posting the resulting amount of the flows under the headings "Other financial liabilities" or "Corporate and other receivables" as applicable.

5.6. INVESTMENTS ON BEHALF OF LIFE INSURANCE POLICYHOLDERS BEARING THE INVESTMENT RISK

These are made in fixed-income securities, equities and mutual funds which are measured at the acquisition cost when they are underwritten or purchased. The acquisition cost is adjusted as greater or lower value of the investment, as applicable, according to its fair value at the close of the period, determined as follows:

- Equities: at their quoted cost (Level 1).
- Fixed-income securities: at the quoted price if this is representative (Level 1); if this is not the case, by restating the future flows, including the redemption value (Level 2).
- Mutual funds holdings: at their net asset value (Level 1).

Revaluations and depreciations of these assets are recorded as revenues or expenses in the consolidated income statement corresponding to the segment of the insurance unit.

5.7. IMPAIRMENT OF OTHER ASSETS

At the close of each financial year the Group assesses whether there are any signs that the asset items may have suffered a loss in value. If there are such signs, the recoverable value of the asset is estimated.

For assets that are not in a fit state of repair and intangible assets with an indefinite useful life, the recoverable value is estimated whether or not there are signs of impairment.

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

If there is an increase of the recoverable value 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 value. This increase never exceeds the net amortization book value that would have been recorded if an impairment loss had not been recognized in previous years. The reversal is recognized in the consolidated income statement, unless the asset has already been revalued against "Revaluation adjustments", in which case the reversal is treated as a revaluation increase. After this reversal, the amortization cost is adjusted in the following periods.

5.8. INVENTORIES

Inventories, which include mainly parcels of land, are recognized at the lower of their net acquisition cost and their net realizable value.

5.9. RECEIVABLES

These assets are generally valued using the amortized cost, calculated according to the effective interest rate method, deducting, if applicable, the provisions for losses due to noted impairment of the value.

For receivables with a maturity exceeding one year and where the parties have not expressly agreed on the applicable interest, the receivables are discounted by taking, as the implicit financial interest, the current market interest rate for public debt securities with the same or similar maturity as the receivables, without prejudice to taking into account the relevant risk premium.

When there is objective evidence that a loss was incurred due to impairment, the corresponding provision is constituted for the amount estimated not to be recoverable. This amount is equivalent to the difference between the book value of the asset and the current value of the future cash flows, discounted at the original effective interest rate of the financial asset, and the loss is recognized on the year's consolidated income statement.

The impairment loss corresponding to premiums pending collection is calculated separately for each line or risk, is presented in the consolidated income statement as a lower amount of written premiums, and consists of the part of the insurance premium accrued in the period which, based on past experience, is unlikely to be collected, taking into account the impact of reinsurance.

The impairment is recognized in the consolidated income statement as an overall amount according to the age of the receipts pending collection, or on an individual basis where dictated by the circumstances and status of receipts.

Receivables for claim recoveries are only capitalized when their realization is considered as certain.

5.10. CASH

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

Cash consists of cash (cash in hand and bank deposits) and cash equivalents, which correspond to highly liquid short-term investments (maximum three months) that can be easily converted into fixed amounts of cash and have an insignificant risk of change in value.

5.11. ACCRUAL ADJUSTMENTS

Under this heading of the asset, what is basically included are commissions and other acquisition expenses corresponding to the accrued premiums that can be allocated to the period between the close date and the end of coverage of the contracts. The expenses are allocated to the results actually incurred in the period in accordance with the limit stipulated in the technical conditions.

At the same time, under this liability heading, commissions and other acquisition expenses for the ceded reinsurance that have to be allocated to the year or following years in accordance with the coverage period of the ceded policies are included.

5.12. NON-CURRENT ASSETS HELD FOR SALE AND ASSOCIATED LIABILITIES

These are generally valued, if applicable, at the lower amount between their book value and fair value, deducting sale costs. These costs are understood as marginal costs directly attributable to the disposal, excluding, if applicable, financial costs and tax on profit expenses.

Non-current assets classified as held-for-sale are not amortized and losses due to the impairment of their book value are recognized in the consolidated income statement. Likewise, if a recovery of the value occurs this is recognized in the consolidated income statement up to an amount equal to the impairment loss previously recognized.

5.13. TREASURY STOCK

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

All transactions performed with treasury stock are recognized in equity as a change in the value of shareholders' equity.

5.14. FINANCIAL LIABILITIES AND SUBORDINATED LIABILITIES

Financial liabilities classified as held-for-trading.

In their initial recognition, these are recorded at the gross amount received, allocating transaction costs directly to results. Subsequently, they are recorded at fair value, allocating changes to the income statement.

Other financial liabilities.

In their initial recognition on the balance sheet, these are recorded at fair value, which is the net amount received, deducting transaction costs which are directly attributed to the issuance of the financial liability,

like commissions, formalization costs, taxes, fees, etc.... Subsequently, these liabilities are measured at their amortized cost, applying the effective interest rate for financial liabilities.

5.15. INSURANCE OPERATIONS

A) PREMIUMS

Direct insurance

Premiums from the Non-Life business and Life annual renewable contracts are recognized as revenues throughout the validity of the contracts, in accordance with the period of time elapsed, and accrued by means of the allowance to the provision for unearned premiums.

Premiums from the long-term Life business, whether single premiums or regular premiums, are recognized when the right to collection by the contract issuer arises.

Ceded reinsurance

These are recorded in accordance with written reinsurance contracts and under the same criteria as those used for direct insurance.

Accepted and retroceded reinsurance

These are posted based on the accounts received from the ceding companies and additionally, in retroceded reinsurance operations, signed retrocession contracts are considered.

Co-insurance

These are recorded in line with the accounts received from the opening company and the participation in contracts underwritten.

B) TECHNICAL PROVISIONS

The main assumptions and methods used to establish the provisions are described below.

a) **Direct insurance of companies belonging to the European Economic Area**

Provision for unearned premiums

This is calculated on a policy-by-policy basis and reflects the insurance premium accrued during the period subject to allocation to future periods, less the security surcharge.

Provision for unexpired risks

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This is calculated on an individual business line basis and supplements the provision for unearned premiums for the amount not showing the valuation of risks and expenses to be covered, corresponding to the coverage period not elapsed at the closing date.

For the Automobile line, this provision has been calculated taking into account all the guarantees covered with the products marketed by the different companies.

Provisions for Life insurance

- In Life insurance policies with a coverage period equal to or less than one year, the provision for unearned premiums is calculated on a policy-by-policy basis and reflects the insurance premium accrued in the period subject to allocation to future periods.

When this provision is not sufficient, the provision for unexpired risks is calculated to cover the valuation of risks and expenses to be covered, corresponding to the coverage period not elapsed at the closing date for the financial year.

- In Life insurance policies with a coverage period exceeding one year, the mathematical provision has been calculated on a policy-by-policy basis as the difference between the current actuarial value of the future obligations of the controlled companies operating in this line, and those of the policyholder or insured person. The calculation basis is the inventory premium accrued in the period, represented by the pure premium plus the surcharge for administration expenses, both determined using the best estimates for mortality, illness, investment yields and administration expenses when the contracts are issued, as specified in the technical conditions of the relevant products and schemes and remaining unchanged throughout the life of the contract unless their inadequacy becomes evident, in which case the calculation of the mathematical provision would be changed.

Written policies that contain a profit sharing clause in force at the close of each period share, pro rata to their mathematical provisions or technical results and as specifically laid down in each contract, in the net yields obtained from the investments allocated to covering these provisions. The amount resulting from this profit sharing is recorded as a greater amount than the technical provisions.

- This consolidated balance sheet heading also includes the provision for profit sharing and for premium returns, which includes the amount of profits accrued in favor of policyholders, insured persons or beneficiaries and the premiums that must be reimbursed to policyholders or insured persons.

Provision for outstanding claims

This represents the estimated appraisals of the pending liabilities arising from the claims occurring prior to the close of the period, less any advance payments already made. It includes the appraisals of claims pending settlement or payment and yet to be stated, as well as the internal and external expenses involved in the settlement of claims; in the Life insurance business, it also includes maturities and redemptions pending payment. The calculations take into account any additional provisions for deviations in the appraisals of claims subject to long handling periods.

Other technical provisions

The most significant provision included under this heading is the "Funeral Insurance Provision", which is calculated on a policy-by-policy basis as the difference between the current actuarial value of future obligations of the controlled companies operating in this line and those of the policyholder or insured person.

For certain portfolios, the Funeral insurance provision is calculated using methods based on Group capitalization, with a financial-actuarial restatement being made of projected flows of premiums and expected claims up to the expiration of the collective insurance.

Technical provisions for life insurance where policyholders bear the investment risk

The provisions for Life insurance where the contract stipulates that the investment risk will be fully borne by the policyholder have been calculated on a policy-by-policy basis and are measured according to the assets specifically allocated to determine the value of the rights.

b) Direct insurance of companies outside the European Economic Area

Technical provisions are calculated in line with the local criteria in force in each country, except in the cases when their application could distort the true and fair image that must be shown in the financial statements, in which case they are adapted to the controlling company's criteria.

Life insurance provisions have been calculated in line with the operational assumptions, mortality tables and technical interest rate commonly used in the industry in the respective countries.

c) Ceded reinsurance

Technical provisions for cessions to reinsurers are shown in the balance sheet assets and are calculated according to the written reinsurance agreements and under the same criteria as those used for direct insurance.

d) Accepted reinsurance

Provision for unearned premiums

Accepted reinsurance operations are posted based on the accounts received from the ceding companies. If, when closing the accounting, the last account from the cedant is not available, the balance of the other received accounts is considered a provision for unearned premiums of non-closed accounts for the purpose of not recognizing earnings in the accounting of these accounts. If, exceptionally, these provisions of non-closed accounts were negatively affected by the accounting of significant payments for claims since it is a certain loss with the unlikelihood of compensation for non-closed account transactions, the provision is adjusted by the corresponding amount.

For proportional reinsurance, when the last statement and report of pending claims are available, the provisions of non-closed accounts are canceled, providing the provisions for unearned premiums according to the information sent by the cedant, repaying contract by contract. If they are not

available, the amount of the deposit of premiums withheld for this item will be posted as the provision for unearned premiums. Ultimately, an overall premium prepayment method is used.

The acquisition expenses communicated by the ceding companies are accrued and included in the consolidated balance sheet under the heading "Adjustment for prepayment" of the asset, with these expenses corresponding to those actually incurred in the period. When the cedants do not communicate the acquisition expense amounts, they are accrued risk by risk for the facultative proportional reinsurance and overall for the rest of the proportional business.

Non-proportional reinsurance operations are recorded based on the accounts received from the ceding companies and the provision for unearned premiums is accepted by provisioning the recorded unearned premium according to the average period of policy coverage.

Provision for unexpired risks

This is calculated on an individual business line basis and supplements the provision for unearned premiums for the amount not showing the valuation of risks and expenses to be covered corresponding to the coverage period not elapsed at the closing date.

Provision for outstanding claims

Provisions for outstanding claims are provided for the amounts communicated by the cedant or, in the lack thereof, for the withheld deposits, and include additional provisions for claims that were incurred but not reported (IBNR) as well as for deviations of the existing ones based on own experience.

For non-proportional reinsurance, considering the historic information available, the final cost is estimated and provisioned based on experience and through the use of actuarial methods.

e) Retroceded reinsurance

Retroceded reinsurance operations and their corresponding technical provisions are recorded using the same criteria as those used for accepted reinsurance and according to the signed retrocession contracts.

f) Liability adequacy test

The recorded technical provisions are usually subject to a reasonability test for the purpose of determining their adequacy on the basis of projections of all future cash flows of current contracts. If the result of this test indicates the inadequacy of the provisions, they are adjusted and charged to the results for the period.

g) Shadow accounting

In order to mitigate the accounting asymmetries arising from applying different valuation methods for assets and liabilities, and to reflect the effect of sharing in the profits of the insured, EU-IFRS allow "shadow accounting", which means that losses or gains in the allocated assets are recognized when measuring technical provisions, up to the limit of the amounts assumed by the policyholder.

C) OTHER ASSETS AND LIABILITIES DERIVED FROM INSURANCE AND REINSURANCE CONTRACTS

a) Deposit components in insurance contracts

Some Life insurance contracts contain both an insurance component and a deposit component. The two components are not measured separately because all the rights and obligations arising from the deposit component are recognized.

b) Embedded derivatives in insurance contracts

Some Life insurance contracts contain embedded derivatives, essentially consisting of guaranteed redemption values and maturity values. Embedded derivatives are not measured separately from the main insurance contract because they fulfill the conditions to be classified as insurance contracts, and their embedded value is therefore measured jointly with the main contract, pursuant to EU-IFRS 4.

c) Insurance contracts acquired in business combinations or portfolio transfers

Insurance contracts acquired in business combinations or portfolio transfers are recognized on the balance sheet as follows:

C.1) The liabilities arising from the insurance contracts are recorded pursuant to EU-IFRS 4.

C.2) An intangible asset is recorded, representing the difference between:

- The fair value of the rights acquired and all the other assumed contractual obligations, and
- The amount described in Section C.1) above.

This intangible asset is amortized in accordance with the policies in force at the time of the purchase and the future generation of profits from them.

D) AGRICULTURAL CO-INSURANCE IN SPAIN

Earned premiums, provisions for unearned premiums, claims paid, provisions for claims and commissions are recorded according to the participation in the pool, according to the type of business, with the following specifications:

D.1) Earned premiums: net of cancelations

D.2) Claims paid: net of the part subject to allocation to the Insurance Compensation Consortium due to a higher than expected loss ratio

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D.3) Commissions: stated in the consolidated income statement under the heading "Acquisition expenses", less the accrued amount at the close of the period. Commissions arising from the participation in the pool are recorded under the heading "Other technical revenue", less the commissions paid to mediators. The heading "Other technical expenses" includes the expenses directly related to this production.

E) LOSS RATIO

The estimated cost of claims, related to the Life and Non-Life business, is recognized on the date of their occurrence and includes all necessary expenses to be incurred up to the settlement of the claim.

The best estimate of the cost of claims that occur but are not reported prior to the end of each financial period, based on past experience, are reported through the incurred but not reported claims provision (IBNR).

Payments of claims are made against the previously recognized provision.

Claims corresponding to accepted reinsurance are recorded in line with the accounts received from the ceding companies, estimating the final expected cost in the case of proportional reinsurance. In the case of ceded and retroceded reinsurance, they are recorded according to the signed reinsurance contracts and under the same criteria used for the direct insurance and accepted reinsurance, respectively.

F) MOST SIGNIFICANT ASSUMPTIONS AND OTHER SOURCES FOR ESTIMATING UNCERTAINTIES

For assets, liabilities, revenues and expenses derived from insurance contracts, as a general rule, the assumptions used are those that were made when issuing these contracts, as specified in the technical conditions.

In general, the estimates and assumptions used are reviewed regularly and are based on past experience and other factors that might have been deemed more reasonable. 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.

The main assumption is based on the behavior and development of the claims, using their frequency and costs in recent years. Likewise, delays in paying claims and any other external factors that could affect the estimates are taken into account in the estimates and assumptions about interest rates and foreign currency exchange rates.

For liabilities, assumptions are based on the best possible estimate when issuing the contracts, and if an insufficiency became evident, the provisions required to cover it would be constituted.

There were no significant changes made to the assumptions used to value the liabilities derived from insurance contracts throughout the year.

G) IMPAIRMENT

When there is objective evidence that a loss was incurred due to impairment of the assets derived from insurance and reinsurance contracts, the general valuation criterion indicated in Note 5.9. Receivables is applied.

5.16. PROVISIONS FOR RISKS AND EXPENSES

These are recognized when there is a current obligation (whether legal or implicit) as a result of a past event and a reliable estimate of the obligation amount can be made.

If it is highly likely that part or all of a provision will be reimbursed, the reimbursement is recognized as a separate asset.

5.17. DEBT

Valuations are generally carried out at the amortized cost using the effective interest rate method.

For debts with a maturity exceeding one year and when the parties have not expressly agreed on the applicable interest, they are discounted by taking, as the implicit financial interest, the interest in force in the market for public debt securities with the same or similar term as the maturity of the debts, without prejudice to taking into account the relevant risk premium.

5.18. GENERAL CRITERION FOR REVENUES AND EXPENSES

The revenues and expenses apart from those related to insurance operations are allocated according to the accrual criterion, based on the actual flow of goods and services represented by them, irrespectively of the date of the monetary or financial flow arising from them.

5.19 REMUNERATION FOR EMPLOYEES

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

a) Short-term remunerations

These are posted according to the services provided by employees on an accrual basis.

b) 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 plans 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 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 actual value of the obligation for benefits defined 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.

c) Compensation for termination

This is recognized as a liability and expense when there is a notable agreement to rescind the work relationship before the normal date of employee retirement or when there is an offer to encourage voluntary rescission of the contracts.

d) Other medium and long-term remunerations and share-based payments

Other long-term remunerations 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 entry under the heading "Provisions for risks and expenses", and actuarial gains and losses which are recorded on the consolidated income statement.

Incentive plans

- In 2016 a 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, 2017 and ending March 31, 2019, with payment of 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 remaining in the Group's employment. The incentives will be paid partly in cash (50 percent) and partly in MAPFRE S.A. shares (50 percent), and payment is subject to clauses of reduction (malus) or recovery (clawback).

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At the close of each year, the fulfillment of objectives will be evaluated and the amount accrued will be recorded in the consolidated income statement under a liability account for the part of the remuneration paid in cash and under an equity account for the part corresponding to equity instruments. The valuation of the part of the incentive paid in MAPFRE S.A. shares takes into account the fair value of the equity instruments assigned at the transfer date, based on the terms and conditions of the plan.

Each year, during the vesting period, the number of equity instruments included in the calculation of the transaction amount is adjusted. No additional adjustments are made after the vesting date.

- Prior to this, there was a medium-term incentives plan for certain members of the Group's executive team. The plan was extraordinary, non-cumulative and multi-year, spanning from January 1, 2013 to March 31, 2016, and was settled at the close of the 2016 financial year.
- In 2007, The Group approved an incentives plan referenced to the value of MAPFRE S.A. stock, that was settled in cash and revocable, and that was valued at the initial moment of its implementation using an option-valuation method. At the close of 2016 the share quote was below the benchmark quote for this plan, with the result that no rights were exercised and the plan expired.

5.20. REVENUES AND EXPENSES FROM INVESTMENTS

These are classified either as operating or equity depending on their origin since they are assigned to cover technical provisions or materialize shareholders' equity, respectively.

Changes in fair value are recorded according to the portfolio in which financial investments are classified:

a) Trading portfolio

Recorded directly in the consolidated income statement distinguishing between the part attributable to yields, which are recognized as interest or, if applicable, as dividends, and the part that is recorded as realized and unrealized results.

b) Held-to-maturity portfolio

Recorded when the financial instrument is disposed of and in case of impairment.

c) Available-for-sale portfolio

Recognized directly in the company's equity until it is written off or impairment is perceived, at which time they are recorded in the consolidated income statement.

In all cases, the interest of financial instruments is recorded on the consolidated income statement by applying the effective interest rate method.

5.21. RECLASSIFICATION OF EXPENSES BY DESTINATION AND ALLOCATION TO ACTIVITY SEGMENTS

The criteria to follow for reclassifying expenses by destination are mainly based on the position held by each of the employees, distributing their direct and indirect cost according to this position.

For expenses directly or indirectly related to personnel, individual studies are undertaken, allocating them to the destination according to the position held for these expenses.

The established destinations are as follows:

- Claims-related expenses
- Expenses allocated to investments
- Other technical expenses
- Other non-technical expenses
- Acquisition expenses
- Administration expenses
- Operating expenses from other activities

Expenses have been allocated to the different segments, according to the business unit or regional area in which the activity originated:

5.22. TRANSACTIONS AND BALANCES IN FOREIGN CURRENCY

With the exception of reinsurance activities, transactions in foreign currencies are translated into each Group company's functional currency at the exchange rate in force on the transaction date.

Reinsurance operations in foreign currency are recorded at the exchange rate established at the beginning of each quarter of the year. Subsequently, at the end of each quarter, they are all treated as one operation, being converted at the exchange rate in force at the time and recording the resulting difference on the consolidated income statement.

At year end, the existing balances in foreign currencies are translated at the exchange rate of the functional currency prevailing on that date, and all exchange differences are recorded in the consolidated income statement, the only exception being those which are directly allocated to "Foreign exchange conversion differences", i.e. those arising from the monetary items that form part of the net investment in a foreign operation and from the non-monetary ones measured at fair value, where changes in value are directly recognized in equity.

5.23. TAX ON PROFITS

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

In order to determine this, the balance sheet method is followed, whereby the corresponding assets and deferred tax liabilities necessary to correct the effect of temporary differences are recorded. These are differences that may exist between the book amount of an asset or liability and its valuation for tax purposes.

Temporary differences may be "Taxable temporary differences", which result in higher tax payments in the future and which generally entail the recognition of a deferred tax liability; or "Deductible temporary differences", which result in lower tax payments in the future and, to the extent in which it is returnable, the registration of a deferred tax asset.

Meanwhile, tax on profits related to items where modifications in their value are directly recognized in equity is not allocated to the consolidated income statement but to equity, and the changes in value are recorded net of the tax effect.

a) Recognition of deferred tax liabilities

The Group recognizes deferred tax liabilities in all cases except those in which:

- They arise from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that is not affected by the accounting result or the taxable income on the date of the transaction.
- They correspond to differences relating to investments in controlled, associated or joint arrangement companies over which the Group controls the moment of reversal and it is not probable that a reversal occurs in the foreseeable future.

b) Recognition of deferred tax assets

The Group recognizes deferred tax assets as long as:

- It is probable that there are sufficient future taxable profits to offset them. However, those assets that arise from the initial recognition of assets or liabilities in a transaction that is not a business combination and that is not affected by the accounting result or the taxable income on the date of the transaction are not recognized.
- They correspond to temporary differences relating to investments in controlled, associated or joint arrangement companies to the extent that the temporary differences revert in the foreseeable future and positive future taxable profits are expected to be generated to offset the differences.

c) Compensation and classification

The Group only offsets assets and liabilities from tax on profits if the tax authorities have a legal right and it intends to liquidate debts coming from its net value or realize assets and liquidate debts simultaneously.

d) Deferred tax asset and liability valuation

The deferred tax assets and liabilities are valued by the tax rates applicable in the period in which assets are expected to be realized or liabilities paid.

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The Group reviews the book value of the deferred tax assets and liabilities at the close of the period, and evaluates if conditions are fulfilled for recognizing deferred tax assets that had not previously been recognized.

6. BREAKDOWN OF FINANCIAL STATEMENTS

6.1. INTANGIBLE ASSETS

The following tables show the movements under this heading in the last two years:

2017

Item	Opening balance	Adjustments to the opening balance	Changes to the scope	Additions or provisions	Disposals, cancellations or reductions	Closing balance
<u>COST</u>						
GOODWILL	2,075.24	(156.73)	106.40	--	--	2,024.91
OTHER INTANGIBLE FIXED ASSETS						
Portfolio acquisition expenses	1,746.46	(163.30)	--	1.63	(57.57)	1,527.22
Software	1,050.91	(81.92)	--	140.04	(33.70)	1,075.33
Other	171.16	(6.92)	--	31.30	(28.12)	167.42
TOTAL COST	5,043.77	(408.87)	106.40	172.97	(119.39)	4,794.88
<u>CUMULATIVE DEPRECIATION</u>						
OTHER INTANGIBLE FIXED ASSETS						
Portfolio acquisition expenses	(505.99)	47.40	--	(72.53)	24.74	(506.38)
Software	(562.41)	35.56	--	(99.70)	11.73	(614.82)
Other	(47.27)	4.09	--	(9.16)	1.42	(50.92)
TOTAL CUMULATIVE DEPRECIATION	(1,115.67)	87.05	--	(181.39)	37.89	(1,172.12)
<u>IMPAIRMENT</u>						
GOODWILL	(85.19)	5.01	--	(61.77)	--	(141.95)
OTHER INTANGIBLE ASSETS						
Portfolio acquisition expenses	(43.27)	4.14	--	(51.45)	32.83	(57.75)
Software	(0.67)	0.56	--	--	--	(0.11)
Other	(0.05)	--	--	--	--	(0.05)
TOTAL IMPAIRMENT	(129.18)	9.71	--	(113.22)	32.83	(199.86)
TOTAL GOODWILL	1,990.05	(151.72)	106.40	(61.77)	--	1,882.96
TOTAL OTHER INTANGIBLE ASSETS	1,808.87	(160.39)	--	(59.87)	(48.67)	1,539.94
TOTAL INTANGIBLE ASSETS	3,798.92	(312.11)	106.40	(121.64)	(48.67)	3,422.90

Figures in millions of euros

The amounts shown as changes to the scope in 2017 come from the take-over of the Indonesian insurance company PT Asuransi Bina Dana Arta Tbk (hereinafter, ABDA), Note 6.25.

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2016

Item	Opening balance	Adjustments to the opening balance	Changes to the scope	Additions or provisions	Disposals, cancellations or reductions	Closing balance
<u>COST</u>						
GOODWILL	2,144.53	46.44	(83.50)	5.34	(37.57)	2,075.24
OTHER INTANGIBLE FIXED ASSETS						
Portfolio acquisition expenses	1,526.86	208.36	(58.42)	69.66	--	1,746.46
Software	908.38	55.71	(0.30)	143.88	(56.76)	1,050.91
Other	153.40	6.37	(0.52)	23.88	(11.97)	171.16
TOTAL COST	4,733.17	316.88	(142.74)	242.76	(106.30)	5,043.77
<u>CUMULATIVE DEPRECIATION</u>						
OTHER INTANGIBLE FIXED ASSETS						
Portfolio acquisition expenses	(416.99)	(31.99)	16.46	(73.47)	--	(505.99)
Software	(475.96)	(24.52)	2.11	(97.67)	33.63	(562.41)
Other	(33.75)	(11.37)	0.25	(2.67)	0.27	(47.27)
TOTAL CUMULATIVE DEPRECIATION	(926.70)	(67.88)	18.82	(173.81)	33.90	(1,115.67)
<u>IMPAIRMENT</u>						
GOODWILL	(76.53)	0.06	--	(33.03)	24.31	(85.19)
OTHER INTANGIBLE ASSETS	--	--	--	--	--	--
Portfolio acquisition expenses	(32.32)	(0.76)	--	(10.19)	--	(43.27)
Software	--	(0.67)	--	--	--	(0.67)
Other	(0.06)	0.01	--	--	--	(0.05)
TOTAL IMPAIRMENT	(108.91)	(1.36)	--	(43.22)	24.31	(129.18)
TOTAL GOODWILL	2,068.00	46.50	(83.50)	(27.69)	(13.26)	1,990.05
TOTAL OTHER INTANGIBLE ASSETS	1,629.56	201.14	(40.42)	53.42	(34.83)	1,808.87
TOTAL INTANGIBLE ASSETS	3,697.56	247.64	(123.92)	25.73	(48.09)	3,798.92

Figures in millions of euros

The amounts shown as changes to the scope in 2016 mainly stem from the reclassification under the heading "Non-current assets maintained for sale" of the assets of the controlled companies Duero Vida and Duero Pensiones as a result of the announcement from Banco CEISS to exercise its voluntary purchase option over all of the shares owned by the Group in the aforementioned companies.

The entries in 2016 mainly stem from the acquisition of the Barclays Life and Pensions business in Portugal.

Intangible assets with an indefinite useful life

The useful life of the following intangible assets is considered indefinite since these assets are expected to contribute to future revenues for the Group indefinitely:

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Item	Book value	
	31/12/2017	31/12/2016
Goodwill on consolidation	1,850.45	1,955.93
Goodwill on merger	32.51	34.12

Figures in millions of euros

The following tables provide detailed information on the cash-generating units to which the different goodwill items and portfolio acquisition expenses are allocated, as well as their book value and, if applicable, the impairment amount and amortization over the last two periods.

• **Goodwill**

Goodwill budget 6.1

Cash-generating unit	Business and Geographic Area	Gross amount at source		Initial 31.12.2015	Ejercicio 2016		Initial 31.12.2016	Ejercicio 2017		Initial 31.12.2017
		Millions in original currency	Currency		Entries/(write-offs)	Net impairment for the period		Entries/(write-offs)	Net impairment for the period	
<i>Goodwill on consolidation</i>										
MAPFRE VIDA	Life insurance (Spain)	258.40	EUR	212.57	--	--	212.57	--	--	212.57
MAPFRE GLOBAL RISKS	Insurance for Companies	40.75	EUR	40.17	--	--	40.17	--	--	40.17
GRUPO CORPORATIVO, L.M.L.	Non-Life Insurance (Mexico)	407.93	MXN	215.7	(2.89)	--	18.68	(1.39)	--	17.29
BRIKELL FINANCIAL SERVICES	Travel assistance (USA)	19.58	USD	17.04	0.59	--	17.63	(2.17)	--	15.46
MAPFRE WARRANTY	Extended Warranty	11.40	EUR	11.08	--	--	11.08	--	--	11.08
MAPFRE BB SH2	Non-Life Insurance (Brazil)	350.29	BRL	81.24	20.98	--	102.22	(14.12)	--	88.10
BB MAPFRE SHI	Life Insurance (Brazil)	220.01	BRL	51.02	13.18	--	64.20	(3.77)	(60.43)	--
ABRAXAS	Travel assistance (United Kingdom)	11.26	GBP	15.35	(2.16)	--	13.19	(0.51)	--	12.68
GENEL SIGORTA	Insurance (Turkey)	156.83	TRY	49.36	(7.13)	--	42.23	(7.78)	--	34.45
BANKINTER VIDA	Life insurance (Spain)	160.45	EUR	160.45	--	--	160.45	--	--	160.45
CCM VIDA Y PENSIONES	Life and Pensions insurance (Spain)	90.51	EUR	81.34	--	--	81.34	--	--	81.34
MAPFRE USA	Non-Life Insurance (USA)	882.40	USD	810.52	27.88	--	838.40	(103.17)	--	735.23
DUERO VIDA	Life insurance (Spain)	70.12	EUR	70.12	(70.12)	--	--	--	--	--
DUERO PENSIONES	Pensions fund manager (Spain)	13.38	EUR	13.38	(13.38)	--	--	--	--	--
ASEGURADORA MUNDIAL	Insurance (Central America)	8.98	PAB	8.27	0.28	--	8.55	(1.05)	--	7.50
INSURANCE AND GO	Insurance (United Kingdom)	30.72	GBP	42.20	(5.39)	--	36.81	(1.44)	--	35.37
CENTURY AUTOMOTIVE	Insurance and reinsurance (USA)	30.35	USD	22.84	0.79	--	23.63	(2.91)	--	20.72
BANKINTER SEGUROS GENERALES	Non-Life Insurance (Spain)	12.72	EUR	12.46	--	--	12.46	--	--	12.46
BANKIA MAPFRE VIDA SOCIEDAD DE SEGUROS Y REASEGUROS S.A.	Life insurance (Spain)	18.69	EUR	18.69	--	--	18.69	--	--	18.69
FUNESPAÑA	Funeral services (Spain)	17.88	EUR	17.88	--	--	17.88	--	--	17.88
DIRECT LINE GERMANY	Non-Life insurance (Germany)	125.47	EUR	125.47	--	--	125.47	--	--	125.47
DIRECT LINE ITALY	Non-Life Insurance (Italy)	101.30	EUR	101.30	--	(33.03)	68.27	--	--	68.27
ABDA	Seguros (Indonesia)	391,102.00	IDR	--	--	--	--	96.94	--	96.94
Other	--	--	--	41.64	0.37	--	42.01	(3.68)	--	38.33
TOTAL GOODWILL ON CONSOLIDATION				2,025.96	(37.00)	(33.03)	1,955.93	(45.05)	(60.43)	1,850.45
<i>Goodwill on merger</i>										
BANKINTER VIDA (branch in Portugal)	Life and Pensions insurance (Portugal)	5.34	EUR	--	5.34	--	5.34	--	--	5.34
GRUPO FUNESPAÑA	Funeral services (Spain)	41.09	EUR	24.66	(2.54)	--	22.12	(0.11)	--	22.01
Other	--	--	--	17.38	(10.72)	--	6.66	(0.16)	(1.34)	5.16
TOTAL GOODWILL ON MERGER				42.04	(7.92)	--	34.12	(0.27)	(1.34)	32.51
TOTAL GOODWILL				2,068.00	(44.92)	(33.03)	1,990.05	(45.32)	(61.77)	1,882.96
<i>Goodwill in associated and multi-group undertakings</i>										
SALVADOR CAETANO AUTO (SGPS), S.A.	Servicios (Portugal)	11.31	EUR	--	--	--	--	11.31	--	11.31
ABDA	Seguros (Indonesia)	391,102.00	IDR	26.06	1.45	--	27.51	(27.51)	--	--
SOLUNION SEGUROS DE CREDITO, S.A.	Insurance (Spain)	12.87	EUR	12.87	--	--	12.87	--	--	12.87
Otros	--	--	--	8.53	(3.95)	--	4.58	0.05	--	4.63
TOTAL GOODWILL IN ASSOCIATED AND MULTI-GROUP UNDERTAKINGS (EQUITY-ACCOUNTED) (*)				47.46	(2.50)	--	44.96	(16.15)	--	28.81

Figures in millions of euros

(*) Goodwill related to acquisitions of associated and multi-group undertakings is included as a greater value of investments recorded by the equity method.

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• Portfolio acquisition expenses

Cash-generating unit	Business and Geographic Area	Gross amount at source		Initial	Ejercicio 2016		Initial	Ejercicio 2017		Initial
		Millions in original currency	Currency	31.12.2015	Entries/(write-offs)	Depreciation and net impairment for the period	31.12.2016	Entries/(write-offs)	Depreciation and net impairment for the period	31.12.2017
BANKINTER VIDA	Life and Pensions insurance (Spain and Portugal)	200.89	EUR	87.94	69.66	(9.54)	148.06	--	(10.01)	138.05
BANKIA MAPFRE VIDA SOCIEDAD DE SEGUROS Y REASEGUROS S.A. (in 2016 ASEVAL - LAIETANA VIDA)	Life insurance (Spain)	89.59	EUR	77.39	--	(7.17)	70.22	--	(7.12)	63.10
CCM VIDA Y PENSIONES	Life and Pensions insurance (Spain)	82.55	EUR	52.22	--	(4.30)	47.92	--	(4.42)	43.50
MAPFRE USA	Non-Life Insurance (USA)	48.26	USD	10.96	0.28	(1.94)	9.30	(0.70)	(8.60)	--
DUERO VIDA	Life insurance (Spain)	44.48	EUR	32.50	(31.75)	(0.75)	--	--	--	--
DUERO PENSIONES	Pensions fund manager (Spain)	13.94	EUR	10.47	(10.21)	(0.26)	--	--	--	--
CATALUNYACAIXA VIDA	Life insurance (Spain)	292.01	EUR	--	--	--	--	--	--	--
BB MAPFRE SH1	Life Insurance (Brazil)	3,385.29	BRL	654.16	165.51	(34.27)	785.40	(105.38)	(36.57)	643.45
MAPFRE BB SH2	Non-Life Insurance (Brazil)	236.21	BRL	43.72	10.92	(3.65)	50.99	(3.01)	(47.98)	--
GENEL SIGORTA	Insurance (Turkey)	95.40	TRY	11.71	(1.50)	(1.92)	8.29	(1.41)	(1.29)	5.59
MAPFRE FINISTERRE	Non-Life Insurance (Spain)	87.94	EUR	45.50	--	(2.64)	42.86	--	(2.59)	40.27
DIRECT LINE GERMANY	Non-Life Insurance (Germany)	23.52	EUR	23.17	--	(1.12)	22.05	--	(3.31)	18.74
DIRECT LINE ITALY	Non-Life Insurance (Italy)	15.60	EUR	12.97	--	(12.97)	--	--	--	--
Other	--	--	--	14.84	0.40	(3.13)	12.11	0.37	(2.09)	10.39
TOTAL PORTFOLIO ACQUISITION EXPENSES				1,077.55	203.31	(83.66)	1,197.20	(110.13)	(123.98)	963.09

Figures in millions of euros

The book value, net of any impairment, of each of the goodwill and portfolio acquisition expense items described above, and of the net assets associated with each cash-generating unit, is equal to or lower than the amount recoverable from the cash-generating unit to which they are allocated. The following table shows the recoverable value of the main cash-generating units at the close of the last two periods:

Cash-generating unit	Contrast value		Retrievable value	
	2017	2016	2017	2016
MAPFRE VIDA	2,049.00	2,020.87	4,648.54	4,018.72
BB MAPFRE SH1	967.29	1,212.27	4,351.62	4,653.42
MAPFRE BB SH2	805.87	1,092.56	805.87	1,332.40
BANKINTER VIDA (Spain)	273.20	214.57	574.80	390.74
CCM VIDA Y PENSIONES	145.50	145.32	210.67	170.22
MAPFRE USA	1,800.57	2,022.30	2,510.20	2,907.97
MAPFRE GENEL SIGORTA	224.60	237.63	371.30	560.96
DIRECT LINE ITALY	277.91	201.81	319.79	201.81
DIRECT LINE GERMANY	293.66	291.74	495.46	456.65

Figures in millions of euros

The calculation of the recoverable value of the cash-generating units takes into account the degree of economic development of the country in which the units operate as well as the degree of development of the insurance industry, measured by its weight in the country gross domestic product, and other variables such as market share, projected performance of the commercial network, MAPFRE's past experience in the markets where the cash-generating units are present, etc.

The discount rate (ke) and perpetuity growth rate (g), as defined below, are also taken into account:

- 1) Discount rate (ke) = Risk-free rate of the country + (β * Risk premium of the equity market)

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2) Perpetuity growth rate (g): calculated according the long-term inflation projection issued by the International Monetary Fund (IMF)

The country risk rate usually corresponds to the actual yield of the 10-year Treasury bonds in local currency issued in the country in which the cash-generating unit operates, increased by the risk premium of the equity market estimated for the insurance industry. The market risk premium for the insurance industry is calculated by modulating the generic premium for the equity market by the Beta ratio for listed insurance companies compared with the region in which the cash-generating unit operates.

The risk-free rate applied varied between 0.42 percent and 11.43 percent in 2017, and between 0.64 percent and 11.46 percent in 2016.

As a supplement for estimating the discount (ke) and perpetuity growth (g) rates applied to the different cash-generating units analyzed, the external projections of international organizations and other benchmark entities in the field of company ratings are used.

The following discount rates applied to the discounted cash flows were used to calculate the recoverable value of the main cash-generating units:

Cash-generating unit	Discount rate	
	2017	2016
MAPFRE USA	7.02%	6.50%
MAPFRE VIDA, BANKINTER VIDA (Spain) and CCM VIDA Y PENSIONES	6.15%	7.77%
MAPFRE GLOBAL RISKS	5.24%	5.61%
BB MAPFRE SH1	14.15%	15.71%
MAPFRE BB SH2	14.24%	15.03%
GENEL SIGORTA	14.09%	13.90%
DIRECT LINE ITALY	5.88%	6.20%
DIRECT LINE GERMANY	4.13%	4.29%

The estimated perpetuity growth rates (g) applicable to the different cash-generating units are based on the long-term inflation projections included in the World Economic Outlook Database published by the International Monetary Fund, which are as follows for the markets in which the main cash-generating units operate:

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Country	Long-term inflation forecast	
	2017	2016
Spain	1.90%	1.59%
United States	2.24%	2.31%
Turkey	7.51%	6.30%
Brazil	4.03%	4.51%
Italy	1.40%	1.20%
Germany	2.48%	1.98%

Bearing in mind the aforementioned variables, the perpetuity growth rates set for the markets in which the main cash-generating units operate are as follows:

Country	Perpetuity growth rate (g)	
	2017	2016
Spain	1.90%	1.59%
United States	2.24%	2.31%
Turkey	8.01%	6.80%
Brazil	4.53%	5.01%
Italy	1.40%	1.20%
Germany	2.48%	1.98%

Meanwhile, at least once a year each Group company analyzes the assumptions used to estimate future cash flows and restates them pursuant to actual results and past experience. The cash flow projections for the first five years consider growth rates based on past experience, while in subsequent years the residual value is calculated, establishing perpetual revenues based on the cash flows of the last period of the estimates, with a perpetuity growth rate calculated as described above.

In the event of reasonable variations in any of the key assumptions, the book value is unlikely to be higher than the recoverable value of the cash-generating units.

Specifically, the studies conducted for the main cash-generating units analyzed reveal the following sensitivity ranges in the event of unfavorable variations in the key assumptions:

- An increase of 1 percentage point in the discount rate applied to each cash-generating unit would imply reductions in the recoverable values of between 10.43 percent and 40.40 percent in 2017, and between 6.69 percent and 36.18 percent in 2016. In any case, this figure would not fall below the book value attributed to any of them.
- A decrease of 0.25 percentage points in the perpetuity growth rate applied to each cash-generating unit would imply reductions in the recoverable values of between 1.84 percent and 17.00 percent in 2017, and between 0.81 percent and 8.18 percent in 2016. Once again, this means that this figure would not fall below the book value attributed to any of them.

If the analysis of the possible impairment of goodwill reveals a recoverable value below the book value, an individual study is conducted of all the key assumptions that have led to this situation, calculating their impact. However, there are no significant risks associated with reasonable variations in key assumptions.

For impairment loss recorded in 2017, 104.86 million euros (of which 60.43 million correspond to goodwill and 44.43 million to portfolio acquisition expenses) are from the loss of value of the automobile business and of some general P&C lines incorporated in the cash-generating unit MAPFRE BB SH2, deriving from the discreet evolution of Brazil's economic environment and the weak economic growth forecast, as well as the negative development of said businesses, with high loss experiences and pressure on rates.

The impairment loss of 43.22 million euros in 2016 represented recognition of the difference between the book amount and the recoverable value of the cash-generating unit DIRECT LINE ITALY, as detected in the recoverable amount assessment conducted. This assessment took into account 8-year projections, as it was a recently acquired business still under development, estimating a premium growth rate of 3 percent for years 6 and 7, therefore higher than the aforementioned perpetuity growth rate of 1.20 percent and an improved margin for those periods. The main reason for the loss of recoverable value was the restructuring of the company carried out in 2016. As a result of fulfilling our business plan, in 2017 the projections are maintained at 7 years.

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6.2. PROPERTY, PLANT AND EQUIPMENT AND REAL ESTATE INVESTMENTS

Property, plant and equipment

The following tables show the movements under this heading in the last two years:

2017

Item	Opening balance	Adjustments to the opening balance	Changes to the scope	Additions or provisions	Disposals, cancellations or reductions	Closing balance	Market value
<u>COST</u>							
REAL ESTATE FOR OWN USE							
Land and natural resources	106.88	(10.37)	1.96	0.35	(41.93)	56.89	100.90
Buildings and other structures	1,111.74	(47.11)	5.00	68.76	(43.22)	1,095.17	1,165.46
OTHER PROPERTY, PLANT AND EQUIPMENT							
Vehicles	38.71	(3.90)	1.01	3.26	(3.75)	35.33	11.11
Furniture and fittings	477.01	(12.55)	0.58	30.00	(25.10)	469.94	172.88
Other property, plant and equipment	280.39	(27.08)	1.87	25.42	(10.01)	270.59	82.02
Advances and fixed assets in progress	13.11	(0.02)	--	8.29	(13.53)	7.85	5.09
TOTAL COST	2,027.84	(101.03)	10.42	136.08	(137.54)	1,935.77	1,537.46
<u>CUMULATIVE DEPRECIATION</u>							
REAL ESTATE FOR OWN USE	(203.26)	11.84	(1.66)	(27.86)	6.97	(213.97)	--
OTHER PROPERTY, PLANT AND EQUIPMENT	(507.92)	32.58	(2.75)	(63.55)	31.63	(510.01)	--
TOTAL CUMULATIVE DEPRECIATION	(711.18)	44.42	(4.41)	(91.41)	38.60	(723.98)	--
<u>IMPAIRMENT</u>							
REAL ESTATE FOR OWN USE							
Land and natural resources	--	--	--	--	--	--	--
Buildings and other structures	(12.39)	0.10	--	(8.69)	3.53	(17.45)	--
OTHER PROPERTY, PLANT AND EQUIPMENT							
Vehicles	(0.52)	0.34	--	--	0.39	0.21	--
Furniture and fittings	(2.17)	0.86	--	--	1.59	0.28	--
Other property, plant and equipment	(5.01)	(0.17)	--	--	2.08	(3.10)	--
TOTAL IMPAIRMENT	(20.09)	1.13	--	(8.69)	7.59	(20.06)	--
TOTAL REAL ESTATE FOR OWN USE	1,002.97	(45.54)	5.30	32.56	(74.65)	920.64	1,266.36
TOTAL OTHER PROPERTY, PLANT AND EQUIPMENT	293.60	(9.94)	0.71	3.42	(16.70)	271.09	271.10
TOTAL PROPERTY, PLANT & EQUIPMENT	1,296.57	(55.48)	6.01	35.98	(91.35)	1,191.73	1,537.46

Figures in millions of euros

The key disposals of financial year 2017 correspond to the sale of a building on calle Luchana in Madrid, for a price of 72.00 million euros and consolidated earnings before taxes of 38.40 million euros.

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2016

Item	Opening balance	Adjustments to the opening balance	Changes to the scope	Additions or provisions	Disposals, cancellations or reductions	Closing balance	Market value
<u>COST</u>							
REAL ESTATE FOR OWN USE							
Land and natural resources	85.13	(6.70)	--	34.33	(5.88)	106.88	108.94
Buildings and other structures	1,068.68	6.50	(3.78)	109.82	(69.48)	1,111.74	1,295.13
OTHER PROPERTY, PLANT AND EQUIPMENT							
Vehicles	39.38	0.09	(0.50)	4.80	(5.06)	38.71	13.23
Furniture and fittings	471.94	7.66	(0.86)	23.14	(24.87)	477.01	180.75
Other property, plant and equipment	222.65	8.82	(0.04)	55.38	(6.42)	280.39	88.15
Advances and fixed assets in progress	61.03	(1.36)	--	12.77	(59.33)	13.11	11.48
TOTAL COST	1,948.81	15.01	(5.18)	240.24	(171.04)	2,027.84	1,697.68
<u>CUMULATIVE DEPRECIATION</u>							
REAL ESTATE FOR OWN USE	(192.49)	(4.07)	0.56	(21.47)	14.21	(203.26)	--
OTHER PROPERTY, PLANT AND EQUIPMENT	(461.64)	(6.06)	1.16	(63.69)	22.31	(507.92)	--
TOTAL CUMULATIVE DEPRECIATION	(654.13)	(10.13)	1.72	(85.16)	36.52	(711.18)	--
<u>IMPAIRMENT</u>							
REAL ESTATE FOR OWN USE							
Land and natural resources	--	--	--	--	--	--	--
Buildings and other structures	(17.92)	0.22	--	(2.23)	7.54	(12.39)	--
OTHER PROPERTY, PLANT AND EQUIPMENT							
Vehicles	(0.10)	(0.42)	--	--	--	(0.52)	--
Furniture and fittings	(0.27)	(1.90)	--	--	--	(2.17)	--
Other property, plant and equipment	(1.91)	(3.10)	--	--	--	(5.01)	--
TOTAL IMPAIRMENT	(20.20)	(5.20)	--	(2.23)	7.54	(20.09)	--
TOTAL REAL ESTATE FOR OWN USE	943.40	(4.05)	(3.22)	120.45	(53.61)	1,002.97	1,404.07
TOTAL OTHER PROPERTY, PLANT AND EQUIPMENT	331.08	3.73	(0.24)	32.40	(73.37)	293.60	293.61
TOTAL PROPERTY, PLANT & EQUIPMENT	1,274.48	(0.32)	(3.46)	152.85	(126.98)	1,296.57	1,697.68

Figures in millions of euros

In 2016 the main entry under Property for own use was the purchase from Fundación MAPFRE of the MAPFRE RE headquarters at Paseo de Recoletos 25, in Madrid, for 41.50 million euros.

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Real estate investment

The following tables show the movements under this heading in the last two years:

2017

Item	Opening balance	Adjustments to the opening balance	Changes to the scope	Additions or provisions	Disposals, cancellations or reductions	Closing balance	Market value
<u>COST</u>							
INVESTMENT IN REAL ESTATE							
Land and natural resources	644.86	(18.86)	0.56	7.75	(17.74)	616.57	443.59
Buildings and other structures	1,196.62	(15.19)	9.51	69.10	(92.56)	1,167.48	1,235.53
TOTAL COST	1,841.48	(34.05)	10.07	76.85	(110.30)	1,784.05	1,679.12
<u>CUMULATIVE DEPRECIATION</u>							
INVESTMENT IN REAL ESTATE	(272.30)	2.59	--	(20.58)	24.21	(266.08)	--
TOTAL CUMULATIVE DEPRECIATION	(272.30)	2.59	--	(20.58)	24.21	(266.08)	--
<u>IMPAIRMENT</u>							
INVESTMENT IN REAL ESTATE							
Land and natural resources	(228.46)	17.95	--	(12.90)	4.65	(218.76)	--
Buildings and other structures	(65.91)	0.35	--	(3.92)	20.98	(48.50)	--
TOTAL IMPAIRMENT	(294.37)	18.30	--	(16.82)	25.63	(267.26)	--
TOTAL REAL ESTATE INVESTMENT	1,274.81	(13.16)	10.07	39.45	(60.46)	1,250.71	1,679.12

Figures in millions of euros

2016

Item	Opening balance	Adjustments to the opening balance	Changes to the scope	Additions or provisions	Disposals, cancellations or reductions	Closing balance	Market value
<u>COST</u>							
INVESTMENT IN REAL ESTATE							
Land and natural resources	620.06	19.04	--	10.09	(4.33)	644.86	459.51
Buildings and other structures	1,243.96	4.46	--	55.43	(107.23)	1,196.62	1,252.15
TOTAL COST	1,864.02	23.50	--	65.52	(111.56)	1,841.48	1,711.66
<u>CUMULATIVE DEPRECIATION</u>							
INVESTMENT IN REAL ESTATE	(275.84)	(0.46)	--	(23.97)	27.97	(272.30)	--
TOTAL CUMULATIVE DEPRECIATION	(275.84)	(0.46)	--	(23.97)	27.97	(272.30)	--
<u>IMPAIRMENT</u>							
INVESTMENT IN REAL ESTATE							
Land and natural resources	(201.87)	(19.29)	--	(8.57)	1.27	(228.46)	--
Buildings and other structures	(61.99)	(0.18)	--	(4.50)	0.76	(65.91)	--
TOTAL IMPAIRMENT	(263.86)	(19.47)	--	(13.07)	2.03	(294.37)	--
TOTAL REAL ESTATE INVESTMENT	1,324.32	3.57	--	28.48	(81.56)	1,274.81	1,711.66

Figures in millions of euros

In 2016 the main expense was the sale to Fundación MAPFRE of 65.90 percent of the MAPFRE Tower in Barcelona for the sale price of 175.40 million euros with a profit before tax of 117.10 million euros.

The impairment entries in both periods refer to the recorded losses following the valuations made.

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Impairment losses for the year are recorded in the "Allowance to the asset impairment provision" and the reversal under "Reversal of the asset impairment provision" in the consolidated income statement.

The market value of real estate investment and of real estate for own use basically represents the value determined by an independent appraiser that uses appraisal techniques based on the variables observed in the market (Level 2). The appraisal methods commonly used are the cost method, the comparison method, the future rental income method and the abbreviated residual method, depending on the characteristics of the asset being appraised.

Moreover, most real estate corresponds to assets assigned to technical provisions and valuations are performed on a regular basis, as established for valuation reviews by the supervisory bodies of insurance activities.

Revenues and expenses derived from real estate investments in 2017 and 2016 are shown in the table below:

Item	Type of investment							
	Operating investment		Equity		Other Activities		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Revenue from real estate investment								
From rentals	40.76	48.51	2.19	2.22	12.05	14.32	55.00	65.05
Other	0.42	0.44	--	--	3.44	2.03	3.86	2.47
Gains on disposals	49.14	116.09	4.57	5.75	16.51	4.59	70.22	126.43
Total revenue from real estate investment	90.32	165.04	6.76	7.97	32.00	20.94	129.08	193.95
Expenses from real estate investment								
Direct operational expenses	23.48	24.84	--	1.20	--	--	23.48	26.04
Other expenses	6.35	4.34	0.09	0.03	9.19	11.51	15.63	15.88
Losses on disposals	6.00	4.06	0.02	0.39	0.28	0.10	6.30	4.55
Total expenses from real estate investment	35.83	33.24	0.11	1.62	9.47	11.61	45.41	46.47

Figures in millions of euros

6.3. LEASING

The Group has the following items subject to operating lease agreements:

Type of assets	Net book value		Maximum duration of Leases (Years)		Maximum years elapsed	
	2017	2016	2017	2016	2017	2016
Property investments	852.90	858.81	25	25	22	21

Figures in millions of euros

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At December 31, 2017 and 2016 the future minimum collections for non-cancelable operating leases were as follows:

Item	2017	2016
Less than one year ago	43.31	47.90
More than one year but less than five	104.48	106.29
More than five years	80.64	78.94
TOTAL	228.43	233.13

Figures in millions of euros

No contingent payments were recorded as revenues in 2017 and 2016.

The Group is the lessee, under operating leases, of buildings and other property, plant and equipment assets.

These leases have an average duration of five years, without renewal clauses in the agreements. There is no restriction on the lessee whatsoever regarding the prerogative to sign these leases.

The future minimum payments payable on non-cancelable operating leases at December 31 were as follows:

Item	2017	2016
Less than one year ago	38.23	37.87
More than one year but less than five	176.73	184.72
More than five years	312.11	356.19
TOTAL	527.07	578.78

Figures in millions of euros

No contingent payments were recorded as expenses in 2017 and 2016.

6.4. FINANCIAL INVESTMENTS

At December 31, 2017 and 2016 the composition of financial investments was as follows:

Item	Book value	
	2017	2016
HELD-TO-MATURITY PORTFOLIO		
Fixed income	2,003.72	2,403.28
Other investments	20.54	16.48
PORTFOLIO AVAILABLE FOR SALE	2,024.26	2,419.76
AVAILABLE-FOR-SALE PORTFOLIO		
Shares	2,035.57	1,424.94
Fixed income	31,542.28	32,642.40
Mutual Funds	908.62	1,002.14
Other	29.96	33.13
TOTAL PORTFOLIO AVAILABLE FOR SALE	34,516.43	35,102.61
TRADING PORTFOLIO		
Derivatives (not for hedging):		
Financial swaps	512.60	488.01
Options	1.97	4.21
Other investments:		
Shares	365.32	240.32
Fixed income	3,415.04	3,354.11
Mutual Funds	722.76	572.22
Hybrids	323.91	194.80
Deposits	109.50	156.31
Other	11.47	8.61
TOTAL TRADING PORTFOLIO	5,462.57	5,018.59

Figures in millions of euros

The process for the valuation of financial assets is as follows:

- a) When the asset is acquired, it is assigned to a specific portfolio (held-to-maturity, available for sale, or trading) depending on the characteristics of the liabilities to which it is going to be assigned and on the local and international legislation on accounting and insurance.
- b) The accounting nature of the portfolios dictates the type of valuation performed. However, at least once a month all assets are valued against the market using the valuation methods mentioned in Note 5.5 "Financial investments" (Level 1, Level 2 and Level 3).
- c) The valuations are performed directly by the Group's companies, although in some countries an independent financial institution carries them out in line with the local regulations.

The valuation policy is decided by the Investment Committees and/or Risk Committees, and is reviewed at least once a quarter.

Furthermore, the MAPFRE S.A. Executive Committee analyzes the value of all investments, gains and losses on a regular basis.

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With regard to the sensitivity of fair value measurements, changes in the non-observable variables used in the aforementioned individual valuations would not significantly alter the fair value obtained.

Quoted prices are monitored and verified on a regular basis in order to decide whether any transfers between levels are required:

1. If the quotation source for a particular asset is no longer representative, it is transferred from Level 1 to Level 2.
2. Assets are transferred from Levels 2 and 3 to Level 1 if a reasonable quotation source is verified.
3. Assets are transferred to Level 3 when there are no longer any observable market data.

Held-to-maturity portfolio

The investments allocated to the held-to-maturity portfolio at December 31, 2017 and 2016 are shown below:

Item	Book value		Fair value						Revenue from interest		Impairment			
			Level 1. Quotation price		Level 2. Observable data		Level 3. Other measurements				Recorded loss		Reversal gains	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Fixed income	2,003.72	2,403.28	1,899.17	2,112.65	151.42	165.62	35.17	31.12	202.01	236.90	--	--	--	--
Other investments	20.54	16.48	10.38	4.91	0.13	0.33	9.78	11.23	2.66	4.01	--	--	--	--
TOTAL	2,024.26	2,419.76	1,909.55	2,117.56	151.55	165.95	44.95	42.35	204.67	240.91	--	--	--	--

Figures in millions of euros

In relation to Level 3 financial assets in the held-to-maturity portfolio, no significant transactions were carried out in 2017.

Available-for-sale portfolio

The investments allocated to the available-for-sale portfolio, at December 31, 2017 and 2016 are shown below:

Item	Book value (fair value)								Impairment			
	Level 1. Quotation price		Level 2. Observable data		Level 3. Other measurements		Total		Recorded loss		Reversal gains	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Shares	1,990.46	1,361.12	26.53	41.18	18.58	22.64	2,035.57	1,424.94	(0.01)	(23.89)	0.07	0.15
Fixed income	27,552.54	28,301.94	3,973.56	4,315.62	16.18	24.84	31,542.28	32,642.40	(15.34)	(0.47)	0.02	--
Mutual Funds	894.62	999.11	0.58	1.77	13.42	1.26	908.62	1,002.14	--	--	--	--
Other	24.60	28.68	5.36	4.45	--	--	29.96	33.13	--	--	--	--
TOTAL	30,462.22	30,690.85	4,006.03	4,363.02	48.18	48.74	34,516.43	35,102.61	(15.35)	(24.36)	0.09	0.15

Figures in millions of euros

The valuation adjustments of portfolio investments amounted to 4.12 and 4.59 billion euros at December 31, 2017 and 2016 respectively, which have been recorded net of the tax effect on equity.

Transfers to the consolidated income statement of valuation adjustments of portfolio investments in previous years, undertaken during 2017 and 2016, amount to 204.58 and 238.88 million euros, respectively.

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There were no asset transfers between Levels 1 and 2 (Quoted price to Observable data).

There were no variations in valuation techniques at Levels 2 and 3 (Observable data and Other valuations).

A reconciliation of the opening and closing balances at the close of period for Level 3 financial assets in the available-for-sale portfolio is shown below:

Available-for-sale portfolio	Equity instruments and mutual funds		Debt securities		Other financial assets		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Opening balance	23.90	19.31	24.84	48.36	--	--	48.74	67.67
Additions	8.14	9.17	--	0.73	--	--	8.14	9.90
Disposals	(0.23)	(1.15)	(7.53)	(24.12)	--	--	(7.76)	(25.27)
Transfer from Level 1 or 2	1.82	--	--	--	--	--	1.82	--
Transfer to Level 1 or 2	(2.00)	--	--	--	--	--	(2.00)	--
Amortization	--	--	--	--	--	--	--	--
Gains and losses	--	--	--	--	--	--	--	--
Other	0.37	(3.43)	(1.13)	(0.13)	--	--	(0.76)	(3.56)
Closing balance	32.00	23.90	16.18	24.84	--	--	48.18	48.74

Figures in millions of euros

At the close of 2017 and 2016 the impairment analyses performed for each security in the equity portfolios concluded that there was no significant impairment, or any signs of such, in any of the investments measured at their stock market quoted price because none of the objective situations determining this eventuality had occurred.

With respect to investments in unquoted assets, in 2016 a provision of 23.65 million euros was made for impairment of the equity investment in SAREB. No other provisions were made during the periods 2016 and 2017 for significant impairment to investments in unquoted assets analyzed individually.

At the close of 2017 and 2016 the Group had fixed-income securities as guarantees for financial swap operations with a market value of 322.23 and 338.26 million euros, respectively. These financial assets are classified in the available-for-sale portfolio. At the close of these years, the guaranteed assets amounted to 507.32 and 487.68 million euros, respectively. In both cases the guarantee matures on a daily basis, at which time a new guarantee is established or the existing guarantee is maintained or canceled. The existence of these guarantees mitigated the counterparty risk (CVA/DVA) on a large portion of the Group's derivatives.

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Trading portfolio

The investments allocated to the trading portfolio at December 31, 2017 and 2016 are shown below:

Item	Book value (fair value)							
	Level 1. Quotation price		Level 2. Observable data		Level 3. Other measurements		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Derivatives (not for hedging)								
Financial swaps	--	1.70	512.60	486.31	--	--	512.60	488.01
Options	1.97	4.21	--	--	--	--	1.97	4.21
TOTAL DERIVATIVES (NOT FOR HEDGING)	1.97	5.91	512.60	486.31	--	--	514.57	492.22
Other investments								
Shares	363.82	238.83	0.05	0.08	1.45	1.41	365.32	240.32
Fixed income	3,213.45	3,315.71	201.59	38.40	--	--	3,415.04	3,354.11
Mutual Funds	690.44	537.71	32.32	34.51	--	--	722.76	572.22
Hybrids	268.40	194.80	55.51	--	--	--	323.91	194.80
Deposits	--	--	109.50	156.31	--	--	109.50	156.31
Other	10.76	8.61	0.71	--	--	--	11.47	8.61
TOTAL OTHER INVESTMENTS	4,546.87	4,295.66	399.68	229.30	1.45	1.41	4,948.00	4,526.37
TOTAL TRADING PORTFOLIO	4,548.84	4,301.57	912.28	715.61	1.45	1.41	5,462.57	5,018.59

Figures in millions of euros

During 2017 and 2016 no significant transactions were carried out involving Level 3 financial assets held for trading, and no transfers were made from/to this level.

Gains and losses recognized in the 2017 and 2016 results are as follows:

Item	Gains (Losses) allocated to results			
	Unrealized		Realized	
	2017	2016	2017	2016
Derivatives (not for hedging)				
Financial swaps	(41.57)	16.07	(1.41)	(0.51)
Options	--	--	(4.56)	0.91
TOTAL DERIVATIVES (NOT FOR HEDGING)	(41.57)	16.07	(5.97)	0.40
Other investments				
Shares	0.34	14.02	11.39	(8.30)
Fixed income	(8.85)	6.70	0.33	15.57
Mutual Funds	36.19	24.05	10.82	2.92
Hybrids	(5.96)	(0.58)	(0.36)	--
Deposits	--	--	--	--
Other	(0.25)	(0.40)	1.25	(0.43)
TOTAL OTHER INVESTMENTS	21.47	43.79	23.43	9.76
TOTAL TRADING PORTFOLIO	(20.10)	59.86	17.46	10.16

Figures in millions of euros

The main derivative instruments correspond to financial swaps of certain or predefined flows in which a Group company assumes the obligation to pay certain fixed or predefined amounts, usually stated in euros.

MAPFRE S.A. AND SUBSIDIARIES

The sum of 512.60 million euros was recorded in the trading portfolio for this item in 2017 (488.01 million euros in 2016).

Purchased options are another type of derivative, albeit a less important one, which provide hedging for savings insurance operations in which the insured parties are guaranteed a specific yield based on the quotation performance of a financial asset, foreign currency or stock market index. At the close of 2017 this item amounted to 1.97 million euros (4.21 million euros in 2016).

Note 7 "Risk Management" provides a breakdown of the maturity of fixed-income securities.

6.5. INVESTMENTS ON BEHALF OF LIFE INSURANCE POLICYHOLDERS BEARING THE INVESTMENT RISK

The following table shows the breakdown for the "Investments on behalf of Life insurance policyholders bearing investment risk" heading at December 31, 2017 and 2016:

Item	Book value (fair value)								Earnings			
	Level 1. Quotation price		Level 2. Observable data		Level 3. Other measurements		Total		Unrealized		Realized	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Shares	235.59	136.67	--	--	--	--	235.59	136.67	10.29	2.34	--	--
Fixed income	718.30	418.62	472.23	483.68	--	--	1,190.53	902.30	28.30	1.97	0.78	34.25
Mutual funds holdings	824.05	904.52	69.97	70.47	--	--	894.02	974.99	6.18	6.67	77.00	74.32
TOTAL	1,777.94	1,459.81	542.20	554.15	--	--	2,320.14	2,013.96	44.77	10.98	77.78	108.57

Figures in millions of euros

In the balance of "Mutual fund holdings", the amount of Group company majority shareholdings in mutual funds subject to Life insurance where the policyholder bears the investment risk is included, for a total of 127.01 and 119.52 million euros to December 31, 2017 and 2016, respectively. The breakdown of the assets this appears in is the following:

Item	2017	2016
Fixed income	22.94	37.47
Mutual fund holdings	87.77	78.48
Other	16.30	3.57
TOTAL	127.01	119.52

Figures in millions of euros

MAPFRE S.A. AND SUBSIDIARIES

6.6. INVENTORIES

The following tables show the breakdown of movements under the Inventories heading for the last two periods:

2017

Item	Opening balance	Adjustments to the opening balance	Changes to the scope	Entries	Write-offs	Impairment (Allocation)/Reversal	Closing balance
Land	46.54	--	--	--	--	(8.26)	38.28
Developments and works in progress	22.16	--	--	--	(0.02)	0.02	22.16
Finished products	2.01	(0.08)	--	7.37	(7.30)	(0.04)	1.96
Raw materials	4.33	(0.01)	--	3.96	(3.60)	--	4.68
TOTAL	75.04	(0.09)	--	11.33	(10.92)	(8.28)	67.08

Figures in millions of euros

2016

Item	Opening balance	Adjustments to the opening balance	Changes in the scope	Inflows	Outputs	Impairment (Provision)/Reversal	Closing balance
Land	45.98	--	--	0.56	--	--	46.54
Developments and works in progress	23.54	--	--	--	(1.38)	--	22.16
Finished products	1.88	--	--	4.62	(4.50)	0.01	2.01
Raw materials	4.43	--	(0.07)	3.25	(3.30)	0.02	4.33
TOTAL	75.83	--	(0.07)	8.43	(9.18)	0.03	75.04

Figures in millions of euros

No interest costs were capitalized in 2017 and 2016.

6.7. RECEIVABLES

The breakdown of the "Receivables" heading at December 31, 2017 and 2016, as well as impairment losses and gains on reversals recorded in the last two years are as follows:

Item	Gross amount		Impairment		Net balance on balance sheet		Impairment			
	2017	2016	2017	2016	2017	2016	Recorded losses		Reversal gains	
							2017	2016	2017	2016
Receivables on direct insurance and co-insurance operations	4,097.81	4,403.36	(78.35)	(88.30)	4,019.46	4,315.06	(20.74)	(22.08)	7.72	5.99
Receivables on reinsurance operations	1,034.06	931.62	(46.81)	(55.05)	987.25	876.57	(0.02)	(13.69)	3.81	5.68
Tax receivables	271.67	303.79	--	--	271.67	303.79	--	--	--	--
Corporate and other receivables	1,075.63	1,172.77	(16.91)	(16.33)	1,058.72	1,156.44	(3.41)	(4.64)	2.12	8.82
TOTAL	6,479.17	6,811.54	(142.07)	(159.68)	6,337.10	6,651.86	(24.17)	(40.41)	13.65	20.49

Figures in millions of euros

The heading "Receivables on direct insurance and co-insurance operations" includes premiums pending collection from policyholders and mediators, while the heading "Receivables on reinsurance operations" includes outstanding balances from ceded, retroceded and accepted reinsurance operations.

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The breakdown for the "Corporate and other receivables" heading at the close of the last two years is as follows:

Corporate and other receivables	Amount	
	2017	2016
Debtors of sales or provision of services	203.70	225.37
Receivables for claim recovery (including collaboration agreements with other insurance companies)	114.60	136.34
Advance payment of policies (Life insurance)	31.34	38.60
Legal deposits	441.65	482.19
Receivables with Public Administrations	5.42	5.11
Balance receivables from personnel	26.09	27.62
Other debtors	235.92	241.21
TOTAL	1,058.72	1,156.44

Figures in millions of euros

Impairment is calculated and, where necessary, recognized, as described in the accounting policy 5.9 "Receivables" in this annual report.

The balances included in the "Receivables" heading do not accrue interest and generally their liquidation is executed the following year.

MAPFRE S.A. AND SUBSIDIARIES

6.8 ASSET IMPAIRMENT

The following tables show asset impairment for the last two periods:

2017

Impairment in:	Opening balance	Adjustments to the opening balance	Changes to the scope	Recorded in results		Write-off of asset	Closing balance
				Increase	Decrease		
Intangible assets	129.18	(9.71)	--	113.22	--	(32.83)	199.86
I. Goodwill	85.19	(5.01)	--	61.77	--	--	141.95
II. Other intangible assets	43.99	(4.70)	--	51.45	--	(32.83)	57.91
Property, plant and equipment	20.08	(1.12)	--	8.69	(3.53)	(4.06)	20.06
I. Real estate for own use	12.39	(0.10)	--	8.69	(3.53)	--	17.45
II. Other property, plant and equipment	7.69	(1.02)	--	--	--	(4.06)	2.61
Investments	438.51	12.03	--	32.17	(21.59)	(10.30)	450.82
I. Real estate investments	294.37	(18.30)	--	16.82	(21.03)	(4.60)	267.26
II. Financial investments							
-Held-to-maturity portfolio	--	--	--	--	--	--	--
- Available-for-sale portfolio	123.27	23.25	--	15.35	(0.09)	(5.84)	155.94
-Trading portfolio	--	--	--	--	--	--	--
III Investments recorded by applying the equity method	11.16	7.46	--	--	--	--	18.62
IV Deposits established for accepted reinsurance	--	--	--	--	--	--	--
V. Other investments	9.71	(0.38)	--	--	(0.47)	0.14	9.00
Inventories	65.89	4.42	--	9.57	(1.29)	--	78.59
Receivables	159.68	(22.52)	--	24.17	(13.65)	(5.61)	142.07
I. Receivables on direct insurance and co-insurance operations	88.30	(17.28)	--	20.74	(7.72)	(5.69)	78.35
II. Receivables on reinsurance operations	55.05	(4.45)	--	0.02	(3.81)	--	46.81
III Tax receivables	--	--	--	--	--	--	--
IV Social security and other receivables	16.33	(0.79)	--	3.41	(2.12)	0.08	16.91
Other assets	0.01	--	--	0.01	(0.02)	--	0.00
TOTAL IMPAIRMENT	813.35	(16.90)	--	187.83	(40.08)	(52.80)	891.40

Figures in millions of euros

MAPFRE S.A. AND SUBSIDIARIES

2016

Impairment in:	Opening balance	Adjustments to the opening balance	Changes to the scope	Recorded in results		Write-off of asset	Closing balance
				Increase	Decrease		
Intangible assets	108.91	1.36	--	43.22	--	(24.31)	129.18
I. Goodwill	76.53	(0.06)	--	33.03	--	(24.31)	85.19
II. Other intangible assets	32.38	1.42	--	10.19	--	--	43.99
Property, plant and equipment	20.20	5.19	--	2.23	(7.54)	--	20.08
I. Real estat for own use	17.91	(0.21)	--	2.23	(7.54)	--	12.39
II. Other property, plant and equipment	2.29	5.40	--	--	--	--	7.69
Investments	433.98	31.63	(1.01)	47.14	(0.76)	(73.48)	438.51
I. Real estat investments	263.86	19.47	--	13.07	(0.61)	(1.42)	294.37
II. Financial investments	--	--	--	--	--	--	--
-Held-to-maturity portfolio	--	--	--	--	--	--	--
- Available-for-sale portfolio	136.77	11.20	--	24.36	(0.15)	(48.91)	123.27
-Trading portfolio	--	--	--	--	--	--	--
III Investments recorded by applying the equity method	33.35	0.96	--	--	--	(23.15)	11.16
IV Deposits established for accepted reinsurance	--	--	--	--	--	--	--
V. Other investments	--	--	--	9.71	--	--	9.71
Inventories	85.20	(19.28)	--	1.23	(1.26)	--	65.89
Receivables	123.37	18.84	(0.35)	40.41	(20.49)	(2.10)	159.68
I. Receivables on direct insurance and co-insurance operations	78.28	(3.84)	(0.35)	22.08	(5.99)	(1.88)	88.30
II. Receivables on reinsurance operations	31.84	15.20	--	13.69	(5.68)	--	55.05
III Tax receivables	--	--	--	--	--	--	--
IV Corporate and other receivables	13.25	7.48	--	4.64	(8.82)	(0.22)	16.33
Other assets	1.88	(1.78)	--	--	(0.09)	--	0.01
TOTAL IMPAIRMENT	773.54	35.96	(0.35)	134.23	(30.14)	(99.89)	813.35

Figures in millions of euros

6.9. CASH

Expenditure

During 2017 and 2016 several disbursements were made related to investments in Group companies and the acquisition of businesses. The most significant acquisitions were as follows:

Acquiring company	Details of acquisition			
	Company	Percentage	Activity	Amount disbursed
2017				
MAPFRE INTERNACIONAL	ABDA	31.00%	Non-Life Insurance	89.32
MAPFRE INTERNACIONAL	ABDA	11.33%	Non-Life Insurance	31.16
2016				
BANKINTER VIDA	BANKINTER VIDA (Portugal branch)	100.00%	Life Insurance	75.00
MAPFRE S.A.	MAPFRE INTERNACIONAL	0.78%	Insurance holding	19.98
MAPFRE S.A.	MAQUAVIT INMUEBLES, S.L.	43.16%	Real Estate	9.84

Figures in millions of euros

The aforementioned investments were financed using shareholders' equity, the issue of debentures and drawdowns on the long-term line of credit.

The acquisition of 11.33 percent of ABDA comes from the tender offer exercised by MAPFRE subsequent to the take-over of said company, in line with Indonesian regulations.

No significant non-monetary transactions related to investment and financing activities have been excluded from the cash flow statement.

Commitments

Non-controlling shareholders of the MAPFRE RE subsidiary have a put option on the shares of this company. If exercised, MAPFRE S.A. or a Group company would have to acquire the shares from the selling non-controlling shareholder. The purchase price for the MAPFRE RE shares will be calculated using the previously agreed formula. At December 31, 2017, based on the variables included in the aforementioned formula, the commitment assumed by the Group if this option were exercised would amount to a total of approximately 100.92 million euros.

6.10. NON-CURRENT ASSETS HELD FOR SALE, ASSOCIATED LIABILITIES AND DISCONTINUED OPERATIONS

At December 31, 2017 and 2016 the main non-current assets held for sale, discontinued operations and associated liabilities were as follows:

MAPFRE S.A. AND SUBSIDIARIES

Item	Non-current assets classified as held-for-sale		Discontinued operations		Total	
	2017	2016	2017	2016	2017	2016
Assets						
Intangible assets	--	126.17	--	--	--	126.17
Property, plant and equipment	--	5.20	--	--	--	5.20
Investments	25.27	768.56	--	--	25.27	768.56
Credits	124.76	3.20	--	--	124.76	3.20
Cash	--	5.21	--	--	--	5.21
Other assets	5.55	2.82	--	--	5.55	2.82
Total assets	155.58	911.16	--	--	155.58	911.16
Related liabilities						
Technical provisions	--	663.92	--	--	--	663.92
Deferred tax liabilities	--	23.29	--	--	--	23.29
Other debts	1.09	2.07	--	--	1.09	2.07
Total liabilities	1.09	689.28	--	--	1.09	689.28

Figures in millions of euros

Non-current assets classified as held-for-sale and associated liabilities

As a result of Banco CEISS exercising its call option for the whole of the Group's shares in the undertakings Duero Vida and Duero Pensiones, at December 31, 2016 the headings "Assets and liabilities held for sale" included assets for the amount of 879.9 million euros and associated liabilities for the amount of 689.3 million euros, corresponding to both dependent undertakings.

In June 2017, MAPFRE and Banco CEISS entered into a contract, by virtue of which MAPFRE transferred to Banco CEISS the whole of the shares for a total price of 141.7 million euros. The completion of the transaction is dependent on receiving authorization from the Dirección General de Seguros (Insurance Directorate General), upon receipt of which the transfer of and payment for the shares will be carried out.

At the date of entering into said contract, control of both undertakings was lost, and as such the revenues and expenses of said undertakings included in the balance sheet correspond only to the first five months of the year. Additionally, in the "Assets held for sale" heading of the balance sheet, only the fair value of the assets resulting from the sale is included in the balance sheet, which produced an accounting net gain of 5.8 million euros at the close of the period.

In 2017 these assets generated revenue for the amount of 51.09 million euros, and have not generated more results than those indicated in the previous paragraph (in 2016 they generated 104.34 million euros in revenues and 2.49 in results).

6.11. EQUITY

- **Share capital**

The share capital is recorded by the face value of disbursed shares or whose disbursement was demanded.

The controlling company's share capital at December 31, 2017 and 2016 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.

MAPFRE S.A. AND SUBSIDIARIES

The Annual General Meeting of March 9, 2013 authorized the directors of the controlling company to increase the 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 granted 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.

The Board of Directors, in their meeting on February 7, 2018, has agreed to propose to the Annual General Meeting to be held on March 9, 2018, to authorize the directors of the holding Company to increase capital again in the same terms as those previously mentioned, as well as to issue debentures or similar fixed-income securities, with the same conditions set out in the previous authorization.

CARTERA MAPFRE directly held 67.60 percent of the share capital at December 31, 2017 and 2016.

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

- **Treasury Stock**

At December 31, 2016, the controlling company owned 30,500,000 treasury stock, representing 0.99 percent of the capital, for the amount of 60.23 million euros, at an average rate of 1.97 euros per share.

In 2017 the number of treasury stock went down by 3,988,894, representing 0.13 percent of the capital, for the amount of 7.87 million euros. The difference from the sale price, which reaches 4.70 million euros, is included in the heading "Reserves".

At the close of 2017, the controlling company owned 26,511,106 treasury stock, representing 0.86 percent of the capital, for the amount of 52.36 million euros, at an average rate of 1.97 euros per share. The face value of the treasury stock at December 31, 2017 was 2,651,110.60 euros (3,050,000 euros at December 31, 2016).

At December 31, 2017 and 2016 no other Group company held shares in the controlling company.

- **Revaluation adjustments**

This includes the equity reserves arising as a consequence of revenues and expenses recognized in each year which, pursuant to IFRS, must be recorded in the Group's equity accounts.

The following table shows the nature of the "Valuation change adjustments" recorded under that Equity heading at the close of the last two financial years:

MAPFRE S.A. AND SUBSIDIARIES

Item	Amount	
	2017	2016
<u>Fixed income</u>		
Capital gains	4,082.41	4,812.41
Capital losses	(1,756.74)	(2,226.81)
<u>Equity and Mutual Funds</u>		
Capital gains	282.74	257.80
Capital losses	(20.07)	(17.74)
Shadow accounting	(1,983.17)	(2,237.34)
Other adjustments	15.52	66.35
TOTAL	620.69	654.67

Figures in millions of euros

- **Restrictions on the availability of reserves**

- “Reserves” includes the controlling company's legal reserve, amounting to 61.59 million euros at December 31, 2017 and 2016, which may not be distributed to shareholders, except in the event of the controlling company's liquidation, and may only be used to offset potential losses.

The same restriction applies to the legal reserves established by the subsidiaries and reflected in their balance sheets.

- This heading also includes the reserve for redenomination of the share capital in euros amounting to 0.15 million euros, which in accordance with Article 28 of Law 46/1998 may not be distributed.
- There are no other restrictions on the availability of reserves for any significant amount, except for those described in the section regarding “Tax incentives” in Note 6.21.

- **Capital management**

Capital management is focused on ensuring stability and maintaining adequate remuneration, which are achieved through robust solvency margins, financial flexibility, the generation of cash flows, and the creation of value for shareholders.

Managed capital refers to the shareholders' equity permitted by the regulations currently in force and other management models used.

In line with the Group's risk appetite, which corresponds to the level of risk that the Group is prepared to assume to attain its business objectives without any significant deviations (even in adverse circumstances), each business unit operates according to a series of risk tolerance levels based on the capital assigned.

MAPFRE has an internal capitalization and dividend policy that is designed to provide the business units with the capital necessary to cover the risks that have been assumed, all in a rational and objective way.

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The volume of dividends for distribution is established in line with the estimated results and shareholders' equity. If actual performance deviates from the estimates made, the assigned capital is revised.

Remuneration for shareholders is linked to the Group's profits, solvency, liquidity and investment plans, as well as shareholders' expectations.

As a general rule, the Board of Directors recommends a distribution of dividends to the Annual General Meeting based on between 50 percent and 65 percent of the result for the period attributable to the controlling company in its consolidated annual accounts.

The risk estimates and assignment of capital to each business unit are described in Note 7 of the annual report, "Risk Management".

The items that form part of the Group's available equity conform to the requirements of current regulations.

6.12. SUBORDINATED LIABILITIES

At December 31, 2017 and 2016 the balance of this account included the amortized cost of the subordinated debt issued by the controlling company, corresponding, respectively, to the issuances in March 2017 and July 2007. In the latter case, this is net of the cost of securities purchased on the market. The most relevant terms and conditions governing these issuances are described below.

Issuance from March 2017

- Issuance type: subordinated debentures represented by book entries
- Nominal amount: 600 million euros
- Issue date: March 31, 2017
- Maturity: March 31, 2047; first call date March 31, 2027
- Redemption in special cases: due to reform or modification of tax regulations, disqualification as issuer's own funds, and change in treatment granted by the ratings agencies.
- Interest from the issuance to the date of the first call option: 4.375 percent per year, payable March 31 each year
- Interest from the exercise of the first call date: floating rate equal to the Euribor rate at 3 months plus 4.543 percent, payable quarterly
- Interest deferral: the issuer will be obligated to defer interest payment should any Solvency Capital Requirement or Minimum Capital Requirement breach exist, or should the relevant regulator prohibit the issuer from making interest payments, or should the issuer be unable to meet regularly its due and payable liabilities.
- Listing: AIAF market

- Jurisdiction: Spanish
- Rating: BBB-

The accrued unpaid interests at December 31, 2017 stood at 19.78 million euros and the notes trade at 113.99 percent of their face value.

Issuance from July 2007

- Issuance type: subordinated debentures represented by book entries
- Nominal amount: 700 million euros
- Number of securities: 14,000
- Face value of the securities: 50,000 euros
- Issue date: July 24, 2007
- Maturity: July 24, 2037
- First call date: July 24, 2017
- Amortization in special cases: due to reform or modification of tax regulations, non-classification as issuer's own equity, and change in treatment granted by the credit ratings agencies
- Interest from the issuance to the date of the first call option: 5.921 percent per year, payable on July 24 every year
- Interest from the exercise of the first call date: variable rate equal to the Euribor rate at 3 months plus 2.05 percent, payable quarterly
- Interest deferral: the issuer, at its discretion, may defer the payment of interest if it exceeds the distributable profit and if the issuer has not made any payment or has not amortized or repurchased any kind of capital or securities issued in the same or a lower bracket than the debentures.
- Settlement of deferred interest: the issuer will be obligated to pay the deferred interest when regular payment of the interest on the debentures is renewed, when the debentures are redeemed in advance, or when payments or repurchases of any kind of capital or securities issued in a lower bracket than the debentures are made
- Order of priority: subordinated to all ordinary creditors, understood as all those who, by order of priority, are ahead of the subordinated creditors in the event of liquidation of the issuer
- Listing: AIAF
- Jurisdiction: Spanish
- Rating: BBB-

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At December 31, 2016, the total number of securities purchased in the market in previous years reached 2,431.

The accrued interest outstanding at December 31, 2016 amounted to 15.01 million euros. At December 31, 2016 the securities were listed at 102.25 percent of their face value.

All of the subordinated notes issued by the controlling company in July 2007 were redeemed in advance on the first call date.

6.13. FINANCIAL LIABILITIES

The following table shows the fair value breakdown of the financial liabilities:

Item	Book value		Fair value	
	2017	2016	2017	2016
Issue of debentures and other negotiable securities	1,003.29	1,002.55	1,035.26	1,011.26
Due to credit institutions	706.74	606.35	706.74	606.36
Other financial liabilities	1,235.17	752.09	1,226.70	734.22
TOTAL	2,945.20	2,360.99	2,968.7	2,351.84

Figures in millions of euros

At December 31, 2017 and 2016 the fair value of the issue of debentures and other negotiable securities corresponded to the quoted price at the close of the period (Level 1), including in the accrued interest.

Issuance of debentures and other negotiable securities

At December 31, 2017 and 2016 the balance of this account included the amortized cost of the simple debentures issued by MAPFRE S.A. The most relevant terms and conditions governing issuing activity are described below.

- Issue type: simple debentures represented by book entries
- Total amount: 1 billion euros
- Number of securities: 10,000
- Face value of the securities: 100,000 euros
- Issuance date: May 19, 2016
- Issuance period: 10 years
- Maturity: May 19, 2026
- Redemption: single payment on maturity and at par, with no expense for the holder

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- Listing: Fixed-income AIAF market
- Coupon: annual fixed 1.625 percent, payable on the anniversaries of the issue date up to and including the end maturity date
- Issue rating: BBB+ (Standard & Poor's)

The accrued interest outstanding at December 31, 2017 and 2016 amounted to 10.06 million euros. At December 31, 2017 and 2016 the securities were listed at 102.52 percent and 100.12 percent of their face value, respectively.

Debt payable to lending institutions

The breakdown of the amounts due to credit institutions at December 31, 2017 and 2016 is shown below:

Class of debt	Book value		Average interest rate %		Guarantees granted	
	2017	2016	2017	2016	2017	2016
Finance lease	0.67	1.16	4.18	4.19	--	--
Credits	654.98	539.06	0.80	1.00	--	--
Loans	0.89	16.23	--	--	--	--
Other	50.20	49.90	1.00	1.00	--	8.01
TOTAL	706.74	606.35	--	--	--	8.01

Figures in millions of euros

At December 31, 2017 and 2016 the main line of credit was as follows:

Bank	Maturity	Limit		Drawn down	
		2017	2016	2017	2016
Santander	11.12.2021	1,000.00	1,000.00	600.00	480.00
TOTAL		1,000.00	1,000.00	600.00	480.00

Figures in millions of euros

Banco de Santander is the agent bank of the aforementioned credit line, which is a syndicated loan with other companies and which accrues interest at a rate pegged to market variables. As per the contract terms, in 2016 the maturity was extended from December 2020 to December 2021.

Other financial liabilities

The heading "Other financial liabilities" includes the outstanding amount for financial obligations not included in any other items. The following table shows the breakdown at December 31, 2017 and 2016:

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Other financial liabilities	Amount	
	2017	2016
Financial liabilities held for trading	264.94	264.02
Other financial liabilities measured at fair value with changes in P&L	514.13	431.37
Non-controlling interests in mutual funds (Note 2.6)	412.69	--
Derivatives for asset operations (equity swap)	--	7.82
CARTERA MAPFRE Credit	--	--
Other financial liabilities	43.41	48.88
TOTAL	1,235.17	752.09

Figures in millions of euros

The line of credit granted by CARTERA MAPFRE has a limit of 400.00 million euros, accrues interest at a variable rate referenced to the three-month Euribor, and matures on September 10, 2018, although it may be extended for successive periods of one year. In 2017 and 2016, 0.02 and 1.14 million euros, respectively, were paid in interest arising from this line of credit.

At December 31, 2017 and 2016 the fair value of these liabilities did not differ significantly from their book value.

Regarding the fair value level, the fair value valuations of these liabilities are classified at Level 2, with the exception of the balance of "Non-controlling interests in mutual funds", valued at liquid value (mostly Level 1) and 374.22 million euros of "Other financial liabilities valued at fair value and changes in P&L", at Level 1.

In 2017 and 2016 no financial liabilities were transferred between Levels 1, 2 and 3. Items are transferred between levels when they no longer meet the criteria for classification under a given level but meet those of one of the other levels. No adjustments were made for own credit risk in connection with the financial liabilities derived from financial swap transactions, given that they are cash flow exchange operations whose current net value leads to a balance in favor of the counterparty. In any event, the application of adjustments for own credit risk in these transactions would not have a material effect on the income statement or on equity.

6.14. TECHNICAL PROVISIONS

1. Breakdown of the composition of technical provisions

The following table shows the balance composition of each of the technical provisions listed in the balance sheet of the last two years.

MAPFRE S.A. AND SUBSIDIARIES

Item	Direct insurance		Accepted reinsurance		Ceded and retroceded reinsurance	
	2017	2016	2017	2016	2017	2016
<u>Provisions for Non-Life unearned premiums and unexpired risks</u>						
1.1 Provision for unearned premiums	6,969.93	7,197.57	1,354.59	1,404.93	1,747.58	1,608.07
1.2 Provision for unexpired risks	43.37	34.03	7.21	--	--	--
<u>Life insurance provisions</u>						
2.1 Provisions for unearned premiums and unexpired risks						
2.1.1. Provision for unearned premiums	1,266.65	1,437.44	504.63	451.36	11.95	24.19
2.1.2. Provision for unexpired risks	158.21	162.02	--	--	--	--
2.2 Mathematical reserves	22,977.24	23,520.18	86.19	93.79	56.75	60.69
<u>Provisions for outstanding claims</u>						
3.1 Pending settlement or payment	7,345.04	6,740.65	2,000.25	1,746.11	2,493.19	1,889.54
3.2 Claims incurred but unreported (IBNR)	1,520.62	1,322.92	184.37	100.70	667.03	335.18
3.3 For claim settlement internal expenses	171.66	170.91	1.15	5.47	11.54	10.13
<u>Other technical provisions</u>						
4.1 Burial	829.06	762.18	--	--	--	--
4.2 Other	73.79	75.88	--	--	1.58	6.56
TOTAL	41,355.57	41,423.77	4,138.39	3,802.36	4,989.62	3,934.37

Figures in millions of euros

2. Movement of each of the technical provisions

2.1. Provisions for unearned premiums, unexpired risks, claims, profit-sharing and other technical provisions

A) DIRECT INSURANCE AND ACCEPTED REINSURANCE

MAPFRE S.A. AND SUBSIDIARIES

2017

Item	Opening balance	Adjustments to the opening balance	Changes to the scope	Additions	Reversals	Closing balance
<u>Provisions for Non-Life unearned premiums and unexpired risks</u>						
1.1 Provision for unearned premiums	8,602.50	(716.75)	82.44	9,736.85	(9,380.52)	8,324.52
1.2 Provision for unexpired risks	34.03	(4.03)	--	44.29	(23.71)	50.58
<u>Live insurance provisions</u>						
2.1 Provisions for unearned premiums and unexpired risks						
2.1.1. Provision for unearned premiums	1,888.80	(159.13)	--	2,094.45	(2,052.84)	1,771.28
2.1.2. Provision for unexpired risks	162.02	(23.74)	--	23.74	(3.81)	158.21
2.2 Mathematical reserves	23,613.96	(152.77)	--	2,137.09	(2,534.85)	23,063.43
<u>Provisions for outstanding claims</u>						
3.1 Direct Insurance Life	1,194.27	(105.65)	--	1,571.41	(1,525.92)	1,134.11
3.2 Direct Insurance Non-Life	7,040.21	(553.45)	15.90	10,170.14	(8,769.59)	7,903.21
3.3 Accepted reinsurance	1,852.28	(18.46)	--	3,275.76	(2,923.81)	2,185.77
<u>Other technical provisions</u>						
	838.06	0.54	--	880.38	(816.13)	902.85
TOTAL	45,226.13	(1,733.44)	98.34	29,934.11	(28,031.18)	45,493.96

Figures in millions of euros

2016

Item	Opening balance	Adjustments to the opening balance	Changes to the scope	Additions	Reversals	Closing balance
<u>Provisions for Non-Life unearned premiums and unexpired risks</u>						
1.1 Provision for unearned premiums	8,385.11	164.09	--	10,156.53	(10,103.23)	8,602.50
1.2 Provision for unexpired risks	40.65	2.04	--	26.41	(35.07)	34.03
<u>Live insurance provisions</u>						
2.1 Provisions for unearned premiums and unexpired risks						
2.1.1. Provision for unearned premiums	1,583.92	296.48	0.71	1,928.00	(1,920.31)	1,888.80
2.1.2. Provision for unexpired risks	105.27	25.52	0.01	32.99	(1.77)	162.02
2.2 Mathematical reserves	23,337.13	74.50	(121.93)	2,910.98	(2,586.72)	23,613.96
<u>Provisions for outstanding claims</u>						
3.1 Direct Insurance Life	922.83	98.06	(1.25)	1,273.85	(1,099.22)	1,194.27
3.2 Direct Insurance Non-Life	6,334.70	218.42	--	7,487.02	(6,999.93)	7,040.21
3.3 Accepted reinsurance	1,779.53	10.41	--	2,754.15	(2,691.81)	1,852.28
<u>Other technical provisions</u>						
	773.06	0.46	4.11	811.45	(751.02)	838.06
TOTAL	43,262.20	889.98	(118.35)	27,381.38	(26,189.08)	45,226.13

Figures in millions of euros

MAPFRE S.A. AND SUBSIDIARIES

B) CEDED AND RETROCEDED REINSURANCE

2017

Item	Opening balance	Adjustments to the opening balance	Changes to the scope	Additions	Reversals	Closing balance
Provision for unearned premiums	1,608.07	(198.91)	3.56	2,849.65	(2,514.79)	1,747.58
Provisions for life insurance	84.89	(0.04)	0.09	86.71	(102.95)	68.70
Provision for outstanding claims	2,234.85	(269.42)	0.93	6,933.37	(5,727.97)	3,171.76
Other technical provisions	6.55	(0.36)	--	0.99	(5.60)	1.58
TOTAL	3,934.36	(468.73)	4.58	9,870.72	(8,351.31)	4,989.62

Figures in millions of euros

2016

Item	Opening balance	Adjustments to the opening balance	Change to the scope	Additions	Reversals	Closing balance
Provision for unearned premiums	1,720.30	(19.95)	(5.11)	2,625.29	(2,712.46)	1,608.07
Provisions for life insurance	93.25	2.73	(0.75)	61.89	(72.23)	84.89
Provision for outstanding claims	2,054.32	166.75	(1.08)	3,418.61	(3,403.75)	2,234.85
Other technical provisions	1.65	14.23	--	5.12	(14.45)	6.55
TOTAL	3,869.52	163.76	(6.94)	6,110.91	(6,202.89)	3,934.36

Figures in millions of euros

2.2. Mathematical provisions

Item	Direct insurance and accepted reinsurance		Ceded and retroceded reinsurance	
	2017	2016	2017	2016
Mathematical provisions at beginning of year	23,613.96	23,337.13	60.69	63.78
Adjustments to the opening balance	(152.77)	74.50	(2.23)	2.30
Consolidation (balance of provision on consolidation date)	--	494.32	--	0.13
Premiums	2,026.29	2,003.27	68.01	3.70
Technical interests	555.56	631.49	--	--
Claim payments/collections	(2,534.85)	(2,586.72)	(69.72)	(4.80)
Provision adequacy test	--	0.18	--	--
Shadow accounting adjustments	(381.55)	314.43	--	--
Other	(63.21)	(38.39)	--	(4.42)
Deconsolidation (balance of provision on deconsolidation date)	--	(616.25)	--	--
Mathematical provisions at end of year	23,063.43	23,613.96	56.75	60.69

Figures in millions of euros

2.3. Funeral provision

Item	Direct insurance and accepted reinsurance	
	2017	2016
Provisions at beginning of year	762.18	691.07
Adjustments to the opening balance	(2.07)	(0.02)
Consolidation (balance of provision on consolidation date)	--	--
Premiums	85.07	79.25
Technical interest	15.91	16.89
Claim payments	(8.30)	(6.64)
Provision adequacy test	--	--
Other	(23.73)	(18.37)
Deconsolidation (balance of provision on deconsolidation date)	--	--
Provisions at end of year	829.06	762.18

Figures in millions of euros

3. Other information

3.1. Technical provisions for Life insurance where policyholders bear the investment risk

Item	Direct insurance and accepted reinsurance	
	2017	2016
Provision at beginning of year	2,013.96	1,798.88
Adjustments to the opening balance	(120.83)	170.45
Consolidation (balance of provision on consolidation date)	--	1.93
Premiums	725.73	521.14
Payment of claims	(191.22)	(375.15)
Asset valuation changes	122.55	116.49
Other	(230.05)	(189.03)
Deconsolidation (balance of provision on deconsolidation date)	--	(30.75)
Provision at end of year	2,320.14	2,013.96

Figures in millions of euros

3.2. Provision for unexpired risks

The provision for unexpired risks has been made by the Group's insurance companies in line with the criteria explained in Note 5.15.

MAPFRE S.A. AND SUBSIDIARIES

3.3. Information related to Life insurance

No additional provisions for life insurance deriving from the liability adequacy test were necessary.

The characteristics of the main Life insurance types sold by the Group's companies in 2017 and 2016 are listed below. Some of the categories shown below include GKM80 tables. These are only used for products with a risk component.

LIFE INSURANCE TECHNICAL CONDITIONS					
Format	Coverage	Tables	Technical Interest	Profitsharing	
				Amount (million euros)	Distribution method
MAPFRE VIDA					
Single premium individual contracts, without profit sharing:					
- Unit-linked: Rendimiento activo III	Longevity / Death	Yields table	(Variable)	--	MAPFRE network
- Unit-linked: Rendimiento activo IV	Longevity / Death	Yields table	(Variable)	--	MAPFRE network
- Unit-linked: Seguro dividendo vida	Longevity / Death	PASEM 2010 MEN	(Variable)	--	MAPFRE network
Single premium annuity group contracts:					
Longevity with profit sharing and without counterinsurance. Group annuities.	Longevity	PERM/F-2000 P	2.51% (Variable)	--	MAPFRE network
Single premium group contracts					
Savings with profit sharing and counterinsurance	Longevity / Death	GKM/F-95	2.56% (Variable)	2.39	MAPFRE network
BANKIA MAPFRE VIDA					
Single premium individual contracts, without profit sharing:					
- Combined insurance	Longevity / Death	GRM/F-95	3.62%	--	Bank channel
- Combined insurance	Longevity / Death	GKM/F-95 /PASEM2010 MEN	3.26%	--	Bank channel
- Combined insurance	Longevity	PASEM 2010 MEN	0.95%	--	Bank channel
- Combined insurance	Longevity / Death	GRM/F-95	5% - 3%	--	Bank channel
Annual renewable term individual contracts and complementary risk without profit sharing:					
- Risk Insurance	Death / Disability	95 % PASEM 2010 for males 90 % PEAIM for males	0.0%(new business)	--	Bank channel
Single premium personal loan amortization group contracts with individual treatment					
- Risk Insurance	Loan Amortization	PASEM 2010 for males 90 % PEAIM for males	0.0%(new business)	--	Bank channel
Single premium group contracts without profit sharing					
- Annuity	Death / Disability	GRM/F-95 and PERM/F2000P	3.27%	--	Bank channel
BANKINTER SEGUROS DE VIDA					
Single premium individual contracts without profit sharing: insurance with counterinsurance					
	Death	GK 95/PASEM 2010	1.47%	--	Bank channel
Regular premium individual contracts without profit sharing: death insurance					
	Death / Disability	GK 80/ GK95/ PASEM 2010	2.00%	--	Bank channel
Regular premium individual contracts without profit sharing: death insurance (Portugal)					
	Death / Longevity	PASEF 2010	0.70% 0.50%	--	Bank channel
Single or regular premium individual contracts with profit sharing(Portugal)					
	Death / Longevity	PASEF 2010	0.70%	--	Bank channel
COMPANHIA DE SEGUROS ALIANÇA DO BRASIL					
Ouro vida / Ouro vida revisado	Death / Disability	AT-49	--	--	Bank channel
Ouro vida 2000 / Ouro vida especial /BB seguro vida /Ouro vida estilo /Prestamista/ BB seguro vida mulher/ Other individual life insurance products	Death / Disability	AT-83	--	--	Bank channel
Other group life insurance products	Death / Disability	AT-83 and AT-49	--	--	Bank channel/Broker
MAPFRE MSV LIFE					
Without profit sharing	Death	88% AMC00	(Variable)	--	Bank channel/MAPFRE network
With profit sharing	Longevity / Death	88% AMC00	(Variable)	47.6	Bank channel/MAPFRE network
Unit-linked	Longevity / Death	88% AMC00	(Variable)	--	Bank channel/MAPFRE network
MAPFRE COLOMBIA VIDA					
Pensiones Ley 100	Longevity / Death	Colombian mortality of male/female annuitants. Colombian disability mortality	--	--	Own network
Previsional de Invalidez y Sobrevivencia	Longevity / Death / Disability	Colombian mortality of male/female annuitants. Colombian disability mortality	--	--	Own network

MAPFRE S.A. AND SUBSIDIARIES

3.4. Progression of claims

The following table shows the progression of claims related to Non-Life direct insurance since the year of occurrence until the close of 2017 and 2016. It also shows the breakdown per year of occurrence of the provision for outstanding claims related to this insurance for the two periods.

2017

Year of occurrence of claims	Item	Year of occurrence	Trends in claim costs in the years after year of occurrence									
			1 year later	2 years later	3 years later	4 years later	5 years later	6 years later	7 years later	8 years later	9 years later	More than 9 years later
2007 and previous	Pending provision	7,654.42	3,660.53	2,343.33	1,483.56	1,012.25	700.47	518.58	365.00	324.12	291.01	283.88
	Cumulative payments	31,989.54	35,300.58	36,360.38	37,185.32	37,582.53	37,827.95	37,964.14	38,073.88	38,103.41	38,187.35	38,235.13
	TOTAL COST	39,643.96	38,961.11	38,703.71	38,668.88	38,594.78	38,528.42	38,482.72	38,438.88	38,427.53	38,478.36	38,519.01
2008	Pending provision	2,639.48	1,093.78	625.69	414.13	309.67	245.53	189.03	154.70	137.90	122.31	
	Cumulative payments	3,950.73	5,366.36	5,738.64	5,939.08	6,042.33	6,106.66	6,149.44	6,187.90	6,219.15	6,250.00	
	TOTAL COST	6,590.21	6,460.14	6,364.33	6,353.21	6,352.00	6,352.19	6,338.47	6,342.60	6,357.05	6,372.31	
2009	Pending provision	2,483.01	886.97	523.23	319.78	241.77	167.16	144.77	114.98	94.65		
	Cumulative payments	4,230.48	5,601.39	5,916.67	6,098.51	6,186.08	6,252.92	6,297.22	6,352.88	6,375.80		
	TOTAL COST	6,713.49	6,488.36	6,439.90	6,418.29	6,427.85	6,420.08	6,441.99	6,467.86	6,470.45		
2010	Pending provision	2,869.67	1,108.00	656.56	382.49	256.88	184.16	147.50	113.34			
	Cumulative payments	4,946.56	6,655.48	7,072.88	7,376.77	7,506.20	7,587.84	7,676.68	7,702.39			
	TOTAL COST	7,816.23	7,763.48	7,729.44	7,759.26	7,763.08	7,772.00	7,824.18	7,815.73			
2011	Pending provision	2,322.88	838.62	510.93	326.31	244.65	181.01	153.00				
	Cumulative payments	4,837.08	6,321.07	6,704.10	6,890.35	6,983.62	7,085.54	7,118.37				
	TOTAL COST	7,159.96	7,159.69	7,215.03	7,216.66	7,228.27	7,266.55	7,271.37				
2012	Pending provision	2,535.89	915.44	508.92	341.54	266.60	202.67					
	Cumulative payments	4,533.04	6,116.82	6,520.18	6,728.37	6,853.16	6,925.31					
	TOTAL COST	7,068.93	7,032.26	7,029.10	7,069.91	7,119.76	7,127.98					
2013	Pending provision	2,621.53	992.36	592.89	377.11	259.20						
	Cumulative payments	4,780.18	6,414.34	6,868.41	7,098.88	7,202.17						
	TOTAL COST	7,401.71	7,406.70	7,461.30	7,475.99	7,461.37						
2014	Pending provision	2,824.23	1,084.91	612.84	389.85							
	Cumulative payments	5,110.13	6,978.68	7,410.44	7,618.91							
	TOTAL COST	7,934.36	8,063.59	8,023.28	8,008.76							
2015	Pending provision	2,935.01	1,158.65	712.46								
	Cumulative payments	5,486.79	7,298.98	7,753.61								
	TOTAL COST	8,421.80	8,457.63	8,466.07								
2016	Pending provision	3,168.83	1,510.52									
	Cumulative payments	5,463.50	7,266.38									
	TOTAL COST	8,632.33	8,776.90									
2017	Pending provision	4,061.33										
	Cumulative payments	5,683.30										
	TOTAL COST	9,744.63										

Figures in millions of euros

December 31, 2017

Item	Year of occurrence											
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007 and previous	Total
Provision for outstanding claims Non-Life direct insurance	4,061.33	1,510.52	712.46	389.85	259.20	202.67	153.00	113.34	94.65	122.31	283.88	7,903.21

Figures in millions of euros

MAPFRE S.A. AND SUBSIDIARIES

2016

Year of occurrence of claims	Item	Year of occurrence	Trends in claim costs in the years after year of occurrence									
			1 year later	2 years later	3 years later	4 years later	5 years later	6 years later	7 years later	8 years later	9 years later	More than 9 years later
2006 and previous	Pending provision	7,159.07	3,539.27	2,184.63	1,400.56	943.95	628.82	463.98	341.22	245.16	211.33	209.11
	Cumulative payments	28,870.77	31,907.07	32,943.48	33,564.88	34,052.32	34,265.18	34,390.60	34,485.47	34,551.97	34,566.33	34,616.43
	TOTAL COST	36,029.84	35,446.34	35,128.11	34,965.44	34,996.27	34,894.00	34,854.58	34,826.69	34,797.13	34,777.66	34,825.54
2007	Pending provision	2,847.41	1,114.48	706.07	418.83	313.43	222.31	175.04	127.24	121.32	121.93	
	Cumulative payments	3,747.62	5,197.17	5,560.42	5,843.12	5,952.91	6,027.82	6,062.50	6,102.83	6,120.21	6,129.88	
	TOTAL COST	6,595.03	6,311.65	6,266.49	6,261.95	6,266.34	6,250.13	6,237.54	6,230.07	6,241.53	6,251.81	
2008	Pending provision	2,744.50	1,131.16	645.10	425.62	316.56	251.32	193.03	159.74	142.02		
	Cumulative payments	4,133.04	5,604.41	5,986.07	6,194.33	6,301.98	6,369.52	6,414.09	6,454.01	6,488.89		
	TOTAL COST	6,877.54	6,735.57	6,631.17	6,619.95	6,618.54	6,620.84	6,607.12	6,613.75	6,630.91		
2009	Pending provision	2,589.38	908.78	542.89	332.20	253.96	174.64	151.97	121.68			
	Cumulative payments	4,500.23	5,818.96	6,135.05	6,318.17	6,409.32	6,479.47	6,526.04	6,573.14			
	TOTAL COST	7,089.61	6,727.74	6,677.94	6,650.37	6,663.28	6,654.11	6,678.01	6,694.82			
2010	Pending provision	3,003.31	1,155.81	685.40	403.12	270.00	196.08	156.15				
	Cumulative payments	5,184.43	6,927.90	7,344.64	7,654.59	7,788.57	7,872.09	7,936.35				
	TOTAL COST	8,187.74	8,083.71	8,030.04	8,057.71	8,058.57	8,068.17	8,092.50				
2011	Pending provision	2,436.14	882.15	542.07	346.31	261.63	194.01					
	Cumulative payments	5,054.53	6,558.63	6,915.80	7,107.21	7,203.08	7,221.77					
	TOTAL COST	7,490.67	7,440.78	7,457.87	7,453.52	7,464.71	7,415.78					
2012	Pending provision	2,673.73	968.63	538.34	364.23	283.74						
	Cumulative payments	4,732.96	6,358.57	6,762.18	6,974.57	7,021.98						
	TOTAL COST	7,406.69	7,327.20	7,300.52	7,338.80	7,305.72						
2013	Pending provision	2,764.79	1,052.55	635.16	400.04							
	Cumulative payments	4,990.41	6,665.69	7,127.38	7,340.08							
	TOTAL COST	7,755.20	7,718.24	7,762.54	7,740.12							
2014	Pending provision	3,017.74	1,164.71	653.97								
	Cumulative payments	5,380.16	7,341.29	7,783.04								
	TOTAL COST	8,397.90	8,506.00	8,437.01								
2015	Pending provision	3,121.35	1,276.35									
	Cumulative payments	5,792.85	7,718.38									
	TOTAL COST	8,914.20	8,994.73									
2016	Pending provision	3,481.21										
	Cumulative payments	5,838.69										
	TOTAL COST	9,319.90										

Figures in millions of euros

December 31, 2016

Item	Year of occurrence											Total
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006 and previous	
Provision for outstanding claims Non-Life direct insurance	3,481.23	1,276.35	653.97	400.04	283.74	194.01	156.15	121.68	142.02	121.93	209.11	7,040.23

Figures in millions of euros

As shown in the tables above, the overall percentage of claims attributable to ceded reinsurance is 30.52 percent and 21.28 percent for 2017 and 2016, respectively.

Information about the progression in accepted reinsurance claims per year of occurrence is not provided since as a general rule the ceding companies use accounting methods other than the year of occurrence. In accordance with the studies undertaken for accepted reinsurance, the technical provisions are adequate.

6.15. PROVISIONS FOR RISKS AND EXPENSES

The following tables show the movements of provisions for risks and expenses in the last two years.

2017

Item	Opening balance	Adjustments to the opening balance	Changes to the scope	Inflows		Outflows		Closing balance
				Allocated provisions	Increased value on discount	Applied provisions	Reversed provisions	
Provision for tax to be paid	363.76	(46.50)	--	3.98	15.71	(4.46)	--	332.49
Reserve for payments of liquidation agreements	18.91	(0.39)	--	12.58	--	(14.61)	--	16.49
Provisions for restructuring	32.84	--	--	4.11	--	(32.84)	--	4.11
Other provisions on staff-related commitments	186.66	(2.45)	1.33	105.23	0.02	(88.56)	(3.22)	199.01
Other provisions	150.58	(17.76)	--	54.20	12.48	(82.35)	(7.49)	109.66
TOTAL	752.75	(67.10)	1.33	180.10	28.21	(222.82)	(10.71)	661.76

Figures in millions of euros

2016

Item	Opening balance	Adjustments to the opening balance	Changes to the scope	Inflows		Outflows		Closing balance
				Allocated provisions	Increased value on discount	Applied provisions	Reversed provisions	
Provision for tax to be paid	275.16	68.12	(0.08)	5.08	22.28	(6.48)	(0.32)	363.76
Reserve for payments of liquidation agreements	17.41	0.21	--	13.37	--	(11.81)	(0.27)	18.91
Provisions for restructuring	5.75	--	--	20.84	10.89	(4.64)	--	32.84
Other provisions on staff-related commitments	195.15	(1.11)	(0.58)	54.20	1.30	(58.86)	(3.44)	186.66
Other provisions	203.56	(12.33)	--	69.42	2.66	(103.92)	(8.81)	150.58
TOTAL	697.03	54.89	(0.66)	162.91	37.13	(185.71)	(12.84)	752.75

Figures in millions of euros

The provisions for risks and expenses include the estimated amounts of tax debts, settlement agreement payments, restructuring, employee incentives and others derived from the activities and inherent risks of the Group companies, which will be paid in the coming years.

The estimates of the amount provided and the period in which the provisions will be liquidated are affected by uncertainties regarding the ruling on filed appeals and performance of other parameters. It was not necessary to design assumptions regarding future events in order to determine the value of the provision. Potential provision reimbursement is not expected.

At December 31, 2017 and 2016 the heading "Provision for taxes" included tax liabilities amounting to 299.14 and 331.57 million euros, respectively, related to the tax contingencies that the Brazilian insurance

companies have with the tax authorities in that country, pending the decision by the Brazilian Supreme Court. These contingencies refer to the taxes known as COFINS (tax contribution used to fund social security) amounting to 294.15 million euros (325.97 million euros at December 31, 2016) and the Social Integration Program (PIS) amounting to 4.99 million euros (5.60 million euros at December 31, 2016). These contingencies have arisen due to discrepancies in the interpretation by the Brazilian government and the business sector of the regulation regarding the taxation that applies to the companies' turnover.

The Group is currently involved in legal proceedings with the Brazilian tax authorities in connection with the enforceability of the aforementioned CONFINS and PIS taxes, regarding non-operating finance income, in the amount of 170.14 and 171.17 million euros at December 31, 2017 and 2016, respectively. Given the current uncertainty in case law regarding whether the PIS and CONFINS calculation base should be extended to include non-operating finance income, as well as the existence of a ruling by the Brazilian National Treasury General Attorney's Office that is favorable to the insurance companies, both the Group and its advisors classify the loss risk as possible.

The Group is currently immersed in legal proceedings against the Brazilian broker "Proposta Corretora" regarding its intervention in a guarantee bankruptcy insurance contract. The broker is claiming 123 million reales (30.94 million euros). MAPFRE has won the first instance lawsuit and the case is currently at the appeal stage. The Group has classified the loss risk as possible.

"Other provisions" for 2017 and 2016 include the contingent payments arising from business combinations, which include the variable part of the price of the business combination that directly depends on the achievement of certain targets linked to the performance of each of the businesses acquired, amounting to 22.66 and 51.40 million euros at December 31, 2017 and 2016, respectively.

The embedded value was taken into account for the calculation. At each reporting date, the amount of the contingent benefit is reevaluated, recognizing any differences with the previous valuation.

Payments are made in full as from the reference date for the calculation of the embedded value, projected for 2017 to 2021 in accordance with the contracts signed with the sellers in each business combination.

6.16. DEPOSITS RECEIVED ON CEDED AND RETROCEDED REINSURANCE

Deposits on ceded and retroceded reinsurance represent guarantees given to reinsurers in line with the reinsurance coverage contracts entered into pursuant to usual business practices. These deposits accrue interest to be paid and the average renewal period is usually quarterly. The liquidation of the aforementioned interest is performed quarterly.

6.17. DEBT

The balances included in the headings "Due on direct insurance and co-insurance operations", "Due on reinsurance operations", "Tax liabilities" and "Other debts" do not accrue payable interest and generally their liquidation is performed in the following year. In the current year, the Brazilian subsidiary has cancelled a provision for the amount of 102.90 million euros, initially established to cover possible expenses of various natures, and which to December 31 did not represent any obligation for the Group.

MAPFRE S.A. AND SUBSIDIARIES

6.18. REVENUES AND EXPENSES FROM INVESTMENTS

The breakdown of revenues and expenses from investments for financial years 2017 and 2016 is shown below:

Revenues from investments

Item	Revenues from investments from:				Financial revenues from other activities		Total	
	Operations		Equity		2017	2016	2017	2016
	2017	2016	2017	2016				
REVENUES FROM INTEREST, DIVIDENDS AND SIMILAR								
Real estate investment								
Rentals	40.76	48.51	2.19	2.22	12.05	14.32	55.00	65.05
Other	0.42	0.44	--	--	3.44	2.03	3.86	2.47
Revenues from the held-to-maturity portfolio								
Fixed income	198.95	235.95	0.83	0.94	2.23	0.01	202.01	236.90
Other investments	2.55	3.94	0.11	0.07	--	--	2.66	4.01
Revenue from the available-for-sale portfolio:	1,149.24	1,287.81	67.51	71.42	5.14	3.37	1,221.89	1,362.60
Revenue from the trading portfolio:	372.08	322.67	0.73	0.39	37.38	0.08	410.19	323.14
Other financial returns	175.36	171.63	71.50	55.66	16.51	34.46	263.37	261.75
TOTAL REVENUE	1,939.36	2,070.95	142.87	130.70	76.75	54.27	2,158.98	2,255.92
REALIZED AND UNREALIZED GAINS								
Net realized gains:								
Real estate investment	49.14	116.09	4.57	5.75	16.51	4.59	70.22	126.43
Financial investments portfolio available for sale	287.64	320.79	24.54	57.33	1.98	3.70	314.16	381.82
Financial investments trading portfolio	28.63	5.76	5.51	2.83	0.48	7.49	34.62	16.08
Other	2.11	22.40	0.37	2.06	1.39	20.89	3.87	45.35
Unrealized gains:								
Increase in fair value of the trading portfolio and earnings from derivatives	53.74	56.15	17.41	5.15	0.15	--	71.30	61.30
Other	3.26	11.65	--	(0.01)	0.33	0.51	3.59	12.15
TOTAL GAINS	424.52	532.84	52.40	73.11	20.84	37.18	497.76	643.13
TOTAL REVENUES FROM INVESTMENT	2,363.88	2,603.79	195.27	203.81	97.59	91.45	2,656.74	2,899.05

Figures in millions of euros

Expenses from investments

Item	Expenses from investments from:				Financial expenses from other activities		Total	
	Operations		Equity		2017	2016	2017	2016
	2017	2016	2017	2016				
FINANCIAL EXPENSES								
Real estate investment								
Direct operational expenses	23.48	24.84	--	1.20	--	--	23.48	26.04
Other expenses	6.35	4.34	0.09	0.03	9.19	11.51	15.63	15.88
Expenses from held-to-maturity portfolio								
Fixed income	0.98	3.35	0.01	0.39	--	0.01	0.99	3.75
Other investments	--	0.12	--	--	--	--	--	0.12
Expenses from the portfolio available for sale	124.11	217.34	31.19	23.84	0.98	--	156.28	241.18
Expenses from the trading portfolio:	139.79	95.96	0.20	--	--	(0.01)	139.99	95.95
Other financial expenses	168.31	130.58	2.47	3.21	86.44	60.26	257.22	194.05
TOTAL EXPENSES	463.02	476.53	33.96	28.67	96.61	71.77	593.59	576.97
REALIZED AND UNREALIZED LOSSES								
Net realized losses								
Real estate investment	6.00	4.06	0.02	0.39	0.28	0.10	6.30	4.55
Financial investments portfolio available for sale	54.27	69.67	3.60	9.72	0.24	0.62	58.11	80.01
Financial investments trading portfolio	16.87	5.93	0.29	--	--	--	17.16	5.93
Other	2.09	12.84	0.10	0.32	1.31	11.44	3.50	24.60
Unrealized losses								
Decrease in fair value of trading portfolio and losses in derivatives	84.53	1.44	6.87	--	--	0.01	91.40	1.45
Other	1.02	0.89	--	0.02	1.37	0.22	2.39	1.13
TOTAL LOSSES	164.78	94.83	10.88	10.45	3.20	12.39	178.86	117.67
TOTAL EXPENSES FROM INVESTMENT	627.80	571.36	44.84	39.12	99.81	84.16	772.45	694.64

Figures in millions of euros

MAPFRE S.A. AND SUBSIDIARIES

The expenses arising from investment portfolios mainly stem from financial swaps related to insurance operations.

6.19. OPERATING EXPENSES

A breakdown of net operating expenses by use and nature, for the last two financial years, is shown below.

Operating expenses by destination

Item	2017	2016
Claims-related expenses	855.71	881.58
Acquisition expenses	4,924.74	4,748.03
Administration expenses	760.01	770.33
Expenses from investments	672.64	610.48
Other technical expenses	129.57	118.05
Other non-technical expenses	114.33	130.57
Operating expenses from other activities	489.79	498.57
TOTAL	7,946.79	7,757.61

Figures in millions of euros

Operating expenses by nature

Item	2017	2016
Commissions and other portfolio expenses	3,880.42	3,705.18
Personnel expenses	1,784.86	1,783.93
External services		
- Leasing (shops and buildings)	98.94	93.27
- Repairs and upkeep (shops and buildings)	79.83	80.93
- Leasing and repairs (computer equipment)	58.72	52.99
- Leasing and repairs (computer applications)	173.81	165.20
- Other services (computer applications)	140.23	152.85
- Supplies (communications)	21.67	53.72
- Advertising and marketing	135.34	159.31
- Public relations	45.66	47.15
- Independent professional services	164.16	144.39
- Other services	403.87	313.80
Taxes	213.24	212.73
Provision for amortization	293.37	283.30
Expenses posted directly to use	452.67	508.86
TOTAL	7,946.79	7,757.61

Figures in millions of euros

The income statement reflects expenses by use, i.e., based on the function the expenses fulfill in the operational cycle of the insurance activity (claims-related expenses, the acquisition of insurance contracts, administration, investments or other technical items).

MAPFRE S.A. AND SUBSIDIARIES

Expenses are initially recognized according to their nature, and are reclassified according to their use in those cases in which the nature and use are not the same. The reclassification performed in the subject headings is as follows:

- 1) Claims-related expenses. Includes expenses for personnel assigned to claims management, amortization and depreciation of fixed assets assigned to this activity, fees paid for claims management and expenses incurred for other services necessary for processing claims.
- 2) Net operating expenses. Included in this heading are:
 - Acquisition expenses. Includes commissions, expenses for personnel assigned to production, amortization and depreciation of fixed assets assigned to this activity, expenses for analyzing and processing policy applications and formalizations, as well as advertising, publicity and commercial organization expenses directly related to the acquisition of insurance contracts.
 - Administration expenses. These primarily include expenses for personnel assigned to these functions and amortization and depreciation of fixed assets assigned to this activity, as well as expenses deriving from contentious matters related to premiums, from processing refunds and from ceded and accepted reinsurance.
 - Commissions and participations in reinsurance. Includes compensation from reinsurers to the ceding companies for acquisition and administration expenses incurred by the latter, as well as their participation in the profits of the reinsurer.
- 3) Expenses from investments. Includes expenses for personnel assigned to managing investments, charges to amortization and depreciation of fixed assets assigned to this activity, and other internal and external expenses for managing investments, with external expenses including fees, commissions and brokerage fees accrued.

Expenses from investments are classified as from operations or from equity depending on whether they derive from investments corresponding to technical provisions (operating investments) or from investments corresponding to the company's equity (equity investments).

6.20. RESULT FROM CEDED AND RETROCEDED REINSURANCE

The result from ceded and retroceded reinsurance for years 2017 and 2016 is the following:

Item	Non-Life		Life		Total	
	2017	2016	2017	2016	2017	2016
Premiums	(3,879.60)	(3,404.09)	(184.84)	(189.77)	(4,064.44)	(3,593.86)
Change in the provision for unearned premiums and unexpired risks	347.17	(87.17)	(12.31)	(8.12)	334.86	(95.29)
Claims paid and change in the provision for claims	2,781.77	1,581.64	99.42	105.79	2,881.19	1,687.43
Change in mathematical provision and other technical provisions	(0.33)	(1.38)	(3.94)	0.28	(4.27)	(1.10)
Participation of reinsurance participation in commissions and expenses	515.30	477.13	41.73	41.26	557.03	518.39
Result of ceded and retroceded reinsurance	(235.69)	(1,433.87)	(59.94)	(50.56)	(295.63)	(1,484.43)

Figures in millions of euros

The increase in “Claims paid and change in the provision for claims” in 2017 for ceded and retroceded reinsurance is primarily due to the impact of the catastrophic events occurring in 2017, among which stand out hurricanes Harvey, Irma and Maria, the earthquakes in Mexico, and Coastal El Niño. The net impact (retained loss after tax and non-controlling interests) of these natural catastrophes on the “Result for the period attributable to the controlling Company” reaches 183.80 million euros.

6.21. FISCAL SITUATION

Fiscal consolidation regulations

- Tax on profits

Since the financial year 1985, some of the consolidated companies with registered offices in Spain have been included for corporation tax purposes in Fiscal Group 9/85. This Group is made up of the controlling company and those of its subsidiaries that are eligible for this tax regime. A list of the subsidiaries included in this fiscal Group in 2017 is provided in Annex 1 of this report.

- Value Added Tax

Since the financial year 2010, and for the purposes of value added tax, some of the consolidated companies with a registered address in Spain have been included in the VAT Group 87/10, formed by MAPFRE S.A. as the controlling company and those of its controlled companies that agreed to join the Group when it was created. A list of the subsidiaries that form part of this Group in 2017 is provided in Annex 1 of this report.

MAPFRE S.A. AND SUBSIDIARIES

Components of tax on profits expenses and reconciliation of the book result with the tax cost of ongoing activities

Shown below for the financial years ending December 31, 2017 and 2016 are the main components of the tax on profits expenses from ongoing activities and the reconciliation between the tax on profits expenses and the product of multiplying the book result by the applicable tax rate. The Group has reconciled the amounts by aggregating reconciliations made separately using the national rates of each country.

Item	Amount	
	Year 2017	Year 2016
<u>Tax expense</u>		
Result before taxes from ongoing operations	1,508.71	1,805.18
25 percent of result before taxes from ongoing operations	377.18	451.30
Tax effect of the permanent differences	(86.51)	(41.30)
Tax incentive for the financial year	(18.79)	(30.80)
Tax effect of tax rates other than 25 percent	156.19	187.98
Total expense from current tax originating in the financial year	428.07	567.18
Expense from current tax originating in previous years	(17.01)	(7.23)
Receivables from negative taxable income not recognized from previous periods, deductions pending application or temporary differences	(0.71)	(0.03)
TOTAL TAX EXPENSES OF ONGOING OPERATIONS	410.35	559.92
<u>Tax on profits to be paid</u>		
Withholdings and advance payments	(420.52)	(521.78)
Temporary differences and currency conversion differences	42.32	83.22
Tax receivables and incentives applied, registered in previous years	(6.04)	(8.37)
Tax on earnings for discontinued operations	--	--
TOTAL TAX ON PROFITS TO BE PAID (RECEIVABLE) ORIGINATING IN THE YEAR	26.11	112.99
Tax on profits receivable from previous financial years	(1.50)	(47.89)
NET TOTAL TAX ON PROFITS TO BE PAID (RECEIVABLE)	24.61	65.10

Figures in millions of euros

Deductions for double taxation are not taken into account in the above table since they are mainly related to dividends collected from subsidiaries eliminated in the consolidation process.

In 2017, the “Expense from current tax originated in previous years” includes the reduction in tax liabilities for subsidiaries in the United States, coming from the reduction of the tax rate included in the tax reform approved in this country, for the amount of 37.80 million euros.

MAPFRE S.A. AND SUBSIDIARIES

Deferred tax assets and liabilities

At December 31, 2017 and 2016 deferred tax assets and liabilities were shown on the consolidated balance sheet for the net amount corresponding to each of the Group's tax-paying companies. They currently stand as follows:

Item	2017	2016
Deferred tax assets	296.81	335.32
Deferred tax liabilities	(588.04)	(730.71)
Asset (Liability) net	(291.23)	(395.39)

Figures in millions of euros

In addition to the deferred tax assets recorded in 2017 and 2016, shown in the above table, there are other deferred tax assets deriving from tax loss carryforwards pending offset, amounting to 31.07 and 22.26 million euros, respectively. These assets were not recognized, in accordance with the criteria established under EU-IFRS.

The following tables show the movements in the net balance of deferred taxes in the financial years 2017 and 2016, with a breakdown of the amounts related to items directly debited or credited to equity accounts in each financial year.

2017

Item	Opening balance	Adjustments to the opening balance	Changes to the scope	From		Settled	Closing balance
				Results	Equity		
Portfolio acquisition expenses and other acquisition expenses	(423.36)	44.72	--	59.03	--	4.51	(315.10)
Valuation difference in financial investments	(1,337.62)	15.78	--	53.27	71.22	0.57	(1,196.78)
Other comprehensive and expenses	(19.07)	0.84	(0.22)	2.47	--	(0.32)	(16.30)
Valuation difference in mathematical provisions by shadow accounting	1,052.39	(1.45)	--	(9.40)	(100.63)	(9.62)	931.29
Stabilization and catastrophe provision	(182.28)	2.31	--	1.43	--	22.25	(156.29)
Other technical provisions	104.93	(7.52)	--	(27.06)	--	--	70.35
Tax receivables on negative taxable income	70.64	(6.27)	--	29.59	--	(25.85)	68.11
Receivables on tax incentives	27.39	--	--	18.79	--	(18.39)	27.79
Pension complements and other staff-related commitments	47.51	0.20	--	8.42	--	(4.74)	51.39
Reserves for uncollected premiums	23.63	(0.89)	--	2.75	--	(6.48)	19.01
Provisions for liabilities and others	42.96	(0.30)	--	3.10	--	(7.75)	38.01
Tax receivables derived from PIS, COFINS and REFIS (Note 6.15)	182.19	(23.58)	--	(18.80)	--	--	139.81
Other items	15.30	9.41	0.01	30.42	0.02	(7.68)	47.48
TOTAL	(395.39)	33.25	(0.21)	154.01	(29.39)	(53.50)	(291.23)

Figures in millions of euros

MAPFRE S.A. AND SUBSIDIARIES

2016

Item	Opening balance	Adjustments to the opening balance	Changes to the scope	From		Settled	Closing balance
				Results	Equity		
Portfolio acquisition expenses and other acquisition expenses	(388.29)	(66.25)	--	(3.75)	--	34.93	(423.36)
Valuation difference in financial investments	(1,291.85)	2.39	--	62.89	(139.00)	27.95	(1,337.62)
Other comprehensive revenue and expenses	(23.09)	4.03	--	(0.31)	--	0.30	(19.07)
Valuation difference in mathematical provisions by shadow accounting	994.02	18.40	--	(6.84)	78.56	(31.75)	1,052.39
Stabilization and catastrophe provision	(201.57)	2.04	--	14.89	--	2.36	(182.28)
Other technical provisions	100.83	2.51	--	1.59	--	--	104.93
Tax receivables on negative taxable income	38.83	0.02	--	40.16	--	(8.37)	70.64
Receivables on tax incentives	23.45	0.02	--	30.80	--	(26.88)	27.39
Pension complements and other staff-related commitments	37.20	4.62	--	8.36	--	(2.67)	47.51
Reserves for uncollected premiums	19.48	3.72	--	7.25	--	(6.82)	23.63
Provisions for liabilities and others	70.39	(7.01)	--	22.17	--	(42.59)	42.96
Tax receivables derived from PIS, COFINS (Note 6.15)	183.01	(7.84)	--	7.02	--	--	182.19
Other items	(17.04)	--	--	11.69	--	20.65	15.30
TOTAL	(454.63)	(43.35)	--	195.92	(60.44)	(32.89)	(395.39)

Figures in millions of euros

At December 31, 2017 deferred tax assets and liabilities maturing in less than 12 months amounted to 63.00 and 55.63 million euros, respectively (89.06 and 87.58 million euros, respectively, in 2016).

Negative taxable income

The negative taxable income pending set-off in fully consolidated companies at the close of the last two periods are shown below:

Year generated	Amount of negative tax bases				Deferred tax assets			
	Applied in the financial year		Pending application		Amount recorded		Amount not recorded	
	2017	2016	2017	2016	2017	2016	2017	2016
2010 and previous	0.10	2.28	11.56	11.77	0.08	0.19	2.52	3.54
2011	3.39	--	5.62	9.66	--	0.85	1.17	1.30
2012	4.98	3.48	9.66	17.95	0.54	2.08	1.64	2.39
2013	0.06	--	5.71	6.58	--	0.03	1.14	1.30
2014	0.51	--	17.44	17.95	3.29	3.13	2.63	3.25
2015	1.49	1.50	59.73	105.02	11.23	24.19	5.89	7.82
2016	1.04	--	125.97	140.93	23.37	40.16	10.02	2.66
2017	--	--	144.05	--	29.59	--	6.06	--
Total	11.57	7.26	379.74	309.86	68.10	70.63	31.07	22.26

Figures in millions of euros

Assets accounted for in relation to deferred taxes on negative tax bases pending set-off in consolidated companies represent negative tax bases generated as a result of unusual management events, and future tax profits are likely to exist against which they may be offset.

Tax incentives

The tax incentives of the fully consolidated companies for 2017 and 2016 are as follows:

Module	Amount applied in the financial year		Amount pending application		Amount not recorded	
	2017	2016	2017	2016	2017	2016
Double taxation deduction	7.94	4.90	--	2.55	--	--
Creation of employment	0.16	0.30	--	--	--	--
Minimum alternative tax (USA)	0	--	27.54	24.82	--	--
Other	10.3	17.14	0.25	0.02	--	--
Total	18.40	22.34	27.79	27.39	--	--

Figures in millions of euros

In 2017 and 2016 consolidated tax group no. 9/85 made use of the reduction for capitalization reserve contemplated in Article 25 of the Corporate Income Tax Act 27/2014, giving rise to a decrease of 0.47 million euros in 2017 (2.36 million euros in 2016) in the consolidated tax payable.

To enjoy this tax benefit, there must be an increase in shareholders' equity in the period and this increase must be maintained for a period of 5 years, and a reserve must be created amounting to 10 percent of said increase, which will be restricted for the same 5-year period.

The Group's controlling company met this requirement in 2016 with a charge to the freely-distributable reserves existing on its balance sheet at December 31, 2016. The Group's controlling company will meet this requirement in 2017 with a charge to the freely-distributable reserves existing on its balance sheet at December 31, 2017.

Shareholders' equity and allocated reserves in the last three periods, subject to the maintenance requirement, are as follows:

Year	Increase in Shareholder Equity	Restricted reserve
2015	324.90	35.00
2016	94.70	12.00
2017	18.57	1.86

Figures in millions of euros

Verification by tax authorities

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

MAPFRE S.A. AND SUBSIDIARIES

As a result of the inspections initiated on February 17, 2012 relating to the corporate income tax returns of Tax Group 9/85 for the financial years 2007 to 2009, which affected MAPFRE S.A., as the controlling company, as well as MAPFRE ASISTENCIA, COMPAÑÍA INTERNACIONAL DE SEGUROS Y REASEGUROS, S.A. (years 2007-2009), MAPFRE GLOBAL RISKS S.A. (years 2008 and 2009), MAPFRE VIDA S.A. DE SEGUROS Y REASEGUROS SOBRE LA VIDA HUMANA (2008 and 2009) and MAPFRE ESPAÑA COMPAÑÍA DE SEGUROS Y REASEGUROS, S.A., a notice of disagreement was signed for the sum of 5.54 million euros relating to the deduction of research and development and technological innovation expenses and an appeal has been filed with the Central Economic Administrative Court. A ruling is currently pending in this matter.

A notice of disagreement was also signed for "Withholdings on earnings" in 2008 and 2009, for a total amount of 0.49 million euros, as well as for "Withholdings on investment income" in 2008 and 2009, for 5.38 million euros, affecting MAPFRE VIDA and MAPFRE ESPAÑA, and appeals have been filed with the Audiencia Nacional (National Court of Appeals).

As a result of the limited-scope inspections initiated on June 23, 2014 against MAPFRE ESPAÑA and MAPFRE VIDA, notices of disagreement were signed for "Withholdings on investment income" for 2010 to 2013, in connection with certain risk and savings insurance, and appeals have been filed with Audiencia Nacional (National Court of Appeals). Moreover, on May 10, 2016 notices of disagreement for the same concept were signed regarding the year 2014 and MAPFRE VIDA and BANKIA MAPFRE VIDA. The payments were made to the Spanish tax authorities but appeals were filed with the Central Economic Administrative Court and are pending a ruling on the complaints.

On December 4, 2017 MAPFRE S.A. received notification, as the controlling company of consolidated tax Group number 9/85, the initiation of inspection activity for corporate income tax pertaining to years 2013 to 2016. Likewise, and in reference to Value Added Tax, they received notification as representative of VAT Group number 87/10, the initiation of confirmation activity for the years 2014 to 2016. In reference to MAPFRE ESPAÑA, the activity extend to the rest of the taxes the company is subject to for the years 2014 to 2016, and in the case of MAPFRE VIDA, MAPFRE RE, MAPFRE GLOBAL RISKS, and MAPFRE TECH to withholdings on earnings for the years 2014 to 2016.

On November 6, FUNESPAÑA, S.A. received notification, as the controlling company of tax consolidation Group number 97/13, of the initiation of inspection activity for corporate income tax pertaining to the years 2013 and 2014, which in the case of Value Added Tax and withholdings on earnings the companies ALL FUNERAL SERVICES and FUNEMADRID are also affected, for the period November 2013 to December 2014.

Consequently, at December 31, 2017 all taxes relating to years 2014 to 2017 of the consolidated companies were open to inspection, as were the corporation tax for 2013 and withholdings on investment income for 2010 to 2012 in the case of MAPFRE ESPAÑA and MAPFRE VIDA.

At December 31, 2017 the view of the administrators and advisors of the consolidated companies regarding the possibility of tax liabilities arising and significantly affecting the financial position of the consolidated companies was remote.

6.22 REMUNERATION FOR EMPLOYEES AND ASSOCIATED RETIRED EMPLOYEES

Personnel expenses

The personnel expenses breakdown for the last two years is shown in the table below:

Item	Amount	
	2017	2016
Short-term remuneration		
Wages and salaries	1,234.93	1,211.75
Social security	243.19	235.39
Other remuneration	207.51	254.38
Post-employment benefits	35.65	23.48
Other long-term remuneration	3.29	18.98
Termination payments	60.28	39.95
TOTAL	1,784.86	1,783.93

Figures in millions of euros

Main post-employment benefits

Defined benefit plans

The main defined benefit plans in force throughout the Group, all of which are instrumented through insurance policies, are measured pursuant to the provisions described in the accounting policies, and are those where the benefit is determined according to end salaries, with the benefit paid as a life annuity, subject to review in line with the annual consumer price index (CPI).

In relation to the amounts recognized on the balance sheet, the obligations regarding defined benefit plans amounted to 47.28 and 48.45 million euros at December 31, 2017 and 2016, respectively, fully externalized through written policies with MAPFRE VIDA. Consequently, no assets allocated to these plans are recognized and the liability recognized on the consolidated balance sheet is recorded under the heading "Provisions for life insurance".

There are also obligations relating to pension commitments, externalized through allocated insurance policies, amounting to 12.71 and 12.93 million euros at December 31, 2017 and 2016, respectively. These amounts coincide with the value of the assets allocated to the plan.

Settlement of the current value of the obligation

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

MAPFRE S.A. AND SUBSIDIARIES

Item	2017	2016
CURRENT DEBENTURE VALUE AT JANUARY 1	61.38	63.97
Interest cost	2.48	2.53
Actuarial gains and losses	1.07	1.27
Benefits paid	(3.92)	(4.01)
Other items	(1.02)	(2.38)
CURRENT VALUE AT DECEMBER 31	59.99	61.38

Figures in millions of euros

Reconciliation of the opening and closing balances of the assets allocated to the plan and reimbursement rights

The following table shows the reconciliation of the opening and closing balances of the assets allocated to the plan and the reimbursement rights for the last two years.

Item	2017	2016
VALUE OF ASSETS ALLOCATED TO THE PLAN AND REIMBURSEMENT RIGHTS AT JANUARY 1	61.38	63.97
Expected return of assets allocated to the plan	2.48	2.53
Actuarial gains and losses	1.07	1.27
Benefits paid	(3.92)	(4.01)
Other items	(1.02)	(2.38)
VALUE OF ASSETS ALLOCATED TO THE PLAN AND REIMBURSEMENT RIGHTS AS OF DECEMBER 31	59.99	61.38

Figures in millions of euros

The assets assigned to the aforementioned policies correspond to equity and debt instruments whose value is determined almost entirely by listed prices in active markets.

The following table shows the amounts recognized in the consolidated income statement for 2017 and 2016.

Item	2017	2016
Interest cost	2.48	2.53
Expected return of assets allocated to the plan	(2.48)	(2.53)
TOTAL EXPENSE RECOGNIZED EXPENSE IN INCOME STATEMENT	--	--

Figures in millions of euros

The expected rate of return is determined based on the type of guaranteed yield in allocated insurance policies.

The actual return on assets allocated to the plan, and on the investments allocated to cover the mathematical provisions, amounted to 2.48 and 2.53 million euros in 2017 and 2016, respectively.

The main actuarial assumptions used at the end of both years were the following: mortality tables PERM/F-2000, annual CPI of 3 percent in both years, the discount rates and the expected return of allocated assets being identical since these are products with flow matching.

No contributions to the aforementioned defined benefit plans are envisaged for 2018.

Other post-employment benefits

In 2017 and 2016 the personnel expenses correspond to Life insurance covering death between ages 65 and 77, amounting to 1.40 and 1.24 million euros, respectively.

Other medium-term remuneration and share-based payments

- In 2016, the Board of Directors approved a new medium-term incentive plan valued and recognized in the income statement in line with the valuation rule in Note 5.19 "Personnel expenses".

The personnel expenses recorded in the consolidated income statement for this plan amounted to 2.91 million euros a 2017 (19.12 million euros in 2016), with 10.84 million euros recognized at December 31, 2017 under liabilities as the remuneration amount to be settled in cash (9.44 million euros at December 31, 2016), and 10.09 million euros recognized at December 31, 2017 (9.68 million euros in 2016) in equity for the remuneration to be settled through equity instruments. In 2017 the number of reference shares taken into account for the purposes of this remuneration amounted to 7,720,980 (12,623,526 in 2016).

- Additionally, in 2016, as explained in the valuation rules, the 2013-2015 medium-term incentive plan was liquidated, having paid 34.47 million euros in said concept, which amount was fully provisioned.
- Further, as indicated in the valuation rule "5.19 Personnel expenses", the Group had an incentive plan referenced to the MAPFRE S.A. share, which expired in 2016, having recorded (0.14) million euros in said period as a personnel expense item.

In order to cover the expenses related to this item, at the date of exercise of the right two equity swaps were purchased in 2008 of 8,625,733 shares and 219,297 shares, with a strike price of 3.2397 and 2.6657 euros, respectively. Said equity swaps were cancelled in 2017, with no significant impact on the consolidated income statement as there their market value was a provision for at December 31, 2016.

Number of employees

The following table shows the average number and final number of employees for the last two years, classified by category and gender, and distributed by segment.

MAPFRE S.A. AND SUBSIDIARIES

• Average number of employees:

2017

Segment	Board of Directors and Senior Management		Executives		Technicians		Admin. assistants		Total	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
IBERIA	4	1	946	336	2,940	2,640	685	1,839	4,575	4,815
LATAM NORTH	5	1	310	289	738	702	390	484	1,443	1,476
LATAM SOUTH	4	1	457	314	1,212	1,077	709	913	2,383	2,304
BRASIL	3	--	399	281	1,025	2,137	826	1,221	2,253	3,639
NORTH AMERICA	2	--	306	313	732	1,101	177	687	1,217	2,100
EMEA	6	2	235	194	680	769	537	750	1,458	1,716
APAC	5	1	429	306	673	722	1,316	2,052	2,423	3,081
MAPFRE RE	2	--	57	32	111	115	13	37	183	184
CORPORATE AREAS	12	1	219	93	446	278	24	102	702	474
Average total number of employees	44	8	3,407	2,176	8,652	9,634	4,683	8,111	16,787	19,929

2016

Segment	Board of Directors and Senior Management		Executives		Technicians		Admin. assistants		Total	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
IBERIA	4	1	946	313	2,888	2,553	676	1,808	4,514	4,675
LATAM NORTH	7	1	336	293	731	674	403	499	1,477	1,467
LATAM SOUTH	21	2	465	339	1,337	1,207	812	1,022	2,635	2,569
BRASIL	3	--	454	320	1,074	2,361	953	1,428	2,483	4,109
NORTH AMERICA	1	--	304	301	653	996	239	777	1,197	2,075
EMEA	2	2	227	186	448	657	442	728	1,119	1,572
APAC	1	--	465	329	674	806	1,412	2,281	2,552	3,416
MAPFRE RE	3	--	48	17	80	83	5	34	136	134
CORPORATE AREAS	12	1	224	96	502	313	28	107	766	517
Average total number of employees	56	7	3,526	2,225	8,493	9,749	4,983	8,723	17,058	20,705

• Number of employees at the end of the year:

2017

Segment	Board of Directors and Senior Management		Executives		Technicians		Admin. assistants		Total	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
IBERIA	4	1	950	340	2,937	2,650	696	1,877	4,587	4,868
LATAM NORTH	5	1	302	282	745	712	366	468	1,418	1,463
LATAM SOUTH	4	1	440	299	1,203	1,068	673	882	2,320	2,250
BRASIL	3	--	381	272	971	2,019	791	1,281	2,146	3,572
NORTH AMERICA	2	--	307	313	723	1,112	180	665	1,212	2,090
EMEA	8	4	230	195	672	758	544	785	1,454	1,742
APAC	4	1	420	301	630	625	1,294	1,998	2,348	2,925
MAPFRE RE	1	--	49	20	96	97	5	25	151	142
CORPORATE AREAS	13	2	223	97	451	287	23	101	710	487
Total number of employees	46	10	3,358	2,151	8,542	9,450	4,590	8,124	16,536	19,735

2016

Segment	Board of Directors and Senior Management		Executives		Technicians		Admin. assistants		Total	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
IBERIA	3	1	938	317	2,874	2,570	678	1,812	4,493	4,700
LATAM NORTH	7	1	318	296	730	670	382	484	1,437	1,451
LATAM SOUTH	19	2	458	330	1,322	1,214	773	958	2,572	2,504
BRASIL	2	--	445	311	1,073	2,330	872	1,249	2,392	3,890
NORTH AMERICA	6	4	301	307	669	1,007	236	784	1,212	2,102
EMEA	2	2	222	181	477	681	395	584	1,096	1,448
APAC	1	--	443	309	683	799	1,394	2,185	2,521	3,293
MAPFRE RE	3	--	48	17	86	86	3	31	140	134
CORPORATE AREAS	12	1	226	98	504	309	30	105	772	513
Total number of employees	57	11	3,456	2,199	8,524	9,772	4,774	8,227	16,811	20,209

MAPFRE S.A. AND SUBSIDIARIES

The following table shows the number of employees in Spain with a degree of disability equal to or higher than 33 percent at the close of the last two years and the average during those years, indicating the categories to which they belong:

Item	2017		2016	
	Year-end close	Average	Year-end close	Average
Executives	13	13	11	11
Technicians	74	72	60	60
Administrative Assistants	90	83	69	66
Total	177	168	140	137

6.23. EARNINGS ON FOREIGN EXCHANGE DIFFERENCES

Foreign Exchange gains other than those arising from financial instruments measured at fair value, allocated to the consolidated income statement, amounted to 1.04 billion and 705.99 million euros in 2017 and 2016, respectively.

Negative foreign exchange differences other than those arising from financial instruments measured at fair value, allocated to the consolidated income statement, amounted to 1.02 billion and 626.50 million euros in 2017 and 2016, respectively.

The settlement of the exchange differences recognized in equity at the beginning and end of the year in 2017 and 2016 is shown below.

Description	Amount	
	2017	2016
FOREIGN EXCHANGE DIFFERENCES AT THE BEGINNING OF THE YEAR	(91.61)	(355.81)
Net foreign exchange differences on valuation of non-monetary items	(7.56)	(1.41)
Net foreign exchange differences on conversion of financial statements	(631.53)	265.61
FOREIGN EXCHANGE DIFFERENCES AT THE END OF THE YEAR	(730.70)	(91.61)

Figures in millions of euros

At December 31, 2017 and 2016 the net foreign exchange differences arising from the translation into euros of the financial statements of those Group companies whose functional currency is not the euro were as follows:

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Company/Subgroup	Geographic Area	Currency conversion differences					
		Gains		Losses		Net	
		2017	2016	2017	2016	2017	2016
<u>Fully consolidated companies:</u>							
MAPFRE RE	Europe, America and rest of world	22.38	26.22	(19.92)	(14.97)	2.46	11.25
MAPFRE INTERNACIONAL	Europe, America and rest of world	354.23	683.52	(1,027.11)	(734.84)	(672.88)	(51.32)
OTHER	--	25.78	32.44	(67.36)	(72.84)	(41.58)	(40.40)
TOTAL		402.39	742.18	(1,114.39)	(822.65)	(712.00)	(80.47)

Figures in millions of euros

6.24. CONTINGENT ASSETS AND LIABILITIES

At the end of 2017 and 2016, and at the time of preparing these consolidated annual accounts, there was no evidence of the existence of contingent assets and liabilities for significant amounts, other than those disclosed in these notes.

6.25. BUSINESS COMBINATIONS

Executed in the financial years 2017 and 2016

In 2017 and 2016 several shareholdings were purchased, the most significant being the take-over of the Indonesian insurance company ABDA in 2017, and the acquisition of the Barclays Life and Pensions business in Portugal in 2016. The ABDA take-over consists of a business combination in stages, as MAPFRE already owned 20 percent of the capital. With this operation, MAPFRE consolidated the entry into the Indonesian insurance market it began in 2013, allowing the company to increase its presence in Southeast Asia and position itself in a market with great potential. The 2016 acquisition reinforced MAPFRE's presence in the Portuguese market.

The table below shows the fair value of the identifiable assets and liabilities related to the acquisition of these businesses:

MAPFRE S.A. AND SUBSIDIARIES

Item	Year 2017	Year 2016
	ABDA	BANKINTER VIDA Portugal branch
ASSETS		
Portfolio acquisition expenses	--	69.66
Investments	87.03	903.65
Receivables	16.41	24.25
Cash	76.68	35.92
Other assets	11.54	10.25
TOTAL ASSETS	191.66	1,043.73
LIABILITIES		
Technical provisions	98.34	527.43
Deferred tax liabilities	3.96	0.32
Debt	3.77	446.04
Other liabilities	6.08	0.28
TOTAL LIABILITIES	112.15	974.07
Fair value of net assets	79.51	69.66
Interest purchased	51%	100%
Fair value of the percentage of purchased net assets	40.55	69.66
First consolidation difference	106.40	5.34
Acquisition combination costs	146.95	75.00

Figures in millions of euros

The fair values from the business combinations carried out in 2017 have been provisionally allocated, as the proper identification and determination of said values is being studied, based on projections that are being revised with a time horizon of around 10 years.

The above stated fair values differ from the book values of the companies prior to the combination, mainly due to portfolio acquisition expenses and corresponding tax liabilities, which are not recorded on their books.

The original 20 percent stake held in ABDA has been recorded at fair value, recognizing a positive effect of 13.50 million euros, net of taxes, in the Group 2017 consolidated income statement.

The net acquisition costs of all the combinations in 2017 and 2016 have been met in full, and at December 31, 2017 and 2016 there were no outstanding amounts pending payment.

The expenses directly attributable to the combinations in 2017 and 2016, corresponding to independent professional, legal and financial advisory fees and amounting in total to 0.31 and 0.74 million euros, respectively, are recorded as expenses in the consolidated income statement.

MAPFRE S.A. AND SUBSIDIARIES

The aforementioned combinations were incorporated into the consolidated group on June 1, 2017 in the case of the one acquired that year, and on April 1, 2016 in the case of those acquired the previous year. They have contributed 43.54 and 107.71 million euros to the Group's premiums, and 2.87 and 4.50 million euros to the net result attributable to the controlling company, respectively. If these combinations had been executed at the beginning of each year, they would have contributed 76.74 and 143.61 million euros to the Group's premiums, and 6.64 and 6.00 million euros to the net result attributable to the controlling company, respectively.

The business combinations with an insignificant cost that took place during 2017 and 2016 are listed in Annex 1.

6.26. TRANSACTIONS WITH RELATED PARTIES

All transactions with related parties have been conducted under market conditions.

In addition to the transactions described in the other notes accompanying the consolidated annual accounts, the balances and transactions between Group companies are explained below.

Operations with Group companies

The operations conducted between Group companies, with a zero effect on results because they have been eliminated in the consolidation process, are shown below:

Item	2017	2016
Received/provided services and other expenses/revenue	541.99	569.33
Expenses/revenue from real estate investment	23.58	15.16
Expenses/revenues from investments and financial accounts	29.65	37.16
Dividends distributed	1,854.55	1,594.41

Figures in millions of euros

Reinsurance and co-insurance operations

Reinsurance and co-insurance activities conducted between Group companies, which have been eliminated in the consolidation process, are shown below:

Item	2017	2016
Ceded/accepted premiums	2,422.03	2,451.02
Benefits and services	1,697.75	1,171.76
Changes in technical provisions	(37.10)	54.26
Commissions	602.48	586.05

Figures in millions of euros

MAPFRE S.A. AND SUBSIDIARIES

The following table shows the balances with reinsurers and ceding companies, deposits given, and technical provisions on reinsurance activities with Group companies, all of which have been eliminated in the consolidation process:

Item	2017	2016
Receivables and payables	364.95	347.70
Deposits	101.22	85.51
Technical provisions	3,063.75	1,848.83

Figures in millions of euros

Information related to controlled companies

The following table shows the dividends distributed by the controlled companies with significant non-controlling acquisitions of controlled companies and the result for the period attributable to non-controlling acquisitions of controlled companies:

Controlled company	Dividends distributed				Earnings attributable to non-controlling interests	
	Controlling company		Non-controlling company			
	2017	2016	2017	2016	2017	2016
BB MAPFRE SH1 PARTICIPAÇÕES, S.A.	146.48	100.75	440.31	300.91	356.86	290.31
BANKIA MAPFRE VIDA, S.A. DE SEGUROS Y REASEGUROS	40.78	25.43	39.18	24.43	37.41	34.04
BANKINTER SEGUROS DE VIDA, S.A.	23.43	23.18	23.43	23.18	25.87	23.43
MAPFRE BHD COMPAÑÍA DE SEGUROS, S.A.	5.16	11.82	4.95	11.36	8.71	7.84
CAJA CASTILLA LA MANCHA VIDA Y PENSIONES, S.A.	9.71	8.46	9.71	8.45	9.16	7.37
MAPFRE RE COMPAÑÍA DE REASEGUROS, S.A.	95.28	83.29	8.01	7.00	12.37	14.58
MAPFRE PERÚ VIDA, COMPAÑÍA DE SEGUROS, S.A.	6.28	5.34	2.38	2.96	7.10	5.60

Figures in millions of euros

In relation to dividends distributed in previous years by the Brazilian-controlled companies, 45.20 million euros were recognized in 2016 as the largest amount of non-controlling acquisitions of controlled companies charged to reserves.

The key figures for controlled companies and significant joint arrangements related to insurance activities are shown below:

MAPFRE S.A. AND SUBSIDIARIES

- Balance sheet

Entity	Investments		Credits		Total assets		Equity		Technical Provisions	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Investee										
MAPFRE VIDA SOCIEDAD ANÓNIMA DE SEGUROS Y REASEGUROS SOBRE LA VIDA HUMANA	12,765.96	13,212.91	169.71	178.57	14,879.84	14,396.90	1,412.81	1,334.66	11,596.80	11,934.17
BANKIA MAPFRE VIDA, S.A. DE SEGUROS Y REASEGUROS	7,612.05	8,043.45	18.82	19.23	7,812.95	8,284.76	516.78	525.56	6,850.13	7,287.21
MAPFRE ESPAÑA COMPAÑÍA DE SEGUROS Y REASEGUROS S.A.	5,538.92	5,413.33	915.98	868.38	7,761.46	7,577.02	2,342.22	2,369.92	4,657.51	4,446.73
MAPFRE RE COMPAÑÍA DE REASEGUROS, S.A.	4,016.82	3,930.32	294.81	261.92	6,191.21	5,212.44	1,260.67	1,232.51	4,463.14	3,512.16
M.S.V. LIFE P.L.C.	1,881.46	1,683.74	2.82	3.07	2,116.60	1,930.01	161.10	160.02	1,825.37	1,637.90
BANKINTER SEGUROS DE VIDA, S.A.	1,503.25	1,189.77	25.01	22.22	1,721.02	1,427.40	172.21	167.42	972.76	751.70
COMPANHIA DE SEGUROS ALIANÇADO BRASIL, S.A.	1,474.80	1,655.22	834.94	1,086.25	3,014.83	3,529.16	357.05	466.03	1,975.37	2,236.65
Subtotal investees	34,783.26	35,128.74	2,262.09	2,439.64	43,497.91	42,357.69	6,222.84	6,255.92	32,341.08	31,806.52
Joint Business										
SOLLUNION SEGUROS DE CREDITO S.A.	55.21	61.94	62.10	64.56	341.18	344.24	106.43	105.10	141.62	147.25
Subtotal Joint Business	55.21	61.94	62.10	64.56	341.18	344.24	106.43	105.10	141.62	147.25

Figures in millions of euros

- Income statement

Entity	Revenue				Results					
	From insurance business		Totals		From insurance business		From operations		From global account	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Investee										
MAPFRE VIDA SOCIEDAD ANÓNIMA DE SEGUROS Y REASEGUROS SOBRE LA VIDA HUMANA	2,287.90	2,314.91	2,296.68	2,327.40	224.27	149.96	221.48	153.57	219.22	115.88
BANKIA MAPFRE VIDA, S.A. DE SEGUROS Y REASEGUROS	758.06	697.13	760.38	699.72	101.39	91.54	76.26	69.39	71.18	70.99
MAPFRE ESPAÑA COMPAÑÍA DE SEGUROS Y REASEGUROS S.A.	4,415.30	4,424.25	4,915.76	4,866.20	415.21	377.27	318.53	278.97	266.20	304.89
MAPFRE RE COMPAÑÍA DE REASEGUROS, S.A.	3,911.23	3,295.52	5,116.86	4,811.04	213.14	250.34	159.57	188.08	125.43	195.88
M.S.V. LIFE P.L.C.	403.39	354.93	406.69	357.86	12.45	11.44	10.21	8.52	10.21	8.52
BANKINTER SEGUROS DE VIDA, S.A.	427.88	273.99	441.27	286.51	68.96	62.58	51.68	46.82	51.65	48.54
COMPANHIA DE SEGUROS ALIANÇADO BRASIL, S.A.	1,673.75	1,714.90	2,060.07	1,960.12	625.84	682.23	409.70	431.22	413.54	439.10
Subtotal Investees	13,877.51	13,075.63	15,997.71	15,308.85	1,661.26	1,625.36	1,247.43	1,176.57	1,157.43	1,183.80
Joint Business										
SOLLUNION SEGUROS DE CREDITO S.A.	28.23	26.37	185.43	172.43	12.09	12.88	5.54	8.28	2.26	7.79
Subtotal Joint Business	28.23	26.37	185.43	172.43	12.09	12.88	5.54	8.28	2.26	7.79

Figures in millions of euros

The key figures for controlled companies and significant joint arrangements related to non-insurance activities are shown below:

- Balance sheet

Entity	Current assets		Total assets		Equity		Current liabilities	
	2017	2016	2017	2016	2017	2016	2017	2016
Investee								
MAPFRE INVERSIÓN SOCIEDAD DE VALORES S.A.	58.33	94.42	234.19	251.22	200.98	220.30	25.67	23.22
FUNESPAÑA, S.A.	54.78	58.52	171.45	176.38	113.27	109.94	51.80	59.99
MAPFRE TECH	34.31	44.38	53.10	63.39	20.16	21.89	25.64	33.42
CREDIMAPFRE	28.09	39.18	28.23	41.62	3.14	8.30	25.08	33.32
Subtotal Investees	175.51	236.50	486.97	532.61	337.55	360.43	128.19	149.95

Figures in millions of euros

MAPFRE S.A. AND SUBSIDIARIES

- Income statement

Entity	Revenue		Earnings			
			From operations		From overall account	
	2017	2016	2017	2016	2017	2016
Investee						
MAPFRE INVERSIÓN SOCIEDAD DE VALORES S.A.	102.05	108.71	39.63	59.08	39.19	57.93
FUNESPAÑA, S.A.	98.02	95.56	4.53	4.00	4.53	3.95
MAPFRE TECH	178.16	221.36	(1.78)	0.07	(1.78)	0.07
CREDIMAPFRE	3.81	20.94	0.04	(0.18)	0.04	(0.18)
Subtotal Investees	382.04	446.57	42.42	62.97	41.98	61.77

Figures in millions of euros

Information relating to joint arrangements and associated undertakings

In 2017 and 2016 MAPFRE GLOBAL RISKS did not receive any dividends from SOLUNION.

The cost and fair value of the shareholding in the SOLUNION joint venture at the close of the year were 37.1 and 66.1 million euros, respectively.

The following table contains the supplementary information for the joint ventures:

Joint Business	Cash and cash equivalents		Financial liabilities		Repayment		Interest				Expenses or income after tax on profit	
	2017	2016	2017	2016	2017	2016	Revenue		Expenses		2017	2016
							2017	2016	2017	2016		
SOLUNION SEGUROS DE CREDITO S.A.	2.56	11.59	--	--	1.73	1.56	3.53	2.90	1.64	1.42	(2.29)	(2.74)
TOTAL	2.56	11.59	--	--	1.73	1.56	3.53	2.90	1.64	1.42	(2.29)	(2.74)

Figures in millions of euros

In 2016 MAPFRE ESPAÑA and its Portuguese partner SALVADOR CAETANO AUTO (SCA) restructured their vehicle distribution and rental businesses, previously pursued through the Spanish company IBERICAR Sociedad Ibérica del Automóvil (IBERICAR) and the Portuguese company FINLOG Aluguer e Comercio Automóveis S.A. (FINLOG), investee companies in which MAPFRE ESPAÑA and SCA both had a 50 percent share.

Following the aforementioned restructuring, SCA increased its share capital with all shares being purchased by MAPFRE ESPAÑA through the provision of various assets, including its share in IBERICAR and FINLOG.

As a result of this operation, SCA became the sole shareholder of IBERICAR and FINLOG, while MAPFRE ESPAÑA became the owner of 26 percent of the share capital of SCA, primarily engaged in the distribution and rental of vehicles in several countries.

This operation increased the assets and result attributable to the controlling company by 20.53 million euros.

The information relating to the key figures of the associated undertakings is included in Annex 1 of the annual report.

Remuneration of key management personnel

The following table shows the paid remuneration received in the last two years by members of the Board of Directors of the controlling company:

Item	Amount	
	2017	2016
Short-term remuneration		
Salary	3.00	3.93
Short-term variable remuneration	1.98	2.52
Fixed allowance	2.47	2.65
Other items	0.15	0.30
Medium-term variable remuneration	1.13	4.72
TOTAL REMUNERATION	8.73	14.12
Other remuneration		
Long service bonuses	0.01	0.01
Life insurance	0.10	0.13

Figures in millions of euros

The amounts of 2016 remuneration are different than those amounts included in the annual accounts for the year, as the remuneration was recorded as paid remuneration instead of accrued. The basic remuneration for external directors consists in an annual fixed amount for membership to the Board of Directors, which was 110,000 euros in 2017 (110,000 euros in 2016). In 2016, a fixed annual allowance of 110,000 euros has been established for the Vice-Chairman-Coordinating Director. The members of the Steering Committee receive 20,000 euros (40,000 euros in 2016). Said amount reaches 55,000 euros (50,000 in 2016), in the case of people who chair a sub-steering committee, while all other members of a sub-steering committee receive 35,000 euros (30,000 euros in 2016).

Members of the boards of directors of Spanish insurance companies also receive a fixed allowance of 45,000 euros (40,000 in 2016), which amount in 2017 reaches 100,000 euros in the case of people who chair the Board and 8,000 euros for those who are members of Steering Committees (6,000 in 2016).

Life insurance is also established in case of death, with an insured capital of 150,253 euros, as well as some of the staff benefits like medical insurance.

Executive directors (who are deemed to be executives of the controlling company as well as those who perform executive functions in other MAPFRE GROUP companies) receive the remuneration established in their contracts, which includes a fixed salary, incentives with varying amounts linked to results, life and disability insurance, and other general benefits established for the Group's staff. They also receive certain pension supplements for retirement, externalized through a life insurance policy. All of these payments are in line with the compensation policy established by the Group for its senior managers, whether or not they are directors. In 2017 contributions to defined benefit plans amounted to 4.20 million euros, recognized as expenses for the year (3.40 million euros in 2016).

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

MAPFRE S.A. AND SUBSIDIARIES

In relation to the medium-term incentive plan approved in 2016, 1.33 million euros were provisioned, of which 1.31 million euros correspond to remuneration in cash, and 0.02 million euros to remuneration to be settled through equity instruments. In 2016, 3.28 million euros were provisioned, of which 2.17 million corresponded to remuneration in cash and 1.11 million to remuneration to be settled through equity instruments.

In 2016, 4.72 million euros were liquidated, of which 1.48 million euros are pending payment at the close of said year, with this amount being fully provisioned.

The following table shows the estimated amounts deriving from provisions pending payment to the members of the Board of Directors at December 31 in both years:

Item	Amount	
	2017	2016
Medium-term incentives: Shares	1.00	1.11
Medium-term incentives: Cash	2.23	3.65
Long service bonuses	0.31	0.43
TOTAL	3.54	5.19

Figures in millions of euros

Additionally, and regarding variable short-term remuneration already paid, at the close of 2017 2.62 million euros are pending payment, of which 1.98 million euros correspond to 2017 and the rest to 2016.

The basic remuneration for external directors is approved by the Annual General Meeting at the recommendation of the Board of Directors and in keeping with the report drawn up 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 are approved by the Board of Directors, subject to a report by the committee.

The insurance premium paid on behalf of the administrators for damages liability was 0.44 million euros (0.47 million euros in 2016).

In reference to senior management, remuneration paid in the last two years is shown below:

Item	Amount	
	2017	2016
No. of senior management members	5	6
Short-term remunerations	2.53	3.24
Other remuneration	0.04	0.04
TOTAL	2.57	3.28

Figures in millions of euros

Regarding the 2016-2018 medium-term incentive plan, in the current year an allowance of 0.1 million euros was provisioned in 2017 (1.27 million euros in 2016) of which 0.09 million euros correspond to remuneration in cash and 0.01 to remuneration to be settled in equity instruments. In 2016, settlement of the 2013-2016 medium-term incentives plan of 4.98 million euros.

Additionally, an expense of 0.52 million euros was recorded in 2017 (1.18 million euros in 2016) as a contribution to defined benefit plans.

6.27. POST-BALANCE SHEET EVENTS

MAPFRE and Banco do Brasil have signed a non-binding memorandum of understanding on February 5, 2018 to update the terms of their strategic alliance in the insurance business. The redefinition of these agreements would result in an increase in MAPFRE's shareholding in its businesses in Brazil, which would allow it to progress toward a simpler and more efficient governance structure and reduce internal costs, with a significant improvement in productivity and business profitability.

According to the terms of the memorandum, MAPFRE would become the owner of 100 percent (currently 50 percent) of the sum of the business generated by the agency network and the automobile and large risks business in the BB bank channel. The same current shareholder configuration for life and agriculture insurance would be maintained and BB's bank channel homeowners insurance, which BB MAPFRE would continue to develop, would be incorporated into this same structure, with MAPFRE's shareholding being 25 percent.

MAPFRE would maintain exclusivity in the Banco do Brasil bank channel for all the businesses falling within the scope of the alliance, both those that it underwrites directly as well as those distributed through BB MAPFRE.

7. RISK MANAGEMENT

The Board of Directors of MAPFRE S.A. establishes the risk level that the Group would be ready to assume to attain its business objectives with no significant deviations, even in adverse situations. That level, which establishes limits and sub-limits per risk type, configures the MAPFRE Group's risk appetite.

MAPFRE's structure is based on highly autonomous Units and Companies insofar as their management. The governing and management bodies of the Group approve the Units' and Companies' lines of action regarding continuous risk management and supervision through indicators and risk exposure ratios.

The Group Corporate Risk Management Area handles all significant aspects related to risk management corresponding to both the Group and the different legal undertakings belonging to it, establishing benchmark directives and criteria to be taken on, with any adaptations necessary, by the risk areas of the individual undertakings.

The Governing Bodies regularly receive half-yearly information relating to the quantification of the main risks to which the Group is exposed and the capital resources available to cover them, as well as information relating to compliance with the established risk appetite limits.

MAPFRE S.A. AND SUBSIDIARIES

Assigned capital is established in general based on estimates in accordance with the budgets from the preceding year and it is periodically reviewed throughout the year in line with the development of risks in order to ensure compliance with the established risk appetite limits.

These limits provide for certain companies requiring a higher level of capitalization, in relative terms, than the Group average, either because they operate in different countries with different legal requirements, or because their activities are subject to more stringent financial solvency requirements than those of the other Group entities.

Exposure to the types of risk coming from the Group financial instruments and insurance contracts, as well as the processes and methods used for their management and measurement are explained in sections A), B), C) and D) of this Note.

A) INSURANCE RISK

1. Sensitivity to insurance risk

This sensitivity analysis measures the effect on capital fluctuations upward and downward of the determining factors of insurance risk (number of insured risks, the average premium value, frequency and cost of claims). One measure of the sensitivity to the Non-Life insurance risk is the impact that a 1 percentage point change in the combined ratio would have on the annual results and, consequently, on equity. The following table shows this effect and the volatility index of the ratio, calculated according to the standard deviation in a five-year time horizon.

Business Units	Impact on results of 1% variation in the combined ratio		Combined ratio volatility index
	2017	2016	
Insurance			
- IBERIA	33.06	33.16	2.02%
- LATAM	23.86	22.73	1.02%
- INTERNATIONAL	36.33	15.22	2.01%
Reinsurance	17.90	16.29	0.99%
Assistance	8.38	8.10	4.30%
Global Risks	2.46	2.52	18.54%
CONSOLIDATED	103.78	97.67	1.09%

Figures in millions of euros

For the Life activity, in contrast to previous years, the Market Consistent Embedded Value (MCEV) methodology has been used. The main difference with respect to the EEV used above is that the yields of the assets and the credit risk are determined in such a way that the net flows of the assets, discounted to the origin, coincide with their market value. In this way, yields and credit risk cease to be a hypothesis and become a consequence of the market price of the assets.

MAPFRE S.A. AND SUBSIDIARIES

The Embedded Value of the Life, Accidental Death, Mutual Fund and Pension Fund insurance businesses comprises the adjusted net asset value plus the value in force, defined as follows:

- Embedded value: Adjusted Net Asset Value (ANAV) + Value of In Force Business (VIF)
- Adjusted Net Asset Value (ANAV): Adjusted Net Asset Value or ANAV is the same as equity according to the IFRS, adjusted for: committed donations and dividends; goodwill; deferred expenses; and any other element necessary to obtain the economic value of the capital.
- Value of In Force Business (VIF) = PVFP – TVFOG – Coc, being:
 - The Present Value of Future Profits or "PVFP" is equal to the present value of expected future accounting profits of the portfolio in force at the valuation date, after tax and discounted to the reference curve. The financial performance of the business in force has been calculated on the basis of interest rates on the reference curve, except for fixed interest rate assets related to Life-Savings insurance, where book yields have been used with an adjustment for credit risk based on the market value of the assets. The PVFP includes the "intrinsic value" of the FOG granted to the insured. The financial performance of future investments has been calculated based on interest rates of the reference curve.
 - TVFOG = Time value of financial options and guarantees granted to policyholders. These options are included in the contracts, which implies the existence of potentially valuable underlying guarantees, or options to change, the level or nature of policyholders' benefits and exercisable at the discretion of policyholders, whose potential value is impacted by the performance of financial variables
 - CoC = Cost of Capital. In line with Solvency II Risk Margin calculation, the CoC used in the 2016 MCEV has been measured by applying a fixed rate of 6% (gross of taxes) to the required solvency capital, excluding market risks.

In line with MCEV principles, a methodology that is aligned with Solvency II criteria has been selected, with the exception of:

- Contract limits: in products renewable annually in which the Solvency II criteria establishes that the limit of the contract with effect to the valuation is at the end of the year in progress, the criteria applied for MCEV has been to project successive renewals, considering the probability of cancellation until the contracts' maturity.
- In line with the above, the cost of capital has been calculated based on a theoretical capital requirement, which would correspond if this same contract limit were applied to the risks calculation.

As such, the key hypotheses used have been:

MAPFRE S.A. AND SUBSIDIARIES

- Discount curves: Risk-free reference rates published by EIOPA (European Insurance and Occupational Pensions Authority) at the valuation date have been used, including volatility adjustments or matching adjustments (by product).
- Risk Margin methodology has been followed for the cost of capital, including the factor of 6% per annum (before taxes).

The following table shows the composition of the embedded value of the business of MAPFRE VIDA and its controlled companies at the close of 2016 and 2015 (the figures for 2017 were not available when the consolidated annual accounts were prepared).

Item	2016 (MCEV)	2015 (EEV)
Adjusted equity	1,996.40	1,612.00
Present value of future profits	3,089.30	2,162.50
Present value of options and guarantees granted to policyholders	(93.10)	(66.20)
Cost of regulatory capital	(444.10)	(273.70)
TOTAL EMBEDDED VALUE	4,548.50	3,434.60

Figures in millions of euros

The variables to which embedded value was most sensitive in 2016 were as follows:

- A 100 basis-point increase in interest rates, which would reduce the embedded value by 290.9 million euros in the existing portfolio and by 11.1 million euros in the new business.
- A 10 percent reduction in the decline in the portfolio, which would increase the embedded value by 213 million euros in the existing portfolio and by 25.8million euros in the new business.

The insurance companies in the territorial areas of LATAM and International that operate in the Life insurance business mainly do so through risk schemes.

2. Concentrations of insurance risk

The Group has a high degree of insurance risk diversification since it operates in virtually all insurance lines in Spain and has a wide presence in the international markets.

The Group has implemented a system of procedures and limits which allows it to control the level of concentrated insurance risk.

It is standard practice to use reinsurance contracts to mitigate the insurance risk arising from the concentration or accumulation of guarantees exceeding the maximum acceptance levels.

MAPFRE S.A. AND SUBSIDIARIES

2.a) Premium amounts by risk

The following tables show the breakdown for the last two years of written direct insurance and accepted reinsurance premiums classified according to the type of business underwritten:

2017

Item	Accepted reinsurance				Direct insurance				
	Life	Non-Life		Total	Catastrophe risk	Other risks			Total
		Catastrophe risk	Other risks			Life	Non-Life		
							Automobile	Other	
Written premiums, direct insurance	--	--	--	--	263.89	4,656.44	7,210.36	7,851.65	19,982.34
Premiums from accepted reinsurance	656.70	463.84	2,377.81	3,498.35	--	--	--	--	--

Figures in millions of euros

2016

Item	Accepted reinsurance				Direct insurance				
	Life	Non-Life		Total	Catastrophe risk	Other risks			Total
		Catastrophe risk	Other risks			Life	Non-Life		
							Automobile	Other	
Written premiums, direct insurance	--	--	--	--	198.90	4,434.04	7,333.88	7,346.87	19,313.69
Premiums from accepted reinsurance	648.24	610.30	2,240.94	3,499.48	--	--	--	--	--

Figures in millions of euros

2.b) Premium income by product and segment

The following tables show premiums issued for direct insurance and accepted reinsurance by product and segment, in the last two years:

2017

Product	IBERIA	LATAM NORTH	LATAM SOUTH	BRAZIL	NORTH AMERICA	EURASIA	MAPFRE ASISTENCIA	MAPFRE GLOBAL RISK	MAPFRE	CORPORATE AREAS AND CONSOLIDATION ADJUSTMENTS	Total
Life	2,220.02	334.55	263.57	1,550.88	4.49	295.77	--	--	--	0.22	4,669.50
Automobile	2,234.65	301.08	498.12	1,205.22	1,723.11	1,227.07	79.43	--	--	(76.96)	7,191.72
Homeowners and commercial risks	891.53	106.62	207.99	477.46	712.51	113.37	--	--	--	0.79	2,510.27
Health	519.34	193.91	69.58	2.04	77.09	124.89	--	--	--	5.13	991.98
Accident	117.29	15.68	94.24	--	1.89	9.50	--	--	--	0.19	238.79
Other Non-Life	977.37	820.29	565.40	1,311.27	9.42	99.13	261.02	340.35	0.01	(732.51)	3,651.75
Reinsurance	--	--	--	--	--	--	643.06	917.07	4,222.41	(1,555.86)	4,226.68
TOTAL	6,960.20	1,772.13	1,698.90	4,546.87	2,528.51	1,869.73	983.51	1,257.42	4,222.42	(2,359.00)	23,480.69

Figures in millions of euros

MAPFRE S.A. AND SUBSIDIARIES

2016

Product	IBERIA	LATAM NORTH	LATAM SOUTH	BRAZIL	NORTH AMERICA	EURASIA	MAPFRE ASISTENCIA	MAPFRE GLOBAL RISK	MAPFRE RE	CORPORATE AREAS AND CONSOLIDATION ADJUSTMENTS	Total
Life	2,111.22	299.36	237.52	1,523.07	14.66	278.70	--	--	--	0.55	4,465.08
Automobile	2,164.98	336.10	468.52	1,232.49	1,747.46	1,337.40	68.32	--	--	(52.68)	7,302.59
Homeowners and commercial risks	947.70	111.20	170.23	437.22	728.35	100.20	--	--	--	3.12	2,498.02
Health	494.42	189.61	56.44	4.36	101.50	137.05	--	--	--	15.70	999.08
Accident	118.93	15.31	97.57	--	2.12	12.32	--	--	--	0.45	246.70
Other Non-Life	867.27	317.41	693.29	1,195.68	29.24	104.37	303.53	324.85	--	(772.62)	3,063.02
Reinsurance	--	--	--	--	--	--	694.92	887.34	4,234.75	(1,578.33)	4,238.68
	--	--	--	--	--	--	--	--	--	--	--
TOTAL	6,704.52	1,268.99	1,723.57	4,392.82	2,623.33	1,970.04	1,066.67	1,212.19	4,234.75	(2,383.81)	22,813.17

Figures in millions of euros

2.c) Premium amounts by currency

The following tables show the breakdown for the last two years of written direct insurance premiums.

Currency	Financial Year	
	2017	2016
Euro	8,472.66	8,152.09
US dollar	4,183.35	3,909.92
Brazilian real	4,546.87	4,392.83
Mexican peso	483.95	509.96
Argentine peso	243.15	242.30
Venezuelan bolivar	9.37	33.34
Turkish lira	531.53	742.66
Colombian peso	393.89	296.29
Chilean peso	171.51	185.14
Pound sterling	226.16	224.66
Other currencies	719.90	624.50
TOTAL	19,982.34	19,313.69

Figures in millions of euros

3. Claims

Section 3.4 of Note 6.14 of the annual report, "Technical Provisions", offers information about the progression of claims.

B) CREDIT RISK

1. Credit risk arising from reinsurance contracts

The following table shows the breakdown of receivables against reinsurers in the last two years:

MAPFRE S.A. AND SUBSIDIARIES

Ceded and retroceded reinsurance	Book value	
	2017	2016
· Provision for Life insurance	68.70	84.89
· Provision for outstanding claims	3,171.77	2,234.85
· Other technical provisions	1.58	6.55
· Receivables on ceded and retroceded reinsurance transactions	632.62	465.04
· Due on assigned and retroceded reinsurance transactions	(731.62)	(650.52)
TOTAL NET POSITION	3,143.05	2,140.81

Figures in millions of euros

The following table shows the breakdown of credits against reinsurers based on the financial solvency margin:

Rating	Book value	
	2017	2016
Maximum	33.41	27.51
Very high	1,080.27	400.13
High	1,350.36	1,127.07
Adequate	194.85	266.87
Weak	27.77	41.63
Not available	456.40	277.61
TOTAL NET POSITION	3,143.05	2,140.81

Figures in millions of euros

The following table shows the type and amount of the guarantees granted by reinsurers in the last two years:

Type of surety	Amount	
	2017	2016
Letters of credit	2.05	1.17
Guarantees	--	--
Pledging of assets	--	--
Other guarantees	276.69	330.14
TOTAL	278.74	331.31

Figures in millions of euros

The balances corresponding to receivables on direct insurance and co-insurance operations amounted to 4.02 and 4.32 billion euros at December 31, 2017 and 2016, respectively. Estimated losses due to impairment are recorded in the income statement as specified in accounting policy 5.9.

2. Credit risk arising from other financial instruments

The breakdown for the last two years of the portfolio of fixed-income securities, hybrid securities, deposits and cash, based on the payment capacity of issuers of fixed-income securities and financial institutions, is shown below:

MAPFRE S.A. AND SUBSIDIARIES

Credit rating	Book value							
	Held-to-maturity portfolio		Available-for-sale portfolio		Trading portfolio		Cash	
	2017	2016	2017	2016	2017	2016	2017	2016
Maximum	978.61	1,071.63	1,461.94	1,610.19	392.38	428.96	129.46	102.84
Very high	796.98	970.87	3,541.82	4,246.81	2,137.72	1,880.55	142.13	68.01
High	34.28	167.32	3,958.24	3,990.62	455.86	728.73	818.68	460.00
Adequate	66.83	85.00	21,831.15	21,760.38	699.92	476.91	511.85	298.41
Weak	44.21	25.84	672.12	999.58	24.05	35.59	164.32	403.01
Not available	82.81	82.62	77.01	34.82	138.52	154.48	97.57	118.86
TOTAL	2,003.72	2,403.28	31,542.28	32,642.40	3,848.45	3,705.22	1,864.01	1,451.13

Figures in millions of euros

3. Fixed-income securities in default

There were no fixed-income securities in default for significant amounts at December 31, 2017 and 2016.

4. Receivables

The following table shows the composition of the receivables heading at December 31, 2017 and 2016, as well as impairment losses, gains on recorded impairment reversals, and received amounts for guarantees in the last two years:

Item	Net balance on balance sheet		Impairment				Security Received	
			Recorded losses		Reversal gains			
	2017	2016	2017	2016	2017	2016	2017	2016
Receivables on direct insurance and co-insurance operations	4,019.46	4,315.06	(20.74)	(22.08)	7.72	5.99	--	--
Receivables on reinsurance operations	987.25	876.57	(0.02)	(13.69)	3.81	5.68	--	--
Tax receivables	271.67	303.79	--	--	--	--	--	--
Corporate and other receivables	1,058.72	1,156.44	(3.41)	(4.64)	2.12	8.82	--	--
TOTAL	6,337.10	6,651.86	(24.17)	(40.41)	13.65	20.49	--	--

Figures in millions of euros

C) LIQUIDITY RISK

With respect to liquidity risk, MAPFRE has a Liquidity Risk Management Policy and an Asset and Liability Management Policy, which together comprise the benchmark framework for acting in this regard. In MAPFRE, the general practice is based on maintaining cash balances sufficient to comfortably cover the commitments arising from its obligations to insured parties and creditors. Thus, at 31 December 2017, the cash and cash equivalent balance amounted to 1.86 billion euros (1.45 billion euros the previous year), equivalent to 4.25 percent of total financial investments and cash (3.30 percent at the close of 2016). For Life and Savings insurance the investment criteria applied consists in matching the maturities of investments with obligations entered into under the terms of insurance contracts in order to mitigate the long-term liquidity risk. In addition, most fixed-income investments have an investment grade and are negotiable on organized markets, providing ample capacity to act against potential liquidity stress.

Assets with maturity exceeding one year are described in the "Interest rate risk" section.

MAPFRE S.A. AND SUBSIDIARIES

Lastly, MAPFRE's low level of debt as regards shareholders' equity, combined with the amount not drawn down from the syndicated loan taken out by the controlling company, provides additional liquidity through financing operations. Note 6.13 "Financial liabilities" provides information on the Group's debt with credit institutions and its other financial liabilities.

1. Liquidity risk arising from insurance contracts

The table below shows the estimated schedule of disbursements for insurance liabilities recorded at December 31, 2017 and 2016 (non-updated amounts).

2017

Item	Estimated cash outflows in years							Closing balance
	2018	2019	2020	2021	2022	2023 to 2027	Subsequent	
Provisions for Life insurance	2,784.13	1,926.14	1,977.26	1,883.33	1,707.55	6,385.77	10,370.25	27,034.43
Provision for outstanding claims	5,542.21	2,277.51	1,058.77	564.19	380.33	929.23	499.73	11,251.97
Other technical provisions	80.54	29.41	30.21	31.33	32.61	185.43	513.32	902.85
Due on direct insurance and reinsurance operations	918.94	12.00	6.77	4.18	2.73	6.53	20.96	972.11
Due on reinsurance operations	1,111.34	0.83	0.30	0.18	0.12	0.29	105.57	1,218.63
TOTAL	10,437.16	4,245.89	3,073.31	2,483.21	2,123.34	7,507.25	11,509.83	41,379.99

Figures in millions of euros

2016

Item	Estimated cash outflows in years							Closing balance
	2017	2018	2019	2020	2021	2022 to 2026	Subsequent	
Provisions for Life insurance	2,869.19	1,881.28	1,762.65	1,888.43	1,725.72	5,824.93	11,331.95	27,284.15
Provision for outstanding claims	5,854.72	1,599.69	775.04	478.59	312.29	837.46	254.81	10,112.60
Other technical provisions	91.47	24.98	24.93	25.00	25.25	138.75	507.68	838.06
Due on direct insurance and reinsurance operations	906.14	17.42	8.79	5.50	3.48	7.98	3.71	953.02
Due on reinsurance operations	1,022.40	12.60	4.52	2.64	1.26	2.18	0.23	1,045.83
TOTAL	10,743.92	3,535.97	2,575.93	2,400.16	2,068.00	6,811.30	12,098.38	40,233.66

Figures in millions of euros

2. Liquidity risk arising from subordinated liabilities and financial liabilities

The breakdown for the last two years of disbursement maturities for subordinated and financial liabilities, excluding the financial discount, is shown below:

MAPFRE S.A. AND SUBSIDIARIES

2017

Item	Maturity in						Total
	2018	2019	2020	2021	2022	Subsequent	
Subordinated liabilities	26.25	26.25	26.25	26.25	26.25	711.47	862.50
Issue of debentures and other negotiable securities	16.25	16.25	16.25	16.25	16.25	1,065.00	1,146.25
Due to credit institutions	85.07	14.01	9.25	607.32	3.78	1.64	721.07
Other financial liabilities (not for trading, not others at fair value)	39.45	0.26	0.38	0.30	0.25	80.57	1,048.03
TOTAL	167.02	56.77	52.13	650.12	46.53	1,878.46	2,851.03

Figures in millions of euros

2016

Item	Maturity in						Total
	2017	2018	2019	2020	2021	Subsequent	
Subordinated liabilities	612.70	--	--	--	--	--	612.70
Issue of debentures and other negotiable securities	16.25	16.25	16.25	16.25	16.25	1,081.25	1,162.50
Due to credit institutions	83.38	15.46	13.78	6.23	484.40	17.42	620.67
Other financial liabilities (not for trading, not others at fair value)	46.13	2.77	0.41	0.44	0.35	6.71	56.81
TOTAL	758.46	34.48	30.44	22.92	501.00	1,105.38	2,452.68

Figures in millions of euros

D) MARKET RISK

The MAPFRE Risk Management Area carries out resilience and sensitivity tests regarding the impact of financial variables from the market on its solvency position.

The Group's Investment Area regularly conducts analyses of the sensitivity of the investment portfolio's value to market risk. Among others, the most usual indicators are the modified duration, for fixed-income securities, and the VaR, or value at risk, for equity instruments.

1. Interest rate risk

The following tables show the significant information of the last two years regarding the level of exposure to interest rate risk of the financial assets and liabilities:

Portfolio	Amount of assets exposed to interest rate risk at fair value					
	Fixed interest rate		Not exposed to risk		Total	
	2017	2016	2017	2016	2017	2016
To expiration	1,818.26	2,047.06	206.00	372.70	2,024.26	2,419.76
Available for sale	29,567.64	31,648.38	4,948.79	3,454.23	34,516.43	35,102.61
Trading	4,635.56	4,250.15	827.01	768.44	5,462.57	5,018.59
TOTAL	36,021.46	37,945.59	5,981.80	4,595.37	42,003.26	42,540.96

Figures in millions of euros

MAPFRE S.A. AND SUBSIDIARIES

The assets with a fixed interest rate include the immunized portfolios, which amounted to 15.23 and 16.02 billion euros at December 31, 2017 and 2016 respectively, thus reducing the interest rate risk.

Item	Amount of liabilities exposed to interest rate risk at fair value					
	Fixed interest rate		Not exposed to risk		Total	
	2017	2016	2017	2016	2017	2016
Subordinated liabilities	617.37	593.96	--	--	617.37	593.96
Issue of debentures and other negotiable securities	1,003.29	1,002.55	--	--	1,003.29	1,002.55
Payables to credit institutions	57.34	68.36	649.40	537.99	706.74	606.35
Other financial liabilities	803.68	440.69	431.49	311.40	1,235.17	752.09
TOTAL	2,481.68	2,105.56	1,080.89	849.39	3,562.57	2,954.95

Figures in millions of euros

The following tables show the breakdown of financial investments by maturity for 2017 and 2016.

December 31, 2017

Item	Closing balance	Maturity in:					
		1 year	2 years	3 years	4 years	5 Years	Subsequent or without maturity
<u>HELD-TO-MATURITY PORTFOLIO</u>							
Fixed income	2,003.72	413.70	100.13	112.16	89.67	248.55	1,039.51
Other investments	20.54	12.76	--	0.19	1.67	0.10	5.82
TOTAL HELD-TO-MATURITY PORTFOLIO	2,024.26	426.46	100.13	112.35	91.34	248.65	1,045.33
<u>PORTFOLIO AVAILABLE FOR SALE</u>							
Fixed income	31,542.28	2,252.52	2,195.00	2,072.70	2,242.50	2,353.05	20,426.51
Other investments	29.96	23.77	0.68	--	3.92	0.28	1.31
TOTAL PORTFOLIO AVAILABLE FOR SALE	31,572.24	2,276.29	2,195.68	2,072.70	2,246.42	2,353.33	20,427.82
<u>TRADING PORTFOLIO</u>							
Financial swaps	512.60	(59.17)	(103.86)	(127.93)	(29.46)	(99.52)	932.54
Options	1.97	1.97	--	--	--	--	--
Fixed income	3,415.04	1,980.38	133.71	226.68	403.45	139.95	530.87
Hybrids	323.91	3.36	9.17	--	168.41	116.35	26.62
Deposits	109.50	109.50	--	--	--	--	--
TOTAL TRADING PORTFOLIO	4,363.02	2,036.04	39.02	98.75	542.40	156.78	1,490.03

Figures in millions of euros

MAPFRE S.A. AND SUBSIDIARIES

December 31, 2016

Item	Closing balance	Maturity in:					
		1 year	2 years	3 years	4 years	5 Years	Subsequent or without maturity
HELD-TO-MATURITY PORTFOLIO							
Fixed income	2,403.28	396.89	231.08	150.59	124.48	109.75	1,390.49
Other investments	16.48	7.57	--	--	0.29	2.12	6.50
TOTAL HELD-TO-MATURITY PORTFOLIO	2,419.76	404.46	231.08	150.59	124.77	111.87	1,396.99
PORTFOLIO AVAILABLE FOR SALE							
Fixed income	32,642.40	2,028.24	2,425.82	2,316.96	2,121.95	2,306.40	21,443.03
Other investments	33.13	19.49	3.27	1.17	5.32	--	3.88
TOTAL PORTFOLIO AVAILABLE FOR SALE	32,675.53	2,047.73	2,429.09	2,318.13	2,127.27	2,306.40	21,446.91
TRADING PORTFOLIO							
Financial swaps	488.01	(173.06)	(47.53)	(91.22)	(116.85)	(33.15)	949.82
Options	4.21	1.32	2.89	--	--	--	--
Fixed income	3,354.11	1,840.84	405.87	133.20	137.77	236.71	599.72
Hybrids	194.80	4.19	--	--	--	165.52	25.09
Deposits	156.31	148.08	8.23	--	--	--	--
TOTAL TRADING PORTFOLIO	4,197.44	1,821.37	369.46	41.98	20.92	369.08	1,574.63

Figures in millions of euros

The average interest rate and modified duration of fixed-income investments in 2017 and 2016 are shown below:

Item	2017	2016
Average interest rate (%)	4.42	4.75
Modified duration (%)	6.72	7.03

The modified duration reflects the sensitivity of the value of the assets to movements in interest rates and represents an approximation of the percentage variation that the value of financial assets would experience for every percentage point (100 bp) of variation of interest rates.

The balances included in the "Receivables" heading under the assets on the balance sheet and in the "Due on direct insurance and co-insurance operations", "Due on reinsurance operations", "Tax liabilities" and "Other debts" accounts under the liabilities on the balance sheet do not accrue interest and they are usually settled the following year. Liabilities with a maturity exceeding one year are covered in the section "Liquidity risk arising from subordinated liabilities and financial liabilities".

MAPFRE S.A. AND SUBSIDIARIES

2. Exchange rate risk

The following table shows the breakdown of assets and liabilities regarding the currencies in which they are recorded at the end of the last two years.

Currency	Assets		Liabilities		Net Total	
	2017	2016	2017	2016	2017	2016
Euro	38,917.16	40,004.98	35,059.83	35,515.04	3,857.33	4,489.94
US dollar	12,824.95	10,813.67	9,827.60	7,709.12	2,997.35	3,104.55
Mexican peso	856.74	803.28	643.67	587.79	213.07	215.49
Brazilian real	9,157.10	10,548.31	6,859.29	7,812.56	2,297.81	2,735.75
Turkish lira	1,043.30	1,110.86	858.35	914.73	184.95	196.13
Chilean peso	388.81	334.77	319.20	253.30	69.61	81.47
Venezuelan bolivar	21.24	33.89	10.16	17.62	11.08	16.27
Argentine peso	348.31	375.82	285.34	272.87	62.97	102.95
Colombian peso	1,357.77	1,428.36	1,311.89	1,374.48	45.88	53.88
Pound sterling	485.69	425.89	419.52	312.29	66.17	113.60
Canadian dollar	50.93	58.49	15.35	40.64	35.58	17.85
Philippine peso	95.31	125.58	73.50	105.34	21.81	20.24
Peruvian sol	503.83	455.50	363.57	303.99	140.26	151.51
Other currencies	1,518.34	1,362.36	1,009.54	1,218.51	508.80	143.85
TOTAL	67,569.48	67,881.76	57,056.81	56,438.28	10,512.66	11,443.48

Figures in millions of euros

The sensitivity of the Group's equity to changes in euro exchange rates against the different currencies in which assets are stated is determined by the net total amount shown in the previous table, having deducted the amount for the non-monetary items. Similarly, the effect of these exchange rate variations on the Group's future results is determined by the volume of earnings obtained in each currency. Annex 1 provides a breakdown of the result obtained by each Group company and the country where its operations are located.

3. Stock market risk

The VaR or value at risk (maximum variation expected in a one-year time horizon and for a confidence level of 99 percent) of equities and mutual funds exposed to stock market risk amounted to 656.44 and 837.35 million euros at December 31, 2017 and 2016, respectively.

4. Property risk

At December 31, 2017 the Group had property assets representing approximately 4.36 percent of total investments and cash (4.60 percent at December 31, 2016), of which approximately 42.40 percent corresponds to its own offices (44.03 percent at December 31, 2016). This equity serves the dual function of providing administrative and sales support as well as generating revenues from investments and diversifying investments. The breakdown of these property assets is shown in the following table:

MAPFRE S.A. AND SUBSIDIARIES

Item	Net book value		Market value	
	2017	2016	2017	2016
Real estate investments	1,250.71	1,274.81	1,679.12	1,711.67
Real estate for own use	920.64	1,002.96	1,266.36	1,404.07
TOTAL	2,171.35	2,277.77	2,945.48	3,115.74

Figures in millions of euros

Unrealized gains would offset a fall in the price of the properties equivalent to approximately 26.28 percent of their market value at the close of 2017 (26.89 percent at the close of 2016).

8. OTHER INFORMATION

8.1. INFORMATION RELATED TO THE ADMINISTRATIVE BODY

In the last two years, there have not been any conflicts of interest, either direct or indirect, between the directors or the people connected to them and the Group.

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

8.2. FEES EARNED BY THE AUDITORS

The annual accounts of the controlling company and of the main Group companies for the financial year 2017 have been audited by the firm KPMG, with the main exception of the subsidiaries with registered offices in Chile, whose auditor is Ernst & Young.

The remuneration accrued by the main auditor is shown below. It is deemed that these fees do not compromise the independence of the auditors.

Item	Amount	
	2017	2016
Audit services	6.32	6.95
Other verification services	1.77	1.04
Tax services	0.04	0.09
Other services	0.01	0.34
Total services of main auditor	8.14	8.42

Figures in millions of euros

The amounts corresponding to 2016 are higher by 0.39 million euros than those included in the annual accounts of said period due to their review in 2017.

Fees for account audit services rendered by auditors other than the main auditor amounted to 0.21 million euros in 2017 (0.20 million euros in 2016).

8.3. ENVIRONMENTAL INFORMATION

The Group companies do not have any environment-related item in the last two financial years that might be significant or specifically included in these consolidated annual accounts.

8.4. INFORMATION ON AVERAGE PROVIDER PAYMENT PERIOD

Details of the payments made by the Group's fully consolidated Spanish companies to providers in the financial years 2017 and 2016 are:

Item	Days	
	2017	2016
Average provider payment period	4.78	6.06
Ratio of paid operations	4.58	5.90
Ratio of operations pending payment	26.31	23.25

Item	Millions of euros	
	2017	2016
Total payments made	1,602.55	1,656.56
Total pending payments exceeding the maximum statutory term	14.68	15.79

SUBSIDIARIES, ASSOCIATED UNDERTAKINGS AND JOINT VENTURES (APPENDIX 1)																		
Name	Address	Effective Tax Rate	Activity	Participation in Capital		Year End Figures (Thousands of Euros)								Consolidation Method		Consolidation Method for Solvency Calculation		
				Holder	Percentage	Assets		Equity		Revenue		Result for the year		2017	2016	2017	2016	
						2017	2016	2017	2016	2017	2016	2017	2016					
INSURANCE																		
BICHA																		
MAPFRE ESPAÑA COMPAÑIA DE SEGUROS Y REASEGUROS S.A.	C/ta. Pozuelo, 50 Majadahonda (Madrid) Spain	25.00%	Insurance and reinsurance	MAPFRE S.A. MAPFRE GLOBAL RISKS	81.5168 16.4825	81.5168 16.4825	7.761.856	1.577.021	2.342.223	2.369.924	4.915.756	4.866.203	318.530	278.968	(A)	(A)	(1)	(1)
CLUB MAPFRE, S.A.	C/ta. Pozuelo, 52 Majadahonda (Madrid) Spain	25.00%	Services	MAPFRE ESPAÑA MAPFRE AUTOMOCION S.A.U	99.9875 0.0125	99.9875 0.0125	6.482	6.186	4.036	3.976	12.203	11.313	93	127	(A)	(A)	(1)	(1)
CENTRO DE EXPERIMENTACIÓN Y SEGURIDAD VIAL MAPFRE S.A.	C/ta Valladolid, km 1 (Madrid) Spain	25.00%	Research, training and consultancy	MAPFRE ESPAÑA MAPFRE S.A.	99.9982 0.0018	99.9982 0.0018	19.349	18.700	17.110	16.723	13.039	12.543	397	305	(A)	(A)	(1)	(1)
MAPFRE AUTOMOCION S.A.U	C/ta. De Pamplona a Zaragoza Polígono Ind. Cordovilla (Navarra) Spain	25.00%	Consultancy services and assistance	MAPFRE ESPAÑA	100.0000	100.0000	18.064	19.424	5.720	6.508	13.854	13.247	(744)	(426)	(A)	(A)	(1)	(1)
VERTIASEGURODORA, COMPAÑIA DE SEGUROS Y REASEGUROS, S.A.	C/ta. Pozuelo, 52 Majadahonda (Madrid) Spain	25.00%	Insurance and reinsurance	MAPFRE ESPAÑA CLUB MAPFRE	99.9991 0.0009	99.9991 0.0009	178.214	193.890	74.824	75.310	80.970	86.803	167	(11.766)	(A)	(A)	(1)	(1)
GESENO URBANO, S.L.	Aida, Juan XXIII 64 (Valencia) Spain	25.00%	Development agents	MAPFRE ESPAÑA	---	50.0000	---	1.670	---	(232)	---	---	---	(B)	(C)	(B)	(C)	
ESPACIOS AVANZADOS DEL MEDITERRANEO, S.L.	C/Siete s/nº, Alburaya (Valencia) Spain	25.00%	Building and development Property	MAPFRE ESPAÑA	---	22.4992	---	2.475	---	918	---	45	---	(B)	(C)	(B)	(C)	
SERVICIOS COMERCIALES Y ENERGÉTICOS DE BENDORM, S.L.	Aida, Juan XXIII 64 (Valencia) Spain	25.00%	Development and use of Wind parks	MAPFRE ESPAÑA	---	50.0000	---	216	---	216	---	---	---	(B)	(C)	(B)	(C)	
RASTRATOR.COM LTD	C/ Juan Hurtado de Mendoza,17 28034 (Madrid) Spain	---	Online prices compare professionals	MAPFRE ESPAÑA	---	25.0000	---	---	---	---	---	---	---	---	(C)	(C)	(C)	(C)
MAPFRE CONSULTORES DE SEGUROS Y REASEGUROS, S.A.	Paseo de Rocíoletes, 25 (Madrid) Spain	25.00%	Consultancy and management services	MAPFRE ESPAÑA MAPFRE, S.A.	50.0000 50.0000	50.0000 50.0000	360	312	289	251	210	208	38	25	(A)	(A)	(1)	(1)
MULTISERVICIOS MAPFRE MULTIMAP, S.A.	C/ta. Pozuelo, 50 Majadahonda (Madrid) Spain	25.00%	Consultancy services and contracting for refurbishment and goods improvement	MAPFRE ESPAÑA CENTROS MEDICOS S.A.	97.5000 2.5000	97.5000 2.5000	22.972	25.023	11.778	10.842	53.900	58.928	1.086	1.669	(A)	(A)	(1)	(1)
FUNESPAÑA, S.A.	C/ Sult, 4 (Almería) Spain	25.00%	Services funerals	MAPFRE ESPAÑA	95.7952	95.7952	112.350	115.457	67.853	70.256	22.298	20.092	3.454	(645)	(A)	(A)	(1)	(1)
POMPES FUNEBRES DOMINGO, S.L.	C/ Mercaderes, 5 Bajo Tortosa (Tarragona)	25.00%	Funeral services	FUNESPAÑA, S.A.	75.0000	75.0000	2.124	2.176	1.580	1.398	1.596	1.661	182	211	(A)	(A)	(1)	(1)
SERVICIOS FUNERARIOS FUNEMADRID, S.A	C/ Doctor Esquerdo, 138 5º Pta Madrid	25.00%	Funeral services	FUNESPAÑA, S.A.	100.0000	100.0000	14.985	14.957	13.233	13.209	8.055	8.539	1.132	997	(A)	(A)	(1)	(1)
CEMENTERO JARDÍN DE ALCALA DE HENARES, S.A.	Carretera de Pastрана Km 3 Alcala de Henares (Madrid)	25.00%	Funeral services	FUNEMADRID	49.0000	49.0000	7.517	7.035	6.769	6.625	2.657	2.455	616	472	(C)	(C)	(C)	(C)
EMPRESA MIXTA SERVICIOS MUNICIPALES DE TARRAGONA, S.L.	Carretera Vila de Valencia, 2 Tarragona	25.00%	Funeral services	FUNESPAÑA, S.A.	49.0000	49.0000	3.413	3.466	2.591	2.926	3.220	3.951	1.136	1.470	(C)	(C)	(C)	(C)
FUNERARIA PEDROLA, S.L.	C/ Doctor Esquerdo, 138 5º Pta Madrid	25.00%	Funeral services	FUNESPAÑA, S.A.	---	100.0000	---	615	---	328	---	584	---	64	(B)	(A)	(B)	(1)
CEMENTERO PARQUE ANDUJAR, S.L.	C/ Cementerio, 4 Andujar (Jaén)	25.00%	Funeral services	FUNESPAÑA, S.A.	60.0000	60.0000	1.830	1.950	786	722	197	281	(203)	(7)	(A)	(A)	(1)	(1)
FUNETXEA, S.L.	C/ Doctor Esquerdo, 138 5º Pta Madrid	25.00%	Funeral services	FUNESPAÑA, S.A.	---	100.0000	---	12.783	---	(1.652)	---	2.682	---	(682)	(B)	(A)	(B)	(1)
SERVICIOS FUNERARIOS DE ZARAGOZA, S.L.	C/ Doctor Esquerdo, 138 5º Pta Madrid	25.00%	Funeral services	FUNESPAÑA, S.A.	70.0000	70.0000	3.440	3.608	1.368	1.376	2.585	2.649	(8)	73	(A)	(A)	(1)	(1)
GAB MANAGEMENT & CONSULTING, S.R.L.	C/ Coto, 66 2ºC Zaragoza	25.00%	Investment company	FUNESPAÑA, S.A.	77.6000	77.6000	417	410	321	313	---	---	8	23	(A)	(A)	(1)	(1)
TANATORIUM ZRT	Joséph Rtl, 49 Budapest (Hungary)	25.00%	Funeral services	FUNESPAÑA, S.A.	100.0000	100.0000	767	776	265	293	---	---	(25)	(38)	(A)	(A)	(1)	(1)
SERVICIOS Y GESTION FUNERARIA, S.A.	C/ Doctor Esquerdo, 138 5º Pta Madrid	25.00%	Funeral services	FUNESPAÑA, S.A.	---	100.0000	---	8.099	---	7.248	---	2.006	---	3.695	(B)	(A)	(B)	(1)
TANATORI BENDORM, S.L.	C/ Apelegada, 2 (Absobida en 2017 por FUNESPAÑA, S.A.)	25.00%	Funeral services	SERVICIOS Y GESTION FUNERARIA, S.A.	---	100.0000	---	10	---	(1)	---	---	---	(1)	(B)	(A)	(B)	(1)
TANATORI LA DANA D'ELX, S.L.	C/ Apelegada, 2 (Absobida en 2017 por FUNESPAÑA, S.A.)	25.00%	Funeral services	FUNESPAÑA, S.A. SERVICIOS Y GESTION FUNERARIA, S.A.	97.1400 ---	---	97	97	(97)	(97)	---	---	---	---	(A)	(A)	(1)	(1)
ZACARAS NUNO, S.L.	Avenida de los marines, 3 Sta. Cruz de Mudela (C.Real)	25.00%	Funeral services	FUNESPAÑA, S.A. SERVICIOS Y GESTION FUNERARIA, S.A.	50.0000 ---	---	174	182	104	167	7	7	(62)	(3)	(C)	(C)	(C)	(C)
INDATMAS ALCAESAR, S.L.	C/ Viana, 2 1ª A Cáceres	25.00%	Funeral services	FUNESPAÑA, S.A.	40.0000	40.0000	6.933	8.271	3.369	4.332	4.792	5.257	515	738	(C)	(C)	(C)	(C)
SALZILLO SERVICIOS FUNERARIOS, S.L.	C/ Doctor Esquerdo, 138 5º Pta Madrid	25.00%	Funeral services	FUNESPAÑA, S.A.	45.0000	45.0000	9.613	9.250	5.520	5.246	2.343	2.343	274	90	(C)	(1)	(C)	(1)
DE MENA SERVICIOS FUNERARIOS, S.L.	C/ Doctor Esquerdo, 138 5º Pta Madrid	25.00%	Funeral services	FUNESPAÑA, S.A.	70.0000	70.0000	838	813	595	616	971	1.030	175	196	(A)	(A)	(1)	(1)
FUNERARIA HISPALENSE, S.L.	Avenida de Ramon y Cajal, 5/N Dos Hermanas (Sevilla)	25.00%	Funeral services	FUNESPAÑA, S.A.	50.0000	50.0000	21	44	21	43	---	49	(23)	(73)	(C)	(C)	(C)	(C)
ISABELO ALVAREZ MAYORGA, S.A.	Carretera Añlla - Valladolid Km 08 Añlla	25.00%	Funeral services	FUNESPAÑA, S.A.	50.0000	50.0000	2.407	2.481	1.346	1.293	1.063	1.029	54	(34)	(C)	(C)	(C)	(C)
SERVICIOS FUNERARIOS DEL NERWON, S.L.	Alameda de Recalde, 10 Bilbao	25.00%	Funeral services	FUNESPAÑA, S.A.	50.0000	50.0000	55	56	26	34	135	186	19	27	(C)	(C)	(C)	(C)
NUOVO TANATORIO, S.L.	Avenida Hermanos Bau, 251 Castellón	25.00%	Funeral services	FUNESPAÑA, S.A.	50.0000	50.0000	3.573	3.290	1.811	1.394	2.239	2.165	216	124	(C)	(C)	(C)	(C)
SERVICIOS FUNERARIOS LA CARIDAD, S.L.	Carretera Santucar - Trebujena Km 1.5 Santucar de Barrameda (Cádiz)	25.00%	Funeral services	FUNESPAÑA, S.A.	50.0000	50.0000	1.423	1.369	1.344	1.308	575	497	104	73	(C)	(C)	(C)	(C)
TANATORIO DE ECJJA, S.L.	C/ Camino del Valle Ecija (Sevilla)	25.00%	Funeral services	FUNESPAÑA, S.A.	33.3300	33.3300	2.865	3.021	1.529	1.480	617	508	142	101	(C)	(C)	(C)	(C)
TANATORIO SE 30 SEVILLA, S.L.	C/ San Juan Bosco, 58 Zaragoza	25.00%	Funeral services	FUNESPAÑA, S.A.	10.0000	10.0000	15.226	15.298	8.518	8.075	2.343	2.563	1.139	1.228	(C)	(C)	(C)	(C)
ALL FUNERAR, SERVICES, S.L.	C/ Doctor Esquerdo, 138 5º Pta Madrid	25.00%	Funeral services	FUNESPAÑA, S.A.	100.0000	100.0000	10.568	10.780	1.146	1.532	72.533	75.518	1.074	1.460	(A)	(A)	(1)	(1)
FUNESPAÑA CHILE, S.L.	Santiago de Chile (Chile)	25.00%	Funeral services	FUNESPAÑA, S.A.	50.0000	50.0000	---	---	---	---	---	---	---	---	(B)	(B)	(B)	(B)
FUNEUROPEA CHILE, S.A.	Santiago de Chile (Chile)	25.00%	Familiar assistance	FUNESPAÑA, S.A.	50.0000	50.0000	---	---	---	---	---	---	---	---	(B)	(B)	(B)	(B)
FUNERARIAS REUNIDAS EL BERZO, S.A.	C/ Doctor Esquerdo, 138 5º Pta Madrid	25.00%	Funeral services	FUNESPAÑA, S.A.	85.8200	85.8200	8.089	7.519	5.755	5.762	3.233	3.333	706	716	(A)	(A)	(1)	(1)
MEDISEMAP, AGENCIA DE SEGUROS, S.L.	C/ta. Pozuelo, 52 Majadahonda (Madrid)	25.00%	Insurance Agency	MAPFRE ESPAÑA MAPFRE VDA	66.6667 33.3333	66.6667 33.3333	1.053	797	515	465	3.056	3.695	49	66	(A)	(A)	(1)	(1)
CENTROS MEDICOS MAPFRE, S.A.	C/ Castedo 56 (Madrid) Spain	25.00%	Medical services	MAPFRE ESPAÑA	100.0000	100.0000	33.085	36.829	12.132	15.840	32.175	31.286	(3.709)	(2.353)	(A)	(A)	(1)	(1)
MAPFRE VIDEO Y COMUNICACION S.A.	C/ta. Pozuelo, 50 Majadahonda (Madrid) Spain	25.00%	Asset management	MAPFRE ESPAÑA MAPFRE VDA	75.0000 25.0000	75.0000 25.0000	110.484	118.604	71.282	70.039	8.634	8.331	1.242	152	(A)	(A)	(1)	(1)
BANKINTER SEGUROS GENERALES, S.A.	Paseo de la Castellana, 29 Madrid	25.00%	Insurance and reinsurance	MAPFRE ESPAÑA	50.1000	50.1000	18.928	18.928	9.977	9.661	5.679	5.307	530	(672)	(A)	(A)	(1)	(1)
AUDATEX ESPAÑA, S.A.	Av de Barjón, 34 Parque Empresarial Omega 28108 Alcobendas (Madrid)	---	Vehicle loss assessment	MAPFRE ESPAÑA	12.5000	12.5000	13.396	---	10.296	---	21.085	---	4.509	---	(C)	(C)	(C)	(C)
ONLINE SHOPPING CLUB EUROPE, S.L.	Adolfo Pérez Esquivel, 3 28232 Parque empresarial Las Rozas	25.00%	Sales and Marketing Internet / Telephone	MAPFRE ESPAÑA	49.9000	49.9000	136	469	136	136	---	---	---	---	(C)	(C)	(C)	(C)
TECNOLOGIAS DE LA INFORMACION Y REDES PARA LAS ENTIDADES ASSEGURODORAS, S.A.	C/ Garcia Paredes, 55 Madrid	25.00%	Data processing services telematic and network.	MAPFRE ESPAÑA	22.9506	22.9506	66.454	59.487	34.817	31.569	---	---	---	---	(C)	(C)	(C)	(C)
MAPFRE QINGDAO ENTERPRISE MANAGEMENT CONSULTING UNITED COMPANY	Qingdao (China)	---	consultancy	MAPFRE ESPAÑA	100.0000	100.0000	4.085	3.817	(872)	(1.558)	63	53	(1.442)	(6.848)	(A)	(A)	(1)	(1)
AGROSEGURO	C/ Gobelés, 23 (Madrid) Spain	25.00%	Agents and insurance brokers	MAPFRE ESPAÑA	20.6000	20.7800	608.689	511.383	12.947	12.250	---	---	---	---	(C)	(C)	(C)	(C)

Name	Address	Effective Tax Rate	Activity	Participation in Capital		Year End Figures (Thousands of Euros)										Consolidation Method		Consolidation Method for Solvency Calculation		
				Holder	Percentage		Assets		Equity		Revenue		Result for the year		2017	2016	2017	2016		
					2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	(C)	(F)(C)	(I)	(F)(I)		
SALVADOR CAETANO AUTO (SGPS), S.A.	Avenida Vasco da Gama 14-10 4430-247 Vila Nova de Gaia (Portugal)	---	Agents and insurance brokers	MAPFRE ESPAÑA	26.0000	26.0000	---	---	---	---	---	---	---	---	---	---	(C)	(F)(C)	(I)	(F)(I)
MAPFRE INMUEBLES, S.G.A.	Ctra. Pozuelo, 52. Majadahonda (Madrid) Spain	25.00% (1)	Real estate	MAPFRE ESPAÑA MAPFRE, S.A. MAPFRE VIDA MAPFRE GLOBAL RISKS	76.8430 9.9977 7.0279 6.1302	76.8430 9.9977 7.0279 6.1302	654.336 663.920	482.677 478.014	47.301 64.949	4.907 (4.693)	(A)	(A)	(I)	(I)						
DESARROLLOS URBANOS CIC, S.A.	Ctra. Pozuelo, 52. Majadahonda (Madrid) Spain	25.00% (1)	Real estate	MAPFRE INMUEBLES MAPFRE, S.A.	99.9216 0.0784	99.9216 0.0784	67.318 74.138	(6.312) 1.137	---	(7.449) (1.777)	(A)	(A)	(I)	(I)						
SERVICIOS INMOBILIARIOS MAPFRE S.A.	Ctra. Pozuelo, 52. Majadahonda (Madrid) Spain	25.00% (1)	Real Estate services	MAPFRE INMUEBLES DESARROLLOS URBANOS	99.9000 0.1000	99.9000 0.1000	1.654 1.180	1.314 873	1.250	441 458	(A)	(A)	(I)	(I)						
INMO ALEMANIA GESTION DE ACTIVOS INMOBILIARIOS, S.L.	Pto. De la Castellana, 24 (Madrid) Spain	25.00% (1)	Real Estate	MAPFRE ESPAÑA MAPFRE GLOBAL RISKS	10.0000 10.0000	10.0000 10.0000	41.387 52.475	41.411 51.155	---	1.610 (20)	(C)	(C)	(I)	(I)						
MAPFRE TECH	Ctra. Pozuelo, 52. Majadahonda (Madrid) Spain	25.00% (1)(2)	IT	MAPFRE ESPAÑA MAPFRE GLOBAL RISKS MAPFRE VIDA MAPFRE RE MAPFRE ASISTENCIA MAPFRE INTERNACIONAL MAPFRE INVERSIÓN MAPFRE, S.A.	63.4693 1.6881 11.6834 0.8002 1.5684 20.0000 0.0160 0.2746	63.4693 1.6881 11.6834 0.8002 1.5684 20.0000 0.0160 0.2746	53.096 63.395	20.162 21.895	178.164 221.356	(1.776) 73	(A)	(A)	(I)	(I)						
MAPFRE SEGUROS GERIAS S.A.	Rua Castilho, 52 Lisboa (Portugal)	25.00%	Insurance and reinsurance	MAPFRE ESPAÑA MAPFRE GLOBAL RISKS	99.9994 0.0006	99.9994 0.0006	215.995 213.666	67.179	72.958	102.143	104.428	(5.187) (109)	(A)	(A)	(I)	(I)				
MAPFRE PORTUGAL SEGUROS DE VIDA S.A.	Rua Castilho, 52 Lisboa (Portugal)	25.00%	Insurance	MAPFRE SEGUROS GERIAS	100.0000	100.0000	368.512	335.465	39.000	32.700	59.630	57.004	1.661	1.106	(A)	(A)	(I)	(I)		
MAPFRE VIDA SOCIEDAD ANÓNIMA DE SEGUROS Y REASEGUROS SOBRE LA VIDA HUMANA	Camões de Pozuolo, 50 (28222) Majadahonda, Madrid (Spain)	25.00% (1)	Insurance and reinsurance	MAPFRE, S.A.	99.9114	99.9087	14.879.842	14.396.898	1.412.807	1.334.664	2.296.683	2.327.398	221.484	153.569	(A)	(A)	(I)	(I)		
CONSULTORA ACTUARIAL Y DE PENSIONES MAPFRE VIDA S.A.	Camões de Pozuolo, 50 (28222) Majadahonda	25.00% (1)	Consultancy	MAPFRE VIDA MAPFRE, S.A.	99.9339 0.0661	99.9339 0.0661	858	762	784	714	256	249	69	71	(A)	(A)	(I)	(I)		
GESTION MODA SHIPPING S.A.	Avenida General Páramo, 40 (Madrid) Spain	25.00% (1)	Management centers sales staff	MAPFRE VIDA MAPFRE, S.A.	99.9215 0.1785	99.9215 0.1785	877	1.072	677	828	1.008	1.058	(152) (29)	(A)	(A)	(I)	(I)			
MAPFRE INVERSION SOCIEDAD DE VALORES S.A.	Camões de Pozuolo, 50-1, M-4, 2ª Planta Módulo Sur (28222) Majadahonda	25.00% (1)(2)	Investment company	MAPFRE VIDA MAPFRE, S.A.	99.9991 0.0009	99.9991 0.0009	234.188 251.217	200.983	220.298	102.050	108.709	39.628	59.082	(A)	(A)	(I)	(I)			
MAPFRE ASSET MANAGEMENT, S.G.I.I.C., S.A.	Camões de Pozuolo, 50-1, M-4, 2ª Planta Módulo Norte (28222) Majadahonda Madrid (Spain)	25.00% (1)	Institution management investment entity groups	MAPFRE INVERSIÓN MAPFRE, S.A.	99.9853 0.0147	99.9853 0.0147	34.178	32.737	24.868	22.994	47.223	41.616	7.681	6.702	(A)	(A)	(I)	(I)		
MAPFRE VIDA PENSIONES, ENTIDAD GESTORA DE FONDOS DE PENSIONES S.A.	Camões de Pozuolo, 50-1, M-4, 2ª Planta Módulo Norte (28222) Majadahonda	25.00% (1)	Pension funds administration	MAPFRE INVERSIÓN MAPFRE, S.A.	99.9971 0.0029	99.9971 0.0029	71.211	77.885	73.727	74.551	24.359	23.422	1.402	1.968	(A)	(A)	(I)	(I)		
UNIÓN DEL DUERO COMPAÑÍA DE SEGUROS DE VIDA, S.A. (Salida en 2017 por pérdida de control)	P de la Castellana, 167 (Madrid) Spain	25.00% (2)	Insurance	MAPFRE VIDA	---	50.0000	---	745.162	---	67.026	---	96.442	---	15.698	(0)	(A)	(0)	(I)	(I)	
DUERO PENSIONES ENTIDAD GESTORA DE FONDOS DE PENSIONES, S.A. (Salida en 2017 por pérdida de control)	P de la Castellana, 167 (Madrid) Spain	25.00% (2)	Pension funds administration	MAPFRE VIDA	---	50.0000	---	9.098	---	8.098	---	7.897	---	1.095	(0)	(A)	(0)	(I)	(I)	
BANCA MAPFRE VIDA, S.A. DE SEGUROS Y REASEGUROS	Ctra. Pozuelo, 50 28222 (Majadahonda) Madrid	25.00% (2)	Insurance and reinsurance	MAPFRE VIDA	51.0000	51.0000	7.812.950	8.284.762	516.779	525.561	760.379	699.723	76.264	69.393	(A)	(A)	(I)	(I)		
IRACETTI S.A.	Camões de Pozuolo, 50 (28222) Majadahonda	25.00% (1)	Insurance	MAPFRE VIDA MAPFRE, S.A.	99.9991 0.0009	99.9991 0.0009	42.307	42.055	41.135	40.494	1.525	1.491	508	547	(A)	(A)	(I)	(I)		
BANKINTER SEGUROS DE VIDA, S.A.	Avenida Bruselas, 12 (Móstoles) Spain	25.00% (2)	Insurance	MAPFRE VIDA	50.0000	50.0000	1.721.017	1.427.399	172.213	167.418	441.272	286.505	51.684	46.821	(A)	(A)	(I)	(I)		
CAJA CASTILLA LA MANCHA VIDA Y PENSIONES, S.A.	C/ Camerosa, 5 (Cuencas) Spain	25.00% (2)	Insurance	MAPFRE VIDA	50.0000	50.0000	951.532	1.050.133	69.483	73.910	119.372	139.173	18.308	14.720	(A)	(A)	(I)	(I)		
MAPFRE GOOD GOVERNANCE	Ctra. Pozuelo, 50. Majadahonda (Madrid) Spain	---	Asset Management	MAPFRE INVERSIÓN	100.0000	---	39.897	---	39.343	---	---	---	---	---	(G)(A)	---	(G)(0)	---	---	
MAPFRE BERIAN EQUITY	Ctra. Pozuelo, 50. Majadahonda (Madrid) Spain	---	Asset Management	MAPFRE INVERSIÓN	100.0000	---	42.858	---	42.791	---	---	---	---	---	(G)(A)	---	(G)(0)	---	---	
MAPFRE EUROPEAN EQUITY	Ctra. Pozuelo, 50. Majadahonda (Madrid) Spain	---	Asset Management	MAPFRE INVERSIÓN	100.0000	---	52.334	---	52.255	---	---	---	---	---	(G)(A)	---	(G)(0)	---	---	
MAPFRE MULTIASSETS STRAT	Ctra. Pozuelo, 50. Majadahonda (Madrid) Spain	---	Asset Management	MAPFRE INVERSIÓN	100.0000	---	219.701	---	219.448	---	---	---	---	---	(G)(A)	---	(G)(0)	---	---	
FONDAMFRE ELECCION DECIDIDA	Ctra. Pozuelo, 50. Majadahonda (Madrid) Spain	---	Asset Management	MAPFRE VIDA MAPFRE VIDA PENSIONES MAPFRE INVERSIÓN MAPFRE PORTUGAL VIDA MAPFRE ASSET	38.4226 0.9706 9.7064 0.9706	---	28.958	---	28.760	---	---	---	---	---	(G)(A)	---	(G)(0)	---	---	
FONDAMFRE ELECCION MODERADA	Ctra. Pozuelo, 50. Majadahonda (Madrid) Spain	---	Asset Management	MAPFRE VIDA MAPFRE VIDA PENSIONES MAPFRE INVERSIÓN MAPFRE PORTUGAL VIDA MAPFRE ASSET	48.2314 0.3339 3.3924 0.3339	---	79.464	---	79.300	---	---	---	---	---	(G)(A)	---	(G)(0)	---	---	
FONDAMFRE ELECCION PRUDENTE	Ctra. Pozuelo, 50. Majadahonda (Madrid) Spain	---	Asset Management	MAPFRE VIDA MAPFRE VIDA PENSIONES MAPFRE INVERSIÓN MAPFRE ASSET	66.5798 0.2508 1.0548 0.2508	---	100.302	---	100.178	---	---	---	---	---	(G)(A)	---	(G)(0)	---	---	
FONDAMFRE DIVERSIFICACION	Ctra. Pozuelo, 50. Majadahonda (Madrid) Spain	---	Asset Management	MAPFRE PORTUGAL VIDA MAPFRE VIDA MAPFRE VIDA PENSIONES MAPFRE INVERSIÓN MAPFRE ASSET BANKIA MAPFRE VIDA CESVMAP CLUB MAPFRE MULTMAP	66.5998 3.8942 8.5882 2.4887 6.0158 0.7068 0.9654 0.7595	---	102.192	---	102.040	---	---	---	---	(G)(A)	---	(G)(0)	---	---		
FONDAMFRE BOLSA AMERICA	Ctra. Pozuelo, 50. Majadahonda (Madrid) Spain	---	Asset Management	MAPFRE VIDA MAPFRE VIDA PENSIONES MAPFRE INVERSIÓN MAPFRE ASSET IRACETTI BANKIA MAPFRE VIDA CCM VIDA MAPFRE RE MAPFRE ASISTENCIA CESVMAP MAPFRE GLOBAL RISK MAPFRE ESPAÑA MAPFRE SEGUROS GERIAS	31.6594 0.8870 2.4955 1.4381 1.1162 1.4351 2.2973 13.9286 0.2359 0.1438 1.9040 21.0020 0.2966	---	183.531	---	183.131	---	---	---	---	---	(G)(A)	---	(G)(0)	---	---	
FONDAMFRE RENTA DOLAR	Ctra. Pozuelo, 50. Majadahonda (Madrid) Spain	---	Asset Management	MAPFRE VIDA MAPFRE VIDA PENSIONES MAPFRE INVERSIÓN MAPFRE PORTUGAL VIDA BANKIA MAPFRE VIDA MAPFRE RE MAPFRE ASISTENCIA MAPFRE GLOBAL RISK MAPFRE ESPAÑA VERTI MAPFRE SEGUROS GERIAS INDUSTRIAL RE MUSINI	4.4229 3.5669 6.9274 0.6491 13.2003 0.0908 3.0396 17.6642 0.5413 0.5809 4.8060	---	101.380	---	101.192	---	---	---	---	---	(G)(A)	---	(G)(0)	---	---	

Name	Address	Effective Tax Rate	Activity	Participation in Capital		Year End Figures (Thousands of Euros)										Consolidation Method		Consolidation Method for Solvency Calculation		
				Holder	Percentage	Assets		Equity		Revenue		Result for the year		2017	2016	2017	2016			
						2017	2016	2017	2016	2017	2016	2017	2016					2017	2016	
FONDAMPRE GLOBAL F.I.	Ctra. Pozuelo, 56 Majadahonda (Madrid) Spain		Asset Management	MAPFRE VIDA MAPFRE VIDA PENSIONES MAPFRE INVERSION MAPFRE ASSET MIRACETTI BANCA MAPFRE VIDA CCM VIDA CESWAP VERTI MAPFRE PORTUGAL VIDA		35.0393 0.3125 3.0161 1.0390 1.1337 1.6104 1.3929 0.0613 0.2602 0.1428	---	161.457	---	161.026	---	---	---	---	---	---	(G/A)	---	(G/9)	---
FONDAMPRE BOLSA F.I.	Ctra. Pozuelo, 56 Majadahonda (Madrid) Spain		Asset Management	MAPFRE VIDA MAPFRE VIDA PENSIONES MAPFRE INVERSION MAPFRE ASSET MIRACETTI BANCA MAPFRE VIDA		36.6311 1.2487 1.3398 0.4605 2.1550 2.9310	---	269.099	---	268.498	---	---	---	---	---	---	(G/A)	---	(G/9)	---
BRAZIL																				
MAPFRE SEGUROS GERAS S.A.	Avd Nacoes Unidas, 11711 16. Andar Booklin Sao Paulo (Brazil)	45.00%	Insurance	MAPFRE BB SHZ PARTICIPACOES, S.A.	100.000%	100.000%	2.351.790	2.579.102	615.439	785.437	1.790.084	1.747.607	(23.614)	40.514	(A)	(A)	(7)	(7)		
MAPFRE VERA CRUZ CONSULTORIA TECNICA E ADMINISTRACAO DE FUNDOS LTDA.	Avd Nacoes Unidas, 11711 16. Andar Booklin Sao Paulo (Brazil)	34.00%	administration funds	MAPFRE HOLDING DO BRASIL LTDA	100.000%	100.000%	19.284	22.441	14.213	17.829	291	1.327	(2.088)	2.377	(A)	(A)	(1)	(1)		
BB MAPFRE SHI PARTICIPACOES, S.A.	Avd Nacoes Unidas, 11711 16. Andar Booklin Sao Paulo (Brazil)	34.00%	Holding	MAPFRE BRASIL PARTICIPACOES, S.A.	25.0100%	25.0100%	459.135	658.339	454.486	646.246	487.038	403.060	474.649	386.134	(A)	(A)	(1)	(1)		
MAPFRE CAPITALIZACAO	Avd Nacoes Unidas, 11711 16. Andar Booklin Sao Paulo (Brazil)	34.00%	Capitalization	MAPFRE BRASIL PARTICIPACOES, S.A.	100.000%	100.000%	33.732	28.762	5.575	5.115	8.782	7.699	1.275	1.194	(A)	(A)	(1)	(1)		
MAPFRE ASSISTENCIA S.A.	Avd Mamore 989, 3º Andar Alphaville Centro Industrial e Empresarial Barueri, Sao Paulo (Brazil)	34.00%	Assistance services	MAPFRE SEGUROS GERAS, S.A.	100	100.000%	3.277	3.796	1.540	1.519	2.125	2.220	336	338	(A)	(A)	(1)	(1)		
MAPFRE BB SHZ PARTICIPACOES, S.A.	Avd Nacoes Unidas, 11711 16. Andar Booklin Sao Paulo (Brazil)	34.00%	Holding	MAPFRE BRASIL PARTICIPACOES, S.A.	50.0000%	50.0000%	716.942	849.636	714.859	822.805	87.161	122.738	80.287	95.478	(A)	(A)	(1)	(1)		
MAPFRE BRASIL PARTICIPACOES, S.A.	Avd Nacoes Unidas, 11711 16. Andar Booklin Sao Paulo (Brazil)	34.00%	Holding	MAPFRE HOLDING DO BRASIL LTDA MAPFRE INTERNACIONAL FANCY INVESTMENT S.A.			7.2653 91.6570 1.0777	7.2653 91.6570 1.0777	1.087.523	1.160.857	1.082.925	1.053.428	243.823	118.762	298.148	101.392	(A)	(A)	(1)	(1)
CESI BRASIL S.A. CENTRO DE EXPERIMENTACAO E SEGURANCA WABA	Rua Amador Aguiar, 700-City Empresarial - Sao Paulo (Brazil)	34.00%	Research, training and consultancy	MAPFRE HOLDING DO BRASIL LTDA	100.000%	100.000%	5.050	7.561	4.121	5.204	7.993	8.429	(397)	310	(A)	(A)	(1)	(1)		
MAPFRE HOLDING DO BRASIL LTDA	Avd. dos Automoviles, 701 Via Yara - Chacara SP CEP 06020-000(Brazil)	34.00%	Holding	MAPFRE INTERNACIONAL MAPFRE S.A. FANCY INVESTMENT S.A.			98.7993 0.3314 0.8693	98.7993 0.3314 0.8693	116.608	122.036	114.141	119.709	12.239	7.092	11.444	5.509	(A)	(A)	(1)	(1)
MAPFRE VIDA S.A.	Avd Nacoes Unidas, 11711 16. Andar Booklin Sao Paulo (Brazil)	45.00%	Insurance	BB MAPFRE SHI PARTICIPACOES S.A.	100.000%	100.000%	292.974	344.815	97.451	125.648	234.506	227.404	9.701	24.454	(A)	(A)	(7)	(7)		
MAPFRE DISTRIBUIDORA DE TITULOS E VALORES MOBILIARIOS, S.A.	Avd Nacoes Unidas, 11711 16. Andar Booklin Sao Paulo (Brazil)	34.00%	Securities and stocks distributor	MAPFRE INVESTIMENTOS E PARTICIPACOES SA MAPFRE HOLDING DO BRASIL LTDA			99.9900 0.0100	99.9900 0.0100	4.644	5.957	3.936	4.066	11.862	11.742	1.848	676	(A)	(A)	(9)	(9)
MAPFRE PREVIDENCIA S.A.	Avenida Mº Coelho Aguiar 215 Sao Paulo (Brazil)	45.00%	Insurance	MAPFRE BRASIL PARTICIPACOES, S.A.	100.000%	100.000%	912.467	1.047.347	23.705	28.470	261.399	320.533	(918)	537	(A)	(A)	(7)	(7)		
MAPFRE INVESTIMENTOS E PARTICIPACOES, S.A.	Avd Nacoes Unidas, 11711 17. Andar Booklin Sao Paulo (Brazil)	34.00%	Holding/Insurance	MAPFRE HOLDING DO BRASIL LTDA	100.000%	100.000%	28.105	36.080	28.030	35.736	1.893	936	1.646	524	(A)	(A)	(1)	(1)		
ALIANÇA DO BRASIL SEGUROS, S.A.	R Manuél da Nobrega, 12809. Andar, Rôo de Janeiro (Brasil) Sao Paulo (Brazil)	45.00%	Insurance	MAPFRE BB SHZ PARTICIPACOES, S.A.	100.000%	100.000%	241.251	329.134	60.722	82.669	180.748	196.452	1.712	24.307	(A)	(A)	(7)	(7)		
BRASIL VEICULOS COMPANHIA DE SEGUROS, S.A.	R Senador Dantas, 105-29 parte, 30 e 31 Andares	45.00%	Insurance	MAPFRE BB SHZ PARTICIPACOES, S.A.	100.000%	100.000%	679.547	770.204	104.057	125.660	459.745	475.826	23.084	70.445	(A)	(A)	(7)	(7)		
COMPANHIA DE SEGUROS ALIANÇA DO BRASIL, S.A.	R Senador Dantas, 105-29 parte, 30 e 31 Andares	45.00%	Insurance	BB MAPFRE SHI PARTICIPACOES S.A.	100.000%	100.000%	3.014.831	3.529.157	357.046	466.032	2.060.071	1.960.117	409.701	431.217	(A)	(A)	(7)	(7)		
MAPFRE ADMINISTRACOES DE CONSORCIO S.A.	Avenida das Nações Unidas, 12.495 11º andar - São Paulo SP	34.00%	Administration of groups of consorcio	MAPFRE INVESTIMENTOS E PARTICIPACOES SA	100.000%	100.000%	2.379	3.795	1.823	3.033	2.998	3.563	(3.337)	(3.781)	(A)	(A)	(1)	(1)		
MAPFRE SAUDE LTDA	Avenida das Nações Unidas, 12.495 São Paulo-SP	34.00%	Healthcare services	MAPFRE HOLDING DO BRASIL LTDA	100.000%	100.000%	7.423	6.982	6.104	5.218	2.453	4.918	(5.902)	(2.061)	(A)	(A)	(1)	(1)		
PROTENSEG CORRETORA DE SEGUROS LTDA	Avenida da Nações Unidas, 12.495 11º andar São Paulo (Brazil)	34.00%	Insurance mediation	MAPFRE VERA CRUZ CONSULTORIA TECNICA E ADMIN.	100.000%	100.000%	539	469	402	342	34	64	118	68	(A)	(A)	(1)	(1)		
LATAM NORTH																				
MAPFRE TENEODRA DE ACC, S.A.	Costa del Este, diagonal al Business Park Panamá (Panama)	26.00%	Insurance	MAPFRE AMERICA CENTRAL, S.A.	100.000%	100.000%	50.215	61.086	38.152	40.538	3.651	3.667	2.738	2.525	(A)	(A)	(9)	(9)		
MAPFRE AMERICA CENTRAL S.A.	Costa del Este, diagonal al Business Park Panamá (Panama)	26.00%	Holding	MAPFRE INTERNACIONAL	99.9000%	99.9000%	192.590	226.333	191.218	219.078	5.124	4.991	4.762	4.589	(A)	(A)	(1)	(1)		
MAPFRE SEGUROS HONDURAS S.A.	Avenida Betty y Calle Viena, piso 7 Lomas del Guajaro Sur Edificio Plaza Azul Tegucigalpa, M.D.C. (Honduras)	30.00%	Insurance	MAPFRE TENEODRA DE ACC, S.A. MAPFRE AMERICA CENTRAL, S.A.			71.2569 25.1031	71.2600 25.0780	92.417	97.919	20.147	20.020	76.690	77.962	5.109	5.839	(A)	(A)	(9)	(9)
MAPFRE PANAMA	Costa del Este, diagonal al Business Park Panamá (Panama)	26.00%	Insurance	MAPFRE AMERICA CENTRAL, S.A.	99.3452	99.3452	318.941	346.052	85.306	89.859	225.858	217.260	11.366	11.277	(A)	(A)	(1)	(1)		
MAPFRE LA CENTRO AMERICANA S.A.	Alameda Roosevelt, 31-07 San Salvador (El Salvador)	20.00%	Insurance	MAPFRE AMERICA CENTRAL, S.A.	71.6129	78.0502	48.396	72.217	18.566	19.145	61.095	59.229	2.337	2.138	(A)	(A)	(9)	(9)		
INMOBILIARIA AMERICANA S.A.	Alameda Roosevelt, 31-07 San Salvador (El Salvador)	20.00%	Real Estate	MAPFRE AMERICA CENTRAL, S.A.	78.9000%	78.9000%	6.452	7.243	6.366	7.102	594	607	118	106	(A)	(A)	(9)	(9)		
MAPFRE SEGUROS COSTA RICA S.A.	Barrio Toumin, Edificio Avasa, 2do. Piso Diagonal al Periférico La República en intersección con C/ra de Guapiles (Ruta 12) San José (Costa Rica)	30.00%	Insurance	MAPFRE TENEODRA DE ACC, S.A.	100.000%	100.000%	34.136	29.876	10.046	10.726	36.632	27.128	889	381	(A)	(A)	(9)	(9)		
MAPFRE SEGUROS GUATEMALA S.A.	5a Avenida 5-55 Zona 14 Europa Plaza Europa Torre 4 Nivel 1a y PH. Ciudad de Guatemala(Guatemala)	25.00%	Insurance	MAPFRE TENEODRA DE ACC, S.A.	100.000%	100.000%	62.088	115.791	18.211	18.483	68.004	56.761	3.498	3.245	(A)	(A)	(9)	(9)		
MAPFRE SEGUROS NICARAGUA S.A.	Edificio Invercruz, 1er. Piso Managua (Nicaragua)	30.00%	Insurance	MAPFRE TENEODRA DE ACC, S.A.	100.000%	100.000%	17.678	23.926	7.727	8.885	16.013	15.845	858	1.326	(A)	(A)	(9)	(9)		
MAPFRE DOMINICANA S.A.	Ave Abraham Lincoln, 952 esq José Amado Soler Ensanche Plantini, Santo Domingo (República Dominicana)	27.00%	Holding	MAPFRE INTERNACIONAL CREDI PRMAS, S.A.			99.9999 0.0001	99.9991 ---	14.960	22.836	14.951	22.826	13	14	3	(2)	(A)	(A)	(9)	(9)
MAPFRE BID COMPANIA DE SEGUROS, S.A.	Ave Abraham Lincoln, 952 esq José Amado Soler Ensanche Plantini, Santo Domingo (República Dominicana)	27.00%	Insurance	MAPFRE DOMINICANA	51.0000%	51.0000%	202.388	199.966	59.719	62.339	139.535	132.256	17.771	16.009	(A)	(A)	(9)	(9)		
CREDI PRMAS, S.A.	Ave Abraham Lincoln, 952 esq José Amado Soler Ensanche Plantini, Santo Domingo (República Dominicana)	27.00%	Policy Financing	MAPFRE BID COMPANIA DE SEGUROS S.A.	100.000%	100.000%	1.528	1.756	386	426	164	163	28	(15)	(A)	(A)	(9)	(9)		
MAPFRE TEPEYAC S.A.	Avenida Paseo de la Reforma 243 Colonia Cuauhtémoc Delegación Cuauhtémoc México, Dobleto Federal C.P. 06500	30.00%	Insurance	MAPFRE INTERNACIONAL GRUPO CORPORATIVO LML			55.6602 44.3398	55.6602 44.3398	1.906.906	1.461.737	174.914	214.197	1.231.410	756.547	1.389	2.979	(A)	(A)	(7)	(7)
GRUPO CORPORATIVO LML S.A. DE CV.	Avenida Paseo de la Reforma 243 Colonia Cuauhtémoc Delegación Cuauhtémoc México, Dobleto Federal C.P. 06500	30.00%	Holding	MAPFRE INTERNACIONAL	100.000%	100.000%	48.792	52.726	48.792	52.726	6	5	---	(37)	(A)	(A)	(1)	(1)		

Name	Address	Effective Tax Rate	Activity	Participation in Capital		Year End Figures (Thousands of Euros)										Consolidation Method		Consolidation Method for Solvency Calculation	
				Holder		Assets		Equity		Revenue		Result for the year		2017	2016	2017	2016		
				2017	2016	2017	2016	2017	2016	2017	2016	2017	2016						
MAPPRE UNIDAD DE SERVICIOS S.A. DE C.V.	Colonia Cuauhtémoc, Delegación Cuauhtémoc, México, Distrito Federal C.P. 06500	30.00%	Medical services	■ MAPPRE TEPEYAC	99.9982	99.9982	3,017	2,886	2,199	2,211	7,402	8,235	113	11	(A)	(A)	(7)	(7)	
MAPPRE ASSET DEFENSA LEGAL MEXICANA S.A. DE C.V.	Avenida Paseo de la Reforma 243 Colonia Cuauhtémoc, Delegación Cuauhtémoc, México, Distrito Federal C.P. 06500	30.00%	Legal affairs	■ MAPPRE TEPEYAC	100.0000	100.0000	905	910	755	745	1,824	2,056	71	19	(A)	(A)	(7)	(7)	
MAPPRE TEPEYAC INC.	109 Ecos San Ysidro Blvd No. 65 San Héctor California, EEUU	30.00%	Motor insurance tourism	■ MAPPRE TEPEYAC	100.0000	100.0000	10	24	10	24	---	---	(12)	(6)	(A)	(A)	(7)	(7)	
MAPPRE TEPEYAC ASESORES (Liquidada en 2.017)	Avenida Paseo de la Reforma 243 Colonia Cuauhtémoc, Delegación Cuauhtémoc, México, Distrito Federal C.P. 06500	30.00%	Pension funds administration	■ MAPPRE INTERNACIONAL ■ MAPPRE TEPEYAC	---	51.0000 16.0000	---	330	---	330	---	10	---	6	(B)	(A)	(B)	(9)	
MAPPRE SERVICIOS MEXICANOS	Avenida Paseo de la Reforma 243 Colonia Cuauhtémoc, Delegación Cuauhtémoc, México, Distrito Federal C.P. 06500	30.00%	Servicios de agente provisional col	■ MAPPRE TEPEYAC	99.9900	99.9900	77	19	27	16	225	17	13	1	(A)	(A)	(7)	(7)	
CEMEXICO, S.A.	Calle 1 Sur No. 101 Parque Industrial Toluca 2000 Toluca México, Estado de México	30.00%	Research center	■ MAPPRE TEPEYAC	16.6700	16.6700	5,049	5,632	3,426	4,894	6,849	6,592	276	(132)	(D)	(D)	(9)	(9)	
MAPPRE FINANZAS S.A.	Avenida Paseo de la Reforma 243 Colonia Cuauhtémoc, Delegación Cuauhtémoc, México, Distrito Federal C.P. 06500	30.00%	Insurance	■ MAPPRE TEPEYAC	100.0000	100.0000	18,658	20,196	6,326	6,035	9,535	10,686	811	1,017	(A)	(A)	(7)	(7)	
LATAM SOUTH																			
MAPPRE ARGENTINA HOLDING S.A.	Avda. Juana Manso, 205 C 1107CBE Puerto Madero Buenos Aires (Argentina)	35.00%	Holding	■ MAPPRE INTERNACIONAL ■ APPOINT	99.9997 0.0003	99.9996 0.0004	33,975	45,798	32,458	44,030	17	25	(541)	(9,879)	(A)	(A)	(1)	(1)	
MAPPRE ARGENTINA SEGUROS S.A.	Avda. Juana Manso, 205 C 1107CBE Puerto Madero Buenos Aires (Argentina)	35.00%	Insurance	■ MAPPRE ARGENTINA HOLDING	99.9988	99.9988	285,917	277,422	39,181	40,726	296,583	282,890	10,411	7,857	(A)	(A)	(1)	(1)	
CLUB MAPPRE ARGENTINA	Avda. Juana Manso, 205 C 1107CBE Puerto Madero Buenos Aires (Argentina)	35.00%	Provision of services	■ MAPPRE ARGENTINA HOLDING ■ MAPPRE ARGENTINA VIDA	97.0200 3.0000	97.0200 3.0000	1,387	607	780	51	1,351	787	878	---	(A)	(A)	(1)	(1)	
MAPPRE ARGENTINA SEGUROS DE VIDA S.A.	Avda. Juana Manso, 205 C 1107CBE Puerto Madero Buenos Aires (Argentina)	35.00%	Insurance	■ MAPPRE INTERNACIONAL ■ MAPPRE ARGENTINA HOLDING	64.0000 36.0000	64.0000 36.0000	34,420	39,984	3,443	6,522	32,283	39,554	(1,706)	3,817	(A)	(A)	(9)	(9)	
CEM ARGENTINA, S.A.	Calle 9 Y 17, Parque Ind. Pilar-Buenos Aires (Argentina)	35.00%	Research, training and consultancy	■ MAPPRE ARGENTINA SEGUROS	60.6400	60.6400	12,087	10,661	7,949	5,954	16,830	14,025	4,148	3,378	(A)	(A)	(1)	(1)	
MAPPRE CHILE SEGUROS S.A.	hidra Goyenechea 3520 p 16 Las Condes Santiago de Chile (Chile)	24.00%	Holding	■ MAPPRE INTERNACIONAL	100.0000	100.0000	74,457	77,668	73,434	77,233	1,248	4,154	783	3,832	(A)	(A)	(1)	(1)	
MAPPRE CHILE ASESORIAS, S.A.	hidra Goyenechea 3520 p 16 Las Condes Santiago de Chile (Chile)	24.00%	Investment company	■ MAPPRE CHILE SEGUROS ■ MAPPRE INTERNACIONAL	99.9999 0.0001	99.9999 0.0001	8,559	8,956	8,549	8,946	136	66	---	---	(A)	(A)	(1)	(1)	
MAPPRE COMPANIA DE SEGUROS GENERALES DE CHILE S.A.	hidra Goyenechea 3520 p 16 Las Condes Santiago de Chile (Chile)	24.00%	Insurance	■ MAPPRE CHILE SEGUROS ■ MAPPRE CHILE ASESORIAS, S.A.	87.2900 12.7100	87.2900 12.7100	533,083	622,690	71,925	74,945	299,867	363,024	1,371	3,020	(A)	(A)	(1)	(1)	
MAPPRE CHILE VIDA, S.A.	hidra Goyenechea 3520 p 16 Las Condes Santiago de Chile (Chile)	24.00%	Holding	■ MAPPRE INTERNACIONAL	100.0000	100.0000	15,328	16,164	15,328	16,088	340	340	(47)	487	(A)	(A)	(9)	(9)	
MAPPRE COMPANIA DE SEGUROS DE VIDA DE CHILE	hidra Goyenechea 3520 p 16 Las Condes Santiago de Chile (Chile)	24.00%	Insurance	■ MAPPRE CHILE VIDA ■ MAPPRE INTERNACIONAL	99.9968 0.0032	99.9968 0.0032	66,298	67,364	14,508	15,620	14,811	14,583	(194)	845	(A)	(A)	(9)	(9)	
MAPPRE SEGUROS GENERALES DE COLOMBIA S.A.	Carrera, 14, nº 96-34 Santa Fe de Bogotá (Colombia)	42.00%	Insurance	■ MAPPRE INTERNACIONAL ■ APPOINT	94.2731 5.7209	94.2731 5.7209	481,238	452,514	75,385	61,834	274,933	295,947	9,555	1,919	(A)	(A)	(1)	(1)	
CREDMAPPRE	Carrera, 14, nº 96-34 Santa Fe de Bogotá (Colombia)	42.00%	Finance Real Estate	■ GESTMAP	---	5,0854	28,229	29,453	3,145	3,468	3,807	2,996	38	(567)	(A)	(A)	(1)	(1)	
GESTMAP S.A. (Liquidada en 2.017)	Carrera, 14, nº 96-34 Santa Fe de Bogotá (Colombia)	42.00%	Information about Vehicle spare parts	■ MAPPRE SEGUROS GENERALES DE COLOMBIA ■ MAPPRE SEGUROS GENERALES DE COLOMBIA ■ CREDMAPPRE ■ SOLLINCO COLOMBIA SEGUROS DE CREDITO ■ MAPPRE COLOMBIA VIDA S.A. ■ CESVI COLOMBIA, S.A. ■ CREDMAPPRE	99.9998 ---	94.9144 3.9854 0.0001 ---	---	---	---	---	---	---	---	---	(B)	(A)	(B)	(1)	
AUTOMOTORES CAPITAL LTDA (Liquidada en 2.017)	Carrera, 14, nº 96-34 Santa Fe de Bogotá (Colombia)	42.00%	Repair, purchase and sale of vehicles.	■ MAPPRE INTERNACIONAL	---	---	---	---	---	---	---	---	---	---	(B)	(B)	(B)	(9)	
MAPPRE COLOMBIA VIDA S.A.	Carrera, 14, nº 96-34 Santa Fe de Bogotá (Colombia)	42.00%	Insurance	■ MAPPRE INTERNACIONAL	94.3541	94.3541	952,979	994,259	66,716	73,217	184,452	181,307	687	(32,729)	(A)	(A)	(1)	(1)	
CESVI COLOMBIA, S.A.	Carrera 07, Nam 15-87 Santa Fe de Bogotá (Colombia)	42.00%	Research, training and consultancy	■ MAPPRE SEGUROS GENERALES DE COLOMBIA ■ MAPPRE COLOMBIA VIDA	---	5.4434 62.3309	4,915	5,028	3,772	4,109	4,973	4,277	494	359	(A)	(A)	(1)	(1)	
MAPPRE SERVICIOS EJECUTIVOS SAS	Carrera, 14, nº 96-34 Santa Fe de Bogotá (Colombia)	42.00%	Provision of services assistance	■ CREDMAPPRE	100.0000	100.0000	3,087	5,135	773	1,361	14,145	12,920	(299)	770	(A)	(A)	(1)	(1)	
MAPPRE ATLAS COMPANIA DE SEGUROS, S.A.	Kennedy y Norte, Justino Corrajo y Andía, Luis Dravida, Edificio Torres Altas, Guayaquil (Ecuador)	22.00%	Insurance	■ MAPPRE INTERNACIONAL	60.0000	60.0000	55,709	69,336	12,825	13,048	52,195	45,362	1,652	914	(A)	(A)	(9)	(9)	
MAPPRE PARAGUAY COMPANIA DE SEGUROS S.A.	Av. Mariscal López, 910 Asunción (Paraguay)	10.00%	Insurance	■ MAPPRE INTERNACIONAL	89.5400	89.5400	92,661	108,992	40,853	41,975	73,555	67,836	6,103	4,966	(A)	(A)	(9)	(9)	
MAPPRE PERU COMPANIA DE SEGUROS Y REASEGUROS	Av. Venancio de Julio, 873 Miraflores - Lima 18 (Peru)	28.00%	Insurance and reinsurance	■ MAPPRE INTERNACIONAL	99.2900	99.2900	599,109	514,672	105,405	97,246	301,873	316,313	19,318	16,166	(A)	(A)	(1)	(1)	
MAPPRE PERU ENTIDAD PRESTADORA DE SALUD	Av. Venancio de Julio, 873 Miraflores - Lima 18 (Peru)	28.00%	Healthcare assistance	■ MAPPRE INTERNACIONAL ■ MAPPRE PERU CIA. SEGUROS Y REASEGUROS	98.5900 1.4100	98.5900 1.4100	13,018	12,023	4,823	4,167	45,595	38,598	978	1,200	(A)	(A)	(1)	(1)	
MAPPRE PERU VIDA, COMPANIA DE SEGUROS, S.A.	Av. Venancio de Julio, 873 Miraflores - Lima 18 (Peru)	28.00%	Insurance	■ MAPPRE INTERNACIONAL	67.2725	67.2725	339,864	369,424	71,186	67,765	183,681	158,576	21,689	17,100	(A)	(A)	(1)	(1)	
CORPORACION FINSTERRE, S.A.	Av. Venancio de Julio, 873 Miraflores - Lima 18 (Peru)	28.00%	Funeral services	■ MAPPRE PERU VIDA	100.0000	100.0000	1,575	1,989	1,493	1,651	342	2,579	(7)	55	(A)	(A)	(1)	(1)	
APPOINT S.A.	Col. 963 Plaz 3 Montevideo (Uruguay)	30.00%	Holding	■ MAPPRE INTERNACIONAL	100.0000	100.0000	11,568	10,657	3,667	4,441	---	1	(239)	(182)	(A)	(A)	(9)	(9)	
MAPPRE LA URUGUAYA S.A.	Avda. 18 de Julio, 988 Montevideo (Uruguay)	30.00%	Insurance	■ MAPPRE INTERNACIONAL	100.0000	100.0000	147,913	157,441	30,921	26,837	125,168	111,504	6,453	6,946	(A)	(A)	(9)	(9)	
MAPPRE LA SEGURIDAD S.A.	Avenida Francisco de Miranda, Torre Financiera Caracas, piso 14, Urbanización La Castellana, Chacao, Estado Miranda	40.00%	Insurance and reinsurance	■ MAPPRE INTERNACIONAL	99.5159	99.5159	72,585	102,352	52,762	77,380	60,674	126,432	(8,035)	4,626	(A)	(A)	(9)	(9)	
CEFOPROSEG C.A.	Avenida Francisco de Miranda, Torre Financiera Caracas, piso 14, Urbanización La Castellana, Chacao, Estado Miranda	40.00%	Education	■ MAPPRE LA SEGURIDAD	100.0000	100.0000	---	1	---	---	1	6	---	---	(A)	(A)	(9)	(9)	
INVERSORA SEGURIDAD C.A.	Avenida Francisco de Miranda, Torre Financiera Caracas, piso 14, Urbanización La Castellana, Chacao, Estado Miranda	40.00%	Policy Financing	■ MAPPRE LA SEGURIDAD	100.0000	100.0000	2,900	6,133	1,765	3,057	60	3,585	(974)	(3,222)	(A)	(A)	(9)	(9)	
CLUB MAPPRE S.A.	Avenida Francisco de Miranda, Torre Financiera Caracas, piso 14, Urbanización La Castellana, Chacao, Estado Miranda	40.00%	Provision of services	■ MAPPRE LA SEGURIDAD	100.0000	100.0000	7	1	7	1	---	1	(5)	(6)	(A)	(A)	(9)	(9)	
AUTOMOTRIZ MULTISERVICAR, C.A.	Avenida Francisco de Miranda, Torre Financiera Caracas, piso 14, Urbanización La Castellana, Chacao, Estado Miranda	40.00%	Vehicles workshop	■ MAPPRE LA SEGURIDAD	100.0000	100.0000	9	27	(5)	18	16	161	(17)	(24)	(A)	(A)	(9)	(9)	
AMA ASISTENCIA MEDICA ADMINISTRADA, C.A.	Avenida Francisco de Miranda, Torre Financiera Caracas, piso 12, Urbanización La Castellana, Chacao, Estado Miranda	40.00%	Healthcare services	■ MAPPRE INTERNACIONAL	99.7000	99.7000	13	15	9	9	20	59	3	(9)	(A)	(A)	(9)	(9)	
UNIDAD EDUCATIVA D.R.FERNANDO BRAVO PEREZ CA	Avenida Francisco de Miranda, Torre Financiera Caracas, piso 13, Urbanización La Castellana, Chacao, Estado Miranda	40.00%	Learning center	■ MAPPRE LA SEGURIDAD	100.0000	100.0000	---	---	---	---	---	1	---	---	(A)	(A)	(9)	(9)	
NORTH AMERICA																			
MAPPRE INSURANCE COMPANY OF FLORIDA	5959 Blue Lagoon Drive, Suite 400, Miami (E.E.U.U.)	40.00%	Insurance	■ COMMERCE INSURANCE	100.0000	100.0000	87,889	98,009	29,465	34,140	61,565	63,705	(664)	803	(A)	(A)	(7)	(7)	
MAPPRE INSURANCE COMPANY	100 Campus Drive, New Jersey 07932 2007 (E.E.U.U.)	40.00%	Insurance and reinsurance	■ COMMERCE INSURANCE	100.0000	100.0000	63,722	70,311	21,565	24,480	43,940	44,768	(48)	528	(A)	(A)	(7)	(7)	
MAPPRE INTERMEDIARIES	5959 Blue Lagoon Drive, Suite 400, Miami (E.E.U.U.)	40.00%	Services	■ COMMERCE INSURANCE	100.0000	100.0000	515	641	508	565	---	---	13	39	(A)	(A)	(7)	(7)	

Name	Address	Effective Tax Rate	Activity	Participation in Capital		Year End Figures (Thousands of Euros)												
				Holder	Percentage	Assets		Equity		Revenue		Result for the year		Consolidation Method		Consolidation Method for Solvency Calculation		
						2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	
MAPFRE USA CORPORATION INC	211 Main Street, Webster, MA 01570 (EE.UU.)	40.00%	Holding	MAPFRE INTERNACIONAL	100.0000	100.0000	1,054,163	1,229,025	1,052,540	1,215,518	28,287	74,766	28,058	74,806	(A)	(A)	(1)	(1)
THE COMMERCE INSURANCE COMPANY	211 Main Street, Webster, MA 01570 (EE.UU.)	40.00%	Insurance	MAPFRE USA CORPORATION	100.0000	100.0000	2,495,061	2,695,476	723,917	771,957	1,676,310	1,738,877	52,752	45,840	(A)	(A)	(7)	(7)
THE CITATION INSURANCE COMPANY	211 Main Street, Webster, MA 01570 (EE.UU.)	40.00%	Insurance	MAPFRE USA CORPORATION	100.0000	100.0000	209,558	232,895	72,365	80,737	148,176	153,971	82	3,803	(A)	(A)	(7)	(7)
MAPFRE TECH USA CORPORATION	211 Main Street, Webster, MA 01570 (EE.UU.)	---	IT	MAPFRE USA CORPORATION	100.0000	---	34,757	---	28,915	---	55	---	4,137	6,345	(G)(A)	---	(G)(7)	---
ACIC HOLDINGS COMPANY, INC.	215 Main Street, Webster, MA 01570 (EE.UU.)	40.00%	Holding	MAPFRE USA CORPORATION	95.0000	95.0000	201,230	226,053	201,197	225,989	7,056	6,346	7,050	6,445	(A)	(A)	(7)	(7)
AMERICAN COMMERCE INSURANCE COMPANY	3590 Twin Creeks Drive, Columbus, OH 43204 (EE.UU.)	40.00%	Insurance	ACIC HOLDINGS	100.0000	100.0000	282,649	318,290	100,759	118,348	179,162	184,478	1,051	3,408	(A)	(A)	(7)	(7)
MM REAL ESTATE, LLC	Blue Lagoon, Drive Suite, 200 Miami E. E. U.L.U.	40.00%	Real Estate	COMMERCE INSURANCE	100.0000	100.0000	57,740	63,175	57,482	63,207	6,293	4,302	2,168	131	(A)	(A)	(7)	(7)
THE COMMERCE WEST INSURANCE COMPANY	4301 Hacienda Drive, Suite 200, Pleasanton, CA 94588 (EE.UU.)	40.00%	Insurance	ACIC HOLDINGS	100.0000	100.0000	148,562	161,923	53,812	57,072	104,911	105,680	3,375	4,462	(A)	(A)	(7)	(7)
MAPFRE INSURANCE COMPANY OF NEW YORK	20 Main Street Hempstead, NY 11550 (EE.UU.)	40.00%	Insurance	ACIC HOLDINGS	100.0000	100.0000	128,739	144,909	43,094	50,494	91,554	94,204	145	1,727	(A)	(A)	(7)	(7)
BIGELOW & OLD WORCESTER, LLC	211 Main Street, Webster, MA 01570 (EE.UU.)	40.00%	Real Estate	COMMERCE INSURANCE	100.0000	100.0000	1,716	2,121	1,715	1,958	---	421	(3)	233	(A)	(A)	(1)	(1)
BFC HOLDING CORPORATION	211 Main Street, Webster, MA 01570 (EE.UU.)	40.00%	Financial services	MAPFRE USA CORPORATION	100.0000	100.0000	879	953	779	293	362	183	223	(A)	(A)	(1)	(1)	
MAPFRE LIFE INSURANCE CO.	211 Main Street, Webster, MA 01570 (EE.UU.)	40.00%	Insurance	MAPFRE USA CORPORATION	100.0000	100.0000	21,154	34,387	20,671	24,867	(287)	---	1,799	(1,585)	(A)	(A)	(7)	(7)
VERTI INSURANCE COMPANY	211 Main St, Webster, MA 01570 (EE.UU.)	40.00%	Insurance	MAPFRE USA CORPORATION	100.0000	100.0000	34,118	22,010	20,366	7,417	14,176	---	(224)	(49)	(A)	(A)	(7)	(7)
MAPFRE PRACO CORPORATION	Urb. Tres Morjitas Industrial 297 Avda Carlos Chardón Hato Rey San Juan (Puerto Rico)	40.00%	Holding	MAPFRE INTERNACIONAL	100.0000	100.0000	118,855	120,676	118,480	126,768	70	8,426	(742)	5,239	(A)	(A)	(1)	(1)
MAPFRE PRACO INSURANCE COMPANY	Urb. Tres Morjitas Industrial 297 Avda Carlos Chardón Hato Rey San Juan (Puerto Rico)	40.00%	Insurance	MAPFRE PRACO CORPORATION	100.0000	100.0000	1,113,147	360,793	133,617	143,201	238,808	204,479	(25,314)	17,317	(A)	(A)	(1)	(1)
MAPFRE PAN AMERICAN INSURANCE COMPANY	Urb. Tres Morjitas Industrial 297 Avda Carlos Chardón Hato Rey San Juan (Puerto Rico)	40.00%	Insurance	MAPFRE PRACO CORPORATION	100.0000	100.0000	118,567	21,651	14,737	9,689	53,750	8,641	4,519	293	(A)	(A)	(1)	(1)
MAPFRE INSURANCE AGENCY OF PUERTO RICO, INC.	Urb. Tres Morjitas Industrial 297 Avda Carlos Chardón Hato Rey San Juan (Puerto Rico)	40.00%	Insurance Mediation	MAPFRE PRACO CORPORATION	100.0000	100.0000	1,944	1,585	1,343	975	---	---	246	121	(A)	(A)	(1)	(1)
MAPFRE FINANCE OF PUERTO RICO CORP	Urb. Tres Morjitas Industrial 297 Avda Carlos Chardón Hato Rey San Juan (Puerto Rico)	40.00%	Finance	MAPFRE PRACO CORPORATION	100.0000	100.0000	4,973	6,943	3,022	3,647	412	470	44	113	(A)	(A)	(1)	(1)
MAPFRE LIFE INSURANCE COMPANY	Urb. Tres Morjitas Industrial 297 Avda Carlos Chardón Hato Rey San Juan (Puerto Rico)	40.00%	Insurance and reinsurance	MAPFRE PRACO CORPORATION	100.0000	100.0000	63,870	73,095	26,048	21,617	84,900	122,999	3,852	(9,471)	(A)	(A)	(1)	(1)
MAPFRE SOLUTIONS, INC	Urb. Tres Morjitas Industrial 297 Avda Carlos Chardón Hato Rey San Juan (Puerto Rico)	40.00%	Guarantee Contract Extended and protection against theft	MAPFRE PRACO CORPORATION	100.0000	100.0000	13,490	15,535	1,574	1,132	2,855	1,566	423	471	(A)	(A)	(1)	(1)
MULTISERVICAR INC	Calle Celestial Eq. Joaquina Bo. Cangrejo Arriba Carolina (Puerto Rico)	40.00%	Workshop	MAPFRE PRACO CORPORATION	100.0000	100.0000	9,067	10,037	1,498	1,524	2,010	1,524	104	(322)	(A)	(A)	(1)	(1)
EUROPEAN																		
VERTI VERSICHERUNG AG (EA 2016 DIRECT LINE VERSICHERUNG AKTIENGESELLSCHAFT)	Rheinstraße 7a 14513 Teltow Germany	29.72%	Insurance	MAPFRE INTERNACIONAL	100.0000	100.0000	558,882	543,726	155,086	150,721	319,339	297,844	7,621	4,791	(A)	(A)	(1)	(1)
DIRECT LINE INSURANCE S.P.A	Via Alessandro Volta, 16 20093 Cologno Monzese (MI) Italia	31.40%	Insurance	MAPFRE INTERNACIONAL	100.0000	100.0000	1,315,182	1,206,201	208,079	133,543	487,789	488,036	(10,588)	(43,053)	(A)	(A)	(1)	(1)
MAPFRE MIDDLESEA P.L.C. (EA 2016 MIDDLESEA INSURANCE P.L.C.)	Middle Sea House Floriana JTL 16 (Malta)	35.00%	Insurance	MAPFRE INTERNACIONAL	54.5627	54.5627	111,380	103,425	26,367	20,845	70,447	63,709	9,296	1,311	(A)	(A)	(1)	(1)
MAPFRE M.S.V. LIFE P.L.C. (EA 2016 M.S.V. LIFE P.L.C.)	Middle Sea House Floriana FRN 9010 (Malta)	35.00%	Insurance	MAPFRE MIDDLESEA INSURANCE P.L.C.	50.0000	50.0000	2,116,600	1,930,014	161,095	160,018	406,690	357,862	10,210	8,516	(A)	(A)	(1)	(1)
BEE INSURANCE MANAGEMENT LTD	4th Floor Development House st Anne Street Floriana FRN 9010 (Malta)	35.00%	Consultancy services and management	MAPFRE MIDDLESEA INSURANCE P.L.C.	100.0000	100.0000	1,791	2,574	1,570	2,513	922	888	207	458	(A)	(A)	(1)	(1)
GROWTH INVESTMENTS LIMITED	Pjazza Papa Giovanni XXIII Floriana, FRN 1420, Malta	35.00%	Service provision Investment	MAPFRE M.S.V. LIFE P.L.C.	100.0000	100.0000	691	1,006	583	770	569	572	88	76	(A)	(A)	(6)	(6)
CHURCH WARP PROPERTIES	Middle Sea House, St Publius Street Floriana FRN 1442 (Malta)	35.00%	Property assets management	MAPFRE MIDDLESEA INSURANCE P.L.C.	50.0000	50.0000	2,817	2,535	2,536	2,449	---	---	85	85	(B)	(B)	(9)	(9)
EURO GLOBE HOLDINGS LIMITED	Middle Sea House, St Publius Street Floriana FRN 1442 (Malta)	35.00%	Finance	MAPFRE M.S.V. LIFE P.L.C.	100.0000	100.0000	1,120	1,194	1,118	1,123	(5)	---	(8)	(8)	(B)	(B)	(9)	(9)
EUROMED RISKS SOLUTIONS LIMITED	4th Floor Development House st Anne Street Floriana FRN 9010 (Malta)	35.00%	Consultancy services and management	BEE INSURANCE MANAGEMENT LTD	100.0000	100.0000	66	137	22	23	146	134	17	14	(A)	(A)	(1)	(1)
MAPFRE SIGORTA A.S.	Yenişehir Mah. İsmak Cad. No:11 34435 Salişpazarı İstanbul (Turquía)	20.00%	Insurance	MAPFRE INTERNACIONAL	99.7450	99.7450	914,010	958,412	174,534	185,765	713,783	889,438	49,688	33,170	(A)	(A)	(1)	(1)
MAPFRE YASAM SIGORTA A.S.	Yenişehir Mah. İsmak Cad. No:11 K.3 34435 Salişpazarı İstanbul (Turquía)	20.00%	Insurance	MAPFRE SIGORTA	99.5000	99.5000	10,725	11,667	3,878	4,778	6,176	5,531	(22)	(1,065)	(A)	(A)	(1)	(1)
GENEL SERVİS A.S.	Geçirgenli Caddesi No:2 34020 Beyrampaza - İstanbul (Turquía)	20.00%	Vehicles workshop	MAPFRE SIGORTA	51.0000	51.0000	1,874	2,058	462	654	1,905	2,327	150	401	(A)	(A)	(1)	(1)
MAPFRE INSULAR INSURANCE CORPORATION	Acacia Ave Mandigal Business Park Ayala Alabang, Muntinlupa City (Filipinas)	30.00%	Insurance	MAPFRE INTERNACIONAL	74.9384	74.9384	77,345	109,166	18,570	22,204	42,153	44,542	209	(3,050)	(A)	(A)	(9)	(9)
PT ASURANSI BINA DAHA ARTA TBK	Pisara Asea 27 Th. Box 5, Jend. Sudirman Kav. 59 - JAKARTA 12190 (Indonesia)	25.00%	Insurance	MAPFRE INTERNACIONAL	62.2267	20.0000	119,578	195,870	82,339	81,373	85,168	88,449	10,730	12,114	(A)	(C)	(9)	(9)
GLOBAL RISKS																		
MAPFRE GLOBAL RISKS	C/ta. Pozuelo, 52 Majadahonda (Madrid) Spain	25.00%	Insurance and reinsurance	MAPFRE, S.A.	99.9999	100.0000	3,590,437	3,088,682	705,025	766,109	1,496,843	1,385,869	(16,145)	78,379	(A)	(A)	(1)	(1)
SERFIN FINANZAS, S.A. SOCIEDAD ANONIMA	C/ta. Pozuelo, 52 Majadahonda (Madrid) Spain	25.00%	Finance	MAPFRE GLOBAL RISKS	0.0001	100.0000	283	1,046	268	991	10	1	9	(A)	(A)	(1)	(1)	
INDUSTRIAL RE S.A.	23, Avenue Monterey L-2163 Luxembourg	30.00%	Reinsurance	MAPFRE GLOBAL RISKS	100.0000	100.0000	41,896	44,172	28,194	28,417	5,066	7,298	1,138	3,557	(A)	(A)	(1)	(1)
SOLUNON SEGUROS DE CREDITO S.A.	Avda General Perón,40 (Madrid) España	25.00%	Insurance and reinsurance	MAPFRE GLOBAL RISKS	50.0000	50.0000	288,170	290,026	102,871	97,356	153,457	138,461	6,311	2,884	(E)	(E)	(3)	(3)
ASISTENCIA																		
MAPFRE ASISTENCIA COMPANIA INTERNACIONAL DE SEGUROS Y REASEGUROS, S.A.	C/ta. Pozuelo, 52 Majadahonda (Madrid) Spain	25.00%	Insurance and reinsurance	MAPFRE, S.A.	99.9970	99.9970	716,533	684,507	276,013	287,142	542,834	556,877	(77,062)	(97,717)	(A)	(A)	(1)	(1)
BERO ASISTENCIA, S.A.	Edificio Europa, Av. José Malhoa, 16 F., 7.º, 1070-159 Lisboa, PORTUGAL	27.50%	Asistencia en viaje	MAPFRE ASISTENCIA	100.0000	100.0000	1,300	2,195	247	343	558	3,532	1	97	(A)	(A)	(1)	(1)
BRASIL ASISTENCIA S.A.	Alameda Kisa, Q. Tambore Santana de Parnaíba São Paulo (Brazil)	34.00%	Travel assistance	MAPFRE ASISTENCIA	99.9900	99.9990	20,455	22,498	11,986	13,846	35,413	43,234	52	561	(A)	(A)	(1)	(1)
MAPFRE SOLUTIONS DO BRASIL LTDA	Alameda Manoel Ramos 989 Alphaville Alphaville Barueri São Paulo (Brazil)	34.00%	Travel assistance	BRASIL ASISTENCIA	99.9900	99.9900	2,003	2,593	706	978	1,441	2,692	(138)	481	(A)	(A)	(1)	(1)

Name	Address	Effective Tax Rate	Activity	Participation in Capital		Year End Figures (Thousands of Euros)										Consolidation Method		Consolidation Method for Solvency Calculation	
				Holder	Percentage		Assets		Equity		Revenue		Result for the year		2017	2016	2017	2016	
					2017	2016	2017	2016	2017	2016	2017	2016	2017	2016					
AFRIQUE ASSISTANCE, S.A	Immeuble Tamazouz, 4ème Etage, 1002 Centre Urbain Nord Tunis 1002 (Tunisie)	35.00%	Travel assistance	MAPFRE ASISTENCIA	49.0000	49.0000	3.181	4.670	2.454	2.547	3.134	3.166	629	706	(A)	(A)	(1)	(1)	
VENEASISTENCIA, S.A	4ta transversal de Motoristo, Edificio Axsa, Planta Baja, Los Dos Caminos, Caracas, (Venezuela)	34.00%	Travel assistance	MAPFRE ASISTENCIA	99.9980	99.9980	549	920	325	655	193	463	(204)	(180)	(A)	(A)	(1)	(1)	
ANDASISTENCIA COMPAÑIA DE ASISTENCIA DE LOS ANDES, S.A.	Caracas 141 No. 24 Piso 2 Bogotá (Colombia)	40.00%	Travel assistance	MAPFRE ASISTENCIA	98.0900	98.0900	9.191	11.708	3.947	3.982	10.127	18.191	(3.026)	(4.530)	(A)	(A)	(1)	(1)	
FEDERAL ASSIST Co.	7300 Corporate Center Drive, Suite 601 Miami Florida 33126 (E. U. U.)	37.60%	Travel assistance	MAPFRE ASISTENCIA USA INC.	100.0000	100.0000	13.735	41.615	6.714	8.296	13.555	20.940	284	(177)	(A)	(A)	(1)	(1)	
BEROASISTENCIA, ARGENTINA S.A	Lindale 3405MADRID, PB y 3º Pta. Ciudad de Buenos Aires (Argentina)	35.00%	Travel assistance	MAPFRE ASISTENCIA	98.4200	98.4200	19.097	16.566	4.807	4.005	37.378	30.671	2.597	485	(A)	(A)	(1)	(1)	
SUR ASISTENCIA, S.A	Av. Apoquindo 4499 Santiago de Chile (Chile)	25.00%	Travel assistance	MAPFRE ASISTENCIA	99.0000	99.0000	10.677	10.752	3.383	2.714	18.879	15.668	790	926	(A)	(A)	(1)	(1)	
BEROASISTENCIA, S.A	Ctra. Pozuelo, 52 Majadahonda (Madrid) Spain	25.00%	Travel assistance	MAPFRE ASISTENCIA	99.9300	99.9300	8.745	13.358	2.402	2.573	4.770	5.603	(152)	(24)	(A)	(A)	(1)	(1)	
IRELAND ASSIST, LTD	22-26 Prospect Hill Galway (Ireland)	12.50%	Travel assistance	MAPFRE ASISTENCIA	100.0000	100.0000	1.218	2.484	1.210	2.272	882	1.323	93	185	(A)	(A)	(1)	(1)	
GULF ASSIST, B.S.C.	Manama Centre Building Manama (Bahrain)	--	Travel assistance	MAPFRE ASISTENCIA	74.6250	74.6250	5.786	4.363	4.074	2.973	6.532	5.248	1.544	116	(A)	(A)	(1)	(1)	
INSURE AND GO	1 Victoria Street, Brisol Bridge Bristol BS1 6AA (Reino Unido)	28.00%	Travel assistance	MAPFRE ASISTENCIA	100.0000	100.0000	15.793	7.817	5.789	6.319	33.360	33.810	1.952	1.869	(A)	(A)	(1)	(1)	
INSURE AND GO AUSTRALIA	19 Harris Street, Pymont, Sydney, NSW 2009 (Australia)	30.00%	Travel assistance	MAPFRE ASISTENCIA	100.0000	100.0000	5.864	6.780	565	823	10.328	8.077	385	(1.533)	(A)	(A)	(1)	(1)	
TRAVEL CLAIMS SERVICES LIMITED	1 Victoria Street, Brisol Bridge Bristol BS1 6AA (Reino Unido)	28.00%	Travel assistance	INSURANCE AND GO	100.0000	100.0000	1.321	945	191	72	2.661	2.358	189	26	(A)	(A)	(1)	(1)	
INSURE AND GO AUSTRALASIA (Liquidada en 2017)	1 Victoria Street, Brisol Bridge Bristol BS1 6AA (Reino Unido)	28.00%	Travel assistance	INSURANCE AND GO	--	100.0000	--	--	--	--	--	--	--	--	(B)	(A)	(B)	(1)	
GO SERVICES LIMITES (Liquidada en 2017)	1 Victoria Street, Brisol Bridge Bristol BS1 6AA (Reino Unido)	28.00%	Travel assistance	INSURANCE AND GO	--	100.0000	--	--	--	--	--	--	--	--	(B)	(A)	(B)	(1)	
FRANCE ASSIST	16 Avenue Tony Garnier 69007 Lyon (Francia)	33.00%	Travel assistance	MAPFRE WARRANTY	100.0000	100.0000	475	821	316	681	410	430	186	191	(A)	(A)	(1)	(1)	
EUROSOS ASSISTENCIA, S.A	473 Messeguer Avenue, 15343 Ajga Paradenk, Atenas (Grecia)	35.00%	Travel assistance	BEROASISTENCIA	0.5000	0.5000	491	1.890	(92)	88	153	1.007	(180)	174	(A)	(A)	(1)	(1)	
CARIBE ASISTENCIA, S.A.	Avenida Tradentes Eq Pres. Gonzalez, Edif La Cumbre, Ens. Naco Domingo (República Dominicana)	27.00%	Travel assistance	MAPFRE ASISTENCIA	83.5823	83.5823	2.741	3.304	1.318	1.659	3.163	3.407	317	452	(A)	(A)	(1)	(1)	
ECUASISTENCIA, S.A	Avenida Doca de Octubre, 1942 Quito (Ecuador)	22.00%	Travel assistance	MAPFRE ASISTENCIA	94.5400	94.5400	6.785	5.286	1.792	973	14.843	15.463	(2.163)	(753)	(A)	(A)	(1)	(1)	
CONSULTING DE SOLUCIONES Y TECNOLOGIAS SIAM, S.A	Ctra. Pozuelo, 52 Majadahonda (Madrid) Spain	25.00%	Consultoria	MAPFRE ASISTENCIA	99.9259	99.9259	14.788	24.555	5.483	5.744	4.024	5.655	(262)	(2.240)	(A)	(A)	(1)	(1)	
PERU ASISTENCIA, S.A.	Av. 29 de Julio No. 873 URB. Leuro Lima - Miraflores Lima (Peru)	29.50%	Travel assistance	MAPFRE ASISTENCIA	99.8839	99.8839	2.038	2.496	621	639	2.040	1.852	42	(749)	(A)	(A)	(1)	(1)	
MEXICO ASISTENCIA, S.A.	Av. Insurgentes Sur no.2463 Piso 15, Col. Tizapán San Angel Deleg. Álvaro Obregón, C.P. 01090 México D.F. (México)	30.00%	Travel assistance	MAPFRE ASISTENCIA	99.9998	99.9998	20.278	22.565	3.651	5.764	55.523	52.509	2.485	2.897	(A)	(A)	(1)	(1)	
ALLMAP ASSIST GESELLSCHAFT FUR REISTARRESTSTUNGEN MBH	In Rosenparken, 256 61118 Elm Vöhrl (Alemania)	30.00%	Travel assistance	MAPFRE ASISTENCIA	99.9500	99.9500	147	66	91	(13)	74	--	(20)	--	(A)	(A)	(1)	(1)	
PANAMA ASISTENCIA, S.A	Costa del Este - Avenida la Rotonda, Torre GMT, Piso 1 Ciudad de Panamá - Edificio Magfre (Panamá)	30.00%	Travel assistance	MAPFRE ASISTENCIA	82.0700	82.0700	4.526	5.374	1.281	1.335	8.403	7.630	154	137	(A)	(A)	(1)	(1)	
TUR ASSIST, LTD.	19 Mayıs Cd İsmet Özalp Sk. Şişli Plaza Ofis Blokleri E Blok B-2 Şişli İstanbul	20.00%	Travel assistance	MAPFRE ASISTENCIA	97.0000	97.0000	14.574	26.967	6.716	4.507	51.666	58.785	(2.234)	(1.172)	(A)	(A)	(1)	(1)	
URUGUAY ASISTENCIA, S.A	Plaza Cagancha 1325, Oficina 901 Montevideo (Uruguay)	30.00%	Travel assistance	MAPFRE ASISTENCIA	97.9000	97.9000	11.288	13.026	3.275	176	20.654	22.066	972	(2.807)	(A)	(A)	(1)	(1)	
GUATEMAL ASISTENCIA, S.A	Sa. Av. 3-80 Zona 14 Edificio La Ramba II nivel 5 Of. 5-2 (Guatemala)	25.00%	Travel assistance	MAPFRE ASISTENCIA	99.9920	99.9920	1.284	1.329	503	516	3.510	3.434	255	284	(A)	(A)	(1)	(1)	
EL SALVADOR ASISTENCIA, S.A	Alameda Roosevelt No. 3107 Edificio La Centro Americana, Nivel 7, San Salvador (El Salvador)	30.00%	Travel assistance	MAPFRE ASISTENCIA	99.9900	99.9900	1.397	1.564	409	492	3.713	3.022	(11)	42	(A)	(A)	(1)	(1)	
LLC MAPFRE WARRANTY	Derebovskiy Peninsula 26 105005, Moscú (Rusia)	20.00%	Travel assistance	MAPFRE ASISTENCIA	100.0000	100.0000	191	57	191	(3.145)	--	72	3.280	(1.290)	(A)	(A)	(1)	(1)	
NICASSIT, S.A.	Edificio INVERCASA, Torre II, quinto piso, modulo # 501 (nueva) Managua, (Nicaragua)	30.00%	Travel assistance	MAPFRE ASISTENCIA	100.0000	100.0000	528	487	299	278	1.166	1.141	72	89	(A)	(A)	(1)	(1)	
BENELUX ASSIST, S.A	Rue de Tournai, 45 Bruxelles, (Bélgica)	34.00%	Travel assistance	MAPFRE ASISTENCIA	100.0000	100.0000	796	3.219	569	(786)	--	--	(170)	(177)	(A)	(A)	(1)	(1)	
MAPFRE WARRANTY S.P.A	Strada Trossi 66 13971 Verone (Italia)	37.25%	Extended warranty	MAPFRE ASISTENCIA	100.0000	100.0000	28.638	22.898	4.777	(1.560)	20.236	19.311	3.094	(3.134)	(A)	(A)	(1)	(1)	
MAPFRE INSURANCE SERVICES S.L.R.	16 Avenue Tony Garnier 69007 Lyon (Francia)	33.00%	Vehicle Guarantee	MAPFRE WARRANTY	100.0000	100.0000	1.809	1.417	50	89	1.120	1.041	1	(32)	(A)	(A)	(1)	(1)	
MAPFRE WARRANTIES	Routen des Trois Citadens 111-18399 Windhof (Luxemburgo)	--	Vehicle Guarantee	MAPFRE WARRANTY	100.0000	100.0000	5	5	(67)	(58)	--	--	(9)	(9)	(A)	(A)	(1)	(1)	
NORASSIT, INC/DIBA ROAD CANADA	2445 Eagle St N, Cambridge, ON N3H 4R7, Canada	30.00%	Travel assistance	MAPFRE ASISTENCIA	100.0000	100.0000	654	803	(1.323)	(425)	2.201	2.562	(949)	(169)	(A)	(A)	(1)	(1)	
BROCKELL FINANCIAL SERVICES MOTOR CLUB INC.	7300 Corporate Center Drive, Suite 601 Miami Florida 33126 (E. U. U.)	37.30%	Travel assistance	MAPFRE ASISTENCIA	100.0000	100.0000	31.956	31.966	874	(5.864)	64.765	70.324	(5.567)	(2.080)	(A)	(A)	(1)	(1)	
ROAD CHINA ASSISTANCE CO, LTD	Suite 603, Zhongyu Plaza, Ao Gongli North Road, Chaoyang Beijing, PR (China)	25.00%	Travel assistance	MAPFRE ASISTENCIA	100.0000	100.0000	--	29.987	(1.211)	(6.011)	17.329	37.030	(3.875)	(3.346)	(A)	(A)	(1)	(1)	
MAPFRE ABRAXAS SOFTWARE, LTD	9 Bleahaim Court Beaufort Park Amersham, Bristol BS32 4NE (Reino Unido)	28.00%	Pérdidas pecunarias	MAPFRE ASISTENCIA	100.0000	100.0000	1.121	1.289	1.121	1.237	--	11.529	--	--	(A)	(A)	(1)	(1)	
ABRAXAS INSURANCE	1 Victoria Street, Brisol Bridge Bristol BS1 6AA (Reino Unido)	28.00%	Pecuniary losses	MAPFRE ABRAXAS	100.0000	100.0000	6.767	7.595	2.061	1.754	14.131	9.460	61	154	(A)	(A)	(1)	(1)	
MAPFRE WARRANTY UK LIMITED	1 Victoria Street, Brisol Bridge Bristol BS1 6AA (Reino Unido)	28.00%	Pecuniary losses	MAPFRE ABRAXAS	100.0000	100.0000	371	361	371	501	--	--	--	--	(A)	(A)	(1)	(1)	
HOME 3	1 Victoria Street, Brisol Bridge Bristol BS1 6AA (Reino Unido)	--	Home care	MAPFRE ABRAXAS	50.0000	50.0000	--	177	(910)	(788)	--	--	--	(38)	(C)	(C)	(3)	(3)	
CENTRO INTERNACIONAL DE SERVICIOS Y ASISTENCIA, S.A (Liquidada en 2017)	Edificio Blocc Plaza Local 010 Ruta 8 Km 17.500 Montevideo (Uruguay)	30.00%	Call Center	MAPFRE ASISTENCIA	--	100.0000	--	(71)	--	49	--	49	--	(21)	(B)	(A)	(B)	(1)	
INDIA ROADSIDE ASSISTANCE PRIVATE LIMITED	205 Hydrabad Park, Sakinagar road, Andhril East Mumbai Maharashtra (India)-400072	35.54%	Travel assistance	MAPFRE ASISTENCIA	99.6300	99.6300	5.053	7.246	(1.492)	(6)	5.922	4.507	(477)	(14)	(A)	(A)	(1)	(1)	
ARABA ASSIST FOR LOGISTIC SERVICES	Abdul Hamid Sharaf Street, The plenary Center, Bldg No. 74, 2nd floor - P.O. Box 5906 Amman (11953) - Jordania	25.00%	Travel assistance	MAPFRE ASISTENCIA	100.0000	100.0000	2.015	2.672	750	854	404	2.654	3	204	(A)	(A)	(1)	(1)	
ROADSIDE ASSIST ALGERIE SPA	45, Rue des Freres Adressami Some elaga, Vieux Kouda Alger 16050 (Argelia)	26.00%	Travel assistance	MAPFRE ASISTENCIA	60.3000	60.3000	7.356	8.913	3.864	3.814	6.913	6.559	2.216	1.993	(A)	(A)	(1)	(1)	
NILE ASSIST	18th Floor, Apartment No. 1804 of Holiday Inn Maadi Hotel building Cornish Maadi Cairo - Egypt	20.00%	Travel assistance	MAPFRE ASISTENCIA	98.0000	98.0000	189	498	(195)	(422)	379	633	(609)	(618)	(A)	(A)	(1)	(1)	

Name	Address	Effective Tax Rate	Activity	Participation in Capital		Year End Figures (Thousands of Euros)										Consolidation Method		Consolidation Method for Solvency Calculation	
				Holder	Percentage	Assets		Equity		Revenue		Result for the year		2017	2016	2017	2016		
						2017	2016	2017	2016	2017	2016	2017	2016						
MAPFRE ASISTENCIA LIMITED	RM 1101-02 B Jordan Road Yuenalei, Kowloon - Hong Kong	35.00%	Assistance and specialty risks	MAPFRE ASISTENCIA	100.0000	100.0000	150	918	(141)	138	129	188	(1.160)	(176)	(A)	(A)	(1)	(1)	
MAPFRE ASISTENCIA COMPANY LIMITED	10F, N°73, Zhousi ST - Nishu Dist. Taipei City 114 - Taiwan	40.69%	Assistance and specialty risks	MAPFRE ASISTENCIA	100.0000	100.0000	1.034	1.160	(883)	(690)	1.465	1.680	(229)	(322)	(A)	(A)	(1)	(1)	
MIDDLESEA ASSIST LIMITED	181 Europa Centre, John Lopez Str Floriana, FRN 1400, Malta	35.00%	Assistance and specialty risks	MAPFRE ASISTENCIA	51.0000	51.0000	1.468	1.509	747	807	2.258	2.073	147	207	(A)	(A)	(1)	(1)	
MAPFRE WARRANTY JAPAN KABUSHIKI KAISHA (Liquidada en 2017)	Nishi-Shinjuku Midai Bldg. 2 Fl Nishi-Shinjuku 6-24-1, Shinjuku, Tokyo, 160-0023	17.00%	Travel assistance	MAPFRE ASISTENCIA	---	100.0000	---	4.011	---	309	---	593	---	(2.027)	(0)	(A)	(0)	(1)	
INSURE & GO INSURANCE SERVICES USA CORP.	7300 Corporate Center Drive, Ste 601 Miami, FL 33176	37.60%	Travel assistance	MAPFRE ASISTENCIA USA INC	100.0000	100.0000	4.167	4.863	(386)	(325)	1.142	1.142	(113)	(962)	(A)	(A)	(1)	(1)	
MAPFRE ASISTENCIA USA INC.	7300 Corporate Center Drive Miami FL 33026	40.00%	Holding	MAPFRE ASISTENCIA	100.0000	100.0000	31.776	38.074	29.493	32.875	880	---	700	16	(A)	(A)	(1)	(1)	
MAPFRE WARRANTY CORPORATION OF FLORIDA	5999 Blue Lagoon Drive, Ste. 400 Miami FL 33126	---	Travel assistance	MAPFRE ASISTENCIA USA INC	100.0000	---	1.937	---	669	---	2.749	---	2	---	(G)(A)	---	(G)(1)	---	
CENTURY AUTOMOTIVE SERVICES COMPANY	10555 Montgomery Blvd. Blqg. 2 Suite 120 Albuquerque, NM 87111	40.00%	Special risks	MAPFRE ASISTENCIA USA INC	100.0000	100.0000	248.452	249.632	15.304	7.488	159.429	159.429	7.483	(84)	(A)	(A)	(1)	(1)	
PT MAPFRE ABDA ASSISTANCE	Plaza Kelapa Gading (Ruko Inkopaf) Blok A, n° 9 Jalan Raya Boulevard Barat Kelapa Gading 14240 Jakarta Utara	25.00%	Travel assistance	MAPFRE ASISTENCIA PT ASURANSI BINA DANA ARTA TBK	51.0000 49.0000	51.0000 49.0000	974	1.293	110	308	914	550	(170)	(499)	(A)	(A)	(1)	(1)	
PARAGUAY ASISTENCIA CIA. DE SERVICIOS S.A.	Av. Mariscal López, 910 Asunción (Paraguay)	10.00%	Servicios de asistencia	MAPFRE ASISTENCIA BEROSASISTENCIA	98.9500 1.0500	98.9500 1.0500	130	47	46	47	223	---	10	---	(A)	(F)(A)	(1)	(F)(1)	
REINSURANCE																			
MAPFRE RE COMPANIA DE REASEGUROS S.A.	Paseo de Recoletos, 25 (Madrid) Spain	25.00%	Reinsurance	MAPFRE, S.A. MAPFRE ESPAÑA	92.2454 0.0000	92.2454 0.0000	6.191.213	5.212.436	1.260.672	1.232.308	5.116.860	4.811.042	159.567	186.078	(A)	(A)	(1)	(1)	
CIAR INVESTMENT	45, Rue de Trèves Bruxelles (Belgium)	34.00%	Real Estate Management	MAPFRE RE MAPFRE INTERNACIONAL	99.9900 0.0100	99.9900 0.0100	9.831	9.744	9.121	8.998	642	573	143	26	(A)	(A)	(1)	(1)	
MAPFRE CHILE REASEGUROS, S.A.	Avenida Apoquindo 4499 Santiago de Chile (Chile)	20.00%	Holding	MAPFRE RE	100.0000	100.0000	166.441	169.181	40.445	41.096	33.000	39.333	809	(8.072)	(A)	(A)	(1)	(1)	
CAJA REASEGURADORA DE CHILE S.A	Avenida Apoquindo 4499 Santiago de Chile (Chile)	20.00%	Reinsurance	MAPFRE CHILE REASEGUROS	99.8467	99.8467	131.214	113.019	8.700	12.757	29.994	38.195	(533)	182	(A)	(A)	(1)	(1)	
INMOBILIARIA COSTA DE MONTEMAR, S.A	Avenida Apoquindo 4499 Santiago de Chile (Chile)	20.00%	Real Estate	MAPFRE CHILE REASEGUROS	31.4400	31.4400	---	---	1.091	1.091	---	---	---	---	(B)	(B)	(9)	(9)	
C R ARGENTINA, S.A	Boulevard 547 piso 14 Buenos Aires (Argentina)	35.00%	Consultancy services	MAPFRE CHILE REASEGUROS	99.9960	99.9960	1.204	71	912	54	---	---	---	---	(A)	(A)	(1)	(1)	
MAPFRE RE DO BRASA COMPANIA DE REASEGUROS	Rua Olimpíadas, 242,5º andar conjunto 52 Vila Olimpia - Sao Paulo (Brazil)	15.00%	Insurance and reinsurance	MAPFRE RE BRASIL ASISTENCIA	99.9999 0.0001	99.9999 0.0001	218.690	240.659	44.341	50.141	75.339	90.342	8.761	8.355	(A)	(A)	(1)	(1)	
MAPFRE RE ESCRITORIO DE REPRESENTACION COMPANIA DE REASEGUROS	Rua Olimpíadas, 242,5º andar conjunto 52 Vila Olimpia - Sao Paulo (Brazil)	15.00%	Representation services	MAPFRE RE MAPFRE RE DO BRASIL	99.9999 0.0001	99.9999 0.0001	47	47	47	47	---	---	---	---	(B)	(B)	(9)	(9)	
INMOBILIARIA PRESIDENTE FIGUEROA ALCORTA, S.A.	Boulevard 547 piso 14 B. Aires (Argentina)	35.00%	Real Estate	MAPFRE RE	99.9985	99.9985	---	---	---	---	---	---	---	---	(B)	(B)	(9)	(9)	
MAPFRE MANDATOS Y SERVICIOS, S.A	Boulevard 547 piso 14 B. Aires (Argentina)	35.00%	Services	MAPFRE RE MAPFRE ARGENTINA HOLDING	95.0000 5.0000	95.0000 5.0000	20	20	20	20	---	---	(4)	(4)	(B)	(B)	(9)	(9)	
REINSURANCE MANAGEMENT INC.	100 Campus Drive 07922 New Jersey (E.U.LU)	35.00%	Services	MAPFRE RE	100.0000	100.0000	950	1.049	17	20	---	---	---	---	(A)	(A)	(1)	(1)	
MAPFRE EURO BONDS FUND	Ctra. Pozuelo, 52 Majadahonda. (Madrid) Spain	---	Asset Management	MAPFRE RE	100.0000	---	86.475	---	86.368	---	---	---	---	---	(G)(A)	---	(G)(1)	---	
OTHER																			
MAPFRE INTERNACIONAL S.A.	Ctra. Pozuelo, 52 Majadahonda. (Madrid) Spain	25.00%	Holding	MAPFRE, S.A. MAPFRE ESPAÑA	100.0000	100.0000	4.634.123	4.367.328	4.173.298	3.940.528	264.459	135.113	196.514	(78.387)	(A)	(A)	(1)	(1)	
MAQUAVIT INMUEBLES, S.L	Ctra. Pozuelo, 52 Majadahonda. (Madrid) Spain	25.00%	Real Estate	MAPFRE, S.A.	100.0000	100.0000	47.735	46.638	47.069	46.010	2.649	2.608	1.059	1.780	(A)	(A)	(1)	(1)	
FRONTAE CENTROS ASISTENCIALES S.L	C/ Fuencarral, 123 (Madrid) Spain	25.00%	IT services	MAQUAVIT INMUEBLES, S.L	50.0000	50.0000	7.305	7.306	5.300	5.353	---	---	(53)	(56)	(C)	(C)	(3)	(3)	
BIINGENIERIA ARAGONESA, S.L.	C/ Monasterio de las Huelgas, nº 2 Nave 6 P1, Alcalde Caballero 50014 Zaragoza (Spain)	25.00%	IT for seniors	MAQUAVIT INMUEBLES, S.L.	100.0000	100.0000	223	229	223	229	---	---	(6)	(9)	(A)	(A)	(1)	(1)	
FANCY INVESTMENT S.A.	Avenida 18 de Julio, 841 Montevideo (Uruguay)	---	Holding	MAPFRE, S.A.	100.0000	100.0000	11.191	12.830	11.189	12.830	1.102	827	1.091	818	(A)	(A)	(1)	(1)	
MAPFRE SOFT S.A.	Ctra. Pozuelo, 52 Majadahonda. (Madrid) Spain	25.00%	IT	MAPFRE INTERNACIONAL MAPFRE ESPAÑA	---	99.9991	---	19.706	---	2.090	---	12.484	---	39	(0)	(A)	(0)	(1)	
PREMIER PRICE COMPARISON HOLDINGS LIMITED	Ty Admintr. David Street, Cardiff, CF10 2EJH	---	Online prices compare professionals	MAPFRE, S.A.	50.0000	50.0000	---	4.574	---	4.571	---	---	---	---	(E)	(E)	(9)	(9)	
MAPFRE AM INVESTMENT HOLDING, S.A	Ctra. Pozuelo, 52 Majadahonda. (Madrid) Spain	25.00%	Holding	MAPFRE, S.A.	100.0000	---	14.902	---	14.894	---	---	---	---	---	(G)(A)	---	(G)(1)	---	
LA FINANCIERE RESPONSABLE	52, rue dePonthieu 75008 (Paris) Francia	---	Asset Management	MAPFRE AM INVESTMENT HOLDINGS, S.A.	24.9500	---	---	---	---	---	---	---	---	---	(G)(C)	---	(G)(4)	---	
METODO O PROCEDIMIENTO DE CONSOLIDACION																			
CONSOLIDATION METHOD FOR SOLVENCY CALCULATION																			
TAX GROUP																			
(*) MAPFRE has the majority of the voting rights in the General Assembly																			
(A) Fully consolidated subsidiaries																			
(B) Fully subsidiaries excluded in consolidation																			
(C) Associated and investee companies by the equity method																			
(D) Associated and investee companies excluded in consolidation																			
(E) Joint ventures consolidated by equity method																			
(F) Companies added to the scope of consolidation in 2016																			
(G) Companies added to the scope of consolidation in 2017																			
(H) Companies removed from the scope of consolidation in 2017																			
(1) Full consolidation																			
(2) Adjusted equity method																			
(3) Sectorial standards																			
(4) Sectorial standards																			
(5) Local standards																			
(6) Exclusion from the scope of group supervision pursuant to article 214 of DIRECTIVE 2009/138/EC																			

CONSOLIDATED MANAGEMENT REPORT

MAPFRE S.A.

2017

The content of this Consolidated Management Report (hereinafter "the Report") was prepared in accordance with the recommendations set out in the "Guide for the preparation of management reports by listed companies" published by the Spanish National Securities and Exchange Commission (CNMV).

The Alternative Performance Measures (APMs) used in the report, which refer to financial measures not defined or specified in the applicable financial reporting framework, along with their definition and method of calculation, can be found on our website at the following address: <https://www.mapfre.com/corporate/institutional-investors/investors/financial-information/alternative-performance-measures.jsp>

Some of the figures included in this report have been rounded off, which could result in discrepancies between the totals and listed amounts in the tables.

ORGANIZATION OVERVIEW

BUSINESS MODEL

The vision of MAPFRE is to be THE MOST TRUSTED GLOBAL INSURANCE COMPANY, a concept that refers not only to its geographic presence but also to the wide range of insurance, reinsurance and service products which it promotes around the globe. The Group aspires to lead the markets in which it operates through a proprietary differentiated management model based on profitable growth, a clear and purposeful orientation to both individual and corporate clients, a multichannel focus, and a profound vocation for service.



Accordingly, MAPFRE:

- Is firmly committed to growth, both in terms of business volume and geographic development, generating adequate and sufficient profitability from its activities. MAPFRE will continue to expand its presence across more countries and regional areas in order to consolidate its status as a global company, while reinforcing its presence in the countries and regions which have traditionally constituted its preferred markets.
- Manages its business in an efficient manner and constantly improves productivity, reducing structural costs on a continuous basis in order to enhance its competitiveness.
- Professionally manages the risks it assumes, ensuring sustainable growth and results.
- Steers its development by diversifying its portfolio of insurance, reinsurance and services businesses as a means of boosting growth and minimizing risks.
- Deploys a global management model with ample capacity for local implementation, ensuring an appropriate balance between corporate involvement and business development in each country. As such, MAPFRE utilizes a corporate structure that allows it to harness economies of scale and pursue its business plans in a uniform manner but with the flexibility to adapt to the markets in which it operates.
- Makes its resources available to the entire organization, thus harnessing the synergies derived from sharing talent, processes and tools.
- Promotes specialized management as a means of continuously optimizing results and enhancing service quality.

MAPFRE's stated mission is to be a multinational team that strives to constantly improve services and develop the best possible relationships with clients, distributors, providers, shareholders and society in general. This commitment to continuous improvement is underpinned by the following values, which assist in developing the mission and in order to achieve the company's vision:

- Solvency: financial strength with sustainable results and full capacity to meet all obligations to stakeholders.
- Integrity: ethical conduct as a core element in how everyone (senior executives, employees, agents and collaborators) behaves, with a socially responsible focus on all long-term activities and commitments.
- Vocation for service: the constant quest for excellence in the pursuit of its activities and a continuous focus on building strong relationships with clients.

- Innovation for leadership: differentiation as a key aspect of continuous growth and improvement, using technology to service the different businesses and their objectives.
- Committed team: full engagement of employees, senior executives, agents and other collaborators with the MAPFRE project and continuous development of the team's skills and abilities.

ORGANIZATIONAL STRUCTURE AND GOOD GOVERNANCE

A) ORGANIZATIONAL STRUCTURE

MAPFRE is a multinational company engaged mainly in insurance and reinsurance activities, operating in a total of 45 countries around the world.

The Group's holding company is MAPFRE S.A., whose shares are listed on the Madrid and Barcelona Stock Exchanges. MAPFRE S.A. is also a component of the IBEX 35, STOXX Europe 600 Insurance, MSCI Spain, FTSE All-World Developed Europe, FTSE4Good and FTSE4Good IBEX indices.

MAPFRE S.A. is a subsidiary of CARTERA MAPFRE, S.L., a single-member company that is wholly controlled by Fundación MAPFRE.

The Group pursues its business activities through an organizational structure made up of four business units (Insurance; Assistance, Services and Specialty Risks; Global Risks; and Reinsurance); three territorial areas (IBERIA, LATAM and INTERNATIONAL); and six regional areas (Iberia (Spain and Portugal), Brazil, LATAM North, LATAM South, North America and EURASIA (Europe, Middle East, Africa and Asia Pacific)).

The Insurance Business Unit is organized in line with the MAPFRE regional areas, which are the geographic units that plan, support and oversee the region.

The activities of the different business units are supplemented by those of the corporate areas (Finance, Investments, Human Resources, Resources and Institutional Coordination, Business Support, Internal Audit, Strategy and M&A, General Counsel, and Business, Clients and Innovation), which have jurisdiction over all MAPFRE companies worldwide in terms of the development, implementation and monitoring of global, regional and local corporate policies.

The fact that the different MAPFRE companies belong to a business group implies, without prejudice to their legal autonomy, that they form an integral part of an organic structure which regulates their interrelations, the coordination of their activities, and the oversight of the controlled companies by the controlling ones and, in the final instance, by the parent company.

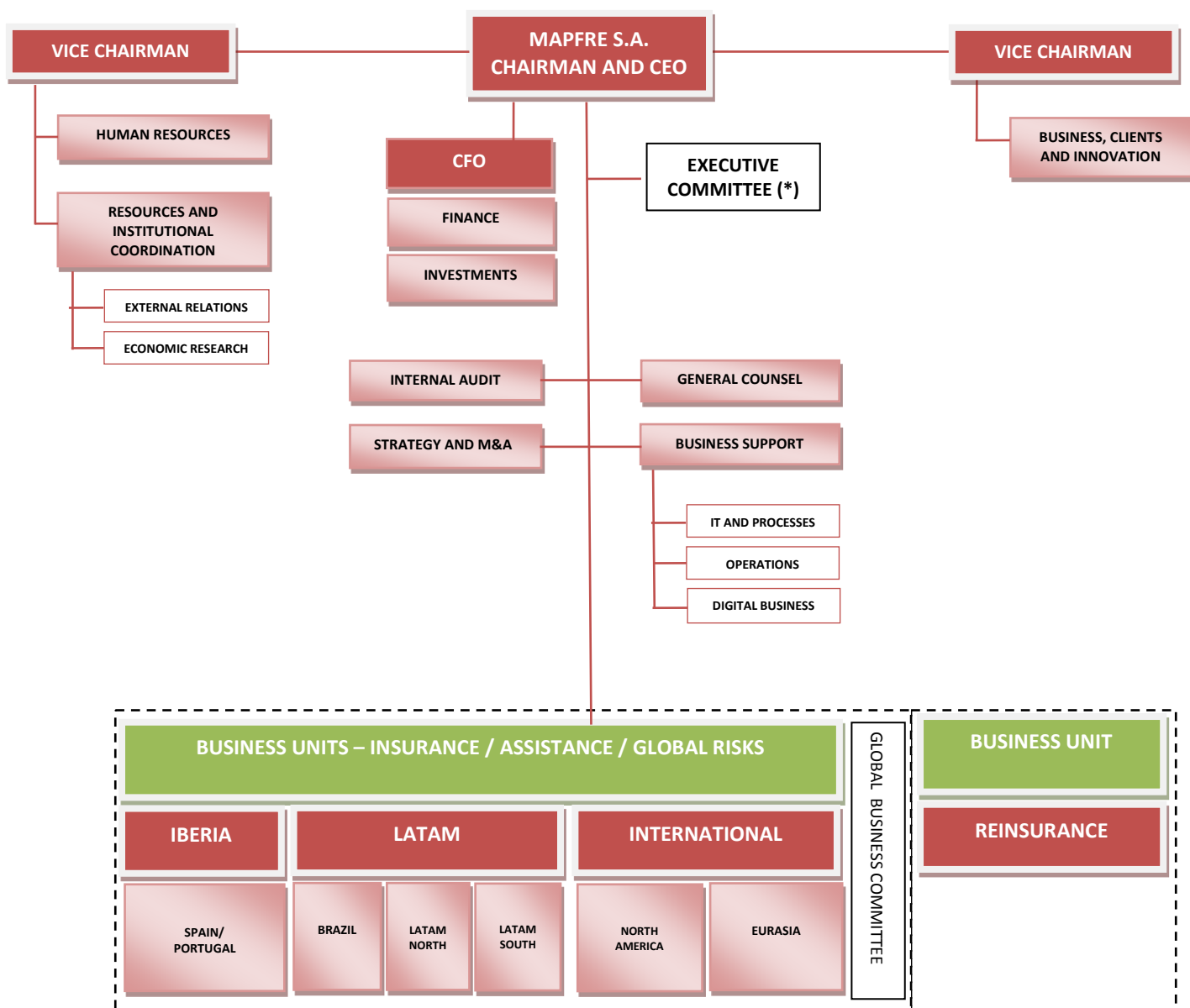
The MAPFRE S.A. Board of Directors is the senior management and supervisory body for the entire Group. It features a Steering Committee that acts within all of its powers, except those which cannot be ceded by law, bylaws or the regulations of the Board of Directors, and three delegate committees (Audit and Compliance, Appointments and Remuneration, and Risks).

The Executive Committee is the body which, under mandate from the Board of Directors, directly oversees the management of the business units and coordinates the Group's different areas and units. The Global Business Committee is also responsible for analyzing the development of MAPFRE's insurance business and services throughout the world, its compliance with approved plans, and proposing corrective or improvement measures for same.

The management, coordination and supervision of the activities of the different units and areas are carried out, according to the respective remit, by the local, regional and business unit management committees as well as the Executive Committee.

Each of the subsidiary companies has its own governing bodies, whose structure and complexity depend on the importance of their activities and any legal provisions that may be applicable. They usually have a board of directors and, depending on the importance of their activities, a management committee as well. In the case of shell or very small companies, these bodies are replaced by two administrators.

The Group's current organizational chart is as follows:



(*) Body which, under mandate from the Board of Directors, directly oversees the management of the Business Units and coordinates the Group's different Areas and Units.

B) GOOD GOVERNANCE

MAPFRE has constantly and decidedly strived from the start to adopt the best corporate governance practices. MAPFRE's good governance practices are oriented towards creating sustained financial and social value over the long-term. The company's objective is to ensure financial stability and safeguard the interests of shareholders, while maximizing the positive impact on society as a whole.

MAPFRE is subject to the Spanish Companies Act and the Code of Good Governance for listed companies published by the Spanish Securities and Exchange Commission (CNMV).

It also has Institutional, Business and Organizational Principles that have been approved by the Board of Directors of MAPFRE S.A. which, together with its bylaws and the Board of Directors' Regulations, define the structure, composition and functions of each of its governing bodies and make up the minimum mandatory compliance framework for all of the companies in the MAPFRE Group and their respective governing bodies. MAPFRE's governance system is supplemented by a group of corporate policies¹.

MAPFRE complies fully with 89.06 percent, and fully and partially with 98.37 percent of the recommendations set out in the CNMV Code of Good Governance for listed companies at 31 December 2017.

The 2017 Annual Corporate Governance Report offers a detailed explanation of the structure of MAPFRE's governance system and its operation in practice², providing the minimum content established by Article 540 of the Spanish Companies Act.

OPERATIONAL FRAMEWORK

The Group's activities were carried out through its Business Units in 2017.

The Insurance Business Unit is structured into Territorial and Regional Areas.

The IBERIA Territorial Area coincides with the Iberia Regional Area, which is made up of Spain and Portugal. The LATAM Territorial Area is subdivided into the Regional Areas of Brazil, LATAM North (Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, Mexico, Nicaragua and Panama), and LATAM South (Argentina, Colombia, Chile, Ecuador, Paraguay, Peru, Uruguay and Venezuela). The INTERNATIONAL Territorial Area comprises the Regional Areas of North America (Canada, United States and Puerto Rico), EURASIA (which includes operations in Europe—except Spain and Portugal—the Middle East, Africa, Australia, China, Philippines, India, Indonesia, Japan, Malaysia, Singapore and Taiwan).

The MAPFRE distribution network is the largest in the Spanish insurance industry and also the largest belonging to a financial group in Latin America. MAPFRE is determined to maintain its own networks in the countries where it operates, which is compatible with the use of other distribution channels. Some of the key features behind the

1 The Institutional, Business and Organizational Principles of the MAPFRE Group, and other corporate regulations are available at the company's website (www.mapfre.com).

2 For further information, please consult the Annual Corporate Governance Report 2017 which forms an integral part of this Management Report.

success of MAPFRE's business model include its client focus, global product offering and adaptation to the legal and commercial nature of each market.

At the end of 2017 the MAPFRE global distribution network consisted of 12,860 offices. The breakdown is shown below:

OFFICES	2017	2016
IBERIA		
Direct and Delegate	3,091	3,078
Bancassurance	2,436	3,181
Subtotal IBERIA	5,527	6,259
LATAM		
Direct and Delegate	1,789	1,831
Bancassurance	5,051	5,847
Subtotal LATAM	6,840	7,678
INTERNATIONAL		
Direct and Delegate	493	481
Subtotal INTERNATIONAL	493	481
TOTAL OFFICES	12,860	14,418

At the close of the year, MAPFRE's presence in Spain totaled 2,999 offices, with 917 in Brazil and 397 in Turkey.

In 2017, more than 84,000 intermediaries, including agents, delegates and brokers, collaborated in the distribution of our products. The following table shows the breakdown:

SALES NETWORK	2017	2016
IBERIA		
Agents	10,119	10,176
Delegates	2,666	2,666
Brokers	5,229	5,365
Subtotal IBERIA	18,014	18,207
LATAM		
Agents	16,324	14,977
Delegates	4,294	5,803
Brokers	33,835	33,102
Subtotal LATAM	54,453	53,882
INTERNATIONAL		
Agents	10,325	10,479
Delegates	102	100
Brokers	1,436	1,358
Subtotal INTERNATIONAL	11,863	11,937
TOTAL SALES NETWORK	84,330	84,026

MAPFRE's own distribution networks are supplemented by the distribution capabilities provided for under agreements with various companies, most notably with regard to bancassurance (BANKIA, BANKINTER, BANCO CASTILLA LA MANCHA (subsidiary of LIBERBANK), BANCO DO BRASIL, BHD LEON and BANK OF VALLETTA, among others). In 2017 MAPFRE distributed its products through 7,487 bancassurance offices (of which 2,436 are located in Spain, 4,871 in Brazil, and 180 in the Dominican Republic). MAPFRE also has 1,796 distribution agreements, including a significant proportion with financial institutions (156), automobile dealerships (1,502), shopping malls and service providers (98).

Within the insurance business, MAPFRE is the largest Spanish insurer in the world, with a 14.3 percent market share in Non-Life insurance and 6.5 percent in Life insurance in Spain. It is the 11th largest insurer in Europe and is present in nearly every country in Latin America, where it is the leading Non-Life insurance group, with a market share of 7.6 percent (according to the figures for 2016, the latest available). Furthermore, the Group's reinsurance business (MAPFRE RE) occupies position number 16 in the global reinsurance ranking, while in the Assistance sector MAPFRE is the fourth largest company in the world.

BUSINESS PERFORMANCE AND RESULTS

ECONOMIC CONTEXT AND DEVELOPMENT OF INSURANCE MARKETS

Economic Context

General aspects

Global economic activity grew by 3.4 percent in 2017 within the context of a more synchronized cycle that accelerated in both developed and emerging economies. This data shows solid global growth supported by still lax monetary policies implemented by the G4 central banks (United States, Japan, Eurozone, United Kingdom), although in the United States the Federal Reserve is already starting to raise interest rates and it has defined a pathway to reducing its balance sheet, and the European Central Bank (ECB) has announced a schedule for monetary normalization.

Given the strength of the global economy, growth throughout the world in 2018 is expected to maintain the 2017 rate, which is anticipated to be around 3.7 percent, reflecting an acceleration in the contribution from developed markets (already above 2 percent) and emerging markets (around 4.9 percent). The latter are led by China's resilient growth and Brazil and Russia coming out of recessions. In general, the actual indicators are converging towards expectations, driven by global trade, property and plant investments and, in some countries, by investments in residential housing.

The United States and the Eurozone follow dynamics appropriate for developed countries (2.7 percent and 2.1 percent for 2018, respectively), while China continues to maintain its controlled deceleration agenda, targeting 6.3 percent in 2018. The context in other emerging markets is varied, depending on the global environment and, particularly, on the monetary policy implemented in the United States, as well as on idiosyncratic political and geopolitical factors.

Politics played a fundamental role in developed countries in 2017, but the political cycle in emerging countries (notably Latin America) will reach a zenith in 2018 with elections in Colombia, Brazil and Mexico, and in Argentina the following year. The cyclical recovery of Brazil and Russia also consolidated in 2017, while the effect on Mexico of the economic policy in the United States was lower than expected.

Inflation, which accelerated in developed markets during the first half of the year, lost traction due to a deceleration of underlying inflation and salary expectations through the end of 2017, though slight indications of recovery can be seen at the beginning of the year. Additionally, if oil prices maintain their current levels in 2018, a positive contribution to the rise of inflation throughout the year could be seen. The dynamism in employment in developed countries is still not translating into actual salary gains, which is a concern in terms of monetary policy as it puts the relationship between growth and inflation in question. Global inflation stood at around 3.5 percent at the end of the fourth quarter of 2017, bringing the average to above 3 percent over the course of the year, and developed markets saw a rate of 2 percent and emerging markets 4.5 percent.

The United States Federal Reserve raised interest rates in December, raising its upper target range to 1.5 percent. The reappointment of the Chairman and the Federal Reserve Board gives credence to a certain continuity as regards gradual future increases. More importantly, the Federal Reserve has already set a schedule for normalizing its balance sheet, and while it is believed to be gradual (approximately 1.3 trillion US dollars over three years, equivalent to one third of the stock accumulated since the start of the crisis), it will have repercussions on liquidity and the cost of global financing. In October the ECB announced that it is extending the asset purchase program for nine months (until September 2018), but it will reduce the rate of purchases to 30 billion euros. The schedule for monetary normalization in Europe was already anticipated, and any increase in interest rates before the end of 2019 has been ruled out.

The divergence of monetary policies in emerging markets remains in place. The same or a less restrictive bias is expected with respect to the monetary policy implemented by the Central Bank in Mexico, given the improved outlook for inflation. However, the

need to accommodate political uncertainty and trade negotiations with the United States, together with the possible extraordinary financial effect of the September earthquakes, could alter this outlook. Given the low inflation and the still incipient economic activity in Brazil, monetary relaxation continued with a 50 basis point cut in interest rates in December, bringing it to the lowest level in recent history (7 percent). Turkey once again raised the marginal interest rate on credit facilities in order to control its currency, which is currently sharply down to around 3.8 TRY/USD.

A more detailed analysis of the most important markets in which MAPFRE operates is presented below:

Eurozone

The gross domestic product (GDP) in the Eurozone is visibly gaining traction, with a 2.8 percent growth rate during the third quarter, bringing the estimate for all of 2017 to 2.4 percent (year-on-year), with Spain and Germany leading the growth, while acceleration is also observed in France and Italy. The synchronized recovery of the global economic cycle and monetary stimuli in the Eurozone are clearly producing positive results. The estimate for 2018 is for GDP growth to be 2.1 percent. Exports are decisively contributing to growth after the spike in investments during the third quarter, while consumption remains flat and still has a margin for improvement. Average inflation in 2017 closed at 1.4 percent and underlying inflation at 0.9 percent, below the central bank's objective. The Euro Stoxx 50 index closed the year up 6.5 percent to 3,504 points after the publication of positive business data and the upward revision of growth expectations driven by the synchronized global recovery.

The ECB accepts the results obtained in terms of Eurozone growth, but given the fact that inflation continues to evade the objective, it has decided to extend the asset purchase program until September 2018, though reducing the purchase rate from 60 to 30 billion euros. Despite having announced the schedule for monetary normalization, there has been no indication of a reduction in its balance sheet or increases in interest rates. The expectation is that rate increases will only start to be seen once the asset purchase program is exhausted and the deposit rate has normalized (second half of 2019). Although economic activity continues to be solid, there are risks that could rapidly change the scenario. These include a disorderly exit from the European Union by the United Kingdom, and any future resurgence of the "convertibility risk³" associated with the Italian elections and the negotiations regarding the Greek write-down (which will restart in 2018).

³ The European Commission and Eurozone countries are aware of the defects in the design of Monetary Union, which in the long-term put the survival of the euro at risk. Germany and France are leading a project that will result in higher fiscal, political, banking and regulatory union. This will involve, among

Spain

Spain continues to lead growth among the large Eurozone economies. After recording 3.1 percent growth (year-on-year) during the third quarter of 2017, the same figure is expected for the year as a whole. The main factors that contributed to this strength include consumer and investor confidence, lax monetary conditions and job creation (unemployment fell to 16.4 percent during the third quarter). The most dynamic components of aggregate demand are exports and investments. It is noteworthy that investments in residential housing have begun to increase thanks to mortgage reactivation, as well as institutional investment flows into real estate. Spending remained strong, although slowing down, and increases would require higher actual gains in disposable income through salary increases, or certain fiscal encouragement, and not only savings resources. A slight deceleration in growth could be expected in 2018 due to, among other reasons, the effect the instability in Catalonia could have on investors and consumers (with an estimated effect of between -0.2 percent and -0.5 percent in growth that will have delayed confirmation over the course of 2018), as well as the fact that increasing oil prices will erode disposable income. The IBEX 35 index performed poorly from May (as a result of the instability in Catalonia and concerns in the banking sector – including the Banco Popular crisis), finishing the year at 10,044 points, a rise of 7.4 percent.

United States

GDP growth in the United States during the fourth quarter (3.2 percent) confirmed the strength of that economy, which allows for the forecast that it will end the year with 2.3 percent growth, driven by consumer spending and investments. Based on information up to November, employment continued to strengthen and the unemployment rate was 4.1 percent and underemployment was 8.1 percent. However, despite the strength of the job market, the moderation of growth in nominal and actual salaries is notable, which means that actual disposable income grew by 1.9 percent, and spending is being sustained mainly by savings erosion (the savings rate is 2.9 percent).

Despite the convergence of actual indicators and forecasts, the fact that indicators such as industrial production (+3.4 percent year-on-year) or capacity utilization (77 percent) are still far from the exuberance shown by the purchasing managers' index

other things, a common banking supervisor, a single banking resolution mechanism, a deposit guarantee fund, tax harmonization, a growing common budget and the possibility of issuing Eurobonds. Attaining these objectives will naturally require higher political union.

(PMI), which continues to grow with the hope that the government's reflation policy will materialize. Inflation stood at 2.1 percent in December. It is notable that underlying inflation remains low (1.8 percent), indicating that salary expectations are anchored, reflected by the extreme moderation of service prices (particularly those of a digital nature). The Federal Reserve's current guidance takes this into account. Monetary policy (which is tightening although it continues to be expansionary) shows caution regarding low inflation rates. At the October meeting of the Federal Open Market Committee (FOMC), the sum and schedule of the process for normalizing the Federal Reserve balance sheet was announced, and it is expected to reduce the assets on the balance sheet by one third (1.3 trillion US dollars) over the next three years starting in October. Although at its December meeting the Federal Reserve increased interest rates by 25 basis points to 1.5 percent, the narrative of its action and the reconfiguration resulting from the appointment of the new Chairman (Jerome H. Powell) leads to the expectation that this gradual tightening will be maintained. Two additional interest rate increases are expected over the course of 2018.

The 10-year interest rate was at 2.4 percent at the end of the year, but a gradual flattening of the curve is expected as a result of the lowering of the term premium, given the absence of structural inflation and the persistence of duration risk. As a result, the dollar ended the year lower than the December forecast at around 1.2 dollars to the euro, essentially due to the tightening of long rate spreads with the Eurozone. The S&P 500 closed the year at 2,674 points, showing a rise of 19.4 percent in U.S. dollars, (4.8 percent in euros).

Brazil

GDP in Brazil grew by 1.4 percent (year-on-year) in the third quarter of 2017, confirming the exit from recession and, therefore, the outlook for average growth over the year would be 1.1 percent year-on-year), suggesting GDP growth of 2.5 percent for 2018. The advance recorded by the Brazilian economy was fundamentally supported by improvements in spending and investments. The sustained reduction in inflation (3 percent year-on-year in December) allowed the Central Bank to cut interest rates seven times over the course of 2017, bringing the SELIC (overnight interest rate) to 7 percent in December. If inflation continues to moderate, the Brazilian Central Bank is expected to maintain interest rates at around, though lower than, 7 percent in 2018, making the most of the final phase of lax monetary policies, as it is foreseeable that it begins to raise rates the following year.

Brazil needs to continue with structural reforms to balance its public accounts (though the primary deficit met the administration's objective of -2.5 percent of the GDP in 2017, the total fiscal deficit for that year is estimated at -8.5 percent of the GDP), make

them sustainable and strengthen its credit rating. The most important reforms involve the pension and tax systems, which are key to reducing the deficit and sustaining debt levels. There will be presidential elections in October 2018, and no additional reforms are anticipated before that time. The administration of President Michel Temer has approved other structural reforms which, although of lower impact, are important for strengthening confidence in the country. In the market, the BOVESPA index celebrated the end of the economic recession by rising 26.9 percent during the year in local currency (9.3 percent in euros), closing at 76,402 points.

Turkey

Turkey is under market pressure due to the lack of foreign investor appetite for its bonds. The 10-year bond carries an 11.7 percent yield, while the bond rate curve in local currency continues to be inverted. Among other factors, this is due to a complex internal political context and increased tension with the European Union and the United States, which led Turkey to withdraw from joint NATO military maneuvers in November. In this context, the Turkish lira has accelerated its downward trend to around 4 TRY/USD, although the depreciation recently corrected. Inflation remains outside the Central Bank's objective (which is 5 percent), and was 12.9 percent in November, despite the fact that the Central Bank's benchmark interest rate was 8 percent (the 1-week repo rate), and the effective economic policy rate, corresponding to the marginal rate for credit facilities, was above 13 percent.

The growth in the Turkish economy has been sustained thanks to stimulus policies and, in particular, the government-backed credit supply, which maintained quarterly GDP growth at above 2 percent up to the third quarter of the year. However, a moderate deceleration has started to be perceived and GDP growth for the entire year will be close to 5.8 percent. The BIST 100 stock market index grew by 21.5 percent in euros and 48.8 percent in local currency, bringing it close to 142,000 points.

Mexico

The Mexican economy contracted by -0.3 percent during the third quarter of 2017, thereby canceling the 0.3 percent growth seen in the preceding quarter. This means that the estimate for the entire year is slightly less than the estimate for long-term growth, which is around 2.3 percent per year. This deceleration was partly caused by a contraction in the manufacturing sector (oil, construction and textiles) and a deferral of investments as a result of the uncertainty associated with the stagnation of trade negotiations with the United States and Canada (NAFTA). The latter gave rise to a new decline in the peso to 19 MXN/USD (compared to 17.7 the preceding quarter). In the absence of new shocks, the expectation is that the exchange rate will remain within

the range of 19-18 MXN/USD throughout 2018, with a higher margin for depreciation as the end of the NAFTA negotiations draws closer and the election campaign starts.

Inflation was 6.8 percent in December, partly reflecting the depreciation of the peso, although still resisting the impact of the local adjustment to gasoline prices and the materialization of second-round salary effects. The Bank of Mexico raised interest rates by 25 basis points to 7.25 percent at its December meeting, and based on the inflation, business and exchange rate data, there is no reason to foresee a change. However, all of this may change based on the tightening of the monetary conditions in the United States. Finally, the CPI Index at the Mexican Stock Market closed the year at 49,354 points, having risen 8.3 percent in local currency (-0.5 percent in euros).

Development of Insurance Markets

Spanish Market⁴

In 2017, the volume of direct insurance premiums written in the Spanish insurance market suffered a slight decline of 0.7 percent with respect to the same period of the previous year. The good performance of the Non-Life business lines (3.9 percent growth) was offset by the negative change in Life premiums, which fell by -5.6 percent.

Item	Dec-17	Dec-16	% Change 17/16
Life	29,401	31,136	-5.6%
Non-Life	33,992	32,703	3.9%
Total Direct Insurance	63,392	63,840	-0.7%

Figures in millions of euros

Most of the business lines in the Non-Life segment continued to grow, although at a lower rate than in 2016, and there was good performance in the larger premium volume lines of Automobile, Health and Multi-peril lines of business. As was the case in 2016, the increases in rates and the higher sales of new vehicles favored the growth of Automobile insurance (3.4 percent).

Item	Dec-17	Dec-16	% Change 17/16
Automobile	10,922	10,566	3.4%
Health	8,058	7,730	4.2%
Multi-peril	6,881	6,734	2.2%
Other Non-Life lines	8,131	7,673	6.0%
Total Non-Life	33,992	32,703	3.9%

Figures in millions of euros

⁴ Source: ICEA.

Life insurance premiums decreased by 5.6 percent, while Life Risk insurance was flat and Life Savings, which accounts for 85 percent of this segment, was down by 6.5 percent. Breaking down the Life business by individual and group policies, according to the most recent data published to September 2017, issuing of individual policies fell by 3.8 percent, despite the good performance of Unit-Linked policies, which grew by 66 percent, while group Life policies declined by 6.5 percent.

Based on the data available to September 2017, the technical profitability of Non-Life lines of business deteriorated on a relative basis compared to the same period last year, as a result of an increase in the loss ratio by 1.3 percent. Contrary to 2016, when there was a significant improvement in the combined ratio for multi-peril insurance, over the first nine months of 2017 the combined ratio for this line of business increased 8.3 percent, mainly due to the increase in the loss ratio as a result of the adverse weather conditions during the first few months of the year. However, Automobile and Health insurance saw improvements in their technical results.

Item	TOTAL NON-LIFE		AUTOMOBILE		MULTI-PERIL		HEALTH	
	Sep-17	Sep-16	Sep-17	Sep-16	Sep-17	Sep-16	Sep-17	Sep-16
Loss ratio	71.9%	70.6%	77.8%	79.7%	65.0%	57.5%	80.4%	81.0%
Expense ratio	22.0%	22.0%	18.5%	19.3%	31.6%	30.8%	11.9%	12.1%
Combined Ratio	93.9%	92.6%	96.3%	99.1%	96.6%	88.3%	92.3%	93.1%

Technical provisions for Life insurance totaled 183,519 million euros in December 2017, which is a 3.2 percent increase compared with the previous December. The equity in Mutual Funds grew by 11.7 percent during that same period, which is proof of lower risk aversion on the part of Spanish savers. Finally, the volume of pension fund assets managed rose to 111,077 million euros in 2017, a year-on-year increase of 4 percent.

Item	Dec-17	Dec-16	% Change 17/16
Life insurance	183,519	177,818	3.2%
Mutual funds	262,847	235,418	11.7%
Pension funds	111,077	106,839	4.0%
Total	557,443	520,075	7.2%

Figures in millions of euros

Latin American Markets

The following table shows the variation in written premium volumes with respect to the same period in the previous year for the main Latin American insurance markets, in keeping with the most recent information available:

Country	Date	Non-Life	Life	Total
Argentina	Sep-17	27.1%	9.0%	24.2%
Brazil	Nov-17	2.5%	8.0%	5.9%
Chile	Sep-17	5.8%	-3.5%	-0.2%
Colombia	Sep-17	7.9%	14.0%	9.8%
Mexico	Sep-17	17.2%	4.9%	11.4%
Peru	Nov-17	-2.9%	5.4%	0.5%
Puerto Rico	June-17	-8.1%	16.3%	-6.2%

Source: MAPFRE Economic Research, using data from the supervisors in each country.

The latest data published by the Latin American supervisors referring to June, September and November 2017, (the latest official information available), shows that most of the markets in the region increased premium volume in nominal terms, with varying performance in each of the countries and segments. While some have slowed growth, others are reflecting double-digit growth, particularly in the smaller markets. However, declines in premium income was seen in three of the largest markets: Puerto Rico, Chile and Peru.

Throughout 2017 the Non-Life segment has shown positive performance in practically all Latin American countries, with the exception of Ecuador, Peru and Puerto Rico. The Automobile and Fire lines in Peru – the biggest lines by volume - showed decreases, while in Puerto Rico, a drop in Health insurance premiums contributed to the decline. In Mexico, there was a considerable increase in the Non-Life lines of business in the country as a result of the renewal of the comprehensive insurance policy for *Petróleos Mexicanos* (PEMEX).

Life insurance showed uneven performance in the three largest markets: growth slowed in the region's principal market, Brazil, due to a slowdown of the *Vida gerador de beneficio livre* (VGBL) product, while Mexico grew by 4.9 percent, with Chile sliding on the back of reduced annuity premiums.

Automobile insurance showed positive development in most Latin American markets, with the exception of Brazil and Peru. In December 2016, the National Private Insurance Counsel in Brazil (CNSP) approved new mandatory Automobile insurance rates at the proposal of the Private Insurance Superintendent (SUSEP), which started to be applied in January 2017 and gave rise to a significant reduction compared to the rates that were in force, explaining the decline in premiums for Automobile insurance.

Other Markets

United States

The information available from the National Association of Insurance Commissioners (NAIC) in the United States regarding the first half of 2017 shows that Non-Life insurance grew by 4.7 percent, Life insurance by 3.9 percent and Health insurance by 6

percent, compared to the same period the preceding year. The good performance of the US economy is contributing to this growth. The process of monetary normalization is also making advances. As interest rates rise and are transferred throughout the curve, the growth of Life businesses could be limited, thereby creating a less favorable environment despite the good performance of the US economy.

Turkey

Based on figures from June 2017 (the latest available), the insurance market in Turkey presented 9.3 percent growth. Automobile insurance continues to be the primary line of business within Non-Life insurance, but it has lost relative weight compared to the rest of the lines of business and represented 47 percent of total Non-Life premiums compared to 55 percent previously. The main reason for this lies in the decline in third-party damage Automobile insurance premiums (-23.3 percent), partially offset by the 22.2 percent growth in own damage insurance, even though this represents a lower percentage of premiums. It should be noted that the establishment of a price control system for mandatory Automobile insurance is also having a negative influence on this performance. The Health and Accident lines of business are gaining relative weight, and Home and Business insurance saw premiums grow by nearly 20 percent.

BUSINESS PERFORMANCE

Revenues on operations

ITEM	DECEMBER 2017	DECEMBER 2016	Variation (%)
Total written and accepted premiums	23,480.7	22,813.2	2.9%
Investments financial income	2,801.7	3,056.3	-8.3%
Revenue from non-insurance entities and other incomes	1,701.3	1,222.6	39.1%
Total consolidated revenue	27,983.7	27,092.1	3.3%

Figures in millions of euros

The Group's consolidated revenue reached 27.9 billion euros, with growth of 3.3 percent, which strengthened the upward trend of the last few years.

Premiums from direct insurance and accepted reinsurance, which represent a fundamental part of revenue, reached 23.5 billion euros, with notable growth of 2.9 percent, primarily backed by the increase in premiums in Spain, Mexico, Central America, and the Global Risks Business Unit.

This increase in premium growth is framed in the Group's strategic line of "profitable growth", which aims to improve profitability mainly in Non-Life insurance. As a result,

in 2017, the cancellation of unprofitable policies has continued, for an amount of approximately 530 million euros, mainly in Autos and General P&C, which partially conditions growth.

Non-Life premiums grew by 2.6 percent, while Life premiums reached relevant growth of 4.2 percent.

By Non-Life business type, Automobile is the most important line, with 7.3 billion euros in premiums and a decrease of 1.4 percent due primarily to the portfolio reduction in Brazil, Mexico and Turkey. General P&C holds second place, with 6.3 billion euros and growth of 10.3 percent, driven by the PEMEX policy in Mexico for 545 million dollars; and Health and Accidents is in third place with 1.2 billion euros in premiums and 1.2 percent decrease.

Gross revenue from investments reached 2.8 billion euros, below the previous period, due to the recurrent low-interest rate environment in Europe and the fall in interest rates in Brazil and other LATAM countries, as well as lower financial gains.

Finally, other revenue, which mainly includes non-insurance activity and non-technical revenue, reflects an increase primarily from higher revenue from positive currency conversion differences, as well as from the cancellation of a reserve for contingent payments in the bancassurance channel in Spain totaling 29 million euros, as the necessary level of certain long-term objectives were not reached.

Income Statement

The chart below gives a summary of the consolidated income statement as of December 2017, showing the various components of MAPFRE's earnings and the comparison with the same period of the previous year.

ITEM	DECEMBER 2017	DECEMBER 2016	Variation (%)
NON-LIFE BUSINESS			
Gross written and accepted premiums	18,154.5	17,699.8	2.6%
Net premiums earned	14,255.0	14,158.7	0.7%
Technical result	267.9	370.5	-27.7%
Net financial income	616.6	922.0	-33.1%
Other non-technical revenue and expenses	61.4	(60.8)	--
Result of Non-Life business	945.8	1,231.8	-23.2%
LIFE BUSINESS			
Gross written and accepted premiums	5,326.2	5,113.3	4.2%
Net premiums earned	5,054.6	4,879.5	3.6%
Technical result	(581.6)	(640.6)	9.2%
Financial result and other non-technical revenue	1,301.3	1,387.5	-6.2%
Result of Life business	719.7	746.9	-3.6%
Result from other business activities	(132.3)	(133.5)	0.9%
Hyperinflation adjustments	(24.5)	(40.0)	38.7%
Result before tax	1,508.7	1,805.2	-16.4%
Tax on profits	(410.3)	(560.0)	-26.7%
Result after tax from discontinued operations	0.0	0.0	--
Result for the period	1,098.4	1,245.2	-11.8%
Result attributable to non-controlling interests	397.9	469.7	-15.3%
Result attributable to the controlling Company	700.5	775.5	-9.7%

Figures in millions of euros

The attributable result reached 700.5 million euros, decreasing by 9.7 percent, primarily due to the following events occurring in 2017:

1. The impact of the catastrophic events in the third quarter, which carried a net cost of 125.6 million euros.
2. The drop in net financial income due mainly to the fall in interest rates in Brazil and other LATAM countries, as well as the recurrent low-interest rate environment in Europe.
3. The cancellation of certain assets and liabilities, primarily intangible assets and provisions for risks and expenses recorded in 2011 as a result of the bancassurance alliance carried out in Brazil, which had a positive impact of 28 million euros for Group results. This impact is reflected under the heading for financial income and other non-technical income and expenses.
4. The approval of a tax reform in the United States, which reduced tax rates that affect our undertakings in this country as of 2018 and that requires that all

deferred tax assets and liabilities are updated at the close of 2017 to this new tax rate. The net impact implied a reduction in tax liabilities, and as such, an increase in net result for MAPFRE Group of 37.8 million euros.

Non-Life

Non-Life results reached 946 million euros, with a reduction of 23.2 percent compared to the previous period.

2017 was affected by hurricanes Harvey, Irma and Maria, that hit the Atlantic coast of North America and the Caribbean in the third quarter, by the earthquakes in Mexico in September, and by the “Coastal El Niño” which affected Peru and Colombia in February. The net impact (loss retention after taxes and non-controlling interests) of these natural catastrophes on MAPFRE Group attributable results to December 31, 2017, is 125.6 million euros for the insurance entities, and 183.8 million euros including MAPFRE RE.

The following chart breaks down the effects of the different catastrophes and the MAPFRE company affected by them:

Impact before taxes and minorities:

	MAPFRE GLOBAL RISKS	PUERTO RICO	COLOMBIA & PERU	USA	MEXICO	DOMINICAN REPUBLIC	SUBTOTAL	MAPFRE RE	TOTAL
Hurricane Harvey	15.0	---	---	---	---	---	15.0	10.2	25.2
Hurricane Irma	25.0	24.5	---	1.7	---	---	51.2	7.9	59.1
Hurricane Maria	22.5	29.2	---	---	---	1,1	52.8	37.5	90.3
Mexico earthquakes	14.0	---	---	---	2.0	---	16.0	22.4	38.4
Catastrophic Events	76.5	53.7	---	1.7	2.0	1.1	135.0	78.0	213.0
Coastal El Niño	26.6	---	3.2	---	---	---	298	6.3	36.1
TOTAL CATASTROPHIC EVENTS	103.1	53.7	3.2	1.7	2.0	1.1	164.8	84.3	249.1

Figures in millions of euros

Impact after taxes and minorities:

	MAPFRE GLOBAL RISKS	PUERTO RICO	COLOMBIA & PERU	USA	MEXICO	DOMINICAN REPUBLIC	SUBTOTAL	MAPFRE RE	TOTAL
Hurricane Harvey	11.3	---	---	---	---	---	11.3	7.0	18.3
Hurricane Irma	18.8	19.6	---	1.1	---	---	39.5	5.4	44.9
Hurricane Maria	16.9	23.3	---	---	---	0.4	40.6	25.8	66.4
Mexico earthquakes	10.5	---	---	---	1.4	---	11.9	15.3	27.2
Catastrophic Events	57.5	42.9	---	1.1	1.4	0.4	103.3	53.5	156.8
Coastal El Niño	19.9	---	2.4	---	---	---	22.3	4.7	27.0
TOTAL CATASTROPHIC EVENTS	77.4	42.9	2.4	1.1	1.4	0.4	125.6	58.2	183.8

Figures in millions of euros

These events have had a direct impact on the Group's Non-Life loss ratio, which stands at 70.7 percent (0.7 percentage points higher than the same period the previous year).

In addition to the events listed above, other events have taken place during the year that have impacted the Non-Life result, the most significant being:

1. Remarkable improvement in the result of the Auto line in Spain.
2. Improvements in the technical result in the majority of lines and countries and LATAM and EURASIA.
3. Lower than expected results in the Auto line in the U.S., Brazil, and Mexico, primarily due to the elevated claims frequency.
4. Several large claims in the MAPFRE GLOBAL RISKS portfolio over the course of the year.

Life

Life results grew to 720 million euros, with a decrease of 3.6 percent compared to the previous period. IBERIA's contribution to earnings stands out, both for its improvement in margins as well as for the effect of the cancellation of a reserve for contingent payments in the bancassurance channel totaling 29 million euros. It is worth highlighting the earnings contribution of protection products sold through the bank channel in Brazil, despite the difficult context our companies operate in, in this country.

The end of the alliance between MAPFRE and Banco CEISS generated net accounting gains of 5.8 million euros and MAPFRE PERU's sale of its annuity portfolio contributed 4 million euros in net gains to MAPFRE Group.

Other aspects

Taxes on profits decreased significantly, due to the following:

1. From the lower results for the period deriving from the catastrophic events, and the fall in the recurring result in Brazil.
2. The updated tax rate for deferred tax liabilities in our companies in the United States, as a result of the recently approved tax reform in the country, which has lowered tax expenses by 37.8 million euros.

Finally, the attributable result to non-controlling interests has fallen, mainly deriving from the lower results contributed from our insurance operation in Brazil.

Balance Sheet

ITEM	DECEMBER 2017	DECEMBER 2016
Goodwill	1,883.0	1,990.0
Other intangible assets	1,539.9	1,808.9
Other fixed assets	271.1	293.6
Cash	1,864.0	1,451.1
Real estate	2,171.4	2,277.8
Financial investments	42,003.2	42,540.9
Other investments	1,437.3	1,272.2
Unit-Linked investments	2,320.1	2,014.0
Participation of reinsurance in technical provisions	4,989.6	3,934.4
Receivables on insurance and reinsurance operations	5,006.7	5,191.6
Deferred taxes	296.8	335.3
Assets held for sale	155.6	911.2
Other assets	3,630.8	3,860.7
TOTAL ASSETS	67,569.5	67,881.8
Equity attributable to the Controlling company	8,611.3	9,126.5
Non-controlling interests	1,901.4	2,317.0
Equity	10,512.7	11,443.5
Financial debt	2,327.4	2,202.9
Technical provisions	47,814.1	47,240.1
Provisions for risks and expenses	661.7	752.8
Debt due on insurance and reinsurance operations	2,190.7	1,998.8
Deferred taxes	588.0	730.7
Liabilities held for sale	1.1	690.3
Other liabilities	3,473.7	2,822.7
TOTAL LIABILITIES	67,569.5	67,881.8

Figures in millions of euros

Total assets reached 67.6 billion euros as on December 31, 2017 and fell 0.5 percent compared to the previous year. The most relevant changes are analyzed below:

1. The lower amount of intangible assets to December 2017 comes from the deterioration of goodwill on consolidation and other intangible assets from the Non-Life business in Brazil, as well as from the effect of the depreciation of the US dollar and the Brazilian real, currencies in which key intangible assets are listed on the balance sheet at the close of the year.
2. The changes in Financial Investments, as well as in the headings for Assets and Liabilities from insurance and reinsurance operations are a result of the

business management process itself. The increase in technical provisions and in reinsurance participation in technical provisions is in line with the increase in gross reserves from the claims registered from the catastrophic events occurring in September and the corresponding cession to reinsurers. At the same time, the increase in reinsurance participation in technical provisions also corresponds to the PEMEX policy issued in Mexico, which has been highly ceded to reinsurers.

3. As a result of Banco CEISS exercising its call option for the whole of the Group's shares in the undertakings Duero Vida and Duero Pensiones, at December 31, 2016 the headings "Assets and liabilities held for sale" included assets for the amount of 879.9 million euros and associated liabilities for the amount of 689.3 million euros, corresponding to both dependent undertakings.

In 2017, in the "Assets held for sale" heading of the balance sheet, only the fair value of the assets resulting from the sale is included in the balance sheet, which produced an accounting net gain of 5.8 million euros.

4. Changes in equity correspond to the earnings from the period and the distribution of dividends, as well as to changes in value of investments available for sale and currency conversion differences of financial accounts denominated in currencies other than the euro.

Funds under Management

The following charts show the performance of managed savings, including both technical provisions of Life insurance companies, and the Life provisions of multiline insurance companies, which are presented in the Group's consolidated balance sheet.

In addition to the Life insurance operations, MAPFRE manages its clients' savings through pension and mutual funds.

Managed savings

The following chart shows the details of and changes in managed savings, which includes both concepts:

ITEM	DECEMBER 2017	DECEMBER 2016	Variation (%)
Life technical provisions	28,718.9	29,173.1	-1.6%
Pension funds	5,082.1	4,684.1	8.5%
Mutual funds and other	5,203.9	4,631.5	12.4%
Subtotal	39,004.9	38,488.8	1.3%

Figures in millions of euros

In the information regarding managed savings in 2016 and 2017, UNIÓN DUERO VIDA and DUERO PENSIONES are not included, as at that time they were already classified as assets-held-for-sale.

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

1. The reduction in Life technical provisions, from the fall in the portfolio as a result of redemptions, mainly in the bancassurance channel in Spain.
2. The reduction in the value of managed savings in Brazil and other countries outside of the Eurozone from the depreciation of their currencies.
3. The growth in pension and mutual funds, fruit of MAPFRE's strategy to push Asset Management as an alternative to traditional Life Savings products, which are less attractive to clients in the current low-interest rate environment.

Assets under management

The following chart reflects the performance of assets under management, which includes the total Group investment portfolio as well as pension and mutual funds, and which shows growth of 2.1 percent:

ITEM	DECEMBER 2017	DECEMBER 2016	Variation (%)
Investment portfolio	49,796.0	49,556.0	0.5%
Pension funds	5,082.1	4,684.1	8.5%
Mutual funds and other	5,203.9	4,631.5	12.4%
TOTAL	60,082.0	58,871.7	2.1%

Figures in millions of euros

Key indicators

Return on shareholders' equity (ROE)

Return on equity (ROE), which represents the relationship between net profit attributable to the parent company (deducting the share of external partners) and average shareholders' equity, was 7.9 percent (8.8 percent in 2016).

Management ratios

The combined ratio measures the impact on premiums of management costs and the loss ratio for the period. In 2017 this ratio was 98.1 percent, representing an increase of 0.7 percentage points compared to the previous year.

The following table shows how the main management ratios performed, as per business unit:

	EXPENSE RATIO ⁽¹⁾		LOSS RATIO ⁽²⁾		COMBINED RATIO ⁽³⁾	
	2017	2016	2017	2016	2017	2016
IBERIA	20.9%	21.6%	72.8%	72.9%	93.7%	94.5%
LATAM North	32.8%	34.0%	65.2%	68.2%	98.0%	102.3%
LATAM South	36.4%	37.0%	60.4%	62.1%	96.9%	99.1%
BRAZIL	34.5%	31.5%	61.6%	62.7%	96.1%	94.2%
NORTH AMERICA	25.5%	25.6%	79.4%	75.4%	104.9%	101.0%
EURASIA	23.2%	26.7%	77.7%	80.5%	100.9%	107.3%
MAPFRE RE	28.6%	29.0%	66.2%	65.0%	94.8%	94.0%
MAPFRE GLOBAL RISKS	31.1%	27.9%	104.3%	69.6%	135.4%	97.5%
MAPFRE ASISTENCIA	36.6%	31.5%	67.1%	70.5%	103.7%	102.0%
MAPFRE S.A.	27.5%	27.4%	70.7%	70.0%	98.1%	97.4%

(1) (Operating expenses net of reinsurance - other technical revenues + other technical expenses) / Premiums allocated, net of reinsurance. Figures refer to the Non-Life business.

(2) (Claims ratio for the year net of reinsurance + variation in other technical provisions + profit sharing and returned premiums) / Premiums allocated net of reinsurance. Figures refer to the Non-Life business.

(3) Combined ratio = expense ratio + loss ratio. Figures refer to the Non-Life business.

Information by Regional Areas and Business Units

Regional Areas

MAPFRE manages its insurance business through six Regional Areas that group different geographically-close countries, and which comprise the different operations of the INSURANCE, ASSISTANCE, and GLOBAL RISKS businesses.

The following chart shows premiums and results, as well as the Non-Life combined ratio.

Key figures

ITEM	Premiums			Attributable result			Combined ratio	
	DECEMBER 2017	DECEMBER 2016	Variation (%)	DECEMBER 2017	DECEMBER 2016	Variation (%)	DECEMBER 2017	DECEMBER 2016
IBERIA	7,403.9	7,139.4	3.7%	525.2	582.3	-9.8%	93.9%	94.0%
BRAZIL	4,734.3	4,587.4	3.2%	127.9	144.4	-11.5%	96.1%	94.2%
LATAM NORTH	1,848.1	1,343.2	37.6%	26.5	38.8	-31.7%	99.5%	100.9%
LATAM SOUTH	1,827.5	1,877.8	-2.7%	64.4	5.2	--	98.2%	100.2%
NORTH AMERICA	2,788.0	2,902.4	-3.9%	15.3	80.0	-80.9%	106.4%	100.3%
EURASIA	2,552.0	2,700.7	-5.5%	(62.2)	(123.1)	49.4%	107.2%	107.9%

Figures in millions of euros

The most significant aspects are:

1. Premiums and results show very solid growth in IBERIA, with excellent performance in the Auto line and the contribution of Spain's result to the Group.
2. Premiums in BRAZIL show positive results compared to last year, from the appreciation of the average exchange rate of the Brazilian real, although there is no growth in the original currency. The lower result is a consequence of a lower financial result due to the drop in interest rates in Brazil in 2017 and of the increase in acquisition costs and high loss experience in Auto.
3. LATAM NORTH shows premium growth of 37.6 percent to December from the issuing of the PEMEX policy for a two-year coverage period. The region's earnings reflect the discrete result in Mexico due to the high loss ratio in Automobiles and the impact of catastrophic events on the GLOBAL RISKS business.
4. LATAM SOUTH experienced an increase in results, thanks to the favorable evolution of the insurance business in Colombia and Peru. However, this

improvement was offset by the negative impact of a severe claim in the GLOBAL RISKS business in Peru, due to the heavy rains caused by weather related to “Coastal El Niño”.

5. NORTH AMERICA has growth containment in premiums and lower due to the high loss experience in the Auto line in the United States, and to the impact of the catastrophic events on the insurance and GLOBAL RISKS businesses, which had strong economic repercussions on Puerto Rico’s results.
6. EURASIA experienced a drop in premiums, primarily due to Turkey, as a result of growth containment in compulsory Third Party Liability for Auto insurance. It is important to point out the extraordinary improvement in results in Turkey, as well as favorable development of business in Italy. However, EURASIA presented losses of 62.2 million euros, due to the negative results of ASISTENCIA in the United Kingdom and certain large claims in GLOBAL RISKS. ABDA business is included as of June 2017.

Business Units

MAPFRE manages its business through four business units: Insurance, Reinsurance, Assistance, and Global Risks.

The chart below shows premiums, attributable result, and Non-life combined ratio for the business units:

Key figures

ITEM	Premiums			Attributable result			Combined ratio	
	DECEMBER 2017	DECEMBER 2016	Variation (%)	DECEMBER 2017	DECEMBER 2016	Variation (%)	DECEMBER 2017	DECEMBER 2016
IBERIA	6,960.2	6,704.5	3.8%	511.5	535.9	-4.6%	93.7%	94.5%
LATAM	8,017.9	7,385.4	8.6%	229.4	192.1	19.4%	96.6%	96.6%
INTERNATIONAL	4,398.2	4,593.4	-4.2%	88.0	8.3	--	103.6%	103.1%
TOTAL INSURANCE	19,376.3	18,683.3	3.7%	828.9	736.3	12.6%	97.4%	97.6%
RE	4,222.4	4,234.7	-0.3%	162.7	186.1	-12.6%	94.8%	94.0%
ASISTENCIA	983.5	1,066.8	-7.8%	(68.4)	(56.4)	-21.4%	103.7%	102.0%
GLOBAL RISKS	1,257.4	1,212.2	3.7%	(66.3)	47.3	--	135.4%	97.5%
Holdings and consolidation adjustments	(2,359.0)	(2,383.8)	1.0%	(156.3)	(137.8)	-13.4%	--	--
MAPFRE S.A.	23,480.7	22,813.2	2.9%	700.5	775.5	-9.7%	98.1%	97.4%

Figures in millions of euros

The most important changes are:

1. Premiums show significant growth in all business units, with the exception of ASISTENCIA, mainly as a result of the current business restructuring, and INTERNATIONAL due to the previously mentioned growth containment in premiums in North America and the lower issuing in Turkey.
2. Results have evolved positively in insurance entities in IBERIA, LATAM and INTERNATIONAL, with 12.6 percent growth in the insurance business units at the close of December 2017.
3. MAPFRE RE continues to contribute positively to the Group, both in premiums and in results, reaching earnings of 162.7 million euros to December 2017, despite the catastrophic events that took place during the year, which have had an attributable net cost of 58.2 million euros for this company.
4. MAPFRE ASISTENCIA is highly affected by losses in the United Kingdom and by business restructuring.
5. GLOBAL RISKS is negatively affected by the catastrophic events that occurred during the year, that have had an attributable net cost of 77.4 million euros for this company, and by large claims that have been impacting it this whole year.

Insurance Companies

IBERIA

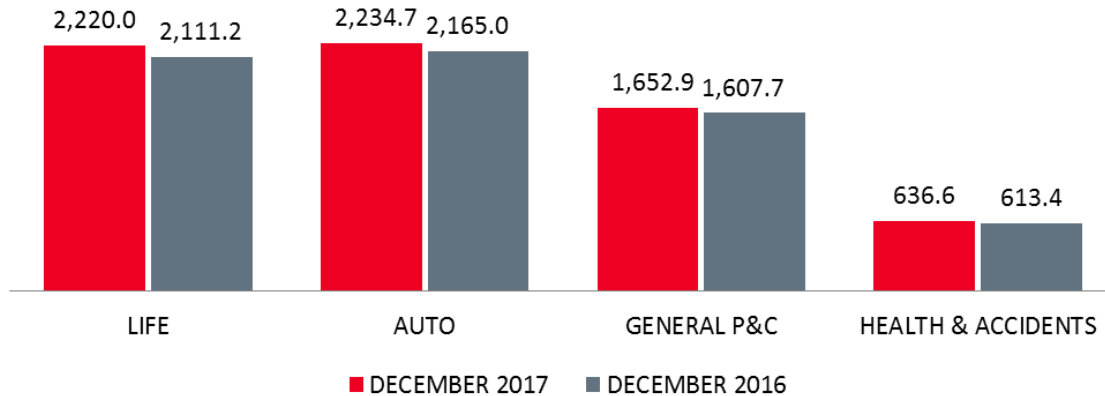
IBERIA encompasses the business activities of MAPFRE ESPAÑA and its subsidiary in Portugal, as well as the Life business managed by MAPFRE VIDA and its bancassurance subsidiaries.

Information by country

ITEM	Premiums			Attributable result			Combined ratio	
	DECEMBER 2017	DECEMBER 2016	Variation (%)	DECEMBER 2017	DECEMBER 2016	Variation (%)	DECEMBER 2017	DECEMBER 2016
IBERIA	6,960.2	6,704.5	3.8%	511.5	535.9	-4.6%	93.7%	94.5%
SPAIN	6,820.6	6,564.3	3.9%	515.0	535.0	-3.7%	93.4%	94.2%
PORTUGAL	139.6	140.2	-0.4%	(3.5)	1.0	--	112.1%	106.3%

Figures in millions of euros

Written premiums in key lines



Figures in millions of euros

Excellent performance of premiums in IBERIA, with 3.8 percent growth.

Non-Life premiums grew by 3.2 percent, and reflect the positive development of the Auto, Health, and Third Party Liability business and the majority of the Non-Life personal and commercial lines. This compensated for lower issuing in Combined Agricultural Insurance (SAC).

Life premiums picked up by 5.2 percent, thanks to the bancassurance savings line. This growth is especially noteworthy, keeping in mind that in 2016 a group savings policy was issued for the amount of 133 million euros, without any similar operations having been recorded in 2017.

The market shares in Spain* and Portugal at December and September 2017, respectively, are shown below:

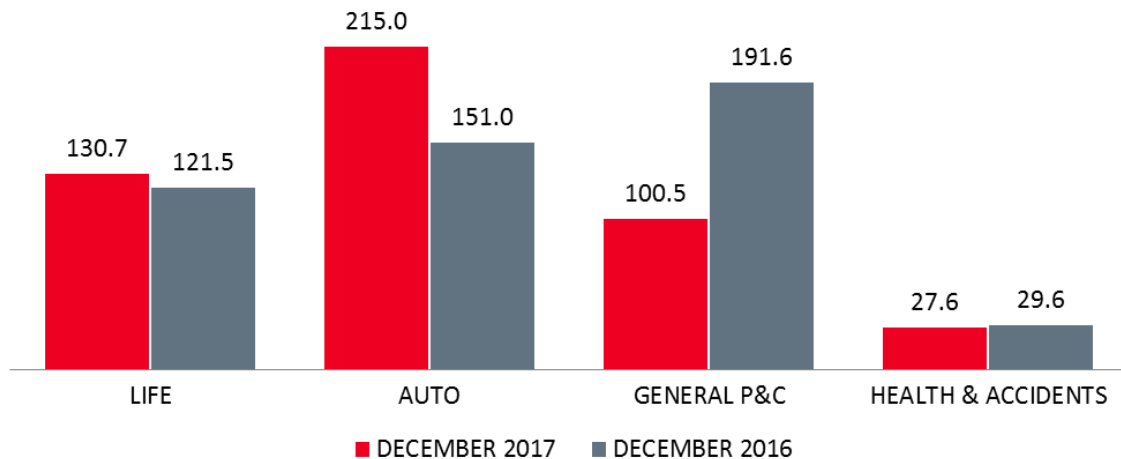
SPAIN	Dec-17	Dec-16
Automobile	20.0%	19.9%
Health	6.4%	6.4%
Other Non-Life	14.3%	15.0%
Total Non-Life	14.3%	14.5%
Total Life	6.5%	6.3%
TOTAL	10.7%	10.5%

* Estimated market shares, using data published by ICEA, which only takes into account written direct insurance premiums. The figures include premiums written by MAPFRE GLOBAL RISKS.

PORTUGAL	Sep-17	Sep-16

Automobile	2.4%	3.3%
Total Non-Life	2.0%	2.7%
Total Life	0.8%	0.7%
TOTAL	1.3%	1.4%

Result



Figures in millions of euros

IBERIA's attributable result reached 511.5 million euros with fall of 4.6 percent compared to the previous period. It is important to bear in mind that last year, this region registered a significant gain of 88 million euros net of taxes in the third quarter of the year, from the sale of MAPFRE tower.

The technical result of Non-Life business improved as a result of the containment of the loss ratio and the reduction in the expense ratio, which improved thanks to the rigorous cost containment policy in place in recent years in Spain. It is important to highlight the significant improvement in the Non-Life combined ratio, which stood at 90.8 percent at the close of 2017 and the impairment of the General P&C combined ratio, affected by adverse weather conditions.

The Life business shows an important improvement in its result from the cancellation of a reserve for contingent payments in the bancassurance channel totaling 29 million euros before taxes (27.2 million euros after taxes).

86.7 million euros in capital gains on financial investments, net, were recorded (102.2 million to December 2016), mainly in equity.

In the fourth quarter, MAPFRE in Spain implemented an early retirement plan for MAPFRE ESPAÑA, MAPFRE VIDA, and MAPFRE TECH employees, for a cost of 35 million euros.

Finally, in 2017, real estate transactions were made, generating net earnings of 36 million euros in MAPFRE ESPAÑA (88 million euros in 2016 from the sale of Mapfre Tower).

LATAM

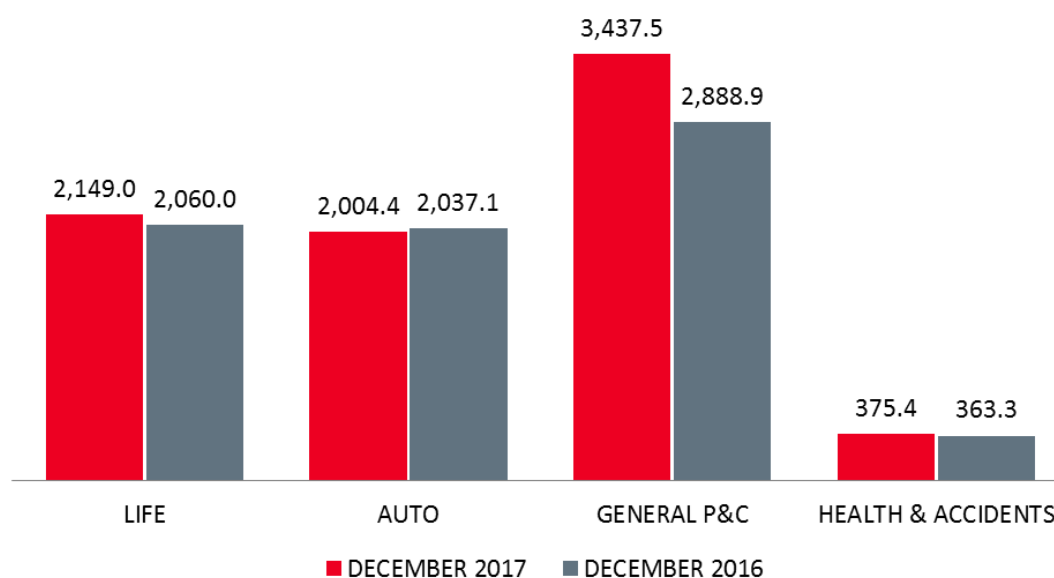
This territorial area comprises the regional areas of BRAZIL, LATAM NORTH, and LATAM SOUTH.

Information by region

ITEM	Premiums			Attributable result			Combined ratio	
	DECEMBER 2017	DECEMBER 2016	Variation (%)	DECEMBER 2017	DECEMBER 2016	Variation (%)	DECEMBER 2017	DECEMBER 2016
BRAZIL	4,546.9	4,392.8	3.5%	125.4	141.3	-11.3%	96.1%	94.2%
LATAM NORTH	1,772.1	1,269.0	39.6%	33.8	34.2	-1.4%	98.0%	102.3%
LATAM SOUTH	1,698.9	1,723.6	-1.4%	70.2	16.5	--	96.9%	99.1%

Figures in millions of euros

Written premiums in key lines



Figures in millions of euros

Premium growth reflects the favorable development of Mexico from the issuing of the PEMEX policy, and of the countries in Central America and Dominican Republic. Additionally, premium volume in Brazil was favored by the appreciation of the Brazilian real against the euro by 3.6 percent.

As at December 2016, MAPFRE was once again in first place in the ranking for Non-Life insurance groups in Latin America, with a market share of 7.6 percent.

The following table shows market shares for direct Non-Life insurance in the main countries in the region:

COUNTRY	Ranking (at Dec-2016)	Market share ⁽¹⁾	Market share date
Argentina	17	2.0%	Sep-17
Brazil	2	13.6%	Nov-17
Chile	6	7.1%	Sep-17
Colombia	8	5.4%	Sep-17
Mexico	7	7.5%	Sep-17
Peru	3	19.6%	Nov-17
Puerto Rico	7	3.3%	June-17

⁽¹⁾ Figures according to the latest available information for each market.

Source: MAPFRE Economic Research, using data from the supervisors in each country.

Results

The attributable result in the LATAM Territorial Area went up at December 2017, as a result of the growth in profits from LATAM SOUTH thanks to the positive development of businesses in Peru and Colombia. On the other hand, the stagnant results of LATAM NORTH originate in the higher loss ratio in the Auto line in Mexico. Brazil presented negative development due to the lower financial result from the fall in interest rates, the increase in acquisition costs and the high combined ratio in Autos.

INTERNATIONAL

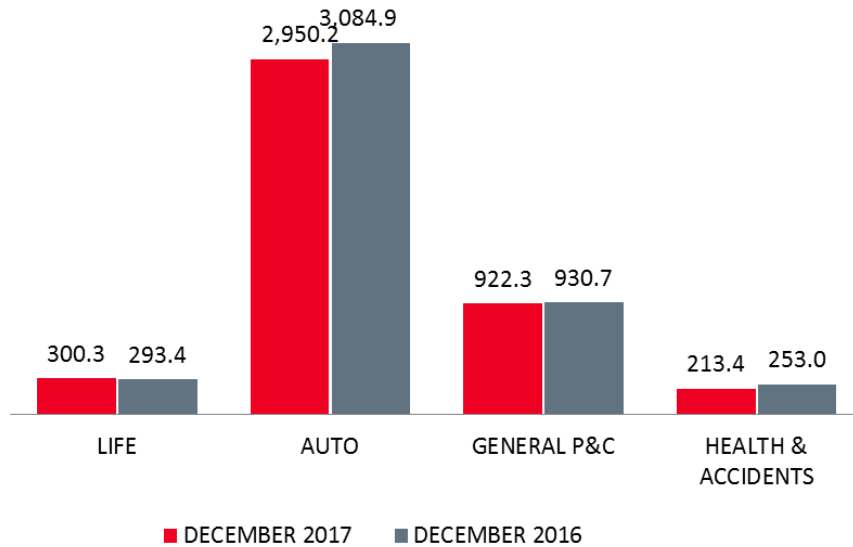
This territorial area comprises NORTH AMERICA and EURASIA.

Information by Area

ITEM	Premiums			Attributable result			Combined ratio	
	DECEMBER 2017	DECEMBER 2016	Variation (%)	DECEMBER 2017	DECEMBER 2016	Variation (%)	DECEMBER 2017	DECEMBER 2016
NORTH AMERICA	2,528.5	2,623.3	-3.6%	48.7	77.3	-37.0%	104.9%	101.0%
EURASIA	1,869.7	1,970.0	-5.1%	39.3	(69.0)	157.0%	100.9%	107.3%

Figures in millions of euros

Written premiums in key lines



Figures in millions of euros

Premiums from INTERNATIONAL fell 3.6 percent in NORTH AMERICA, primarily due to the decrease in business volume outside of Massachusetts, U.S.A. and to lower issuing in Puerto Rico, affected by the catastrophic events of the period. Premiums in EURASIA went down 5.1 percent due to lower issuing in Turkey.

MAPFRE’s market shares in the International Territorial Area are shown below, as per the most recently available data for each country.

In the state of Massachusetts (USA), the market shares are as follows:

BUSINESS LINE	MASSACHUSETTS	
	Dec-16	Dec-15
Automobile	22.6%	23.0%
Total Non-Life	11.6%	11.7%
Total Life	0.0%	0.0%
TOTAL	3.2%	3.1%

Source: SNL

In the EURASIA region:

BUSINESS LINE	GERMANY		ITALY		MALTA		TURKEY	
	Dec-16	Dec-15	June-17	June-16	Dec-16	Dec-15	June-17	June-16
Automobile	1.1%	1.1%	2.7%	2.8%	36.2%	28.7%	8.7%	10.2%
Total Non-Life	0.3%	0.3%	1.4%	1.5%	32.5%	27.5%	7.6%	8.3%
Total Life	0.0%	0.0%	0.0%	0.0%	76.0%	70.8%	0.3%	0.3%
TOTAL	0.1%	0.1%	0.3%	0.3%	60.0%	51.1%	6.5%	7.4%

Source: Insurance association in each country

BUSINESS LINE	PHILIPPINES		INDONESIA	
	Dec-16	Dec-15	Sep-17	Sep-16
Automobile	5.3%	5.6%	5.2%	5.6%
Total Non-Life	3.1%	3.2%	2.0%	2.2%
Total Life	0.0%	0.0%	0.0%	0.0%
TOTAL	0.9%	0.8%	0.6%	0.7%

Source: Supervisor in each country

Results

The attributable result in NORTH AMERICA was affected by Hurricanes Irma and Maria, which significantly impacted Puerto Rico, the Virgin Islands, and Florida. The positive evolution of EURASIA's attributable result came from the significant increase in the result in Turkey thanks to rate updates and to the lower loss experience in Auto, as well as lower losses from the business in Italy.

MAPFRE RE

MAPFRE RE is a global reinsurer and is the main reinsurer of MAPFRE Group.

MAPFRE RE offers reinsurance services and capacities, providing all kinds of solutions for reinsurance treaties and facultative reinsurance, in all Life and Non-Life lines.

Key figures

ITEM	DECEMBER 2017	DECEMBER 2016	Variation (%)
Gross written and accepted premiums	4,222.4	4,234.7	-0.3%
- Non-Life	3,565.7	3,586.5	-0.6%
- Life	656.7	648.2	1.3%
Net premiums earned	2,999.7	2,691.8	11.4%
Gross result	221.2	252.8	-12.5%
Tax on profits	(58.6)	(66.8)	-12.3%
Non-controlling interests	0.0	0.0	--
Attributable net result	162.7	186.1	-12.6%
Combined ratio	94.8%	94.0%	0.8 p.p.
Expense ratio	28.6%	29.0%	-0.5 p.p.
Loss ratio	66.2%	65.0%	1.2 p.p.

Figures in millions of euros

Breakdown of premiums:

Breakdown of premium distribution to December 2017 is as follows:

	%		%
By Type of business:		By Ceding company:	
Proportional	80.6%	MAPFRE	44.4%
Non-proportional	13.4%	Other	55.6%
Facultative	6.0%		
By Region:		By Insurance Lines:	
IBERIA	16.3%	Property	49.3%
EURASIA	50.2%	Life & Accident	19.5%
LATAM	17.8%	Motor	21.8%
NORTH AMERICA	15.8%	Transport	3.5%
		Other Insurance lines	5.9%

Results

The net result reached 162.7 million euros, with a 12.6 percent fall due to the catastrophic events of the year, which have an attributable net cost for the Group of 58.2 million euros, with the following breakdown by event:

	MAPFRE RE
Hurricane Harvey	7.0
Hurricane Irma	5.4
Hurricane Maria	25.8
Mexico earthquakes	15.3
Coastal El Niño	4.7
TOTAL	58.2

Figures in millions of euros

It is important to mention the high contribution of MAPFRE RE's non-catastrophic risk portfolios to the result, as the company presents high levels of profitability.

The increase in earned premiums in the fourth quarter of the year comes from a reduction of the provision for unearned premiums, as a result of the change in actuarial estimates for earned premiums in the XL business, based on the additional historic information obtained this year.

The financial result stayed below that of the previous year, from lower realized financial gains. Net realized financial gains to December reached 38.1 million euros, compared to 42.2 million euros the previous year, mainly in equity.

MAPFRE GLOBAL RISKS

This business unit specializes in global insurance programs for large multinational companies (e.g. aviation insurance policies, nuclear risks and energy insurance policies, third party liability insurance policies, fire insurance policies, engineering insurance policies, transport insurance policies and suretyship).

Key figures

ITEM	DECEMBER 2017	DECEMBER 2016	Variation (%)
Gross written and accepted premiums	1,257.4	1,212.2	3.7%
Net premiums earned	333.1	336.1	-0.9%
Gross result	(89.8)	49.9	--
Tax on profits	23.6	(2.7)	--
Non-controlling interests	0.0	0.0	--
Attributable net result	(66.3)	47.3	--
Combined ratio	135.4%	97.5%	37.9 p.p.
Expense ratio	31.1%	27.9%	3.2 p.p.
Loss ratio	104.3%	69.6%	34.7 p.p.

Figures in millions of euros

Premiums

MAPFRE GLOBAL RISKS premiums reached 1.3 billion euros, an increase of 3.7 percent compared to the same period of the previous year. The breakdown by regional area shows growth for the business underwritten in LATAM NORTH and EURASIA, where double-digit premium growth was registered.

Results

MAPFRE GLOBAL RISKS closed 2017 with important losses. The deterioration of the combined ratio, which stood at 135.4 percent, reflects the increase in the loss ratio which reached 104.3 percent (34.7 percentage points above the same period of the previous year). This is primarily due to the catastrophic events that have an attributable net cost of 77.4 million euros, as well as from the larger claims throughout the year, which consist of large claims in: EURASIA, as a result of a fire in a refinery in Abu Dhabi and a claim in an aluminum plant in Oman; and in LATAM NORTH, from the sinking of an offshore power generation platform in Panama.

The breakdown of the attributable net cost for the Group from the catastrophic events that occurred in 2017 is as follows:

	MAPFRE GLOBAL RISKS
Hurricane Harvey	11.3
Hurricane Irma	18.8
Hurricane Maria	16.9
Mexico earthquakes	10.5
Coastal El Niño	19.9
TOTAL	77.4

Figures in millions of euros

There was also a 3.2 percentage point increase in expenses, placing the expense ratio at 31.1 percent at the close of December, due to an increase in acquisition costs, both from market pressure regarding commissions paid to ceding companies as well as from commissions received for retrocession.

The technical result reflects the previously mentioned increase in claims and expenses. The financial result presents net financial gains of 9.4 million euros (19 million euros in the same period of 2016).

SOLUNION performed positively, with growth in premium and results.

Finally, in December 2017, the companies MAPFRE GLOBAL RISK and SOLUNION signed an agreement by means of which MAPFRE GLOBAL RISKS committed to carry out the necessary activity in order for its current surety line clients to renew their policies with

SOLUNION as of January 1, 2018, and as such exiting operations in the surety line, limiting activity to run-off management. The consideration from this agreement has implied an extraordinary result of 5 million euros before taxes for the Group.

MAPFRE ASISTENCIA

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

Key figures

ITEM	DECEMBER 2017	DECEMBER 2016	Variation (%)
Operating revenue	1,113.5	1,156.3	-3.7%
- Gross written and accepted premiums	983.5	1,066.8	-7.8%
- Other revenue	130.0	89.5	45.3%
Net premiums earned	712.4	804.0	-11.4%
Result from other business activities	(24.4)	(40.9)	40.5%
Gross result	(56.8)	(54.9)	-3.5%
Tax on profits	(10.0)	(0.4)	--
Non-controlling interests	(1.6)	(1.1)	46.6%
Attributable net result	(68.4)	(56.4)	-21.4%
Combined ratio	103.7%	102.0%	1.6 p.p.
Expense ratio	36.6%	31.5%	5.0 p.p.
Loss ratio	67.1%	70.5%	-3.4 p.p.

Figures in millions of euros

Premiums

The reduction in revenue and premiums in the ASISTENCIA unit is primarily a consequence of the current business restructuring. Measures like the cancelation of loss-making business, raising prices, or renegotiating economic conditions with some large clients are being adopted in the Assistance and the Travel Insurance businesses, and this impacts the evolution of revenue and premium growth.

Results

Losses to December 2017 reached 68.4 million euros. Deterioration of the combined ratio, which stood at 103.7 percent, is fundamentally due to the increase in expenses, both in administration as a result of the drop in business volume, as well as acquisition expenses for higher sales costs coming from the increase in business coming from aggregators.

The loss ratio improved, reaching 67.1 percent, 3.4 percentage points below the same period of the previous year, though the ratio is still very high due to the losses coming from the negative run-offs from the Travel Insurance and Specialty Risks businesses in the United Kingdom.

At December, costs were provisioned for the closing and liquidation of various MAPFRE ASISTENCIA service companies for a total net amount of 10.4 million euros, which includes the exit of MAPFRE ASISTENCIA in Japan.

RELEVANT CORPORATE EVENTS

FIRST QUARTER 2017

Annual General Meeting.

Annual General Meeting, at which the main lines of growth for 2017 were established with respect to digital transformation advances, further analysis of the less profitable businesses and support for the distribution network.

In addition to approving the accounts for 2016, shareholders at the general meeting also approved the dividend charged against 2016 profits which totaled 0.145 euros (gross), of which 0.06 euros was paid as an interim dividend. MAPFRE allocated 447 million euros to shareholders against the 2016 results, an increase of 11.5 percent on the previous year.

MAPFRE concluded a subordinated debt issue.

MAPFRE successfully placed 30-year subordinated debt securities, with an option to redeem them in 10 years, totaling 600 million euros, and bearing a fixed interest rate of 4.375 percent over the first 10 years.

SECOND QUARTER 2017

Sale of shares in Duero Vida and Duero Pensiones.

On June 8, 2017 MAPFRE VIDA and Banco CEISS concluded a share sale agreement under which MAPFRE transferred to Banco CEISS all of the shares it held through its subsidiaries MAPFRE VIDA and MAPFRE FAMILIAR representing 50 percent of the share capital of UNIÓN DUERO VIDA and DUERO PENSIONES for a joint price of 141.7 million euros. The definitive closing of the transaction is subject to the authorization of the Directorate General for Insurance and Pension Funds.

As the result of the loss of control over both companies in June, they were recognized at fair value and the balance sheet reflects their net value under assets held for sale. Net book earnings at the end of June totaled 5.8 million euros.

Acquisition of 31 percent of ABDA.

MAPFRE acquired an additional 31 percent interest in the Indonesian insurance company “PT BINA DANA ARTA” (ABDA) on June 12, 2017. The acquisition represents an investment totaling 90.3 million euros and was carried out through MAPFRE INTERNACIONAL, S.A. Since MAPFRE already owned 20 percent of the capital of ABDA, this acquisition gives it a controlling shareholding in the company and control over its management.

MAPFRE recognized the original 20 percent interest it held in that company at fair value, and recognized a positive effect totaling 13.5 million euros net of taxes in the Group's consolidated income statement at the end of June 2017.

Share capital increases at Group companies.

MAPFRE INTERNACIONAL, S.A.: fully paid-up share capital increase totaling 135 million euros, allocated to the acquisition of 31 percent of the shares of ABDA and the payment of the first tranche of the share capital increase carried out by DIRECT LINE Italia.

DIRECT LINE Italia: fully paid-up share capital increases totaling 90 million euros, allocated to covering prior-year losses and to increasing the company's solvency level.

THIRD QUARTER 2017

Catastrophic events in the third quarter.

MAPFRE filed a relevant event report regarding the impact of the recent exceptionally large and frequent hurricanes Harvey, Irma and Maria on the Atlantic coast of North America and the Caribbean, as well as the earthquakes in Mexico, estimating a net cost after taxes and non-controlling interests of between 150 and 200 million euros, charged against earnings attributable to the year. At the close of the financial year the Group confirmed that the retained cost of these events stood at the lower end of the range, with the net retained cost as at the date of preparation of this report being 156.8 million euros.

ABDA Public Offering.

As a result of assuming control over ABDA in June, MAPFRE formally presented a public offer to acquire shares in accordance with Indonesian legislation. The public offering process for ABDA shares ended in September, with MAPFRE attaining a 62.3 percent interest in that company.

The acquisition of 42.3 percent of ABDA in 2017 gave rise to payments around 121 million euros.

Early repayment of the subordinated debt from July 2017.

On June 24, 2017 MAPFRE made full early repayment of the "1st issue of subordinated bonds by MAPFRE S.A." as was indicated in the Securities Note for the issue of subordinated bonds.

FOURTH QUARTER 2017

Credit portfolio agreement between MAPFRE GLOBAL RISKS and SOLUNION.

In December MAPFRE GLOBAL RISKS and SOLUNION signed an agreement through which MAPFRE GLOBAL RISKS committed to taking the necessary action to ensure that its Credit line clients renewed their policies with SOLUNION as and from January 1, 2018, thereby exiting the Credit line and limiting its activity in that line to managing the run-off.

The consideration related to this agreement involved an extraordinary result of 5 million euros before taxes for the Group.

Share capital increases at Group companies.

During the fourth quarter of 2017, capital increases were carried out at MAPFRE ASISTENCIA S.A. and MAPFRE COLOMBIA SEGUROS GENERALES to the amount of 50 and 11.5 million euros, respectively, allocated to raising the solvency level of both companies.

Business Restructuring in the United States.

On December 1, 2017, MAPFRE announced its plan to restructure its business in the United States, through which it will reduce the presence of its business there by exiting the states of New York, New Jersey, Kentucky, Tennessee and Indiana, with the aim of reaching more profitable growth, in line with the global policy of the Group.

Additionally, MAPFRE will focus its efforts in the key lines of business (Autos and Homeowners), and in the digital transformation of the business, with the launch of Verti USA.

Integration of the Regional Areas EMEA and APAC into EURASIA.

MAPFRE's operations in the regions of EMEA and APAC have been merged into one new region called EURASIA, affecting operations as of January 1, 2018.

ISSUES RELATING TO THE ENVIRONMENT, SECURITY AND EMPLOYEES

Environment

One of the ways in which MAPFRE builds trust with its stakeholders is by promoting a sustainable environment in which to pursue its activities.

In 2017, MAPFRE continued its initiatives to ensure compliance with the commitments assumed in the corporate environment policy approved by the Board of Directors of MAPFRE S.A. and reviewed in 2015 to include new commitments such as biodiversity preservation and the fight against climate change.

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

The transversal design and the global nature of the SIGMAYE allows 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.

Group companies at 35 locations in Spain, Brazil, Columbia, Mexico, Puerto Rico, Paraguay, Portugal, Argentina and Chile have already obtained environmental certificates. In 2017 the Corporate Environment Management System was adapted to the new requirements established by the Standard UNE-EN-ISO 14001:2015 in those countries.

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

The execution of the actions defined in the Energy Efficiency and Climate Change Strategic Plan has continued with the objective of reducing the Group's emissions by 20 percent in 2020 and that objective was obtained three years earlier than projected, which has led the company to committing to more ambitious challenges in both the medium and long-term with a 2050 time horizon, at which time it hopes to attain CO₂ neutrality.

For the third year running, the Group's initiatives in this area earned recognition from the CDP (Carbon Disclosure Project) of MAPFRE as a global leader in taking action on climate change, and the Group was included on the CDP Global Climate A-list.

Since joining the Biodiversity Pact included within the Spanish Companies and Biodiversity Initiative, MAPFRE published a report on its 2013-2015 results together

with the rest of the member companies, and it has also continued its work regarding the protection of an endangered species and the preservation of its habitat, choosing the turtle and the Mediterranean Sea for this year.

As part of the integration of the environment into the business in terms of biodiversity protection, the Group has also committed to the initiative led by the UN-supported NGO OCEANA, to protect the oceans and, specifically, to eliminate illegal fishing by not insuring those activities.

That integration of the environment into the business also notably includes the inclusion, free of charge, of Environmental Liability coverage in commercial policies, with more than 152,000 policies benefitting from this action. These steps fall within the United Nations Global Agreement to which MAPFRE has committed.

The company promotes environmental responsibility through Corporate Volunteering and this year it organized the first corporate volunteering day simultaneously throughout the world with the slogan "Everyone for the Environment". More than 1,000 employees in 24 countries, together with their families, performed reforestation tasks in degraded areas, removed trash from beaches and rivers and improved and maintained hiking trails and parks, among other things, demonstrating the commitment of employees in this aspect.

Security

During 2017, work continued to make normal operations possible by adequately protecting MAPFRE's property, plant and equipment and intangible assets in accordance with the provisions of the Security Policy approved by the Board of Directors of MAPFRE S.A. in 2015. This all took place in a particularly complex environment, due to the growing number, sophistication and impact of cyber attacks and the increase in instability in areas in which the Group carries on its business.

Various important corporate projects regarding cyber risks were launched to increase the capability to protect against cyber attacks, seeking a global scope of the actions taken and improved cost efficiencies.

In order to provide added value to the business, expert advice has been provided to define cyber risk insurance products and the Group worked to increase the rollout of digital signature capabilities in more processes, whether internal, with other companies or with our clients.

With the objective of contributing to the sustainability of operations and compliance with our Social Responsibility policy regarding fighting fraud, we continued to tighten our collaboration with the police and security forces and have rolled out early warning

systems for anomalous situations that may potentially be fraudulent, based on the use of the corporate technological platforms that have been developed internally.

We have worked intensely to adapt MAPFRE to the new General Data Protection Regulation in the European Union by developing 16 corporate projects regarding data protection and privacy that cover that adaptation and affect practically all of the processes carried out by Group companies.

We continued to work on the update and improvement of crisis management and business continuity procedures covering the survival (resilience) of operations, as well as the verification of their effectiveness, by testing the various strategies that have been implemented in accordance with the Business Continuity Policy approved by the Board of Directors of MAPFRE S.A in 2015.

In turn, the effectiveness of the resources to handle these situations was tested in MAPFRE's response to real crisis situations resulting from the hurricanes Irma and Maria in the United States, Puerto Rico and the Dominican Republic, the earthquakes in Mexico and Chile or the terrorist attacks in Spain in August, during which the Group was able to respond to the security needs of employees and maintain continuity of service for clients, despite the enormous difficulties those situations created.

Workforce

The chart below shows the headcount at the end of 2017, compared with the headcount for the previous financial year.

CATEGORY	TOTAL NUMBER	
	2017	2016
DIRECTORS (*)	19	20
SENIOR MANAGEMENT	37	48
EXECUTIVES	1,491	1,459
HEADS	4,018	4,196
TECHNICIANS	17,992	18,296
ADMINISTRATIVE ASSISTANTS	12,714	13,001
TOTAL	36,271	37,020

(*) Executive directors of Spanish companies.

The Human Resources area supports the transformation of the business and is responsible for providing the talent that is necessary for success by training

employees. This area is also responsible for guaranteeing a healthy, diverse and collaborative working environment.

Employee management is particularly relevant in a global company such as MAPFRE, and some of the most important aspects are the integration of different generations of employees within the company, maximizing the knowledge of each person; utilizing the benefits afforded by new technologies and social media in human resources processes; reinforcing internal communication to ensure that the MAPFRE strategy, objectives, culture and values reach all employees; designing career plans that are underpinned by a mutual commitment between the company and its workers—on the part of the company, to the professional development of its employees, and on the part of employees, to the strategy and values of the organization; and a firm commitment to the occupational and geographic mobility of employees to ensure that the organization has global versatile teams at its disposal.

The MAPFRE Group applies policies approved by the Board of Directors of MAPFRE S.A. covering all Group employees.

The Diversity and Equal Opportunity Policy is intended to make a public commitment to both gender diversity and functional diversity by attaining a minimum of a 40 percent female headcount in management and executive positions throughout the world by 2018. This has resulted in the definition of a global action framework to strengthen equality in all employee management processes.

The Group is also firmly committed to the inclusion of people with disabilities in the workforce, and by 2018 this collective will make up 2 percent of the headcount. Since 2015, the Group has had a Global Disability Program in place that has been implemented in every country, and it includes measures to promote integration and a culture of awareness.

MAPFRE does business all over the world and its employees come from 81 nationalities, giving the Group great cultural diversity and providing it with the talent it needs to manage its business.

The Personal Respect Policy guarantees a working environment that does not tolerate any manifestation of harassment or violent or offensive behavior against the rights and dignity of others. The Group expressly opposes and does not tolerate any harassment in the workplace, regardless of the identity of the victim or the harassing person. This commitment must be complied with in relationships among employees, and in those relationships between employees and providers, clients, collaborators and other stakeholders, and it also extends to all of the organizations with which MAPFRE works.

The Promotion, Selection and Mobility Policy encourages professional development opportunities for employees in order to increase their employability, their professional satisfaction and their commitment to the company.

In 2017, international mobility enabled 108 employees to relocate their job positions to another country.

Furthermore, the employee collaboration spaces set up on the corporate Intranet facilitate access to diverse teams while promoting creativity and the sharing of ideas and good practices.

Events involving the various generations continued in 2017, which also saw the launch of the global mentoring program.

The company's objective is to encourage a teamwork culture while working in collaboration within an agile organization. MAPFRE has a universal task and job map for global use, which assists in the definition of strategic profiles and knowledge within the organization. The Group is also working on the global implementation of flexi-time, technological mobility and process and objective-based work.

The Remuneration Policy is intended to set appropriate pay levels for each function and job and performance by professionals, and to serve as a source of motivation and satisfaction for staff, thus encouraging them to reach their objectives and deliver on MAPFRE's strategy. That policy also guarantees equality, internal and external competitiveness in each market, and forms part of the internal development of employees.

Performance Evaluation allows employees to be aware of their objectives and receive continuous feedback regarding their work performance, while improving communications with their manager, and reaching consensus regarding an action plan focusing on their professional development. In 2017, evaluations were completed on 30,666 employees, representing 84.5 percent of the workforce.

The objective of the Policy on Health, Well-being and Prevention of Occupational Risks is to protect and promote a safe and healthy workplace and improve the health of our employees and their families, both within and beyond the workplace.

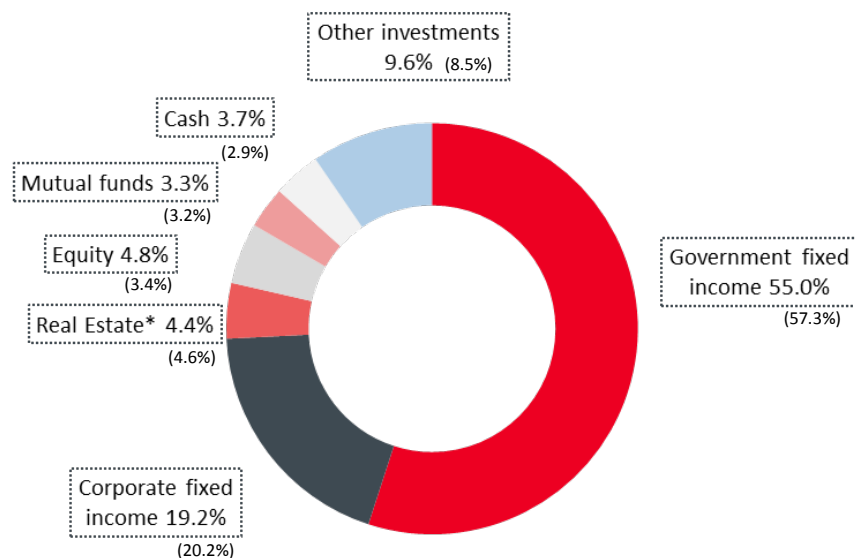
To facilitate the well-being and work-life balance, MAPFRE offers its employees a wide range of company benefits, which accounted for an investment of 180.5 million euros in 2017.

The employee experience area was created at corporate level over the course of 2017 and it includes well-being and health, volunteering, actions related to Great Place to Work and internal communications with employees.

LIQUIDITY AND CAPITAL RESOURCES

INVESTMENTS AND LIQUID FUNDS

Below, details of the investment portfolio by asset type are given:



ITEM	DECEMBER 2017	DECEMBER 2016	Variation (%)
Government fixed income	27,388.4	28,390.2	-3.5%
Corporate fixed income	9,572.6	10,009.6	-4.4%
Real Estate*	2,171.4	2,277.8	-4.7%
Equity	2,400.9	1,665.3	44.2%
Mutual funds	1,631.4	1,574.4	3.6%
Cash	1,864.0	1,451.1	28.5%
Other investments	4,767.4	4,187.7	13.8%
TOTAL	49,796.0	49,556.0	0.5%

Figures in millions of euros

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

Breakdown of Fixed Income portfolio by geographic area and by asset type follows:

ITEM	Government	Total Corporate Debt	Corporate without collateral	Corporate with collateral	Total
Spain	15,999.8	2,198.5	921.9	1,276.6	18,198.3
Rest of Europe	4,226.1	4,067.8	3,483.5	584.3	8,293.9
United States	1,317.8	2,348.5	2,266.0	82.5	3,666.3
Brazil	3,367.6	1.8	1.8	0.0	3,369.4
Latin America - Other	1,797.5	659.9	608.4	51.4	2,457.4
Other countries	679.5	296.2	283.7	12.5	975.7
TOTAL	27,388.4	9,572.6	7,565.3	2,007.3	36,961.0

Figures in millions of euros

Four different types of portfolios are included in investment portfolio management:

- Those that aim for a strict immunization from the obligations derived from insurance contracts, and which minimize interest rate risk, through matching adjustments, by means of immunization techniques based on matching cash flow or duration.
- Portfolios that cover unit-linked policies composed of assets whose risk is borne by policyholders.
- Those that aim to exceed the guaranteed returns and to obtain greater returns for policyholders within prudential parameters, such as portfolios with profit-sharing.
- Actively managed portfolios, which are only conditioned by the legal rules and internal risk limitations.

A Breakdown of actively managed Fixed Income portfolios follows:

ITEM	Market Value	Accounting Yield	Market Yield	Modified Duration
Non Life (IBERIA + MAPFRE RE + GLOBAL RISKS)				
12.31.2016	7,569.0	2.70%	1.30%	6.44%
03.21.2017	7,700.4	2.42%	1.19%	6.49%
06.30.2017	7,221.1	2.68%	1.33%	6.41%
09.30.2017	7,196.7	2.60%	1.28%	6.37%
12.31.2017	7,187.1	2.59%	1.23%	6.35%
Life (IBERIA)				
12.31.2016	6,738.0	4.10%	1.00%	7.14%
03.21.2017	6,889.4	4.01%	1.15%	7.03%
06.30.2017	6,549.0	4.08%	1.15%	7.19%
09.30.2017	6,337.4	4.09%	1.06%	6.89%
12.31.2017	6,277.1	4.10%	1.01%	6.84%

Figures in millions of euros

For MAPFRE, as on December 31, the actively managed portfolios in Iberia, MAPFRE GLOBAL RISKS and MAPFRE RE had unrealized net gains in assets and mutual funds of 130 million euros.

Real estate

The real estate strategy for 2017 focused on divesting from non-strategic assets. A prudent attitude has been adopted with respect to investments in new assets, since the capitalization rates for the top-tier property segment are very low and an increase in interest rates in 2018 could affect the value of the acquired portfolios or assets. The target product segment is office buildings in city centers, with high occupancy rates and leased out over the long-term.

In 2017, approval was given for the creation of a group investment vehicle located in Luxembourg, with underlying real estate assets, which will be managed by MAPFRE INVERSIÓN, and will focus on office buildings in Paris, Germany and the Netherlands.

Divestments totaling approximately 130 million euros took place during the year, of which 124.5 million euros relate to the Iberia Regional Area. Notable sales included land in Valdemarín (Madrid) for 5.5 million euros, the Luchana building in Madrid for 72 million euros, and two plots of land in Palma de Mallorca for 22.5 million, together with smaller assets for a total of 24.5 million euros. All together, these operations by the Iberia Regional Area generated gains in excess of 65 million euros.

Investments were also made to improve the buildings held in the portfolio.

Construction work at Calle Sor Ángela de la Cruz in Madrid totaling 8 million euros - where the Madrid Regional General Management is located was completed. Similarly, the property at Plaza de la Independencia was refurbished at a cost of 7.39 million

euros, and 70 percent of the usable space has now been leased. Remodeling work commenced at the facilities located on Calle Mateo Inurria, which are fully leased to the Ministry of Finance for 5.04 million euros per year, while the improvements to the offices at Calle General Perón continue, with the investment made in 2017 totaling 5.81 million euros.

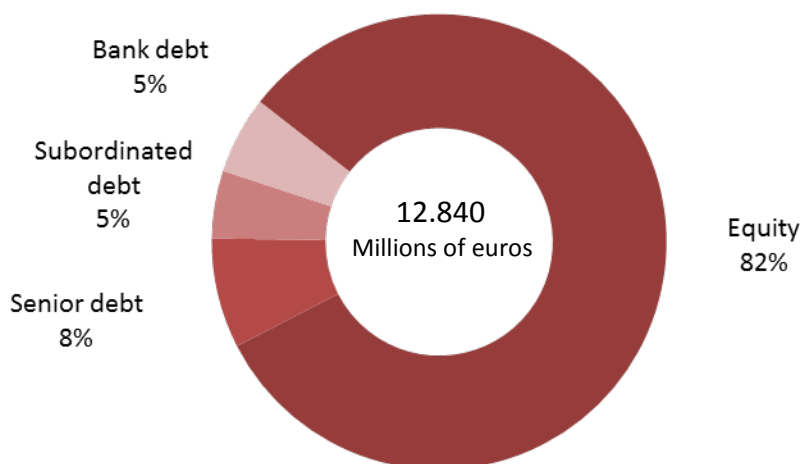
Furthermore, work continued at the Torre de Barcelona, where expenditure totaled 22 million euros in 2017, with completion expected in March 2018.

At the close of 2017, the market value of MAPFRE's real estate investments amounted to 2,945 million euros, with unrealized gains in excess of 750 million euros. Of the total, approximately 58 percent corresponds to own-use facilities and 42 percent to for-profit facilities, either for lease or sale to third parties. The occupancy rate of the buildings leased to third parties is 83 percent, and there are currently more than 7,500m² being refurbished for repositioning in the market from 2018 on.

CAPITAL RESOURCES

Capital structure

The chart below shows the composition of the capital structure at the close of 2017:



Figures in millions of euros

Capital structure reached 12.8 billion euros, of which 82 percent corresponds to equity.

The Group has a leverage ratio of 18.1 percent, with an increase of 2 percentage points as a result of the two debt issuances carried out in 2016 and 2017.

In May 2016, 1 billion euros of senior 10-year bonds were issued, with a fixed interest rate of 1.625 percent.

In March 2017, MAPFRE successfully placed the notes of a 30-year subordinated bond, with a call option at ten years, for a total of 600 million euros, with a fixed interest rate set at 4.375 percent for the first ten years. The funds coming from this transaction were used to further strengthen the Group's financial flexibility, and diversify its financing sources, as well as to redeem in advance the total amount of the "First Issue of Subordinated Notes of MAPFRE S.A." on July 24, 2017, which is the first call date set out in the Securities Note for the issuance of subordinated notes.

This issuance is considered to be Solvency II compliant Tier 2 capital, thus reinforcing MAPFRE's solvency and financial strength levels. The notes are currently quoted on the AIAF market.

MAPFRE has a 1 billion-euro line of credit available which was approved in December 2014, by a syndicate of 11 banks, which matures in December 2021 and of which 600 million euros were drawn down at December 31, 2017. Therefore, the Group has an additional 400 million euros of liquidity available.

Debt instruments and leverage ratios

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

ITEM	DECEMBER 2017	DECEMBER 2016
Total Equity	10,512.7	11,443.5
Total debt	2,327.4	2,202.9
- of which: senior debt - 5/2026	1,003.3	1,002.5
- of which: subordinated debt - 7/2017	0.0	594.0
- of which: subordinated debt - 3/2047 (First Call 3/2027)	617.4	0.0
- of which: syndicated credit facility - 12/2021 (€ 1,000 M)	600.1	480.1
- of which: bank debt	106.7	126.3
Earnings before tax	1,508.7	1,805.2
Financial expenses	90.1	64.1
Earnings before tax & financial expenses (EBIT)	1,598.8	1,869.2
Leverage	18.1%	16.1%
Equity / Debt	4.5	5.2
EBIT / financial expenses (x)	17.7	29.2

Figures in millions of euros

Equity attributable to the controlling Company

The following chart shows changes in equity attributable to the controlling Company in the year:

ITEM	DECEMBER 2017	DECEMBER 2016
BALANCE AT 12/31 PREVIOUS YEAR	9,126.5	8,573.7
Additions and deductions recognized directly in equity		
Financial assets available for sale	(285.5)	192.4
Currency conversion differences	(639.1)	264.4
Shadow accounting	254.2	(189.1)
Other	(2.7)	(0.8)
TOTAL	(673.1)	266.9
Result for the period	700.5	775.5
Dividends	(446.7)	(400.3)
Other changes in net equity	(96.0)	(89.2)
BALANCE AS AT PERIOD END	8,611.3	9,126.5

Figures in millions of euros

Consolidated equity amounted to 10.5 billion euros as on December 31, 2017, as compared to 11.4 billion euros as on December 31, 2016. Of this amount, 1.9 billion euros correspond to non-controlling interests' shares in subsidiaries, primarily financial entities in Spain and Brazil that MAPFRE has bancassurance agreements with. Consolidated equity attributable to the controlling Company per share was 2.8 euros as on December 31, 2017 (2.96 euros as on December 31, 2016).

Equity attributable to the controlling Company in 2017 includes:

- A net reduction of 286 million euros in the market value of the assets available for sale portfolio mainly due to the rise in interest rates in Spain with respect to the amount at the close of December, 2016. Of this, a significant amount corresponds to investments related to Life portfolios linked to products with profit sharing, and therefore are recognized as a greater equity value by shadow accounting.
- A reduction of 639 million euros for currency conversion differences, primarily due to the depreciation of the US dollar, the Brazilian real and the Turkish lira over the course of the year.
- Profits to December 2017.

- A reduction of 447 million euros equivalent to the distribution of the final dividend from the 2016 period and the interim dividend paid against 2017 earnings.

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

ITEM	DICIEMBRE 2017	DICIEMBRE 2016	DICIEMBRE 2015
Capital, retained earnings and reserves	8,763.6	8,614.0	8,299.7
Treasury stock and other adjustments	(41.3)	(46.9)	2.1
Net capital gains (financial investments - technical provisions)	619.7	651.0	627.7
Foreign exchange differences	(730.7)	(91.6)	(355.8)
Attributable equity	8,611.3	9,126.5	8,573.7

Figures in millions of euros

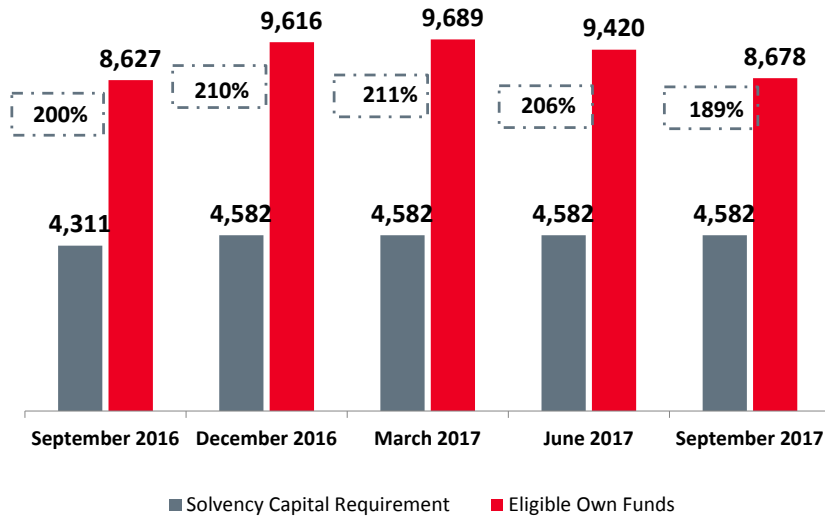
Given the hyperinflationary situation of the Venezuelan economy, and in order to improve the true and fair representation of the financial statements, the Group has decided to present in one sole reserves account all of the equity effects deriving from the hyperinflation in Venezuela, like the currency conversion differences generated from converting the financial statements of the Group companies operating in Venezuela to euros, and the restatement for inflation of their financial statements. So that the information is comparable, the information reflected in the consolidated annual accounts from the previous year has been restated. As such, the heading for foreign exchange differences no longer includes the currency conversion differences originating in Venezuela.

SOLVENCY II

The Solvency II ratio for MAPFRE Group stood at 189.4 percent at the close of September 2017, compared to 205.6 percent at the close of June, including transitional measures. This ratio would be 170.5 percent, excluding the effects of said measures. Eligible Own Funds reached 8.7 billion euros in the same period, of which 93 percent are high quality funds (Tier 1).

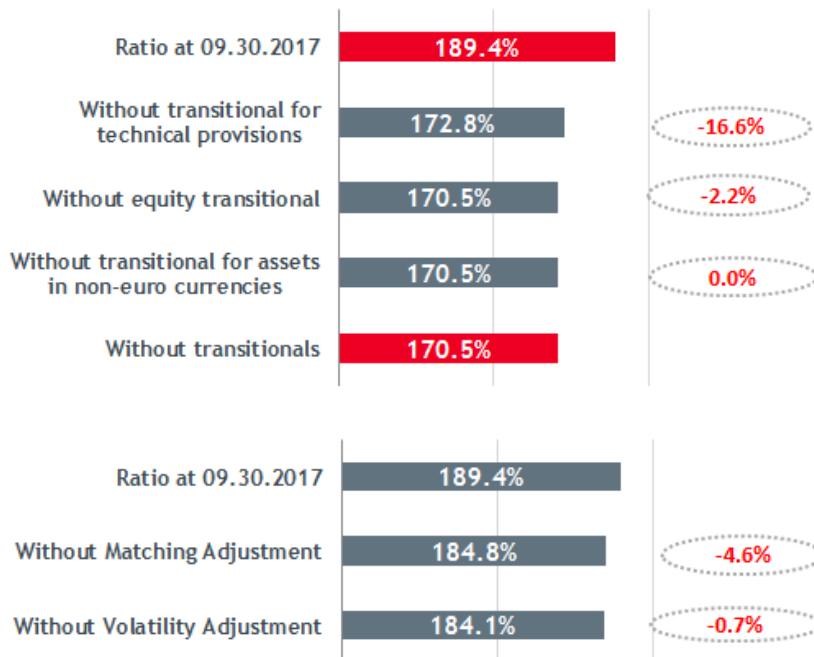
The reduction in the ratio is mainly due to the redemption, this past July 24, of the subordinated debt issued in July 2007. The ratio shows a high level of solidity and stability, backed by high diversification and strict investment and ALM policies, as can be seen in the charts below:

Solvency margin breakdown (Solvency II)

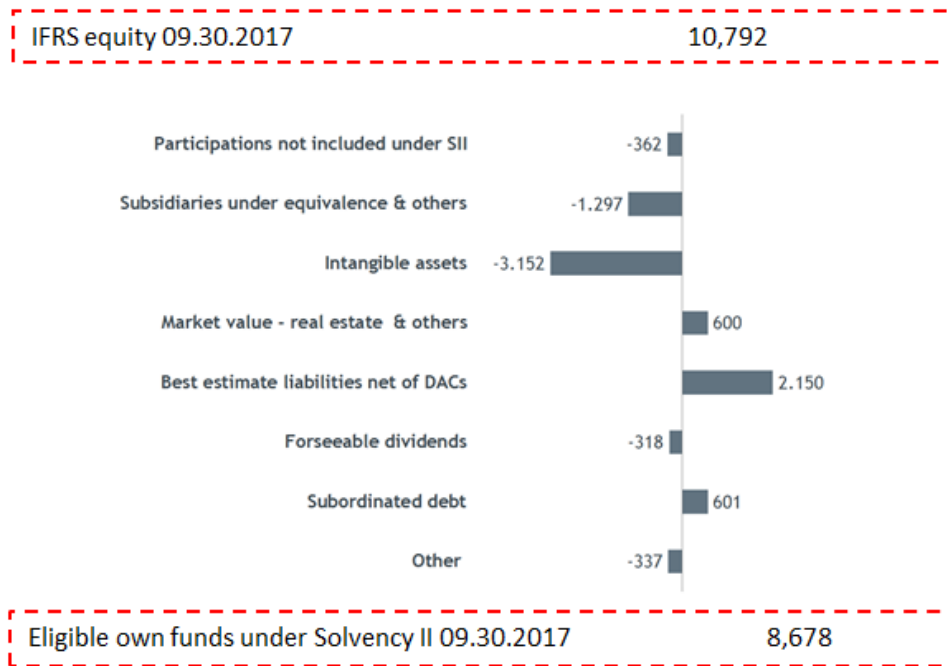


Figures in millions of euros

Impact of transitional measures and matching and volatility adjustments



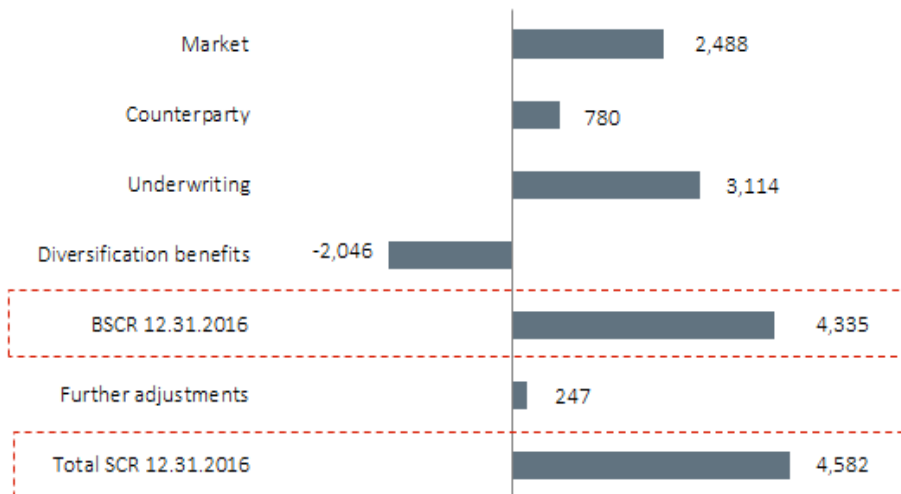
IFRS and Solvency II Capital Reconciliation



Figures in millions of euros

Breakdown of Solvency Capital Requirement (SCR)

In line with Solvency regulations, the SCR used during the quarters of 2017 does not vary with respect to the calculations in December 2016. The breakdown is as follows:



Figures in millions of euros

ANALYSIS OF CONTRACTUAL OPERATIONS AND OFF-BALANCE SHEET OPERATIONS

At the close of the year MAPFRE had the following formal agreements for the development and distribution of insurance products in Spain with different companies, some of which have undergone, or are currently immersed in, processes related to the restructuring of the banking system:

- Agreement with BANKIA, S.A. in relation to the strategic partnership begun in 1998 with its predecessor CAJA DE AHORROS Y MONTE DE PIEDAD DE MADRID. The contract was reworded in 2014 by including a new agreement for the exclusive distribution of MAPFRE Life and Non-Life insurance through the entire BANKIA sales network (hereinafter the "Agreement") and the continued joint participation in BANKIA MAPFRE VIDA (previously called MAPFRE-CAJA MADRID VIDA), which specializes in marketing Life insurance through the aforementioned sales network. The Agreement reached between MAPFRE and BANKIA involves the restructuring of the bancassurance business and includes an assurbanking agreement through which MAPFRE will distribute BANKIA financial products through its sales network.

The Agreement also involved the purchase in 2014 of 51 percent of shares in ASEVAL and LAIETANA VIDA and 100 percent of shares in LAIETANA GENERALES, for an overall price of 151.7 million euros.

The final economic value of the Agreement will depend on the future level of compliance with the agreed Business Plan.

- Agreement with BANCO CASTILLA-LA MANCHA, S.A. (as the successor to the banking and para-banking activity of CAJA CASTILLA-LA MANCHA) for the exclusive distribution of personal insurance and pension schemes of the jointly-owned company CCM VIDA Y PENSIONES (of which MAPFRE owns 50 percent) through the company's network.

The acquisition price for the shares was 112 million euros in cash, plus additional payments to be made in 2012 and 2021. In 2012 the sum of 4.5 million euros was paid to CAJA DE AHORROS CASTILLA LA MANCHA (now BANCO CASTILLA-LA MANCHA), and an additional sum of 14 million euros will be paid in 2021.

- Agreement with BANKINTER S.A. for the exclusive distribution of Life and Accident insurance and pension schemes of the jointly-owned company BANKINTER SEGUROS DE VIDA (of which MAPFRE owns 50 percent), through the bank's sales network.

The acquisition price for the shares was 197.2 million euros in cash, plus two payments of 20 million euros each plus interest to be paid, in light of the degree

of compliance with the business plan, in the fifth and tenth year of said plan. In 2012, the degree of compliance with the plan led to payment of the first additional amount, namely 24.2 million euros. During 2017 the second payment of the additional variable price of 20 million euros plus interest was made.

On April 1, 2016 BANKINTER SEGUROS DE VIDA, owned 50-50 by BANKINTER and MAPFRE, purchased the insurance business of BARCLAYS VIDA Y PENSIONES in Portugal for the sum of 75 million euros.

- Agreement with BANKINTER, S.A. for the exclusive distribution of general and business insurance (excluding Automobile, Travel and Home insurance) for the jointly-owned company BANKINTER SEGUROS GENERALES (of which MAPFRE owns 50.1 percent), through the bank's sales network.

The acquisition price of the shares was 12 million euros in cash (in addition to payment of 3 million euros for the purchase of shares on December 27, 2011), plus an additional 3 million euros to be paid in the event of full compliance with the "December 2012 Business Plan" by the end of 2015. This additional price has not accrued due to non-compliance with this Business Plan.

- Agreement with BANCO DE CAJA ESPAÑA DE INVERSIONES, SALAMANCA Y SORIA, S.A. (as successor to the banking and para-banking business of CAJA ESPAÑA DE INVERSIONES, SALAMANCA Y SORIA, CAJA DE AHORROS Y MONTE DE PIEDAD, which in turn had succeeded CAJA DE AHORROS DE SALAMANCA Y SORIA (CAJA DUERO)), for the exclusive distribution of Life and Accident insurance and pension schemes of the jointly-owned companies UNIÓN DEL DUERO COMPAÑÍA DE SEGUROS DE VIDA (DUERO VIDA) and DUERO PENSIONES ENTIDAD GESTORA DE FONDOS DE PENSIONES (DUERO PENSIONES) (of which MAPFRE owns 50 percent) through the company's network.

The acquisition price for the shares was 105 million euros in cash, plus one payment of a maximum 25 million euros depending on the degree of compliance with the agreed business plan in the period 2008-2014. This payment was finally made on July 26, 2016.

However, in June 2017 MAPFRE and BANCO DE CAJA ESPAÑA DE INVERSIONES, SALAMANCA Y SORIA, S.A. concluded a share sale agreement under which MAPFRE will transfer to that Bank all of the shares it holds through its subsidiary MAPFRE VIDA representing 50 percent of the share capital of the companies UNIÓN DUERO VIDA and DUERO PENSIONES, which were sold for a joint price of 141.7 million euros.

Final confirmation of the transaction is pending authorization from Insurance Directorate General, at which point the shares will be transferred and paid for.

Furthermore, MAPFRE has signed shareholder agreements on standard business terms, including prohibitions on transfer of shares during certain periods and options to withdraw under certain conditions (for example, failure to achieve the Business Plan, change of control, company blocks or serious contractual non-performance, etc.).

Meanwhile, MAPFRE and BANCO DO BRASIL entered into a strategic partnership through the constitution of two holding companies (BB-MAPFRE, for the Life and Agriculture business, and MAPFRE-BB, for the Automobile and General Insurance business), which comprise the insurance subsidiaries of both groups in Brazil and distribute their products through the bank's network as well as through other distribution channels, including MAPFRE's traditional channels.

In addition, MAPFRE and EULER HERMES signed an agreement for the constitution of a strategic partnership to jointly pursue the Surety and Credit insurance business in Spain, Portugal and Latin America. Under this agreement, both companies hold a 50 percent stake in a joint venture called SOLUNION, integrating the businesses of both groups in the aforementioned markets. SOLUNION covers risks in countries all around the world and has an international network of risk analysts located in more than 50 countries that continuously monitor the situation regarding the risks of their insureds, in addition to an extensive distribution network in countries in which it is present.

Lastly, the non-controlling shareholders of MAPFRE RE 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 MAPFRE RE shares will be calculated using a previously agreed formula. At December 31, 2017, based on the variables included in the aforementioned formula, the commitment assumed by MAPFRE if this option were exercised would amount to a total of approximately 100.9 million euros.

MAIN RISKS AND UNCERTAINTIES

MAPFRE's risk management system (RMS) is based on the integrated management of each and every business process and the alignment of risk levels to the defined strategic objectives.

OPERATIONAL RISKS

Regulatory risk

Regulatory risk is defined as the event comprising a change in regulations, law or administrative procedures that could adversely affect the Group.

In recent years, the legislative framework to which the insurance industry adheres has been expanding, with new regulations both internationally and locally. It should be borne in mind that the Group works in a complex environment under increasing regulatory pressure, not only in the insurance sector, but also insofar as matters including technology, corporate governance or corporate criminal responsibility are concerned.

The Group's insurance subsidiaries are subject to special regulation in the countries in which they operate. The supervisory authorities have broad administrative control over various aspects of the insurance business. This control may affect premium amounts, marketing and sales practices, the distribution of profits among policyholders and shareholders, advertising, license agreements, policy models, solvency, capital requirements, and permitted investments. Changes in taxation may affect the benefits of certain products marketed by the company or its subsidiaries which currently enjoy favorable tax treatment.

Operational risk

Operational risk is defined as the risk of withstanding losses due to the inadequacy or insufficiency of internal processes, personnel or systems; or external events.

The operational risk management model is based on a dynamic qualitative and process-based analysis of the company, whereby the managers of the different areas and departments identify and assess the potential risks affecting both business and support processes. MAPFRE has systems in place to monitor and control operational risk, although despite the fact that the results of the analysis performed in 2017 do not show any process to be at a critical level, the possibility of incurring operating losses cannot be excluded, given the difficulty of forecasting and quantifying this type of risk.

Client concentrations

The Group has a high degree of insurance risk diversification since it operates in virtually all insurance lines and has a broad presence in international markets. MAPFRE applies procedures and limits that allow it to control the level of concentrated insurance risk.

It is standard practice to use reinsurance contracts to mitigate the insurance risk arising from the concentration or accumulation of guarantees exceeding the maximum acceptance levels.

FINANCIAL RISKS

Market and interest rate risks

Fluctuations in market prices may reduce the value of or revenues from the investment portfolio, which in turn may have a negative impact on the Group's financial situation and consolidated results.

Prudent selection of financial assets with adequate characteristics to cover the obligations assumed is the principal measure for mitigating the possible adverse effects of variations in market prices. In managing investment portfolios, the Group differentiates between those which are aimed at matching the obligations arising from insurance contracts and those where active management is undertaken. In the former type, interest rate risk and other price variation risks are minimized, while in the latter a certain degree of market risk is assumed.

MAPFRE mitigates its exposure to this type of risk by means of a prudent investment policy characterized by a high proportion of investment-grade fixed-income securities. Investments in fixed-income securities represent 88 percent of the entire financial investment portfolio in 2017 (90.3 percent in 2016). The market price of the securities may fluctuate as a result of changes in interest rates (interest-rate risk), the exposure to which is mitigated by searching for an adequate level of matching between assets and liabilities.

During 2017, historically low interest rates continued to feature in several markets. A scenario of interest rate hikes in 2018 would have reduced impact on equity due to the use of matching adjustment techniques, but would have a positive effect on new business by making Life savings products more attractive.

The market price of fixed-rate securities may also fluctuate due to changes in the perception of the solvency margin of issuers (spread risk), the treatment of which is explained in the section on Credit Risk.

Investments in equities and mutual funds have a limited weight on the balance sheet, representing approximately 9.6 percent of all financial investments in 2017 (7.6 percent in 2016).

Fluctuations in returns on equities also influence consumer behavior, which may have a significant impact on the Life insurance and asset management business.

Revenues from MAPFRE's Life insurance and asset management operations are directly related to the value of the assets managed (whether fixed income or equities), which means that a fall in markets could have a negative impact on these revenues.

Exchange rate risk

Changes in the value of the euro affect the value of the Group's assets and liabilities, and, therefore, its equity, operating results and cash flows. The currency conversion differences recorded resulted in the negative recognition of 639.1 million euros in 2017 (a positive result in shareholders' equity of 264.4 million euros in 2016).

While most governments of the countries in which MAPFRE operates have not imposed bans on repatriating dividends or capital divestment, restrictive exchange control policies may be established in the future. The Group studies the best alternatives to mitigate the impact of the volatility of the Group's most important currencies.

Turning to technical provisions for operations abroad, the Group generally applies a policy of investing in assets denominated in the same currency as the commitments acquired by the insurer, thereby mitigating the exposure to exchange rate risk.

CREDIT RISK

Returns on investments are also sensitive to changes in the general economic conditions, including variations in the general credit rating of debt security issuers. Accordingly, the value of a fixed-income instrument may be reduced by changes to the credit rating or insolvency of the issuer. There are similar risks in exposures to insurance, reinsurance and banking counterparties.

Exposure to credit risks is mitigated through a policy based on the prudent selection of security issuers and counterparties on the basis of their solvency; seeking i) an elevated degree of geographic correspondence between issuers of assets and the commitments assumed, ii) maintenance of an appropriate level of diversification, and iii) securing, if necessary, guarantees, collateral and other additional coverages.

The credit risk management policy establishes limits by issuer in line with the risk profile of the counterparty or of the investment instrument, as well as exposure limits related to the counterparty's rating.

LIQUIDITY RISK

Liquidity risk is mainly managed by maintaining cash balances of an amount sufficient to cover any contingency arising from obligations to insured parties and creditors. Thus, at December 31, 2017 cash balances amounted to 1,864 million euros (1,451 million euros the previous year), equivalent to 3.8 percent of total investments and

liquid funds (3 percent in 2016). Meanwhile, in Life and Savings insurance, the maturities of investments are matched to the obligations entered under the terms and conditions of insurance contracts in order to mitigate the exposure to this type of risk.

In addition, most fixed income investments are of investment grade and are negotiable on organized markets, affording great capacity to act against potential liquidity strains. There are also lines of credit in place with banks to cover temporary liquidity gaps.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) RISKS

The concept of sustainability is founded on three fundamental pillars: economic, social and environmental development. As such, effectively managing the risks and business opportunities associated with environmental, social and governance (ESG) aspects is key to contributing to sustainable development.

MAPFRE's business model and strategy are examples of how the company tackles global sustainability challenges, manages ESG risks and innovates in the development of insurance products and solutions that benefit both clients and the societies in which the company operates.

Management of ESG risks assists with decision-making in important areas such as underwriting, investment, innovation in products and services and reputation management, and this is why risk management is naturally integrated into the Group's established management and control processes.

ADDITIONAL INFORMATION

Note 7, "Risk Management", of the Consolidated Annual Report includes detailed information about the different types of risk that affect the Group.

SIGNIFICANT EVENTS AFTER THE YEAR END

MAPFRE and Banco do Brasil have signed a non-binding memorandum of understanding on February 6, 2018 to update the terms of their strategic alliance in the insurance business. The redefinition of these agreements would result in an increase in MAPFRE's shareholding in its businesses in Brazil, which would allow it to progress toward a simpler and more efficient governance structure and reduce internal costs, with a significant improvement in productivity and business profitability.

According to the terms of the memorandum, MAPFRE would become the owner of 100 percent (currently 50 percent) of the sum of the business generated by the agency network and the automobile and large risks business in the BB bank channel. The same current shareholder configuration for life and agriculture insurance would be maintained and BB's bank channel homeowners insurance, which BB MAPFRE would

continue to develop, would be incorporated into this same structure, with MAPFRE's shareholding being 25 percent.

MAPFRE would maintain exclusivity in the Banco do Brasil bank channel for all the businesses falling within the scope of the alliance, both those that it underwrites directly as well as those distributed through BB MAPFRE.

INFORMATION ON EXPECTED PERFORMANCE

OUTLOOK

Global growth is expected to be around 3.7 percent in 2018, which is slightly ahead of that seen at the end of 2017. This figure is higher than last year's forecast and is the result of verifying that global growth has gained traction and synchronicity, although it also shows signs of stabilization.

Both developed and emerging markets will contribute to global growth in a similar manner. Developed markets are expected to gain some steam and grow by more than 2 percent in 2018, and emerging markets will accelerate with growth above that seen in 2017 (4.6 percent).

The growth in developed markets is based on the gradual convergence between reality and market optimism, and the lax monetary context throughout the world, despite the start of the normalization of the Federal Reserve in the United States and the notifications provided by the European Central Bank (ECB). The inertia in global demand resulting partly from past fiscal expansion in China must be added to this scenario. In the future, there will also be an undeniable fiscal push as a result of the tax cuts in the United States, which will have an effect during the period 2018-2020. Emerging markets will still be supported by the vigorous Chinese economy and, in general, by the effect of global demand in a context of rising commodity and oil prices (Brent at \$60/barrel), which will support the growth of income and internal demand in emerging exporting countries.

Global growth will be close (although still below) the long-term trend, which may carry upward risks. Economic growth is not sufficiently strong to translate into an acceleration of inflation. The spike in global inflation that will be seen in 2018 will be due more to an increase in oil prices than salary gains (and the consequent increase in inflation expectations). The inflation environment is still far from the objectives set by central banks, whether by default (in the case of developed countries) or due to excesses (in the case of emerging countries).

The economic cycle and inflation objectives will set the global monetary policy tone in 2018 during which, in general, gradual changes are expected to rule. The global benchmark interest rate will rise very slowly. In 2018 monetary policy will still preserve its global financial impact in the form of abundant liquidity, risk appetite, low rates and low term premiums, which will lead to a stabilized dollar at around 1.20 euros and only slightly higher against emerging currencies.

The global economy will reflect vulnerabilities that may reduce its capacity to take on emerging risks. Growing corporate leveraging (in strong currencies) in emerging countries exposes their capacity to face a foreseeable global liquidity train in US dollars, as the developed economies exhaust their economic policy instruments, whether due to being in a low interest rate environment with no margin for monetary policy, or because excessive government debt limits their capacity to take fiscal action. This also takes place in an environment of relative exuberance in the prices of many assets (equity, corporate debt, housing, crypto-currencies, etc.). This exuberance is encouraged by the extremely liquid environment and the inevitable correction will have to take place after 2018 when the United States economic cycle is exhausted, and the monetary normalization at the Federal Reserve and the ECB gain traction.

Uneven cyclical moments place conditions on the outlook for regional performance and the accompanying monetary policy. The United States is (together with China) the most advanced economy in terms of economic cycles and, as such, it faces a monetary normalization process and the withdrawal of stimulus through the adjustment of the Federal Reserve's balance sheet over the coming years. The sale of \$1.3 trillion in assets on the balance sheet is planned, together with a gradual increase in interest rates to around 3 percent over the next few years, but this adjustment is expected to be extremely gradual. The benchmark rate and inflation are expected to end 2018 at around 2 percent, accompanied by growth of around 2.5 percent, which already includes a spike in the price of oil and the effect of the tax cut approved in December by the United States.

Europe has been (and will be in 2018) the highest growing developed area (in the absence of stimulus) and its cyclical position is still a couple years away from that seen by the United States economy, and therefore the adjustment in the monetary policy has not yet started, despite the fact that the ECB has reported the sequence that it will follow (fewer purchases, increased deposit rates, an increase in rates and asset sales). This is occurring in a context of the highest economic growth seen in a decade, but with inflation-related difficulties. In 2018, slightly slower growth than that seen in 2017 is expected (close to 2 percent), above its long-term trend line. Inflation will still be below the ECB's objective and the benchmark rate will remain flat. The long-term rate

in the Eurozone (the Bund) will remain contained and tightening its spread against the United States, but even so a 1.20 USD/EUR rate is expected.

The outlook for Spain is for it to maintain growth in Europe, but it will be hard to repeat the success seen in 2017. The maturity of the cycle and the cost of political uncertainty make foreseeable growth in 2018 close to 2.3 percent (compared to the 3.1 percent recorded in 2017), but that is still higher growth than shown by the long-term trend line. This forecast has upside risks in the event that the political environment improves and the structural reforms implemented in the past increase the growth margin. The unemployment rate in Spain is already at the structural limit of close to 16 percent.

China will record growth that is still higher than its potential, despite the attempts to apply an orderly cooling of the economy. Growth is expected to be close to 6.2 percent in 2018, with a slight appreciation of the RMB, and in a political scenario that increases the likelihood that important reforms will be applied in the short-term. Countries in the Asian region with a population bonus (Indonesia and Philippines) will maintain a growth path supported by domestic demand, under lax monetary policy and with a certain accumulation of imbalances. Regional growth is expected to exceed 5 percent in both cases.

Latin America will accelerate economic growth to nearly 2 percent in 2018, thanks to the exit of Brazil and Argentina from recession and the resilience of Mexico. Brazil and Mexico are expected to grow at around 2.4 percent in 2018, while growth could be around 3.5 percent in Argentina. The currencies in the region will remain low given the foreseeably lax monetary policy implemented by the central banks and a certain pre-electoral effect on the fiscal policy in those three countries. Accordingly, it is notable that the political cycle has moved from developed countries in 2017 (Eurozone, United States, Japan) to Latin America in 2018 (Argentina, Mexico, Brazil).

The main risks for the global economy in 2018 focus on geopolitics, given the growing tension between North Korea and the United States. This risk is followed by potential errors in the implementation of the economic policy in the United States and China and, nationally, the emerging political cycle could again empower populist movements that refuse to take important structural reforms that could once again make the economic growth process difficult.

STRATEGIC PLANNING

In recent years MAPFRE has consolidated its strategy at every level of the organization to work as one large team, moving in the same direction. Accordingly, a common, aligned strategy is followed in every market in which the Group operates. Since 2016 work has progressed with initiatives and projects to support strategic objectives,

prioritizing and concentrating efforts to make joint advances to uphold the commitments made to shareholders.

We are currently at the mid-point of the Strategic Plan, which has focused on **Profitable Growth**, supporting management with four strategic pillars and taking a series of initiatives that were reinforced in 2017 to continue making advances toward building a more digital company:

1. Client orientation

The Group attaches great importance to identifying and understanding client needs, behavior and aspirations as a means of retaining existing clients and capturing new clients from the market. To achieve this goal, a **Client Relationship Model** was implemented that helps adapt the sales offering, operations, structure and technology to the requirements and needs of each client. All of this is tailored to the specific characteristics of each market.

The maturity attained by the **Client Experience Model** initiative has facilitated moving it to the production level, and to work on managing the results obtained through surveys of clients and non-clients to differentiate ourselves and deliver beyond their expectations.

In 2017, advances were also made in positioning MAPFRE in Large Cities, which will enable the attainment of increased market share there.

2. Digital transformation

It is essential that MAPFRE keeps up its efforts to adapt to the new digital age, working on the digitalization of processes to achieve operational excellence, and the digitalization of the client touchpoints. All of this has the objective of strengthening their experience with the company, ensuring service and quality levels.

Another important focus of this pillar is the Digital Business Plan, which was defined to develop existing and new operations, thus increasing the weight of this distribution model at MAPFRE.

In response to trends in the automobile sector, special importance is being placed on the initiative that has been underway for a number of years to develop capacities in the automobile area and the Group's role with respect to new mobility concepts.

It is also intended to take advantage of the opportunity provided by digitalization to develop a business model that facilitates attaining leadership in the Health strategic line.

3. Excellence in technical and operational management

The insurance business involves a constant quest for operational excellence and adaptation to regulatory changes in the industry, so that technical profitability higher than the market can be achieved in the most important lines, which will also maintain and improve MAPFRE's competitive position.

The Strategic Provider Initiative underway has reached an implementation level that has allowed it to be put into production mode. Work to develop initiatives related to efficiency continues, focusing on the Contact Center, Claims Costs, the development of Operating Models and the promotion of self-service.

During 2017 a Strategic Initiative for Predictive Models was started, with the aim of transforming the manner in business is handled, taking advantage of data knowledge and intelligence.

4. Culture and talent

The successful implementation of the Strategic Plan depends on unequivocal support from employees and the MAPFRE culture. Big steps have been taken in the initiative with respect to Talent Management, which has allowed it to be included in habitual production processes and for fresh challenges to be taken on within a new initiative: the Digital Challenge, which will enable the organizational change that MAPFRE needs to adapt to new digital imperatives to be successfully managed.

It is important to highlight the advances the Group has made in terms of equal opportunities, diversity and labor inclusion, which it will continue to pursue in the coming years.

In 2018, the focus will continue to be on management of the four strategic pillars, and within the strategy review and adjustment cycle, a new Strategic Plan for 2019-2021 will be drawn up.

R&D+i ACTIVITIES

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

At MAPFRE, innovation aims to produce specific improvements to the value provided to clients or efficiency improvements. It also seeks to keep abreast of market developments and in line with trends that arise at global level, which is now a matter of survival for companies.

The pillars of MAPFRE's Innovation Model are as follows:

1. The Innovation Community, which in 2017 reached a total of 19 innovation and development offices (OID), at which there are approximately 40 part-time employees and more than 250 Innoagents (employees in any post within the organization who act as ambassadors for innovation, providing methods to change the company's culture and actively participating in innovation projects within their environments). The purpose of this community is to generate and channel innovation within the organization and translate it into specific projects that comply with the company's strategic plans.

At the end of 2017 the innovation portfolio at MAPFRE at global level consists of more than 70 innovation projects which, due to their geographic scope and potential impact on the organization, are divided into 58 local, 4 global and 8 corporate categories.

The Corporate projects respond directly to the company's global strategic plan. An example is those that cover the Strategic Initiative on Automobile Insurance in MAPFRE 3.0, which was created in 2017 on the back of the paradigm change that is taking place in the automobile ecosystem. The objective of the initiative is to develop automobile insurance and boost capacities within the MAPFRE Group that will ensure it maintains its value proposition and competitiveness in the coming years.

2. Think Tanks, which are dedicated to exploring and analyzing new trends and their direct impact on the business.

3. The Startup Relationship Model, which covers interaction with the entrepreneur and startup ecosystem in order to analyze possible innovative solutions that respond to challenges faced by the company, gaining an awareness of the most agile and dynamic methods of working and incorporating best practices.

Work continued on developing three lines of action in 2017:

- Participation in investor vehicles, such as Alma Mundi.
- Startup observatory: monitoring of the insurtech/fintech ecosystems to establish partnerships with key companies.
- Participation in acceleration processes: Exploration of new relationship models with startups.

DIGITAL TRANSFORMATION

Digital transformation is one of the lines of action defined in the Group's Strategic Plan, the objective of which is to quickly respond to the new needs of our clients.

During the year MAPFRE made significant advances in its digital transformation process, launching more than 200 projects. This effort has allowed significant achievements to be attained with respect to the digitalization of client relationships, (considering a client to be a consumer, distributor, provider and internal client), as well as operations:

- Specifically, in the case of the consumer client, attraction and conversion have improved thanks to better digital marketing, the management of leads using ROPO (Research Online Purchase Offline) and the implementation of advanced pricing systems (present in 3 countries -Spain, Turkey and Columbia- and under development in Brazil and Peru). The increase in self-service functionality should also be included within these actions. During the year, work advanced on the creation of a Corporate Mobility Framework, linked to business needs, in order to unify, reuse and make the rollout of apps by all countries more agile.
- In the case of the distributor client, the focus was on mobilizing the sales network and generating a 360° view of clients. The corporate CRM was rolled out with 10 implementations, with those of MAPFRE SIGORTA, MAPFRE RE, MAPFRE ESPAÑA and VERTI (USA) being notable due to their impact. Advances in big data have also delivered enriched client information and facilitated the company in advancing with respect to the 720° client view.
- Digital solutions have been deployed for providers in order to enhance their mobility, receiving service assignments directly on mobile devices and providing them with the ability to report the status of the service to be rendered in real time.
- Significant advances have been made with the implementation of the Global Intranet for internal clients or employees, covering 94.6 percent of active employees, and with remote working and training via digital platforms.
- Finally, strong progress was made with respect to digitalizing operations, with more 8.3 million automated transactions carried out in 2017.

QUALITY

The quality perceived by clients is evaluated using the MAPFRE Global Model for Measuring Client Experience, the aims of which are as follows:

- To constantly be aware of, using a consistent methodology, the level of client satisfaction in the different countries and businesses.
- To identify those aspects that impact on the client experience, so as to improve it.
- To provide countries with a tool to help them define and implement initiatives, assigning the most appropriate priority level.
- To set goals for improvement and aspire to be a benchmark in client experience across all countries and lines.

The MAPFRE Quality Observatory, which is responsible for measuring perceived and delivered quality, conducts client surveys in every country where the company operates. These surveys cover all lines of insurance and assistance services and are conducted every six months in order to analyze the Net Promoter Score (NPS®) indicator and evaluate satisfaction and critical points of client contact.

The Observatory's reports provide data on the client experience, which assist the decision-making process in the different business areas.

Furthermore, 220 employees worldwide work on monitoring and controlling quality, and several companies have quality certifications which they can only renew by maintaining high customer service standards.

The Group's main quality certificates are as follows: ISO 9001 certification in Brazil, Spain and Turkey; MAPFRE RE holds ISO 9001 certification and MAPFRE ASISTENCIA holds this same quality certification in Algeria, Argentina, Bahrain, Brazil, Chile, China, Colombia, Ecuador, Philippines, Italy, Mexico, Dominican Republic, Tunisia, Turkey and Venezuela.

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 involving 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 needs to comply with 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.

In any case, treasury stock transactions are carried out under conditions that ensure neutrality in setting the price 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.

In 2017 a total of 3,988,894 treasury stocks were disposed of, representing 0.1295 percent of capital and amounting to 7,877,582.58 euros. In the previous year, a total of 29,487,334 treasury stocks were acquired, representing 0.9575 percent of capital and amounting to 57,840,843.65 euros. At December 31, 2017 the total balance of 26,511,106 treasury stocks represented 0.8609 percent of the capital and amounted to 52,356,075.56 euros.

OTHER RELEVANT INFORMATION

THE MAPFRE SHARE

The accompanying table shows the key information relating to the MAPFRE share at the end of the 2017 financial year:

Number of shares outstanding	3,079,553,273 fully subscribed 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 – Dow Jones Stoxx Insurance – MSCI Spain – FTSE All-World Developed Europe – FTSE4Good⁵ and FTSE4Good IBEX⁵
ISIN code	ES0124244E34

⁵ Indices that measure the outcome of a company's actions to uphold and support sustainable development and human rights.

In 2017, MAPFRE S.A. shares were traded on 257 days on the Continuous Market, with a frequency index of 100 percent. In total, 1,867,798,310 securities were traded, compared to 2,312,308,450 in the previous year, reflecting a decrease of 19.2 percent. The effective value of these transactions amounted to 5,525.5 million euros, compared to 5,211.8 million euros in 2016, up by 6 percent.

At the end of 2017, 6 Spanish and international commercial banks had "buy" recommendations for the company's shares, compared to 3 with "hold" recommendations, while 9 had the stock on their "sell" lists.

VALUE AND RETURN

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

	1 YEAR	3 YEARS	5 YEARS
MAPFRE	-7.7%	-4.8%	15.7%
DJ Stoxx Insurance	6.9%	15.1%	62.8%
IBEX 35	7.4%	-2.3%	23.0%

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

	2017	2016	2015	2014	2013
EPS (euros)	0.23	0.25	0.23	0.27	0.26
INCREASE	-8.0%	8.7%	-14.8%	3.8%	18.2%

SHAREHOLDER STRUCTURE AND REMUNERATION

At the close of 2017, Fundación MAPFRE, through its direct and indirect holdings, owned 68.3 percent of the company's shares, while Spanish shareholders owned 10.9 percent and shareholders of other countries owned the remaining 20.8 percent.

Of the Spanish shareholders, 3.4 percent were institutional investors and 7.5 percent were non-institutional investors (principally individuals). With regard to investors resident in other countries, 20.7 percent were institutional investors, while 0.1 percent were non-institutional investors.

Among the objectives set for the three-year period 2016-2018 is suitable shareholder remuneration. Likewise, the dividend policy establishes that shareholder remuneration must be linked to the Company's profit, solvency, liquidity and investment plans, and also aligned with the interests of all its shareholders. As a general rule, the Board of Directors will propose at the Annual General Meeting a distribution of dividends of between 50 percent and 65 percent of the attributable result (payout ratio).

In fiscal year 2017, 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 payout of 446.5 million euros.

The dividend proposed at the Annual General Meeting for fiscal year 2017 is 0.085 euros per share. Consequently, the total dividend against the 2017 results amounts to 0.145 euros per share before tax, representing a payout ratio of 63.7 percent.

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

	2017	2016	2015	2014	2013
DIVIDEND (euros)	0.145	0.13	0.14	0.14	0.12
DIVIDEND YIELD	4.9%	5.8%	4.9%	4.7%	4.4%

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.

CREDIT RATING MANAGEMENT

MAPFRE and its subsidiaries hold credit ratings from the main agencies. These agencies are selected on the basis of their international presence, relevance for the insurance industry and capital markets, and their level of experience. To review the Group's credit risk profile, annual meetings are held at which each agency receives operating and financial information from the business units and the Group. A quantitative and qualitative analysis is conducted, taking into account the financial situation of the Group as well as other factors such as its strategy, corporate governance and market environment.

The credit ratings assigned by the main ratings agencies at the close of the last two years are shown below:

	2017	2016
Standard & Poor's		
MAPFRE S.A. (Debt issuer rating)	BBB+ Outlook stable	BBB+ Outlook stable
MAPFRE S.A. (Senior debt rating)	BBB+	BBB+
MAPFRE S.A. (Subordinated debt rating)	BBB-	BBB-
MAPFRE GLOBAL RISKS (Financial strength rating/counterparty)	A Outlook stable	A Outlook stable
MAPFRE RE (Financial strength rating/counterparty)	A Outlook stable	A Outlook stable
Fitch		

MAPFRE S.A. (Debt issuer rating)	A- Positive outlook	BBB+ ^(*) Outlook stable
MAPFRE S.A. (Senior debt rating)	BBB+	BBB ^(*)
MAPFRE S.A. (Subordinated debt rating)	BBB-	BBB- ^(*)
MAPFRE ESPAÑA (Financial strength rating)	A- Positive outlook	A- ^(*) Outlook stable
MAPFRE VIDA (Financial strength rating)	A- Positive outlook	A- ^(*) Outlook stable
MAPFRE GLOBAL RISKS (Financial strength rating)	A- Positive outlook	A- ^(*) Outlook stable
MAPFRE RE (Financial strength rating)	A- Positive outlook	A- ^(*) Outlook stable
A.M. Best		
MAPFRE RE (Financial strength rating)	A Outlook stable	A Outlook stable
MAPFRE GLOBAL RISKS (Financial strength rating)	A Outlook stable	A Outlook stable
Moody's		
MAPFRE GLOBAL RISKS (Financial strength rating)	A3 Outlook stable	A3 Outlook stable
MAPFRE ASISTENCIA (Financial strength rating)	A3 Outlook stable	A3 Outlook stable

(*)Not requested

On June 7, 2017, Fitch Ratings raised MAPFRE S.A.'s issuer rating from "BBB+-" to "A-" and classified the financial strength of MAPFRE GLOBAL RISKS, MAPFRE RE, MAPFRE ESPAÑA and MAPFRE VIDA as "A-", with outlook positive in all cases.

On July 26 of 2017 Fitch Ratings then confirmed the ratings mentioned above and raised the outlook to positive.

On August 11, 2017 Standard & Poor's ratified the MAPFRE S.A. credit rating as "BBB+" with stable outlook, likewise confirming the financial strength classification of MAPFRE RE and MAPFRE GLOBAL RISKS as "A-", also with stable outlook in both cases.

On August 14, 2017 Moody's confirmed the rating of MAPFRE GLOBAL RISKS and MAPFRE ASISTENCIA as "A3", with stable outlook.

Additionally, on September 8, 2017 A.M. Best ratified the financial strength rating of MAPFRE GLOBAL RISKS and MAPFRE RE as "A-", both with stable outlook.

ACTIVE TRANSPARENCY PLAN

Transparency relates to how organizations manage themselves and interact with their stakeholders and their environment. These elements exert an effort on a company to make their activities and decision-making processes visible and understandable. In

order to achieve this, MAPFRE has an Active Transparency Plan in place, comprising internal and external actions, which aim to enhance accessibility to, and improve people's understanding of, the company, which will ultimately result in transparency becoming a recognizable company asset.

In 2017, both the structure and contents of MAPFRE's website were redesigned, improving accessibility to same, with the aim of broadening knowledge of the company via its website. Comprehension of published information has been improved, bringing it closer to the various stakeholders, which represents a significant advance in corporate communication.

In terms of product communication, work was carried out on the drawing up of informational documents on Non-Life insurance products (PID) with the aim of making it available to clients before doing so became obligatory, updating the same on the website to facilitate consultation of Prior Information Notices and make this new documentation easily accessible.

Additionally, once MAPFRE signs up to the "Best practice guide on the use of terminology employed in Non-Life insurance product information documentation", prepared by UNESPA, the defined terminology set out in this guide will be adopted in the wording of PID documents so as to improve the clarity of the language used in client communications.

Furthermore, work is underway on making product documentation in the Life line equally suitable, with some Life-Savings insurance products currently adapted as such, with remaining variants to follow shortly.

As far as internal action is concerned, the expansion of intranet content should be mentioned, in that it brings to the fore topics of interest to employees, such as appointments, workplace satisfaction surveys (Great Place to Work) etc. Processes to clearly inform workers on subjects such as career development, the results of mobility and selection processes are also being defined, along with making systematic information available related to the results of surveys conducted and the measures adopted in relation to same.

An infographic explaining promotion, selection and mobility was designed to further disseminate awareness of human resources policies, with another related to remuneration in production.

As can be seen, progress is being made with regard to the implementation of the active transparency plan in Spain and in the near future it is envisaged that similar advances will be made in other countries where MAPFRE operates.

ECONOMIC CONTRIBUTION TO SOCIETY

Insurance activities generate direct economic value through the constant flow of transactions (premium payments, benefit payments, investment management, etc.), which have an effect on the different aspects related to the economic and social development of the environment in which the company operates.

Of the consolidated revenues of 27,983.7 million euros generated in 2017 (27,092.1 million euros in 2016), MAPFRE made economic contributions to society in general via multiples payment types, which are detailed below.

Item	2017	2016	%17/16
Benefits paid ⁽¹⁾	16,457.5	15,500.4	6.2%
Payments to providers ⁽²⁾	6,346.5	7,264.4	-12.6%
Salaries and other ⁽³⁾	1,541.7	1,548.5	-0.4%
Activity subtotal	24,345.7	24,313.3	0.1%
Dividends ⁽⁴⁾	1,019.5	786.7	29.6%
Shareholders subtotal	1,019.5	786.7	29.6%
Net income tax payment	497.8	471.5	5.6%
Social security	243.2	235.4	3.3%
Public administrations subtotal	741.0	706.9	4.8%
Interest paid	67.9	53.3	27.4%
Other related expenses	--	44.1	--
Financing subtotal	67.9	97.4	-30.2%
Total	26.174.1	25,904.3	1.0%

Figures in millions of euros

- (1) Benefits paid and related expenses of accepted direct insurance and reinsurance.
- (2) Includes payment of commissions and other activity services.
- (3) Salaries amounted to 1,234.9 million euros in 2017 (1,211.8 million euros in 2016).
- (4) Dividend payments made during the year.

Furthermore, in its capacity as an insurer, the company makes commitments to its insureds in exchange for the management of resources that are invested in assets, particularly financial assets.

The following table shows information about the company as an institutional investor at the close of the last two financial years.

Item	2017	2016	%17/16
FUNDS UNDER MANAGEMENT (THIRD-PARTY)⁽⁵⁾	39,004.9	38,488.3	1.3%
TOTAL INVESTMENTS	44,691.2	45,088.0	-0.9%
Financial investments	42,003.2	42,541.0	-1.3%
Fixed income	36,961.0	38,399.8	3.7%
- Issued by governments	27,388.4	28,390.2	3.5%
- Other fixed-income securities	9,572.6	10,009.6	4.4%
Other financial investments	5,042.2	4,141.2	21.8%
Property investments⁽⁶⁾	1,250.7	1,274.8	-1.9%
Other investments	1,437.3	1,272.2	13.0%

Figures in millions of euros

⁽⁵⁾ Technical provisions for Life, pension funds, mutual funds and managed portfolios, before shadow accounting adjustments.

⁽⁶⁾ Excluding property for own use.

PROVIDER PAYMENT TERMS

Details of the payments made by the Group's fully consolidated Spanish companies to providers in the financial years 2017 and 2016 are shown below.

Item	Days	
	2017	2016
Average provider payment period	4.78	6.06
Ratio of paid operations	4.58	5.90
Ratio of operations pending payment	26.31	23.25

Item	Figures in millions of euros	
	2017	2016
Total payments made	1,602.55	1,656.56
Total pending payments exceeding the maximum statutory term	14.68	15.79

OTHER DISCLOSURES

Other non-financial Group disclosures supplementing those included in this Management Report are published in the MAPFRE Integrated Report.

CORPORATE GOVERNANCE REPORT

The company's Annual Corporate Governance Report, issued pursuant to the provisions of Article 49.4 of the Spanish Code of Commerce, as reworded in Act 16/2007, follows.

ANNEX I

ANNUAL REPORT ON THE CORPORATE GOVERNANCE OF PUBLICLY TRADED COMPANIES

ISSUER'S IDENTITY DATA

END DATE OF THE REFERENCED FINANCIAL YEAR	12/31/2017
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Tax ID	A08055741
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COMPANY NAME

MAPFRE S.A.

REGISTERED OFFICE

MAJADAHONDA (MADRID), No. 52 CARRETERA DE POZUELO

**ANNUAL REPORT ON THE CORPORATE
GOVERNANCE OF PUBLICLY TRADED COMPANIES**

A OWNERSHIP STRUCTURE

A.1 Complete the following table on the company's share capital:

Date of last modification	Share capital (€)	Number of shares	Number of voting rights
07/01/2011	307,955,327.30	3,079,553,273	3,079,553,273

Indicate if there are different kinds of shares with different rights associated with them:

Yes No

A.2 State the direct and indirect owners of substantial holdings of the company at the close of the financial year, excluding directors:

Name or company name of the shareholder	Number of direct voting rights	Number of indirect voting rights	% of total voting rights
FUNDACIÓN MAPFRE	0	2,085,104,197	67.708%

Name or company name of the indirect holder of the shares	Through: Name or company name of the direct holder of the shares	Number of voting rights
FUNDACIÓN MAPFRE	CARTERA MAPFRE, S.L. SINGLE-MEMBER COMPANY	2,081,803,920
FUNDACIÓN MAPFRE	FUNDACIÓN CANARIA MAPFRE GUANARTEME	3,300,277

State any significant modifications in the shareholding structure that have occurred during the financial year:

A.3 Complete the following tables about the members of the Board of Directors of the company who have voting rights on company shares:

Name or company name of the director	Number of direct voting rights	Number of indirect voting rights	Percentage of total voting rights
MR. ANTONIO HUERTAS MEJÍAS	357,485	0	0.01%
MR. ANTONIO NÚÑEZ TOVAR	305,330	0	0.01%
MS. CATALINA MIÑARRO BRUGAROLAS	1,510	10,000	0.00%
MR. IGNACIO BAEZA GÓMEZ	200,000	0	0.01%
MS. ADRIANA CASADEMONT I RUHÍ	0	0	0.00%
MR. JOSÉ ANTONIO COLOMER GUIU	0	2,698	0.00%
MR. GEORG DASCHNER	20,000	0	0.00%
MS. ANA ISABEL FERNÁNDEZ ÁLVAREZ	23	0	0.00%
MS. MARÍA LETICIA DE FREITAS COSTA	0	0	0.00%
MR. LUIS HERNANDO DE LARRAMENDI MARTÍNEZ	69,977	23	0.00%
MR. FRANCISCO JOSÉ MARCO ORENES	20,252	0	0.00%
MR. RAFAEL MÁRQUEZ OSORIO	69,804	0	0.00%
MR. FERNANDO MATA VERDEJO	61,956	0	0.00%
MR. ANTONIO MIGUEL-ROMERO DE OLANO	30,325	2,242	0.00%
MR. ALFONSO REBUERTA BADÍAS	20,346	0	0.00%

Name or company name of the indirect holder of the shares	Through: Name or company name of the direct holder of the shares	Number of voting rights
MS. CATALINA MIÑARRO BRUGAROLAS	OTHER SHAREHOLDERS OF THE COMPANY	10,000
MR. JOSÉ ANTONIO COLOMER GUIU	OTHER SHAREHOLDERS OF THE COMPANY	2,698
MR. LUIS HERNANDO DE LARRAMENDI MARTÍNEZ	OTHER SHAREHOLDERS OF THE COMPANY	23
MR. ANTONIO MIGUEL-ROMERO DE OLANO	OTHER SHAREHOLDERS OF THE COMPANY	2,242

Total % of voting rights held by the Board of Directors	0.03%
--	-------

Complete the following tables with the members of the company's Board of Directors with voting rights on company shares

A.4 Where applicable, list any family, commercial, contractual or corporate relationships between holders of significant shareholdings, insofar as the company is aware of them, unless they are of little relevance or due to ordinary commercial traffic and exchange:

A.5 Where applicable, list any family, commercial, contractual or corporate relationships between holders of significant shareholdings, and the company and/or its group, unless they are of little relevance or due to ordinary commercial traffic and exchange:

A.6 Indicate if any shareholder agreements have been disclosed to the company that affect it under art. 530 and 531 of the Companies Act. Where applicable, briefly describe them and list the shareholders bound by such agreement:

Yes No

Indicate whether the company knows of the existence of concerted actions among its shareholders. If so, describe them briefly:

Yes No

If there have been any modifications or terminations of said pacts or agreements or concerted actions during the financial year, indicate this expressly.

There were no modifications or terminations of arranged pacts, agreements or actions.

A.7 Indicate whether any person or organization exercises or may exercise control over the company pursuant to article 4 of the Securities Market Act. If so, identify them:

Yes No

Name or company name
FUNDACIÓN MAPFRE
Observations

A.8 Complete the following tables regarding the company's treasury stock:

As at the closing date of the financial year:

Number of direct shares	Number of indirect shares (*)	Total % of the share capital
26,511,106	0	0.86%

(*) Through:

List significant changes occurring during the financial year, pursuant to Royal Decree 1362/2007:

Explain significant changes

- Sale on the market of 3,964,371 shares.

A.9 Describe the terms and conditions of the current General Meeting authorization to the Board of Directors to issue, buy back or transfer treasury stock.

The Board of Directors is currently authorized by the shareholders at the General Meeting to increase the company's share capital once or several times by up to a maximum of 153,977,663.65 euros, equivalent to 50 percent of the share capital. The duration of the authorization is five years calculated from the date of the resolution, passed on March 9, 2013.

The Board of Directors is currently authorized by the shareholders at the General Meeting to allow the company to proceed, directly or through subsidiaries, to the derivative acquisition of treasury stock, subject to the following limits and requirements:

- a) Schemes: Acquisition by sale or by any other transaction inter vivos for good and valuable consideration, of shares free of any liens or encumbrances.
- b) Maximum number of shares to be acquired: Shares whose face value, added to the face value of the shares already owned by the company and its subsidiaries, does not exceed 10 percent of the share capital of MAPFRE S.A.
- c) Minimum and maximum acquisition price: 90 percent and 110 percent, respectively, of their listed quotation on the acquisition date.
- d) Duration of the authorization: Five years calculated from the date of the resolution, passed on March 11, 2016. Acquired shares may be used in part or in full as follows: (i) disposal or amortization, (ii) delivery to workers, employees or administrators of the company or its group whenever there is a recognized right to do so directly or as a result of exercising call option rights held thereby as provided for in the last paragraph of article 146, section 1, letter a) of the Recast Text of the Companies Act, and (iii) reinvestment plans involving dividends or similar instruments.

A.9.b Estimated floating capital:

	%
Estimated floating capital	31.40

A.10 Indicate whether there is any restriction on the transferability of securities and/or any restriction on voting rights. In particular, if there are any restrictions to the takeover of the company by means of share purchases on the market.

Yes No

A.11 Indicate whether the General Meeting has approved measures to counteract a public acquisition bid, pursuant to Law 6/2007.

Yes No

If so, explain the measures approved and the terms and conditions under which the restrictions would become inefficient:

A.12 Indicate if the company has issued securities that are not traded in a regulated community market.

Yes No

If so, indicate the different kinds of shares and, for each kind of shares, the rights and obligations conferred.

B GENERAL MEETING

B.1 Indicate and, where applicable, give details, about whether there are any differences from the minimum standards established under the Companies Act with respect to the quorum and constitution of the General Meeting.

Yes No

B.2 Indicate, and where applicable give details, whether there are any differences from the minimum standards established under the Companies Act with respect to the adoption of corporate resolutions:

Yes No

Describe any differences from the guidelines established under the Companies Act.

	Reinforced majority different from that established in art. 201.2 of the Companies Act for the cases cited in art. 194.1 of the Companies Act	Other cases of reinforced majority
% established by the company for adopting agreements	0.00	50.01

Describe the differences

Article 201 of the Companies Act establishes that in order to adopt the resolutions referred to in article 194, if capital present or represented exceeds 50 percent, the absolute majority vote will be sufficient to pass the resolution. However, when, at the first call to the meeting, shareholders present or represented at the meeting own more than 25 percent but less than 50 percent of subscribed capital carrying voting rights, the favorable vote by shareholders representing two-thirds of capital present or represented is required to pass the resolution.

At the second call, a minimum of 25 percent of capital is required.

Pursuant to the provisions of article 26 of the Corporate Bylaws, the amendment of the provisions of Title IV "Protection of the Company's General Interest" (articles 26 to 29) can only be amended by a resolution approved with the votes in favor of more than 50 percent of the share capital at the Extraordinary General Meeting specifically called for this purpose.

B.3 Indicate the rules applicable to amendment of the company's articles of association. In particular, indicate the majorities established for the amendment of the articles of association, as well as, where applicable, the rules established for protection of the shareholders' rights in the amendment of the articles of association.

There are no particularities other than those established in the legislation in force for amendment of the company's bylaws, except for the amendment of articles 26 to 29 (Title IV- Protection of the Company's General Interest). As stated in the previous paragraph B.2, a resolution adopted with the favorable vote of more than 50 percent of share capital at the Extraordinary General Meeting called for that purpose is necessary.

B.4 Give attendance data on the General Meetings held during the financial year to which this report refers and those from the previous financial year:

Attendance data					
Date of general meeting	% physically present	% attending by proxy	% voting remotely		Total
			E-voting	Other	
11/03/2016	68.66	13.41	0.00	0.69	82.76
10/03/2017	68.88	13.42	0.00	0.90	83.20

B.5 Indicate the number of shares, if any, that are required to be able to attend the General Meeting and whether there are any restrictions on such attendance in the bylaws:

Yes No

Number of shares necessary to attend the General Meeting	1,000
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B.6 Section repealed.

B.7 Indicate the address and method of access to the company's website, to the information on corporate governance and other information on General Meetings that must be available to shareholders through the company's website.

Access is as follows: www.mapfre.com

"Shareholders and investors" section.

C GOVERNANCE STRUCTURE OF THE COMPANY

C.1 Board of Directors

C.1.1 Maximum and minimum number of directors established in the corporate bylaws:

Maximum number of directors	20
Minimum number of directors	5

C.1.2 Complete the following table on the board members:

Name or company name of the director	Representative	Category of the director	Position on the Board	Date of first appointment	Date of last appointment	Procedure
MR. ANTONIO HUERTAS MEJÍAS		Executive	CHAIRMAN AND CEO	12/29/2006	03/14/2014	ANNUAL GENERAL MEETING RESOLUTION
MR. ANTONIO NÚÑEZ TOVAR		Executive	1st VICE CHAIRMAN	03/05/2011	03/13/2015	ANNUAL GENERAL MEETING RESOLUTION
MS. CATALINA MIÑARRO BRUGAROLAS		Independent	2nd VICE CHAIRMAN	10/30/2013	03/14/2014	ANNUAL GENERAL MEETING RESOLUTION
MR. IGNACIO BAEZA GÓMEZ		Executive	3rd VICE CHAIRMAN	03/08/2008	03/11/2016	ANNUAL GENERAL MEETING RESOLUTION
MS. ADRIANA CASADEMONT I RUHÍ		Independent	DIRECTOR	03/09/2013	03/10/2017	ANNUAL GENERAL MEETING RESOLUTION
MR. JOSÉ ANTONIO COLOMER GUIU		Independent	DIRECTOR	02/09/2016	03/11/2016	ANNUAL GENERAL MEETING RESOLUTION

MR. GEORG DASCHNER		Independent	DIRECTOR	02/10/2015	03/13/2015	ANNUAL GENERAL MEETING RESOLUTION
MS. ANA ISABEL FERNÁNDEZ ÁLVAREZ		Independent	DIRECTOR	07/26/2016	03/10/2017	ANNUAL GENERAL MEETING RESOLUTION
MS. MARÍA LETICIA DE FREITAS COSTA		Independent	DIRECTOR	07/23/2015	03/11/2016	ANNUAL GENERAL MEETING RESOLUTION
MR. LUIS HERNANDO DE LARRAMENDI MARTÍNEZ		Nominee Director	DIRECTOR	04/17/1999	03/13/2015	ANNUAL GENERAL MEETING RESOLUTION
MR. FRANCISCO JOSÉ MARCO ORENES		Executive	DIRECTOR	03/10/2017	03/10/2017	ANNUAL GENERAL MEETING RESOLUTION
MR. RAFAEL MÁRQUEZ OSORIO		Nominee Director	DIRECTOR	12/29/2006	12/29/2014	ANNUAL GENERAL MEETING RESOLUTION
MR. FERNANDO MATA VERDEJO		Executive	DIRECTOR	01/01/2017	03/10/2017	ANNUAL GENERAL MEETING RESOLUTION
MR. ANTONIO MIGUEL-ROMERO DE OLANO		Nominee Director	DIRECTOR	04/17/1999	03/13/2015	ANNUAL GENERAL MEETING RESOLUTION
MR. ALFONSO REBUELTA BADIÁS		Nominee Director	DIRECTOR	04/17/1999	03/13/2015	ANNUAL GENERAL MEETING RESOLUTION

Total number of directors	15
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Indicate which directors have left their seat on the Board of Directors during the period subject to information:

Name or company name of the director	Category of the director on cessation	Termination date
MR. RAFAEL BECA BORREGO	Independent	01/01/2017
MR. RAFAEL CASAS GUTIÉRREZ	Executive	01/01/2017
MR. ANDRÉS JIMÉNEZ HERRADÓN	Nominee director	02/22/2017
MR. ESTEBAN TEJERA MONTALVO	Executive	01/01/2017
MS. ADRIANA CASADEMONT I RUHÍ	Independent	12/31/2017

C.1.3 Complete the following tables on the Board members and their different kinds of directorship:

EXECUTIVE DIRECTORS

Name or company name of the director	Position within company organization
MR. ANTONIO HUERTAS MEJÍAS	CHAIRMAN AND CEO
MR. ANTONIO NÚÑEZ TOVAR	1st VICE CHAIRMAN
MR. IGNACIO BAEZA GÓMEZ	3rd VICE CHAIRMAN
MR. FRANCISCO JOSÉ MARCO ORENES	DIRECTOR
MR. FERNANDO MATA VERDEJO	DIRECTOR

Total number of executive directors	5
% of total board	33.33%

NOMINEE EXTERNAL DIRECTORS

Name or company name of the director	Name or company name of the substantial shareholder represented or proposing his/her appointment
MR. LUIS HERNANDO DE LARRAMENDI MARTÍNEZ	CARTERA MAPFRE, S.L. SINGLE-MEMBER COMPANY
MR. ANTONIO MIGUEL-ROMERO DE OLANO	CARTERA MAPFRE, S.L. SINGLE-MEMBER COMPANY
MR. RAFAEL MARQUEZ OSORIO	CARTERA MAPFRE, S.L. SINGLE-MEMBER COMPANY
MR. ALFONSO REBUELTA BADIÁS	CARTERA MAPFRE, S.L. SINGLE-MEMBER COMPANY

Total number of nominee directors	4
% of total board	26.67%

INDEPENDENT EXTERNAL DIRECTORS

Name or company name of the director:

MS. ADRIANA CASADEMONT I RUHÍ

Profile:

HOLDS A DEGREE IN BUSINESS FROM THE AUTONOMOUS UNIVERSITY OF BARCELONA, A DIPLOMA IN COMMUNICATION AND PUBLIC RELATIONS FROM GIRONA UNIVERSITY AND A MASTER'S DEGREE IN STRATEGIC MARKETING FROM ESADE. OCCUPIES SEVERAL SENIOR EXECUTIVE ROLES OF REPRESENTATION AND MANAGEMENT IN AGRO-FOOD COMPANIES AND IN EDUCATIONAL INSTITUTIONS.

Name or company name of the director:

MR. JOSÉ ANTONIO COLOMER GUIU

Profile:

BUSINESS ADMINISTRATION DEGREE FROM THE SCHOOL OF BUSINESS MANAGEMENT AND ADMINISTRATION - BARCELONA. CHAIRMAN OF THE BOARD OF DIRECTORS OF ADOPEM, S.A. AND MEMBER OF ITS AUDIT, RISK AND APPOINTMENTS AND REMUNERATION COMMITTEES. CHAIRMAN OF THE BOARD OF DIRECTORS OF MICROSERFIN, S.A. AND MEMBER OF ITS AUDIT, RISK, APPOINTMENTS AND REMUNERATION, AND CORPORATE GOVERNANCE COMMITTEES.

Name or company name of the director:

MR. GEORG DASCHNER

Profile:

PROFESSIONAL CAREER IN MUNICH RE (1965-2014): CHAIRMAN OF MUNCHENER VENEZUELA (1983-1988), CHAIRMAN OF THE SPAIN AND PORTUGAL BRANCH (2000-2003), MEMBER OF THE MANAGEMENT BOARD OF THE MUNICH RE GROUP, IN CHARGE OF THE EUROPE AND LATIN AMERICA BUSINESS AREA (2003-2014).

Name or company name of the director:

MS. ANA ISABEL FERNÁNDEZ ÁLVAREZ

Profile:

DEGREE AND DOCTORATE IN ECONOMICS AND BUSINESS FROM THE UNIVERSITY OF OVIEDO. MEMBER OF THE ADVISORY COMMITTEE ON CORPORATE REPORTING FOR THE EUROPEAN SECURITIES AUTHORITY AND MEMBER OF THE BOARD OF TRUSTEES FOR THE PRINCESA DE ASTURIAS FOUNDATION AND THE BANCO DE SABADELL FOUNDATION. PROFESSOR OF FINANCIAL ECONOMICS AT THE UNIVERSITY OF OVIEDO AND PROFESSOR OF FINANCE AT CUNEF.

Name or company name of the director:

MS. MARÍA LETICIA DE FREITAS COSTA

Profile:

DEGREE IN PRODUCT ENGINEERING AND MASTER'S DEGREE IN BUSINESS ADMINISTRATION (MBA). MANAGER OF THE INSPEER CENTER FOR STRATEGIC RESEARCH AND A PARTNER AT PRADA ASSESSORIA.

Name or company name of the director:

MS. CATALINA MIÑARRO BRUGAROLAS

Profile:

DEGREE IN LAW. STATE ATTORNEY ON LEAVE OF ABSENCE.

Total number of independent directors	6
total % of the board	40.00%

Indicate whether any director classified as independent receives from the company, or from its Group, any amount or earning for an item other than the director's remuneration, or maintains or has maintained during last financial year a business relationship with the company or with any company from its Group, whether on his behalf or as a significant shareholder, director or senior management member of a company that maintains or has maintained such a relationship.

No director classified as independent receives, from the company or the Group, any amount or benefit for an item other than director's remuneration.

If so, include a reasoned statement from the Board on the reasons why it considers that this director may perform his functions as an independent director.

OTHER EXTERNAL DIRECTORS

Identify other external directors and explain in detail the reasons for which they cannot be considered nominee or independent directors, as well as their affiliations with the company, its management or its shareholders:

Indicate any changes that may have occurred during the period in the type of category for each director:

C.1.4 Complete the following table with information relating to the number of female directors during the last four financial years, as well as the category of these female directors:

	Number of Directors				% of the total of each type of director			
	2017	2016	2015	2014	2017	2016	2015	2014
Executive	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Nominee director	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Independent	4	4	3	2	66.67%	57.14%	42.86%	33.33%
Other external	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Total:	4	4	3	2	26.67%	23.53%	16.67%	11.11%

C.1.5 Explain the measures which, where applicable, have been adopted to include a balance presence of men and women on the Board of Directors.

Explanation of the measures

The Institutional, Corporate and Organizational Principles of the MAPFRE Group, approved by the Board of Directors of MAPFRE on June 24, 2015, expressly provide that the Board of Directors of MAPFRE shall develop a plan for filling vacancies to ensure the suitability of applicants thereto, based on their skills and professional and geographical origins, as well as a sufficient presence of members of both genders.

Similarly, it is established that the competent bodies of Group companies will ensure that, when vacancies arise, equal opportunities are guaranteed for candidates regardless of their gender, and they must seek to achieve an effective presence of directors of both genders.

Furthermore, the Director Selection Policy expressly establishes that, during the selection process, any kind of implicit biases will always be avoided, which may involve discrimination and, in particular, biases that interfere with the selection of persons of either gender. It also includes the commitment to ensure that in the year 2020 the number of female directors shall represent at least 30 percent of the total of members of the Board of Directors.

C.1.6 Explain the measures which, where applicable, the Appointments Committee has agreed so that the procedure for filling Board vacancies has no implicit bias against women candidates, and the company makes a conscious effort to include women with the target profile among the candidates for Board seats

Explanation of the measures

The Appointments and Remuneration Committee must ensure that during the candidate selection process any kind of implicit biases are always avoided, which may involve discrimination and, in particular, those biases that interfere with the selection of persons of either gender.

In 2015 the Appointments and Remuneration Committee approved a renewal plan for the Board of Directors establishing the steps to follow in the period 2015-2020 to adapt the structure of the Board of Directors to the new legal requirements and recommendations contained in the Code of Good Governance of the Spanish National Securities and Exchange Commission (the "CNMV").

When, in spite of the measures which, where applicable, have been adopted, there are few or no female directors, explain the reasons that justify this.

Explanation of the reasons

Not applicable

C.1.6 b Explain the conclusions of the Appointments Committee on the verification of compliance with the director selection policy. In particular, explain how this policy is promoting the objective that by 2020 the number of female directors represents at least 30 percent of the total of members of the Board of Directors.

Explanation of the conclusions

MAPFRE's Director Selection Policy aims to ensure that the proposals for nomination and re-election of directors are based on a preliminary analysis of the Board of Directors needs, and to promote a diversity of knowledge, experiences and gender on the Board. It expressly sets out the commitment to ensure that in the year 2020 the number of female directors shall represent at least 30 percent of the total of members of the Board of Directors. In line with this commitment, on December 21, 2017 Ms. María Pilar Perales Viscasillas was appointed as an independent director, with effect from January 1, 2018, in place of Ms. Adriana Casademont i Ruhí, who resigned from her position on the board with effect from December 31, 2017.

In addition, as indicated in the above section C.1.6, the Appointments and Remuneration Committee approved a renewal plan for the Board of Directors with specific measures to promote the objective that by 2020 the number of female directors represents at least 30 percent of the total of members of the Board of Directors.

The Appointments and Remuneration Committee considers that the company adequately complied with the Director Selection Policy during 2017. In view of the reduction in the number of board members during the year, the percentage of female directors rose from 23.53 percent in 2016 to 26.67 percent in 2017.

C.1.7 Explain the method of representation on the Board of shareholders with significant shareholdings.

The shareholders with significant shareholdings (see section A.2 of this report) have nominee directors appointed on the company's Board of Directors. Details of the external nominee directors are provided in the previous section C.1.3.

C.1.8 Explain, where applicable, the reasons why nominee directors have been appointed at the behest of shareholders whose shareholding is less than 3 percent of the capital:

Indicate whether formal petitions for a seat on the Board have been ignored from shareholders whose holding is equal to or higher than others at whose behest nominee directors were appointed. Where applicable, explain why these petitions have been ignored:

Yes

No

C.1.9 Indicate if any director has stood down before the end of their term in office, if they explained their reasons to the Board and through which channels, and if they sent a letter of explanation to the entire Board. Explain the reasons they gave:

Name of director:**MR. ESTEBAN TEJERA MONTALVO**

Stood down from the Board of Directors when he retired.

Explained the reasons for his resignation in a letter addressed to all members of the Board of Directors.

MR. RAFAEL CASAS GUTIÉRREZ

Stood down from the Board of Directors when he retired.

Explained the reasons for his resignation in a letter addressed to all members of the Board of Directors.

MR. ANDRÉS JIMÉNEZ HERRADÓN

Stood down from the Board of Directors in compliance with the company's Code of Good Governance on reaching the mandatory five-year limit for former executives.

Explained the reasons for his resignation in a letter addressed to all members of the Board of Directors.

MR. RAFAEL BECA BORREGO**Reason for termination:**

Stood down from the Board of Directors for personal and professional reasons which prevented him from fulfilling his functions with the required dedication.

Explained the reasons for his resignation in a letter addressed to all members of the Board of Directors.

C.1.10 Indicate, where applicable, any powers delegated to the managing director(s):

C.1.11 Identify, where applicable, any members of the Board holding posts as directors or managers in other companies that form part of the listed company's group:

Name or company name of the director	Company name of the Group company	Position	Do they have executive functions
MR. ANTONIO HUERTAS MEJÍAS	MAPFRE INTERNACIONAL, S.A.	CHAIRMAN AND CEO	NO
MR. ANTONIO NÚÑEZ TOVAR	MAPFRE VIDA. S.A. DE SEGUROS Y REASEGUROS SOBRE LA VIDA HUMANA	CHAIRMAN	NO
MR. ANTONIO NÚÑEZ TOVAR	MAPFRE INMUEBLES S.G.A., S.A.	JOINT AND SEVERAL ADMINISTRATOR	NO
MR. ANTONIO NÚÑEZ TOVAR	MAPFRE ESPAÑA, COMPAÑÍA DE SEGUROS Y REASEGUROS, S.A	CHAIRMAN	NO
MR. ANTONIO NÚÑEZ TOVAR	MAPFRE INTERNACIONAL. S.A.	DIRECTOR	NO
MS. CATALINA MIÑARRO BRUGAROLAS	MAPFRE ESPAÑA COMPAÑÍA DE SEGUROS Y REASEGUROS, S.A.	DIRECTOR	NO
MR. IGNACIO BAEZA GÓMEZ	MAPFRE GLOBAL RISKS, COMPAÑÍA INTERNACIONAL DE SEGUROS Y REASEGUROS, S.A.	CHAIRMAN	YES

MR. IGNACIO BAEZA GÓMEZ	MAPFRE ASISTENCIA, COMPAÑÍA INTERNACIONAL DE SEGUROS Y REASEGUROS. S.A.	CHAIRMAN	NO
MR. IGNACIO BAEZA GÓMEZ	MAPFRE INTERNACIONAL, S.A.	DIRECTOR	NO
MS. ADRIANA CASADEMONT I RUHÍ	MAPFRE ASISTENCIA, COMPAÑÍA INTERNACIONAL DE SEGUROS Y REASEGUROS. S.A.	DIRECTOR	NO
MR. JOSÉ ANTONIO COLOMER GUIU	MAPFRE ESPAÑA COMPAÑÍA DE SEGUROS Y REASEGUROS, S.A.	DIRECTOR	NO
MS. ANA ISABEL FERNÁNDEZ ÁLVAREZ	MAPFRE GLOBAL RISKS, COMPAÑÍA INTERNACIONAL DE SEGUROS Y REASEGUROS S.A.U.	DIRECTOR	NO
MS. ANA ISABEL FERNÁNDEZ ÁLVAREZ	MAPFRE ASISTENCIA, COMPAÑÍA INTERNACIONAL DE SEGUROS Y REASEGUROS, S.A.	DIRECTOR	NO
MS. MARIA LETICIA DE FREITAS COSTA	BB MAPFRE SH1 PARTICIPAÇÕES, S.A.	DIRECTOR	NO
MS. MARIA LETICIA DE FREITAS COSTA	BB MAPFRE SH2 PARTICIPAÇÕES, S.A.	DIRECTOR	NO
MR. LUIS HERNANDO DE LARRAMENDI MARTÍNEZ	MAPFRE VIDA. S.A. DE SEGUROS Y REASEGUROS SOBRE LA VIDA HUMANA	2nd VICE CHAIRMAN	NO
MR. LUIS HERNANDO DE LARRAMENDI MARTÍNEZ	MAPFRE ESPAÑA COMPAÑÍA DE SEGUROS Y REASEGUROS, S.A.	2nd VICE CHAIRMAN	NO
MR. LUIS HERNANDO DE LARRAMENDI MARTÍNEZ	MAPFRE INTERNACIONAL, S.A.	DIRECTOR	NO
MR. FRANCISCO JOSE MARCO ORENES	MAPFRE INTERNACIONAL. S.A.	DIRECTOR	NO
MR. RAFAEL MÁRQUEZ OSORIO	MAPFRE INTERNACIONAL. S.A	DIRECTOR	NO
MR. FERNANDO MATA VERDEJO	MAPFRE ESPAÑA COMPAÑÍA DE SEGUROS Y REASEGUROS, S.A.	DIRECTOR	NO
MR. FERNANDO MATA VERDEJO	MAPFRE INTERNACIONAL. S.A.	DIRECTOR	NO
MR. FERNANDO MATA VERDEJO	MAPFRE VIDA. S.A. DE SEGUROS Y REASEGUROS SOBRE LA VIDA HUMANA	DIRECTOR	NO
MR. ANTONIO MIGUEL- ROMERO DE OLANO	MAPFRE ESPAÑA COMPAÑÍA DE SEGUROS Y REASEGUROS, S.A.	DIRECTOR	NO
MR. ANTONIO MIGUEL-ROMERO DE OLANO	MAPFRE ASISTENCIA, COMPAÑÍA INTERNACIONAL DE SEGUROS Y REASEGUROS. S.A.	VICE CHAIRMAN	NO
MR. ALFONSO REBUELTA BADIÁS	MAPFRE GLOBAL RISKS, COMPAÑÍA INTERNACIONAL DE SEGUROS Y REASEGUROS S.A.U.	VICE CHAIRMAN	NO
MR. ALFONSO REBUELTA BADIÁS	MAPFRE INTERNACIONAL. S.A.	DIRECTOR	NO

C.1.12 List, where applicable, any directors of the company that sit on the Board of Directors of other companies publicly traded in Spain outside the Group, of which the company has been informed:

Name or company name of the director	Company name of the Group company	Position
MS. CATALINA MIÑARRO BRUGAROLAS	ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A.	DIRECTOR

C.1.13 Indicate and, where applicable, explain whether the company has established rules on the number of boards on which its directors may sit:

Yes No

Explanation of the rules

According to article 4 of the MAPFRE Regulation of the Board of Directors, no director can simultaneously be a member of more than five Boards of Directors of companies that do not form part of the Group, except for personal or family companies.

C.1.14 Section repealed.

C.1.15 Indicate the overall remuneration of the Board of Directors:

Remuneration of the Board of Directors (thousands of euros)	8,718
Amount corresponding to the rights accumulated by current directors regarding pensions (thousands of euros)	19,376
Amount corresponding to the rights accumulated by former directors regarding pensions (thousands of euros)	0

C.1.16 Identify the members of senior management who are not also executive directors, and indicate the total remuneration earned by them during the financial year:

Name or company name	Position
MR. ÁNGEL LUIS DÁVILA BERMEJO	GENERAL COUNSEL - GENERAL MANAGER OF LEGAL AFFAIRS
MR. JOSÉ LUIS GURTUBAY FRANCIA	DEPUTY GENERAL MANAGER OF THE CORPORATE STRATEGY AND M&A AREA
MR. JOSÉ MANUEL MURIES NAVARRO	GENERAL MANAGER OF INTERNAL AUDIT
MR. JOSÉ LUIS JIMÉNEZ GUAJARDO-FAJARDO	GENERAL MANAGER OF THE CORPORATE INVESTMENT AREA
MS. ELENA SANZ ISLA	GENERAL MANAGER OF THE CORPORATE HUMAN RESOURCES AREA

Total remuneration of senior management (in thousands of euros)	2,570
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C.1.17 Indicate, where applicable, the identity of Board members who also sit on Boards of Directors of companies of significant shareholders and/or companies in their group:

Name or company name of the director	Company name of the significant shareholder	Position
MR. ANTONIO HUERTAS MEJÍAS	CARTERA MAPFRE, S.L. SINGLE-MEMBER COMPANY	CHAIRMAN AND CEO
MR. IGNACIO BAEZA GÓMEZ	CARTERA MAPFRE, S.L. SINGLE-MEMBER COMPANY	DIRECTOR
MR. FERNANDO MATA VERDEJO	CARTERA MAPFRE, S.L. SINGLE-MEMBER COMPANY	DIRECTOR
MR. ANTONIO NÚÑEZ TOVAR	CARTERA MAPFRE, S.L. SINGLE-MEMBER COMPANY	DIRECTOR

List, where applicable, the relevant affiliations other than those considered in the above paragraph, which link members of the Board of Directors to significant shareholders and/or companies in their group:

C.1.18 Indicate whether during the financial year there has been any change in the Board of Directors Regulations.

Yes No

Description of modifications

On February 7, 2017 the Board of Directors agreed to modify, with effect from March 10, 2017, articles 10 and 12 of its Regulations, governing the Audit Committee and the Risk and Compliance Committee, respectively, in order to attribute the compliance and corporate governance powers of the Risk and Compliance Committee to the Audit Committee, and also to change the name of the former to the Risk Committee and of the latter to the Audit and Compliance Committee.

C.1.19 Indicate procedures for selection, appointment, re-election, evaluation and removal of directors. List the competent bodies, the procedures to be followed and the criteria to be employed in each procedure.

Persons to whom the position of MAPFRE S.A. director is offered, or of a subsidiary company, must first make an accurate and complete declaration of their relevant personal, family, professional and business circumstances, specifically indicating the following: (I) persons or companies that are, with respect to him/her, the condition of linked persons as provided for in current legislation; (ii) any circumstances that may imply a cause of incompatibility in accordance with the laws, the corporate bylaws or the Board of Directors Regulations, or a conflict of interest; (iii) any other professional obligations, in case they interfere with the commitment required for the position; (iv) any criminal proceedings in which he/she appears as a defendant or accused party; and (v) any other fact or situation affecting him/her and that may be relevant to his/her performance as a director. This declaration must be made on the form provided for such purposes by MAPFRE, and shall include an express acceptance of the regulations set out in the corporate bylaws and other internal regulations, as well as in current legislation.

Any person who holds the position of director must be of renowned prestige in his/her professional and business area, and hold all necessary professional qualifications or experience as provided by law for financial institutions or insurance companies subject to supervision by public authorities.

Specifically, people cannot be members of the Board of Directors if they hold significant shares in, or provide professional services to, competing businesses of the company or of any company of the Group, or if they work as employees, managers, or administrators of them, unless they are granted express authorization from the Board of Directors.

- Proposals for the appointment or reappointment of independent directors must be preceded by a proposal from the Appointments and Remuneration Committee.

The proposed reappointment of such directors must include an assessment of the performance of their positions by directors during the previous mandate and, where appropriate, of the positions performed by candidates on the Board, taking into account or assessing the amount and quality of the work done by them, and their commitment to the position.

- The formulation of proposals for appointment or reappointment by the Board of Directors must be preceded:

a) In the case of nominee directors, by a suitable proposal of the shareholder backing their appointment or reappointment.

b) In the case of executive directors, as well as the secretary, whether or not a director, by a suitable proposal from the Chairman of the Board.

Both types of proposals must also be preceded by the corresponding report from the Appointments and Remuneration Committee.

- The proposed reappointment of nominee and executive directors must be subject to a prior report issued by the Appointments and Remuneration Committee, which must include an assessment of the performance of their positions by directors during the previous mandate and, where appropriate, of the positions performed by candidates on the Board, taking into account or assessing the amount and quality of the work done by them, and their commitment to the position.

- In any case, the proposals for appointment and reappointment of directors must be accompanied by an explanatory report from the Board which assesses the responsibility, experience and merits of the candidate.

The Board of Directors will not propose to the General Meeting that any independent director be removed from office before the end of the term for which the director has been elected unless the Board of Directors considers, based on a report from the Appointments and Remuneration Committee, that there are grounds for doing so. In particular, the removal proposal shall be deemed justified when the director has failed to comply with the duties inherent to the position, has not complied with any requirement set forth for independent directors, or has incurred in an insuperable conflict of interest according to the provisions of current legislation.

C.1.20 Explain how the annual assessment of the Board has led to significant changes in its international organization and in the procedures that apply to its activities:

Description of modifications

In 2016 the Board of Directors engaged a well-respected independent expert to assist it in evaluating its own performance as well as the performance of the Board committees and the Chairman of the Board. Based on the result of the annual self-assessment, in 2017 the Board of Directors implemented the following measures:

- The level of participation of all Board members in the meetings of the governing bodies was increased, reducing the time spent on presentations and increasing the time allocated for debate and, to that end, issuing meeting documentation even more in advance of the meetings.
- The strategic portion of the Board's meetings was reinforced to allow more time for discussing strategic issues and encourage debate.
- More time was allowed for analyzing and discussing business matters, as well as for following up on the strategic plan and the necessary analysis of regulatory issues.

C.1.20.b Describe the evaluation process and the evaluated areas undertaken by the Board of Directors assisted, where appropriate, by an external consultant with respect to diversity in its composition and responsibilities, the operation and composition of its committees, the performance of the Chairman of the Board and the chief executive of the company, and the performance and contribution of each director.

In accordance with the provisions of the Regulations of the Board of Directors of MAPFRE, the Board undertakes an annual assessment of the quality of its work, the performance of the Chairman and CEO based on the report drawn up for this purpose by the Appointments and Remuneration Committee, and the operation of its Committees and Steering Committee. Where appropriate, it proposes an action plan to correct any deficiencies detected.

During the first half of 2018 the Steering Committee and the Audit and Compliance, Appointments and Remuneration, and Risk Committees will prepare their respective self-assessment reports on their composition and operations during 2017. Likewise, the Board of Directors will assess its own composition and operations during 2017 as well as those of its Committees and Steering Committees based on the aforementioned reports.

Meanwhile, following the report of the Appointments and Remuneration Committee, the Board of Directors evaluated the performance of the MAPFRE Chairman and CEO in 2017, concluding that it was very favorable in all aspects.

C.1.20.c List, where appropriate, the business relationships maintained by the advisor or any company in the group with the company or any company in its group.

None

C.1.21 Indicate the circumstances under which directors are obliged to resign.

In accordance with the corporate bylaws, the Board of Directors Regulation and the MAPFRE Group's Institutional, Business and Organizational Principles, all members of the Board of Directors will formally resign their post at the age of 70. The Chairman, Vice Chairmen and directors who perform executive functions, and the secretary of the Board must retire from office on reaching 65 years of age or, on any earlier date according to the terms and conditions of their respective contracts, submitting the corresponding resignations, but they may continue as members of the Board without any executive duties for a maximum of five years in the same conditions as external nominee directors.

All directors must resign from their directorship on the Board of Directors and any office held, such as on the Committees and Steering Committee, and tender their formal resignation should the Board of Directors deem it pertinent, in the following cases:

- a) Whenever they are removed from the executive office associated with their appointment as members of these governing bodies.
- b) Should they become subject to any disqualification or prohibition laid down at law.
- c) If they are accused of (or a court issues an order for the opening of a trial for) allegedly committing any crime or are involved in disciplinary proceedings involving a serious or very serious fault at the instance of the supervisory authorities.
- d) If they receive a serious warning from the Audit and Compliance Committee due to infringement of their obligations as directors.
- e) When they are affected by circumstances in which their remaining on any such management bodies might cause damage to the company's credit or reputation, or place its interests at risk. When such events or circumstances are well-known or public, the Appointments and Remuneration Committee, by agreement of the majority of its members, may request the resignation of the affected director.
- f) If the reasons (if any expressly exist) for which they were appointed cease to apply.

Resignation from these positions must be formally tendered in a letter addressed to all members of the Board of Directors.

Directors who, at the time of their appointment, do not hold any executive position or perform any executive functions in the company, or in another Group company, will not be able to perform any executives functions unless they first resign their directorship, even though they may subsequently remain eligible for the position.

Nominee directors must also tender their resignation when the shareholder that appointed them sells its shareholding.

When a shareholder reduces its shareholding, a proportionally equivalent number of nominee directors that it has appointed must resign.

MAPFRE's independent directors must also tender their resignation when they have held office for 12 years in a row.

C.1.22 Section repealed.

C.1.23 Are reinforced majorities required, aside from legal majorities, for any type of resolution?

Yes No

If so, describe the differences.

C.1.24 Explain whether there are specific requirements, other than those regarding directors, to be appointed Chairman of the Board.

Yes No

Requirements description

In accordance with the provisions of article 5 of the Regulations of the MAPFRE Board of Directors, the position of Chairman must go to an executive director who has the status of most senior management representative, and such a designation requires the favorable vote of two thirds of the members of the Board of Directors.

C.1.25 Indicate whether the Chairman has a casting vote:

Yes No

Circumstances requiring a casting vote

In general, the Chairman has a casting vote in the event of a tie.

C.1.26 Indicate whether the bylaws or the Board regulations establish any age limit for directors:

Yes No

Age limit for Chairman: 65 years

Age limit for managing director: 65 years

Age limit for director: 70 years

C.1.27 Indicate whether the bylaws or the Board regulations establish any limit for independent directors' term of office, other than that established in the regulations:

Yes No

C.1.28 Indicate whether the bylaws or the regulations of the Board of Directors establish specific regulations for delegating votes on the Board of Directors, how to do it, and in particular, the maximum number of delegations a director may have, as well as whether any limit has been established regarding the categories in which it is possible to delegate, beyond the limits imposed by legislation. If so, describe such regulations briefly.

There are no specific regulations for delegating votes on the Board of Directors.

C.1.29 Indicate the number of meetings the Board of Directors has held during the financial year. Where applicable, indicate how many times the Board has met without the Chairman in attendance. In calculating this number, attendance shall mean proxies given with specific instructions.

Number of board meetings	10
Number of board meetings not attended by the Chairman	0

If the Chairman is an executive director, indicate the number of meetings held, unattended or without representation, by any executive directors and chaired by the coordinating director

Number of meetings	0
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Indicate the number of meetings the Board's different Committees have held during the financial year.

Committee	No. of Meetings
STEERING COMMITTEE	3
AUDIT AND COMPLIANCE COMMITTEE	11
APPOINTMENTS AND REMUNERATION COMMITTEE	7
RISK COMMITTEE	5

C.1.30 Indicate the number of meetings the Board of Directors has held during the financial year with the attendance of all its members. In calculating this number, attendance shall mean proxies given with specific instructions:

Number of meetings attended by all directors	10
% of attendances over total votes during the year	100%

C.1.31 Indicate whether the individual and consolidated annual accounts presented to the Board for approval were certified beforehand:

Yes No

Where applicable, identify the person(s) who certified the individual and consolidated annual accounts to be drawn up by the Board:

Name	Position
MR. FERNANDO MATA VERDEJO	GENERAL MANAGER OF THE CORPORATE FINANCE AREA
MR. JOSÉ MANUEL MURIES NAVARRO	GENERAL MANAGER OF INTERNAL AUDIT
MR. CARLOS BARAHONA TORRIJOS	ASSISTANT GENERAL MANAGER OF CONTROL AND FINANCIAL INFORMATION

C.1.32 Explain the mechanisms, if any, established by the Board of Directors to prevent the individual and consolidated accounts that it draws up from being presented to the General Meeting with reservations in the audit report.

The company has never issued financial statements with a qualified auditor's report.

The company has Corporate Finance, General Counsel and Internal Audit Areas to oversee all aspects of the annual accounts, as well as the MAPFRE Audit and Compliance Committee, which is a delegate body that was created by the Board for this purpose and granted supervisory powers in 2000.

According to article 25 of the Regulation of the Board of Directors of MAPFRE, the Board of Directors must always draw up the annual accounts so that the external auditor has no reservations or provisos regarding them. Nonetheless, when the Board considers that it must maintain its criteria, the Chairman of the Audit and Compliance Committee will publicly explain the content and scope of the discrepancies that may have led to these reservations or provisos.

C.1.33 Is the Board secretary a director?

Yes No

If the secretary does not have the status of director, complete the following table:

Name or company name of the secretary	Representative
MR. ÁNGEL LUIS DÁVILA BERMEJO	

C.1.34 Section repealed.

C.1.35 Indicate what mechanisms the company has established, if any, to preserve the independence of the external auditors, the financial analysts, the investment banks and the ratings agencies.

In addition to abiding by statutory provisions, the company has decided to voluntarily propose compliance with a number of general guidelines that clearly and precisely aim to achieve and uphold the necessary independence of the external auditors in such regard as is advocated by the MAPFRE Board of Directors Regulations, which set out the following criteria in respect of the relationship with external auditors:

The relationship of the Board of Directors with the company's external auditor shall be maintained through the Audit and Compliance Committee.

The Board of Directors shall refrain from hiring any auditing firms that receive or that will receive annual fees from the Group, where the amount for all items exceeds 5 percent of its total annual revenue; and it shall report, in the annual public documentation, the total fees that the Group paid the external auditor for the various services it provided.

Apart from the Audit and Compliance Committee's powers and functions as specified in the bylaws and the Board of Directors Regulations, the Audit Committee will be informed at least once every six months of all services rendered by the external auditor and their corresponding fees.

Every year, the Audit and Compliance Committee will assess the accounts auditor, the scope of the audit and the external auditor's independence, considering whether the quality of the audit control measures is adequate and any services other than accounts audit services are compatible with the auditor's independence.

In accordance with the provisions of the Internal Code of Conduct regarding listed securities issued by MAPFRE, which sets out the procedures relating to the publication of relevant information, the financial analysts will not be provided with any relevant information that is not available to the public at large.

C.1.36 Indicate whether the company changed its external auditor during the financial year. If so, identify the incoming and outgoing auditors:

Yes No

Outgoing auditor	Incoming auditor

If there were disagreements with the outgoing auditor, explain the grounds.

Yes No

C.1.37 Indicate whether the audit firm does other work for the company and/or its Group other than the audit. If so, declare the amount of fees received for such work and the percentage of such fees in the total fees charged to the company and/or its Group:

Yes No

	Company	Group	Total
Amount for work other than audit (thousands of euros)	296	1,519	1,815
Amount of work other than audit / total amount billed by the audit firm (in %)	39.34	20.58	22.31

C.1.38 Indicate whether the audit report on the annual financial statements for the previous

financial year contained reservations or qualifications. If so, indicate the reasons given by the Chairman of the Audit Committee to explain the content and scope of such reservations or qualifications.

Yes No

C.1.39 Indicate the number of financial years during which the current audit firm has been doing the audit of the financial statements for the company and/or its Group without interruption. Indicate the percentage of the number of financial years audited by the current auditing firm to the total number of financial years in which the annual financial statements have been audited:

	Company	Group
Number of financial years running	3	3
Number of financial years audited by current audit firm / number of financial years the company has been audited (in %)	10.71%	10.71%

C.1.40 Indicate and, where applicable, give details on the existence of a procedure for directors to obtain external advisory services:

Yes No

Details of the procedure

According to the provisions of the Regulations of the Board of Directors of MAPFRE, and for the purpose of assisting the directors in the exercise of their functions, the directors may request external advice, at the company's expense, whenever special circumstances arise that warrant this. Any such engagement of experts must necessarily be related to specific problems of special import and complexity that arise during the exercise of the office of director.

The request for advice must be addressed to the Chairman or the secretary of the Board of Directors and may be vetoed by the Board of Directors, if it is established that:

- a) It is not necessary for the proper performance of the functions entrusted to the directors.
- b) The cost is unreasonable, bearing in mind the significance of the problem and the company's assets and revenues.
- c) The technical assistance sought may be adequately provided by experts and technicians already employed by the company or Group.

C.1.41 Indicate and, where applicable, give details on the existence of a procedure for directors to obtain the information they need to prepare the meetings of the management bodies in sufficient time:

Yes No

Details of the procedure

The Chairman takes appropriate measures to ensure that the directors receive sufficient information on the matters on the agenda prior to the meeting. This aspect is subject to a specific analysis by the Board of Directors of the company in its annual self-evaluation session.

C.1.42 Indicate and, where applicable, give details on whether the company has established rules obliging directors to inform and, where applicable, to resign in those cases that may harm the company's credit and reputation:

Yes No

Explain the rules

The directors must place their office(s) at the disposal of the Board of Directors, both as directors and any other position they might hold on any Committee or Steering Committees thereof, and formalize any resignation, should the Board deem it necessary, in the following cases:

- Whenever they are removed from the executive office associated with their appointment as a member of these governing bodies.
- Should they become subject to any disqualification or prohibition laid down under law.
- If they are accused of (or a court issues an order for the opening of a trial for) allegedly committing any crime or are involved in disciplinary proceedings involving a serious or very serious fault at the instance of the supervisory authorities.
- If they receive a serious warning from the Audit and Compliance Committee due to infringement of their obligations as directors.
- When they are affected by circumstances that might harm the company's credit or reputation or place its interests at risk were they to remain on these governing bodies. When such events or circumstances are well-known or public, the Appointments and Remuneration Committee, by agreement of the majority of its members, may request the resignation of the affected director.
- If the reasons (if any expressly exist) for which they were appointed cease to apply.

C.1.43 Indicate whether any member of the Board of Directors has informed the company of being sued or having any court proceedings opened against him or her for any of the offenses listed in article 213 of the Companies Act:

Yes No

Indicate whether the Board of Directors has analyzed the case. If so, explain the grounds for the decision reached as to whether or not the director should remain on the Board or, where applicable, explain the actions carried out by the Board of Directors until the date of this report or that it has planned to carry out.

C.1.44 List the significant resolutions adopted by the company and that take effect, are amended or conclude in the event of a change in control of the company on account of a public takeover bid, and its effects.

There are no significant resolutions adopted by the company and that take effect, are amended or conclude in the event of a change in control of the company on account of a public takeover bid.

C.1.45 Identify in aggregate and indicate in detail, the resolutions between the company and its administration and management or employees who receive compensations, ring-fence or guarantee clauses, when these resign or are unfairly dismissed, or when the relationship comes to an end on the occasion of a public takeover bid or other type of operation.

Number of beneficiaries: 0

Type of beneficiary:

[Description of type of beneficiaries]

Description of the resolution

The term of the contracts of the executive directors is related to their time as a director. Removal from this position entails the lifting of the suspension of the relationship prior to the appointment as such. The executive directors must be exclusively engaged in their position, and there are no contractual conditions relating to post-contractual non-competition agreements and permanence.

The early termination of the previous relationship entails compensation under the terms established by the Workers' Statute in relation to unfair dismissal, except when there is good cause for dismissal. In the event of early termination by decision of the company, it shall inform the director of his/her removal three (3) months prior to the date of termination.

Contracts that regulate prior relationship establish the termination of this relationship on 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.

There are no clauses relating to signing bonuses.

Indicate whether these contracts must be disclosed and/or approved by the company or Group governing bodies:

	Board of Directors	General Meeting
Body authorizing the clauses	Yes	No

	Yes	No
Is the General Meeting informed of the clauses?		X

C.2 Board of Directors' Committees

C.2.1 List all the Board of Directors' committees, their members and the percentage of executive, nominee, independent and other external directors that compose them:

STEERING COMMITTEE

Name	Position	Category
MR. ANTONIO HUERTAS MEJÍAS	CHAIRMAN	Executive
MR. ANTONIO NÚÑEZ TOVAR	1st VICE CHAIRMAN	Executive
MS. CATALINA MIÑARRO BRUGAROLAS	2nd VICE CHAIRWOMAN	Independent
MR. IGNACIO BAEZA GÓMEZ	MEMBER	Executive
MR. GEORG DASCHNER	MEMBER	Independent
MR. LUIS HERNANDO DE LARRAMENDI MARTÍNEZ	MEMBER	Nominee director
MR. RAFAEL MÁRQUEZ OSORIO	MEMBER	Nominee director
MR. ANTONIO MIGUEL- ROMERO DE OLANO	MEMBER	Nominee director

% of executive directors	37.50%
% of nominee directors	37.50%
% of independent directors	25.00%
% of other external Directors	0.00%

Explain the functions attributed to this committee, describe its procedures and rules of organization and functioning and summarize its most important actions during the fiscal year.

It is the delegate body of the Board of Directors, responsible for senior management and permanent oversight of the strategic and operational aspects of the company's ordinary business affairs and those of its subsidiaries. It also makes any decisions necessary for proper operation. It has the general capacity of decision and has been expressly delegated all the powers that correspond to the Board of Directors, except for those that may not be delegated by legal imperative or, where applicable, by express provision in the Corporate Bylaws or in the Regulations of the Board of Directors of MAPFRE S.A.

A maximum of 10 members, all members of the Board of Directors. Its Chairman, First and Second Vice Chairmen and secretary will automatically be members of the Board. Members must be appointed with a favorable vote from two-thirds of the members of the Board of Directors.

In 2017 the Steering Committee was responsible for approving appointments and removals from the company and the Group, authorizing the transactions of subsidiary and investee companies, approving the real estate transactions of the Group, being familiar with relationships with official bodies and the main contentious issues of the Group's companies, and being familiar with the purchase of MAPFRE shares by members of governing and management bodies, among other things.

Indicate whether the composition of the Executive or Steering Committee reflects the participation of the different directors on the Board according to their category:

Yes No

If not, explain the composition of the Executive or Steering Committee

The company has its own standard, establishing it as a delegate body with marked executive nature and composed of the majority of the executive directors, as well as three external nominee directors and two independent directors.

AUDIT AND COMPLIANCE COMMITTEE

Name	Position	Category
MR. JOSÉ ANTONIO COLOMER GUIU	CHAIRMAN	Independent
MS. ADRIANA CASADEMONT I RUHÍ	MEMBER	Independent
MR. RAFAEL MÁRQUEZ OSORIO	MEMBER	Nominee director
MR. ANTONIO MIGUEL-ROMERO DE OLANO	MEMBER	Nominee director
MS. CATALINA MIÑARRO BRUGAROLAS	MEMBER	Independent

% of nominee directors	40.00%
% of independent directors	60.00%
% of other external directors	0.00%

Explain the functions attributed to this committee, describe its procedures and rules of organization and functioning and summarize its most important actions during the fiscal year.

The Audit and Compliance Committee has the following responsibilities:

- To apprise the 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 said process.
- To supervise the efficacy of internal controls at the company, internal audits and risk management systems, including fiscal systems, as well as discussing with the external auditor any significant weaknesses identified in the internal control system in the course of audits.
- 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.
- 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 pertinent legislation in force, as well as the conditions of his/her hiring and regularly gather from him/her information regarding the audit plan and its execution.

- 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.
- 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.
- 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 inform the Board of Directors in advance on all matters provided in the law, the corporate bylaws and Board of Directors Regulations.
- 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.

The Committee is made up of a minimum of three and a maximum of five members, all of which must be non-executive, and the majority of which must be independent directors, one of which must be designated based on his or her knowledge and experience in the area of accounting or auditing or both. Overall, the members of the Committee should have the pertinent technical knowledge in relation to the company's sector of activity. Its chairman must be an independent director and they must be substituted in this position every four years, only to be reelected to the post one year after leaving that position. The secretary of this Committee will be the secretary to the Board of Directors. The Internal Audit General Manager of the Group shall attend the meetings as a guest.

In 2017 the Audit and Compliance Committee was responsible for issuing an opinion on the annual accounts for fiscal year 2015, for supervising the efficacy of the company's internal control, for the internal audit and the risk management systems of the company and the Group, for reporting on transactions with significant shareholders and senior management, for approving extra fees from the external auditor, for reporting on the relationship with the external auditor, for learning of appointments in Internal Audit and for being familiar with the quarterly financial information presented to the Spanish National Securities and Exchange Commission, and for ensuring the correct application within the company and Group of the good governance rules and external and internal regulations.

Identify the director who is a member of the Audit Committee and who is designated based on his/her knowledge and experience in the area of accounting or auditing or both, and state the number of years that the chairman of this Committee has held the position.

Name of the director with experience	MR. JOSÉ ANTONIO COLOMER GUIU
No. of years of the chairman in the position	2

APPOINTMENTS AND REMUNERATION COMMITTEE

Name	Position	Category
MS. CATALINA MIÑARRO BRUGAROLAS	CHAIRWOMAN	Independent
MS. ADRIANA CASADEMONT I RUHÍ	MEMBER	Independent
MR. LUIS HERNANDO DE LARRAMENDI MARTÍNEZ	MEMBER	Nominee director
MR. ALFONSO REBUELTA BADÍAS	MEMBER	Nominee director
% of nominee directors		50.00%
% of independent directors		50.00%
% of other external directors		0.00%

Explain the functions attributed to this committee, describe its procedures and rules of organization and functioning and summarize its most important actions during the fiscal year.

The Appointments and Remuneration Committee is the delegate body of the Board of Directors for the coordinated development of appointment and remuneration policy regarding the directors and senior management of the Group. It has the following responsibilities:

- 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.

The Committee is made up of a minimum of three and a maximum of five members, all of whom must be non-executive, and at least two of whom must be independent directors. The chairman must be an independent director. The secretary of the Board of Directors will also be the secretary of the Committee.

In 2017 the Appointments and Remuneration Committee was responsible for reporting on the appointments and removals of directors and executives, reporting on the chairman's actions during fiscal year 2016, bringing before the Board of Directors the re-election proposals concerning the independent directors, approving the salary remuneration of senior management positions for fiscal year 2017, authorizing the granting of pension commitments, and approving the granting of management contracts.

RISK COMMITTEE

Name	Position	Category
MR. GEORG DASCHNER	CHAIRMAN	Independent
MR. JOSÉ ANTONIO COLOMER GUIU	MEMBER	Independent
MS. ANA ISABEL FERNÁNDEZ ÁLVAREZ	MEMBER	Independent
MR. RAFAEL MÁRQUEZ OSORIO	MEMBER	Nominee director
MR. ANTONIO MIGUEL-ROMERO DE OLANO	MEMBER	Nominee director

% of nominee directors	40.00%
% of independent directors	60.00%
% of other external directors	0.00%

Explain the functions attributed to this committee, describe its procedures and rules of organization and functioning and summarize its most important actions during the fiscal year.

This delegate body of the Board of Directors supports and advises the Board on the definition and evaluation of the Group's risk management policies and on the determination of susceptibility to risk and the risk strategy. It has the following functions:

- a) To support and advise the Board of Directors on the definition and evaluation of the Group's risk policies and on the determination of susceptibility to risk and the risk strategy.
- b) To assist the Board of Directors in overseeing the application of the risk strategy.
- c) To be familiar with and assess the risk management methods and tools, monitoring the models applied regarding results and validation.

The Committee will be made up of a minimum of three and a maximum of five members, all of whom must be non-executive, and at least two of whom must be independent directors. The chairman must be an independent director.

The Board of Directors must designate a secretary, a position which need not be filled by a director.

In 2017 the Risk Committee was responsible for reviewing the policies approved by the company in connection with Solvency II and determining the susceptibility to risk and the risk strategy.

C.2.2 Complete the following table with information related to the number of directors who have belonged to Board of Directors' Committees for the last four financial years:

	Number of directors							
	2017		2016		2015		2014	
	Number	%	Number	%	Number	%	Number	%
STEERING COMMITTEE	1	12.5%	1	10.00%	1	10.00%	1	11.11%
AUDIT AND COMPLIANCE COMMITTEE	2	40.00%	2	40.00%	1	25.00%	1	25.00%
APPOINTMENTS AND REMUNERATION COMMITTEE	2	50.00%	2	50.00%	1	25.00%	1	20.00%
RISK COMMITTEE	1	20.00%	0	0%	0	0.00%	0	0.00%

C.2.3 Section repealed

C.2.4 Section repealed.

C.2.5 Indicate, where applicable, the existence of regulations for the Board committees, where they can be consulted and any amendments made to them during the financial year. Indicate whether an annual report on the activities of each committee has been drawn up voluntarily.

Committee name

STEERING COMMITTEE

Brief description

The Steering Committee is regulated in the bylaws and the Board Regulations.

These are available on the company's website, www.mapfre.com, in the public records of the Spanish National Securities and Exchange Commission (the "CNMV"), and in the Madrid Company Registry.

Committee name

AUDIT AND COMPLIANCE COMMITTEE

Brief description

Regulated in the bylaws and the Board Regulations.

These are available on the company's website, www.mapfre.com, in the public records of the Spanish National Securities and Exchange Commission (the "CNMV"), and in the Madrid Company Registry.

In 2017 the regulations of this committee as described in the bylaws and the Board of Directors Regulations were amended to include the corporate governance powers previously attributed to the Risk Committee.

The Audit and Compliance Committee has been publishing an annual report on its activities since 2005, which is made available to shareholders at the Ordinary General Meeting.

Committee name

APPOINTMENTS AND REMUNERATION COMMITTEE

Brief description

Provided for in the bylaws and regulated in the Board of Directors Regulations. These are available on the company's website, www.mapfre.com, in the public records of the Spanish National Securities and Exchange Commission (the "CNMV"), and in the Madrid Company Registry.

The company has been publishing an annual report on its remuneration policy since 2008, which is put to a vote on a consultative basis and as a separate point on the agenda at the Ordinary General Meeting.

Committee name

RISK COMMITTEE

Brief description

Provided for in the bylaws and regulated in the Board of Directors Regulations.

These are available on the company's website, www.mapfre.com, in the public records of the Spanish National Securities and Exchange Commission (the "CNMV"), and in the Madrid Company Registry.

In 2017 the regulations of this committee as described in the bylaws and the Board of Directors Regulations were amended to transfer to the Audit and Compliance Committee the corporate governance powers previously attributed to the Risk Committee.

C.2.6 Section repealed.

D RELATED-PARTY TRANSACTIONS AND INTRA-GROUP TRANSACTIONS

D.1 Explain, where applicable, the procedure for approving related-party and intra-group transactions.

Procedure for reporting the approval of related-party transactions

MAPFRE has a policy for managing conflicts of interest and related-party transactions with significant shareholders and senior representative or management positions, which regulates the procedure to be followed in relation to related-party transactions.

The Board of Directors shall be familiar with the transactions conducted by the company, directly and indirectly, with directors, with significant shareholders or shareholders represented on the Board of Directors, or with individuals associated with them, and these transactions shall require authorization by the Board of Directors, after receiving a report from the Audit and Compliance Committee, unless they are transactions that are part of the normal or ordinary activities of the parties concerned, which are undertaken under normal market conditions and for amounts that are insignificant or irrelevant to the company.

Significant shareholders, directors and senior management must inform the secretary of the Board of Directors of MAPFRE in writing regarding any transaction that they or individuals associated with them (in this last case, whenever the affected person is aware of it) intend to conduct with MAPFRE or with any other company of its Group and which constitutes a related-party transaction subject to authorization by the Board of Directors.

The notification must include sufficient information on the aspects of the transaction to make it possible for MAPFRE to properly identify it.

D.2 List any significant transactions between the company or its Group companies and the company's significant shareholders which are relevant due to their amount or subject matter:

Name or company name of the significant shareholder	Name or company name of the company or Group company	Nature of the relationship	Type of transaction	Amount (thousands of euros)
CARTERA MAPFRE, S.L. SINGLE-MEMBER COMPANY	MAPFRE S.A.	Corporate	Dividends and other profits distributed	304,776
CARTERA MAPFRE, S.L. SINGLE-MEMBER COMPANY	MAPFRE S.A.	Contractual	Interest paid	24

D.3 List the transactions between the company or Group companies and the company's directors or executives which are relevant due to their amount or subject matter.

D.4 Report on the significant transactions in which the company has engaged with other companies belonging to the same group, as long as they are not eliminated in the process of drawing up the consolidated financial statements and are not part of the company's usual trade with respect to its purpose and conditions.

In any case, report any intra-group transaction carried out with companies established in countries or territories which have the consideration of tax haven:

D.5 Indicate the amount of the transactions conducted with other related parties.

0 (million euros).

D.6 List the mechanisms in place to detect, determine and resolve possible conflicts of interest between the company and/or its Group, and its directors, executives and/or significant shareholders.

All directors and managers must make a prior declaration at the time of their appointment with regard to these matters. Furthermore, they are required to update this declaration on a regular basis, and whenever a potential situation of conflict arises.

Additionally, the internal code of conduct and policy for managing conflicts of interest and related transactions with significant shareholders and senior representative or management positions regulate the special obligations relating to potential conflicts of interest.

The Board of Directors has the final decision on these issues. There is a special procedure for the approval of resolutions with regard to matters where there is a potential conflict of interest with a director. The director in question must refrain from attending or participating in these decisions.

D.7 Is there more than one of the Group's companies listed in Spain as a publicly traded company?

Yes

No

Identify listed subsidiaries in Spain:

Listed subsidiary company

FUNESPAÑA, S.A.

Type of activity they engage in, and any business dealings between them, as well as between the subsidiary and other Group companies;

Yes

No

Define any business dealings between the parent company and the listed subsidiary, and between it and other Group companies.

The business dealings with FUNESPAÑA, S.A., its subsidiary All Funeral Services, S.A and its other Group companies mainly involve the provision of burial services related to the burial insurance coverage issued by MAPFRE ESPAÑA, Compañía de Seguros y Reaseguros, S.A., a subsidiary company of MAPFRE S.A.

Identify the mechanisms in place to resolve possible conflicts of interest between the listed subsidiary and other Group companies:

Mechanisms to resolve possible conflicts of interest

The relational framework agreement between MAPFRE and FUNESPAÑA establishes abstention duties for the executive positions in the MAPFRE Group or FUNESPAÑA Group that form part of the governing body of another company belonging to another group. In addition, the provisions relating to conflicts of interest established in the internal code of conduct in respect of listed securities issued by MAPFRE are applicable.

E RISK CONTROL AND MANAGEMENT SYSTEMS

E.1 Explain the scope of the company's risk management system, including taxation.

The consolidated group of insurance companies has a Risk Management System (RMS) based on the integrated management of each and every business process and in accordance with the risk level and established strategic objectives. The different types of risks have been grouped under four areas, or categories, as described below:

- Financial and Credit Risks: This includes interest rate, liquidity, exchange rate and credit risks.
- Insurance Activity Risk: This groups together, separately for Life and Non-Life, the risk of premium shortfalls and insufficient technical provisions.
- Strategic and Corporate Governance Risks: This includes business ethics and corporate governance risks as well as risks related to the organizational structure, alliances, mergers and acquisitions derived from the regulatory environment, including those of a tax nature, and competition risks.
- Operational Risk: This includes possible losses arising from the inadequacy or malfunction of internal processes, personnel or systems, or arising from external events (not including risks arising from strategic decisions or reputational risk).

Operational risk includes compliance risk, which entails the risk of sanctions and material financial losses as a result of the failure to comply with laws and other regulations, rules, internal and external standards or administrative requirements. Tax risk is considered to be a category of compliance risk in that it includes the risk of conflicting interpretations of tax law and the determination of market prices in transactions between related companies.

- The governing bodies regularly receive half-yearly information relating to the quantification of the main risks to which the Group is exposed and the capital resources available to cover them, as well as information relating to compliance with the established risk appetite limits and other specific risk policies.

E.2 Identify the bodies of the company which are responsible for the preparation and implementation of the risk management system, including taxation.

The Regulations of the Board of Directors of MAPFRE set out the functions and responsibilities of the MAPFRE governing bodies and their committees and steering committees related to the risk management system.

The Board of Directors has the responsibility, which may not be delegated, to determine the general policies and strategies, and in particular the policy to identify, manage and control risks, including taxes, and monitor internal information and control systems.

The Steering Committee has the general capacity of decision with express delegation in its favor of all powers that correspond to the Board of Directors, except for those that may not be delegated by legal imperative or, where applicable, by express provision in the Corporate Bylaws or in the Regulations of the Board of Directors of MAPFRE S.A.

The Audit and Committee monitors the effectiveness of the company's internal control, internal auditing and the risk management systems, including taxes.

The Risk Committee is the delegate body of the Board of Directors that supports and advises the Board on the definition and evaluation of the Group's risk management policies and on the determination of its susceptibility to risk and the risk strategy.

Its functions in the framework of the risk management system are as follows:

- To support and advise the Board of Directors on the definition and evaluation of the risk policies of the Group and on the determination of the susceptibility to risk and the risk strategy.
- To assist the Board of Directors in overseeing the implementation of the risk strategy.
- To be familiar with and assess the risk management methods and tools, monitoring the models applied regarding results and validation.

E.3 List the main risks, including tax risks, which might affect the achievement of the business objectives.

1. Financial and Credit Risks

MAPFRE mitigates its exposure to this type of risk by means of a prudent investment policy characterized by a high proportion of top-quality fixed-income securities.

Four different types of portfolios are managed within the investment portfolio:

- Those that seek strict immunization from the obligations deriving from insurance contracts.
- Portfolios that cover unit-linked policies made up of assets whose risk is assumed by the policyholders.
- Those that look to exceed the guaranteed return and achieve the highest return for the policyholders within prudential parameters, such as portfolios with profit sharing.
- Open-management portfolios where the active management is only conditioned by legal rules and by internal risk limits.

In the first case, immunized portfolios minimize interest rate risk through matching adjustments and immunization techniques based on the matching of flows and duration.

In the second case, portfolios that cover the unit-linked policies are made up of financial instruments whose risk is assumed by the policyholders.

A certain degree of market risk is accepted in the remaining portfolios, as set out below:

- The management variable for interest rate risk is modified duration, which is conditioned by the limits established in the investment plan approved by the Board of Directors of MAPFRE S.A. for open-management portfolios, and the modified duration of liabilities in the event of long-term commitments to policyholders.
- The exposure to exchange rate risk is minimized in the case of insurance liabilities. For investment management reasons, the exposure to this type of risk may not exceed the fixed percentage established in the annual investment plan.
- Investments in shares are subject to a maximum limit of the investment portfolio.
- The risk limitations are established in easily-observable quantitative terms of variables. However, a risk analysis in probabilistic terms is carried out in accordance with past volatility and correlations.

With regard to credit risk, the policy is based on applying criteria of prudence in line with the issuer's solvency and seeking a high degree of geographical correspondence between the issuers of the assets and the commitments. The fixed-income and equity investments are subject to limits per issuer.

The credit risk management policy establishes limits according to the risk profile of the counterparty or of the investment instrument, as well as exposure limits related to the counterparty's rating. There is also a system for monitoring and reporting credit risk exposure.

The Security Committee reviews the main exposures to insurance and reinsurance counterparties.

2. Insurance Activity Risk

The organization of MAPFRE, specializing in various business lines, requires them to be highly autonomous in the management of their business, in particular in the underwriting of risks and tariff fixing, as well as the indemnities or provision of services in the case of incident.

The adequacy of premiums is an element of particular importance and its determination is supported by specific software applications.

Claims processing and the adequacy of provisions are basic principles of insurance management. Technical provisions are estimated by the actuarial teams of the different companies and their amount is validated by an independent party that did not participate in the calculation. The prevalence of the personal injuries business at MAPFRE, with rapid liquidation of claims, and the relative insignificance of long-term risks insured, such as asbestos or professional liability, are elements mitigating the risk of insufficient technical provisions.

MAPFRE operates in countries highly prone to disasters (earthquakes, hurricanes, etc.), which calls for special treatment of these types of risk. Companies exposed to this type of risks have specialized analyses on catastrophe exposure, usually drawn up by independent experts, which estimate the extent of the losses in the event of a catastrophe occurring. Underwriting catastrophic risks is undertaken based on this information and the economic capital available to the underwriter. Where appropriate, the equity exposure to these types of risk is mitigated by taking out specific reinsurance coverage.

In this respect, it is important to highlight the contribution of MAPFRE RE, which provides the Group with its extensive experience in the catastrophe risk market. Every year this company determines the global catastrophic capacity that it assigns to each territory and establishes the maximum underwriting capacity per risk and event. It also has risk retrocession protection programs to cover deviations or increases in catastrophe claims in different territories.

MAPFRE's policy with respect to reinsurance risk is to cede business to reinsurers with proven financial capacity, which basically means those with a high credit rating (quality grade 2 or higher). Business is ceded to other reinsurers on an exceptional basis after an internal analysis demonstrating the possession of a solvency margin equivalent to the aforementioned classification or if adequate guarantees are provided.

3. Operational Risk

Operational risks are identified and assessed through the risk control model, which is based on a dynamic analysis of each company process by process, in which the managers of each area or department assess the potential risks that affect their activities and the effectiveness of the controls related to each process. This control is conducted using risk self-evaluation questionnaires, internal control manuals, inventory controls associated with risks, assessment of their effectiveness, and the corrective measures in place to mitigate or reduce the risks and/or improve the control environment.

With respect to tax risks, the performance of the Group in the field of taxation has always been dominated by compliance with current tax legislation in the territories in which it operates, which constitutes a practical application of the institutional principle of ethically and socially responsible taxation.

The tax risks of the Group in each jurisdiction are handled internally by the Administration and Tax Affairs departments, subcontracting tax consulting services with the leading companies in the sector whenever required.

As regards the valuation of transactions between Group companies, significant in terms of global projects, technology and reinsurance, annual reviews and the documentation of individual transactions are conducted in collaboration with an independent expert firm.

4. Strategic and Corporate Governance Risks

MAPFRE has always applied ethical principles to its business management and indeed these principles form part of its bylaws and day-to-day activities. In order to streamline this business culture and update the legal governance and management transparency requirements, on June 24, 2015 the Board of Directors of MAPFRE S.A. approved the "MAPFRE Group Institutional, Business and Organizational Principles", the minimum mandatory framework for all the companies making up MAPFRE and their respective governing bodies. The strict application of these principles is considered the most efficient way to mitigate this type of risk.

E.4 Identify whether the company has a tolerance level for risks, including tax risks.

The risk appetite document of the MAPFRE Group, approved by the Board of Directors of MAPFRE S.A., establishes the risk level that the Group would be ready to assume to attain its business objectives with no relevant deviations, even in adverse situations. That level, which defines limits and sub-limits per risk type, constitutes the MAPFRE Group's risk appetite.

As one of its risk management objectives, the MAPFRE Group strives to maintain an admissible amount of shareholders' equity at the consolidated level which is equivalent to a target solvency ratio of 200 percent of the solvency capital required under Solvency II, with a tolerance of 25 percentage points. A secondary risk management objective is to maintain a sufficient level of economic capital at the consolidated level to meet its obligations in accordance with a rating of "A" or higher, or its equivalent.

The prospective capital required of the insurance and reinsurance subsidiaries is generally determined pursuant to an estimation based on the budgets for the following financial year, and it is reviewed on a regular basis during the course of the year in line with risk trends.

For other metrics that quantify the MAPFRE Group's aggregate risk, tolerance levels are established on the basis of a "traffic light" system (green, amber and red).

E.5 Indicate the risks, including tax risks, which have arisen during the financial year.

In 2017 insurance activity risks materialized as a result of several catastrophic events, including three hurricanes (Harvey, Irma and María) and two earthquakes (Puebla and Chiapas). While these events had a significant effect on the result for the period (with the net impact estimated at 176.4 million euros), reinsurance protection for this type of event proved to be effective because in spite of the number and intensity of these events (which implied additional benefits in excess of 1 billion euros), the Group still complied with the legal solvency requirements and remains within the tolerance limits defined in the risk appetite.

With regard to Financial and Credit Risks, in 2017 the euro appreciated against the currencies of some of the main subsidiaries, such as the U.S. dollar and Brazilian real, which had a negative effect on the Group's shareholders' equity (through negative currency conversion differences) and on the operating results and cash flows in euros from those subsidiaries.

E.6 Explain the response and supervision plans for the company's main risks, including tax risks.

The risk management system is integrated into the company's organization structure through the three-lines-of-defense model, as follows:

- a) A first line of defense made up of employees, management and the operational, business and support areas that assume the risks and are responsible for designing and applying the necessary control mechanisms to mitigate the risks associated with the processes they carry out and to guarantee that they do not exceed the established limits.
- b) As the second line of defense, the Risk Management Function and other assurance functions facilitate and manage the effective implementation of the controls established by the first line of defense and assist the risk owners with the identification process.
- c) The third line of defense is Internal Audit, an independent area that evaluates the risk management, internal control and governance processes within the organization.

The MAPFRE Board of Directors is the ultimate body responsible for ensuring the efficiency of the risk management system, establishing the risk profile and tolerance limits, and approving the main strategies and policies for identifying, managing and controlling risks, including tax risks, and supervising the internal information and control systems.

To guarantee efficient risk management, MAPFRE has developed a set of risk management policies which identify the different types of risks to which it is exposed and establish the acceptable risk appetite, measures to mitigate the impact of the risks identified should they materialize, and the relevant internal information and control systems to use.

In carrying out their functions, the risk management areas coordinate the strategies, processes and procedures necessary to continuously identify, measure, monitor, manage and report the risks to which the company is or may be exposed, as well as their interdependencies.

The Group's General Counsel is responsible for issuing instructions and monitoring compliance with the various regulations affecting the company and the Group. General Counsel also obtains information from the Tax Affairs Department about the tax risks detected in each country.

In any case, the actions to adopt regarding the risks identified are decided by the Board of Directors, which is informed immediately of any risk which:

- Depending how it evolves, may exceed the established risk limits.
- May lead to losses equal to or in excess of the established risk limits.
- May compromise compliance with the solvency requirements or business continuity.

At the operational level, the MAPFRE Group has a corporate business continuity model developed by the Security and Environment Area, the ultimate aim of which is to be able to provide a timely and effective response should a high-impact incident occur, therefore minimizing the damage caused. The model adopts the form of contingency plans that include recovery strategies for each process based on the criticality of the process and situation and the availability of the elements affected (employees, buildings, technology and providers).

F INTERNAL RISK CONTROL AND MANAGEMENT SYSTEMS IN RELATION TO THE FINANCIAL REPORTING PROCESS (ICFR)

Describe the mechanisms that comprise control systems and risk management in relation to the company's procedure for the issuing of financial information (ICFR).

F.1 Control environment of the company

Report on the following, indicating the main characteristics:

F.1.1 Which bodies and/or functions are responsible for: (i) the existence and maintenance of an appropriate and effective ICFR; (ii) its implantation; and (iii) its supervision.

The MAPFRE internal control system takes the form of a set of continuous processes for which the MAPFRE S.A. Board of Directors is ultimately responsible. The Board is assisted by the Executive Committee and the executive teams of the different units, companies, corporate areas and other departments as regards the implementation, update and monitoring of the tasks and processes related to compliance with the objectives of the internal control system. The MAPFRE internal control system is implemented across the organization through the three-lines-of-defense model, as indicated in the latest update to the Group's internal control policy, approved by the Board of Directors on December 21, 2017.

The Regulation of the Board of Directors, which was amended and approved on February 7, 2017, with effect from March 10, 2017, includes the functions and responsibilities of the Board of Directors, the Steering Committee and other Board committees (Audit and Compliance, Appointments and Remuneration, and Risk).

The Board of Directors delegates ordinary management to the Steering Committee and to Senior Management, and reserves the approval of risk control and management policies and approval of the periodic follow-up of both internal information and control systems and financial information to be published, owing to its status as a listed company.

The Executive Committee is the body which, under mandate from the Board of Directors, exercises direct supervision over management of the business units and corporate areas and ensures the coordinated actions of the same.

The Audit and Compliance Committee, in its capacity as a delegate body of the Board of Directors, and in relation to the internal information and control systems, is responsible, among other things, for supervising the preparation and presentation of the requisite financial information and presenting recommendations or proposals to the Board of Directors in order to safeguard the integrity of the information. It also regularly reviews the efficacy of internal control and the risk management systems to ensure that the main risks are identified, managed and sufficiently well known.

The document titled "Internal Audit Policy and Charter," which was updated and approved by the Audit and Compliance Committee on November 29, 2017 and by the Board of Directors on December 21, 2017, sets out the main Internal Control System supervisory activities as well as those relating to the Solvency II Directive, conducted by the Audit and Compliance Committee through the Corporate Internal Audit Area, which are listed in section 5.1 of this document.

F.1.2. Whether there are, particularly relative to the procedure for the preparation of financial information, the following items:

- **Departments and/or mechanisms entrusted with: (i) the design and review of the organizational structure; (ii) the clear definition of lines of responsibility and authority, with an appropriate distribution of tasks and functions; and (iii) ensuring the existence of sufficient procedures for correct diffusion in the company.**

The regulation on the Institutional, Business and Organizational Principles of the MAPFRE Group, approved by the Board of Directors of MAPFRE S.A. at its meeting on June 24, 2015 and amended on February 7, 2017 with effect from March 10, 2017, is the minimum mandatory framework for all the companies making up MAPFRE and their respective governing bodies.

The Board of Directors reviews and authorizes the Group's organizational structure and approves the lines of responsibility and authority based on the organizational structure defined. On October 20, 2017 the Board of Directors approved the new management organization chart, which entered into force on January 1, 2018.

The distribution of functions and definition of scopes of activity/authority and of hierarchical levels are undertaken in line with the organizational structure manual approved by the Corporate Human Resources Area.

Concordance between the organization of positions and the hierarchical structure is essential because it maps functions to roles and responsibilities, ensuring that business activities are conducted properly.

The Corporate Finance Area establishes the accounting policies and standards applicable to the Group and is responsible for the coordination between the various business units and corporate areas in relation to the consolidated financial information preparation procedure.

- Code of conduct, approval body, degree of diffusion and instruction, principles and values included (indicating if there are specific mentions to the registry of operations and preparation of financial information), body entrusted with analyzing noncompliance and recommending corrective measures and sanctions.

The Code of Ethics and Conduct approved on December 21, 2017 by the Board of Directors, replaces the previous version approved in 2016, that also replaces the one approved in 2009.

It aims to reflect corporate values and the basic principles that should guide the conduct of MAPFRE and its staff.

Communication campaigns were conducted to ensure that all employees were aware of the code, and it is available to them on the Intranet and the Group's website.

By December 31, 2017, a total of 24,353 employees worldwide had completed the e-learning course on the Code of Ethics and Conduct (approximately 60 percent of the workforce).

The code sets out specific principles that are binding for all employees, regarding the processing of the Group's financial information so as to ensure its confidentiality, integrity and availability in accordance with MAPFRE's information security policy. It also states that all employees are responsible for ensuring that the information provided is accurate, clear and truthful.

To guarantee application of the code, as well as supervision and control of its compliance, the Ethics Committee is entrusted with ensuring its compliance and analyzing and resolving any complaints lodged as a result of its violation. Any employee who has a query about the application of the code, or who observes a situation that might involve a breach or violation of any of the principles and rules of ethics or conduct, must report it to the Ethics Committee, which acts within the scope of its advisory functions or resolves any complaints that may arise regarding breaches of the code.

To notify the Ethics Committee of any queries or complaints, employees have access to an Ethical Whistleblower Channel on the Group's internal portal. The operation of this channel is set out in the Code of Ethics and Conduct.

Every year, the Ethics Committee reports to the Steering Committee on the activities carried out during the financial year.

- Whistleblower channel that allows employees to report financial and accounting irregularities to the Audit Committee, in addition to possible breaches of the code of conduct and irregular activities in the organization, indicating whether any of the information reported is confidential.

In addition to the Ethical Whistleblower Channel indicated in the previous section, there is a Financial and Accounting Whistleblower Channel which allows Group employees to report any potentially significant financial and accounting irregularities they observe to the Audit and Compliance Committee confidentially, via an electronic mailbox or written correspondence to a specific address.

The operating rules of the MAPFRE Group Financial and Accounting Whistleblower Channel, approved by the Audit Committee in 2011 and updated in 2016, are published on the Group's intranet or internal portal.

The Audit and Compliance Committee receives the complaints and reviews and resolves them by addressing each one as it deems appropriate. In order to perform its functions properly, it relies on assistance from General Counsel and the Corporate Internal Audit Area.

In cases of complaints concerning the Group's subsidiary companies which have their own mandatory Whistleblower Channel, the Audit and Compliance Committee and the competent body of the subsidiary company liaise in handling and resolving any complaints received.

The parties involved in the channel have controls for restricting access to the information, and the confidentiality of the whistleblower's identity is assured through the collection of personal data provided in accordance with the requirements of current data protection legislation.

General Counsel issues an annual report for the Audit and Compliance Committee outlining the activities conducted through the Whistleblower Channel and the final result of the complaints made.

- Regular training and refresher programs for staff involved in the preparation and review of financial information, as well as evaluation of the ICFR, covering at least the accounting rules, internal control and risk management.

MAPFRE has a Global Training Model that is the basis of the Corporate University. This university is organized into Schools of Knowledge, which encompass all of the training programs that are developed locally and globally.

Among the Technical Knowledge Schools, further progress was made on the creation of the Finance School with the aim of providing all employees in all the finance areas with the necessary knowledge to ensure efficient financial and risk management, a key aspect of MAPFRE's growth. The training content of this school is based on the following pillars:

- Risk Management
- Management, Administration and Accounting Control
- Corporate Finance
- Investments

In 2017 MAPFRE organized several training programs in Spain on financial, risk and internal control issues, representing a total of 4,029 training hours delivered to 1,945 participants.

The Iberia Regional Area launched the financial certification training plan for the MAPFRE sales network, taught by Escuela FEF (Fundación Estudios Financieros).

Under the terms of the agreement signed by MAPFRE and FEF, a large group of sales professionals around Spain will have access to a high-level program that will train them as financial advisors recognized by the Spanish National Securities and Exchange Commission, as required under MIFID II. This training adds great value to the MAPFRE sales network by providing cutting-edge, complete and practical knowledge that will significantly help sales efforts related with savings and investments.

At the close of 2017, 186 employees and 179 brokers had received certification. Another 268 employees are currently enrolled

on the course and will complete the program in March 2018.

With a duration of 150 hours, the program uses a blended system: face-to face and video training, web support and forums.

With regard to e-learning, it is worth mentioning the "Internal Control Rules" course which all Group employees must take. In 2017 there were 3,850 course registrations. In the last nine years, a total of 63,057 employees and brokers have taken this course.

In 2015, a new e-learning course on the Regulatory Compliance Function was developed and incorporated into the eCampus platform. The purpose of this course is to share information on this function, its features, objectives and responsibilities and the importance of implementing the Compliance Function in organizations to minimize the risk of legal and regulatory noncompliance to which they are exposed. In 2017, 535 employees received 535 training hours through this course.

In 2017 an e-learning course on Solvency II was developed for employees worldwide. Available in the three corporate languages (Spanish, English and Brazilian Portuguese), this online training program will be rolled out in 2018.

Internal Audit training also continued in 2017, aiming to provide all professionals in MAPFRE audit areas around the world with the knowledge necessary to perform internal audits and to share established management tools and best practices.

With regard to business auditors, an international seminar for audit managers from all countries was held in May 2017 and attended by 35 employees. The main aims of this seminar, which is held every two years, is to discuss topics related to the audit function and business management in every country, as well as the latest developments in the insurance market and in the business lines in which MAPFRE operates.

Additionally, in November 2017 a training seminar was held for auditors in Spain and Portugal, attended by 67 employees. In this case, the contents focused mainly on aspects related to the Global Risks business unit, Solvency II, smart automation, accounting regulations, data protection issues and macroeconomic aspects of the insurance industry.

With regard to the preparation of financial information, General Counsel and the Corporate Finance Area issued memos containing instructions and updates on applicable regulations. The heads of the finance divisions also have specific models and instructions for preparing financial information, provided in the Consolidation Manual (which includes applicable accounting rules and policies), and the accounting models that are updated on an annual basis.

F.2 Financial information risk assessment

Report on at least the following:

F.2.1. The main characteristics of the risk identification process, including error or fraud risks, in relation to:

- Whether the process exists and is documented.

MAPFRE has a risk management system (hereinafter, RMS) that applies to Group companies, in accordance with the internal regulations of each of the risk categories considered.

The description of the RMS is included in Section E. Risk Control and Management Systems of this Corporate Governance Report.

Regarding the risk control system, risk factors are identified for each of the processes that the Group considers to be critical, which are classified into 23 risk types. Among the risk factors listed for each process, one is always included on the registration and accounting of financial information.

These risk factors are associated with the key figures for the main items in financial statements. In this process of identifying the key figures, quantitative and qualitative factors (complexity of transactions, risk of fraud and other aspects) were considered.

The Group also updates and monitors its Risk Control System through specific questionnaires on controls and risk, implementing corrective measures where necessary.

- Whether the procedure covers all financial information objectives (existence and occurrence; integrity; assessment; presentation, breakdown and comparability; and rights and obligations), whether it is updated and how frequently.

The risks that cover the objectives of existence and occurrence, integrity, assessment, presentation, breakdown and comparability, and rights and obligations of financial information are identified through the process of preparing the quarterly questionnaire on internal controls of financial information.

The purpose of this procedure is to identify and verify that controls are effective during the preparation of financial information, provide documentary evidence of the controls carried out by the company during the cash, consolidation,

accounting and tax processes and of the result of their application, and act as an internal communications channel for sharing relevant information regarding the issue of financial information.

The procedure through which the Administration and Finance areas of the main companies provide documentary evidence, under a simple, streamlined system, of the main activities carried out and the controls run during the process of preparing financial information at MAPFRE insurance companies during the quarterly and annual closes, was reviewed in 2016.

- The existence of a procedure for identifying the consolidation scope, bearing in mind, inter alia, the possible existence of complex corporate structures, instrumental companies or those with a special purpose.

The MAPFRE Consolidation Manual, prepared by the Corporate Finance Area, describes the process for identifying the scope of consolidation, which encompasses all the companies of the Group and is updated on a monthly basis.

The Consolidation Division provides the Consolidation Team Leader of each subgroup with the list of companies included in the scope of consolidation, along with the direct and indirect participation percentages and the consolidation method that applies. Any modification to the information provided must be reported to the Consolidation Division, which will make a decision on the modification after analyzing the reasons given.

The functional structure and the tasks assigned to the process managers are reflected in the Consolidation Manual.

- Whether the procedure takes into account the effects of other risk types (operational, technological, financial, legal, reputational, environmental, etc.) insofar as they affect financial statements.

Risk control takes into account the different types of operational, technological, financial, legal, reputational and environmental risks, as well as the risks inherent in the insurance and reinsurance business.

In this process, each risk factor, where appropriate, is linked to the section of the financial statements that would be affected if the potential risk became a reality, the main sections being: premiums, provisions, financial returns, acquisition expenses, administration expenses and benefit expenses.

Risk control is promoted in the Group, both in Spain and abroad, through the Riskm@p software application, which is developed internally by MAPFRE and which aids in the creation of company risk maps. These maps analyze the significance and probability of occurrence of different risks. The management model is based on a dynamic analysis by processes, in which the managers of each area or department identify and assess the potential risks that affect business and support processes, as well as key economic figures, among other aspects, by completing self-evaluation questionnaires.

- Which of the company's governing bodies oversees the process?

The powers of the Audit and Compliance Committee with regard to the information and internal control systems include periodically reviewing the control internal systems and the risk identification and management systems. The Internal Control System and Risk Management System are reviewed at least once a year.

With regard to the ICFR report, the external audit reviews and analyzes its content and issues its own report on the consistency or impact of the information that pertains to it.

The ICFR report and the report prepared during the external audit are overseen by the Audit and Compliance Committee before they are presented to the Board of Directors.

F.3 Control activities

Indicate whether at least the following are in place and describe the main characteristics:

- F.3.1. Procedures for reviewing and authorizing financial information and the ICFR description (to be published in securities markets), indicating responsible personnel, as well as descriptive documentation on activity and control flows (including those related to fraud risk) of the different types of transactions that could have a material effect on the financial statements, including the procedure for accounting closes and the specific review of relevant opinions, estimates, assessments and projections.

The financial reports on the annual accounts and biannual and quarterly information prepared by the Corporate Finance Area are submitted to the Audit and Compliance Committee first and then to the Board of Directors.

In the case of individual and consolidated annual accounts, the Chief Financial Officer, the Internal Audit General Manager and the executive responsible for preparing these accounts certify their accuracy and integrity to the Board of Directors.

The closing calendar, prepared by the Internal Accounting Control and Supervision Division, lists the main activities of the process of consolidating and preparing the annual and biannual accounts and the corresponding controls, providing deadlines for compliance.

The different Group companies report financial information through their assigned representatives, which the Corporate Finance Area consolidates to prepare the reports. During the consolidation process, controls are in place to detect any errors liable to significantly affect the financial statements;

The Audit and Compliance Committee supervises the following information:

- The management report and individual and consolidated annual accounts of MAPFRE S.A. and its subsidiaries.
- The report on the limited review of the intermediate summarized consolidated financial statements of MAPFRE S.A. corresponding to the intermediate period ending on June 30 of each financial year.
- The information that MAPFRE S.A. sends to the Spanish National Securities and Exchange Commission (the "CNMV") every quarter. This economic-financial information is reviewed first by the Corporate Internal Audit Area, which issues a report in which it emphasizes that the intermediate financial statements of MAPFRE S.A. were prepared by applying the same criteria as that applied to annual accounts and that these criteria are reasonable, objective and verifiable.
- The information prepared by MAPFRE S.A. for investors and analysts, which is reviewed and analyzed by the Audit and Compliance Committee before publication.
- Solvency II Pillar 2 and Pillar 3 documents: ORSA (Own Risk and Solvency Assessment), SFCR (Solvency and Financial Condition Report) and RSR (Regular Supervisory Report).

Additionally, as indicated in the previous section, each quarter the companies complete the questionnaire on internal controls of financial information. This questionnaire includes documented evidence of the activities and controls performed with regard to the main financial information processes.

In addition to the procedures indicated above, during the risk control process, internal control manuals and other descriptive documents are prepared that contain procedures and activities and the parties involved in them, identifying the associated risks and the controls for mitigating them, including those related to fraud risk and the accounting close process.

The Board of Directors bases its estimates and assumptions on hypotheses about the future and on uncertainties that basically refer to the technical provisions; losses from the impairment of certain assets; the calculation of provisions for risk and expenses; the actuarial calculation of retirement liabilities and commitments; the useful life of intangible assets and of property, plant and equipment items; and the fair value of certain non-listed assets.

The estimates and assumptions used are included in the accounting close instructions, are reviewed regularly, and are based on historical experience and on other factors that may be considered more reasonable at the time. If the review leads to changes in estimates in a given period, their effect is applied during that period and, if applicable, in subsequent periods.

F.3.2. Internal control policies and procedures for information systems (inter alia, safe access, change control, operation, operational continuity and separation of functions) that concern the company's relevant procedures in relation to the preparation and publication of financial information.

The Corporate Security and Environment Division, which reports to the Corporate Resources and Institutional Coordination Area, led by the First Vice Chairman, works directly with regulations related to information security.

In particular, the measures established are defined in an Information Security Document System (ISDS) or Information Security Regulations (ISR), organized according to the objectives defined in the Information Security Plan (PSI) approved by the Management Committee in 2004.

The information systems are subject to three types of security procedures and controls: preventive, informative and reactive, resulting in the publication of standards, the monitoring of networks and systems, and the review of any measures and controls in place.

Among other aspects, the Information Security Regulations (ISR) set out the following: information systems must be tracked and monitored through inventory procedures to identify the resources and the information that they contain; verification of the identity of the people who use them; and the use of passwords in keeping with the password strength criteria laid down in the regulations, which help maintain the appropriate separation of functions.

To facilitate compliance with the obligations established in the ISR, MAPFRE has a General Control Center (which acts as a Computer Emergency Response Team (CERT) and belongs to the international network known as FIRST or Forum of Incident Response and Security Teams). This center monitors activity in the networks and in the Group's information systems, and it is the body responsible for responding to potential security incidents.

Additionally, every year the Corporate Security and Environment Division implements a calendar of security checks to verify the security controls in place and discover any vulnerabilities in the information systems.

The Corporate Security Policy, approved by the Board of Directors of MAPFRE S.A. in 2015, and the rules and standards of these Information Security Regulations are all published on the global intranet to enable all employees to access them.

The Group also has a business continuity policy, governance framework and methodology defining the framework and actions necessary to guarantee the correct functioning of operations in the event of a high-impact incident and minimize the damage caused.

Every year the Corporate Internal Audit Area verifies the correct functioning of the internal control system of the main computer systems, whose scope includes general IT controls, the IT control environment and all applicable controls.

F.3.3. Internal control policies and procedures designed to supervise the management of activities subcontracted to third parties, as well as those aspects of evaluation, calculation or valuation entrusted to independent experts, which may have a material effect on financial statements.

All services subcontracted to third-parties are articulated through specific contracts and the contracting units or areas directly supervise the providers, except in the case of exceptional services (that are not recurring over time), which due to their reduced amount, duration and lesser importance are processed through the system based on the provider's offer.

Providers are selected on the basis of objective criteria that assess factors such as quality, price, provider infrastructure, market recognition and, in particular, membership of the groups of associates that collaborate with the Group's companies and their track record in terms of service quality.

Compliance with prevailing legislation in the various countries and the implementation of security measures where warranted are prerequisites. Other highly rated attributes include response times, after-sales service, geographic reach and the added value they can contribute.

The Resources and Institutional Coordination Area is currently deploying a global service procurement and contracting plan in every country. The plan includes different categories, one of which is the external services category for services that have a potential financial impact stemming from the required evaluation, calculation or valuation. The external services currently include those related to auditing, advising and property valuation.

In implementing this plan, in 2013 the Steering Committee approved the Procurement Regulations which contain the principles and basic criteria for the procurement of goods and services by all Group companies, irrespective of their geographic location and type of business. The Corporate Resources and Institutional Coordination Area also has in place a Procurement Procedure, defined internally, which complements the Procurement Regulations. This procedure was updated in 2017 and entered into force on January 1, 2018.

In general, providers are approved and contracted by the Procurement Area, and once the contract has been formalized it is the requester who ensures that the service is delivered correctly and in accordance with current legislation.

However, in the case of external services that are subcontracted for value estimation and require specific technical expertise (corporate transactions, asset and portfolio valuation, etc.), it is the areas themselves that contract and oversee the service directly since they have personnel qualified to assess the capacity and qualifications of the provider and the conclusions reflected in the reports issued.

Currently, the main providers that are contracted repeatedly have been approved and, in accordance with the Procurement Procedure, the aim is to approve all recurring providers or providers with special relevance for the MAPFRE Group.

F.4 Information and Communication

Indicate whether at least the following are in place and describe the main characteristics:

F.4.1. A specific function responsible for defining, keeping accounting policies up-to-date (accounting policies area or department) and resolving queries or disputes derived from their interpretation, maintaining continuous communication with those responsible for operations in the organization, as well as an updated manual of accounting policies that is communicated to the units through which the company operates.

The Internal Accounting Control and Supervision Division, which reports to the Corporate Finance Area, is responsible for updating accounting policies and applicable rules that concern the Group's financial information, and for resolving queries and disputes derived from their interpretation.

This division also maintains a close and fluid relationship with the financial divisions of the different companies and with the corporate areas, to which it communicates formally established accounting procedures and rules.

The Group's subsidiaries receive the information about the applicable procedures and regulations through the parent companies of the subgroups, which receive the instructions directly from the Internal Accounting Control and Supervision Division.

The Internal Accounting Control and Supervision Division updates the individual and consolidated annual accounting models used by the various Group companies, which include accounting policies and breakdowns of information to be presented. The Consolidation Division of the Corporate Finance Area defines instructions on accounting policies and breakdowns for preparation of the Group's consolidated information using the consolidation manual.

At least once a year, and during the last quarter of the financial year, the annual accounting models and the consolidation manual are reviewed and any changes are reported to the parties involved. However, whenever there are changes that affect periods of time of less than one year, these changes are reported immediately.

F.4.2. Mechanisms for the capture and preparation of financial information with standard formats, for application and use by all units of the company or the Group, that support the main financial statements and notes, as well as information provided on the ICFR.

Since March 2010, the financial information of the MAPFRE Group companies has been managed using the corporate consolidation application, a tool that constitutes a centralized database (common and single data repository). This application has been programmed to automatically execute the consolidation entries and process controls, which guarantees that the criteria set out in the consolidation manual are applied uniformly to all the automatic entries and minimizes the likelihood of errors.

Within the procedure for preparing financial information, the consolidation certificates constitute the channel of communication about the information required in the consolidation procedure or in the preparation of consolidated financial statements. The certificates are reviewed and updated at least once a year.

Based on the information contained in the consolidation certificates and using the accounting model prepared by the Internal Accounting Control and Supervision Division, the Consolidation Division prepares the annual accounts and all the other financial statements.

The Internal Accounting Control and Supervision Division is responsible for preparing the ICFR-related report. To do this, it identifies the areas involved in the financial information preparation process, sends them instructions on how to complete the report, and at least once a year asks them to update the support documentation for the actions performed.

F.5 Supervision of the system's operation

Report on the following, indicating the main characteristics:

F.5.1. The supervision activities of the ICFR conducted by the Audit Committee and whether the company has an internal audit function that includes supporting the committee in its supervision of the internal control system, including the ICFR. At the same time, the scope of evaluation of the ICFR conducted during the financial year and the procedure whereby the person responsible for executing the evaluation notifies the results, whether the company has an action plan defining possible corrective measures, and whether its impact on financial information has been taken into account.

MAPFRE S.A. has an Corporate Internal Audit Area which since 2014 has comprised six Internal Audit Departments located in Spain (Iberia Insurance, LATAM Insurance, International Insurance, Reinsurance, Asistencia and Global Risks, and Information Technologies), a Continuous Internal Audit Unit in Spain and 25 internal audit units and departments in the countries, which are fully independent and review and evaluate the suitability and correct functioning of all Group procedures, as well as the Internal Control System.

The structure of MAPFRE's Corporate Internal Audit Area depends functionally on the Board of Directors of MAPFRE S.A. through the Audit and Compliance Committee (delegate body of the Board) and on the Chairman of the Board in particular.

The managers of the audit departments and units depend (functionally and hierarchically) on the General Manager of Internal Auditing.

The Audit and Compliance Committee supervises the financial information described in the previous Section F.3.1 of this report, and also approves the Internal Audit Plan and monitors it on a quarterly basis.

The Audit Plan outlines the supervisory work that the Corporate Internal Audit Area will carry out during the next financial year, the content and scope of which are established in terms of the risks identified, requests received and own experience. The plan is managed uniformly through a single Group-wide technological platform that allows the information to be processed in accordance with the access levels established for the different responsibilities.

The MAPFRE Group Internal Audit Policy and Charter establishes the following functions, among others, for the Corporate Internal Audit Area:

- ✓ To supervise the suitability and efficacy of the Internal Control System and other elements of the Governance System, which is centered on:

- Evaluating the suitability, sufficiency and efficacy of elements of the Internal Control System.
 - Evaluating the Risk Management System (RMS), based on the integrated management of all the business processes and adaptation of the risk level to MAPFRE's strategic objectives by reviewing, at least, the risk quantification and qualification processes stated in the Solvency II Directive. The Own Risk and Solvency Assessment (ORSA), which is mandatory for each insurance company or group of insurance companies, is one of the main aspects of the work to be carried out.
 - Evaluating the suitability and performance of the key functions set out in the governance system provided for in the Solvency II Directive.
 - Contributing to good corporate governance by verifying compliance with the rules established by the MAPFRE Group's Institutional, Corporate and Organizational Principles and the Solvency II Directive.
- ✓ To evaluate the reliability and integrity of accounting and individual and consolidated information and other economic information prepared by MAPFRE S.A., its subsidiaries, business units, territorial areas, regional areas and corporate areas, as well as the validity, sufficiency and application of the accounting and legal principles and rules.

The evaluation and assessment of the MAPFRE Internal Control System conducted by the Internal Audit Corporate Area follows a pre-established methodology based on variables such as the review of the IT internal control, the assessments of the audits conducted during the year and compliance with recommendations, which are first approved by the Audit and Compliance Committee. The result of this review is reflected in an annual report on the effectiveness of internal control procedures. Whenever appropriate, individual recommendations are made to the company with a view to improving the internal control system and then the Audit and Compliance Committee monitors their compliance.

Every year the Audit and Compliance Committee holds a meeting on internal control to analyze the assessments and any recommendations issued by the Corporate Internal Audit Area on the Internal Control System (which includes the ICFR).

The Corporate Internal Audit Area checks the internal control system for the main IT systems, as indicated in section 3.2 above.

The Corporate Internal Audit Area also analyzes the work it has conducted over the year and its impact on the financial statements.

Likewise, as part of the audit procedures performed to validate the annual financial statements, the external auditor issues a memorandum of recommendations after his/her interim visit, which is presented to the Audit and Compliance Committee.

F.5.2. Whether there is a procedure for discussion whereby the account auditor (pursuant to the provisions of the NTAs), the internal audit function and other experts can notify senior management and the Audit Committee or company directors of any significant weaknesses in internal control identified during procedures to review the annual accounts or others that may have been commissioned. Also indicate whether there is an action plan that endeavors to correct or mitigate the weaknesses observed.

The previous section F.5.1 indicates the procedure used by Internal Audit to report assessments of aspects relating to internal control.

Communication with the external auditor is very frequent and fluid in the MAPFRE Group. Both at the beginning, during and at completion of work to review the company's annual accounts by the external auditors, planning, follow-up and coordination meetings are held and attended by the external auditors, internal auditors, General Counsel and the Corporate Finance Area. Additionally, on completion of the work a meeting is held with the General Manager of Internal Audit to discuss the results and conclusions detected. If there are any action plans to correct or mitigate the weaknesses observed, which also include the responses prepared by the division to implement the recommendations put forward by the external auditors, these plans are presented to the Audit and Compliance Committee. The external auditor attends the Audit and Compliance Committee when the agenda includes issues regarding the review of the annual and half-yearly accounts, their preliminary review, and whenever required on account of other issues.

F.6 Other relevant information

There is no other relevant information about the ICFR that has not been included in this report.

F.7 External auditor report

Indicate:

F.7.1. Whether the ICFR information sent to the markets has been reviewed by the external auditor. If so, the company should attach the relevant report as an annex. Otherwise, state the reasons.

G DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the extent to which the company follows the recommendations of the Good Governance Code for listed companies.

In the event that any recommendation is not followed or is partially followed, a detailed explanation of the reasons should be included so that shareholders, investors and the market in general have enough information to assess the conduct of the company. No general explanations will be accepted.

1. The bylaws of listed companies should not place a maximum limit on the votes that can be cast by a single shareholder, or impose other obstacles to the takeover of the company by purchasing their shares on the market.

Complies

Explain

2. When a dominant and a subsidiary company are publicly traded, both should provide detailed disclosure on:

- a) The type of activity they engage in, and any business dealings between them, as well as between the subsidiary and other companies of the Group.

- b) The mechanisms in place to resolve possible conflicts of interest.

Complies

Complies in part

Explain

Not applicable

3. During the Ordinary General Meeting, in addition to broadcasting the Annual Corporate Governance Report, the Chairman of the Board must inform the shareholders verbally, in sufficient detail, of the most relevant corporate governance aspects of the company and, in particular:

- a) The changes that have occurred since the last Ordinary General Meeting.

- b) The specific reasons why the company does not follow any of the recommendations of the Corporate Governance Code and, if applicable, the alternative rules that it applies on these matters.

Complies

Complies in part

Explain

4. The company shall define and promote a new policy on communication and contact with shareholders, institutional investors and proxy advisors that is fully respectful of the rules against market abuse and treats all shareholders in the same position equally.

The company shall make this policy public through its website, including information relating to the way in which it has been put into practice and identifying the interlocutors or those responsible for this happening.

Complies

Complies in part

Explain

5. At the General Meeting, the Board of Directors shall not put forward a proposal for delegating

powers to issue shares or convertible values excluding the right of first refusal, for more than 20 percent of the capital at the time of delegation.

When the Board of Directors approves any issuance of shares or convertible bonds, excluding the right of first refusal, the company shall publish the reports on this exclusion, referred to by corporate legislation, on its website immediately.

Complies Complies in part Explain

6. The listed companies that prepare the reports indicated below, whether on a mandatory or voluntary basis, shall publish them on their website with sufficient notice before the Ordinary General Meeting is held, even if their distribution is not mandatory:

- a) Report on the independence of the auditor.
- b) Report on the operation of the Audit Committee and the Appointments and Remuneration Committee.
- c) Report of the Audit Committee on related operations.
- d) Report on the corporate social responsibility policy.

Complies Complies in part Explain

7. The company shall broadcast the General Meetings live on its website.

Complies Explain

8. The Audit Committee shall ensure that the Board of Directors avoids presenting accounts to the General Meeting without limitations or reservations in the audit report. When this is not possible, both the chairman of the Audit Committee and the auditors must clearly explain the content and scope of these limitations or reservations.

Complies Complies in part Explain

9. On its website, the company shall make publically and permanently available the requirements and procedures that it will accept to support the ownership of shares, the right to attend the General Meeting and voting or proxy voting.

These requirements and procedures will promote attendance and the exercising of rights of the shareholders and must be applied in a non-discriminatory manner.

Complies Complies in part Explain

10. When, prior to the General Meeting, any entitled shareholder has exercised the right to complete the agenda or present new proposals for resolution, the company:

- a) Shall immediately broadcast these new and additional proposals for resolution.
- b) Shall publicize the model attendance card or proxy form or distance vote with the necessary modifications so that they can vote on the new points in the agenda and proposed alternatives for resolution in the same terms as those proposed by the Board of Directors.
- c) Shall submit all of those points and proposed alternatives to voting and apply the same voting

rules as those set by the Board of Directors, including, in particular, the presumptions or inferences on how to vote.

d) Following the General Meeting, it shall communicate the breakdown of the vote on those additional points or proposed alternatives.

Complies Complies in part Explain Not applicable

11. If the company plans to pay attendance premiums for the General Meeting, it shall establish a general policy on those premiums previously and this policy must be permanent.

Complies Complies in part Explain Not applicable

12. The Board of Directors shall perform its functions with a unified purpose and independent judgment, treat all shareholders in the same position equally and be guided by corporate interest, understood as a profitable business that is sustainable in the long term and that promotes the continuation and maximization of the economic value of the company.

In the pursuit of corporate interest, in addition to compliance with the laws and regulations and a behavior based on good faith, ethics and in compliance with the commonly accepted uses and good practices, it shall seek to reconcile, as appropriate, corporate interest with the legitimate interests of its employees, providers, clients and those of the other stakeholders that may be affected, as well as the impact of the company's activities on the community as a whole and the environment.

Complies Complies in part Explain

13. The Board of Directors shall be of the required size to permit its efficient and participatory operation, meaning that it is advisable for it to comprise between five and 15 members.

Complies Explain

14. The Board of Directors shall approve a director selection policy which:

- a) Is specific and reasonable.
- b) Ensures that the appointment or reappointment proposals are based on a prior analysis of the needs of the Board of Directors.
- c) Promotes diversity of knowledge, experience and gender.

The results of the prior analysis of the needs of the Board of Directors shall be included in the explanatory report of the Appointments Committee that is published when the General Meeting is called, to which the ratification, appointment or reappointment of each director is submitted.

The director selection policy shall promote the objective for the number of directors in year 2020 to represent at least 30 percent of the total members of the Board of Directors.

The Appointments Committee shall verify the compliance with the director selection policy annually and shall inform on this in the Annual Corporate Governance Report.

Complies

Complies in part

Explain

15. The nominee and independent directors shall constitute a large majority of the Board of Directors, and the number of executive directors should be the minimum required to deal with the complexity of the corporate group and reflect the percentage of shares held in the company by the executive directors.

Complies

Complies in part

Explain

16. The percentage of nominee directors of the total number of non-executive directors should not be greater than the ratio between the company capital represented by these directors and the rest of the capital.

This criterion can be relaxed:

- a) In large cap companies where there are few equity stakes that are legally considered as significant.
- b) In companies with a plurality of shareholders represented on the Board of Directors who are not related.

Complies

Explain

17. Independent directors should account for at least half of the total number of directors.

However, when the company is not high cap, or when, even though it is, it has one or several shareholders acting in unison controlling more than 30 percent of the share capital, the number of independent directors should represent at least a third of all directors.

Complies

Explain

18. Companies shall publish the following director particulars on their website and keep them permanently updated:

- a) Professional experience and background.
- b) Other boards to which they belong, whether or not listed companies, as well as other paid activities performed, whatever their nature.
- c) An indication as to whether the directorship is executive, indicating shareholder-nominated or independent; in the case of nominee directors, stating the shareholder they represent or to whom they are affiliated.
- d) The date of his/her first and subsequent appointments as a company director, as well as later reappointments.
- e) Company shares, and share options, of those which are held.

Complies

Complies in part

Explain

19. The Annual Corporate Governance Report, following verification by the Appointments Committee, shall disclose the reasons for the appointment of nominee directors at the behest of shareholders controlling less than three percent of capital; and it should explain any rejection of a formal request for a Board place from shareholders whose equity stake is equal to or greater than that of others appointed for a nominee directorship.

Complies Complies in part Explain Not applicable

20. Nominee directors must resign when the shareholders they represent transfer their ownership interest in its entirety. If such shareholders reduce their stakes, thereby losing some of their entitlement to nominee directors, the number of such nominee directors should be reduced accordingly.

Complies Complies in part Explain Not applicable

21. The Board of Directors must not propose the removal of independent directors before the expiry of their term in office pursuant to the bylaws, except where due cause is found by the Board of Directors, based on a report from the Appointments Committee. In particular, it must be understood that there is just cause when the director takes on new positions or contracts new obligations that prevent him/her from devoting the necessary time to the performance of the functions of a director, fails to comply with the work inherent to his/her position or is involved in any of the circumstances that cause the loss of his/her independent status, in accordance with that established in applicable legislation.

The removal of independent directors can also be proposed as a result of public takeover bid, merger or similar corporate actions that cause changes in the capital structure of the company, when these changes in the structure of the Board of Directors are supported by the proportionality criteria, indicated in recommendation 16.

Complies Explain

22. Companies shall establish rules obliging directors to inform the Board of Directors of any circumstance that might undermine the organization's name or reputation, tendering their resignation as the case may be, with particular mention of any criminal charges brought against them and the progress of any subsequent proceedings.

If a director is indicted or tried for any of the crimes stated in corporate law, the Board of Directors should examine the matter as soon as possible and, in view of the particular circumstances, decide whether or not he/she should be called on to resign. The Board of Directors should also disclose all of this in the Annual Corporate Governance Report.

Complies Complies in part Explain

23. The directors should clearly express their opposition when they consider that a resolution submitted to the Board of Directors may go against the corporate interest. In particular, independent directors and other directors unaffected by the potential conflict of interest should challenge any decision that could go against the interests of shareholders lacking representation in the Board of Directors.

When the Board of Directors adopts important or reiterated resolutions on issues about which a director has expressed serious reservations, it must draw the pertinent conclusions. If chosen to resign, the reasons for this must be set out in the letter referred to in the following recommendation.

This recommendation should also apply to the secretary of the Board of Directors, even if the secretary is not a director.

Complies Complies in part Explain Not applicable

24. If leaving office before the end of his/her term, whether due to resignation or other reasons, the director should explain the reasons in a letter sent to all members of the Board of Directors. Whether or not such resignation is filed as a significant event, the reasons for leaving must be explained in the Annual Corporate Governance Report.

Complies Complies in part Explain Not applicable

25. The Appointments Committee must ensure that non-executive directors have sufficient time available to perform their functions correctly.

The Board regulations establish the maximum number of company directorships that can form part of their directors.

Complies Complies in part Explain

26. The Board of Directors should meet with the necessary frequency to perform its functions properly, and at least eight times a year, following the schedule of dates and matters established at the beginning of the financial year, to which each director may propose the addition of other items individually.

Complies Complies in part Explain

27. Directors should keep their absences to a bare minimum. Absences should be quantified in the Annual Corporate Governance Report. When they have to be absent, they should delegate their representation with instructions.

Complies Complies in part Explain

28. When directors or the company secretary express concerns about a proposal or, in the case of directors, about the company's performance, and such concerns are not resolved by the Board of Directors, the person expressing them may request that they be recorded in the minutes.

Complies Complies in part Explain Not applicable

29. The company must establish the appropriate channels for the directors to obtain precise advice for the fulfilment of their functions, including, if the circumstances demand it, external advice at the company's expense.

Complies Complies in part Explain

30. Irrespective of the knowledge demanded of the directors to perform their functions, companies also offer refresher programs, when the circumstances so advise.

Complies Explain Not applicable

31. The agenda of the sessions must clearly indicate the points about which the Board of Directors must make a decision or a resolution that enables the directors to study or previously obtain the information required for this to take place.

When, in exceptional circumstances, as a matter of urgency, the director wishes to submit decisions or resolutions that are not part of the agenda to the Board of Directors, prior and express consent must be obtained from the directors present, which must be duly recorded in the minutes.

Complies Complies in part Explain

32. The directors must be informed periodically on the transactions of the shareholders and the opinions that the significant shareholders, investors and ratings agencies have on the company and Group.

Complies Complies in part Explain

33. The Chairman, responsible for the efficient operation of the Board of Directors, as well as for performing the legal and bylaw functions that are attributed to it, must prepare and submit a schedule of dates and matters to discuss to the Board of Directors, organize and coordinate the periodic evaluation of the Board, as well as, where applicable, the chief executive of the company. He/she will also be responsible for managing the Board and the efficiency of its performance, ensuring that enough time is devoted to discussing strategic matters, and must consent to and review the refresher programs for each director, when the circumstances so advise.

Complies Complies in part Explain

34. When there is a lead director, the bylaws or regulations of the Board of Directors, as well as the powers that are legally entitled, he/she is assigned the following: to chair the Board of Directors in the absence of the Chairman and Vice Chairmen, if applicable, voice the concerns of the non-executive directors, maintain contact with investors and shareholders to be aware of their points of view in order to form an opinion on their concerns, particularly in relation to the corporate governance of the company, and coordinate the succession of the chairman.

Complies Complies in part Explain Not applicable

The company complies with the entire recommendation, except with respect to assigning the lead director with the power to chair the Board of Directors in the absence of the Chairman, to maintain contact with investors and shareholders, and to coordinate the succession of the Chairman. The Regulations of the Board of Directors assigns the Lead Director the powers to request the Board of Directors to be convened, or the inclusion of new points in the agenda from a Board meeting already convened, coordinate and bring together the non-executive directors and, if required, direct the periodic evaluation of the Chairman of the Board of Directors.

In accordance with the Board of Directors Regulations, in the absence of the Chairman and Vice Chairmen, the oldest director is called upon to chair the meeting. However, the Lead Director is also the Second Vice-Chairman of the Board and, accordingly, is entrusted with chairing meetings in the absence of the Chairman and the First Vice-Chairman.

With respect to relationships with shareholders and investors, article 21 of the Board of Directors Regulations establishes that the Board of Directors is responsible for establishing and supervising appropriate communications and relations mechanisms with shareholders and investors, establishing the pertinent communications channels in the Policy for Communication with Shareholders, Institutional Investors and Proxy Advisors. The company considers that this configuration ensures better and more efficient coordination of the company's relationships with its investors and shareholders.

Finally, the Board of Directors' Regulations assign the Appointments and Remuneration Committee the power to examine and organize the succession of the Chairman of the Board, as established in article 529 of the Companies Act.

35. The secretary of the Board of Directors should in particular ensure that Board of Directors has the recommendations on good governance at hand during its actions and decisions applicable to the company. These are contained in this Good Governance Code.

Complies

Explain

36. The Board of Directors should evaluate and adopt an action plan in full once a year, if applicable, that corrects the weaknesses detected, in relation to:

- a) The quality and efficiency of the operational aspects of the Board of Directors.
- b) The operational aspects and composition of its committees.
- c) The diversity in the composition and responsibilities of the Board of Directors.
- d) The performance of the Chairman of the Board of Directors and the chief executive of the company.
- e) The performance and contribution of each director, paying special attention to those responsible for the different board committees.

The various committees are evaluated on the basis of the report that they present to the Board of Directors, and for the latter, on the report presented to the Appointments Committee.

Every three years, the Board of Directors will be assisted by an external advisor to perform the evaluation, the independence of whom will be verified by the Appointments Committee.

The business relationships maintained by the advisor or any company in its group with the company or any company in its Group must be indicated in the Annual Corporate Governance Report.

The process and the areas evaluated must be described in the Annual Corporate Governance Report.

Complies

Complies in part

Explain

37. When there is an executive committee, the breakdown of its members by director category should be similar to that of the Board of Directors. The secretary of the Board should also act as secretary to the executive committee.

Complies

Complies in part

Explain

Not applicable

The company considers that it is essential that the majority of executive directors form part of the Steering Committee, in that it is a delegate body of a pronounced executive nature. Nevertheless, three nominee directors and two independent directors also form part of the committee so all types of directors are represented. On January 1, 2017 the number of executive directors on the Steering Committee was reduced from five to three. Accordingly, the proportion of nominee and independent directors has risen considerably, irrespective of the fact that non-executive members represent a broad majority on the Board.

In accordance with the corporate bylaws and the Board of Directors Regulations, the secretary of the Board will automatically be the secretary of the Steering Committee.

38. The Board of Directors should be kept fully informed of the matters discussed and resolutions adopted by the Executive Committee. To this end, all members of the Board of Directors should receive a copy of the Executive Committee's minutes.

Complies

Complies in part

Explain

Not applicable

39. All members of the Audit Committee, particularly its Chairman, should be appointed with regard to their knowledge and background in accounting, auditing and risk management. The majority of these members should be independent directors.

Complies

Complies in part

Explain

40. Under the supervision of the Audit Committee, there should be a unit that assumes the internal audit function that ensures the proper performance of the information and internal control systems, and functionally operates under the non-executive director of the Board or the Audit Committee.

Complies

Complies in part

Explain

41. The manager of the unit that assumes the internal audit function must present an annual work program to the Audit Committee, report to it directly about any incidents arising during its implementation, and present an activity report at the end of each financial year.

Complies

Complies in part

Explain

Not applicable

42. In addition to the provisions of the law, the Audit Committee has the following functions:

1. In relation to the information and internal control systems:

- a) To supervise the process of preparing the financial information and its integrity for the company and Group, reviewing compliance with regulatory requirements, checking the scope of the consolidation perimeter and making sure that the accounting principles are applied properly.
- b) To ensure the independence of the unit that assumes the internal audit function; to propose the selection, appointment, reappointment and removal of the internal audit officer; to propose the budget for the internal audit department; to approve the guidance and work programs, ensuring that the unit's activity primarily focuses on risks relevant to the company; to receive periodic information on its activities; and to check that senior management takes the conclusions and recommendations of its reports into account.
- c) To establish and supervise a mechanism that enables employees to confidentially and, if this is deemed possible and appropriate, anonymously report any irregularities they notice within the company which may be of potential importance, especially financial and accounting irregularities.

2. With respect to the external auditor:

- a) Should the external auditor resign, to examine the circumstances leading to the resignation.
- b) To ensure that the remuneration of the external auditor for his/her work does not compromise his/her quality or independence.
- c) To ensure that the company notifies any change of auditor to the Spanish National Securities and Exchange Commission (the "CNMV") as a significant event, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons for these.
- d) To ensure that the external auditor holds an annual plenary meeting of the Board of Directors to inform them about the work performed, the accounting situation and any risks to the company.
- e) To ensure that the company and the external auditor respect the prevailing standards on the provision of services other than auditing, the limits on the concentration of the auditor's business and, in general, other standards established to guarantee auditors' independence.

Complies

Complies in part

Explain

43. The Audit Committee can summon any company employee or executive, even ordering their appearance without the presence of another executive.

Complies

Complies in part

Explain

44. The Audit Committee must be informed of any corporate and structural modifications which the company plans to make so that, in advance of the next Board of Directors meeting, the committee can analyze these modifications and draw up a report about any economic conditions and accounting impact, particularly as regards the proposed exchange ratio.

Complies

Complies in part

Explain

Not applicable

45. The risk control and management policy should specify at least the following:

- a) The different types of risk, both financial and non-financial (operational, technological, legal, social, environmental, political and reputational), faced by the company. In the case of financial or economic risks, the contingent liabilities and other off-balance-sheet risks must be identified.
- b) The risk level that the company considers acceptable.
- c) The measures established to mitigate the impact of the risks identified, should they materialize.
- d) The internal oversight and reporting systems that will be used to control and manage these risks, including contingent liabilities and off-balance-sheet risks.

Complies

Complies in part

Explain

46. Under the direct supervision of the Audit Committee, or, if applicable, a specialized committee of the Board of Directors, there should be an internal risk control and management function performed by a unit or department within the company that is expressly assigned the following functions:

- a) To ensure that the risk control and management systems function properly and, in particular, that they identify, manage and quantify all the significant risks that affect the company.
- b) To actively participate in the development of the risk strategy and important decisions regarding its management.
- c) To ensure that the risk control and management systems mitigate the risks properly and in accordance with the policy defined by the Board of Directors.

Complies

Complies in part

Explain

47. The members appointed to the Appointments and Remuneration Committee—or the Appointments Committee and Remuneration Committee if separate—must have the knowledge, skills and experience appropriate for the functions that they are called to fulfill. The majority of these members should be independent directors.

Complies

Complies in part

Explain

48. The large cap companies have a separate Appointments Committee and a Remuneration Committee.

Complies

Explain

Not applicable

The company considers the issues regarding appointments and remuneration to be closely related, and it is therefore seen as appropriate for them to be analyzed by the same committee.

49. The Appointments and Remuneration Committee must consult with the Chairman of the Board of Directors and the company Chairman and CEO, particularly with respect to matters relating to executive directors.

Any Board member may ask the Appointments Committee to take into consideration any candidates he/she deems suitable to fill a director vacancy.

Complies Complies in part Explain

50. The Remuneration Committee must perform its functions independently and, in addition to the functions assigned by law, the following ones:

- a) To propose the basic conditions for the contracts of the top executives to the Board of Directors.
- b) To check compliance with the remuneration policy set by the company.
- c) To periodically review the remuneration policy applicable to directors and top executives, including remuneration systems with shares and their application, as well as to guarantee that individual remuneration is proportional to that paid to the rest of the directors and top executives of the company.
- d) To ensure that possible conflicts of interest do not compromise the independence of the external advice provided to the committee.
- e) To check the information on remuneration of directors and top executives contained in the different corporate documents, included in the annual report on the remuneration of directors.

Complies Complies in part Explain

51. The Remuneration Committee must consult with the company Chairman and CEO, especially with respect to matters related to executive directors and top executives.

Complies Complies in part Explain

52. The rules governing the composition and operation of the supervision and control committees must be included in the regulations of the Board of Directors and be consistent with those applicable to legally obliged committees in accordance with the previous recommendations, including:

- a) They are formed exclusively of non-executive directors, with a majority of independent directors.
- b) Their chairmen are independent directors.
- c) The Board of Directors appoints the members of these committees based on their knowledge, skills and experience and the terms of reference of each committee; discusses its proposals and reports; and reports on and defends its activity at the first plenary Board of Directors meeting held after its own meetings.
- d) The committees may engage external advice when it is considered necessary for the performance of their functions.
- e) Minutes must be taken at their meetings and made available to all directors.

Complies Complies in part Explain Not applicable

53. The supervision of compliance with the rules of corporate governance, the internal codes of conduct and the social corporate responsibility policy shall be attributed to one or distributed among several committees of the Board of Directors, which may be the Audit Committee, the Appointments Committee, the Corporate Social Responsibility Committee, if applicable, or a specialized committee which the Board of Directors, exercising its powers of self-organization, decides to create for the purpose. These committees have the following minimum functions:

- a) Supervision of the company's compliance with its internal codes of conduct and rules of corporate governance.
- b) Supervision of the communication strategy and relationship with shareholders and investors, including the small and medium shareholders.
- c) Periodic assessment of the suitability of the company's corporate governance system to fulfill its mission of promoting the corporate interest and bearing in mind, as applicable, the legitimate interests of the remaining stakeholders.
- d) Review of the company's corporate responsibility policy to ensure that it is aimed at the creation of value.
- e) Monitoring of the corporate social responsibility strategy and practices and evaluation of the degree of compliance.
- f) Supervision and evaluation of the relational processes with other stakeholders.
- g) Evaluation of everything relating to the non-financial risks of the company, including operational, technological, legal, social, environmental, political and reputational.
- h) Coordination of the report process for non-financial and diversity information, in accordance with the applicable regulations and international reference standards.

Complies

Complies in part

Explain

Functions a) and c) expressly correspond to the Audit and Compliance Committee and duty g) to the Risk Committee.

As indicated in recommendation 34, the Board of Directors itself is responsible for establishing and supervising appropriate communication mechanisms and relations with shareholders and investors.

With regard to the responsibilities relating to corporate social responsibility, the company has a Corporate Social Responsibility Committee. This permanent internal body has executive functions and is responsible among other things for approving the social responsibility strategy and proposing specific actions, objectives and deadlines. In accordance with the corporate social responsibility policy, this committee reports annually to the MAPFRE S.A. Board of Directors and/or the relevant Board committee on the degree of compliance with the corporate social responsibility policy and strategy.

54. The corporate social responsibility policy shall include the principles and commitments which the company assumes voluntarily in its relationship with other stakeholders and it should identify at least the following:

- a) The objectives of the corporate social responsibility policy and development of support instruments.
- b) The corporate strategy related to sustainability, the environment and social issues.
- c) Specific practices on matters relating to: shareholders, employees, clients, providers, social issues, the environment, diversity, fiscal responsibility, respect for human rights, and the prevention of illegal conduct.
- d) Methods or systems for monitoring the results of the application of the specific practices indicated above, as well as the associated risks and their management.
- e) Mechanisms for supervising non-financial risk, ethics and corporate conduct.
- f) Channels of communication, participation and dialog with stakeholders.
- g) Responsible communication practices that prevent the manipulation of information and protect honor and integrity.

Complies

Complies in part

Explain

55. The company reports on matters relating to corporate social responsibility in a separate document or within the management report, using one of the internationally accepted methodologies.

Complies Complies in part Explain

56. The remuneration of directors must be sufficient to attract and retain directors from the desired profile and reward the commitment, qualification and responsibility demanded by the position, but not so high that the independence of criteria for non-executive directors is compromised.

Complies Explain

57. The executive directors must receive the variable remuneration relating to the performance of the company and their individual performance, as well as remuneration in the form of shares, options or rights on shares and instruments referenced to the share value and long-term saving systems such as pension plans, retirement systems or other social protection systems.

The delivery of shares will be considered as remuneration for non-executive directors on condition that the shares are held for the duration of the directorship. This does not apply to the shares that a director needs to transfer, if necessary, to meet the costs related to their acquisition.

Complies Complies in part Explain

58. In the case of variable remuneration, the remuneration policies must include the limits and specific technical safeguards to ensure that the remuneration reflects the professional performance of the beneficiaries and not simply the general progress of the markets, the company sector or similar circumstances.

In particular, the variable components of the remuneration:

- a) Are linked to performance criteria that are predetermined and measurable, and these criteria must take into account the risk accepted for achieving a result.
- b) Promote the sustainability of the company and include non-financial criteria that are suitable for creating long-term value, such as compliance with the internal rules and procedures of the company and its policies for risk control and management.
- c) Are defined on the basis of a balance between compliance with short, medium and long-term objectives, permitting remuneration for continued performance over a period of time sufficient to appreciate the contribution to the creation of sustainable value. Accordingly, the elements used to measure performance are not based solely on specific, occasional or extraordinary events.

Complies Complies in part Explain Not applicable

59. The payment of a significant portion of the variable components of remuneration is deferred for a minimum period that is sufficient to verify compliance with the previously established performance conditions.

Complies Complies in part Explain Not applicable

60. Remuneration linked to the company's results takes into account any reservations that are mentioned in the external auditor's report and may compromise the results.

Complies Complies in part Explain Not applicable

61. A significant percentage of the variable remuneration of the executive directors is linked to the delivery of shares or financial instruments referenced to the share value.

Complies Complies in part Explain Not applicable

62. Once shares, or options or rights to corresponding shares, are allocated to the remuneration system, directors cannot transfer ownership of a number of shares equivalent to twice their fixed annual remuneration, or exercise any options or rights until after a period of at least three years from their allocation.

This does not apply to the shares that a director needs to transfer, if necessary, to meet the costs related to their acquisition.

Complies Complies in part Explain Not applicable

63. The contractual agreements include a clause that allows the company to demand re-payment of variable components of remuneration when payment has not been adjusted to the performance conditions or when it has been awarded on the basis of data which is subsequently shown to be incorrect.

Complies Complies in part Explain Not applicable

64. Payments for contract termination do not exceed a fixed amount equivalent to two years' total annual remuneration, and will not be paid until the company has confirmed that the director has met the pre-established performance criteria.

Complies Complies in part Explain Not applicable

For external directors, there is no compensation for leaving the position.

Regarding executive directors, leaving the position means lifting the suspension of the relationship prior to the appointment as executive director.

The early termination of the previous relationship (prior, in all cases, to the approval of the Code of Good Governance for listed companies), except when there is good cause for dismissal, implies compensation under the terms established by the workers' statute in relation to unfair dismissal.

H OTHER USEFUL INFORMATION

1. If there is any relevant aspect regarding corporate governance in the company or in the Group companies that has not been covered in the remaining sections of this report, but that should be included in order to provide more complete and explanatory information about the structure and governance practices of the company or Group, please provide a brief explanation here.
2. This section may also include any other relevant information, clarification or detail related to previous sections of the report so long as they are relevant and not repetitive.

Specifically, indicate whether the company is subject to the corporate governance legislation of any country other than Spain and, if so, include the compulsory information to be provided when different from that required by this report.

3. The company may also indicate if it has voluntarily adhered to other codes of ethical principles or best practices, international, sectoral or of another scope. If this is the case, the code in question and the adherence date must be indicated.

Since July 22, 2010 the company has adhered to and complies with the Code of Good Taxation Practices approved and sponsored by the Forum for Large Companies and the Spanish Tax Agency.

This annual report on corporate governance was approved by the company's Board of Directors at its meeting on 02/07/2018.

Indicate whether any directors voted against the report or abstained.

Yes

No



KPMG Auditores, S.L.
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28046 Madrid

Auditors' Report on the "Information concerning the System of Internal Control over
Financial Reporting (ICFR)" of Mapfre, S.A. for 2017

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

To the Directors
Mapfre, S.A.

As requested by the Board of Directors of Mapfre, S.A. (the "Company") and in accordance with our proposal letter dated 26 December 2017, we have applied certain procedures to the "Information concerning the ICFR" attached in section F of the Annual Corporate Governance Report of Mapfre, S.A. for 2017, which summarises the Company's internal control procedures for annual financial reporting.

The Board of Directors is responsible for adopting appropriate measures to reasonably ensure the implementation, maintenance and oversight of an adequate system of internal control, the development of improvements to that system and the preparation and definition of the content of the information concerning the ICFR attached.

In this respect, it should be borne in mind that irrespective of the quality of the design and operation of the internal control system adopted by the Company in relation to annual financial reporting, the system may only provide reasonable, but not absolute assurance in relation to the objectives pursued, due to the limitations inherent in any internal control system.

In the course of our audit work on the annual accounts and in accordance with Technical Auditing Standards, our evaluation of the Company's internal control was solely aimed at enabling us to establish the scope, nature and timing of the audit procedures. Consequently, the scope of our evaluation of the internal control, performed for the purposes of the audit of accounts, was not sufficient to enable us to issue a specific opinion on the efficiency of this internal control over regulated annual financial reporting.

For the purposes of issuing this report, we have applied only the specific procedures described below and set out in the *Action Guide referring to the Auditors' Report on Information on Internal Control over Financial Reporting for listed entities*, published on the website of the Spanish Securities Market Commission (CNMV), which defines the work to be performed, the minimum scope of the work and the content of this report. As the scope of the work resulting from these procedures is in any event limited and substantially less than that of an audit or review of the internal control system, we do not express an opinion on its effectiveness or design or operational efficiency, with respect to the Company's annual financial reporting for 2017 described in the attached Information concerning the ICFR. Consequently, had additional procedures been applied to those defined in the Action Guide, or an audit or review been performed of the internal control system in relation to regulated annual financial reporting, other events or matters could have been identified, which would have been reported to you.

Moreover, as this special engagement does not constitute an audit of accounts nor is it subject to the current Audit Law in Spain, we do not express an audit opinion in the terms envisaged in such legislation.

The procedures applied were as follows:

1. Reading and understanding of the attached information prepared by the Company in relation to the ICFR – disclosures included in the directors' report – and evaluation of whether it covers all the information required, taking into account the minimum content described in Section F, concerning the ICFR description, of the standard Annual Corporate Governance Report pursuant to CNMV Circular 7/2015 of 22 December 2015.
2. Inquiries of personnel responsible for preparing the information detailed in point 1 above in order to: (i) gain an understanding of the preparation process; (ii) obtain information that allows us to assess whether the terminology used conforms to the definitions contained in the reference framework; (iii) obtain information on whether the control procedures described are in place and operational in the Company.
3. Review of explanatory documentation supporting the information detailed in point 1 above, and which will mainly include that made directly available to those responsible for preparing the descriptive information on the ICFR. This documentation includes reports prepared by internal audit, senior management and other internal or external specialists supporting the audit and compliance committee.
4. Comparison of the information detailed in point 1 above with the understanding of the Company's ICFR gained as a result of the procedures performed within the framework of the audit work on the annual accounts.
5. Reading of the minutes of the meetings of the Board of Directors, audit and compliance committee and other committees of the Company for the purposes of assessing the consistency of the matters discussed at these meetings in relation to the ICFR with the information detailed in point 1 above.
6. Procurement of a representation letter concerning the work performed, duly signed by those responsible for preparing and drawing up the information detailed in point 1 above.

As a result of the procedures applied to the Information concerning the ICFR, no inconsistencies or incidents have come to light that could affect it.

This report has been prepared exclusively in the context of the requirements established in Article 540 of the Spanish Companies Act and CNMV Circular 7/2015 of 22 December 2015 for the purposes of describing ICFR in the Annual Corporate Governance Reports.

KPMG Auditores, S.L.
(Signed on original in Spanish)

Hilario Albarracín Santa Cruz

8 February 2018