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Transparency)

+ (Uniting Strengths)

ANNUAL REPORT

Consolidated Annual Accounts and Management Report

2016

 **MAPFRE**

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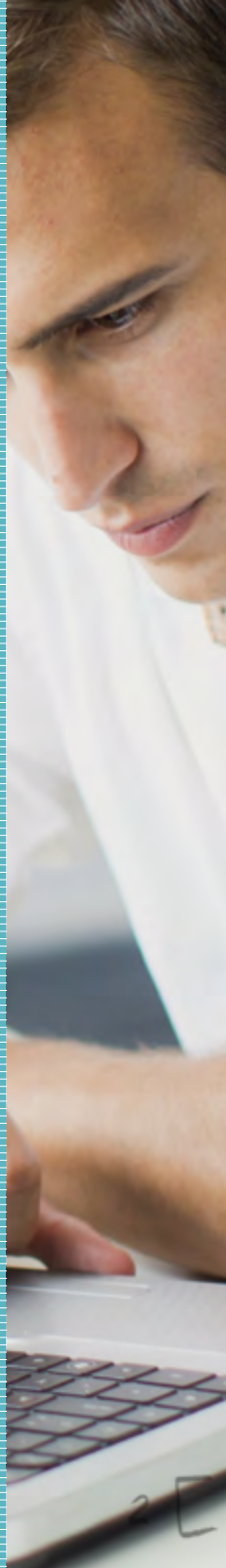
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01

Consolidated Management Report

↑ ↑ Commitment
to constant improvement

The contents of this Consolidated Management Report were 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 (the 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>

Organization overview

Organizational structure

MAPFRE is a multinational company engaged mainly in insurance and reinsurance activities, operating in 45 countries through 232 companies.

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. Sociedad Unipersonal, which 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 seven Regional Areas (Iberia (Spain and Portugal), Brazil, LATAM North, LATAM South, North America, EMEA (Europe, Middle East and Africa), and APAC (Asia Pacific).

All the business units except for Reinsurance are organized in line with the MAPFRE regional areas, which are the geographical units that plan, support and oversee all the business units in the region.

The activities of the different business units are supplemented by those of the 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 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 comprises 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, Appointments and Remuneration, and Risks and Compliance).

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 Businesses 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.

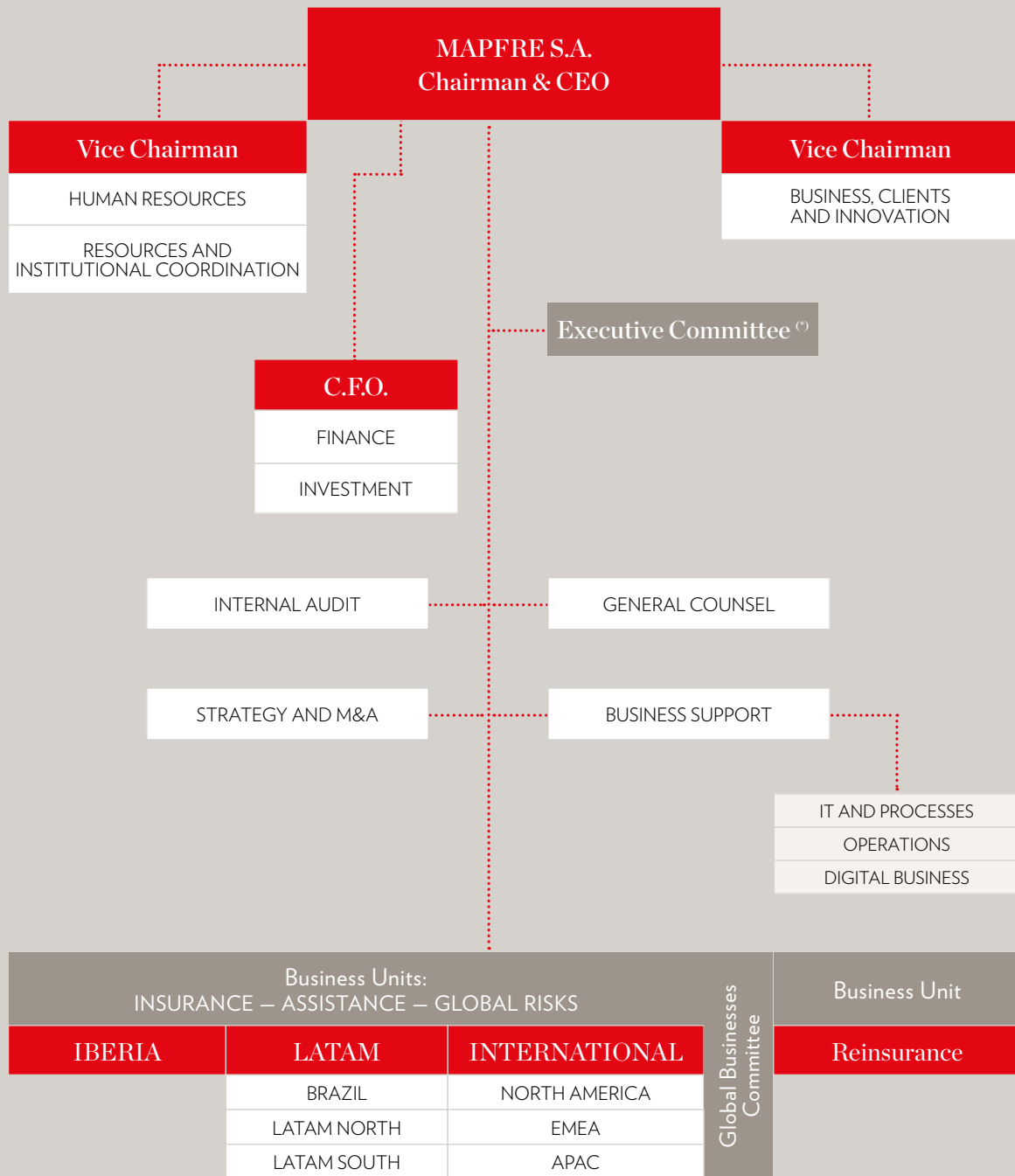
The management, coordination and supervision of the activities of the different units and areas are carried out, according to the respective remit, by the local, regional and business unit management committees as well as the Executive Committee.

Each of the subsidiary companies has its own governance 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.

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On September 29, 2016 the MAPFRE S.A. Board of Directors approved the following corporate organization chart, which entered into force on January 1, 2017:

Organization chart



(*) This 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.

Operational Framework

In 2016 the Group pursued its activities through its business units, which are geographically organized in line with the structure of the 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, Puerto Rico and the United States), EMEA (which includes operations in Europe—except Spain and Portugal—the Middle East and Africa), and APAC (Australia, China, India, Indonesia, Japan, Philippines 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 it combines with the use of other distribution channels. Some of the key features behind the 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 2016 the MAPFRE global distribution network comprised 14,418 offices. The breakdown is shown below:

OFFICES	2016	2015 ^(*)
IBERIA		
Direct and Delegate	3,078	3,073
Bancassurance	3,181	3,330
Subtotal IBERIA	6,259	6,403
LATAM		
Direct and Delegate	1,831	1,770
Bancassurance	5,847	5,602
Subtotal LATAM	7,678	7,372
INTERNATIONAL		
Direct and Delegate	481	444
Subtotal INTERNATIONAL	481	444
TOTAL OFFICES	14,418	14,219

(*) The office contracts were revised in 2016 and for the purposes of comparison, the 2015 figures have been adjusted.

At the close of the year, MAPFRE had 2,998 offices in Spain, 932 in Brazil, and 379 in Turkey.

In 2016 more than 84,000 mediators, including agents, delegates and brokers, collaborated in the distribution of our products. The following table shows the breakdown:

COMMERCIAL NETWORK	2016	2015
IBERIA		
Agents	10,176	9,498
Delegates	2,666	2,575
Brokers	5,365	5,268
Subtotal IBERIA	18,207	17,341
LATAM		
Agents	14,977	13,286
Delegates	5,803	7,155
Brokers	33,102	32,357
Subtotal LATAM	53,882	52,798
INTERNACIONAL		
Agents	10,479	8,548
Delegates	100	101
Brokers	1,358	1,542
Subtotal INTERNATIONAL	11,937	10,191
TOTAL COMMERCIAL NETWORK	84,026	80,330

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 2016 MAPFRE distributed its products through 9,028 bancassurance offices (of which 3,181 are located in Spain, 5,653 in Brazil, and 194 in the Dominican Republic). MAPFRE also has 2,800 distribution agreements, including a significant proportion with financial institutions (158), automobile dealerships (1,503), and shopping malls and service providers (109).

Within the insurance business, MAPFRE is the largest Spanish insurer in the world, with a share in the Spanish market of 14.6 percent in Non-Life insurance and 6.3 percent in Life insurance. It is the tenth-largest insurer in Europe and is present in nearly every country in Latin America, where it is the third largest insurance group and the leader in Non-Life insurance, with a market share of 8.2 percent (according to the figures for 2015, 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

In 2016 the economic environment was marked by surprises in various areas, which led to a more uncertain scenario. The year began with falling stock markets, followed by a recovery in commodities. Both movements were very intense, which upset projections earlier than usual in the cycle. However, the main surprises occurred in the political arena: specifically, the UK voting for Brexit in June and the results of the U.S. presidential elections in November. As a result of these facts, all expectations regarding economic policy had to be re-evaluated.

Advanced economies experienced a moderate recovery thanks to the monetary stimulus received in recent years, leading to highly favorable financial conditions. In this context, inflation was more interesting. The recovery of commodity prices, and oil prices in particular, was sustained throughout most of the year, pushing the effective rate of inflation to levels slightly higher than anticipated at the beginning of the year, although the increase was still minimal. Together with the political changes, this led to an upward revision of future prices as well.

There were very marked differences in the performance of the United States economy between the first half of the year and the second half. Activity was disappointing in the first six months of the year, primarily because of the fall in inventories and the negative contribution of international trade. This situation was reversed in the last six months, which saw accelerated growth in nearly every component except investment. The restocking of inventories played a crucial role, coming after several years of adjustments, as did exports, which benefited from the export of agricultural commodities (mainly soybeans) due to poor harvests in other parts of the world. In year-on-year terms, growth in the first six months of the year was around 1.4 percent, compared with approximately 1.8 percent in the last six months. In this context, the labor market continued to improve, reaching a situation which the central banks and international institutions now describe as tight. In fact, the unemployment rate fell to below what is considered to be the natural rate. After spending the first half of the year at around 1 percent, consumer price inflation accelerated in the third quarter to just under 2 percent. Several interest rate hikes had been anticipated at the beginning of the year, but the disappointments of the first couple of quarters, plus the risk for markets that emerged after the Brexit vote, confounded expectations. Even so, the improved unemployment rate and increased inflation led the Federal Reserve (Fed) to execute

a single rise in December, accompanied by hints that it would continue in this vein during the course of 2017.

The Eurozone was also marked by surprises on the political front, most notably Brexit. The perceived risk in Italy also had an enormous impact. This risk had both a political dimension, namely the referendum that precipitated Prime Minister Renzi's resignation, as well as a financial dimension caused by the banking system failing to capture capital. Both issues remained unresolved at the beginning of the year, with a new government arguing about the electoral law and the banks still needing funds, but the perceived risk has nevertheless diminished since agents have realized that the impact of these issues appears to be less than initially predicted. In this context, real GDP growth remained constant in the Eurozone throughout the year, at around 1.7 percent, with equally stable contributions from all components. Investment provided a tremendous contribution with rates close to 3 percent. This situation was enhanced by the European Central Bank (ECB), which intensified its asset purchase program to further ease the financial conditions across the continent, thus ensuring that the benchmark rate stays around zero percent for the next few years. Even so, consumer price inflation remained minimal and even occupied negative territory for a few months. Although it did accelerate due to the base effect of oil prices, it still closed the year considerably below 1 percent.

Once again, Spain was among the fastest-growing countries in the Eurozone, with GDP sustaining a year-on-year increase well above 3 percent throughout the year. Exports made a significant contribution in this respect, reaching their maximum annual rate of 6.4 percent in the second quarter, assisted by the depreciation of the euro and increased demand from emerging economies, as well as the competitive gains achieved in the last three years. In fact, in December the International Monetary Fund itself praised the measures that had led to these gains, describing them as a key pillar of recovery. Consumption and investment also made a positive contribution with annual variations of around 3 percent to 3.5 percent, respectively. The labor market picked up considerably in line with enhanced GDP performance. Although unemployment remains high, it fell to around 19 percent from 20.4 percent at the close of 2015. There was a very significant change in inflation: after more than two years of negative figures, in the fourth quarter the rate finally returned to positive territory, albeit with minimal figures.

Brexit pushed the United Kingdom to center stage for a while, although the better-than-expected economic figures took everyone by surprise. Following the outcome of the referendum, most operators revised their expectations downward, and quite aggressively. The real data pointed to a much less dramatic situation in the short term, although over



time the long-term impact could be huge. Even so, this could be partly mitigated by the strong depreciation of the pound, which in turn prompts the expectation of higher inflation.

Japan, meanwhile, experienced weaker growth in 2016 than in 2015, at around a real year-on-year rate of 1 percent, with an inflation rate that not only failed to take off but actually returned to negative territory during the year. This led Japan's central bank to revise its philosophy on how to combat deflation, implicitly admitting defeat after the massive monetary stimulus implemented in previous years. It is now bent on persuading the government to increase the fiscal stimulus.

Emerging countries remained center stage for most of the year. The key in this respect was that 2016 saw the end of the vicious circle of falling trade and commodities and appreciation of the dollar that had plunged many of them into a severe recession at the end of 2014. However, in the spring of 2016 commodities stabilized and, thanks to the Fed's prudence, the dollar stopped appreciating. This boosted the markets' optimism about the emerging countries, especially China and Brazil. The latter country also benefited from political developments on the domestic scene, including a change in government. This influx of capital and the recovery of exports improved business figures, although these are still very weak because the countries concerned are only just beginning to climb out of recession. For example, Brazil's real GDP slowed its descent to rates of around 3 percent at the end of the year, having fallen by nearly 6 percent at the end of 2015 and the beginning of 2016. Meanwhile, Mexico saw a slowdown in its activity that lasted the whole year due to internal political developments and the damage suffered by the depreciation of the peso. In Asia, China maintained a steady growth profile, only slightly below that of 2015.

The capital markets began the year with a strong dose of pessimism, causing stock markets and interest rates to fall. This perception was based on the belief that the Fed would keep raising rates in an environment marked by emerging economies in recession and Europe experiencing quasi deflation. This combination of factors obviously did not augur well, but the mere prospect, causing the markets to fall, meant that it was not fulfilled. In view of poorer market performance and then the risk that emerged with Brexit, the Fed took the prudent stance of halting interest rate hikes. As a knock-on effect, the Bank of England reduced its rates and stepped up its asset purchase program. The ECB reacted by reinforcing its relaxed tone and even increased the rate of its asset purchases. As a result of this greater liquidity from the central banks and the other factors discussed above, the markets recovered their optimism. This led to an appreciation in the second half of

the year, although in some cases it was insufficient to prompt recovery and enter positive territory.

As a result of all of the above, the first half of the year saw the massive buying of sovereign debt as a refuge and the result of the actions by the central banks. In fact, the U.S. 10-year treasury yield closed at a record low, while German debt saw most of its yields (including, at times, the 10-year yield) enter negative territory. Subsequently, in an evident back-and-forth movement, sovereign bond yields began to climb steeply after the summer. This was due in the first instance to the upward turn in inflation forecasts and then to the results of the U.S. elections, which led the market to anticipate an aggressive deficit policy, with more interest rate hikes in the future. Consequently, the 10-year treasury yield that had fallen to 1.4 percent after Brexit climbed to around 2.5 percent in record time compared with historical standards. Its German equivalent experienced a very similar phenomenon but with more moderate rises curbed by the attitude of the ECB. Accordingly, the Bund fell to (0.2) percent after the British referendum but closed the year at nearly 0.4 percent, still below its starting position. In this environment, Spain's differential with Germany performed extremely well throughout the year, falling to nearly 100 basis points and sustaining a close-range position. Portugal and Italy suffered considerably, both beset by banking and political issues. Of particular note was the fact that Italian bond yields soared above Spanish yields to record highs, although at the end of the year they became more moderate.

Equity performance was uneven, both geographically and in terms of different times of the year. In general, developed stock markets began the year with steep declines. They picked up slightly in the spring but fell again sharply immediately after Brexit. However, this movement was short-lived. The realization that the impact of the referendum outcome would be less significant than anticipated renewed the markets' optimism and the last few months of the year were very positive. The U.S. stock market appreciated rapidly after the presidential elections due to the expectation of more public spending and inflation. By the end of the year accumulated earnings were above 10 percent. Meanwhile, performance in Europe was more irregular, albeit with moderate figures in every case. Germany and France experienced the most positive performance while Italy and Spain performed weakly, their complete recovery thwarted by the burden of the banks, in spite of improvements in this respect in the last two months of the year. The transalpine market in particular ended the year with two-digit declines. The British stock market appreciated strongly following the abrupt change in expectations about the impact of Brexit and the fall of the pound, which improved the prospects of its exporters. However, this same effect had a negative impact on stock

market returns measured in euros and dollars. Emerging stock markets performed much better since they began the year with very negative expectations which experienced a robust recovery as the year progressed. Brazil was the indisputable protagonist with a stock market appreciation of more than 30 percent (in local currency), although most of this movement occurred in the first half of the year. The improvements in the global context coincided with the change in government, which enabled the country to address issues like corruption and, above all, start focusing on cost control. At the opposite end of the spectrum, Mexico experienced an improvement of nearly 10 percent but this translated into a very negative figure when measured in euros due to the collapse of the peso (which lost more than 6 percent against the euro in November alone).

The euro lost some ground with respect to the dollar, mainly during the last month of the year as a result of the change in expectations regarding the Fed. In any case, the most significant foreign currency movements were in relation to the pound, naturally, which lost more than 10 percent against the dollar and euro. The Mexican peso also suffered considerably, especially against the dollar, although the movement partly reversed earlier excesses. One of the foreign currencies that suffered the greatest impact was the Turkish lira (which lost 9 percent against the dollar in November alone). Commodities featured prominently during part of the year since their recovery caused most agents to revise their expectations regarding both inflation and the emerging countries. Oil reached a record low in January, falling to below 30 dollars a barrel. In the following six months, until June, the price almost doubled to just over 50 dollars a barrel, stabilizing during the summer. At the end of the year, the OPEC agreements to reduce production pushed the price back up to over 55 dollars a barrel.

Overall, 2016 was a year of surprises and, therefore, of revised expectations. The vicious circle of commodities and emerging countries ended, prompting a strong recovery of the latter. More importantly as regards expectations, political surprises led to higher nominal growth, though unfortunately based on inflation and public spending and therefore of limited duration.

Performance of Insurance Markets

SPANISH MARKET¹

According to initial estimates, the total volume of direct insurance premiums written in 2016 amounted to 63,827 million euros, with the following breakdown by business line:

LINES OF BUSINESS	2016	2015	% Change 16/15
Life	31,124	25,567	21.7%
Non-Life	32,703	31,298	4.5%
Total Direct Insurance	63,827	56,865	12.2%

Figures in millions of euros

Non-Life insurance saw an increase of 4.5 percent, which includes the highest growth levels of the main lines, most notably Automobile, Health and Multiperil-Home. The Automobile line, which represents the largest premium volume of all Non-Life insurance, was once again affected by a highly competitive market environment. Nevertheless, the increase in rates, the recovery of new car sales and the upturn in economic activity in Spain, all sustained throughout 2016, led to a 5.1 percent growth of this business.

The table below shows the breakdown by business line of the total estimated volume of Non-Life insurance premiums compared with the previous year:

LINES OF BUSINESS	2016	2015	% Change 16/15
Automobile	10,565	10,052	5.1%
Health	7,734	7,361	5.1%
Multiperil	6,767	6,565	3.1%
Other Non-Life lines	7,637	7,320	4.3%
Total Non-Life	32,703	31,298	4.5%

Figures in millions of euros

Based on the latest data available at the close of September, technical profitability improved in relation to the previous year, mainly due to the improvement in the claims ratio for the Multiperil line, which fell from 60.4 percent in September 2015 to 57.7 percent in 2016.

¹ Source: ICEA.

strengths ↑ ↑ ↑

The following table shows the progression of the combined ratio, which measures the technical result calculated for earned premiums net of reinsurance:

	TOTAL		AUTOMOBILE		MULTIPERIL		HEALTH	
	30.09.16	30.09.15	30.09.16	30.09.15	30.09.16	30.09.15	30.09.16	30.09.15
Claims ratio	70.6%	72.1%	79.7%	80.0%	57.7%	60.4%	81.0%	81.2%
Expenses	22.1%	22.3%	19.4%	19.9%	30.9%	30.7%	12.1%	12.0%
Combined ratio	92.7%	94.4%	99.1%	99.9%	88.6%	91.1%	93.1%	93.2%

The volume of managed savings through Life insurance climbed 6.1 percent in relation to the previous year, with technical provisions reaching 177,737 million euros.

The following table shows the progress of Life assets under management, mutual funds and pension funds, as well as their corresponding variations with regard to the previous year:

REINSURANCE	2016	2015	% Change 16/15
Life Insurance	177,735	167,594	6.1%
Mutual Funds	235,341	219,866	7.0%
Pension Funds	106,721	104,518	2.1%
Total	519,796	491,978	5.7%

Figures in millions of euros

Mutual funds and Life insurance performed particularly well, mainly due to savers looking for higher profitability and insurance companies taking the initiative to meet this demand by offering innovative products.

LATIN AMERICAN MARKETS²

The following table shows the variation in written premium volumes³ 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	30/09/2016	38.7%	28.8%	33.9%
Brazil	31/10/2016	(0.7%)	13.9%	7.9%
Chile	30/09/2016	13.1%	17.5%	16.5%
Colombia	30/09/2016	3.7%	(0.9%)	1.2%
Mexico	30/09/2016	9.6%	13.0%	10.3%
Peru	30/09/2016	3.3%	5.2%	4.3%
Puerto Rico	30/09/2016	12.6%	3.4%	11.6%

² The data for Latin American markets have been obtained from the supervisory bodies and sector associations of each country, as well as from the MAPFRE companies operating in them.

³ The percentage variations were calculated using the most recent information available for each country.



Annual general meeting 2016



The following trends were observed during the year:

- The insurance markets in this region were affected by the difficulties faced by the world’s main economies but nevertheless experienced positive growth. The high nominal growth figures in certain markets—most notably Argentina—reflect high levels of inflation.
- Non-Life insurance grew significantly, especially in the Automobile line. Brazil was the only country that saw its premium volume fall, caused by a downturn in economic activity.
- Life insurance sustained its high growth figures, although the economic slowdown affected savings levels and the development of pension systems. Brazil experienced less growth than the previous year but continued to benefit from an environment of high interest rates, making life-savings products more attractive. Chile sustained the recovery brought about by regulatory changes, which favored an increase in the sale of pension savings products. Meanwhile, the pension system crisis in Colombia led to a downturn in the premium volume. Peru experienced less growth than in 2015 due to the slowdown in consumption and regulatory changes affecting pension savings products, while Puerto Rico saw a recovery in relation to the previous year caused by a slowdown in the sale of life annuities.

OTHER MARKETS

In the United States, the market estimates released in September indicate a 3.6 percent growth in the Non-Life business, 12.4 percent in Life insurance, and 7.7 percent in the Health segment. This performance reflects a rise in the number of policies taken out as result of economic and demographic growth in the country. Furthermore, these increases in the volume of insured risks were accompanied by higher rates in the Automobile and Home lines.

In Turkey, with figures to the end of November 2016, the insurance market presented growth of 31.6 percent, which represents a considerable acceleration in relation to the same period of the previous year. Automobile insurance, which is the main component of Non-Life insurance, accounting for 55 percent of all Non-Life premiums, grew by 52 percent. This is due to the significant increases in the third-party liability automobile insurance rates that occurred after the first half of 2015.

REINSURANCE MARKET

The minimal economic growth experienced in recent years in the most developed countries, the fall in interest rates propitiated by the central banks to stimulate growth, and the absence of significant catastrophes during the last five years have all led to strong competition in reinsurance rates and conditions, partly offset by higher growth figures in less developed countries. Capital markets sustained their presence in the market, contributing to this trend, although their investment grew very little in relation to the previous year. Likewise, the major insurance operators consolidated their reinsurance programs, reducing the volume of premiums available for reinsurers.

In this competitive and volatile context, some operators adopted a more selective policy regarding their clients and resorted to acquisitions or mergers with other reinsurance or insurance operators, albeit to a lesser extent than in 2015. This enabled them to diversify their portfolio, in terms of business lines as well as geographically, and to adapt their shareholders’ equity to an environment of low profitability by making capital reductions or paying extraordinary dividends. Although the absence of catastrophes made it possible to generate positive results, they were lower than the previous year with no double-digit percentage growths.

REVENUES ON OPERATIONS AND MANAGED SAVINGS

Written and accepted premiums, excluding consolidation eliminations, for all the companies in the Group amounted to 24,829.4 million euros in 2016, up 3.5 percent. Consolidated premiums amounted to 22,813.2 million euros, representing an increase of 2.2 percent. Consolidated revenue amounted to 27,092.1 million euros, up 1.5%, distributed by activity type as follows:

	2016	2015	% 16/15
Written and accepted premiums	22,813.2	22,311.8	2.2%
Financial income	3,762.3	3,866.7	(2.7%)
Revenues from non-insurance companies and other revenues	516.6	523.7	(1.4%)
TOTAL CONSOLIDATED REVENUES	27,092.1	26,702.2	1.5%

Figures in millions of euros

The increase in consolidated revenues for 2016 encompasses:

- the sustained upturn in issuing in nearly all the IBERIA business lines, together with the consolidation throughout the year of the direct insurance business in Italy and Germany and positive performance of MAPFRE RE, which enabled us to absorb the downturn in Latin America caused by foreign currency movements (principally, the Argentinian peso and the Brazilian real) and the negative effect in the comparison derived from a large policy issued for PEMEX in Mexico in 2015; and

- lower financial income reflecting the effect of the U.S. dollar exchange rate differences in both years and the impairment of goodwill and other intangible assets in Italy and IBERIA, offset somewhat by higher disposal levels, especially in IBERIA.

Net consolidated earned premiums totaled 19,038.2 million euros in 2016, which is a 5.8% increase (17,988.3 million in 2015).

INFORMATION BY TERRITORIAL AREA

IBERIA

Written and accepted premiums for all insurers in this territorial area reached the figure of 7,139.4 million euros, up 6.6 percent, with the country breakdown shown below:

	2016	2015	% 16/15
IBERIA	7,139.4	6,696.7	6.6%
SPAIN	6,961.8	6,497.9	7.1%
PORTUGAL	177.6	198.8	(10.7%)

Figures in millions of euros

The rise in premiums is explained as follows:

- in Non-Life insurance, the sustained upturn in issuing in the main business lines (Health +7.7 percent, Automobile: +2.6 percent, and Multiperil: +6.1 percent); and
- in Life insurance, increased sales in the agency network following the launch of products and commercial campaigns and the issue of group savings policies in the second quarter of 2016.

The following table shows the breakdown by business line of written and accepted premiums in IBERIA in 2016 and 2015:

	2016	2015	% 16/15
Automobile	2,165.0	2,109.9	2.6%
Health	494.4	459.1	7.7%
Other Non-Life	2,368.7	2,333.5	1.5%
TOTAL NON-LIFE	5,028.1	4,902.5	2.6%
Life Risk	424.2	348.8	21.6%
Life Savings	1,687.0	1,445.4	16.7%
TOTAL LIFE	2,111.2	1,794.2	17.7%
TOTAL	7,139.4	6,696.7	6.6%

Figures in millions of euros

(The 2015 figures differ from those published previously because this year they refer to the IBERIA regional area whereas last year they referred only to Spain)

The market shares in Spain (provisional for 2016) are shown below:

	2016	2015
Automobile	19.9%	20.4%
Health	6.4%	6.2%
Other Non-Life	15.0%	15.7%
TOTAL NON-LIFE	14.6%	15.0%
TOTAL LIFE	6.3%	6.8%
TOTAL	10.5%	11.3%

Market shares based on data published by ICEA, which only takes into account written premiums. The figures include premiums from MAPFRE GLOBAL RISKS and MAPFRE ASISTENCIA.

The companies involved in stock market brokerage and the management of mutual and pension funds, part of MAPFRE A.M., managed a volume of mutual funds and other assets worth 3,208.3 million euros, representing an increase of 30.1 percent; pension fund assets reached 5,290.6 million euros, up 5.4 percent.

(3)

LATAM

Written and accepted premiums for the insurers managed by this territorial area amounted to 7,852.2 million euros, down 9.7 percent. The figures for the regional areas and main countries are shown below:

	2016	2015	% 16/15
BRAZIL	4,587.4	4,814.2	(4.7%)
LATAM SOUTH	1,921.6	2,030.4	(5.4%)
of which:			
COLOMBIA	425.1	466.2	(8.8%)
ARGENTINA	333.2	379.3	(12.2%)
PERU	474.8	465.8	1.9%
CHILE	380.8	377.1	1.0%
LATAM NORTH	1,343.2	1,849.6	(27.4%)
of which:			
MEXICO	755.2	1,296.0	(41.7%)

Figures in millions of euros

In relation to the figures shown on the previous table, the following is of particular note regarding the Non-Life business:

- BRAZIL, bearing in mind the market conditions, turned in a solid performance in local currency, mainly boosted by Agricultural and Simple Risks insurance;
- in LATAM SOUTH, the downturn in premiums (-4.5 percent) reflects the impairment of the main currencies in the region during the course of the year, given that in local currency all countries, and Peru and Colombia in particular, experienced growth; and
- in LATAM NORTH, the 12-month premium figures for 2015 included a large multi-year policy issued in Mexico (387 million euros). Adjusted for this effect, the decline in Non-Life would have been 7.7 percent due to the non-renewal of loss-making policies in Mexico.

Premium performance for the Life insurance business reflects the following:

- a 7 percent decline in BRAZIL due to the downturn in Life-Risk premiums as a result of reduced financing activity by BANCO DO BRASIL;
- in LATAM SOUTH, the downturn in issuing in Colombia due to the cancellation of loss-making policies was partly offset by good performance in Argentina, Chile and Peru; and
- in LATAM NORTH, Mexico experienced a decline due to the non-renewal of loss-making policies.

Once again, MAPFRE maintained its position at the top of the Non-Life insurance ranking in Latin America. According to the 2015 figures, the latest available, market share is 8.2 percent in the countries and territories where it operates.

The following table shows market shares for direct Non-Life insurance in the various main countries:

COUNTRY	Ranking	Market Shares ⁽¹⁾
Argentina	18	2.0%
Brazil	2	15.0%
Chile	4	9.8%
Colombia	7	6.0%
Mexico	4	8.7%
Peru	3	18.7%
Puerto Rico	7	3.4%

(1) Figures according to the latest available information for each market. Source: Fundación MAPFRE

INTERNATIONAL

The combined written and accepted premiums for the insurers in this territorial area amounted to 5,603 million euros, up 15 percent on the previous year. The figures for the regional areas and main countries are shown below:

	2016	2015	% 16/15
NORTH AMERICA	2,902.4	2,776.8	4.5%
of which:			
UNITED STATES	2,538.8	2,390.1	6.2%
PUERTO RICO	365.0	384.2	(5.0%)
EMEA	2,570.8	1,981.7	29.7%
of which:			
TURKEY	890.0	752.8	18.2%
UNITED KINGDOM	260.2	273.7	(4.9%)
MALTA	334.6	271.2	23.4%
ITALY	558.0	339.9	64.2%
GERMANY	321.2	140.8	128.1%
APAC	129.9	114.6	13.4%

Figures in millions of euros

In relation to the figures shown on the previous table, the following is of particular note regarding the Non-Life business:

- growth in the United States due to good performance in the Automobile and Home lines, a strong competitive position in Connecticut, and positive performance by the network of independent agents; and
- in EMEA, the consolidation of direct business in Italy and Germany, as well as growth in Turkey following the increased rates in Automobile insurance.

The change in the Life insurance premium figure primarily reflects the positive performance of production in Malta.



MAPFRE is the largest Spanish insurer in the world, with a market share in Spain of 14.6 percent in the Non-Life business and 6.3 percent in the Life business

MAPFRE RE

In the accepted reinsurance business, MAPFRE RE and its subsidiaries reported consolidated written premiums of 4,234.7 million euros (3,731.9 million euros in 2015), reflecting an increase of 13.5 percent owing to the solid performance of Non-Group business and the contribution of the MAPFRE Group business, mainly Non-Life, following the incorporation of the direct insurance business in Italy and Germany and the MAPFRE USA program.

Results

The net profit attributable to the parent company (discounting non-controlling interests) was 775.5 million euros, up 9.4 percent.

The table below shows a breakdown of the result:

	2016	2015	% 16/15
NON-LIFE INSURANCE AND REINSURANCE			
Written and accepted premiums	17,699.8	17,441.3	1.5%
Net allocated premiums	14,158.7	13,601.4	4.1%
Net claims incurred and variation in other technical provisions	(9,911.3)	(9,527.4)	4.0%
Net operating expenses	(3,836.4)	(3,838.7)	(0.1%)
Other technical revenue and expenses	(40.4)	(48.1)	(16.0%)
Technical Result	370.5	187.2	97.9%
Net financial income	922.0	781.6	18.0%
Other non-technical revenues and expenses	(60.8)	(49.8)	22.1%
Earnings from Non-Life business	1,231.8	919.0	34.0%
LIFE INSURANCE AND REINSURANCE			
Written and accepted premiums	5,113.3	4,870.5	5.0%
Net allocated premiums	4,879.5	4,386.9	11.2%
Net claims incurred and variation in other technical provisions	(4,331.9)	(3,863.1)	12.1%
Net operating expenses	(1,163.5)	(1,101.3)	5.6%
Other technical revenue and expenses	(24.7)	(13.0)	90.0%
Technical Result	(640.6)	(590.5)	8.5%
Net financial and other non-technical income	1,387.5	1,289.8	7.6%
Earnings from life business	746.9	699.2	6.8%
OTHER ACTIVITIES			
Net operating revenues and expenses	(136.8)	(102.0)	34.1%
Net financial and other revenues	3.2	(32.1)	---
Result from other activities	(133.5)	(134.1)	(0.4%)
Adjustments for hyperinflation	(40.0)	(8.0)	---
Pre-tax earnings	1,805.2	1,476.1	22.3%
Tax on profit	(560.0)	(463.6)	20.8%
Earnings after tax from discontinued operations	0.0	186.5	---
Result for the year	1,245.2	1,199.0	3.9%
Earnings attributable to non-controlling interests	(469.7)	(490.2)	(4.2%)
Results attributable to controlling company	775.5	708.8	9.4%

Figures in millions of euros

The consolidated other comprehensive income is shown below:

	2016	2015
Results attributable to controlling company	775.5	708.8
Financial assets available for sale	192.4	(474.8)
Foreign exchange conversion differences	218.0	(506.0)
Shadow accounting	(189.1)	221.5
Other recognized revenue and expenses	(0.8)	(4.9)
TOTAL	996.0	(55.4)

Figures in millions of euros

The breakdown of profit by regional area is shown below:

	2016	2015	% 16/15
IBERIA	582.3	494.8	17.7%
BRAZIL	144.4	153.4	(5.9%)
NORTH AMERICA	80.0	(32.7)	---
LATAM SOUTH	15.2	49.4	(69.2%)
EMEA	(102.8)	(2.4)	---
LATAM NORTH	38.8	42.4	(8.5%)
APAC	(20.3)	(3.4)	---
MAPFRE RE	186.1	152.6	22.0%
TOTAL	923.7	854.1	22.0%
CORPORATE AREAS AND CONSOLIDATION ADJUSTMENTS	(148.2)	(145.3)	2.0%
Attributable result	775.5	708.8	9.4%

Figures in millions of euros

Balance sheet

The following table shows the consolidated balance sheet:

	2016	2015
Goodwill	1,990.0	2,068.0
Other intangible assets	1,808.9	1,629.6
Other property, plant and equipment	293.6	331.1
Cash	1,451.1	989.1
Property	2,277.8	2,267.7
Financial investments	42,540.9	40,159.2
-Held-to-maturity portfolio	2,419.8	2,163.5
-Available-for-sale portfolio	35,102.6	34,565.6
-Trading portfolio	5,018.6	3,430.1
Other investments	1,272.2	1,049.8
Unit-linked investments	2,014.0	1,798.9
Participation of reinsurance in technical provisions	3,934.4	3,869.5
Reinsurance and insurance operations	5,191.6	5,299.8
Deferred tax assets	335.3	255.9
Assets held for sale	911.2	35.7
Other assets	3,860.7	3,735.0
TOTAL ASSETS	67,881.8	63,489.3
Equity attributable to controlling company	9,126.5	8,573.7
Minority interests	2,317.0	1,834.6
Equity	11,443.5	10,408.3
Financial debt	2,202.9	1,772.5
Technical Provisions	47,240.1	45,061.1
- Provisions for Life insurance	25,664.8	25,026.3
- Other technical provisions	19,561.3	18,235.9
- Unit-linked provisions	2,014.0	1,798.9
Provisions for risks and expenses	752.8	697.0
Reinsurance and insurance operations	1,998.8	2,309.0
Deferred tax assets	730.7	710.5
Liabilities held for sale	690.3	0.0
Other Liabilities	2,822.7	2,530.9
TOTAL LIABILITIES	67,881.8	63,489.3

Figures in millions of euros

Total managed assets, including mutual and pension funds, amounted to 76,286.2 million euros (71,915.4 million euros at the close of 2015), up 6.1 percent. The figure for 2015 differs from the one published previously because this year the portfolios managed by MAPFRE are excluded, whereas last year they were included.

Managed savings

The following table shows the performance of managed savings, including both the technical provisions of Life insurance companies and the Life provisions of multiline insurance companies:

	2016	2015	% 16/15
Life technical provisions	29,172.7	28,104.7	3.8%
Pension funds	4,684.1	5,076.2	(7.7%)
Mutual and other funds	4,631.4	3,349.9	38.3%
Subtotal	38,488.3	36,530.8	5.4%
Shadow accounting adjustments	(4,261.7)	(3,932.6)	8.4%
TOTAL	34,226.6	32,598.2	5.0%

Figures in millions of euros

("Mutual funds and other" in 2015 differs from last year's report due to the fact that this year the portfolios managed by MAPFRE are excluded, whereas last year they were included).

The variation in the managed savings amount reflects the Life business acquired by BANKINTER VIDA in Portugal, the positive performance of the mutual and pension business, and the appreciation of the Brazilian real (+25.8 percent).

Excluding adjustments for changes in the market value of assets backing the Life insurance technical provisions, managed savings would have increased by 5 percent.

MAIN ACTIVITIES DURING THE YEAR

ACQUISITIONS, PROJECTS AND DISPOSALS

The following transaction was conducted during the year:

- Agreement to acquire 31 percent of the capital of the Indonesian insurance company PT ASURANSI BINA DANA ARTA TBK (ABDA).

On October 4, MAPFRE signed an agreement to acquire 31 percent of the capital of the Indonesian insurance company ABDA for 92.3 million euros. Since MAPFRE already owns 20 percent of the capital of ABDA, this latest acquisition will give it the majority shareholding in the company and control of its management. Completion of the deal is subject to obtaining the corresponding administrative authorizations.

The acquisition culminates MAPFRE's entry into the Indonesian insurance market, begun in 2013, and confirms its complete trust in ABDA and its executive team.

INVESTMENTS

The management of securities investments remained prudent, both in terms of credit risk and stock market fluctuation risk, in line with the 2016 Investment Plan.

Accordingly, investment-grade fixed-income funds represent more than 95 percent of all investments while bonds rated AA or higher represent approximately 25 percent. Meanwhile, BBB-rated bonds represent 62 percent of the total, reflecting the significant weight of investments in issuers resident in the Kingdom of Spain.

With regard to stock market risk, equity positions in portfolios with an investment policy that contemplates these assets, which make up nearly 55 percent of all financial investments, remains slightly above 9 percent of the volume of these portfolios.

Also important to note is the increase in financial investments of certain companies outside the Eurozone but measured in euros. This is due to the appreciation of their currencies in 2016, especially the Brazilian real.

The interest rate risk of Life insurance portfolios remains very low, particularly in portfolios measured in euros. More than two thirds of Life insurance portfolios, other than those covering unit-linked policies, are made up of fixed-income assets and financial swap operations, facilitating a high degree of hedging of future flows on savings policies. In non-immunized portfolios allocated to Non-Life lines, the modified duration remained relatively stable throughout the year, with regional differences based on changing expectations about the interest rates in each country.

In relation to the equity investment market, activity increased in terms of volume, number of operations and asset types, all propitiated by lower interest rates. The low interest rate scenario has a dual impact: investors need to find alternatives to fixed-income and equity assets, and operations designed to increase the IRR on capital acting as leverage.

The investment needs of real estate investment trusts (known as SOCIMIS in Spain), in search of size to win liquidity, generated strong demand in the purchase of assets of all types: hotels, offices, shopping malls, housing and logistical warehouses. The same phenomenon was also observed in back-to-back corporate operations between property developers and SOCIMIS, in both directions.

The housing market is slowly recovering, especially in city centers, with the renovation or development of the few vacant lots currently available, mainly stemming from public auctions.

In 2016 our property development strategy focused on divesting properties to generate gains and searching for properties in prime locations, now leased, to provide immediate profitability and future gains.

Total divestments amounted to over 215 million euros, with 95 percent corresponding to Iberia. The most notable operations in this regional area were the sale of 65.9 percent of the MAPFRE Tower (owned by MAPFRE ESPAÑA) for the sum of 175 million euros, the building at Castelló 58 in Madrid (former CLINISAS headquarters) for 13 million euros, and the Eurocity building in Barcelona for 8 million euros. Other assets were sold in Boston, MAPFRE USA (6 million euros) and Mexico, LATAM North (Arquímedes building for 4.2 million euros). Altogether, these operations generated gains in excess of 135 million euros.

Investments surpassed 115 million euros, corresponding both to the purchase of buildings for profit and/or own use and to the continuation of the policy to undertake works and renovations to reposition buildings which the Group regards as strategic. Like the divestments, most of the investment and renovation operations undertaken during the reporting period correspond to Iberia (54 percent). One of the most salient operations in terms of volume was the acquisition by MAPFRE RE of the building at Paseo de Recoletos 25 (Madrid) for 41.2 million euros. Meanwhile, renovations and new buildings in LATAM amounted to 14 million euros, while in the regional area of EMEA investments in new buildings amounted to more than 7 million euros.

At the close of 2016 the market value of MAPFRE's property investments amounted to 3,116 million euros, equivalent to 6 percent of the total investments and with unrealized gains in excess of 800 million euros. Of the total, approximately 55 percent correspond to own-use buildings and 45 percent to buildings for profit through lease or sale to third parties. The occupancy rate of the buildings for lease to third parties is 85 percent, and there are currently more than 40,000 square meters for repositioning in the market from 2017 onwards.

INTERNAL CONTROL

MAPFRE continued working on the implementation of the main rules, procedures and guidelines that must be observed to maintain the presence and efficiency of all the components in the internal control system (control environment; risk assessment; control, reporting and communication; and oversight).

With a view to specifically assessing employee perception about the Group's control environment, the Internal Control Area coordinated the implementation of a control environment survey in 51 companies. This enabled us to identify the main weaknesses affecting the control environment and to work on eradicating them.

One of the main control activities established is assessment of the control indicators and potential risks that may affect operations, conducted in the corporate areas and 55 companies. This exercise led to the rollout of corrective measures in the companies aimed at providing adequate risk control, either by improving or introducing controls to prevent risks.

With regard to reporting and communication, in line with the general objective to obtain reliable financial information, the Group's main companies completed quarterly questionnaires on the Financial Reporting Internal Control System (SCIIF). These offer documentary evidence of the activities and controls conducted for the main financial reporting processes. In the last quarter of the year the Corporate Finance Area, through the Internal Control Area, extended these questionnaires to cover all Group activities, for completion by the Administration and Finance Areas of the Group's main companies.

In relation to oversight activities, the Internal Control Report was introduced for submission to the administrative bodies of the companies, providing an annual diagnosis of the presence and efficiency of the various procedures undertaken by the Group's Internal Control System.

These procedures—the preparation of the internal control reports and the diagnosis of the internal control system—and the respective independent assessments carried out by Internal Audit confirmed that the internal control model implemented is adequate. At the same time, they enabled the executive teams of the companies to identify the aspects which they need to improve to achieve a proper level of internal control and ensure with a reasonable level of certainty that they will be able to meet their business objectives.



INTERNAL AUDIT

Since January 2017 the company and its subsidiaries have six internal audit services located in Spain, five of which work with the IBERIA territorial area, the LATAM territorial area, the INTERNATIONAL territorial area, the Reinsurance business unit, and the Assistance and Global Risks business units, respectively. There is also a specific internal audit service for Information Technology. There are also 16 internal audit units and 11 internal audit departments located outside Spain. Finally, there is a transversal continuous audit unit that services all MAPFRE companies.

MAPFRE's internal audit teams are coordinated and supervised by the Group's Corporate Internal Audit Area.

In 2016 MAPFRE conducted 1,054 internal audits, of which 107 corresponded to specific audits of information technology. Of the total audit reviews undertaken, 395 were related to the Internal Control and Financial Reporting System (ICFRS). In addition, 20,754 hours were dedicated to training internal auditors, representing a ratio of 115 hours per auditor per year.

The Corporate Internal Audit Area reviewed the Management Reports and Annual Accounts of the company for 2016, the quarterly reports submitted to the Spanish National Securities and Exchange Commission (the CNMV), and all significant financial information submitted to MAPFRE's governing bodies. All of these actions are reported to the Audit Committee on a regular basis.

BUSINESS SUPPORT

The three divisions of the Corporate Business Support Area (ACSN)—Digital Business, Operations, and Technology and Processes—and the Social Media Department once again demonstrated vocation for service, coordinating their efforts to harness opportunities, share resources and methodologies, and in general work as a team to support MAPFRE, aimed at achieving maximum operational efficiency and contributing to the development of the corporate strategic pillars (client orientation, digital transformation, excellence in technical management, and culture and human talent).

The most significant activities undertaken in 2016 are described below, grouped by division.

Digital Business

The main activities were as follows:

– Definition and initial rollout of the Digital Business Plan to coordinate the development of the digital business. The plan includes the definition of different digital business models for each of the brands through which MAPFRE operates.

The implementation of the plan in the different operations and lines will be instrumental in increasing the volume of digital business by 50 percent in 2018, compared with the figure for 2015, and in sustaining this volume over time.

– The main projects undertaken to assist the implementation of the Digital Business Plan were as follows:

- Development of a solution to detect new clients with a high probability of subsequent fraud, based on available digital data.
- Initial rollout of an advanced digital analytical tool for global implementation to boost digital marketing campaigns, and a complementary solution to manage digital advertising spending in real time.
- Digitalization of the client relationship through ROPO (Research Online Purchase Offline), a process whereby the client interacts with the company using digital mechanisms and completes the purchase or operation by telephone, leading to significant improvements in business acquisition costs.
- Definition of the indicators for the digital business dashboard, which in 2017 will provide the company with a standard, documented business intelligence model for all direct operations at both local and corporate level.

– Rollout of the digital business training plan for 300 MAPFRE Group professionals from different countries and corporate areas. Organized within the framework of the MAPFRE Corporate University, the program comprises nine modules and a total of 120 training hours per employee, which will be delivered between October 2016 and July 2017.

Operations

With the focus firmly placed on executing projects and generating results, the main strategic activities undertaken were as follows:

- Rollout of the common global model for measuring perceived quality, adapted to the specific characteristics of each country, through the NPS (Net Promoter Score) system, a benchmark instrument for managing client satisfaction at key moments of contact. By the close of 2016 a high degree of implementation had been achieved, with more than 60 percent of Non-Life private premiums worldwide having been processed with this methodology.
- Definition of the 2020 Contact Center Global Model as the reference framework for identifying and cutting operational costs while ensuring that the quality meets client demands. Meanwhile, there was a threefold increase in the ratio of “Digital Dispatch” automatic assignments, which climbed from 18 percent to 54 percent in global cumulative terms.
- In the field of claims, several projects were launched to help enhance operational efficiency. The main ones were the definition of the corporate anti-fraud model (LCFO) and the implementation methodology, which produced the first real results in Italy and Germany, achieving improvements in excess of 2.5 million euros. In Turkey the automobile claims process was upgraded to include various solutions of the future standard model for technological integration with NewTron, in a joint project with the Corporate Technology and Processes Division.
- The definition of the reference framework for the MAPFRE self-directed model was completed. This model represents one of the key capabilities with possibly the highest impact for MAPFRE’s technological transformation in the coming years. Within the remit of this project, the maturity level of five countries was identified: Spain, Brazil, Peru, Argentina and Italy.
- The definition of the standard issuing process was completed with the inclusion of supplements and duplicates. The evaluation model for the issuing process (adherence, productivity, automation, efficiency and costs) was also defined. In Italy the identification and complete analysis of this process were completed.

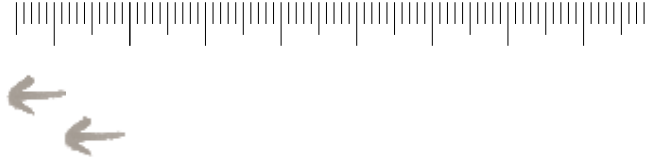
– In relation to operational knowledge and control, the implementation schedule for operations dashboards was defined for each region, country and company. Once the main 21 indicators had been defined, feasibility matrices were drawn up for seven regions, 22 countries and 40 companies, the objective being to phase in a single reference report that is valid for all levels.

– In collaboration with Technology and Processes, the MAPFRE intelligent automation vision and strategy were defined, as well as the intelligent automation governance model. Progress was also made on the methodology and implementation model for business process automation (BPA). Concept tests were executed in Mexico, Spain and Argentina with highly satisfactory results.

– The management of MAPFRE service providers continued according to schedule, taking this model to a total of 26 countries.

Brand Ambassador providers were identified in the countries where the model is the most advanced, resulting in a higher volume of managed services as well as a lower average cost than in the other countries and above-average quality rates (client perception).

– Deployment of the commercial portals continued within the global Internet framework, providing all Group companies with a highly efficient capacity. Global in scope but adapted to local content, the portals offer a uniform image of MAPFRE and will help boost sales, build customer loyalty, and make the management of the Internet presence more agile. At the close of 2016, 19 countries and two business units had implemented this framework.



Technology and Processes

Efforts focused on:

– Active participation in initiatives and projects to accelerate MAPFRE's digital transformation. The milestones reached were as follows: definition and consolidation of the components that make up the global corporate framework (corporate guidelines, capabilities and dashboard); analysis of the maturity of digital capabilities in order to prioritize resources and efforts for digital transformation; identification of solutions and good technological practices for global implementation; and the update, monitoring and support for the deployment of local digital transformation projects, related to the digitalization of both the client relationship and operations.

All of these lines of work led to solutions that improved the digitalization of the client relationship in the main geographic areas. For example, advances in the self-directed service, available through the website and mobile devices, enable clients to access their digitized insurance card, check their policies and interactions with the insurer, and obtain other information and value-added services. Additionally, the process for opening and filing a claim is now fully automated, and clients can access rate calculators for the Home, Health, Automobile and Accident lines.

– Extension of the Corporate Technology Platform, which integrates all the global IT and business solutions in a standard format but takes account of the specific characteristics of each country. The objective in this respect is to add value to the business and ensure the sustainability of operations. In particular, the following advances were made:

- Nine countries leveled their versions of Tronweb, the core insurance system, and the NewTron issuing and claims modules were completed, permitting the implementation of this tool in Turkey.
- Development of the Global Risks Underwriting Platform.
- Consolidation of the commercial information model, covering both the commercial distribution model as well as all the business lines of MAPFRE ESPAÑA.
- Integration of a business intelligence (BI) analytical solution with the MAPFRE ESPAÑA own network model through the APM program (Agent Program Management), which is currently being configured as a team management tool. It is also used to evaluate investment in the program since it is possible to measure the return on investment autonomously without any loss of control by the commercial structure.

- Continued deployment of the BI tool to support the regional strategy maps in Brazil, North America, Malta, Turkey, Germany and Italy, which join the 32 installations already in place.

- Deployment of standard data warehouse solutions, with analytical management reporting and standard models in Ecuador and Paraguay.

- In 2016 the number of countries and companies using the standardized economic-financial process supported by the SAP technology tool rose to 43 and 260, respectively.

- Definition of the value propositions and delivery models for the main corporate platforms, aimed at improving the interaction with business.

- Inclusion in the Corporate Technology Platform of a CRM tool in cloud mode at international level. Use of this tool will improve the capture and analysis of client information, thus providing a better knowledge of clients and maximizing the benefits of the relationship by tailoring products and services to their needs. Additionally, as well as implementing the 360-degree view of clients, a pilot sales model was deployed in Peru and one in Spain for commercial lines. All the modules of this tool are currently being implemented in VERTI USA and the sales module in Turkey.

- The Global Intranet was implemented in seven countries and two business units.

- Development of the Come Round project, a corporate solution to customize the pricing and purchase processes for each client. The deployment of this solution in Spain was instrumental in increasing the number of pricing processes via mobile device by between 17 and 39 percent with respect to the previous solution. It is currently available for the Automobile, Home, Health, Individual Accident and Life Risk products.

- Definition of the IT Master Plan to establish the target model and road map for its transformation at MAPFRE during the coming years. The aims of this plan are to boost the digital transformation and globalization of MAPFRE and harness efficiencies.

- Integration of the infrastructures that house the applications of the LATAM countries in the Miami and Sao Paulo data processing centers continued. These centers currently cover more than 16 direct insurance countries and 16 assistance business countries. Meanwhile, the DIRECT LINE Italy and Germany and Malta MSV infrastructures were consolidated

at the corporate data processing center in Alcalá de Henares (Madrid).

- The consolidation of the local contact center infrastructures at the corporate data processing center in Alcalá de Henares (Madrid) continued, converging and stabilizing 48 centers across 25 countries and covering more than 5,800 job positions.
- The email system in nine LATAM countries migrated to the cloud, consolidating and simplifying the independent management and maintenance of the service and providing it with flexibility and scalability and freeing up internal capacity. To date, more than 17,000 mailboxes have migrated to this system.

– Definition and implementation of the MAPFRE process management model with the focus on automating, standardizing and generating efficiencies. An automated documentation model for core business processes was also developed.

– Global IT costs were significantly reduced thanks to the negotiation of global contracts with technology providers, achieving savings of more than 10 million euros in 2016 compared with 2015 while continuing to deliver or improve on the committed service levels.

Social Media

A new development this year was the creation of the Social Media Department with important milestones like the definition of the social media strategy to establish the baseline for the Group's brands and mark out the path for the different companies and business units to follow. The main lines of work in this area were the use of metrics, customer service and content creation.

This strategy will provide local social media teams with tools, content, processes and methodologies to enable them to pursue their activities in this area more efficiently and effectively. In 2016 various templates and pieces of content were created as well as several methodologies.

The content project was undertaken in Peru, Ecuador and Fundación MAPFRE, with particularly successful results in Peru where more than 700,000 reproductions were recorded and interaction increased by 27 percent with respect to the previous period.

Content templates for the MAPFRE brand have now been implemented in 90 percent of Spanish-speaking countries.

SECURITY

In 2016 MAPFRE forged ahead with the protection of its tangible and intangible assets in a particularly complex environment due to increasingly sophisticated cyberattacks and greater instability in areas where the Group does business.

With regard to cyber risk protection, various corporate projects were launched to increase the capabilities for preventing and detecting cyberattacks. The aims are to reduce the alert and response times, create a global protocol for dealing with these attacks, and achieve greater cost efficiencies. Accordingly, cybersecurity collaboration networks were extended to improve early alert and response capabilities in the event of cyber incidents by coordinating protocols and sharing information with other institutions and companies.

In relation to the resilience of operations, work continued on updating and improving the crisis management and business continuity procedures. For example, a crisis management simulation exercise was carried out at corporate level to verify the effectiveness of the protocols in place. This consisted in addressing a series of high-impact events at the MAPFRE headquarters in Majadahonda (Madrid), at VERTI, and at the data processing center in Alcalá de Henares (Madrid), with a highly satisfactory response in all cases.

Additionally, in 2016 tests were conducted on the business continuity plans in MAPFRE companies in Portugal, USA, Mexico, Peru, Colombia and Spain. These plans had to be activated to address real crisis situations stemming from the earthquake in Ecuador, the terrorist attacks in Brussels, Hurricane Matthew in the USA, and the attempted coup in Turkey, in all cases meeting the security needs of employees, protecting the facilities and ensuring business continuity until the return to normality.

Again aimed at sustaining operations but from the anti-fraud perspective, MAPFRE continued to work closely with law enforcement agencies and implemented early alert systems in the event of anomalous and potentially fraudulent situations based on the use of harmonized corporate software tools.

Regarding privacy and data protection, following the approval of the European Union General Data Protection Regulation in May 2016 a corporate-level work group was created, led by the Corporate Security and Environment Division (DISMA), with the mission of centralizing, steering and coordinating efforts and activities to gradually adapt practices to the new regulation while maximizing the existing synergies. Likewise, the management of ARCO (Access, Rectification, Cancellation and Opposition) rights in all MAPFRE companies in Spain was centralized at the Corporate Office for Data Protection and



Privacy aimed at enhancing the effectiveness and efficiency of these processes.

In relation to the protection of people, progress continued to be made in the global implementation of the emergency plan model and fire protection measures, improving security and safety in all workplaces. Employees also continued to receive training and support for when they travel on business. Accordingly, more than 350 employees of MAPFRE RE, MAPFRE ASISTENCIA and MAPFRE GLOBAL RISKS attended talks on safety, and people who travel for business received documentation with special tips and specific safety guides in the case of high-risk destinations.

In terms of improving effectiveness and efficiency, MAPFRE forged ahead with the implementation and consolidation of Security and Environment structures in all countries in which the Group operates. This included the appointment of chief security officers (CSOs) in Italy, Germany, Uruguay and the United Kingdom, and in Brazil in the companies managed entirely by MAPFRE.

With a view to providing added value to the business, MAPFRE continued extending and deploying digital signature solutions. In Spain in particular, this included the procedure for taking out Life insurance from a mobile device via an electronic signature through a trusted third party, the extension of biometric signatures in the commercial network offices for Life insurance, and the introduction of electronic

signatures for contracts covering agreements with third-party collaborators.

Aimed at consolidating the corporate culture of safety and protection based on people, the Group remained committed to employee training and awareness-raising activities, delivering its safety training program through general sessions for all employees and specific ones for executives and other groups according to the activity pursued.

COMMUNICATION

Throughout 2016 the Group continued its efforts to disseminate the MAPFRE strategy, corporate values, culture, projects and activities in every field in which it engages, aiming to continuously enhance its reputation among its main audiences: society in general and the organization itself.

Progress was also made with the implementation of the international communication action plan, which has now been deployed in 26 countries. A messages manual for the whole Group was developed, the MAPFRE communication policy was approved and the Global Internal Communication Coordination Committee was constituted, which met twice in 2016. A new strategic communication plan for the period 2017-2018 was designed, and as a result of the communication plan for social media that was developed in 2015, MAPFRE's positioning in social media has improved considerably. With input from the Corporate Human Resources Area, a

^ (b)



Annual general meeting 2016

new communication plan, “MAPFRE People: Talent and Commitment”, was drawn up.

The highlights of 2106 were as follows:

External communication

- 473 interviews were given to the media, 913 press releases were issued, 761 requests from journalists for information about MAPFRE were answered, and 59 events were organized.
- Design and continuous update of the press room.
- Reinforced communication of MAPFRE as a financial manager.
- Management of the corporate LinkedIn page, with 91,000 followers, and corporate communication through the MAPFRE Twitter profile, which has more than 12,400 followers.
- Rollout of the MAPFRE corporate profile on Instagram, with nearly 2,500 followers.
- Publication of the MAPFRE corporate blog to share information with society about the insurance world and other related issues such as innovation, the stock market and finance, automobiles and corporate social responsibility. The blog received nearly 92,000 visits during the course of the year.

Internal communication

- Dissemination of 1,456 internal notices on the MAPFRE Global Intranet (launched in 2016 in 21 countries and in the three corporate languages—Spanish, English and Portuguese) and the internal portal in Spain, MAPFRE Hoy. The two channels received more than 561,000 visits in 2016, and video views on the Global Intranet reached the figure of 77,000.
- Four issues of the corporate magazine THE WORLD OF MAPFRE were published as well as a special supplement on the Annual General Meeting, all in their digital and printed versions. The digital version is published in the three corporate languages and in 2016 received 35,201 visits and more than 76,000 page views.

ADVERTISING AND BRANDING

In 2016 the Group’s advertising activities continued promoting the differential advantages of our products and the values implicit in the positioning of the brand.

In line with developments in the media, including consumption habits, we gradually increased our presence in digital channels, adapting content but maintaining the corporate attributes that reinforce and identify our range of products and services with the concept of trust.

The continuity and consistency of our advertising is reflected, for example in Spain, by very strong data regarding brand recognition, which at the end of year revealed unaided



awareness in 80 percent of the population, and aided awareness in 99.5 percent. Meanwhile, the efficiency of this activity is demonstrated by campaign recall in 85 percent of respondents (annual brand image study conducted by ICEA) and a higher position in the brand recognition ranking of all advertisers (IOPE, December 2016).

Based on the same objective of transmitting the values inherent to the MAPFRE brand as efficiently as possible, we continued to sponsor sports, especially tennis, and with a view to optimizing the global opportunities of sports activities, we renewed our presence in the Volvo Ocean Race (2016/2018), where we have lent our name to one of the yachts participating in this prestigious and extremely demanding regatta.

Our aim in continuing this sponsorship, which offers an efficient global tool for promoting values associated with effort, competitiveness, teamwork, technology and sustainability, is to repeat and consolidate the excellent global benefits in terms of brand visibility and reputation obtained when we participated in the previous edition of the race.

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 minority interests) and average shareholders' equity, was 8.8 percent (8 percent in 2015).

This performance reflects:

- The improvement in the technical result of Non-Life as a result of the absence of extraordinary weather-related claims in the United States and the reduction in the claims ratio in IBERIA due to more rigorous underwriting practices.

Total revenues for 2016 were

27,092.1
million euros

Combined ratio:

97.4%

Written and accepted premiums:

22,312
million euros

- The increase in the financial result of Non-Life as a result of a higher level of disposals, particularly in IBERIA.
- The positive performance of the technical-financial result of the Life business, which reflects an increase in the financial results thanks to greater gains in IBERIA.
- The impairment of goodwill and other intangible assets in Italy and IBERIA.
- The increase in shareholders' equity during the year (553 million euros) due to the increase in the net result and the appreciation of the main currencies.

MANAGEMENT RATIOS

The combined ratio measures the impact on premiums of the management costs and claims ratio for the period. In 2016 this ratio was 97.4 percent, down 1.2 percentage points compared to the previous year.

^ ^ 3x

The following table shows the performance of the main management ratios:

	EXPENSES RATIO ⁽¹⁾		CLAIMS RATIO ⁽²⁾		COMBINED RATIO ⁽³⁾	
	2016	2015	2016	2015	2016	2015
IBERIA	21.5%	22.2%	72.5%	75.0%	94.0%	97.2%
LATAM NORTH	33.6%	35.9%	67.3%	60.9%	100.9%	96.8%
LATAM SOUTH	37.4%	38.1%	63.6%	60.0%	101.0%	98.1%
BRAZIL	31.3%	33.8%	63.0%	60.8%	94.3%	94.6%
EMEA	27.4%	28.4%	79.8%	74.2%	107.2%	102.6%
NORTH AMERICA	26.2%	27.7%	74.1%	80.4%	100.3%	108.1%
APAC	39.1%	29.4%	80.0%	74.4%	119.1%	103.8%
MAPFRE RE	29.0%	29.3%	65.0%	64.6%	94.0%	93.9%
MAPFRE S.A.	27.4%	28.6%	70.0%	70.0%	97.4%	98.6%

(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 + claims ratio. Figures refer to the Non-Life business.

The variation in the claims ratio is principally explained as follows:

- improvements in IBERIA due to the decrease in claims during the year as a result of more rigorous underwriting practices, improvements in claims management, and a better selection of risks, mainly in the Automobile, Multiperil and Companies lines;
- impairment in LATAM North as a result of increased claims in the Automobile, Simple Risks and Health lines in Mexico and the occurrence of major industrial incidents in GLOBAL RISKS in Central America;
- in LATAM South, impairment in Colombia in the Automobile, Industrial Risks and Health lines, and in Peru in the Automobile, Simple Risks and Health lines, partly offset by the improved claims ratio in the insurance business in Chile;
- impairment in BRAZIL due to increased claims in Automobile insurance (up from 68.6 to 76.0 percent) as a result of the increased frequency of delinquency and theft, related to the economic environment, and of the effect of inflation on claims costs;
- impairment in EMEA following the reduction in the average premium and increased provisions in the direct business in Italy; several major industrial risks in Global Risks; negative runoffs in assistance, especially in France; and the improved technical result in Turkey;
- improvement in NORTH AMERICA due to a greater focus on technical management and the absence of extraordinary weather claims on the east coast of the United States;

– in APAC, catastrophic losses for MAPFRE GLOBAL RISKS as a result of the earthquakes in Taiwan and New Zealand; and

– at MAPFRE RE, an increase in catastrophe claims.

The expense ratio reflects the following:

- in IBERIA, improvements at MAPFRE ESPAÑA thanks to stricter cost containment;
- decrease in LATAM North as a result of the cost savings initiatives implemented in Mexico, which led to a reduction in the Automobile, Industrial Risks and Health segments;
- in BRAZIL, improvements in the Automobile, Agriculture, Industrial Risks and Simple Risks segments;
- in EMEA, good performance in Turkey and Germany, partly mitigated by the integration expenses and reduction in the average premium in Italy;
- improvement in NORTH AMERICA as a result of greater commissions on ceded reinsurance at MAPFRE USA;
- impairment in APAC due to greater expenses in China; and
- slight reduction at MAPFRE RE due to timing differences in a major account.

MAPFRE con la preservación de la biodiversidad



Issues relating to the Environment 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 2016 the Group forged ahead with its initiatives to ensure compliance with the commitments assumed in the corporate environmental policy. In particular, it focused on transparently demonstrating its performance with regard to environmental aspects defined as material both internally and by stakeholders, and on reinforcing the global commitment undertaken in this respect.

In accordance with the guidelines defined in the Integrated Environmental, Energy and Carbon Footprint Management System (SIGMAYE), MAPFRE pursues its environmental initiatives in line with the international standards ISO 14001, ISO 50001 and ISO 14064. The transversal design and global implementation of SIGMAYE enable the Group to set both global and specific local objectives, ensuring compliance with the applicable legislation in force and providing minimum mandatory criteria in countries where the legislation is less developed.

With regard to environmental management, certification had already been granted for the headquarters of our international companies in Brazil, Colombia, Mexico, Puerto Rico, Paraguay

and Portugal, and in 2016 our insurance and assistance units in Argentina and the Chile office were added to the list of certified MAPFRE buildings. Furthermore, Colombia added the CISMAR building to the certifications already granted to MAPFRE COLOMBIA and ANDIASISTENCIA, and Mexico added MÉXICO ASISTENCIA. In Spain, the Luchana (Madrid) and San Cugat (Barcelona) facilities gained certification, completing the deployment of SIGMAYE in all the regional buildings and taking the total number of certified buildings in this country to 28.

With regard to energy management, in 2016 the regional buildings in Málaga and Bilbao and the university campus at Monte del Pilar (Madrid) gained ISO 50001 certification, taking the total number of certified facilities in Spain to 12.

In terms of the carbon footprint, verification of the MAPFRE inventory in Spain was obtained, and the carbon footprint was calculated for MAPFRE PUERTO RICO and COLOMBIA in line with ISO 14064.

With regard to climate change mitigation and adaptation, MAPFRE continued to pursue the initiatives defined in the Energy Efficiency and Climate Change Strategic Plan, the objective of which is to reduce Group emissions by 20 percent by 2020. A notable development in this respect was the acquisition of electrical energy from renewable sources for all MAPFRE facilities in Spain. Meanwhile, the “Cool biz”

campaign was repeated in Spain in 2016 and conducted for the first time in Malta.

For the second year running, 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.

Regarding biodiversity conservation, for the first time since joining the Biodiversity Pact launched by the Spanish Companies and Biodiversity Initiative, MAPFRE published a report on biodiversity (*Informe sobre Biodiversidad 2013-2016*) describing activities such as the protection of the Arctic and the species that live there, organized under the auspices of the collaboration agreement with the WWF to support the “NI UN GRADO MÁS” (Not One Degree More) campaign.

Additionally, a photography exhibition associated with the “Objective Biodiversity” contest toured to the main MAPFRE buildings in Spain, visiting 20 centers across 19 provinces.

Furthermore, coinciding with World Environment Day, the goal of which in 2016 was “Zero tolerance for the illegal wildlife trade”, MAPFRE produced a guide on endangered species and distributed it in every country in which it operates. We also added a new section to the employee guides on safe travel abroad regarding the restrictions that apply to endangered species trafficking and other useful guidelines on environmental matters.

MAPFRE’s corporate commitment to society in general as regards the dissemination of environmental issues and sustainability was once again demonstrated through its support for green entrepreneurship at the GREENWEEKEND events organized in Gijón and Seville, as well as its presence as a collaborator at the National Environment Congress (CONAMA).

The Corporate Social Responsibility Report contains detailed information about the Group’s policy and initiatives regarding the environment.

WORKFORCE

The chart below shows the headcount at the end of 2016, compared with the headcount for the previous financial year.

CATEGORIES	TOTAL NUMBER	
	2016	2015
DIRECTORS (*)	20	19
SENIOR MANAGEMENT	48	66
EXECUTIVES	1,459	1,466
HEADS	4,196	4,432
TECHNICIANS	18,296	17,859
ADMINISTRATIVE ASSISTANTS	13,001	14,563
TOTAL	37,020	38,405

(*) Executive directors of Spanish companies.

People management is particularly important at a global company like MAPFRE, a multinational with a presence across all five continents and employees representing more than 75 different nationalities.

During the year the Group made progress with the following: actions designed to integrate the different generations of employees who work for the organization; use of the benefits afforded by new technologies and social media in human resources processes; reinforced internal communication to ensure that the MAPFRE strategy, objectives, culture and values reached all employees; the design of career plans underpinned by a mutual commitment between the company and its workers—on the part of the company, to the professional development of its employees, 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.

MAPFRE has implemented a project for managing the organization’s strategic talent, and all employees around the world are eligible. Accordingly, the project identifies the required strategic profiles and the talent within the organization, and defines development plans for each employee in order to guarantee succession plans and executive replacements. Additionally, occupational mobility is promoted for all members of staff to help increase their employability.

Training at MAPFRE is differential and extremely important. The company promotes learning and knowledge management for employees through the knowledge paths project and the Corporate University which is present in every country in which it operates and is accessible to all employees. The university comprises 11 technical knowledge schools, a professional development school, and a leadership school. There is also

+ (0,2,1) ↑ ↑



a school dedicated to the culture, policies and values as well as specific classrooms such as the Digital Room and the Investment Room. This year training was provided to 99.3 percent of the workforce through 1,466,818 hours of training, with an investment of 18.4 million euros.

MAPFRE has adopted a public commitment to both gender diversity and functional diversity, whereby women will occupy at least 40 percent of management and leadership positions worldwide by 2018. Accordingly, a global equality policy and framework of action have been defined to reinforce equality in all people management processes.

The Group is also firmly committed to the inclusion of people with disabilities into the workforce, and by 2018 this collective will make up 2 percent of the headcount, thanks to the Global Disability Program launched in 2015 and now implemented in every country, which includes measures to promote integration and a culture of awareness.

With regard to generational diversity, the Group is working on traditional and reverse mentoring, creating collaboration spaces to share intergenerational knowledge. The Travel Portal on the Intranet not only protects and informs employees about traveling safely but also includes information about the culture and customs in each country.

Having diverse teams encourages the sharing of ideas, good practices and creativity, and the Intranet therefore promotes spaces of employee collaboration.

Promoting a culture of team work and collaboration is a corporate objective, and to this end the Group has created a single functions and job map for global use which defines the strategic profiles and knowledge within the organization.

Meanwhile, the global policy on compensation, management by objectives and recognition for all employees guarantees equality, internal and external competitiveness in all markets, and the internal development of employees.

The Group is also working on the global implementation of flexi-time, technological mobility and process- and objective-based work.

Employee satisfaction and commitment are key for MAPFRE and are pursued through three lines of action:

MAPFRE is the largest Spanish insurer in the world, with a market share in Spain of 14.6 percent in the Non-Life business and 6.3 percent in the Life business

— Employees and the company, with programs focused on the corporate culture and values, to promote MAPFRE's social action and align employees with the strategy through management by objectives, where employees share their work and the company's results. Seventy-two percent of employees receive variable remuneration and 201 employees receive incentives associated with their actions.

— Employees and their manager, with performance evaluation and constant feedback, new remuneration and recognition programs, and communication through the People space on the corporate Intranet. Performance evaluations are held with 83.1% of employees.

— Employees and their well-being, with very stringent health and prevention programs to guarantee the safety and comfort of all employees, and new ways of working based on flexi-time, the life-work balance and mobility. Investment in social benefits amounts to 183 million euros, and the promotion of social participation through the MAPFRE Corporate Volunteering Program has led to 5,756 volunteers worldwide.

MAPFRE measures employee commitment through the GPTW survey, in which more than 83 percent of employees take part and whose results show that 78 percent of employees regard the company to be a great place to work.

Liquidity and Capital Resources

Investments and liquid funds

On December 31, 2016 investments and liquid funds had a book value of 49,556.1 million euros, up 7.1 percent on the previous year. The table below shows the breakdown and percentage distribution:

	2016	% of total	2015	% of total
Risk-free investments	3,465.1	7.0%	2,788.0	6.0%
- Cash	1,451.1	2.9%	989.1	2.1%
- Investments on behalf of policyholders	2,014.0	4.1%	1,798.9	3.9%
Property investment	2,277.8	4.6%	2,267.7	4.9%
- Property for own use	1,003.0	2.0%	943.4	2.0%
- Other property investments	1,274.8	2.6%	1,324.3	2.9%
Financial investments	42,541.0	85.9%	40,159.2	86.8%
- Shares	1,665.3	3.4%	1,473.2	3.2%
- Fixed income	38,399.8	77.5%	36,821.2	79.6%
- Mutual funds	1,574.4	3.2%	1,284.2	2.8%
- Other financial investments	901.5	1.8%	580.6	1.3%
Other investments	1,272.2	2.5%	1,49.8	2.3%
- Investments in investee companies	242.6	0.5%	197.3	0.4%
- Deposits for accepted reinsurance	650.2	1.3%	557.2	1.2%
- Other	379.4	0.7%	295.3	0.6%
GENERAL TOTAL	49,556.1	100.0%	46,264.7	100.0%

Figures in millions of euros

The property investments shown in the above table do not include unrealized gains, which at year-end amounted to 838 million euros, based on valuations by independent experts.

Financing operations

The main variations in the financing sources used by the Group during 2016 were as follows:

- The issue of ordinary 10-year bonds for 1,000 million euros with an annual coupon of 1.625 percent in May. The funds were used to provide greater financial flexibility to the Group, as well as to diversify its sources of financing and partially repay the syndicated loan.
- The balance of the syndicated loan was 480 million euros at December 31, 2016.
- As stipulated in the contract, the maturity of the syndicated loan was extended from December 2020 to December 2021.

Overall, the Group's consolidated financial and subordinated debt had a book value of 2,202.9 million euros, representing a net increase of 430.3 million euros during the year.

Financial expenses amounted to 64.1 million euros (107.3 million euros in 2015), down 40.3 percent.

Capital resources

Consolidated equity stood at 11,443.5 million euros, compared to 10,408.3 million euros in 2015, and 2,317 million euros of this corresponds to holdings of non-controlling interests in subsidiaries. Consolidated shareholders' equity per share was 2.96 euros at the end of 2016 (2.78 euros at 12/31/2015).

Changes in equity during the year are shown in the table below:

	DECEMBER 2016			DECEMBER 2015
	Equity attributable to controlling company	Minority interests	Total equity	Total equity
BALANCE AT 12/31 OF THE PREVIOUS YEAR	8,573.7	1,834.6	10,408.3	11,469.4
Income and expenses recognized directly in equity				
For financial assets available for sale	192.4	60.2	252.6	(610.4)
For currency conversion differences	218.0	308.5	526.5	(868.6)
For shadow accounting	(189.1)	(26.3)	(215.4)	320.5
Other	(0.8)	(0.2)	(1.0)	(5.0)
TOTAL	220.5	342.2	562.7	(1,163.4)
Earnings in the period	775.5	469.7	1,245.2	1,198.9
Distribution of results	(400.4)	(387.9)	(788.3)	(780.5)
Other changes in equity	(42.8)	58.4	15.6	(316.2)
CLOSING BALANCE FOR PERIOD	9,126.5	2,317.0	11,443.5	10,408.3

Figures in millions of euros

The changes in equity reflect the following:

- the result for the period;
- the strong appreciation of the Brazilian real in 2016, slightly offset by the depreciation of the dollar;
- the increase in the value of the financial investments portfolio, partly offset by shadow accounting, as a result of the good performance of the markets, particularly fixed income;
- the final dividend approved by the Annual General Meeting and paid in June, and dividends paid by subsidiaries to external partners;
- the interim dividend of MAPFRE S.A. paid in December and interim dividends shared between the subsidiaries with external partners.

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 commercial network (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 commercial 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 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 commercial 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. The degree of compliance will be re-assessed during 2017 to determine whether the second payment of the additional variable price of up to 20 million euros plus interest should be made. If that is the case, the amount will be paid during the course of this year, 2017.

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 commercial 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 been paid due to non-compliance with this 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.

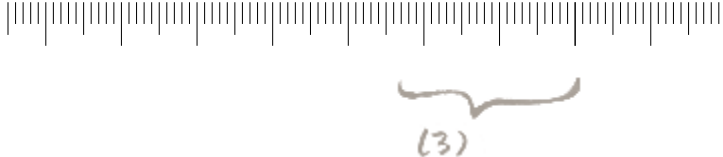
The acquisition price for the shares was 105 million euros in cash, plus a single payment of a maximum 25 million euros depending on the degree of compliance with the agreed business plan in the period 2008-2014. This payment was finally made on July 26, 2016.

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 have 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 on all five continents and has an international network of risk analysts located in more than 50 countries who continuously monitor the situation of the risks of their insured, as well as 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 the previously agreed formula. At December 31, 2016, 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 99.2 million euros.

Main Risks and Uncertainties

MAPFRE has implemented a risk management system (RMS) based on the integrated management of each and every business process and the alignment of risk levels to the defined strategic objectives. This system is described in Note 7, "Risk Management" of the Consolidated Annual Report.

Operational Risk

REGULATORY RISK

Legal 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 growing with new regulations both internationally as well as locally. Furthermore, the Group works in a complex environment under increasing regulatory pressures, not only in the insurance sector but also as regards technology, corporate governance, corporate criminal responsibility and other aspects.

The new Solvency II legislation entered into force on January 1, 2016. The Preparatory Phase enabled the Group to implement the legislation as planned. Although certain issues still need to be interpreted by the supervisors, the overall impact is deemed to be relatively insignificant.

The 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 between policyholders and shareholders, advertising, license agreements, policy models, solvency, capital requirements, and permitted investments. The changes in taxation may affect the benefits of certain products sold 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 failure of internal processes, personnel or systems; or external events.

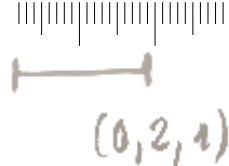
The operational risk management model is based on a dynamic qualitative and process-based analysis of the company, whereby the managers of the different areas and departments identify and assess the potential risks affecting both business and support processes. MAPFRE has implemented systems to monitor and control operational risk, although the possibility of suffering losses due to this type of risk, which by its very nature is difficult to predict and quantify, cannot be ruled out.

Operational risks are identified and assessed using Riskm@p, a software application developed internally by the Group to draw up risk maps for each company by analyzing the significance and probability of occurrence of the different risks. Riskm@p is the corporate tool for handling control activities (process manuals, inventory of controls associated to risks and evaluation of their effectiveness).

CLIENT CONCENTRATIONS

The Group's insurance risk is highly diversified since it operates in nearly all insurance lines and has a strong international presence, and it applies a system of procedures and limits to control 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 Risk

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 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 represented 90.3 percent of the entire financial investment portfolio in 2016 (92 percent in 2015). The market price of these securities may fluctuate as a result of variations in the interest rate level (interest rate risk). As indicated, exposure to this type of risk is mitigated by seeking an adequate match between assets and liabilities.

The year 2016 was characterized by a scenario of record low interest rates in several markets. A scenario of interest rate hikes in 2017 could have a negative impact on equity due to the use of matching adjustment techniques but would have the positive effect of 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 this type of risk is explained in the section on credit risk.

Investments in equities and mutual funds have a limited weight on the balance sheet, representing approximately 7.6 percent of all financial investments in 2016 (6.9 percent in 2015).

The demand for products linked to fixed-income securities, such as pension funds that invest in this type of asset, may fall if equity markets perform favorably and increase if these markets weaken. Meanwhile, the demand for investment products linked to equities, such as mutual funds that invest in this type of asset, may increase if equity markets perform favorably and will usually be lower if these markets show a bearish trend.

Fluctuations in returns on equities also influence consumer behavior, which may have a significant impact on the Group's 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, 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 have affected and could still affect the value of MAPFRE's assets and liabilities, and, therefore, its equity, operating results and cash flow. The currency conversion differences recorded resulted in the positive acknowledgment of 288 million euros in 2016 (a negative result in shareholders' equity of 506 million euros in 2015).

While most governments of the countries in which MAPFRE operates have not imposed bans on repatriating dividends or capital divestment, restrictive exchange control policies might be established in the future. No hedging instruments for managing interest rate and exchange rate risks have been taken out. The Group studies the best alternatives to mitigate the impact of the volatility of the most important currencies for the Group.

With regard to technical provisions for operations abroad, the Group generally applies a policy of investing in assets in the same currency as the commitments acquired by the insurer.

Credit risk

Returns on investments are also affected by changes in the general economic conditions, including variations in the general credit rating of debt security issuers. For example, 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 an elevated degree of geographic correspondence between issuers of assets and commitments; maintaining an appropriate level of diversification; and securing, if necessary, guarantees, collateral and other sorts of coverage.

Investments in fixed-income securities and equities are subject to limits per issuer. The policy establishes limits according to the risk profile of the counterparty or investment instrument, and exposure limits in connection with the counterparty's rating.

Liquidity risk

Liquidity risk is mainly managed by maintaining cash balances sufficient to cover any contingency arising from obligations to insured parties and creditors. Thus, at December 31, 2016 the cash balance amounted to 1,451 million euros (989 million euros the previous year), equivalent to 3 percent of the total investments and liquid funds (2.2 percent in 2015). Meanwhile, with regard to Life and Savings insurance, the main investment policy applied consists in matching the maturities of investments 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 have an investment grade and are negotiable on organized markets, which gives a great capacity to act against potential liquidity strains. Lastly, there are lines of credit with banks to cover temporary liquidity gaps.

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

No significant events took place after the year end.

Information on expected performance

Economic Outlook

The International Monetary Fund (IMF) projects global growth at around 3.4 percent, which represents an acceleration compared with just over 3 percent at the end of 2016. This figure is slightly lower than the IMF's April projection and similar to the July forecast, which confirms that activity in the latter part of 2016 was more or less as predicted. Naturally, growth is firmly biased toward the emerging economies, where the IMF estimates a rate of 4.6 percent in 2017, four decimal points higher than in 2016, revealing confidence in the recovery of these countries. The projection for the advanced economies is 1.8 percent, two decimal points higher than last year but nevertheless indicative of a weaker performance than the emerging economies.

This outlook is based on an increase in world trade which the IMF estimates at 3.8 percent, a significant improvement on 2016. The recovery of the advanced economies remains very weak because the strong monetary stimulus received has not managed to eradicate the burden of excessive—mainly public—debt, a situation compounded by contractionary fiscal policies and the absence of credit. These effects are much more perceptible in the Eurozone, where the predicted growth in 2017 is a mere 1.5 percent. The United States is reaping the benefits of a more advanced position in the cycle and its GDP is therefore expected to grow by 2.2 percent. The four main European economies are likely to remain in positive territory, albeit with Italy still below 1 percent.

The projections for Spain indicate sustained growth at the head of Europe. Specifically, the IMF puts GDP growth in 2017 at 2.3 percent. This is a marked downturn compared with over 3 percent in 2016, precipitated by a slowdown of nearly every component. However, the IMF has praised Spanish economic policies as highly favorable for business and therefore for sustaining the country's recovery, in spite of this slowdown.

Among the emerging countries, the standout projections are for Asia, with China and India reporting 6.2 percent and 7.6 percent, respectively. By contrast, Latin America will see its growth limited to 1.6 percent, mainly because of the burden of Brazil, whose GDP rate for 2017 the IMF estimates at 0.5 percent. In spite of this extremely modest figure, Brazil has



nevertheless shown considerable improvement, following a growth rate of 3.8 percent in 2015 and just under 3 percent in 2016. Consequently, this 0.5 percent implies that the country is firmly on the path to recovery. By contrast, Mexico is expected to see a 2.3 percent growth.

The two sides of the Atlantic will continue to pursue different monetary policies if there are no surprises. The Federal Reserve (Fed) of the United States has hinted that it intends to continue raising interest rates at a moderate but sustained pace, especially in view of the anticipated increase in inflation as a result of the economic measures in the United States and very low unemployment. By contrast, in Europe the central bank (ECB) will continue to buy assets as part of its quantitative easing (QE) policy throughout the year, enabling the European money supply to continue growing. At some point near the end of 2017 questions are likely to be raised about whether these purchases should be reduced or not, which could in itself lead to slightly tighter financial conditions, but this would be minimal compared to the massive amount of liquidity which the ECB has injected in the last two years. Among the emerging central banks, the most significant process will probably be interest rate cuts throughout the year in Brazil.

The main risks for 2017 are political, since the year will see elections in several European countries. In light of certain events last year, economic and financial analysts are attaching much greater weight to possible surprises in electoral processes, and these therefore constitute a very significant risk. Likewise, the U.S. economic policy is currently an unknown quantity.

The combination of these two circumstances could lead to considerably tighter financial conditions in a context where the recovery is still fragile. This could have repercussions for the emerging markets since the sustained appreciation of the dollar may cause a very deep impact at a time when they are still recovering from the problems of 2015 and 2014.

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, we follow a common, aligned strategy in every market in which we operate.

In 2016 the company forged ahead with initiatives and projects to support its strategic objectives, prioritizing and concentrating its efforts to advance as a single organization and uphold the commitments made to shareholders

Within the framework of continuing to strengthen the Group's strategic project, the governing bodies approved 2017-2020 Strategic Plan, the main objective of which is to focus on profitable growth. As part of this strategic plan for the upcoming period, we will continue to work on the corporate strategic initiatives that help us obtain the expected returns. All of this will enable us to reaffirm our ambition of successfully addressing the new challenges posed by the market.

With regard to these challenges, MAPFRE has decided to focus its management on four strategic pillars:

CLIENT ORIENTATION

The Group attaches great importance to identifying and understanding client needs as a means of retaining existing clients and capturing new ones from the market. To achieve this goal, we have implemented a client relationship model that helps us steer our processes, structure and organization toward the creation of value, greater satisfaction, customer loyalty and profitability, all tailored to the specific characteristics of each market.

Meanwhile, we have made enormous strides in our ability to measure the client experience, which helps us improve our quality models and services in every interaction between MAPFRE and its clients.

DIGITAL TRANSFORMATION

It is essential that MAPFRE keeps up its efforts to adapt to the new digital age, addressing this task from two perspectives: the digitalization of processes to achieve operational excellence, and the digitalization of the contact points with clients in order to strengthen their experience with the company while guaranteeing service and quality levels.

Another important focus of this pillar is the Digital Business Plan, the aim of which is to introduce and strengthen the digital distribution of existing and new operations, thus increasing the weight of this business at MAPFRE.

EXCELLENCE IN TECHNICAL AND OPERATIONAL MANAGEMENT

Our business demands a constant quest for excellence and adaptation to regulatory changes in the industry. This will enable us not only to achieve a technical profitability higher than the market in the most important lines but also to maintain and improve MAPFRE's competitive position. All the efforts invested to date in the implementation of more efficient operating models to set us apart from our competitors will be

stepped up in the next cycle to achieve the expected returns and savings.

CULTURE AND TALENT

The successful implementation of our strategic plan depends on unequivocal support from employees and the MAPFRE culture. By identifying the best talent in the company we can place specific profiles just where the business needs them.

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.

At the end of the first of the three years covered by the 2016-2018 Strategic Plan, we are able to reiterate the growth and profitability projections for the period thanks to:

- High diversification of existing business, both geographically and in terms of business profiles, with a special emphasis on strategic business.
- The enormous growth potential of the business based on a multichannel strategy.
- Excellent technical management, evidenced by the magnificent performance of the combined ratio in the main markets (Spain, Brazil and USA).
- Achievement of the scheduled milestones for measuring perceived quality, increasing market shares, implementing digital transformation, and automating operations.
- Robust cost control, even exceeding projections, with significant reductions in most operations.
- Efficient use of the resources derived from our wealth of human capital and flexible organizational structure.
- Continuous improvement in the service provided to clients.
- Financial strength backed by consistently high solvency margins.
- Commitment to the dividend policy.

In the present macroeconomic context, the governing bodies of MAPFRE believe that the Group has the capacity to continue growing profitably and generating sustainable value for its shareholders.

The implementation of the 2016-2018 Strategic Plan will provide us with the lever we need to place the company in a

solid competitive position, capable of successfully addressing developments in the industry in the coming years.

R&D+i Activities

Client orientation is one of the main pillars of the MAPFRE Strategic Plan, which identifies innovation and digital transformation as two of the key tools for 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

The innovation model was consolidated during the year through the innovation community, which is made up of innovation and development offices supplemented by the network of “inoagents”. The Group has 17 innovation and development offices across all five continents representing all the business units (Insurance, Global Risks, Asistencia and Reinsurance). Meanwhile, a network of more than 200 inoagents worldwide act as ambassadors of innovation, channeling the ideas of the rest of the organization toward their respective innovation and development offices.

Main milestones reached in 2016:

- Training in design thinking and lean start-up was provided to employees involved in innovation as well as executives and employees involved in talent programs.
- Two think tanks were created: one for Automobiles and one for Population Aging. Assisted by internal and external experts, these groups analyze future trends with a global impact for society in general and the insurance industry in particular.
- The MAPFRE relationship model with the start-up ecosystem was defined. This consisted in analyzing the new entrepreneurial ecosystem to gain a foothold in the start-up environment.
- The Group has a portfolio of more than 100 innovation projects in different phases.
- MAPFRE launched more than 32 insurance products and services. In addition, it has more than 30 products and services in its portfolio related to the environment and high social value for groups with limited income levels.



MAPFRE has also created the MAPFRE RESEARCH AND ROAD SAFETY CENTER (CESVIMAP), present in Spain, Argentina, Brazil, China, Colombia, France and Mexico, which carries out research into vehicle accident repair techniques and trains technicians in vehicle repair and damage appraisal techniques. In Spain, the CESVI RECAMBIOS center manages withdrawn vehicles with a view to reducing the environmental impact deriving from the end of their useful lives and facilitates non-polluting waste treatment, specifically enabling the recovery of components, parts and materials for new uses.

Digital transformation

This is one of the lines of action supported by the strategic initiatives set out in the Global Digital Transformation Model and the Digital Direct Business Plan.

The aim of this initiative is to adapt the Group to the new digital age, accelerating the change undertaken and providing the necessary agility to face the new social and technological reality, lead the challenges this represents for the insurance industry, and address client needs efficiently.

Digital transformation consists in digitalizing the relationship with omnichannel clients as well as operations. It comprises the following phases:

- PHASE 1 Understanding: Diagnosis of the current status of digitalization at MAPFRE.
- PHASE 2 Definition: Description of the capacities and guidelines to be developed, including an analysis of their maturity at country and corporate level.
- PHASE 3 Alignment: Common approach shared by all countries, regions and corporate areas as the basis for the different strategic plans.
- PHASE 4 Implementation: Development and implementation at global, regional and country level.

The Digital Direct Business Plan also aims to promote the development of existing operations and launch new digital operations.

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 know, using a consistent methodology, the level of client satisfaction in the different countries and businesses.
- To identify the aspects that impact on the client experience in order 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 the quality perceived and delivered, 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 to analyze the Net Promoter Score (NPS®) indicator and evaluate satisfaction and critical points of client contact.

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

Furthermore, 241 employees worldwide monitor and control quality, and several companies have quality certifications which they can only renew by maintaining high customer service standards.

The Group's main quality certification is the ISO 9001 certification in Brazil, Spain, Nicaragua and Turkey. Likewise, MAPFRE ASISTENCIA holds this same quality certification in Algeria, Argentina, Bahrain, Brazil, Chile, China, Colombia, Dominican Republic, Ecuador, Italy, Mexico, Philippines, 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 which involve the company's own shares.

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

“Legitimate purpose” refers to:

- Favoring trading liquidity and regularity in the purchase of MAPFRE shares.
- Allowing MAPFRE to access the securities it requires to 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 the price setting of MAPFRE shares in the market and complete transparency in relationships with market supervisors and governing bodies. Furthermore, these transactions are never carried out on the basis of privileged information.

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

In 2016 a total of 29,487,334 treasury stocks were acquired, representing 0.9575 percent of the capital and amounting to 57,840,843.65 euros. In the previous year a total of 1,012,666 treasury stocks were acquired, representing 0.0329 percent of the capital and amounting to 2,392,792.20 euros. At December 31, 2016 the total balance of 30,500,000 treasury stocks represented 0.9904 percent of the capital and amounted to 60,233,635.85 euros.

Other relevant information

Stock Market Information

THE MAPFRE SHARE

The table below shows the key information relating to MAPFRE shares at the end of 2016:

Number of shares outstanding

3,079,553,273

Fully subscribed and paid up.

FACE VALUE
OF EACH SHARE

0.1 €

* Indices that measure the performance of companies' actions to uphold and support sustainable development and human rights.

STOCK EXCHANGE
LISTINGS

Madrid and Barcelona Stock
Exchanges (continuous market).

SHARE CLASS

Common, represented by book entries. All outstanding shares carry identical voting and dividend rights.

STOCK MARKET INDEX MEMBERSHIP

- _ IBEX 35
- _ Dow Jones STOXX Insurance
- _ MSCI Spain
- _ FTSE All-World Developed Europe
- _ FTSE4Good(*) y FTSE4Good IBEX(*)

ISIN CODE

ES0124244E34

+ (0,2,1) ↑ ↑

At the close of 2016 Fundación MAPFRE, through its direct and indirect holdings, owned 68.7 percent of the company's shares (including the treasury stock), 234,331 Spanish shareholders owned 11.7 percent and 2,478 shareholders of other countries owned the remaining 19.6 percent.

Of the Spanish shareholders, 1.2 percent were investors holding more than 0.1 percent, and 10.5 percent were investors with other shareholdings. With regard to investors resident in other countries, 18.8 percent had a holding of more than 0.1 percent while 0.8 percent were investors with other shareholdings.

The table below shows the performance of the MAPFRE share price over the last five years compared with the performance of the two main benchmark indices (the IBEX 35 and the Dow Jones STOXX Insurance):

	1 YEAR	3 YEARS	5 YEARS
MAPFRE	25.4%	(6.8%)	18.1%
DJ Stoxx Insurance	(5.6%)	18.2%	102.3%
IBEX 35	(2.0%)	(5.7%)	9.2%

The progression of MAPFRE's earnings per share (EPS) during the same period is shown below:

	2016	2015	2014	2013	2012
EPS (euros)	0.25	0.23	0.27	0.26	0.22
INCREASE	8.7%	(14.8%)	3.8%	18.2%	(31.3%)

In 2016, MAPFRE S.A. shares were traded 256 days on the continuous market with a frequency index of 100 percent. In total, 2,312,308,450 securities were traded, compared to 2,553,834,115 in the previous year, reflecting a decrease of 9.5 percent. The effective value of these transactions amounted to 5,211.8 million euros, compared to 7,314.2 million euros in 2015, down by 28.7 percent.

At the close of 2016 five Spanish and international investment banks had "Buy" recommendations for the company's shares, compared to five who issued "Hold" recommendations, while seven had the stock on their "Sell" lists.

Dividend policy

The MAPFRE dividend policy establishes that shareholder remuneration must be linked to the company's profit, solvency, liquidity and investment plans. Accordingly, in October, the Board of Directors agreed to pay an interim dividend against the 2016 income statement of 0.06 euros per share, taking the total dividend payout in 2016 to 0.13 euros per share.

The total amount paid out in dividends in 2016 was 400.3 million euros. It is important to note that since the economic and financial crisis broke out in 2007, MAPFRE has increased the amount allocated to dividends by 59.9 percent.

The total proposed dividend against the 2016 earnings has been increased to 0.145 euros gross per share, and includes the final dividend of 0.085 euros gross per share to be proposed at the Annual General Meeting. This dividend represents a payout ratio (percentage of the net result distributed in the form of dividends) of 57.6 percent.

The progression in dividend payments and the dividend yield, calculated on average share prices, are indicated below:

	2016	2015	2014	2013	2012
DIVIDEND (euros)	0.13	0.14	0.14	0.12	0.12
DIVIDEND YIELD	5.8%	4.9%	4.7%	4.4%	6.1%

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 competitive situation.

The credit ratings assigned by the main ratings agencies at the close of the last two years are shown below:



STANDARD & POOR'S		
COMPANY	2016	2015
MAPFRE S.A. (Debt issuer rating)	BBB+ Outlook stable	BBB+ Outlook stable
MAPFRE S.A. (Subordinated debt)	BBB- Outlook stable	BBB- Outlook stable
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
A.M. BEST		
COMPANY	2016	2015
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		
COMPANY	2016	2015
MAPFRE GLOBAL RISKS (Financial strength rating)	A3 Outlook stable	A3 Outlook stable
MAPFRE ASISTENCIA (Financial strength rating)	A3 Outlook stable	A3 Outlook stable

On August 4, 2016 Standard & Poor's ratified the MAPFRE S.A. credit rating as BBB+ with outlook stable, likewise confirming the financial strength classification of MAPFRE RE and MAPFRE GLOBAL RISKS as A, also with outlook stable in both cases.

On October 14, 2016 Moody's confirmed the rating of MAPFRE GLOBAL RISKS and MAPFRE ASISTENCIA as A3 and revised the outlook to stable from positive.

Additionally, on October 21 A.M. Best ratified the financial strength rating of MAPFRE GLOBAL RISKS and MAPFRE RE as A, both with outlook stable.



Active Transparency Plan

Transparency affects both management and the relationship between organizations and their stakeholders and environment, and consists in organizations enhancing the visibility and comprehensibility of their activities and decision-making processes. To this end, MAPFRE has implemented an Active Transparency Plan with the objective of increasing the company's accessibility and providing a greater understanding of its business. In short, the plan aims to turn transparency into a recognizable corporate asset.

After analyzing the best practices and diagnosing the current situation, an action plan comprising 25 internal and external improvement measures was drawn up in 2016. The internal measures include the creation of an interactive organization chart explaining who is who in the different business units; the launch of explanatory sessions presented by the different units; and the creation of a transversal work group to review the process and the communication criteria applied to decision-making.

The external measures will affect two aspects: corporate communication and product communication. With regard to corporate communication, the measures will include the structure of information, an explanation of the business model, promotion of the value of fiscal contributions, and objectives-based communication; in terms of product communication the emphasis will be placed on improving aspects such as the clarity of the language used to communicate with clients, the uniformity of the documentation sent out, and the simplification of the documents used.

The plan will be rolled out first in Spain as a pilot exercise and will then be implemented in the different countries in which MAPFRE operates with the ultimate aim of ensuring that the company is perceived as a transparent enterprise by all stakeholders.

Transparency practices aim to ensure that all stakeholders receive the company information they need to make their decisions, and that they receive it in a timely and easily digestible manner.

Financial contribution to the society

Insurance activities generate direct economic value through the constant flow of transactions (premium payments, claim 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 27,092.1 million euros obtained in 2016 (26,702.2 million euros in 2015), MAPFRE made financial contributions to society in general as follows: .

CONCEPTO	2016	2015	%16/15
Claims paid ⁽¹⁾	15,500.4	14,954.0	3.7%
Payment to providers ⁽²⁾	7,264.4	7,527.5	(3.5%)
Wages, salaries and other ⁽³⁾	1,548.5	1,502.7	3.1%
Activity subtotal	24,313.3	23,984.2	1.4%
Dividends ⁽⁴⁾	786.7	784.8	0.2%
Shareholders subtotal	786.7	784.8	0.2%
Net payment for income tax	471.5	540.6	(12.8%)
Social security	235.4	236.0	(0.3%)
Public administrations subtotal	706.9	776.6	(9.0%)
Interest paid	53.3	108.3	(50.8%)
Other related expenses	44.1	187.0	(76.4%)
Financing subtotal	97.4	295.3	(67.0%)
Total	25,904.3	25,840.9	0.3%

Figures in millions of euros

1 Provisions paid and related expenses of accepted direct insurance and reinsurance.

2 Including payment of commissions and activity services.

3 Wages and salaries amounted to 1,211.8 million euros in 2016 (1,191.5 million euros in 2015).

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	2016	2015	%16/15
FUNDS UNDER MANAGEMENT (THIRD PARTY)⁽⁵⁾	38,488.3	36,530.8	5.4%
TOTAL INVESTMENT	45,088.0	42,533.3	6.0%
Financial investment	42,541.0	40,159.2	5.9%
Fixed income	38,399.8	36,821.2	4.3%
- Issued by governments	28,390.2	26,412.3	7.5%
- Other fixed-income securities	10,009.6	10,408.9	(3.8%)
Other financial investments	4,141.2	3,337.93	24.1%
Property investment⁽⁶⁾	1,274.8	1,324.3	(3.7%)
Other investment	1,272.2	1,049.8	21.2%

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 2016 and 2015 are shown below.

ITEM	Days	
	2016	2015
Average provider payment period	6.06	6.93
Ratio of paid operations	5.90	6.79
Ratio of operations pending payment	23.25	50.62

ITEM	Figures in millions of euros	
	2016	2015
Total payments made	1,656.56	1,390.94
Total pending payments exceeding the maximum statutory term	15.79	4.46



Annual Report on the Corporate Governance of Publicly Traded Companies



A. OWNERSHIP STRUCTURE

A.1 Fill in 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 to them:

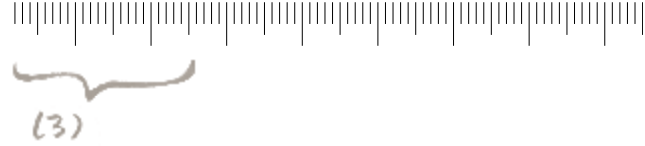
Yes No

A.2 State the direct and indirect owners of substantial holdings, of their company as 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
FUNDACIÓN MAPFRE	0	2,085,756,952	67.73%

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	INSTITUTO TECNOLÓGICO DE SEGURIDAD MAPFRE, S.A.	652,755
FUNDACIÓN MAPFRE	CARTERA MAPFRE, S.L. SOCIEDAD UNIPERSONAL	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 table 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. ESTEBAN TEJERA MONTALVO	23	0	0.00%
MR. ANTONIO NÚÑEZ TOVAR	305,330	0	0.01%
MR. IGNACIO BAEZA GÓMEZ	195,175	0	0.01%
MR. RAFAEL BECA BORREGO	0	457,807	0.01%
MS. ADRIANA CASADEMONT I RUHÍ	0	0	0.00%
MR. RAFAEL CASAS GUTIÉRREZ	82,231	0	0.00%
MR. JOSÉ ANTONIO COLOMER GUIU	0	2,698	0.00%
MR. GEORG DASCHNER	40,000	0	0.00%
MS. ANA ISABEL FERNÁNDEZ ÁLVAREZ	23	0	0.00%
MRS. MARÍA LETICIA DE FREITAS COSTA	0	0	0.00%
MR. LUIS HERNANDO DE LARRAMENDI MARTÍNEZ	69,977	23	0.00%
MR. ANDRÉS JIMÉNEZ HERRADÓN	23,452	0	0.00%
MR. RAFAEL MÁRQUEZ OSORIO	69,804	0	0.00%
MR. ANTONIO MIGUEL-ROMERO DE OLANO	30,325	2,242	0.00%
MS. CATALINA MIÑARRO BRUGAROLAS	1,510	10,000	0.00%
MR. ALFONSO REBUELTA BADIÁS	44,346	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
MR. ANTONIO MIGUEL-ROMERO DE OLANO	OTHER SHAREHOLDERS OF THE COMPANY	2,242
MR. RAFAEL BECA BORREGO	OTHER SHAREHOLDERS OF THE COMPANY	457,807
MR. JOSÉ ANTONIO COLOMER GUIU	OTHER SHAREHOLDERS OF THE COMPANY	2,698
MR. LUIS HERNANDO DE LARRAMENDI MARTÍNEZ	OTHER SHAREHOLDERS OF THE COMPANY	23
MS. CATALINA MIÑARRO BRUGAROLAS	OTHER SHAREHOLDERS OF THE COMPANY	10,000

total % of voting rights held by the Board of Directors **0.05%**

Fill in 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 Spanish Corporate Enterprises Act. Where applicable, briefly describe them and list the shareholders bound by such agreement:

Yes No

Indicate whether the company knows the existence of concerted actions among its shareholders. If so, describe them briefly:

Yes No

If there has been any alteration or breakdown of said pacts or agreements or concerted actions during the financial year, indicate this expressly.

There has not been any modification or termination 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 Stock Exchange Act. If so, identify them:

Yes No

Name or company name

Fundación MAPFRE

Observations

A.8 Fill in 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
30,500,000	0	0,99%

(*) Through:

List significant changes occurring during the financial year, pursuant to Royal Decree 1362/2007:

Explain significant changes

No significant changes have occurred in the financial year, as per Royal Decree 1362/2007.

A.9 Detail the terms and conditions of the current Annual 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 in General Meeting so that the Company can increase the share capital once or several times by up to a maximum of 153,977,663.65 Euros, equivalent to 50% of the share capital. The duration of the authorization is five years calculated from the date of the resolution, passed on 9 March 2013.

The Board of Directors is currently authorized by the shareholders in General Meeting so that the Company can 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% of the share capital of MAPFRE, S.A.

c) Minimum and maximum acquisition price: 90% and 110%, 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 11 March 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 Revised Text of the Spanish Corporations Act, and (iii) reinvestment plans involving dividends or similar instruments.

A.9.bis Estimated floating capital:

Estimated floating capital 31.23%

A.10 Indicate whether there is any restriction on the transferability of securities and/or any restriction on voting rights. In particular, are there any type of restrictions to the takeover of the company by means of share purchases on the market?

Yes No

A.11 Indicate whether the Annual General Meeting has approved measures to counteract a public acquisition bid, pursuant to Act 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 that confer.

B. GENERAL MEETING

B.1 Indicate and, where applicable, give details, about whether there are any differences from the minimum standards established under the Capital Companies Act (LSC) with respect to the quorum and constitution of the Annual General Meeting.

Yes No

B.2 Indicate, and where applicable give details, whether there are any differences from the minimum standards established under the Capital Companies Act (LSC) with respect to the adoption of corporate resolutions:

Yes No

Describe any differences from the guidelines established under the SCA.

	Reinforced majority different from that established in art. 201.2 of the SCA for the cases cited in art. 194.1 of the SCA	Other cases of reinforced majority
% established by the company for adopting agreements	0.00%	50.01%

Describe the differences

Article 201 of the Spanish Corporate Enterprises 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 fifty 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 fifty percent of share capital at the Extraordinary General Meeting called for that purpose is necessary.

(0,2,1)

B.4 Give attendance data on the Annual 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	
13/03/2015	67.82%	8.27%	0.00	2.38%	78.47%
11/03/2016	68.66%	13.41	0.00	0.69%	82.76%

B.5 Indicate the number of shares, if any, that are required to be able to attend the Annual General Meeting and whether there are any restrictions on such attendance in the bylaws:

Yes No

Number of shares necessary to attend the Annual General Meeting 1,000

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 Annual 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

^ ^ 3x

C.1.2 Fill in 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. ESTEBAN TEJERA MONTALVO		Executive	1st VICE CHAIRMAN	03/08/2008	03/11/2016	ANNUAL GENERAL MEETING RESOLUTION
MR. ANTONIO NÚÑEZ TOVAR		Executive	2nd VICE CHAIRMAN	03/05/2011	03/13/2015	ANNUAL GENERAL MEETING RESOLUTION
MR. IGNACIO BAEZA GÓMEZ		Executive	3rd VICE CHAIRMAN	03/08/2008	03/11/2016	ANNUAL GENERAL MEETING RESOLUTION
MR. RAFAEL BECA BORREGO		Independent	INDEPENDENT SUPERVISING DIRECTOR	12/29/2006	12/29/2014	ANNUAL GENERAL MEETING RESOLUTION
MS. ADRIANA CASADEMONT I RUHÍ		Independent	MEMBER	03/09/2013	03/09/2013	ANNUAL GENERAL MEETING RESOLUTION
MR. RAFAEL CASAS GUTIÉRREZ		Executive	MEMBER	03/09/2013	03/09/2013	ANNUAL GENERAL MEETING RESOLUTION
MR. JOSÉ ANTONIO COLOMER GUIU		Independent	MEMBER	02/09/2016	03/11/2016	ANNUAL GENERAL MEETING RESOLUTION
MR. GEORG DASCHNER		Independent	MEMBER	02/10/2015	03/13/2015	ANNUAL GENERAL MEETING RESOLUTION
MS. ANA ISABEL FERNÁNDEZ ÁLVAREZ		Independent	MEMBER	07/26/2016	07/26/2016	BOARD OF DIRECTORS RESOLUTION
MRS. MARÍA LETICIA DE FREITAS COSTA		Independent	MEMBER	07/23/2015	03/11/2016	ANNUAL GENERAL MEETING RESOLUTION
MR. LUIS HERNANDO DE LARRAMENDI MARTÍNEZ		Nominee Director	MEMBER	04/17/1999	03/13/2015	ANNUAL GENERAL MEETING RESOLUTION
MR. ANDRÉS JIMÉNEZ HERRADÓN		Nominee Director	MEMBER	12/29/2006	03/14/2014	ANNUAL GENERAL MEETING RESOLUTION
MR. RAFAEL MÁRQUEZ OSORIO		Nominee Director	MEMBER	12/29/2006	12/29/2014	ANNUAL GENERAL MEETING RESOLUTION
MR. ANTONIO MIGUEL-ROMERO DE OLANO		Nominee Director	MEMBER	04/17/1999	03/13/2015	ANNUAL GENERAL MEETING RESOLUTION
MS. CATALINA MIÑARRO BRUGAROLAS		Independent	MEMBER	10/30/2013	03/14/2014	ANNUAL GENERAL MEETING RESOLUTION
MR. ALFONSO REBUELTA BADÍAS		Nominee Director	MEMBER	04/17/1999	03/13/2015	ANNUAL GENERAL MEETING RESOLUTION

Total number of directors 17

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. LUIS ITURBE SANZ DE MADRID	Independent	03/06/2016
MR. ALBERTO MANZANO MARTOS	Nominee Director	04/22/2016
MR. RAFAEL FONTOIRA SURIS	Independent	07/23/2016

C.1.3 Fill in 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. ESTEBAN TEJERA MONTALVO	1st VICE CHAIRMAN
MR. ANTONIO NÚÑEZ TOVAR	2nd VICE CHAIRMAN
MR. IGNACIO BAEZA GÓMEZ	3rd VICE CHAIRMAN
MR. RAFAEL CASAS GUTIÉRREZ	MEMBER

Total number of executive directors 5

% of total board 29.41%

PROPRIETARY EXTERNAL DIRECTORS

Name or company name of the director	Name or company name of the substantial shareholder represented or proposing his/her appointment
MR. ANDRÉS JIMÉNEZ HERRADÓN	CARTERA MAPFRE, S.L. SOCIEDAD UNIPERSONAL
MR. LUIS HERNANDO DE LARRAMENDI MARTÍNEZ	CARTERA MAPFRE, S.L. SOCIEDAD UNIPERSONAL
MR. ANTONIO MIGUEL-ROMERO DE OLANO	CARTERA MAPFRE, S.L. SOCIEDAD UNIPERSONAL
RAFAEL MARQUEZ OSORIO	CARTERA MAPFRE, S.L. SOCIEDAD UNIPERSONAL
MR. ALFONSO REBUelta BADIÁS	CARTERA MAPFRE, S.L. SOCIEDAD UNIPERSONAL

Total number of nominee Directors	5
% of total board	29.41%

INDEPENDENT EXTERNAL DIRECTORS

Name or company name of the director:

MR. RAFAEL BECA BORREGO

Profile:

Commercial Expert. Chairman of different Real Estate and Agricultural Development Companies.

Name or company name of the director:

MS. ADRIANA CASADEMONT I RUHÍ

Profile:

With a degree in business from the Universidad Autónoma de Barcelona (Autonomous University of Barcelona), Diploma in Communication and Public Relations from the Universitat de Girona (Girona University) and Master's Degree in Strategic Marketing from Esade. Occupies several Senior Executives 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). Chairperson of The Board of Directors of Adopem, S.A. and Member of Its Audit, Risk and Appointments and Remuneration 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 Finances at Cunef.

Name or company name of the director:

MRS. MARÍA LETICIA DE FREITAS COSTA

Profile:

Degree in Product Engineering and Master's Degree in Business Administration (MBA). Manager of the Insper Center for Strategic Research and Partner of 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	7
total % of the board	41.18%

Indicate whether any Director classified as independent receives from the company, or from his Group, any amount or earning for a concept different from Director's remuneration, or maintains or has maintained, during last financial year, a business relationship with the company or with any company

^ (b)

from his Group, whether on his behalf or as significant shareholder, Director or senior management member of a company that maintains or has maintained such relationship.

No director classified as an independent director receives, from the company or the group, any amount or benefit for a concept other than director's remuneration.

If so, a reasoned statement from the Board, on the reasons why it considers that such Director may perform his functions as an independent Director, will be included.

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 Fill in the following table with information relating to the number of female directors during the last 4 financial years, as well as the category of these female directors:

	NUMBER OF DIRECTORS				% OF THE TOTAL OF EACH TYPE OF DIRECTOR			
	2016	2015	2014	2013	2016	2015	2014	2013
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	3	2	3	57.14%	42.86%	33.33%	42.86%
Other External	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Total:	4	3	2	3	23.53%	16.67%	11.11%	15.00%

C.1.5 Explain the measures that, where applicable, have been adopted in order to include in the Board of Directors a number of women that allows reaching a balanced presence of men and women

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 Directors 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 thirty percent of the total of members of the Board of Directors.

C.1.6 Explain the measures that, where applicable, the Appointments Committee have 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 the year 2015, the Appointments and Remuneration Committee approved a renewal plan for the Board of Directors where the steps are established to follow in the 2015-2020 period, 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 that, where applicable, has been adopted, are few or no female Directors, explain the reasons that justify it.

Explanation of the reasons

The appointment of new Directors largely depends on the appearance of vacancies within the Board, which does not occur frequently. During 2016, a female independent director (Ms. Ana Isabel Fernández Álvarez) was appointed at the proposal of the MAPFRE Appointments and Remuneration Committee. Jointly with the appointments of the female independent directors Ms. Adriana Casademont i Ruhí, Ms. Catalina Miñarro Brugarolas and Ms. Maria Leticia de Freitas Costa in 2013 and 2015, appointed by proposal of the Appointments and Remuneration Committee, the number of women in the Board of Directors is now four.

C.1.6.bis Explain the conclusions of the appointments committee on the verification of compliance with the directors selection policy. And in particular, 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 Directors 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 diversity of knowledge, experiences and gender on same. It expressly sets out the commitment to ensure that in the year 2020 the number of female directors shall represent at least thirty percent of the total of members of the Board of Directors. In line with this commitment, Ms. Ana Isabel Fernández Álvarez was appointed as an independent director on July 26, 2016.

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, in which specific measures are set 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 Directors Selection Policy during 2016. During the year, a new female director was appointed to the Board, increasing the percentage of female directors from 16.67% in 2015 to 23.53% in 2016.

C.1.7 Explain the method of representation in the Board of shareholders with significant shareholdings.

The shareholders with significant shareholdings (see section A.2 of this report) have nominee Directors appointed in 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 his/her term in office, if the Director has explained his/her reasons to the Board and through which channels, and if the Director sent a letter of explanation to the entire Board, explain below, at least the reasons that he/she gave:

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 duties?
MR. ESTEBAN TEJERA MONTALVO	MAPFRE ESPAÑA COMPAÑÍA DE SEGUROS Y REASEGUROS, S.A.	MEMBER	NO
MR. ESTEBAN TEJERA MONTALVO	MAPFRE VIDA. S.A. DE SEGUROS Y REASEGUROS SOBRE LA VIDA HUMANA	MEMBER	NO
MR. ESTEBAN TEJERA MONTALVO	MAPFRE INTERNACIONAL.S.A.	MEMBER	NO
MR. ESTEBAN TEJERA MONTALVO	MAPFRE RE COMPAÑÍA DE REASEGUROS, S.A.	CHAIRMAN	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	MEMBER	NO
MR. ANTONIO NÚÑEZ TOVAR	MAPFRE INTERNACIONAL. S.A.	1st VICE CHAIRMAN	NO
MR. IGNACIO BAEZA GÓMEZ	MAPFRE ESPAÑA, COMPAÑÍA 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. RAFAEL BECA BORREGO	MAPFRE INTERNACIONAL. S.A.	2nd VICE CHAIRMAN	NO
MS. ADRIANA CASADEMONT I RUHÍ	MAPFRE ASISTENCIA, COMPAÑÍA INTERNACIONAL DE SEGUROS Y REASEGUROS. S.A.	MEMBER	NO
MR. RAFAEL CASAS GUTIÉRREZ	BB MAPFRE SH2 PARTICIPAÇÕES. S.A.	MEMBER	NO
MR. RAFAEL CASAS GUTIÉRREZ	MAPFRE BB SH1 PARTICIPAÇÕES. S.A.	MEMBER	NO
MR. RAFAEL CASAS GUTIÉRREZ	MAPFRE GLOBAL RISKS, COMPAÑÍA INTERNACIONAL DE SEGUROS Y REASEGUROS S.A.U.	MEMBER	NO
MR. RAFAEL CASAS GUTIÉRREZ	MAPFRE INTERNACIONAL, S.A.	CHAIRMAN	YES
MR. JOSÉ ANTONIO COLOMER GUIU	MAPFRE ESPAÑA, COMPAÑÍA DE SEGUROS Y REASEGUROS, S.A.	MEMBER	NO
MS. ANA ISABEL FERNÁNDEZ ÁLVAREZ	MAPFRE GLOBAL RISKS, COMPAÑÍA INTERNACIONAL DE SEGUROS Y REASEGUROS S.A.U.	MEMBER	NO
MS. ANA ISABEL FERNÁNDEZ ÁLVAREZ	MAPFRE ASISTENCIA, COMPAÑÍA INTERNACIONAL DE SEGUROS Y REASEGUROS, S.A.	MEMBER	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. ANDRÉS JIMÉNEZ HERRADÓN	BB MAPFRE SH2 PARTICIPAÇÕES. S.A.	MEMBER	NO
MR. ANDRÉS JIMÉNEZ HERRADÓN	MAPFRE BB SH1 PARTICIPAÇÕES. S.A.	MEMBER	NO
MR. RAFAEL MÁRQUEZ OSORIO	MAPFRE INTERNACIONAL. S.A	MEMBER	NO
MR. ANTONIO MIGUEL- ROMERO DE OLANO	MAPFRE ESPAÑA, COMPAÑÍA DE SEGUROS Y REASEGUROS, S.A.	MEMBER	NO
MR. ANTONIO MIGUEL-ROMERO DE OLANO	MAPFRE ASISTENCIA, COMPAÑÍA INTERNACIONAL DE SEGUROS Y REASEGUROS. S.A.	VICE CHAIRMAN	NO
MS. CATALINA MIÑARRO BRUGAROLAS	MAPFRE ESPAÑA, COMPAÑÍA DE SEGUROS Y REASEGUROS, S.A.	MEMBER	NO
MR. ALFONSO REBUELTA BADÍAS	MAPFRE GLOBAL RISKS, COMPAÑÍA INTERNACIONAL DE SEGUROS Y REASEGUROS S.A.U.	VICE CHAIRMAN	NO
MR. ALFONSO REBUELTA BADÍAS	MAPFRE INTERNACIONAL. S.A.	MEMBER	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)	14,115
Amount corresponding to the rights accumulated by current directors regarding pensions (thousands of euros)	15,388
Amount corresponding to the rights accumulated by former directors regarding pensions (thousands of euros)	0

C.1.16 Identify the members of senior management that 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	SECRETARY GENERAL - GENERAL MANAGER OF LEGAL AFFAIRS
MR. JOSÉ LUIS JIMÉNEZ GUAJARDO-FAJARDO	GENERAL MANAGER OF INVESTMENT
MR. FRANCISCO JOSÉ MARCO ORENES	GENERAL MANAGER OF BUSINESS SUPPORT
MR. FERNANDO MATA VERDEJO	GENERAL MANAGER OF STRATEGY AND DEVELOPMENT
MR. JOSÉ MANUEL MURIES NAVARRO	GENERAL MANAGER OF INTERNAL AUDIT
MARÍA ELENA SANZ ISLA	GENERAL MANAGER OF HUMAN RESOURCES

Total remuneration of senior management (in thousands of euros) **8,219**

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. SOCIEDAD UNIPERSONAL	CHAIRMAN AND CEO
MR. IGNACIO BAEZA GÓMEZ	CARTERA MAPFRE, S.L. SOCIEDAD UNIPERSONAL	MEMBER
MR. ANTONIO NÚÑEZ TOVAR	CARTERA MAPFRE, S.L. SOCIEDAD UNIPERSONAL	MEMBER
MR. ESTEBAN TEJERA MONTALVO	CARTERA MAPFRE, S.L. SOCIEDAD UNIPERSONAL	MEMBER

List, where applicable, the relevant affiliations other than those considered in the above paragraph, that 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 April 30, 2016, the Board of Directors resolved to modify article 10 governing the Audit Committee, in order to adapt the article to the new text of article 529.14 of the Spanish Corporate Enterprises Act, following the modification foreseen in Audit Law 22/2015 of July 20.

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 in 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.

(100) ↑ ↑

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 in 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 of 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 end of the term for which the Director has been elected, unless the Board of Directors considers, after 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 provision 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 the Board in evaluating the performance of the Board, the Board committees and the Chairman. Based on the result of the annual self-assessment, the Board of Directors resolved to take the following measures for 2017:

– Increase the level of participation of all Board members in the meetings of the governing bodies, 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.

– Separate the strategic portion of the Board's meetings so that these issues can be addressed exclusively, with a less extensive agenda encouraging debate.

– Allow more time for analysis and debate of business matters, as well as for follow-up on the strategic plan and the necessary analysis of regulatory issues.

– Develop succession plans for the chairs of the Audit Committee and the Risks and Compliance Committee.

– Encourage development of the functions of the lead independent director and the Risks and Compliance Committee, which have been recently created in the Board.

– Through the new members joining the Board, strengthen the Board's overall knowledge and skill level regarding technology and digital transformation.

– Increase the Board's analysis of the relationships with shareholders, analysts, institutional investors and proxy advisors.

– Evaluate whether to bring in external experts as part of the training programs.

C.1.20.bis 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, operation and composition of its committees, 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; and it proposes, where appropriate, an action plan to correct the detected deficiencies.

In order to apply the best international practices at the Company, in 2016, the Board of Directors resolved to engage Spencer Stuart as external advisor for the self-assessment process.

The process entailed a questionnaire and personal interviews with Board members, including the Chairman, and took into account the best Spanish and international corporate governance practices. The process focused on the following issues: structure, composition and operation of the Board and of its Committees during 2016.

The findings report was presented to the Board on December 21, 2016. Based on the report, the Board undertook the evaluation of its composition and operation during 2016, as well as that of its Committees and Steering Committee.

In addition, the Board of Directors, following a report from the Appointments and Remuneration Committee, evaluated the performance of the Chairman and CEO of MAPFRE in 2016, concluding that it was very favorable in all aspects.

C.1.20.ter 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 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 and CEO, Vice Chairmen and directors who perform executive duties, and the secretary of the board must retire from office upon reaching 65 years of age or, on any earlier date according to the terms and conditions of their respective contract, 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 any serious warning from the Risk and Compliance Committee due to any 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 duties in the Company, or in another Group company, will not be able to perform any executives duties 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 twelve 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

(3)

Requirements description

In accordance with the provisions of article 5 of the Regulations of the Board of Directors MAPFRE, the position of Chairman and CEO 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 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 and CEO 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 if 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 if the bylaws or the regulations of the Board of Directors establish specific regulations for delegating votes in the Board of Directors, how to do it, and in particular, the maximum number of delegations a director can have, as well as if 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	9
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	6
Audit Committee	6
Appointments and Remuneration Committee	6
Risk and Compliance Committee	6

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	5
% of attendances over total votes during the year	96.75%

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. ESTEBAN TEJERA MONTALVO	1st VICE CHAIRMAN
MR. JOSÉ MANUEL MURIES NAVARRO	GENERAL MANAGER OF INTERNAL AUDIT
MR. CARLOS BARAHONA TORRIJOS	ASSISTANT GENERAL MANAGER OF CONTROL AND FINANCIAL INFORMATION

^ ^ 3x

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 Annual General Meeting with reservations on the audit report.

The company has never issued financial statements with a qualified auditor's report.

The Company has the Finance, General Counsel and Internal Audit Corporate Areas, which oversee all aspects of the annual accounts, as well as the MAPFRE Audit Committee, which is a delegate body that was created by the board for this purpose and with 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 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 Regulation that lays down 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 Committee.

The Board of Directors shall refrain from hiring any auditing firms that receive or that will receive annual fees from the Group, in which amount for all concepts 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 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 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

If there were disagreements with the outgoing auditor, explain their 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)	376	1,060	1,436
Amount of work other than audit / total amount billed by the audit firm (in %)	43.54 %	14.79 %	17.89 %

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	2	2
Number of financial years audited by current audit firm / number of financial years the company has been audited (in %)	8.00%	8.00%

C.1.40 Indicate and, where applicable, give details on the existence of a procedure for Directors to get 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 duties, the Directors may request that external advising be contracted, at the Company's cost, whenever special circumstances arise that so warrant. 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 as Director.

The request for advising 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:

- That it is not necessary for the proper performance of the duties entrusted to the directors.
- That the cost is unreasonable, bearing in mind the significance of the problem and the company's assets and revenues.
- That the technical assistance sought may be adequately provided by experts and technicians already employed by the company or the group.

C.1.41 Indicate and, where applicable, give details on the existence of a procedure for Directors to get 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 at 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 any serious warning from the Risk and Compliance Committee due to any 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 Spanish Corporate Enterprises 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 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 identify in detail, the resolutions between the company and its administration and management or employees who receive compensations, ring-fence or guarantee clauses, when these dismissed or who are unfairly dismissed, or when the relationship comes to an end on the occasion of a public takeover bid or other type of operations.

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 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 governance 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 AND CEO	Executive
MR. ESTEBAN TEJERA MONTALVO	VICE CHAIRMAN	Executive
MR. ANTONIO NÚÑEZ TOVAR	VICE CHAIRMAN	Executive
MR. IGNACIO BAEZA GÓMEZ	MEMBER	Executive
MR. RAFAEL CASAS GUTIÉRREZ	MEMBER	Executive
MR. GEORG DASCHNER	MEMBER	Independent
MR. LUIS HERNANDO DE LARRAMENDI	MEMBER	Nominee Director
MR. RAFAEL MÁRQUEZ OSORIO	MEMBER	Nominee Director
MR. ANTONIO MIGUEL- ROMERO DE OLANO	MEMBER	Nominee Director
MS. CATALINA MIÑARRO BRUGAROLAS	MEMBER	Independent

% of Executive Directors	50.00%
% of Nominee Directors	30.00%
% of Independent Directors	20.00%
% of other external Directors	0.00%

Explain the duties 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 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.

^ (b)

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.

During the 2016, the Steering Committee was responsible for approving the nominations and removals of the Company and the Group, authorizing the transactions of subsidiary and investee companies, approving the salary remuneration for fiscal year 2015, 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 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 of a pronounced executive nature with the presence of the executive directors, as well as the presence of three external nominee directors and two independent directors.

AUDIT COMMITTEE

Name	Position	Category
MR. JOSÉ ANTONIO COLOMER GUIU	CHAIRMAN	Independent
MS. ADRIANA CASADEMONT I RUHÍ	MEMBER	Independent
MR. ANDRÉS JIMÉNEZ HERRADÓN	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 duties 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 Committee has the following responsibilities:

- To apprise the Annual General Meeting of matters that are the responsibility of the Committee and, in particular, regarding the results of the audit, explaining how the committee has contributed to the integrity of the financial information and role that the Committee had in said process.
- Supervises 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 of 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 information regarding the audit plan and its execution.
- 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 irregularities they notice within the Company that may be of potential importance, especially financial and accounting irregularities.

The Committee is made up of a minimum of three and a maximum of five members, all of which shall be non-executive, and the majority of which must be independent directors, one of which shall 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 shall 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.

During 2016, the Audit Committee was responsible for issuing an opinion on the Annual Accounts from 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 the Internal Audit and for being familiar with the quarterly financial information to be presented to the Spanish National Securities and Exchange Commission, among other things.

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	1

APPOINTMENTS AND REMUNERATION COMMITTEE

Name	Position	Category
MS. CATALINA MIÑARRO BRUGAROLAS	CHAIRMAN	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 duties 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:

- Evaluate the balance of skills, knowledge and experience required on the Board, defining the duties and capabilities required of the candidates to fill each vacancy accordingly and deciding the time and dedication necessary for them to properly perform their duties.
- To establish a representation objective for the gender least represented on the Board of Directors and to draw up guidelines on how to achieve this objective.
- 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 Annual General Meeting, as well as proposals for reappointment or separation, and to report on cases related to proposals that affect the remaining Directors.
- 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, well-planned.

f) To propose to the Board of Directors the remuneration policy of Directors and General Managers or anyone who performs senior management duties 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 the appointment of the Fundación MAPFRE Trustees whose appointment is the responsibility of the Company.

h) Authorize the appointment of External Directors of the remaining Group companies.

The Committee is made up of a minimum of three and a maximum of five members, all of which shall be non-executive, and at least two of which 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.

During 2016, the Appointments and Remuneration Committee was responsible for reporting the appointments and removals of directors and executives, reporting on the Chairman's actions during fiscal year 2015, bringing to the Board of Directors the appointment proposal of Mr. José Antonio Colomer Guiu and Ms. Ana Isabel Fernández Álvarez to the position of independent director, approving the salary remuneration of senior management positions for fiscal year 2016, authorizing the granting of pension agreements and incentives plans to senior management positions and approving the granting of management contracts, among other things.

RISK AND COMPLIANCE COMMITTEE

Name	Position	Category
MR. GEORG DASCHNER	CHAIRMAN	Independent
MR. JOSÉ ANTONIO COLOMER GUIU	MEMBER	Independent
MR. RAFAEL MÁRQUEZ OSORIO	MEMBER	Nominee Director
MR. ANTONIO MIGUEL-ROMERO DE OLANO	MEMBER	Nominee Director

% of Nominee Directors	50.00%
% of Independent Directors	50.00%
% of other external Directors	0.00%

Explain the duties 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 Board committee entrusted with supporting and advising the Board of Directors in defining and evaluating risk management policy, determining the risk appetite and risk strategy, and supervising the correct application of good governance rules and both external and internal regulations within the Company and Group. It has the following duties:

a) To support and advise the Board of Directors in the definition and evaluation of the Group's risk policies and in the determination of susceptibility to risk and risk strategy.

b) To assist the Board of Directors in overseeing the application of the risk strategy.

c) To be familiar with and value the methods and tools for risk management, monitoring the models applied regarding results and validation.

d) To verify the application of the established good governance regulations at all times.

e) 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.

f) To supervise the adoption of actions and measures resulting from inspection reports or actions taken by administrative supervision and control authorities.

The Committee will be made up of a minimum of three and a maximum of five members, all of which shall be non-executive, and at least two of which must be independent directors. These Committees' Chairman shall be an Independent Director.

The Board of Directors will designate a secretary, a position that need not be filled by a director.

During 2016, the Risk and Compliance Committee was responsible for reviewing the policies approved by the Company in connection with Solvency II and determining risk propensity and the risk strategy, in addition to supervising the correct application of the code of good governance and external and internal regulations in the Company and the Group, among other things.

C.2.2 Fill in the following table with information related to the number of Directors that belong to the Board of Directors' Committees during the last 4 financial years:

	NUMBER OF DIRECTORS							
	2016		2015		2014		2013	
	Number	%	Number	%	Number	%	Number	%
STEERING COMMITTEE	1	10%	1	10.00%	1	11.11%	0	0.00%
AUDIT COMMITTEE	2	40%	1	25.00%	1	25.00%	2	40.00%
APPOINTMENTS AND REMUNERATION COMMITTEE	2	50%	1	25.00%	1	20.00%	0	0.00%
RISK AND COMPLIANCE COMMITTEE	0	0%	0	0.00%	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 in the Board Regulations.

These are available on the Company's website, www.mapfre.com, in the public records of the "CNMV and in the Madrid Company Registry.

Committee name

AUDIT COMMITTEE

Brief description

Regulated in the Bylaws and in the Board Regulations.

These are available on the Company's website, www.mapfre.com, in the public records of the "CNMV and in the Madrid Company Registry.

In 2016, this Committee's regulations, as contained in the Corporate Bylaws and the Board Regulations, were modified in order to adapt its content to the Spanish Corporate Enterprises Act after its amendment by Audit Law 22/2015, of December 20, whereby it is modified to improve corporate governance.

In the year 2005, the Audit Committee began publishing an annual report on its activities, 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 "CNMV and in the Madrid Company Registry.

In 2008, the Company began publishing an annual report on its remuneration policy, 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 AND COMPLIANCE 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 "CNMV and in the Madrid Company Registry.

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 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 (€ thousand)
CARTERA MAPFRE, S.L. SOCIEDAD UNIPERSONAL	MAPFRE S.A.	Corporate	Dividends and other profits distributed	272,101
CARTERA MAPFRE, S.L. SOCIEDAD UNIPERSONAL	MAPFRE S.A.	Contractual	Interest paid	1,137
FUNDACIÓN MAPFRE	MAPFRE ESPAÑA	Contractual	Purchase of property, plant and equipment	175,000
FUNDACIÓN MAPFRE	MAPFRE RE	Contractual	Sale of property, plant and equipment	41,500

D.3 List the transactions between the company or its 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 operation carried out with entities 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 (€ thousand).

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.

Also, the Internal Code of Conduct and policy for managing conflicts of interest and related transactions with significant shareholders and senior representative or management positions regulates 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 Are more than one of the Group's companies listed in Spain as publicly traded companies?

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. and its group mainly involve the burial insurance processing services that this company and its subsidiary company All Funeral Services, S.A. provide to 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 between MAPFRE and FUNESPAÑA establish abstention duties for those executive positions in MAPFRE Group or FUNESPAÑA Group that form part of administration body of another Company of the other Group. In addition, the provisions relating to conflicts of interest established in

the Internal Regulation on Conduct in respect of quoted 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 on the tailoring of the risk level to the established strategic objectives. The different types of risks have been grouped under four areas, or categories, as detailed below:

- Financial and Credit Risk: Includes interest rate, liquidity, exchange rate, market and credit risk.
- Insurance Activity Risk: this groups together, separately for Life and Non-Life, the risk of premium shortfalls, the risk of insufficient technical provisions, and re-insurance risk.
- 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: Includes the risk of loss arising from the inadequacy or dysfunction of internal processes, personnel or systems, or arising from external events.

Operational risks include compliance risk, which entails the risk of sanctions, material financial losses or loss of reputation as a result of failure to comply with laws and other regulations, rules, internal and external standards or administrative requirements. Compliance risks include the subcategory of tax risks, that is, the risk of conflicting interpretations of tax law and the determination of market prices in transactions between related companies.

Every six months, the governing bodies receive detailed information about the main risks to which the Group is exposed and the capital resources available to address them. This information is drawn up in line with:

- Current legal requirements
- A standard model of fixed factors
- Internal management models, in the companies that have them.

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 sets out the duties and responsibilities of the MAPFRE Governing Bodies and its Committees and Steering Committee 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 Committee monitors the effectiveness of the Company's internal control, internal auditing and the risk management systems, including taxes.

The Risk and Compliance Committee is the delegate body of the Board of Directors to support and advise the Board of Directors in defining and evaluating the risk management policy and determining the susceptibility to risk and the risk strategy, in addition to overseeing the correct application of the good governance rules and external and internal regulations in the Company and in the Group.

In this sense, their duties in the framework of the risk management system are as follows:

- To support and advise the Board of Directors in the definition and evaluation of the risk policies of the Group and in 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 value the methods and tools for risk management, undertaking follow-up on the models applied regarding results and validation.

E.3. List the main risks that might affect the achievement of the business objectives, including taxes.

1. Financial and credit risk

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 with the 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.

Secondly, 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.

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.

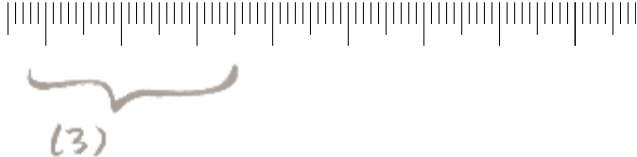
MAPFRE's presence in countries particularly prone to catastrophes (earthquakes, hurricanes, etc...) demands special treatment of this type of risk. Companies expose to this type of risks have specialized reports on catastrophe exposure, usually drawn up by independent experts, which estimate the extent of the losses in the event of a catastrophe occurring. Underwriting catastrophic risks is undertaken based on this information and economic capital available to the company that subscribes these. Where appropriate, the equity exposure to these type of risks is mitigated by taking out specific reinsurance coverage.

In this connection, 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.

[THE INFORMATION IN THIS SECTION CONTINUES IN SECTION H.1 OF THIS REPORT]

E.4 Identify whether the company has a level of tolerance to risk, including taxation.

In the appetite for risk document of the MAPFRE Group, approved by the Board of Directors of MAPFRE, S.A., the risk level is established 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, is set by the appetite for risk of the MAPFRE Group.



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).

The purpose of MAPFRE Group's risk management is to maintain a level of capitalization to comply with its obligations according to an "AA" or equivalent rating.

Capital allocated to insurance and reinsurance subsidiaries is generally determined pursuant to an estimation based on the budgets for the following financial year, and it is reviewed at least once a year, depending on the risks that emerge.

Certain companies require a level of capitalization that exceeds the one obtained by the aforementioned general rule, either because they operate in different countries with different legal requirements, or because they are subject to financial solvency requirements since they have a rating. In these cases, the MAPFRE Steering Committee sets the level of capitalization on an individual basis.

E.5 Indicate what risks have arisen during the financial year, including taxes.

During 2016, no risks materialized that had a significant effect on the MAPFRE Group's financial statements, as they were within the tolerance thresholds foreseen in the risk appetite.

With regard to insurance activities risk, in 2016 no large-impact catastrophic events occurred. The following medium-impact events occurred during the year: fire in Alberta (Canada), crop damage in Brazil, the Elvira storm in Northern Europe, and earthquakes in New Zealand and Ecuador.

In addition, the appreciation of the Brazilian real and, to a lesser extent, of the US dollar, offset the devaluation seen in the Mexican peso and the Turkish lira.

E.6 Explain the response and supervision plans for the Company's main risks, including taxation.

MAPFRE has adopted a three-lines-of-defense model for risk management which states that:

- a) Managers of the "first line of defense" assume risks and possess the controls.
- b) The "second line of defense" areas perform independent supervision of the risk management activities conducted by the first line of defense, within the framework of the policies and limits established by the Board of Directors.
- c) Internal Audit is the "third line of defense", contributing a guarantee independent from the efficiency and suitability of

the Internal Control system and other Corporate Governance elements. .

Within this framework, the MAPFRE structure consists of areas which, in their respective fields of responsibility, independently supervise the risks accepted.

The defined Areas correspond to:

– The Actuarial Area, responsible for preparing mathematical, actuarial, statistical and financial calculations used to determine the rates and technical provisions and to model, in close collaboration with the Risk Management Area, the underwriting risk on which the insurance companies calculate their capital requirements, thus contributing to the projected technical result and desired solvency margins.

– The Compliance Area, which identifies, analyzes, evaluates and reports on legal risk exposure in connection with regulations being drafted, and exposure to compliance risk in respect of prevailing internal and external regulations.

– The Internal Control Area, which ensures that the Internal Control system works properly throughout MAPFRE and that the established procedures are followed.

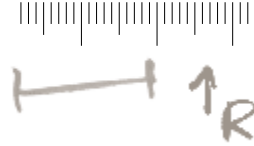
– The Risk Management Area, which oversees supervision and control of the efficacy of the MAPFRE Group's management system, identifies and measures risks, calculates the capital adequacy level and monitors and reports on risk exposure.

– The Safety and Environment Area is responsible for preventing the appearance and mitigate the safety risk that may cause damage to the Group, disturbing, limiting or reducing its productive, financial or business capacity; as well as those that can difficult the fulfillment of its social and environmental commitments, its objectives and business strategy or the established in the existing current regulations.

– Internal Auditing Area which provides an independent evaluation of:

- The suitability, sufficiency and efficacy of elements of the Internal Control System.
- The Risk Management System,
- The suitability and performance of the key functions included in the governance system set out in the Solvency II Directive.

The Group's Secretariat General is responsible for issuing instructions and monitoring compliance with the various regulations affecting the Company and the Group. Moreover,



and through the Tax Affairs department, the General Counsel of the Group has information relative to the tax risks detected in each country.

The MAPFRE Group appetite for risk document establishes a measuring scale based on the distance of the risk level from its maximum limit. Each of the areas defined in the appetite for risk entails the corresponding notification, monitoring, control or mitigation measures.

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 your company's procedure for the issue of financial information (ICFR).

F.1 Control environment of the company.

Report, indicating its main characteristics, at least:

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.

MAPFRE's internal control system is a set of ongoing processes which are the responsibility of the Board of Directors, senior managers and all other MAPFRE personnel, as set out in the Group's internal control policy approved by the Board of Directors in 2010, and updated on December 17, 2015 with entry into force on January 1, 2016.

The Regulation of the Board of Directors, which was amended and adopted on April 30, 2016, with effect as from July 17, 2016, adapting its content to Audit Law 22/2015 of July 20, which entered into force on June 17, 2016, sets out the duties and responsibilities of the Board of Directors, the Steering Committee and other Board Committees.

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.

Under the mandate of the Board of Directors, the Executive Committee exercises direct supervision over management of the Business Units and coordinates the various areas (except for internal audit) and units in the Group.

The Audit Committee, in its capacity as a delegate body of the Board of Directors, and in relation to the internal information and control systems, has, among others, the responsibilities of

supervising the drawing up 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, and regularly reviewing 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 Committee and the Board of Directors on December 21, 2016, sets out the main Internal Control System supervisory activities, as well as those relating to the Solvency II Directive, conducted by the Audit 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, 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.

The distribution of duties 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.

Positions organization defines and analyzes the work positions from a functional point of view, including the set of positions existing in MAPFRE.

The organizational structure corresponds to the formal representation of the Group's organization, as it is defined by the Management Bodies.

The concordance between the positions organization and structure is required, since it relates the duties, roles and responsibilities among themselves for the appropriate running of business.

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 global 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 financial information preparation), body entrusted with analyzing defaults and proposing corrective measures and sanctions.

The Code of Ethics and Conduct approved by the Steering Committee (Delegate body of the Board of Directors) on January 28, 2016 replaces the previous version 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.

In 2011, the company launched the e-learning course on the Code of Ethics and Conduct, which applies to all the Group's employees. At December 31, 2016, 18,935 employees around the world had completed this course (approximately 50 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 the 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 complaints lodged for its non-compliance. Any employee who has questions 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 duties or resolves any complaints that may arise regarding breaches of the Code.

To notify the Ethics Committee of questions or complaints, the Questions and Complaints Channel can be directly accessed through 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.

– Whistle blower channel that permits the communication of financial and accounting irregularities to the Audit Committee, in addition to possible breaches of the code of conduct and irregular activities in organization, indicating, as the case may be, that the information is confidential.

In addition to the Ethics Committee's Questions and Complaints Channel, reflected in the previous section, there is a Channel for Financial and Accounting Complaints, which allows Group employees to report any potentially significant financial and accounting irregularities they observe to the Audit Committee confidentially, via an electronic mailbox or written correspondence to a specific address.

The operating rules of the MAPFRE Group Channel for Financial and Accounting Complaints, approved by the Audit Committee in 2011 and updated in 2016, are published on the Group's intranet or internal portal.

The Audit Committee receives the complaints and reviews and resolves them by addressing each one as it deems appropriate. In order to perform its duties properly, it relies on assistance from the General Counsel and the Corporate Internal Audit Area.

In cases of complaints concerning the Group's subsidiary companies which have their own mandatory Whistle-blower Channel, the Audit 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 whistle blower's identity is assured through the collection of personal data provided in accordance with the requirements set by current data protection legislation.

The General Secretariat issues an annual report for the Audit Committee, outlining the activities conducted on the Whistle Blower Channel and the final result of the complaints made.

– Training schemes and periodic updating for personnel involved in the preparation and review of financial information, as well as evaluation of the ICFR, which covers, at least, accounting rules, audit, 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, during 2016 progress has continued to be made in developing The School of Finance with the aim of providing all employees in all the financial areas with the necessary knowledge to guarantee 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

At global level, in 2016 the Group continued to develop the Global Risk Management in Insurance Companies (GREA) Program and Certification, designed in collaboration with the Instituto de Estudios Bursátiles (IEB). This program aims to provide participants with the concepts, methodology and quantitative instruments (as well as their practical application) needed for a thorough understanding of value and risk in insurance companies, as well as to prepare participants for successful implementation of Enterprise Risk Management (ERM) systems. Thirty-one employees from 11 countries, representing different regional areas, business units and corporate areas, have participated in this program, which ran from September 2015 to June 2016.

To date, 61 employees have obtained certification through this program.

In 2016, MAPFRE organized several training programs in Spain on financial, risk and internal control issues, representing a total of 11,487 training hours for 7,899 participants.

In 2016, the Iberia Regional Area launched the financial training plan for the MAPFRE Network, taught by Escuela FEF. The agreement signed between MAPFRE and the European Financial Planning Association (EFPA) will allow a broad group of professionals from the commercial organization, throughout Spain, to access a high-level program training them as financial advisors and asset managers (PSGP). At the end of this course, participants have the option of taking the internationally-recognized European Financial Advisory (EFA) course. This training, taught by the FEF Financial Studies Foundation, adds great value to the MAPFRE Network, through cutting-edge, complete and practical knowledge that will significantly help sales efforts related with savings and investments, as well as with enhancing customer loyalty. During 2016, a total of 144 participants received 3,888 training hours through this activity.

In the area of e-learning, it is worth mentioning the course on "internal control rules," which all Group employees must attend. In 2016, 13,269 course registrations were made. In the last eight years, a total of 59,207 employees and brokers have enrolled in 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 non-compliance to which they are exposed. In 2016, more than 255 employees received 259 training hours through this course.

Internal Audit training also continued in 2016, 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.

In 2016, a global training seminar was held for technology auditors. This seminar was held through video-conferences, without requiring auditors to appear in person, thereby making it easy for them to attend and avoiding travel costs.

With respect to business auditors, in December 2016, a training seminar was held for auditors in Spain and Portugal. A total of 73 employees participated in the event, which focused primarily on relevant aspects of Solvency II.

With regard to the elaboration of financial information, the General Counsel and the Corporate Finance Area issued memos containing instructions, including an update of applicable regulations. Moreover, the heads of the financial divisions have specific models and instructions for the drawing up of 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, at least:

F.2.1 What the main characteristics of the risk identification process are, including error or fraud risks, in relation to:

– If the process exists and is documented.

MAPFRE has a risk management system (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 fundamental, which are categorized 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 major figures of the main sections of financial statements. In this process of identifying the major figures, quantitative and qualitative factors (complexity of transactions, risk of fraud and other aspects) were considered.

The Group also performs updates and monitoring of its Risk Control System through specific questionnaires on controls and risk, setting corrective measures where necessary.

– Whether the procedure covers all financial information targets (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 of internal controls on 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.

As a result of organizational and business changes that have taken place within the Group in recent years, the procedure implemented in 2012 was reviewed in 2016. Through this procedure, 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.

– The existence of a procedure for identification of the consolidation perimeter, 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 shall 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 typologies (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 costs, 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 entity's governing bodies oversees the process.

The Audit Committee's powers with regard to the information and internal control systems include to periodically review the control internal systems and the risk identification and management systems. The Internal Control System and Risk Management System is 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, along with the report prepared during the External Audit, is overseen by the Internal Audit Committee, once it is presented to the Board of Directors.

F.3 Control activities

Report, indicating its main characteristics of, if at least has:

F.3.1 Procedures for reviewing and authorizing financial information and the ICFR description (to be published in

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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 close 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 Committee, and subsequently to the Board of Directors.

In the case of individual and consolidated annual accounts, the most senior management representative of the consolidated group, 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 General Management of Accounting Coordination, 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;

Additionally, the Audit Committee supervises the following information:

- The management report and individual and consolidated annual accounts of MAPFRE S.A. and its dependent companies.
- The report on the limited review of 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 Committee before publication.

- Solvency II Pillar 2 and Pillar 3 documents: ORSA, SFCR and RSR.

Further, 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 losses from 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 tangible fixed asset items; and the fair value of certain non-listed assets.

The estimates and assumptions used are given in the instructions for close of accounts, are reviewed regularly, and are based on historical experience and on other factors that may be considered more reasonable from time to time. If the review leads to changes in estimates in a given period, their effect is applied during that period and, as the case may be, subsequent periods.

F.3.2 Internal control policies and procedures for information systems (inter alia, safe access, change control, operation thereof, operational continuity and segregation of duties) that concern the company's relevant procedures in relation to the preparation and publication of financial information.

The Corporate Safety and Environment Division, which reports to the Corporate Resources and Institutional Coordination Area, works directly with regulations related to information security.

In particular, the measures established are defined in a Documentary Information Safety System (SDSI) or Regulatory Corpus for the Safety of Information, organized by targets set in the Information Safety 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, monitoring of systems and the review of any measures and controls in place.

Consequently, the Information Security Regulations establishes the following, among other issues: information systems must be

tracked and monitored through inventory procedures to identify the resources and the information contained therein; verification of the identity of the people who use it; and the use of passwords in keeping with the password strength criteria laid down in the regulations, that contributes to maintain an appropriate segregation of duties.

Further to the obligations established in the Information Security Regulations, MAPFRE has a General Control Center (under the Forum of Incident Response and Security Teams, FIRST, international network), that monitors the Group's information systems activity. This body is entrusted with responding to potential security incidents.

Further, every year, the Corporate Security and Environment Division creates a security checks plan aimed at verifying the security controls in place and discovering any vulnerabilities in information systems.

Both the Corporate Security Policy and the rules and standards of these Information Security Regulations are published on the internal portal and the global intranet, to enable all employees to access them.

In addition, the Group has a Policy, a Governance Framework and a Business Continuity Methodology that define the framework and actions necessary to guarantee the correct functioning of operations vis-à-vis the occurrence of a high-impact incident, so that its damage will be minimal.

Every year, the Corporate Internal Audit Area verifies the proper operation of the Internal Control System of the main computer systems, whose scope is the general information technology (IT) controls, the IT control environment and the application controls.

F.3.3 Internal control policies and procedures addressed at supervising the management of activities subcontracted to third parties, as well as those aspects of evaluation, calculation or valuation entrusted to independent experts, which can have a material effect on financial statements.

All services subcontracted to third-parties materialize through specific contracts and the contracting units or areas undertake the direct supervision of the providers, except in the case of exceptional services (that are not recurring over time), which due to their reduced amount, duration and minor importance are processed through the system based on the provider's offer.

Suppliers are selected on the basis of objective criteria that assess factors such as quality, price, supplier infrastructure, market recognition and, in particular, membership of the groups of associates that collaborate with the Group's companies entities and their track record in terms of service quality.

Compliance with prevailing legislation in the various countries and implementation of safety and hygiene measures where warranted are prerequisites. Other highly rated attributes include response times, after-sales service, geographic reach and the added value they can contribute.

Currently, the Resources and Institutional Coordination Area is developing a Global Service Procurement and Contracting Plan, which includes different categories, including an external services category, which encompasses all services with any financial impact stemming from a required evaluation, calculation or assessment. The external services currently categorized include services related to auditing, advising and property appraisal work, among other things.

In implementing this Plan, in 2013 the Steering Committee approved the Purchasing Regulations which contains the principles and basic criteria for the procurement of goods and services of all the Group companies regardless of their geographical location and type of business. In addition, the Corporate Resources and Institutional Coordination Area has an internally-defined procurement procedure to support the Purchasing Regulations.

Providers are approved and contracted, in general, by the Purchasing Area, and once the contract is executed, it is the applicant who ensures that the service is delivered correctly and in accordance with current legislation.

Notwithstanding the aforementioned, in the cases of external services that are subcontracted for value estimation and require specific technical expertise (corporate transactions, asset and portfolio valuation, etc.), the areas will contract and oversee the service directly, as 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 recurrently are approved, with the aim of having all recurrent providers or providers with special relevance for the MAPFRE Group approved.

F.4 Information and Communication

Report, indicating its main characteristics of, if at least has:

F.4.1 A specific duty entrusted with defining, keeping accounting policies up-to-date (accounting policies area or department) and resolving doubts or disputes deriving from their interpretation, maintaining continuous communication with those responsible for activities in the organization, as well as an updated manual of accounting policies that is communicated to the units through which the company operates.

The Accounting Coordination General Management, which reports to the Global Finance Corporate Area, is entrusted with updating accounting policies and applicable rules that concern the Group's financial information, and for resolving consultations and disputes deriving from their interpretation.

At the same time, it maintains a close and fluid relationship with the financial divisions of the different companies and with the Global 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 General Subdivision for Accounting Coordination.

The General Subdivision for Accounting Coordination updates the individual and consolidated annual accounts models applicable to the various Group companies, which include accounting policies and breakdowns of information to be presented. The Economic Control and Information General Management 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 Model Annual Financial Statements 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 homogeneous 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 MAPFRE Group companies financial information is managed using the corporate consolidation application, a tool that represents 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 homogeneously to all the automatic entries and minimizes the likelihood of errors.

Within the procedure for preparation of financial information, the consolidation certificates represent the medium for communication of the information necessary in the consolidation procedure or in the preparation of consolidated financial statements. The certificates are reviewed and updated at least one a year.

Based on the information contained in the consolidation certificates and using the accounts model approved by the General Subdivision for Accounting Coordination, the General Subdivision of Control and Economic Information prepares the annual accounts and all other financial statements.

The Accounting Coordination Area is responsible for preparing the ICFR-related report. To do so, it identifies those areas involved in the financial information preparation process, to which it transmits instructions to complete this report and from which it requests, at least annually, the update of the support documentation that backs up the actions performed.

F.5 Supervision of the system's operation

Report, indicating its main characteristics, at least:

F.5.1 The supervision activities of the ICFR conducted by the Audit Committee and whether the company has an internal audit duties that includes the competencies of support to the Committee in its supervision of the internal control system, including the ICFR. At the same time, the scope of evaluation of the ICFR made during the financial year and the procedure whereby the person responsible for executing the evaluation communicates its results will be reported, whether the company has a plan for action that describes possible corrective measures, and whether its impact on financial information has been taken into account.

MAPFRE S.A. has an Internal Audit Global Corporate Area composed since 2014 of five Internal Audit Departments located in Spain (Iberia Insurance; LATAM Insurance; International Insurance; Reinsurance, Assistance and Global Risks; and Information Technologies) a Continuous Internal Audit Unit in Spain and 16 internal audit units abroad, which are fully independent and review and evaluate the suitability and correct functioning of all company procedures, as well as the Internal Control System.

In accordance with the Internal Audit Policy and Charter, approved in 2016, as from January 2017 the Internal Audit Service for Reinsurance, Asistencia and Global Risks will be divided into two areas: the Reinsurance side and the Asistencia and Global Risk side. Accordingly, the Corporate Internal Audit Area will have six internal audit services instead of five.

The structure of MAPFRE's Corporate Internal Audit Area depends functionally on the Board of Directors of MAPFRE S.A. through the Audit Committee (Delegate Body of the Board) and of its Chairman in particular.

The directors of the auditing services and units depend (functionally and hierarchically) on the General Manager of Internal Auditing.

The Audit Committee supervises the financial information shown in the previous Section F.3.1 of this report, and also approves the Internal Audit Plan and performs a periodic follow-up of it.

The Audit Plan outlines the supervisory work that the Corporate Internal Audit Area will carry out during the next three financial years, the content and scope being established in terms of risk identified, requests received and own experience. The Plan is managed uniformly from a single, Group-wide technological platform that allows the information to be processed according to levels of access according to the established responsibilities.

The MAPFRE Group Internal Audit Policy and Charter establishes that the Corporate Internal Audit Area has, inter alia, the following duties:

– To supervise the suitability and efficacy of the Internal Control System and other elements of the Governance System, which is centered on:

- Evaluate the suitability, sufficiency and efficacy of elements of the Internal Control System.
- Evaluate the Risk Management System (RMS), based on the end-to-end management of each and every business process, adapting the risk level to MAPFRE's established strategic objectives, through the review, at a minimum, of the risk quantification and qualification processes foreseen in Solvency II. The Own Risk and Solvency Assessment (ORSA) to be carried out by each insurance company or group of insurance undertakings must be one of the main aspects of the work to be carried out.
- Evaluate the suitability and performance of the key duties set out in the governance system provided for in the Solvency II Directive.
- Contribute to good corporate governance through the verification of compliance with the rules established by the MAPFRE Group's Institutional, Corporate and Organizational Principles and the Solvency II Directive.

– Evaluate the reliability and integrity of accounting and individual and consolidated information and other economic information prepared by MAPFRE S.A., its Dependent Companies, Business Units, Territorial Areas, Regional Areas and Corporate Areas, as well as the validity, sufficiency and application of 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 revision of the IT internal control, the assessment of audits conducted in the year and compliance with recommendations, which is first approved by the Audit 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 improve the Internal Control System. Subsequently, the Audit Committee monitors their compliance.

Every year, the Audit Committee holds a meeting on internal control, at which the evaluations and recommendations issued by the Corporate Internal Audit Area on the Internal Control System (which includes the ICFR) are analyzed, along with the Internal Control Reports approved by the Boards of Directors of the various Group companies.

The Corporate Internal Audit Area checks the operation of the internal control system of the main IT systems as indicated in section 3.2 above.

The Corporate Internal Audit Area also analyzes the work conducted over the year by internal audit and its impact on the financial statements.

The external auditor, as part of the audit procedures performed to validate the annual financial statements, issues a memorandum of recommendations in its interim visit that is submitted to the Audit Committee.

F.5.2 If there is a procedure for discussion whereby the account auditor (pursuant to the provisions of the NTAs), the internal audit and other experts, can communicate to senior management and to the Audit Committee or company Directors significant weaknesses in internal control identified during procedures to review the annual accounts or others that may have been commissioned. Furthermore, indicate if 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 auditing to communicate the evaluation 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, which are attended by external auditors, internal auditors, the Secretariat General, the General Subdivision for Accounting Coordination, and those responsible for the accounting, administration and other areas concerned. At the same time, at completion of work a meeting is held with the General Manager of Internal Audit to publicize the results and conclusions detected. Action plans are available to correct or mitigate weaknesses observed, which incorporate the responses prepared by the Division to the recommendations put forward by the external auditors; these plans are submitted to the Audit Committee. The external auditor attends the Audit Committee when it discusses issues regarding the

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audit of the annual and half-yearly accounts, their preliminary review, as well as 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 entity should attach the relevant report hereto. Otherwise, state the reasons.

The ICFR information has been reviewed by the external auditor, whose report is attached as an annex.

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 value the conduct of the Company. No general explanations will be accepted.

1. That 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, the two 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. That 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, on the most relevant aspects of the corporate governance of the company and, in particular:

a) On the changes that have occurred since the last Ordinary General Meeting.

b) On the specific reasons why the company does not follow any of the recommendations of the Corporate Governance Code and, if applicable, on the alternative rules that it applies on these matters

Complies Complies in part Explain

4. That 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 treating all the equal treatment of shareholders in the same position.

And that 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. That at the Annual General Meeting, the Board of Directors shall not put forward a proposal for delegating powers, to issue duties or convertible values excluding the right of first refusal, for more than 20 percent of the capital at the time of delegation.

And that 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. That the listed companies that develop the reports cited below, whether this is mandatory or voluntary, shall publish them on their website with sufficient notice before the Ordinary General Meeting is held, though its distribution is not mandatory:

a) Report on the independence of the auditor.

b) Report on the operating of Auditing and Appointments and Remuneration Committees.

c) Report of the Audit Committee on related operations.

d) Report on the corporate social responsibility policy.

Complies Complies in part Explain

7. That the company shall broadcast the Annual General Meetings live on its website.

Complies Explain

8. That the Audit Committee shall ensure that the Board of Directors avoids presenting accounts to the Annual General Meeting without limitations nor reservations in the auditing 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. That 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 Annual General Meeting and voting or proxy voting.

And that 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. That when, prior to the Annual 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 Annual 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. That if the company plans to pay for attendance premiums for the Annual General Meeting, it shall establish a general policy on those premiums previously and this policy must be established.

Complies Complies in part
Explain Not applicable

12. That the Board of Directors shall perform its duties with a unified purpose and independent judgment, it 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.

And that, 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, shall seek to reconcile, as appropriate, corporate interest with the legitimate interests of its employees, providers, its clients and those of the other stakeholders that can be affected, as well as the impact of the companies activities on the community as a whole and the environment.

Complies Complies in part Explain

13. That the Board of Directors shall be of the required size, enabling efficient and participatory functioning, meaning it is advisable for it to have between five and 15 members.

Complies Explain

The large number of companies belonging to the MAPFRE Group and its multinational nature, with a presence on all five continents, together with its economic and corporate relevance, justifies the number of Board members, which is appropriate for an effective and participatory operation.

However, in the last four years the size of the Board of Directors has been reduced by 15 percent, from 20 to 17 members. As from January 1, 2017, the number of Board members stands at 15.

14. That the Board of Directors shall approve a directors section policy that:

- 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.

That the results of the prior analysis of the needs of the Board of Directors shall be gathered in the explanatory report of the Appointments Committee that is published when the Annual General Meeting is called, to which the ratification, appointment or reappointment of each director is submitted.

And that 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. That 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. That 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. That independent directors should account for at least half of the total number of directors.

That, 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. That companies shall publish the following director particulars on their website and keep them updated permanently:

- 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. That the Annual Corporate Governance Report, following verification from 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. That 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. That the Board of Directors must not propose the separation 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 debentures that prevents him/her from devoting necessary time to the performance of the duties 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 separation of independent directors can also be proposed as a result of public takeover bid, merger or similar corporate actions that causes change 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. That 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.

And that 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. And that the Board of Directors should also disclose all of this in the Annual Corporate Governance Report.

Complies Complies in part Explain

23. That 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. And that, 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.

And that 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. That 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. And that, 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. That the Appointments Committee must ensure that the non-executive directors have sufficient time available to perform their duties correctly.

And that the board regulations establish the maximum number of company directorships that can form part of their directors.

Complies Complies in part Explain

26. That the Board of Directors should meet with the necessary frequency to perform its duties properly, and at least eight times a year, following the schedule of dates and matters set 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. That directors should keep their absences to a bare minimum. Absences should be quantified in the Annual Corporate Governance Report. And that when they have to be absent, they should delegate their representation with instructions.

Complies Complies in part Explain

28. That 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 in the Board of Directors, the person expressing them may request they be recorded in the minutes.

Complies Complies in part
Explain Not applicable

29. That the company must establish the appropriate channels for the directors to obtain precise advice for the completion of their duties, including, if the circumstances demand, external advising at the company's expense.

Complies Complies in part Explain

30. That, independently of the knowledge demanded of the directors to perform their duties, companies also offer refresher programs, when the circumstances so advise.

Complies Complies in part Explain

31. That the agenda of the sessions must clearly indicate those points about which the Board of Directors must make a decision or an 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. That the directors must be informed periodically on the movements of the shareholders and the opinions that the significant shareholders, investors and ratings agencies have on the company and its group.

Complies Complies in part Explain

33. That the Chairman, responsible for the efficient operating of the Board of Directors, as well as performing the legal and bylaw duties 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 be responsible for managing the Board and the efficiency of its performance, ensure that enough time is devoted to discussing strategic matters, and consent to and review the refresher programs for each director, when the circumstances so advise.

Complies Complies in part Explain

34. That when there is a director supervisor, 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 plan of the president.

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 Coordinator 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 periodical 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. Nevertheless, as from January 1, 2017, 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 529n of the Capital Companies Act.

35. That 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. That 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 operating of the Board of Directors.
- b) The operating 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 displayed 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. That when the company has an Executive Committee, the breakdown of its members by director category should be similar to that of the Board of Directors itself. 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 that all types of directors are duly represented thereon. As from January

1, 2017, the number of executive directors on the Steering Committee has been 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 addition, according to the Corporate Bylaws and the Board of Directors Regulations, the Secretary of the Board will automatically be the Secretary of the Steering Committee.

38. That 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. That 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. That under the supervision of the Audit Committee, there should be a unit that assumes the internal auditing 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. That the manager of the unit that assumes the internal auditing function must present an annual work program to the Audit Committee; report to it directly on any incidents arising during its implementation; and submit an activities report at the end of each financial year.

Complies Complies in part
Explain Not applicable

42. That, in addition to the provisions of the law, the following duties must correspond to the Audit Committee:

1. In relation to the information and internal control systems:

- a) To supervise the process of drawing up the financial information and its integrity for the company and its group, reviewing compliance with regulatory requirements, suitable

scope of the consolidation perimeter and the correct application of accounting principles.

b) To ensure the independence of the unit that assumes the internal auditing function; to propose the selection, appointment, reappointment and removal of the internal audit officer; to propose the budget for the internal audit service; to approve the guidance and its work plans, ensuring that its activity primarily focuses on risks relevant to the company, to receive periodic information on its activities; and to check that the 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, communicate irregularities they notice anonymously within the company that 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) Ensure that the remuneration of the external auditor for his/her work does not compromise his/her quality nor independence.

c) Oversee that the company notifies any change of auditor to the CNMV as a significant event, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons for these.

d) Ensure that the external auditor maintains an annual plenary meeting of the Board of Directors to inform them on the work performed and on the development of the accounting situation and risks of the company.

e) Ensure that the company and the external auditor respect prevailing standards on the provision of services other than auditing, the limits on concentration of the auditor's business and, in general, other standards established to guarantee auditors' independence.

Complies Complies in part Explain

43. That the Audit Committee can call to meet with any company employee or executive, even ordering their appearance without the presence of another executive.

Complies Complies in part Explain

44. That the Audit Committee must be informed on the corporate and structural modification actions that the company plans to perform for its analysis and report before the Board of Directors on its economic conditions and its accounting impact, particularly, in this case, on the proposed exchange ratio.

Complies Complies in part
Explain Not applicable

45. That the oversight and risk management policy should specify at least:

a) The different types of risk, financial and non-financial (among other functional, technological, legal, social, environmental, political and reputational) faced by the company, including, among the financial and economic risks, the contingent liabilities and other off-balance-sheet risks.

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 said risks, including contingent liabilities and off-balance-sheet risks.

Complies Complies in part Explain

46. That under the direct supervision of the Audit Committee, or, in this case, a specialized committee of the Board of Directors, there should be an internal control function and management of risks performed by a unit or department within the company that is expressly assigned the following duties:

a) To ensure the proper functioning of the risk control and management systems and, in particular, that they properly identify, manage and quantify all significant risks that affect the company.

b) To actively participate in the development of the risk strategy and the important decisions on its management.

c) Ensure that the risk control and management systems mitigate the risks properly in the policy framework defined by the Board of Directors.

Complies Complies in part Explain

47. That the members of the Appointments and Remuneration Committee - or the Appointments Committee

and Remuneration Committee -, if separate, must be appointed, ensuring that they have the knowledge, skills and experience appropriate for the duties that they are called to fulfill. The majority of these members should be independent directors.

Complies Complies in part Explain

48. That the large cap companies have a separate Appointments Committee and Remuneration Committee.

Complies Explain Not applicable

The company considers the issues regarding appointments and remuneration to be closely related, it is therefore seen as appropriate for them to be analyzed by the same committee.

49. That the Appointments and Remuneration Committee shall consult with the Chairman of the Board of Directors and the Chief Executive, particularly with respect to matters relating to executive directors.

And that any Board member may request directorship candidates for the Appointments Committee to take into consideration if seen as suitable.

Complies Complies in part Explain

50. That the Remuneration Committee shall perform its duties independently and, in addition to the duties assigned by law, the following correspond:

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, included in the remuneration systems with shares and their application, as well as to guarantee that their individual remuneration is proportional to that paid to the rest of the directors and top executives of the company.

d) Ensure that possible conflicts of interest do not harm the independence of the external advising given to the committee.

e) To verify 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. That the Remuneration Committee shall consult with the company Chairman and the Chief Executive, especially with respect to matters related to executive directors and top executives..

Complies Complies in part Explain

52. That the rules governing the composition and operation of the Supervision and Control Committee contained in the regulations of the Board of Directors and shall be consistent with those applicable to legally obliged committees in accordance with the previous recommendations, including:

a) That they are formed exclusively of non-executive directors, with a majority of independent directors.

b) That their Chairmen should be independent directors.

c) That the Board of Directors should appoint the members of such Committees in view of the knowledge, skills and experience of its directors and the terms of reference of each committee; discuss their proposals and reports; and be held accountable in the first plenary Board of Directors meeting, following its meetings, on its activity and respond to the work performed.

d) That the committees may engage external advising, when it is considered necessary for performing their duties.

e) That the minutes shall be taken from their meetings that are made available to all directors.

Complies Complies in part
Explain Not applicable

53. That 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 that can be the Audit Committee, the Appointments Committee, the Corporate Social Responsibility Committee, if applicable, or a specialized committee that the Board of Directors, in the performance of its powers for self-organization, decides to create for the purpose, for those which are specifically attributed the following minimum duties:

a) The supervision of the compliance with internal codes of contact and rules of corporate governance of the company.

b) The supervision of the communication strategy and relationship with shareholders and investors, including the small and medium shareholders.



c) The periodic development of the suitability of the corporate governance system of the company, with the purpose of it fulfilling its mission or promoting corporate interest and bearing in mind, as applicable, the legitimate interests of the remaining stakeholders.

d) The revision of the corporate responsibility policy of the company, ensuring that it is aimed at the creation of value.

e) The follow-up of the strategy and practices of corporate social responsibility and the evaluation of their level of compliance.

f) The supervision and evaluation of the relational processes with other stakeholders.

g) The evaluation of everything relating to the non-financial risks of the company - including operational, technological, legal, social, environmental, political and reputational.

h) The coordination of the report process of non-financial information and on diversity, in accordance with the applicable regulations and international reference standards.

Complies Complies in part Explain

Duties a), c) and g) expressly correspond to the Risk and Compliance Committee.

As indicated in recommendation 34, the Board of Directors itself is responsible for establishing and supervising appropriate mechanisms for communication and relationship with the shareholders and investors.

With respect to the responsibilities on corporate social responsibility matters, the company has a Corporate Committee for Social Responsibility, a standing internal body with executive functions and in charge of, among other duties, approving the Social Responsibility Strategy, 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, in respect of compliance with the Corporate Social Responsibility Policy and strategy.

54. That the corporate social responsibility policy shall include the principles and commitments that the company assumes voluntarily in its relationship with other stakeholders and, at minimum, identify:

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, compliance with human rights and the prevention of illegal conduct.

d) The follow-up methods or systems for the results of the application of specific practices indicated in the above letter, the associated risks and their management.

e) The mechanisms for non-financial risk supervision, ethics, corporate conduct.

f) Channels for communication, participation and dialog with stakeholders.

g) Responsible communication practices that prevent information manipulation and protect honor and integrity.

Complies Complies in part Explain

55. That the company inform on matters relating to corporate social responsibility in a separate document or a management report, using one of the internationally excepted methods to do this.

Complies Complies in part Explain

56. That the remuneration of directors shall be as necessary 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. That the executive directors shall be confined to the variable remuneration relating to the performance of the company and the individual, as well as remuneration through the delivery of shares, options or rights on shares and instruments referenced to the value of the share and the long term saving systems as well as pension plans, retirement systems or other social protection systems.

The delivery of shares can be considered as the remuneration to non-executive directors when it is conditional that they are held until they cease to be directors. 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. That in the case of variable remuneration, the remuneration policies shall give the limits and specific technical safeguards to ensure that the remuneration reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the company's sector, atypical or exceptional transactions or circumstances of this kind.

And, in particular, the variable components of the remuneration:

- a) They are linked to performance criteria that are predetermined and measurable, and these criteria should consider the risk taken for obtaining 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) They are set on the basis of a balance between compliance with short, medium and long term objectives, which allows remuneration for continued performance over a period sufficient to appreciate the contribution to the creation of sustainable value, so the elements of measurement of that performance are not based solely on specific, occasional or extraordinary events.

Complies Complies in part
Explain Not applicable

59. That the payment of a significant portion of the variable components of remuneration is deferred for a minimum period that is sufficient to verify that the previously established performance conditions have been complied with.

Complies Complies in part
Explain Not applicable

60. Deductions should be made to remuneration linked to company earnings, for any qualifications stated in the external auditor's report that reduce such earnings.

Complies Complies in part
Explain Not applicable

61. That a significant percentage of the variable remuneration of the executive directors is related to the delivery of shares or financial instruments referenced to its value.

Complies Complies in part
Explain Not applicable

62. That 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 the 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. That 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 awarded on the basis of data which is subsequently shown to be incorrect.

Complies Complies in part
Explain Not applicable

64. That the 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 shown 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 this 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 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 its 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 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 has voluntarily adhered to other Codes of ethical principles or best practices, international, sectoral or of other scope. If so, the code in question and the adherence date will be indicated.

CONTINUATION OF SECTION E.3

MAPFRE's policy with respect to reinsurance risk is to cede business to reinsurers with proven financial capacity (generally with a minimum BBB credit rating. 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 risks

The risk control model is based on a dynamic processes analysis of each company, in which the managers of each area or department assess the potential risks that affect activities and the effectiveness of the controls related to each process. To perform this control, risk self-evaluation questionnaires are used, along with internal control manuals, inventory controls associated with risks, assessment of their effectiveness and management of 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, always subcontracting the required tax consulting services with the leading companies in the sector.

As regards the valuation of transactions between Group companies, significant in terms of global projects, technology and reinsurance, an annual review and documentation of individual

transactions is conducted in cooperation with an independent expert firm.

4. Strategic and Corporate Governance Risk

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.

The company adheres to (since July 22, 2010) and complies with the content of 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 02/07/2017.

Indicate whether any directors voted against the report or abstained.

Yes

No



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

Auditors' Report on the "Information concerning the System of Internal Control over Financial Reporting (ICFR)" of Mapfre, S.A. for 2016

(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 23 December 2016, 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 2016, 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 2016 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.

KPMG Auditores S.L., a limited liability Spanish company and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Filed at the Madrid Mercantile Registr in volumen 11.961, Sheet. 90, Section 8, page number M-188.007, entry number 9 Tax identification number (N.I.F.) B-78510153

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 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 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

7 February 2017





Growth

02

Annual
Consolidated
Financial
Statements
2016

A) Consolidated balance sheet as on December 31, 2016 and 2015

ASSETS	Notes	2016	2015
A) INTANGIBLE ASSETS	6.1	3,798.92	3,697.56
I. Goodwill	6.1	1,990.05	2,068.00
II. Other intangible assets	6.1	1,808.87	1,629.56
B) PROPERTY, PLANT AND EQUIPMENT	6.2	1,296.57	1,274.48
I. Property for own use	6.2	1,002.97	943.40
II. Other property, plant and equipment	6.2	293.60	331.08
C) INVESTMENTS		45,087.98	42,533.27
I. Property investments	6.2	1,274.81	1,324.32
II. Financial investments			
1. Held-to-maturity portfolio	6.4	2,419.76	2,163.49
2. Available-for-sale portfolio	6.4	35,102.61	34,565.58
3. Trading portfolio	6.4	5,018.59	3,430.09
III. Investments recorded by applying the equity method	3.1	242.57	197.25
IV. Deposits established for accepted reinsurance		650.22	557.17
V. Other investments		379.42	295.37
D) INVESTMENTS ON BEHALF OF LIFE INSURANCE POLICYHOLDERS BEARING THE INVESTMENT RISK	6.5	2,013.96	1,798.88
E) INVENTORIES	6.6	75.04	75.83
F) PARTICIPATION OF REINSURANCE IN TECHNICAL PROVISIONS	6.14	3,934.36	3,869.52
G) DEFERRED TAX ASSETS	6.21	335.32	255.91
H) RECEIVABLES	6.7	6,651.86	6,733.62
I. Receivables on direct insurance and co-insurance operations	6.7	4,315.06	4,231.71
II. Receivables on reinsurance operations	6.7	876.57	1,068.12
III. Tax receivables			
1. Tax on profits receivable	6.21	166.22	193.65
2. Other tax receivables		137.57	54.41
IV. Corporate and other receivables	6.7	1,156.44	1,185.73
V. Shareholders, called capital		--	--
I) CASH		1,451.13	989.09
J) ACCRUAL ADJUSTMENTS	5.11	2,179.96	2,082.65
K) OTHER ASSETS		145.50	142.78
L) NON-CURRENT ASSETS HELD FOR SALE AND FROM DISCONTINUED OPERATIONS	6.10	911.16	35.68
TOTAL ASSETS		67,881.76	63,489.27

Figures in millions of euros

EQUITY AND LIABILITIES	Notes	2016	2015
A) EQUITY	6.11	11.443.48	10.408.29
I. Paid-up capital	6.11	307.95	307.95
II. Share premium	6.11	1.506.74	1.506.74
III. Reserves		7.041.47	6.747.74
IV. Interim dividend		(184.77)	(184.77)
V. Treasury Stock	6.11	(60.23)	(2.39)
VI. Result attributable to controlling company	4.1	775.45	708.77
VII. Other equity instruments	6.22	9.68	--
VIII. Valuation change adjustments	6.11	654.67	632.19
IX. Currency conversion differences	6.23	(924.46)	(1.142.49)
Equity attributable to the controlling company's shareholders		9.126.50	8.573.74
Non-controlling interests		2.316.98	1.834.55
B) SUBORDINATED LIABILITIES	6.12	593.96	594.81
C) TECHNICAL PROVISIONS	6.14	45.226.13	43.262.20
I. Provisions for unearned premiums and unexpired risks	6.14	8.636.53	8.425.76
II. Provisions for life insurance	6.14	25.664.78	25.026.32
III. Provision for outstanding claims	6.14	10.086.76	9.037.06
IV. Other technical provisions	6.14	838.06	773.06
D) TECHNICAL PROVISIONS FOR LIFE INSURANCE WHERE POLICYHOLDERS BEAR THE INVESTMENT RISK	6.14	2.013.96	1.798.88
E) PROVISIONS FOR RISKS AND EXPENSES	6.15	752.75	697.03
F) DEPOSITS RECEIVED ON CEDED AND RETROCEDED REINSURANCE	6.16	49.37	19.93
G) DEFERRED TAX LIABILITIES	6.21	730.71	710.54
H) DEBT	6.17	6.141.27	5.628.87
I. Issue of debentures and other negotiable securities	6.13	1.002.55	0.00
II. Due to credit institutions	6.13	606.35	1.177.73
III. Other financial liabilities	6.13	752.09	506.72
IV. Due on direct insurance and co-insurance operations	6.17	953.02	862.26
V. Due on reinsurance operations	6.17	1.045.83	1.446.74
VI. Tax liabilities			
1. Tax on profits to be paid	6.21	231.32	177.30
2. Other tax liabilities		440.22	431.70
VII. Other debts	6.17	1.109.89	1.026.42
I) ACCRUAL ADJUSTMENTS	5.11	240.85	368.72
J) LIABILITIES LINKED TO NON-CURRENT ASSETS HELD FOR SALE AND FROM DISCONTINUED OPERATIONS	6.10	689.28	--
TOTAL LIABILITIES AND EQUITY		67.881.76	63.489.27

Figures in millions of euros

B) Consolidated statement of comprehensive income for years ended

B.1) Consolidated income statement

ITEM	Notes	2016	2015
I. REVENUE FROM INSURANCE BUSINESS			
1. Premiums allocated to the financial year, net			
a) Written premiums, direct insurance	7.A.2	19,313.69	19,052.82
b) Premiums from accepted reinsurance	7.A.2	3,499.48	3,258.94
c) Premiums from ceded reinsurance	6.20	(3,593.86)	(3,640.86)
d) Variations in provisions for unearned premiums and unexpired risks			
Direct insurance	6.14	76.19	(957.10)
Accepted reinsurance	6.14	(162.00)	(177.02)
Ceded reinsurance	6.20	(95.29)	451.51
2. Share in profits from equity-accounted companies		10.44	7.70
3. Revenue from investments			
a) From operations	6.18	2,603.79	2,526.38
b) From equity	6.18	203.81	172.87
4. Unrealized gains on investments on behalf of life insurance policyholders bearing investment risk	6.5	145.39	177.58
5. Other technical revenue		52.94	44.16
6. Other non-technical revenue		71.71	40.34
7. Positive foreign exchange differences	6.23	705.99	870.82
8. Reversal of the asset impairment provision	6.8	22.00	17.15
TOTAL REVENUE FROM INSURANCE BUSINESS		22,854.28	21,845.30
II. INSURANCE BUSINESS EXPENSES			
1. Incurred claims for the year, net			
a) Claims paid and variation in provision for claims, net			
Direct insurance	5.15	(12,560.54)	(12,169.27)
Accepted reinsurance	5.15	(2,058.29)	(1,925.48)
Ceded reinsurance	6.20	1,687.43	1,746.70
b) Claims-related expenses	6.19	(881.58)	(859.28)
2. Variation in other technical provisions, net	5.15	(380.19)	(131.75)
3. Profit sharing and returned premiums		(50.05)	(51.44)
4. Net operating expenses	6.19		
a) Acquisition expenses		(4,748.03)	(4,524.30)
b) Administration expenses		(770.33)	(807.41)
c) Commissions and participation in reinsurance	6.20	518.39	391.76
5. Share in losses from equity-accounted companies		--	--
6. Expenses from investments			
a) From operations	6.18	(571.36)	(663.16)
b) From equity and financial accounts	6.18	(39.12)	(40.00)
7. Unrealized losses on investments on behalf of life insurance policyholders bearing investment risk	6.5	(25.83)	(105.83)
8. Other technical expenses	6.19	(118.05)	(105.48)
9. Other non-technical expenses	6.19	(130.57)	(112.30)
10. Negative foreign exchange differences	6.23	(626.50)	(806.32)
11. Allowance to the asset impairment provision	6.8	(121.05)	(63.64)
TOTAL EXPENSES FROM INSURANCE BUSINESS		(20,875.67)	(20,227.20)
RESULT FROM THE INSURANCE BUSINESS		1,978.61	1,618.10
III. OTHER ACTIVITIES			
1. Operating revenue		361.80	417.04
2. Operating expenses	6.19	(498.57)	(519.05)
3. Net financial revenue			
a) Financial revenue	6.18	91.45	90.20
b) Financial expenses	6.18	(84.16)	(128.86)
4. Results from non-controlling interests			
a) Share in profits from equity-accounted companies		1.47	4.03
b) Share in losses from equity-accounted companies		(0.48)	(0.03)
5. Reversal of asset impairment provision	6.8	8.14	22.15

Profitable / Responsible  (3)

December 31, 2016 and 2015

6. Allowance to the asset impairment provision	6.8	(13.18)	(19.59)
7. Result from the disposal of non-current assets classified as held for sale, not included in discontinued operations		--	--
RESULT FROM OTHER ACTIVITIES		(133.53)	(134.11)
IV. RESULT ON RESTATEMENT OF FINANCIAL ACCOUNTS	3.2	(39.98)	(7.96)
V. RESULT BEFORE TAXES FROM ONGOING OPERATIONS		1,805.10	1,476.03
VI. TAX ON PROFIT FROM ONGOING OPERATIONS	6.21	(559.92)	(463.63)
VII. RESULT AFTER TAX FROM ONGOING OPERATIONS		1,245.18	1,012.40
VIII. RESULT AFTER TAX FROM DISCONTINUED OPERATIONS	6.10	--	186.53
IX. RESULT FOR THE FINANCIAL YEAR		1,245.18	1,198.93
1. Attributable to non-controlling interests		469.73	490.16
2. Attributable to the controlling company	4.1	775.45	708.77

Figures in millions of euros

Earnings per share (Euros)

Basic	4.1	0.25	0.23
Diluted	4.1	0.25	0.23

B.2) Consolidated statement of comprehensive income

ITEM	NOTES	GROSS AMOUNT		TAX ON PROFIT		ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		ATTRIBUTABLE TO CONTROLLING COMPANY	
		2016	2015	2016	2015	2016	2015	2016	2015
A) CONSOLIDATED RESULT FOR THE YEAR		1,805.10	1,723.15	(559.92)	(524.22)	469.73	490.16	775.45	708.77
A.1. Ongoing operations		1,805.10	1,476.03	(559.92)	(463.63)	469.73	475.22	775.45	537.18
A.2. Discontinued operations	6.10	--	247.12	--	(60.59)	--	14.94	--	171.59
B) OTHER RECOGNIZED REVENUE (EXPENSES)		566.67	(1,269.70)	(3.95)	106.24	342.21	(399.26)	220.51	(764.20)
B.1. Ongoing operations		566.67	(1,269.70)	(3.95)	106.24	342.21	(399.26)	220.51	(764.20)
1. Financial assets available for sale	6.4	328.70	(793.85)	(76.10)	183.48	60.19	(135.57)	192.41	(474.80)
a) Valuation gains (losses)		570.27	(456.59)	(139.80)	123.71				
b) Amounts transferred to the income statement		(238.88)	(243.34)	62.89	59.64				
c) Other reclassifications		(2.69)	(93.92)	0.81	0.13				
2. Currency conversion differences	6.23	526.05	(868.05)	0.43	(0.50)	308.45	(362.53)	218.03	(506.02)
a) Valuation gains (losses)		526.72	(870.05)	0.43	(0.50)				
b) Amounts transferred to the income statement		(0.59)	(1.29)	--	--				
c) Other reclassifications		(0.08)	3.29	--	--				
3. Shadow accounting		(287.08)	396.88	71.72	(76.43)	(26.27)	98.99	(189.09)	221.46
a) Valuation gains (losses)	6.14	(314.43)	133.78	78.56	(33.95)				
b) Amounts transferred to the income statement		27.35	143.67	(6.84)	(38.02)				
c) Other reclassifications		--	119.43	--	(4.46)				
4. Equity-accounted entities		(0.97)	(3.42)	--	--	0.02	(0.08)	(0.99)	(3.34)
a) Valuation gains (losses)		2.66	(1.94)	--	--				
b) Amounts transferred to the income statement		--	--	--	--				
c) Other reclassifications		(3.63)	(1.48)	--	--				
5. Other recognized revenue and expenses		(0.03)	(1.27)	--	(0.31)	(0.18)	(0.08)	0.15	(1.50)
B.2. Discontinued operations (Net on disposal)		--	--	--	--	--	--	--	--
TOTALS		2,371.76	453.45	(563.87)	(417.98)	811.94	90.90	995.96	(55.43)

Figures in millions of euros

C) Consolidated statement of changes in equity as on December 31, 2016 and 2015

ITEM	NOTES	EQUITY ATTRIBUTABLE TO CONTROLLING COMPANY									NON-CONTROLLING INTERESTS	TOTAL EQUITY
		SHAREHOLDERS' EQUITY										
		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		
BALANCE AS OF JANUARY 1, 2015		307.95	1,506.73	6,423.76	(184.78)	--	845.13	--	890.37	(636.47)	2,316.73	11,469.42
1. Changes in accounting policies		--	--	--	--	--	--	--	--	--	--	--
2. Correction of errors		--	--	--	--	--	--	--	--	--	--	--
ADJUSTED BALANCE AS OF JANUARY 1, 2015		307.95	1,506.73	6,423.76	(184.78)	--	845.13	--	890.37	(636.47)	2,316.73	11,469.42
I. TOTAL COMPREHENSIVE REVENUE (EXPENSES)		--	--	--	--	--	708.77	--	(258.17)	(506.02)	90.90	35.48
II. OPERATIONS WITH THE CONTROLLING COMPANY'S SHAREHOLDERS AND NON-CONTROLLING INTERESTS		--	--	(251.86)	(184.77)	(2.39)	--	--	--	--	(570.98)	(1,010.00)
1. Capital increases (Decreases)		--	--	--	--	--	--	--	--	--	--	--
2. Distribution of dividends	4.2	--	--	(246.36)	(184.77)	--	--	--	--	--	(349.32)	(780.45)
3. Increases (decreases) from business combinations		--	--	--	--	--	--	--	--	--	(197.22)	(197.22)
4. Other operations with the controlling company's shareholders and non-controlling interests		--	--	(5.50)	--	--	--	--	--	--	(24.44)	(29.94)
5. Operations with treasury stock and own shares	6.11	--	--	--	--	(2.39)	--	--	--	--	--	(2.39)
III. OTHER VARIATIONS IN EQUITY		--	0.01	575.84	184.78	--	(845.13)	--	(0.01)	--	(2.10)	(86.61)
1. Transfers among equity items		--	--	660.35	184.77	--	(845.13)	--	--	--	--	(0.01)
2. Other variations	32, 614 y 622	--	0.01	(84.51)	0.01	--	--	--	(0.01)	--	(2.10)	(86.60)
BALANCE AS AT DECEMBER 31, 2015		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
BALANCE AS OF 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		--	--	--	--	--	--	--	--	--	--	--
2. Correction of errors		--	--	--	--	--	--	--	--	--	--	--
ADJUSTED BALANCE AS OF 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
I. TOTAL COMPREHENSIVE REVENUE (EXPENSES)		--	--	--	--	--	775.45	--	2.48	218.03	811.94	1,807.90
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		--	--	503.27	184.77	--	(708.77)	9.68	20.00	--	39.17	48.12
1. Transfers among equity items	6.26	--	--	458.80	184.77	--	(708.77)	--	20.00	--	45.20	--
2. Other variations	3.2	--	--	44.47	--	--	--	9.68	--	--	(6.03)	48.12
BALANCE AS AT DECEMBER 31, 2016		307.95	1,506.74	7,041.47	(184.77)	(60.23)	775.45	9.68	654.67	(924.46)	2,316.98	11,443.48

Figures in millions of euros

D) Consolidated cash flow statement for years ended December 31, 2016 and 2015

ITEM	NOTES	2016	2015
1. Insurer activity:		954.37	697.00
Cash received from insurance activities		23,760.11	22,238.84
Cash payments from insurance activities		(22,805.74)	(21,541.84)
2. Other operating activities:		(321.05)	(376.10)
Cash received from other operating activities		767.24	635.46
Cash payments from other operating activities		(1,088.29)	(1,011.56)
3. Payment (receipt) of income tax		(474.69)	(540.56)
4. Discontinued operations		--	7.15
NET CASH FLOWS FROM OPERATING ACTIVITIES		158.63	(212.51)
1. Proceeds from investment activities:		19,972.92	15,667.08
Property, plant and equipment		27.28	13.86
Property investment		200.88	32.40
Intangible fixed assets		2.77	25.08
Financial instruments		17,136.21	13,055.96
Investments in associates		1,038.75	613.40
Controlled companies and other business units		46.27	648.38
Interest collected		1,153.24	1,147.01
Dividends collected		57.59	64.69
Other receipts related to investment activities		309.93	66.30
2. Payments from investment activities:		(19,258.52)	(14,659.78)
Property, plant and equipment	6.2	(161.59)	(58.31)
Property investments	6.2	(15.84)	(143.47)
Intangible fixed assets		(147.86)	(201.57)
Financial instruments		(17,461.53)	(12,681.73)
Acquisitions of controlled companies		(1,327.93)	(942.27)
Controlled companies and other business units	6.9	(125.05)	(593.23)
Other payments related to investment activities		(18.72)	(39.20)
3. Discontinued operations		--	28.11
NET CASH FLOWS FROM INVESTMENT ACTIVITIES		714.40	1,035.41
1. Proceeds from financing activities		1,147.10	1,647.74
Subordinated liabilities		--	--
Proceeds from issuing of equity instruments and capital increases		55.00	--
Proceeds from sale of treasury stock		--	--
Other proceeds related to financing activities		1,092.10	1,647.74
2. Payments from financing activities		(1,461.91)	(2,393.06)
Dividends paid to shareholders		(786.67)	(784.80)
Interest paid		(53.31)	(108.31)
Subordinated liabilities		--	--
Payments on return of shareholders' contributions		--	(3.74)
Purchase of treasury stock	6.11	(57.84)	(2.39)
Other payments related to financing activities		(564.09)	(1,493.82)
3. Discontinued operations		--	(22.90)
NET CASH FLOW FROM FINANCING ACTIVITIES		(314.81)	(768.22)
Conversion differences in cash flow and cash balances		(96.18)	(254.19)
NET INCREASE/(DECREASE) IN CASH FLOW		462.04	(199.51)
OPENING CASH BALANCE		989.09	1,188.60
CLOSING CASH BALANCE		1,451.13	989.09

Figures in millions of euros

E) Financial information by segment - consolidated income statement

ITEM	IBERIA		LATAM NORTH	
	2016	2015	2016	2015
I. REVENUE FROM INSURANCE BUSINESS				
1. Premiums allocated to the financial year, net				
a) Written premiums, direct insurance	6,953.29	6,536.57	1,238.57	1,754.81
b) Premiums from accepted reinsurance	186.07	160.15	104.64	94.77
c) Premiums from ceded reinsurance	(770.67)	(749.58)	(427.38)	(828.82)
d) Variations in provisions for unearned premiums and unexpired risks, net				
Direct insurance	4.49	12.55	164.02	(287.09)
Accepted reinsurance	(2.19)	6.17	1.66	3.78
Ceded reinsurance	(10.89)	(31.21)	(157.22)	241.67
2. Share in profits from equity-accounted companies	8.07	7.70	--	--
3. Revenues from investments				
From operations	1,536.07	1,413.10	69.67	49.06
From equity	64.27	44.56	10.46	11.01
4. Unrealized gains on investments on behalf of life insurance policyholders bearing the investment risk	57.05	132.57	--	--
5. Other technical revenue	22.92	23.69	0.27	0.02
6. Other non-technical revenue	60.37	22.81	0.25	--
7. Positive foreign exchange differences	45.31	30.39	19.84	12.35
8. Reversal of the asset impairment provision	15.86	17.05	0.01	--
TOTAL REVENUE FROM INSURANCE BUSINESS	8,170.02	7,626.52	1,024.79	1,051.56
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	(5,713.40)	(5,593.80)	(908.92)	(709.40)
Accepted reinsurance	(115.57)	(127.67)	(32.00)	(39.77)
Ceded reinsurance	395.57	403.99	346.96	183.60
b) Claims-related expenses	(345.76)	(350.86)	(20.37)	(18.43)
2. Variation in other technical provisions, net	228.74	407.65	(2.75)	(20.72)
3. Profit sharing and returned premiums	(32.80)	(37.74)	(0.60)	(5.27)
4. Net operating expenses				
a) Acquisition expenses	(1,125.49)	(1,116.76)	(280.70)	(311.76)
b) Administration expenses	(127.14)	(134.24)	(76.29)	(98.60)
c) Commissions and participation in reinsurance	134.50	150.63	51.09	64.77
5. Share in losses from equity-accounted companies	(3.81)	1.88	--	--
6. Expenses from investments				
a) From operations	(381.56)	(422.13)	(14.26)	(8.28)
b) From equity and financial accounts	(29.90)	(32.51)	(0.82)	(1.01)
7. Unrealized losses on investments on account of life insurance policyholders bearing investment risk	(25.83)	(105.83)	--	--
8. Other technical expenses	(73.83)	(61.40)	(11.98)	(8.49)
9. Other non-technical expenses	(114.31)	(86.37)	(0.18)	--
10. Negative foreign exchange differences	(43.58)	(26.43)	(12.39)	(5.86)
11. Allowance to the asset impairment provision	(37.79)	(39.50)	--	--
TOTAL EXPENSES FROM INSURANCE BUSINESS	(7,411.96)	(7,171.09)	(963.21)	(979.22)
RESULT FROM THE INSURANCE BUSINESS	758.06	455.43	61.58	72.34

Continued on next page

for years ended December 31, 2016 and 2015

	LATAM SOUTH		BRAZIL		NORTH AMERICA	
	2016	2015	2016	2015	2016	2015
	1,761.94	1,859.47	4,392.82	4,668.82	2,596.58	2,453.50
	159.62	170.97	194.62	145.39	305.79	323.27
	(746.50)	(722.53)	(837.82)	(735.84)	(698.58)	(635.29)
	(54.94)	(82.53)	174.57	(371.69)	(68.23)	(107.43)
	4.45	13.88	(29.31)	0.50	(44.95)	(28.26)
	36.59	1.26	(13.75)	114.14	57.26	151.70
	--	--	--	--	--	--
	169.05	147.83	420.35	512.07	100.20	88.47
	15.50	19.51	10.35	14.59	60.91	53.30
	--	--	108.50	70.28	--	--
	13.41	5.02	2.20	2.56	13.52	13.05
	6.25	1.80	3.04	2.33	0.14	--
	105.01	61.82	7.00	2.12	3.02	2.58
	0.16	--	--	--	0.01	--
	1,470.54	1,476.50	4,432.57	4,425.27	2,325.67	2,314.89
	(933.38)	(948.64)	(2,086.92)	(2,207.31)	(1,512.02)	(1,684.92)
	(55.68)	(72.44)	(51.27)	(99.55)	(90.75)	(141.84)
	369.66	375.18	334.41	541.24	239.52	333.74
	(60.17)	(59.31)	(97.71)	(54.97)	(225.27)	(237.31)
	(128.26)	(95.55)	(288.94)	(249.58)	(0.35)	(1.51)
	0.09	(0.72)	(4.02)	1.57	--	--
	(460.91)	(470.61)	(1,214.75)	(1,208.41)	(651.75)	(587.05)
	(82.06)	(95.70)	(195.22)	(237.55)	(125.28)	(132.90)
	81.87	85.41	90.79	74.03	197.83	106.78
	--	--	--	--	--	--
	(16.21)	(12.19)	(105.69)	(160.75)	(10.63)	(7.25)
	(1.91)	(1.15)	--	(1.04)	(2.69)	(1.50)
	--	--	--	--	--	--
	(13.12)	(18.52)	(4.14)	(2.50)	(0.42)	(0.66)
	(8.91)	(8.79)	(0.13)	(2.16)	(1.32)	(2.42)
	(43.70)	(30.27)	(7.24)	(2.70)	(2.87)	(2.28)
	(11.66)	(17.04)	--	--	(10.18)	(0.24)
	(1,364.35)	(1,370.34)	(3,630.83)	(3,609.68)	(2,196.18)	(2,359.36)
	106.19	106.16	801.74	815.59	129.49	(44.47)

E) Financial information by segment - consolidated income statement

ITEM	IBERIA		LATAM NORTH	
	2016	2015	2016	2015
III. OTHER ACTIVITIES				
1. Operating revenue	237.76	278.06	32.92	19.76
2. Operating expenses	(190.40)	(225.46)	(37.10)	(22.44)
3. Net financial income				
a) Financial income	11.21	10.35	0.97	0.66
b) Financial expenses	(5.41)	(7.27)	(1.27)	(0.57)
4. Result from non-controlling interests				
a) Share in profits from equity-accounted companies	1.47	0.45	--	--
b) Share in losses from equity-accounted companies	--	--	--	--
5. Reversal of asset impairment provision	1.59	5.84	--	--
6. Allowance to the asset impairment provision	(4.32)	(2.00)	--	--
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	59.97	(4.48)	(2.59)
IV. RESULT ON RESTATEMENT OF FINANCIAL ACCOUNTS	--	--	--	--
V. RESULT BEFORE TAXES FROM ONGOING OPERATIONS	809.96	515.40	57.10	69.75
VI. TAX ON PROFIT FROM ONGOING OPERATIONS	(152.61)	(136.58)	(9.64)	(18.67)
VII. RESULT AFTER TAX FROM ONGOING OPERATIONS	657.35	378.82	47.46	51.08
VIII. RESULT AFTER TAX FROM DISCONTINUED OPERATIONS	--	186.98	--	(0.01)
IX. RESULT FOR THE Year	657.35	565.80	47.46	51.07
1. Attributable to non-controlling interests	75.09	71.03	8.62	8.64
2. Attributable to the controlling company	582.26	494.77	38.84	42.43

Figures in millions of euros

for years ended December 31, 2016 and 2015

	LATAM SOUTH		BRAZIL		NORTH AMERICA	
	2016	2015	2016	2015	2016	2015
	26.35	33.90	36.77	31.33	25.36	33.16
	(39.18)	(33.24)	(55.73)	(51.64)	(34.32)	(42.63)
	2.41	4.37	39.17	32.05	0.55	0.84
	(2.42)	(4.14)	(9.64)	(8.75)	(1.19)	(1.38)
	--	--	--	--	--	--
	--	--	--	--	--	--
	--	--	--	--	--	--
	--	--	--	--	--	(0.04)
	--	--	--	--	--	--
	(12.84)	0.89	10.57	2.99	(9.60)	(10.05)
	(39.98)	(7.96)	--	--	--	--
	53.37	99.09	812.31	818.58	119.89	(54.52)
	(30.24)	(43.31)	(311.91)	(282.97)	(39.39)	21.23
	23.13	55.78	500.40	535.61	80.50	(33.29)
	--	(0.47)	--	--	--	(0.01)
	23.13	55.31	500.40	535.61	80.50	(33.30)
	7.96	5.95	355.96	382.20	0.48	(0.58)
	15.17	49.36	144.44	153.41	80.02	(32.72)

E) Financial information by segment - consolidated income statement

ITEM	EMEA		APAC	
	2016	2015	2016	2015
I. REVENUE FROM INSURANCE BUSINESS				
1. Premiums allocated to the financial year, net				
a) Written premiums, direct insurance	2,328.91	1,739.64	41.58	40.01
b) Premiums from accepted reinsurance	241.85	242.09	88.33	74.55
c) Premiums from ceded reinsurance	(671.63)	(412.90)	(23.38)	(12.89)
d) Variations in provisions for unearned premiums and unexpired risks, net				
Direct insurance	(143.59)	(122.28)	(0.13)	1.37
Accepted reinsurance	(1.84)	(2.58)	(9.50)	2.90
Ceded reinsurance	18.62	20.99	2.69	(4.16)
2. Share in profits from equity-accounted companies	0.10	0.01	2.37	--
3. Revenues from investments				
From operations	112.68	119.36	2.82	3.18
From equity	32.04	20.02	0.14	0.21
4. Unrealized gains on investments on behalf of life insurance policyholders bearing the investment risk	2.57	3.48	--	--
5. Other technical revenue	3.07	1.52	0.01	--
6. Other non-technical revenue	0.96	0.26	0.05	0.04
7. Positive foreign exchange differences	33.22	27.57	2.33	2.11
8. Reversal of the asset impairment provision	0.27	0.10	0.01	--
TOTAL REVENUE FROM INSURANCE BUSINESS	1,957.23	1,637.28	107.32	107.32
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	(1,368.09)	(963.46)	(37.81)	(61.74)
Accepted reinsurance	(157.56)	(134.93)	(52.90)	(44.24)
Ceded reinsurance	314.42	196.75	23.12	44.95
b) Claims-related expenses	(120.42)	(123.66)	(12.06)	(14.69)
2. Variation in other technical provisions, net	(177.03)	(172.04)	--	--
3. Profit sharing and returned premiums	(12.72)	(9.28)	--	--
4. Net operating expenses				
a) Acquisition expenses	(484.81)	(363.45)	(21.13)	(18.99)
b) Administration expenses	(130.94)	(86.34)	(19.80)	(12.12)
c) Commissions and participation in reinsurance	199.16	93.62	2.10	1.50
5. Share in losses from equity-accounted companies	--	--	--	--
6. Expenses from investments				
a) From operations	(15.53)	(13.23)	(0.18)	(0.25)
b) From equity and financial accounts	(0.10)	(0.06)	(0.05)	(0.01)
7. Unrealized losses on investments on account of life insurance policyholders bearing investment risk	--	--	--	--
8. Other technical expenses	(14.59)	(12.65)	(0.08)	(0.29)
9. Other non-technical expenses	(1.87)	(4.90)	--	(3.48)
10. Negative foreign exchange differences	(27.82)	(21.68)	(1.65)	(1.24)
11. Allowance to the asset impairment provision	(56.65)	(0.02)	--	--
TOTAL EXPENSES FROM INSURANCE BUSINESS	(2,054.55)	(1,615.33)	(120.44)	(110.60)
RESULT FROM THE INSURANCE BUSINESS	(97.32)	21.95	(13.12)	(3.28)

Continued on next page

for years ended December 31, 2016 and 2015

MAPFRE RE		CORPORATE AREAS AND CONSOLIDATION ADJUSTMENTS		TOTAL	
2016	2015	2016	2015	2016	2015
--	--	--	--	19,313.69	19,052.82
4,234.75	3,731.91	(2,016.19)	(1,684.16)	3,499.48	3,258.94
(1,434.09)	(1,222.21)	2,016.19	1,679.20	(3,593.86)	(3,640.86)
--	--	--	--	76.19	(957.10)
(140.55)	(202.75)	60.23	29.34	(162.00)	(177.02)
31.64	(12.67)	(60.23)	(30.21)	(95.29)	451.51
--	--	(0.10)	(0.01)	10.44	7.70
196.08	195.67	(3.13)	(2.36)	2,603.79	2,526.38
10.14	9.68	--	--	203.81	172.87
--	--	(22.73)	(28.75)	145.39	177.58
--	--	(2.46)	(1.70)	52.94	44.16
0.75	0.54	(0.10)	12.56	71.71	40.34
490.26	723.17	--	8.71	705.99	870.82
5.68	--	--	--	22.00	17.15
3,394.66	3,223.34	(28.52)	(17.38)	22,854.28	21,845.30
--	--	--	--	(12,560.54)	(12,169.27)
(2,540.88)	(2,299.83)	1,038.32	1,034.79	(2,058.29)	(1,925.48)
702.09	698.86	(1,038.32)	(1,031.61)	1,687.43	1,746.70
(0.11)	(0.10)	0.29	0.05	(881.58)	(859.28)
(11.60)	--	--	--	(380.19)	(131.75)
--	--	--	--	(50.05)	(51.44)
(1,052.64)	(863.71)	544.15	416.44	(4,748.03)	(4,524.30)
(13.91)	(13.42)	0.31	3.46	(770.33)	(807.41)
306.35	231.83	(545.30)	(416.81)	518.39	391.76
--	(0.04)	3.81	(1.84)	--	--
(29.30)	(38.60)	2.00	(0.48)	(571.36)	(663.16)
(3.65)	(3.65)	--	0.93	(39.12)	(40.00)
--	--	--	--	(25.83)	(105.83)
(2.35)	(2.66)	2.46	1.69	(118.05)	(105.48)
(3.85)	(4.18)	--	--	(130.57)	(112.30)
(487.25)	(715.86)	--	--	(626.50)	(806.32)
(4.77)	(6.84)	--	--	(121.05)	(63.64)
(3,141.87)	(3,018.20)	7.72	6.62	(20,875.67)	(20,227.20)
252.79	205.14	(20.80)	(10.76)	1,978.61	1,618.10

E) Financial information by segment - consolidated income statement

ITEM	EMEA		APAC	
	2016	2015	2016	2015
III. OTHER ACTIVITIES				
1. Operating revenue	21.03	42.38	10.73	11.26
2. Operating expenses	(34.66)	(52.23)	(20.04)	(18.02)
3. Net financial income				
a) Financial income	3.84	3.88	0.81	1.13
b) Financial expenses	(4.17)	(5.36)	(1.90)	(0.95)
4. Result from non-controlling interests				
a) Share in profits from equity-accounted companies	--	--	--	3.58
b) Share in losses from equity-accounted companies	--	--	--	--
5. Reversal of asset impairment provision	--	--	--	--
6. Allowance to the asset impairment provision	--	(0.04)	--	(0.01)
7. Result from the disposal of non-current assets classified as held for sale, not included in discontinued operations	--	--	--	--
RESULT FROM OTHER ACTIVITIES	(13.96)	(11.37)	(10.40)	(3.01)
IV. RESULT ON RESTATEMENT OF FINANCIAL ACCOUNTS	--	--	--	--
V. RESULT BEFORE TAXES FROM ONGOING OPERATIONS	(111.28)	10.58	(23.52)	(6.29)
VI. TAX ON PROFIT FROM ONGOING OPERATIONS	15.95	(2.26)	2.17	1.77
VII. RESULT AFTER TAX FROM ONGOING OPERATIONS	(95.33)	8.32	(21.35)	(4.52)
VIII. RESULT AFTER TAX FROM DISCONTINUED OPERATIONS	--	(1.52)	--	(0.01)
IX. RESULT FOR THE Year	(95.33)	6.80	(21.35)	(4.53)
1. Attributable to non-controlling interests	7.42	9.19	(1.01)	(1.11)
2. Attributable to the controlling company	(102.75)	(2.39)	(20.34)	(3.42)

Figures in millions of euros

for years ended December 31, 2016 and 2015

MAPFRE RE		CORPORATE AREAS AND CONSOLIDATION ADJUSTMENTS		TOTAL	
2016	2015	2016	2015	2016	2015
--	--	(29.12)	(32.81)	361.80	417.04
--	(0.01)	(87.14)	(73.38)	(498.57)	(519.05)
--	--	32.49	36.92	91.45	90.20
--	--	(58.16)	(100.44)	(84.16)	(128.86)
--	--	--	--	1.47	4.03
--	--	(0.48)	(0.03)	(0.48)	(0.03)
--	--	6.55	16.31	8.14	22.15
--	--	(8.86)	(17.50)	(13.18)	(19.59)
--	--	--	--	--	--
--	(0.01)	(144.72)	(170.93)	(133.53)	(134.11)
--	--	--	--	(39.98)	(7.96)
252.79	205.13	(165.52)	(181.69)	1,805.10	1,476.03
(66.73)	(52.56)	32.48	49.72	(559.92)	(463.63)
186.06	152.57	(133.04)	(131.97)	1,245.18	1,012.40
--	--	--	1.57	--	186.53
186.06	152.57	(133.04)	(130.40)	1,245.18	1,198.93
(0.01)	--	15.22	14.84	469.73	490.16
186.07	152.57	(148.26)	(145.24)	775.45	708.77

E) Supplementary financial information by product and geographical area

1. Consolidated ordinary revenues from external clients in financial years ending December 31, 2016 and 2015

The breakdown of consolidated ordinary revenues, by product and country, is as follows:

1.A) INFORMATION BY PRODUCT

PRODUCTS	2016	2015
Life	4,465.08	4,269.83
Motor	7,370.91	7,062.80
Home and other simple risks	2,498.02	2,351.01
Health	999.09	952.55
Accidents	246.70	265.67
Other Non-Life	3,869.90	4,227.36
Reinsurance	5,817.01	5,313.88
Other Activities	933.22	1,022.25
Consolidation adjustments	(3,024.96)	(2,736.55)
TOTAL	23,174.97	22,728.80

Figures in millions of euros

1.B) INFORMATION BY COUNTRY

PAISES	2016	2015
I. Spain	7,059.05	6,728.14
II. United States of America	2,754.25	2,577.60
III. Brazil	4,659.23	4,888.82
IV. Venezuela	45.50	78.10
V. Mexico	848.57	1,381.14
VI. Colombia	485.52	515.53
VII. Argentina	391.83	446.33
VIII. Turkey	979.96	829.76
IX. Chile	473.24	483.99
X. Other countries	5,477.81	4,799.39
TOTAL	23,174.97	22,728.80

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, 2016 and 2015

COUNTRIES	2016	2015
I. Spain	3,268.33	2,628.67
II. United States of America	516.15	512.57
III. Brazil	1,041.84	768.46
IV. Venezuela	24.33	24.29
V. Mexico	85.54	96.33
VI. Colombia	42.16	36.68
VII. Argentina	58.85	40.69
VIII. Turkey	78.27	89.82
IX. Chile	44.53	43.39
X. Other countries	615.04	598.00
TOTAL	5,775.04	4,838.90

Figures in millions of euros

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

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

F) Notes to the consolidated financial statements

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's 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 seven

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), EMEA (Europe, Middle East and Africa), and APAC (Asia-Pacific).

With the exception of the Reinsurance Unit, the business units are organized in line with the Group's regional structure.

The regional areas are the geographical units that plan, support and supervise all the insurance and service business units in the region.

There are also nine global corporate areas (Finance, Investment, Human Resources, Resources and Institutional Coordination, Business Support, Internal Audit, Strategy and Development, General Counsel, and Business and Clients) which have global responsibilities for all the Group's companies worldwide.

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—professionals in the distribution of insurance—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 consolidated annual accounts were prepared by the Board of Directors on February 7, 2017, 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 2016. 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.

The organizational structure identifies the following operating segments according to the geographic location of the activities of the Insurance, Asistencia and Global Risks business units and the activity of the Reinsurance business unit:

Insurance activity and other activities

- IBERIA
- BRAZIL
- LATAM NORTH
- LATAM SOUTH
- NORTH AMERICA
- EMEA
- APAC

Reinsurance activity

- MAPFRE RE

Revenues and expenses from the “insurance activity and other activities” corresponds to income and derivatives from the Insurance, Asistencia, Specialty Risks and Services and Global Risks businesses, and from other complementary activities relating to the management of property and movable assets, and from medical services, assistance, funeral services, technology services, and others. In this case, the operating segments identified are organized geographically, according to the structure of the Group's regional management areas and taking into account the quantitative thresholds established in prevailing regulations.

The operating segment corresponding to the Reinsurance business unit (MAPFRE RE) includes the Group's entire reinsurance activity, irrespective 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 E) 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
- Motor
- Home and other simple 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.

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

In the financial years 2016 and 2015 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

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

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 years 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 9 “Financial instruments”, which will apply to reporting years beginning on or after January 1, 2018, the Group deems, by virtue of the provisions set out in this standard, that it will be eligible for the deferral approach approved for the insurance industry, or, as the case may be, the possibility established by the European Commission of not applying the standard for a limited year.

– With regard to IFRS 16, issued by the IASB and pending adoption by the EU, which will apply to reporting years beginning on or after January 1, 2019, a study has been carried out to analyze the impact on the financial statements during the first year of implementation, based on present market conditions and the terms and conditions of existing lease contracts. The main impacts would be as follows:

- Increase in assets and liabilities of approximately 624.23 million euros.
- Fall in operating expenses and increase in financial expenses of 14.89 million and 37.10 million euros, respectively. The financial expenses amount will gradually decline, applying financial criteria, during the estimated life of the contracts.
- Fall in the result for the year attributable to the controlling company of 11.01 million euros. This amount will be offset entirely at the end of the estimated life of the contracts.

2.6. CHANGES IN THE CONSOLIDATION PERIMETER

The companies that were added to the consolidation perimeter in 2016 and 2015 are listed in Annex 1 along with their equity figures and results. Annex 1 also contains all the other changes to the consolidation perimeter.

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 year 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 2016 and 2015 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

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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).
- 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 year, their effect shall be applied during that year and, as the case may be, in subsequent years.

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 in the table of acquisitions of controlled companies attached as Annex 1 to the consolidated annual report.

This annex shows the joint arrangements that have been included in the consolidation and indicates the method of consolidation used.

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. Consequently, the results relating to the part of the financial year during which the entities belonged to the Group are included in the accounts.

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. Non-controlling acquisitions of controlled companies 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 year (and in the total consolidated overall result for the year) 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, 2016 and 2015.

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.

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 2016 and 2015 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).

In the first half of 2015, as a result of the absence of auctions and the scarce representation afforded by the SICAD I benchmark index, the Group adopted the SIMADI exchange rate when converting the financial statements of its Venezuelan subsidiaries. The SIMADI was created in February 2015, as a free exchange system in which, initially, the free exchange rate would be established by the participation of currency offers and demands and the market itself. At the onset, it appeared that its application would more accurately reflect the asset position of the Group's companies in Venezuela. However, the practice has revealed a disconnect between the SIMADI and real inflation in the country, which has caused the currency in this hyperinflationary economy to steadily lose value, with an exchange rate that does not fluctuate freely and consequently does not reflect the actual loss in value. Accordingly, the application of the SIMADI rate does not adequately reflect the financial and asset position of the Venezuelan subsidiaries.

In 2016 a new rate called the DICOM was introduced to align the SIMADI to the country's new reality, but as the months went by inflation and the absence of free fluctuation once again meant that its use to convert the annual accounts of the Group companies operating in Venezuela did not accurately reflect their financial and equity position.

As a result, and given the lack of a reliable official index, at the close of both 2015 and 2016 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's 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 SIMADI exchange rate, on the basis of the inflation reported in the International Monetary Fund (IMF) Economic Outlook, which estimated an inflation rate of 720 percent and 190 percent for 2016 and 2015, respectively. This inflation was applied from the date the SIMADI was created in late February 2015 (USD/VEF 176.60) to December 31, 2016 and 2015. Accordingly, the exchange rate obtained, and at which all 2016 and 2015 balances and operations of Group companies operating in Venezuela were converted, was USD/VEF 3,598.3

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and 425.80, respectively. If the SIMADI had been applied in 2015 and the DICOM in 2016, with inflation rates in line with these exchange rates for calculating restatements for inflation, equity would have increased by 35.44 million and 45.24 million euros at December 31, 2016 and 2015, respectively; and the result for the year attributable to the controlling company would have fallen by 23.49 million euros in 2016 and increased by 10.2 million euros in 2015.

In the consolidated income statement the loss arising from the net monetary position is shown under a separate heading, amounting to 39.98 million and 7.96 million euros in 2016 and 2015, respectively. This monetary restatement has resulted in an increase of 60.64 million and 19.77 million euros in the Group's equity at December 31, 2016 and 2015, 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 earnings per share, since there is no ordinary potential share—is shown below:

ITEM	2016	2015
Net profit attributable to controlling company's shareholders	775.45	708.77
Weighted average number of ordinary shares in issue	3,079.55	3,079.55
Basic earnings per share (euros)	0.25	0.23

4.2. DIVIDENDS

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

ITEM	TOTAL DIVIDEND (MILLION EUROS)		DIVIDEND PER SHARE (EURO CENTS)	
	2016	2015	2016	2015
Interim dividend	184.77	184.77	6.00	6.00
Final dividend	261.76	215.57	8.50	7.00
TOTAL	446.53	400.34	14.50	13.00

The total dividend for 2016 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 laid down in the legal regulations and the corporate bylaws.

In 2016 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 08-11-2016
Cash available on date of the resolution	32.12
Increases in cash forecast within one year	1,397.82
From expected current collection operations	597.82
From financial transactions	800.00
Decreases in cash forecast within one year	(898.95)
From expected current payment transactions	(75.00)
From expected financial transactions	(823.95)
Cash available within one year	530.99

Figures in millions of euros

5. Accounting policies

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

5.1. INTANGIBLE ASSETS

Goodwill

GOODWILL ON MERGER

Goodwill on merger represents the cost excess 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

Goodwill on consolidation 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.

(3)

– 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

The investigation expenses are directly recognized on the consolidated income statement for the year in which they are incurred. The 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 year in which revenues or yields are to be obtained without prejudice to the valuation that would be made if impairment occurs.

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 cost excess, 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 of IFRS-EU 3, the Group has chosen not to increase goodwill in part corresponding to minority interests.

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 year 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 year are transferred to the consolidated income statement.

When the necessary measuring 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 year to complete the initial accounting, this year never exceeding one year from the date of acquisition.

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 PROPERTY INVESTMENTS

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

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 amortization of elements of the property, plant and equipment and property investments is calculated linearly on the value of the asset cost less its residual value and less the value of land based on the following years of useful life of each asset:

ITEM GROUP	YEARS	ANNUAL RATIO
Buildings and other structures	50-25	2%-4%
Vehicles	6.25	16%
Furniture	10	10%
Installations	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.

The elements of the property, plant and equipment or of the property investment 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.

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.

Assets under finance lease are amortized over the useful life of the leased asset.

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 for operational leasing (net payments of any incentive received from the lessor) are charged to the consolidated income statement on a linear basis during the leasing year.

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

– Available-for-sale portfolio

This portfolio includes debt securities not labeled as “Held-to-maturity portfolio” or “Trading portfolio” and the capital instruments of companies that are not controlled, associated or of joint arrangements and that have not been included in the “Trading portfolio”.

– Trading portfolio

This portfolio includes original or acquired financial assets 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 coverage operation and hybrid financial assets completely measured 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 measuring them. Exceptionally, when this separation is not possible, hybrid financial assets are measured at their fair value.

Valuation

In their initial recognition on the balance sheet, all financial investments that are part of the aforementioned portfolios 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.

After initial recognition, 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.

The effective interest rate is the restatement rate equaling exactly the initial value of a financial instrument to all its estimated cash flows for all items throughout its residual life.

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, including financial derivatives classified in the trading portfolio, is the price that would be received for selling a financial asset or that would be paid for transferring a financial liability through an ordered transaction between participants in the market on the valuation date (Quoted price-Level 1). When the mentioned quoted price is lacking, the fair value is determined, if there are observable market data, by updating the future financial flows, including the redemption value, at rates equivalent to the interest rates of swaps in euros, increased or decreased by the differential derived from the credit quality of the issuer and standardized based on the quality of the issuer and the maturity term (Level 2). If observable market data are not available, other valuation techniques in which some of the significant variables are not based on market data are used (Level 3). In this case, the most used method is the request for valuation from an independent financial company.

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

Investments on behalf of life insurance policyholders bearing the investment risk are made in fixed-income securities, equities and mutual funds which are measured at the acquisition price 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 year, determined as follows:

- Equities: at their quotation price (Level 1).
- Fixed-income securities: if there is a representative quotation, said quotation is applied (Level 1); if there is no quotation or it is not sufficiently representative, the fair value is determined 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 of the Life direct insurance segment.

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 years.



5.8. INVENTORIES

Inventories are recognized at the lower of their net acquisition or production cost and their net realizable value.

The acquisition cost includes the expenses directly attributable to the purchase, as well as an allowance for the overheads incurred for the transformation of inventories and any financial expenses incurred in their acquisition.

The net realized value is the estimated sale price during the normal course of operations, less the estimated costs for terminating their production and any necessary expenses incurred in conducting their sale.

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.

For cases in which there is objective evidence that a loss was incurred due to impairment, the corresponding provision was 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. The amount of 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 year 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

Cash consists of cash and cash equivalents.

The cash consists of the safe and sight bank deposits.

Cash equivalents 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

The commissions and other acquisition expenses corresponding to the accrued premiums that can be allocated to the year between the close date and the end of coverage of the contracts are basically included under the heading "Adjustment for prepayment" of the asset. The expenses are allocated to the results actually incurred in the year in accordance with the limit stipulated in the technical conditions.

At the same time, the 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 year of the ceded policies are included under the heading "Adjustments for Prepayment" of the liability.

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

Assets held for sale, if applicable, are generally measured at the lower amount of 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 profits expenses.

Non-current assets classified as held-for-sale are not amortized.

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

In their initial recognition on the balance sheet, financial liabilities and subordinated liabilities are recorded at fair value. Thereafter, these liabilities are measured at their amortized cost, except for credit balances derived from financial swap operations, which are measured as stated in Note 5.5 Financial Investments.

Where financial liabilities and subordinated liabilities are written off in the balance sheet, the difference between their book value and the provided remuneration is recognized in the consolidated income statement.

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 year of time elapsed. Premiums are 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

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

ACCEPTED AND RETROCEDED REINSURANCE

Premiums corresponding to accepted reinsurance are posted based on the accounts received from the ceding companies.

Retroceded reinsurance operations are recorded using the same criteria used for accepted reinsurance and according to the signed retrocession contracts.

CO-INSURANCE

Co-insurance transactions 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

The provision for unearned premiums is calculated on a policy-by-policy basis and reflects the insurance premium accrued during the year subject to allocation to future years, less the security surcharge.

PROVISION FOR UNEXPIRED RISKS

The provision for unexpired risks 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 year 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 year 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 year subject to allocation to future years.

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 year not elapsed at the closing date for the financial year.

— In Life insurance policies with a coverage year 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 year, 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 year 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. This provision 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 year, 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 years.

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.

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 year. 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.

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 year 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 made and were not communicated as well as for deviations of the existing ones based on own experience.

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 year.

g) Shadow accounting

In order to mitigate the accounting asymmetries arising from applying different measurement 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) CAPITALIZATION OF ACQUISITION COMMISSIONS AND EXPENSES

Acquisition commissions and expenses directly related to new production sales are never capitalized but are recorded in the consolidated income statement for the year in which they are incurred.

D) AGRICULTURAL CO-INSURANCE IN SPAIN

A) EARNED PREMIUMS

These are recorded, net of cancelations, for the part corresponding to the holding in the pool.

B) PROVISION FOR UNEARNED PREMIUMS

These are recorded according to the holding in the pool.

C) CLAIMS PAID

These are recorded for the part corresponding to the holding in the pool, net of the part subject to allocation to the Insurance Compensation Consortium due to a higher than expected claims ratio.

D) PROVISION FOR OUTSTANDING CLAIMS

The provision for outstanding claims is recorded in line with the holding in the pool.

E) COMMISSIONS

Any commissions arising from the holding in the pool are stated in the consolidated income statement under the heading "Acquisition expenses", less the accrued amount at the close of the year.

The heading "Other technical revenues" includes the commissions accrued for the production contributed to the pool, less the commissions paid to the mediators. "Other technical expenses" includes the expenses directly related to this production.

E) CLAIMS 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.

For claims that occur prior to the end of each financial year but are not reported, the best estimate of their cost is recognized based on past experience, through the provision for outstanding claims pending statement.

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.

Claims corresponding to ceded and retroceded reinsurance 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

Regarding 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 from time to time. If these reviews lead to changes in estimates in a given year, their effect shall be applied during that year and, as the case may be, in subsequent years.

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. However, if a notable insufficiency becomes evident, the provisions required to cover it would be constituted.

The calculation of technical provisions does not include discount techniques for the valuation of future flows, except for the mathematical provisions in the Life business and funeral provisions in Direct Insurance.

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

Provisions 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

The entries included under the heading "Debt" are generally measured 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, the debts 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 general principle of recognition of revenue and expenses is the accrual criterion according to which the revenues and expenses are allocated 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 post-employment benefit 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 obligation is limited to the contribution agreed on to deposit in a fund and the amount of benefits to be received by employees is determined by the contributions made plus the yield obtained by the investments in which the fund was materialized.

DEFINED BENEFIT PLANS

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

The liability recognized on the balance sheet for defined benefit pension plans, recorded under the corresponding heading for mathematical provisions, 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

Compensation for termination 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.

In 2013 a medium-term incentive plan was approved for certain members of the Group's executive team. The plan was extraordinary and multi-year, commencing January 1, 2013 and ending March 31, 2016. Payment of the incentives related to this plan was dependent on fulfilling certain corporate and specific objectives, as well as maintaining the work relationship until the plan's termination date. At the close of each year of the plan, fulfillment of the objectives was evaluated and the amount paid was recorded in each year on the consolidated income statement,

credited to a provisions account. The entire plan was settled at the close of 2016.

In 2016 a new medium-term incentive plan was approved for certain members of the MAPFRE executive team. The plan is extraordinary and multi-year, commencing January 1, 2016 and ending March 31, 2019, with payment of part of the incentives deferred to the year 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). 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 year, the number of equity instruments included in the calculation of the transaction amount is adjusted. No additional adjustments are made after the vesting date.

The Group used to have an incentive plan referenced to the value of the MAPFRE S.A. share that was settled in cash and revocable in the sense that it was subject to the executive remaining in the Group's employment. This was measured at the initial moment of implementation (2007) using an options valuation method. The measured cost was allocated to results as a personnel expense during the employee's vesting year, while a liability in favor of the employee was recognized as the offsetting entry. At the close of each year the liability was measured at its fair value and any change to the valuation during the year was posted to the consolidated income statement. At the close of 2016 the share quote was below the benchmark quote for this plan, with the result that no rights have been exercised and the plan has expired.

5.20. REVENUES AND EXPENSES FROM INVESTMENTS

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

Revenues and expenses from financial investments are recorded according to the portfolio in which they are classified, in line with the following criteria:

a) Trading portfolio

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

b) Held-to-maturity portfolio

Changes in fair value are recorded when the financial instrument is disposed of and in case of impairment.

c) Available-for-sale portfolio

Changes in fair value are recognized directly in the company's equity until the financial asset 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 following segments, according to the regional area or the business unit in which the activity originated:

^ ^ 3x

Insurance activity and other activities

- IBERIA
- BRAZIL
- LATAM NORTH
- LATAM SOUTH
- NORTH AMERICA
- EMEA
- APAC

Reinsurance activity

- MAPFRE RE

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.

Likewise, the long-term deferred assets and liabilities are rated according to the rates that will be applicable in the years in which the assets are expected to be performed or the liabilities paid.

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.

6. Breakdown of financial statements

6.1. INTANGIBLE ASSETS

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

2016

ITEM	Opening balance	Adjustments to the opening balance	Changes to the scope	Additions or provisions	Disposals, cancellations or reductions	Closing balance
COST						
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
CUMULATIVE DEPRECIATION						
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)
IMPAIRMENT						
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 in the consolidation perimeter in 2016 mainly stem from the reclassification under the heading "Non-current assets maintained for sale" of the assets of the controlled companies Unión del Duero, Compañía de Seguros de Vida, S.A. (Duero Vida) and Duero Pensiones, EGFP, S.A. (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.

2015

ITEM	Opening balance	Adjustments to the opening balance	Changes to the scope	Additions or provisions	Disposals, cancellations or reductions	Closing balance
COST						
GOODWILL	2,353.00	41.02	(249.49)	--	--	2,144.53
OTHER INTANGIBLE FIXED ASSETS						
Portfolio acquisition expenses	2,057.97	(287.97)	(252.89)	9.75	--	1,526.86
Software	778.06	(18.57)	25.21	180.94	(57.26)	908.38
Other	192.70	(32.54)	(0.78)	26.93	(32.91)	153.40
TOTAL COST	5,381.73	(298.06)	(477.95)	217.62	(90.17)	4,733.17
CUMULATIVE DEPRECIATION						
OTHER INTANGIBLE FIXED ASSETS						
Portfolio acquisition expenses	(465.58)	47.64	73.51	(72.56)	--	(416.99)
Software	(378.15)	13.36	(20.34)	(104.64)	13.81	(475.96)
Other	(49.35)	18.06	0.47	(2.93)	--	(33.75)
TOTAL CUMULATIVE DEPRECIATION	(893.08)	79.06	53.64	(180.13)	13.81	(926.70)
IMPAIRMENT						
GOODWILL	(322.52)	2.02	243.97	--	--	(76.53)
OTHER INTANGIBLE ASSETS						
Portfolio acquisition expenses	(89.27)	(2.26)	59.21	--	--	(32.32)
Software	--	--	--	--	--	--
Other	(0.04)	(0.02)	--	--	--	(0.06)
TOTAL IMPAIRMENT	(411.83)	(0.26)	303.18	--	--	(108.91)
TOTAL GOODWILL	2,030.48	43.04	(5.52)	--	--	2,068.00
TOTAL OTHER INTANGIBLE ASSETS	2,046.34	(262.30)	(115.61)	37.49	(76.36)	1,629.56
TOTAL INTANGIBLE ASSETS	4,076.82	(219.26)	(121.13)	37.49	(76.36)	3,697.56

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.

The amounts shown as changes in perimeter in 2015 primarily stem from:

- Sale of the interest in Cx Vida and Cx Generales.
- Acquisition of DIRECT LINE INSURANCE S.p.A. (hereinafter DIRECT LINE ITALY) and DIRECT LINE VERSICHERUNG AKTIENGESELLSCHAFT (hereinafter DIRECT LINE GERMANY) (see Note 6.25).
- Inclusion using the equity method of the FUNESPAÑA, S.A. investees, which in the previous year were fully consolidated, due to loss of control over INICIATIVAS ALCAESAR, S.L. and subsidiaries.

Intangible assets with a finite useful life

- Portfolio acquisition expenses

Portfolio acquisition expenses are amortized during the life the portfolios, with a maximum year of 30 years, and depending on them being maintained.

- Other intangible assets

The useful life and the amortization ratios used for the main assets, for which a linear method of amortization was followed in all cases, are shown below:

ITEM GROUP	Useful life (years)	Depreciation ratio (annual)
Software	3-4	33%-25%
Rights of use of administrative concessions	57	1.75%

The amortization of intangible assets with a finite useful life has been recorded in the “Amortization allowances” expenses account.

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:

ITEM	BOOK VALUE	
	31/12/16	31/12/15
Goodwill on consolidation	1,955.93	2,025.96
Goodwill on merger	34.12	42.04

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 years.

– Goodwill

CASH-GENERATING UNIT	BUSINESS AND GEOGRAPHIC AREA	GROSS AMOUNT AT SOURCE		INITIAL 31.12.2014	YEAR 2015		INITIAL 31.12.2015	YEAR 2016		INITIAL 31.12.2016
		Millions in original currency	Currency		Inflows (outflows)	Net impairment for the year		Inflows (outflows)	Net impairment for the year	
Goodwill on consolidation										
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	22.85	(1.26)	--	21.57	(2.89)	--	18.68
BRIKELL FINANCIAL SERVICES	Travel assistance (USA)	19.58	USD	15.28	1.76	--	17.04	0.59	--	17.65
MAPFRE WARRANTY	Extended Warranty	11.40	EUR	11.08	--	--	11.08	--	--	11.08
MAPFRE BB SH2	Non-Life Insurance (Brazil)	220.01	BRL	68.31	(17.29)	--	51.02	13.18	--	64.20
BB MAPFRE SH1	Life Insurance (Brazil)	350.29	BRL	108.76	(27.52)	--	81.24	20.98	--	102.22
ABRAXAS	Travel assistance (United Kingdom)	11.26	GBP	14.46	0.89	--	15.35	(2.16)	--	13.19
GENEL SIGORTA	Insurance (Turkey)	156.83	TRY	55.37	(6.01)	--	49.36	(7.13)	--	42.23
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	726.80	83.72	--	810.52	27.88	--	838.40
DUERO VIDA	Life insurance (Spain)	70.12	EUR	70.12	--	--	70.12	(70.12)	--	--
DUERO PENSIONES	Pensions fund manager (Spain)	13.38	EUR	13.38	--	--	13.38	(13.38)	--	--
ASEGURADORA MUNDIAL	Insurance (Central America)	8.98	PAB	7.42	0.85	--	8.27	0.28	--	8.55
CATALUNYACAIXA VIDA	Life insurance (Spain)	364.85	EUR	178.61	(178.61)	--	--	--	--	--
CATALUNYACAIXA ASSEGUANCES GENERALS	General insurance (Spain)	97.62	EUR	39.88	(39.88)	--	--	--	--	--
INSURANCE AND GO	Insurance (United Kingdom)	30.72	GBP	39.47	2.73	--	42.20	(5.39)	--	36.81
CENTURY AUTOMOTIVE	Insurance and reinsurance (USA)	30.35	USD	20.48	2.36	--	22.84	0.79	--	23.63
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. (in 2015 ASEVAL - LAIETANA VIDA)	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	--	101.30	--	(33.03)	68.27
Other	--	--	--	39.51	2.13	--	41.64	0.37	--	42.01
TOTAL GOODWILL ON CONSOLIDATION				1,975.32	50.64	--	2,025.96	(37.00)	(33.03)	1,955.93
Goodwill on merger										
BANKINTER VIDA (branch in Portugal)	Life and Pensions insurance (Portugal)	5.34	EUR	--	--	--	--	5.34	--	5.34
GRUPO FUNESPAÑA	Funeral services (Spain)	41.09	EUR	38.45	(13.79)	--	24.66	(2.54)	--	22.12
Other	--	--	--	16.71	0.67	--	17.38	(10.72)	--	6.66
TOTAL GOODWILL ON MERGER				55.16	(13.12)	--	42.04	(7.92)	--	34.12
TOTAL GOODWILL				2,030.48	37.52	--	2,068.00	(44.92)	(33.03)	1,990.05
Goodwill in associated and multi-group undertakings										
PT ASURANSI BINA DANA ARTA TBK	Insurance (Indonesia)	391,102.00	IDR	25.94	0.12	--	26.06	1.45	--	27.51
SOLUNION SEGUROS DE CREDITO, S.A.	Insurance (Spain)	12.87	EUR	12.87	--	--	12.87	--	--	12.87
Other	--	--	--	8.57	(0.04)	--	8.53	(3.95)	--	4.58
TOTAL GOODWILL IN ASSOCIATED AND MULTI-GROUP UNDERTAKINGS (EQUITY-ACCOUNTED) (*)				47.38	0.08	--	47.46	(2.50)	--	44.96

Figures in millions of euros

Portfolio acquisition expenses

CASH-GENERATING UNIT	BUSINESS AND GEOGRAPHIC AREA	GROSS AMOUNT AT SOURCE		INITIAL 31.12.2014	YEAR 2015		INITIAL 31.12.2015	YEAR 2016		INITIAL 31.12.2016
		Millions in original currency	Currency		Inflows (outflows)	Depreciation and net impairment for the year		Inflows (outflows)	Depreciation and net impairment for the year	
BANKINTER VIDA	Life and Pensions insurance (Spain and Portugal)	200.89	EUR	93.67	--	(5.73)	87.94	69.66	(9.54)	148.06
BANKIA MAPFRE VIDA SOCIEDAD DE SEGUROS Y REASEGUROS S.A. (in 2015 ASEVAL - LAIETANA VIDA)	Life insurance (Spain)	89.59	EUR	87.79	--	(10.40)	77.39	--	(7.17)	70.22
CCM VIDA Y PENSIONES	Life and Pensions insurance (Spain)	82.55	EUR	56.88	--	(4.66)	52.22	--	(4.30)	47.92
MAPFRE USA	Non-Life Insurance (USA)	48.26	USD	11.93	1.34	(2.31)	10.96	0.28	(1.94)	9.30
DUERO VIDA	Life insurance (Spain)	44.48	EUR	34.70	--	(2.20)	32.50	(31.75)	(0.75)	--
DUERO PENSIONES	Pensions fund manager (Spain)	13.94	EUR	11.23	--	(0.76)	10.47	(10.21)	(0.26)	--
CATALUNYACAIXA VIDA	Life insurance (Spain)	292.01	EUR	159.29	(159.29)	--	--	--	--	--
BB MAPFRE SH1	Life Insurance (Brazil)	3,365.29	BRL	915.07	(226.90)	(34.01)	654.16	165.51	(34.27)	785.40
MAPFRE BB SH2	Non-Life Insurance (Brazil)	236.21	BRL	63.24	(15.44)	(4.08)	43.72	10.92	(3.65)	50.99
GENEL SIGORTA	Insurance (Turkey)	95.40	TRY	15.44	(1.59)	(2.14)	11.71	(1.50)	(1.92)	8.29
MAPFRE FINISTERRE	Non-Life Insurance (Spain)	87.94	EUR	48.18	--	(2.68)	45.50	--	(2.64)	42.86
DIRECT LINE GERMANY	Non-Life insurance (Germany)	23.52	EUR	--	23.52	(0.35)	23.17	--	(1.12)	22.05
DIRECT LINE ITALY	Non-Life Insurance (Italy)	15.60	EUR	--	15.60	(2.63)	12.97	--	(12.97)	--
Other	--	--	--	5.70	9.75	(0.61)	14.84	0.40	(3.13)	12.11
TOTAL PORTFOLIO ACQUISITION EXPENSES				1,503.12	(353.01)	(72.56)	1,077.55	203.31	(83.66)	1,197.20

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 years:

CASH-GENERATING UNIT	CONTRAST VALUE		RETRIEVABLE VALUE	
	2016	2015	2016	2015
MAPFRE VIDA	2,020.87	1,955.33	4,018.72	3,235.98
BB MAPFRE SH1	1,212.27	993.04	4,653.42	2,908.34
MAPFRE BB SH2	1,092.56	760.10	1,332.40	832.97
BANKINTER VIDA (Spain)	214.57	215.77	390.74	318.06
CCM VIDA Y PENSIONES	145.32	129.65	170.22	143.60
MAPFRE USA	2,022.30	1,879.99	2,907.97	2,489.07
MAPFRE GENEL SIGORTA	237.63	236.15	560.96	368.14
DIRECT LINE ITALY	201.81	253.83	201.81	400.55
DIRECT LINE GERMANY	291.74	298.53	456.65	421.81

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)

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 0.64 percent and 11.46 percent in 2016, and between 1.96 percent and 16.49 percent in 2015.

As a supplement for estimating the discount (k_e) 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	
	2016	2015
MAPFRE USA	6.50%	7.16%
MAPFRE VIDA, BANKINTER VIDA (Spain) and CCM VIDA Y PENSIONES	7.77%	9.17%
MAPFRE GLOBAL RISKS	5.61%	7.49%
BB MAPFRE SH1	15.71%	20.76%
MAPFRE BB SH2	15.03%	20.20%
GENEL SIGORTA	13.90%	13.90%
DIRECT LINE ITALY	6.20%	7.27%
DIRECT LINE GERMANY	4.29%	5.00%

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:

COUNTRY	LONG-TERM INFLATION FORECAST	
	2016	2015
Spain	1.59%	1.51%
United States	2.31%	2.38%
Turkey	6.30%	6.50%
Brazil	4.51%	4.56%
Italy	1.20%	1.34%
Germany	1.98%	1.92%

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)	
	2016	2015
Spain	1.59%	1.51%
United States	2.31%	2.38%
Turkey	6.80%	7.00%
Brazil	5.01%	5.06%
Italy	1.20%	1.34%
Germany	1.98%	1.92%

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 year 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 6.69 percent and 36.18 percent in 2016, and between 5.61 percent and 22.13 percent in 2015. 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 0.81 percent and 8.18 percent in 2016, and between 0.27 percent and 5.72 percent in 2015. 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.

The impairment loss of 43.22 million euros in 2016 represents 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. As a recently acquired business still under development, this assessment took into account 8-year projections consisting in an estimated 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 years. The main reason for the loss of recoverable value was the restructuring of the company carried out in 2016.

It was not necessary to recognize losses for any significant amounts in 2015.

6.2. PROPERTY, PLANT AND EQUIPMENT AND PROPERTY INVESTMENTS

Property, plant and equipment

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

2016

ITEM	Opening balance	Adjustments to the opening balance	Changes to the scope	Additions or provisions	Disposals, cancellations or reductions	Closing balance	Market value
COST							
PROPERTY 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
CUMULATIVE DEPRECIATION							
PROPERTY 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)	--
IMPAIRMENT							
PROPERTY 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 PROPERTY 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.

2015

ITEM	Opening balance	Adjustments to the opening balance	Changes to the scope	Additions or provisions	Disposals, cancellations or reductions	Closing balance	Market value
COST							
PROPERTY FOR OWN USE							
Land and natural resources	138.75	(55.42)	--	2.94	(1.14)	85.13	147.03
Buildings and other structures	1,244.86	(162.21)	(5.24)	27.28	(36.01)	1,068.68	1,259.95
OTHER PROPERTY, PLANT AND EQUIPMENT							
Vehicles	45.35	(7.09)	(0.74)	7.37	(5.51)	39.38	13.06
Furniture and fittings	481.25	(13.58)	2.01	29.08	(26.82)	471.94	196.88
Other property, plant and equipment	252.65	(43.62)	14.38	23.37	(24.13)	222.65	62.39
Advances and fixed assets in progress	12.04	(0.56)	(0.03)	55.30	(5.72)	61.03	61.03
TOTAL COST	2,174.90	(282.48)	10.38	145.34	(99.33)	1,948.81	1,740.34
CUMULATIVE DEPRECIATION							
PROPERTY FOR OWN USE							
	(208.46)	35.87	1.06	(27.44)	6.48	(192.49)	--
OTHER PROPERTY, PLANT AND EQUIPMENT							
	(484.09)	44.60	(9.82)	(56.63)	44.30	(461.64)	--
TOTAL CUMULATIVE DEPRECIATION	(692.55)	80.47	(8.76)	(84.07)	50.78	(654.13)	--
IMPAIRMENT							
PROPERTY FOR OWN USE							
Land and natural resources	--	--	--	--	--	--	--
Buildings and other structures	(9.49)	(0.01)	--	(14.70)	6.28	(17.92)	--
OTHER PROPERTY, PLANT AND EQUIPMENT							
Vehicles	(0.15)	0.05	--	--	--	(0.10)	--
Furniture and fittings	(0.32)	0.05	--	--	--	(0.27)	--
Other property, plant and equipment	(2.93)	0.40	0.62	--	--	(1.91)	--
TOTAL IMPAIRMENT	(12.89)	0.49	0.62	(14.70)	6.28	(20.20)	--
TOTAL PROPERTY FOR OWN USE	1,165.66	(181.77)	(4.18)	(11.92)	(24.39)	943.40	1,406.98
TOTAL OTHER PROPERTY, PLANT AND EQUIPMENT	303.80	(19.75)	6.42	58.49	(17.88)	331.08	333.36
TOTAL PROPERTY, PLANT & EQUIPMENT	1,469.46	(201.52)	2.24	46.57	(42.27)	1,274.48	1,740.34

Figures in millions of euros

Property investment

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

2016

ITEM	Opening balance	Adjustments to the opening balance	Changes to the scope	Additions or provisions	Disposals, cancellations or reductions	Closing balance	Market value
COST							
INVESTMENT IN PROPERTY							
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
CUMULATIVE DEPRECIATION							
INVESTMENT IN PROPERTY							
	(275.84)	(0.46)	--	(23.97)	27.97	(272.30)	--
TOTAL CUMULATIVE DEPRECIATION	(275.84)	(0.46)	--	(23.97)	27.97	(272.30)	--
IMPAIRMENT							
INVESTMENT IN PROPERTY							
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 PROPERTY 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 175.00 million euros with a profit before tax of 117.10 million euros.

2015

ITEM	Opening balance	Adjustments to the opening balance	Changes to the scope	Additions or provisions	Disposals, cancellations or reductions	Closing balance	Market value
COST							
INVESTMENT IN PROPERTY							
Land and natural resources	631.12	(0.02)	(9.11)	1.64	(3.57)	620.06	399.15
Buildings and other structures	1,131.95	(2.08)	(16.97)	143.47	(12.41)	1,243.96	1,436.45
TOTAL COST	1,763.07	(2.10)	(26.08)	145.11	(15.98)	1,864.02	1,835.60
CUMULATIVE DEPRECIATION							
INVESTMENT IN PROPERTY							
	(276.89)	1.39	2.33	(6.14)	3.47	(275.84)	--
TOTAL CUMULATIVE DEPRECIATION	(276.89)	1.39	2.33	(6.14)	3.47	(275.84)	--
IMPAIRMENT							
INVESTMENT IN PROPERTY							
Land and natural resources	(200.84)	(0.01)	0.52	(12.91)	11.37	(201.87)	--
Buildings and other structures	(59.05)	(0.39)	1.92	(10.83)	6.36	(61.99)	--
TOTAL IMPAIRMENT	(259.89)	(0.40)	2.44	(23.74)	17.73	(263.86)	--
TOTAL PROPERTY INVESTMENT	1,226.29	(1.11)	(21.31)	115.23	5.22	1,324.32	1,835.60

Figures in millions of euros

+ (0, 2, 1) ↑ ↑

In 2015, “Buildings and other constructions” reflects the acquisition of office buildings at Plaza de la Independencia in Madrid and at One Winthrop Square in Boston (USA), for 82.00 million euros and 52.70 million euros, respectively.

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

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 property investment and of property 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 property corresponds to assets assigned to technical provisions and measurements are performed on a regular basis, as established for valuation reviews by the supervisory bodies of insurance activities.

Revenues and expenses derived from property investments in 2016 and 2015 are shown in the table below:

ITEM	Type of investment							
	Operating investment		Equity		Other Activities		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
Revenue from property investment								
From rentals	48.51	45.49	2.22	2.68	14.32	13.40	65.05	61.57
Other	0.44	2.25	--	0.04	2.03	2.33	2.47	4.62
Gains on disposals	116.09	3.52	5.75	1.01	4.59	14.04	126.43	18.57
Total revenue from property investment	165.04	51.26	7.97	3.73	20.94	29.77	193.95	84.76
Expenses from property investment								
Direct operational expenses	24.84	24.05	1.20	5.29	--	--	26.04	29.34
Other expenses	4.34	7.29	0.03	0.10	11.51	12.00	15.88	19.39
Losses on disposals	4.06	4.68	0.39	0.62	0.10	1.57	4.55	6.87
Total expenses from property investment	33.24	36.02	1.62	6.01	11.61	13.57	46.47	55.60

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	
	2016	2015	2016	2015	2016	2015
	Property investments	858.81	824.13	25	25	21

Figures in millions of euros

At December 31, 2016 and 2015 the future minimum collections for non-cancelable operating leases were as follows:

ITEM	2016	2015
Less than one year ago	47.90	48.68
More than one year but less than five	106.29	129.84
More than five years	78.94	75.61
TOTAL	233.13	254.13

Figures in millions of euros

No contingent payments were recorded as revenues in 2016 and 2015.

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	2016	2015
Less than one year ago	37.87	33.68
More than one year but less than five	184.72	173.92
More than five years	356.19	325.06
TOTAL	578.78	532.66

Figures in millions of euros

No contingent payments were recorded as expenses in 2016 and 2015.

6.4. FINANCIAL INVESTMENTS

At December 31, 2016 and 2015 the composition of financial investments was as follows:

ITEM	BOOK VALUE	
	2016	2015
HELD-TO-MATURITY PORTFOLIO		
Fixed income	2,403.28	2,114.47
Other investments	16.48	49.02
PORTFOLIO AVAILABLE FOR SALE	2,419.76	2,163.49
AVAILABLE-FOR-SALE PORTFOLIO		
Shares	1,424.94	1,242.30
Fixed income	32,642.40	32,335.80
Mutual Funds	1,002.14	928.26
Other	33.13	59.22
TOTAL PORTFOLIO AVAILABLE FOR SALE	35,102.61	34,565.58
TRADING PORTFOLIO		
Derivatives (not for hedging):		
Financial swaps	488.01	469.29
Options	4.21	2.38
Other investments:		
Shares	240.32	230.88
Fixed income	3,354.11	2,370.96
Mutual Funds	572.22	355.89
Hybrids	194.80	--
Deposits	156.31	--
Other	8.61	0.69
TOTAL TRADING PORTFOLIO	5,018.59	3,430.09

Figures in millions of euros

The fair value measurements of the financial investments included in the available-for-sale portfolio and in the trading portfolio have been classified according to the levels of the variables used to measure them:

- Level 1. Quotation price: Unadjusted price quoted in active markets.
- Level 2. Observable data: Prices quoted in active markets for instruments similar to the one being measured or other measurement techniques in which all the significant variables are based on observable market data. The measurement is made via a model that discounts future flows using a rate curve with two main components:
 - Zero coupon swap curve of the currency of the issue, which is considered to be the best approximation to the interest rate without any risk.
 - Spread of the additional risk, which will be the spread added to the zero coupon swap curve that reflects the risks inherent to the issue measured, such as credit risk, liquidity and optionality.

– Level 3. Other measurements: Variables specific to each case. The financial assets at this level represent 0.12 percent of the total portfolio measured at fair value. 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 amortizations, and in which the issuer has no similar issues on the market or any unquoted issues from an issuer with no similar issues. In these cases, the assets are usually measured by requesting a valuation from a benchmark third party.

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

The process for measuring 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 measurement performed. However, at least once a month all assets are measured against the market using the aforementioned measurement methods: quotation price in active markets (Level 1); based on observable market data, such as quotation prices for similar assets, flow discounts based on the issuer's curve rate, etc. (Level 2); and specific measurements not based on market variables (Level 3).
- c) The measurements 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 measurement 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.

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

Quotation 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, 2016 and 2015 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	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Fixed income	2,403.28	2,114.47	2,112.65	1,917.38	165.62	184.42	31.12	28.97	236.90	200.04	--	--	--	--
Other investments	16.48	49.02	4.91	30.39	0.33	1.14	11.23	17.51	4.01	3.22	--	--	--	--
TOTAL	2,419.76	2,163.49	2,117.56	1,947.77	165.95	185.56	42.35	46.48	240.91	203.26	--	--	--	--

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 2016.

Available-for-sale portfolio

The investments allocated to the available-for-sale portfolio, at December 31, 2016 and 2015 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	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Shares	1,361.12	1,161.87	41.18	62.49	22.64	17.94	1,424.94	1,242.30	(23.89)	(7.01)	0.15	--
Fixed income	28,301.94	28,840.57	4,315.62	3,446.87	24.84	48.36	32,642.40	32,335.80	(0.47)	(0.38)	--	--
Mutual Funds	999.11	925.08	1.77	1.81	1.26	1.37	1,002.14	928.26	--	(3.70)	--	--
Other	28.68	28.97	4.45	30.25	--	--	33.13	59.22	--	--	--	--
TOTAL	30,690.85	30,956.49	4,363.02	3,541.42	48.74	67.67	35,102.61	34,565.58	(24.36)	(11.09)	0.15	--

Figures in millions of euros

The valuation adjustments of portfolio investments amounted to 4,591.06 million and 4,262.36 million euros at December 31, 2016 and 2015 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 2016 and 2015, amount to 238.88 million and 243.34 million euros, respectively.

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

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

A reconciliation of the opening and closing balances at the close of year 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	
	2016	2015	2016	2015	2016	2015	2016	2015
Opening balance	19.31	17.30	48.36	44.05	--	0.06	67.67	61.41
Additions	9.17	--	0.73	0.20	--	--	9.90	0.20
Disposals	(1.15)	(0.37)	(24.12)	(3.80)	--	--	(25.27)	(4.17)
Transfer from Level 1 or 2	--	7.72	--	8.66	--	--	--	16.38
Transfer to Level 1 or 2	--	--	--	(0.65)	--	--	--	(0.65)
Amortization	--	--	--	--	--	--	--	--
Gains and losses	--	--	--	(0.30)	--	--	--	(0.30)
Other	(3.43)	(5.34)	(0.13)	0.20	--	(0.06)	(3.56)	(5.20)
Closing balance	23.90	19.31	24.84	48.36	--	--	48.74	67.67

Figures in millions of euros

At the close of 2016 and 2015 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 quotation price because none of the objective situations determining this eventuality had occurred (i.e. a significant decline in the market value (equal to or higher than 40 percent of its cost) for an extended year (more than 18 months)).

With respect to investments in unquoted assets, in 2016 and 2015 a provision of 23.65 million and 7.01 million euros, respectively, was made for impairment of the equity investment in SAREB. No other provisions were made during these years for significant impairment to investments in unquoted assets analyzed individually.

At the close of 2016 and 2015 the Group had fixed-income securities as guarantees for financial swap operations with a market value of 338.26 million and 320.77 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 487.68 million and 282.30 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.

Trading portfolio

The investments allocated to the trading portfolio at December 31, 2016 and 2015 are shown below:

ITEM	BOOK VALUE (FAIR VALUE)							
	LEVEL 1. QUOTATION PRICE		LEVEL 2. OBSERVABLE DATA		LEVEL 3. OTHER MEASUREMENTS		TOTAL	
	2016	2015	2016	2015	2016	2015	2016	2015
Derivatives (not for hedging)								
Financial swaps	1.70	0.15	486.31	469.14	--	--	488.01	469.29
Options	4.21	2.38	--	--	--	--	4.21	2.38
TOTAL DERIVATIVES (NOT FOR HEDGING)	5.91	2.53	486.31	469.14	--	--	492.22	471.67
Other investments								
Shares	238.83	229.44	0.08	0.08	1.41	1.36	240.32	230.88
Fixed income	3,315.71	2,310.69	38.40	60.27	--	--	3,354.11	2,370.96
Mutual Funds	537.71	355.77	34.51	0.12	--	--	572.22	355.89
Hybrids	194.80	--	--	--	--	--	194.80	--
Deposits	--	--	156.31	--	--	--	156.31	--
Other	8.61	0.35	--	0.34	--	--	8.61	0.69
TOTAL OTHER INVESTMENTS	4,295.66	2,896.25	229.30	60.81	1.41	1.36	4,526.37	2,958.42
TOTAL TRADING PORTFOLIO	4,301.57	2,898.78	715.61	529.95	1.41	1.36	5,018.59	3,430.09

Figures in millions of euros

Gains and losses recognized in the 2016 and 2015 results are as follows:

ITEM	GAINS (LOSSES) ALLOCATED TO RESULTS			
	UNREALIZED		REALIZED	
	2016	2015	2016	2015
Derivatives (not for hedging)				
Financial swaps	16.07	(29.21)	(0.51)	(1.57)
Options	--	--	0.91	--
TOTAL DERIVATIVES (NOT FOR HEDGING)	16.07	(29.21)	0.40	(1.57)
Other investments				
Shares	14.02	23.43	(8.30)	4.60
Fixed income	6.70	7.48	15.57	40.30
Mutual Funds	24.05	9.72	2.92	4.43
Hybrids	(0.58)	--	--	--
Deposits	--	--	--	--
Other	(0.40)	0.17	(0.43)	--
TOTAL OTHER INVESTMENTS	43.79	40.80	9.76	49.33
TOTAL TRADING PORTFOLIO	59.86	11.59	10.16	47.76

Figures in millions of euros

During 2016 and 2015 no significant transactions were carried out involving Level 3 financial assets held for trading, and no transfers were made from/to this level.

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. The sum of 488.01 million euros was recorded in the trading portfolio for this item in 2016 (469.29 million euros in 2015).

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 2016 this item amounted to 4.21 million euros (2.38 million euros in 2015).

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, 2016 and 2015:

ITEM	BOOK VALUE (FAIR VALUE)								EARNINGS			
	LEVEL 1. QUOTATION PRICE		LEVEL 2. OBSERVABLE DATA		LEVEL 3. OTHER MEASUREMENTS		TOTAL		UNREALIZED		REALIZED	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Shares	136.67	47.74	--	--	--	--	136.67	47.74	2.34	(11.00)	--	3.66
Fixed income	418.62	637.88	483.68	722.54	--	--	902.30	1,360.42	1.97	0.31	34.25	70.28
Mutual funds holdings	904.52	311.77	70.47	78.95	--	--	974.99	390.72	6.67	8.35	74.32	0.15
TOTAL	1,459.81	997.39	554.15	801.49	--	--	2,013.96	1,798.88	10.98	(2.34)	108.57	74.09

Figures in millions of euros

6.6. INVENTORIES

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

2016

ITEM	Opening balance	Adjustments to the opening balance	Changes to the scope	Entries	Write-offs	Impairment (Allocation)/ 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

2015

ITEM	Opening balance	Adjustments to the opening balance	Changes to the scope	Entries	Write-offs	Impairment (Allocation)/ Reversal	Closing balance
Land	47.33	--	--	--	--	(1.35)	45.98
Developments and works in progress	23.54	--	--	--	--	--	23.54
Finished products	1.92	(0.06)	--	7.42	(7.45)	0.05	1.88
Raw materials	4.66	--	(0.11)	3.08	(3.21)	0.01	4.43
TOTAL	77.45	(0.06)	(0.11)	10.50	(10.66)	(1.29)	75.83

Figures in millions of euros

No interest costs were capitalized in 2016 and 2015.

6.7. RECEIVABLES

The following table shows the breakdown of the “Receivables” heading at December 31, 2016 and 2015, plus impairment losses and gains on reversals recorded in the last two years:

ITEM	GROSS AMOUNT		IMPAIRMENT		NET BALANCE ON BALANCE SHEET		IMPAIRMENT			
							RECORDED LOSSES		REVERSAL GAINS	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Receivables on direct insurance and co-insurance operations	4,403.36	4,309.99	(88.30)	(78.28)	4,315.06	4,231.71	(22.08)	(5.76)	5.99	6.65
Receivables on reinsurance operations	931.62	1,099.96	(55.05)	(31.84)	876.57	1,068.12	(13.69)	(21.30)	5.68	--
Tax receivables	303.79	248.06	--	--	303.79	248.06	--	--	--	--
Corporate and other receivables	1,172.77	1,198.98	(16.33)	(13.25)	1,156.44	1,185.73	(4.64)	(4.00)	8.82	10.48
TOTAL	6,811.54	6,856.99	(159.68)	(123.37)	6,651.86	6,733.62	(40.41)	(31.06)	20.49	17.13

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.

Below is the breakdown for the “Corporate and other receivables” heading at the close of the last two years:

CORPORATE AND OTHER RECEIVABLES	AMOUNT	
	2016	2015
Debtors of sales or provision of services	225.37	296.29
Receivables for claim recovery (including collaboration agreements with other insurance companies)	136.34	124.05
Advance payment of policies (Life insurance)	38.60	20.76
Legal deposits	482.19	353.41
Receivables with Public Administrations	5.11	4.44
Balance receivables from personnel	27.62	27.47
Derivatives	--	0.01
Other debtors	241.21	359.30
TOTAL	1,156.44	1,185.73

Figures in millions of euros

Impairment is calculated and recognized as described in the accounting policy under 5.9 Receivables in this annual report.

The balances included in the “Receivables” heading do not accrue interest and generally their liquidation is performed the following year.

← (100)^a

6.8 ASSET IMPAIRMENT

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

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. Property 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	--	47.14	(0.76)	(73.48)	438.51
I. Property 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

2015

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	411.83	0.26	(303.18)	--	--	--	108.91
I. Goodwill	322.52	(2.01)	(243.98)	--	--	--	76.53
II. Other intangible assets	89.31	2.27	(59.20)	--	--	--	32.36
Property, plant and equipment	12.89	(0.49)	(0.62)	14.70	(6.28)	--	20.20
I. Property for own use	9.49	--	--	14.70	(6.28)	--	17.91
II. Other property, plant and equipment	3.40	(0.49)	(0.62)	--	--	--	2.29
Investments	468.77	19.65	(2.44)	34.83	(14.43)	(72.40)	433.98
I. Property investments	259.89	0.40	(2.44)	23.74	(14.43)	(3.30)	263.86
II. Financial investments							
-Held-to-maturity portfolio	--	--	--	--	--	--	--
- Available-for-sale portfolio	189.81	4.97	--	11.09	--	(69.10)	136.77
-Trading portfolio	--	--	--	--	--	--	--
III. Investments recorded by applying the equity method	19.07	14.28	--	--	--	--	33.35
IV. Deposits established for accepted reinsurance	--	--	--	--	--	--	--
V. Other investments	--	--	--	--	--	--	--
Inventories	83.91	--	--	2.64	(1.35)	--	85.20
Receivables	102.96	13.11	(0.48)	31.06	(17.13)	(6.15)	123.37
I. Receivables on direct insurance and co-insurance operations	78.79	5.34	(0.48)	5.76	(6.65)	(4.48)	78.28
II. Receivables on reinsurance operations	7.72	4.08	--	21.30	--	(1.26)	31.84
III. Tax receivables	--	--	--	--	--	--	--
IV. Corporate and other receivables	16.45	3.69	--	4.00	(10.48)	(0.41)	13.25
Other assets	1.49	0.50	--	--	(0.11)	--	1.88
TOTAL IMPAIRMENT	1,081.85	33.03	(306.72)	83.23	(39.30)	(78.55)	773.54

Figures in millions of euros


6.9. CASH

Expenditure

During 2016 and 2015 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
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
2015				
MAPFRE INTERNACIONAL	DIRECT LINE ITALY	100.00%	Non-Life Insurance	263.88
MAPFRE INTERNACIONAL	DIRECT LINE GERMANY	100.00%	Non-Life Insurance	298.66
MAPFRE ESPAÑA	FUNESPAÑA	14.79%	Funeral services	20.43
MAPFRE S.A.	MAPFRE RE	0.72%	Reinsurance	7.76

Figures in millions of euros


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

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, 2016, 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 99.21 million euros.

In 2015 the non-controlling shareholders of the MAPFRE AMÉRICA subsidiary (called MAPFRE INTERNACIONAL following the merger of the two companies) had a put option on the shares of this company. This option was exercised in 2016 when MAPFRE S.A. acquired 788,134 shares, taking its former holding of 99.22 percent to 100 percent. The purchase price was 19.98 million euros.

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

At December 31, 2016 and 2015 the main non-current assets held for sale, discontinued operations and associated liabilities were as follows:

ITEM	NON-CURRENT ASSETS CLASSIFIED AS HELD-FOR-SALE		DISCONTINUED OPERATIONS		TOTAL	
	2016	2015	2016	2015	2016	2015
Assets						
Intangible assets	126.17	--	--	--	126.17	--
Property, plant and equipment	5.20	1.05	--	--	5.20	1.05
Investments	768.56	34.63	--	--	768.56	34.63
Receivables	3.20	--	--	--	3.20	--
Cash	5.21	--	--	--	5.21	--
Other assets	2.82	--	--	--	2.82	--
Total assets	911.16	35.68	--	--	911.16	35.68
Related liabilities						
Technical provisions	663.92	--	--	--	663.92	--
Deferred tax liabilities	23.29	--	--	--	23.29	--
Other debts	2.07	--	--	--	2.07	--
Total liabilities	689.28	--	--	--	689.28	--

Figures in millions of euros

(2)

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

The entries included in 2016 mainly refer to the assets and liabilities of the controlled companies Duero Vida and Duero Pensiones, amounting to 879.90 million euros in the case of the assets and to 689.28 million euros in the case of the associated liabilities.

In 2016 these assets generated 104.34 million euros in revenues while 2.49 million euros were posted to the results.

Discontinued operations

In 2015 discontinued operations primarily included those carried out by Cx Vida and Cx Generales up to their departure from the Group in July 2015. The ordinary revenues and expenses generated by them amounted to 266.79 million and 287.62 million euros, respectively.

Details of the results of these activities and of the disposal of the related assets are as follows:

FROM	Earnings before tax	Tax on profit	Attributable to non-controlling interests	Attributable to the controlling company
Operations	42.94	11.70	14.94	16.30
Disposal of assets	204.18	48.89	--	155.29
Total	247.12	60.59	14.94	171.59

Figures in millions of euros

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, 2016 and 2015 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.

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 year of five years. Furthermore, the directors were authorized to issue analogous fixed-income securities or debentures, convertible or not, for a maximum amount of 2,000 million euros.

CARTERA MAPFRE directly held 67.60 percent and 67.70 percent of the share capital at December 31, 2016 and 2015, respectively.

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

Treasury Stock

In 2016 and 2015 the controlling company purchased 29,487,334 and 1,012,666 treasury stock, respectively; these represent 0.96 percent and 0.30 percent of the capital, respectively. The prices paid were 57.84 million and 2.39 million euros, respectively, at an average rate of 1.96 and 2.36 euros per share, respectively. At December 31, 2016 and 2015 the controlling company owned 30,500,000 and 1,012,666 treasury stock, respectively; these represent 0.99 and 0.03 percent of the capital, respectively. The prices paid were 60.23 million euros and 2.39 million euros, respectively. The face value of the treasury stock at December 31, 2016 was 3,050,000 euros (101,266.60 euros at December 31, 2015).

At December 31, 2016 and 2015 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:

ITEM	AMOUNT	
	2016	2015
Fixed income		
Capital gains	4,812.41	4,035.92
Capital losses	(2,226.81)	(1,483.32)
Equity and Mutual Funds		
Capital gains	257.80	131.27
Capital losses	(17.74)	(44.45)
Shadow accounting	(2,237.34)	(2,048.25)
Other adjustments	66.35	41.02
TOTAL	654.67	632.19

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, 2016 and 2015, 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.

Capital management

Capital management is focused on ensuring stability and maintaining adequate re-muneration, 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.

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 year 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, 2016 and 2015 the balance of this account included the amortized cost of the subordinated obligations issued by the controlling company, net of the cost of securities

purchased on the market. The most relevant terms and conditions governing issuing activity are described below.

– Issue 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 amortization option: 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 issue to the exercise date of the first amortization option: 5.921 per-cent per year, payable on July 24 every year

– Interest from the exercise date of the first amortization option: 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 amortized 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

– Stock market: AIAF

– Law: Spanish

– Issue rating: BBB- (Standard & Poor's)

At December 31, 2016 and 2015, the total number of securities purchased in the market in previous years was 2,431.

The accrued interest outstanding at December 31, 2016 and 2015 amounted to 15.01 million euros. At December 31, 2016 and 2015 the securities were listed at 102.25 percent and 104.35 percent of their face value, respectively.

6.13. FINANCIAL LIABILITIES

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

ITEM	BOOK VALUE		FAIR VALUE	
	2016	2015	2016	2015
Issue of debentures and other negotiable securities	1,002.55	--	1,011.22	--
Due to credit institutions	606.35	1,177.73	606.36	1,177.73
Other financial liabilities	752.09	506.72	734.22	490.50
TOTAL	2,360.99	1,684.45	2,351.80	1,668.23

Figures in millions of euros

At December 31, 2016 the fair value of the issue of debentures and other negotiable securities corresponded to the quotation price at the close of the year (Level 1).

Issue of debentures and other negotiable securities

At December 31, 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: 1,000 million euros
- _ Number of securities: 10,000
- _ Face value of the securities: 100,000 euros
- _ Issue date: May 19, 2016
- _ Issue year: 10 years
- _ Maturity: May 19, 2026
- _ Amortization: single payment on maturity and at par, with no expense for the holder
- _ 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, 2016 amounted to 10.06 million euros. At December 31, 2016 the securities were listed at 100.12 percent of their face value.

Debt payable to lending institutions

The breakdown of the amounts due to credit institutions at December 31, 2016 and 2015 is shown below:

CLASS OF DEBT	BOOK VALUE		AVERAGE INTEREST RATE %		GUARANTEES GRANTED	
	2016	2015	2016	2015	2016	2015
Finance lease	1.16	1.76	4.19	6.03	--	--
Receivables	539.06	1,095.07	1.00	1.00	--	--
Loans	16.23	13.57	--	--	--	--
Other	49.90	67.33	1.00	1.00	8.01	--
TOTAL	606.35	1,177.73	--	--	8.01	--

Figures in millions of euros

At December 31, 2016 and 2015 the main line of credit was as follows:

BANK	MATURITY	LIMIT		DRAWN DOWN	
		2015	2016	2015	2016
Santander	11.12.2021	1,000.00	1,000.00	480.00	1,000.00
TOTAL		1,000.00	1,000.00	4870.00	1,000.00

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, 2016 and 2015:

OTHER FINANCIAL LIABILITIES	AMOUNT	
	2016	2015
Financial liabilities held for trading	264.02	315.04
Other financial liabilities measured at fair value with changes in P&L	431.37	0.84
Hedging derivatives	--	--
Derivatives for asset operations (equity swap)	7.82	8.08
CARTERA MAPFRE Credit	--	140.00
Other financial liabilities	48.88	42.76
TOTAL	752.09	506.72

Figures in millions of euros

The line of credit granted by CARTERA MAPFRE has a limit of 200.00 million euros, accrues interest at a variable rate referenced to the three-month Euribor, and matures on September 10, 2017, although it may be extended for successive years of one year.

In 2016 and 2015, 1.14 million and 0.31 million euros, respectively, were paid in interest arising from this line of credit.

At December 31, 2016 and 2015 the fair value of these liabilities did not differ significantly from their book value.

The fair value valuations of these liabilities are classified at Level 2.

In 2016 and 2015 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.

ITEM	DIRECT INSURANCE		ACCEPTED REINSURANCE		CEDED AND RETRO-CEDED REINSURANCE	
	2016	2015	2016	2015	2016	2015
Provisions for Non-Life unearned premiums and unexpired risks						
1.1 Provision for unearned premiums	7,197.57	6,961.19	1,404.93	1,423.92	1,608.07	1,720.30
1.2 Provision for unexpired risks	34.03	40.65	--	--	--	--
Life insurance provisions						
2.1 Provisions for unearned premiums and unexpired risks						
2.1.1. Provision for unearned premiums	1,437.44	1,225.97	451.36	357.95	24.19	29.47
2.1.2. Provision for unexpired risks	162.02	105.27	--	--	--	--
2.2 Mathematical reserves	23,520.18	23,236.06	93.79	101.07	60.69	63.78
Provisions for outstanding claims						
3.1 Pending settlement or payment	6,740.65	6,034.57	1,746.11	1,661.25	1,889.54	1,688.55
3.2 Incurred but not reported (IBNR)	1,322.92	1,076.15	100.70	112.31	335.18	351.37
3.3 For claim settlement internal expenses	170.91	146.81	5.47	5.97	10.13	14.40
Other technical provisions						
4.1 Burial	762.18	691.07	--	--	--	--
4.2 Other	75.88	81.99	--	--	6.56	1.65
TOTAL	41,423.77	39,599.73	3,802.36	3,662.47	3,934.37	3,869.52

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

2016

ITEM	Opening balance	Adjustments to the opening balance	Changes to the scope	Provisions	Applications	Closing balance
Provisions for Non-Life unearned premiums and unexpired risks						
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
Live insurance provisions						
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
Provisions for outstanding claims						
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
Other technical provisions	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

2015

ITEM	Opening balance	Adjustments to the opening balance	Changes to the scope	Provisions	Applications	Closing balance
Provisions for Non-Life unearned premiums and unexpired risks						
1.1 Provision for unearned premiums	7,604.32	(601.63)	513.26	8,422.53	(7,553.37)	8,385.11
1.2 Provision for unexpired risks	49.70	(15.44)	--	34.37	(27.98)	40.65
Live insurance provisions						
2.1 Provisions for unearned premiums and unexpired risks						
2.1.1. Provision for unearned premiums	1,669.51	(314.31)	(16.93)	970.44	(724.79)	1,583.92
2.1.2. Provision for unexpired risks	116.38	(28.24)	--	22.01	(4.88)	105.27
2.2 Mathematical reserves	25,598.99	(154.63)	(1,907.33)	2,287.94	(2,487.84)	23,337.13
Provisions for outstanding claims						
3.1 Direct Insurance Life	1,140.16	(109.11)	(50.88)	866.61	(923.95)	922.83
3.2 Direct Insurance Non-Life	5,645.97	(348.03)	698.02	7,564.62	(7,225.88)	6,334.70
3.3 Accepted reinsurance	1,793.24	(20.80)	--	2,719.70	(2,712.61)	1,779.53
Other technical provisions	739.38	(32.75)	(0.13)	755.69	(689.13)	773.06
TOTAL	44,357.65	(1,624.94)	(763.99)	23,643.91	(22,350.43)	43,262.20

Figures in millions of euros

In 2015 "Adjustments to opening balance" included increases of 37.00 million euros in the technical provisions of previous years, with a balancing entry made directly in equity accounts. This movement was reflected in the consolidated statement of changes in equity as other variations in reserves for 2015.

(100) ↑ ↑

B) Ceded and retroceded reinsurance

2016

ITEM	Opening balance	Adjustments to the opening balance	Changes to the scope	Provisions	Applications	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

2015

ITEM	Opening balance	Adjustments to the opening balance	Changes to the scope	Provisions	Applications	Closing balance
Provision for unearned premiums	1,299.26	(66.35)	35.89	2,152.71	(1,701.21)	1,720.30
Provisions for life insurance	71.90	2.74	(1.76)	55.66	(35.29)	93.25
Provision for outstanding claims	1,985.49	(152.55)	194.36	3,410.80	(3,383.78)	2,054.32
Other technical provisions	10.52	(1.31)	--	1.65	(9.21)	1.65
TOTAL	3,367.17	(217.47)	228.49	5,620.82	(5,129.49)	3,869.52

Figures in millions of euros

2.2. Mathematical provisions

ITEM	DIRECT INSURANCE AND ACCEPTED REINSURANCE		CEDED AND RETRO-CEDED REINSURANCE	
	2016	2015	2016	2015
Mathematical reserve at beginning of year	23,337.13	25,598.99	63.78	53.06
Adjustments to the opening balance	74.50	(154.63)	2.30	(1.32)
Consolidation (balance of provision on consolidation date)	494.32	--	0.13	--
Premiums	2,003.27	1,813.81	3.70	11.59
Technical interests	631.49	540.49	--	1.01
Claim payments/collections	(2,586.72)	(2,487.84)	(4.80)	(0.24)
Reserve adequacy test	0.18	--	--	--
Shadow accounting adjustments	314.43	(133.78)	--	--
Other	(38.39)	67.42	(4.42)	(0.32)
Deconsolidation (balance of reserve on deconsolidation date)	(616.25)	(1,907.33)	--	--
Mathematical reserve at end of year	23,613.96	23,337.13	60.69	63.78

Figures in millions of euros

2.3. Funeral provision

ITEM	DIRECT INSURANCE AND ACCEPTED REINSURANCE	
	2016	2015
Reserve at beginning of year	691.07	612.84
Adjustments to the opening balance	(0.02)	(2.04)
Consolidation (balance of provision on consolidation date)	--	--
Premiums	79.25	82.12
Technical interests	16.89	14.79
Claim payments	(6.64)	(5.62)
Reserve adequacy test	--	--
Other	(18.37)	(11.02)
Deconsolidation (balance of reserve on deconsolidation date)	--	--
Reserve at end of year	762.18	691.07

Figures in millions of euros

(2)



3. Other information

3.1. TECHNICAL PROVISIONS FOR LIFE INSURANCE WHERE POLICYHOLDERS BEAR THE INVESTMENT RISK

ITEM	DIRECT INSURANCE AND ACCEPTED REINSURANCE	
	2016	2015
Reserve at beginning of year	1,798.88	2,087.20
Adjustments to the opening balance	170.45	(175.37)
Consolidation (balance of provision on consolidation date)	1.93	--
Premiums	521.14	240.42
Payment of claims	(375.15)	(305.78)
Asset valuation changes	116.49	103.45
Other	(189.03)	(94.82)
Deconsolidation (balance of reserve on deconsolidation date)	(30.75)	(56.22)
Reserve at end of year	2,013.96	1,798.88

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.

3.3. INFORMATION RELATED TO LIFE INSURANCE

No additional provisions for life insurance due to inadequate profitability were necessary.

The characteristics of the main Life insurance types sold by the Group's companies in 2016 and 2015 are listed below. Some of the categories shown below include GKM80 tables. These are only used for products with a risk component.

Technical terms and conditions of MAPFRE VIDA

CATEGORIES	COVERAGE	TABLES	TECHNICAL INTEREST	PROFIT SHARING	
				Amount	Method of distribution
Single premium individual contracts without profit sharing:					
- Savings without profit sharing and counterinsurance	(1)	PASEM 2010 MEN	1.77% (2)	--	--
- Unit-linked: return on assets	(3)	Return table assets	(4)	--	--
- Unit-linked: Life insurance dividend	(5)	PASEM 2010 MEN	(4)	--	--
Single premium annuity group contracts:					
- Longevity with profit sharing and without counterinsurance (retirement annuity)	(6)	PERM/F-2000 P	4.41% (2)	--	(7)
Single premium group contracts:					
- Savings with profit sharing and counterinsurance	(8)	GKM/F-95	2.74% (2)	0.71	(9)

Figures in millions of euros

(1) The following guarantees are contemplated:

– Survival. If the insured party survives at the maturity date, an insured sum will be paid at that time.

– Death. If the insured dies prior to the maturity date, payment will comprise the premium paid, capitalized at an annual rate during the year of time from the effective date of the policy and the date of death, considering the fraction of the year under way as a complete year.

(2) Floating interest rates are applied in accordance with the Technical Note and current regulatory provisions.

(3) The following guarantees are contemplated:

– Survival. If the insured person is alive on the maturity date of the policy, the beneficiaries will receive the amount resulting from the multiplication of the number of account units assigned to the policy by their net asset value on the maturity date of the insurance policy.

– Death. If the insured person dies before the maturity date, the beneficiaries of the policy will receive the capital resulting from the addition of:

- The amount resulting from the multiplication of the number of account units assigned to the policy by their net asset value on the date the incident is notified.
- An additional amount representing 5 percent of the single premium up to a limit of 30,000 euros.

(4) Unit-linked schemes where the policyholder bears the risk of the market-linked investment, in terms of the account units assigned to the policy.

(5) The following guarantees are contemplated:

– Longevity-guarantee of dividend payment. Once a year the policyholder receives as dividends for the calendar year the part subject to allocation to the policy of the yields obtained from the portfolio linked to the insurance policy. The part subject to allocation depends on the length of time the policy has been valid. The payment for each calendar year falls due on January 15 of the following year.

– Death. If the insured person dies, the beneficiaries of the policy will receive the capital resulting from the addition of:

– The amount resulting from the product of the number of account units assigned to the policy, multiplied by their net asset value on the date the incident is notified.

– An additional amount representing 5 percent of the single premium.

– Provision for the guarantee of dividend payments, which includes the part of the guarantee subject to allocation to the policy on the date the incident is notified.

(6) Fixed-term and life annuities for longevity. If the insured party is alive at the maturity date, they collect the benefit.

(7) If alive at the maturity date, the insured person collects the share of profits in the form of an annuity.

(8) In case of survival, a capital upon maturity is guaranteed. In case of death, payment of the single premium satisfied plus interest is guaranteed.

(9) The distribution of profit sharing is instrumented in deferred capital insurance policies with reimbursement of single premium reserves.

Technical terms and conditions of BANKIA MAPFRE VIDA

CATEGORY	COVERAGE	TABLES	TECHNICAL INTEREST	PROFIT SHARING	
				Amount	Form of distribution
Single premium individual contracts without profit sharing:					
- Combined insurance	(1)	GRM/F-95	3.62%	--	--
- Combined insurance	(2)	GKM/F-95 and 55% PASEM 2010 MEN	3.44%	--	--
- Combined insurance	(3)	PASEM 2010 MEN	0.90%	--	--
- Combined insurance	(4)	GRM/F-95	5%-3%	--	--
Single or regular premium individual systematic savings plan without profit sharing:					
- Combined insurance	(5)	GK-80/GKM/F-95/PASEM2010	1.00%	--	--
Annual renewable term insurance with individual treatment and complementary risks but without profit sharing:					
- Risk insurance	(6)	(7)(*)	0.00%(*)	--	--
- Risk insurance	(8)	(9)	0.00%	--	--
Single premium group contracts treated individually on personal loan repayment insurances:					
- Risk insurance	(10)	(11)(*)	0.00%(*)	--	--
Non-life contracts treated individually, temporary annual renewable and additional risks:					
- Workplace accident	(12)	(13)	--	--	--
Single premium group contracts without profit sharing:					
- Annuity insurance	(14)	GRM/F-95 and PERM/F 2000 P	3.26%	--	--

Figures in millions of euros

(*) For new production

(1) The insurance policy guarantees payment of a constant annuity while the insured person is alive, and in case of death during the first year of validity of the insurance policy, the premium paid is returned. If the death occurs after the first year, the return of the premium is guaranteed plus either 3 percent of the premium or 6,010.12 euros, whichever is the lowest figure.

(2) The insurance policy guarantees payment of a constant annuity while the insured person is alive, and in case of death during the first year of validity of the insurance policy, the premium paid is returned. If the death occurs after the first year, the guaranteed amount will depend on the option which the policyholder has chosen: the premium plus 5 percent of the premium or 6,010 euros, whichever is the lowest; 85 percent of the premium; or 75 percent of the premium. The technical interest rate may be revised after 3, 5 or 10 years.

(3) Individual universal life insurance. The essential defining characteristic of the products marketed under this insurance scheme is that the premiums paid by the policyholder are credited to the insured fund after deducting the expenses and costs of the guarantees taken out. The insured fund is the defining element of the insurance since it constitutes the operating basis of the policy and serves as a benchmark for all economic rights derived from the contract.

The insured fund is "fed" with the premiums paid, after deducting the acquisition expenses, the guaranteed returns derived from application of the technical interest rate considered at each moment in the contract and, where applicable, any profit-sharing

foreseen in the contract and duly generated. The insured fund will be reduced yearically to account for management expenses and the cost of risk guarantees for each year, as well as for the amount of any partial surrender made, if this option is contemplated in the contract.

The economic rights derived from the insurance—in particular, the benefits guaranteed and the total surrender rights—are quantified when these rights are executed, based on the value of the insured fund at the time.

(4) Life annuity insurance guaranteeing the constant monthly payment of a life annuity for as long as the insured person is alive. If the insured person dies, a capital equivalent to 105 percent of the single premium is paid. The maximum risk capital for insured parties over 65 actuarial years or with an increased risk is 600 euros.

(5) In the case of longevity by the insured person, the insurance policy guarantees the capital established at the maturity date, which is used for the constitution of a guaranteed life annuity. In case of death by the insured person, the capital established at the date of the incident, plus an additional capital of 5 percent of the mathematical provision at the close of the previous month. When the insured person turns 60, the additional capital is set at 600 euros.

(6) Annual renewable term insurance with individual treatment and complementary risks, where the insurer guarantees payment of capitals in accordance with the amount and characteristics

→ Internal control ←

set out in the particular conditions and/or individual insurance certificates at the time of the occurrence of the incident, which may be death for any reason, absolute permanent disability, and accidental death.

(7) Experience tables:

- _ Mortality table: 95% PASEM 2010 for males.
- _ Absolute permanent disability table: 90% PEAIM for males corrected as per the Ministerial Order.
- _ Accidental death rates: 1977 Ministerial Order.

(8) Individual annual renewable term insurance guaranteeing payment of a capital to the beneficiaries designated in the event of the insured person's death.

(9) Summary table:

YEAR		Death for any reason
2012	New business since 12/12/2012	131.67% (60% PASEM 2010 men + 40% PASEM 2010 woman)
	New business since 03/09/2012	114.4% (60% GKM95 + 40% GKF95)
2011	New business since 03/16/2011	104% (60% GKM95 + 40% GKF95)
2009	Renewal portfolio	65.893% GKM80 (GKM80-5 women)
	New business	100% (60% GKM95 + 40% GKF95)

(10) Through the life insurance contract for repayment of personal loans at a single premium, the insurer, up to the limit of insured capital and in accordance with the guaranteed risks, assumes the obligations of the rightful successor of the insured parties vis-à-vis the lender, for the loan tied to the insurance policy, in the event of death of the policyholder or of the insured(s) and in the case of permanent, total and absolute disability for the performance of paid work.

(11) Experience tables:

- _ Mortality table: PASEM 2010 for males.
- _ Absolute permanent disability table: 90% PEAIM for males corrected as per the Ministerial Order.

(12) Individual accident insurance guaranteeing payment of compensation to the insured party in the event any of the following situations should arise due to accidental bodily injury: death immediately after or within one year of the accident date, accidental death while using public transportation, absolute permanent disability verified within one year of the accident date.

(13) Incidence rates are applied for coverage.

(14) Multi-year Group insurance guaranteeing payment of annuities to the appointed beneficiaries in the event any of the following contingencies occur: death, absolute permanent disability, total or major disability of the insured person.

(14) Colectivo plurianual que garantiza el pago de rentas a los beneficiarios designados en caso de que se produzca cualquiera de las siguientes contingencias: fallecimiento, invalidez absoluta y permanente, incapacidad total o gran invalidez del asegurado.

Technical terms and conditions of BANKINTER SEGUROS DE VIDA

Spain

	Category	Coverage	Tables	Technical interest
Annuity	Single premium individual contracts without profit sharing: insurance with counterinsurance	(1)	GK 95/ PASEM 2010	1.87%
Risk	Regular premium individual contracts without profit sharing: death insurance	(2)	GK 80/ GK95/ PASEM 2010	2.00%

(1) Seguros de rentas con contraseguro: cuando ocurra el fallecimiento del asegurado, el capital que recibe el beneficiario será la prima más un porcentaje adicional.

(2) Seguros de vida riesgo, anuales renovables o a plazo, con capitales fijos o variables y capitales en caso de fallecimiento y/o invalidez absoluta y permanente, fallecimiento accidental y adelanto de capital en caso de graves enfermedades.

Portugal

	Category	Coverage	Tables	Technical interest
Risk	Regular premium individual contracts without profit sharing: death insurance	(1)	PASEM 2010	0.00%
Savings	Single premium individual contracts with profit sharing	(2)	PASEF 2010	0.70%
				0.50%

(1) Risk life insurance, renewable annually or for a specific term, with fixed or variable capitals in the case of death and/or absolute permanent disability.

(2) Guaranteed savings insurance: on the death of the insured party or at the maturity date of the contract, the capital received by the beneficiary will be the sum of the premiums capitalized at a specific rate plus the profit sharing for the year elapsed up to the death or maturity.

Technical conditions of MAPFRE INTERNACIONAL controlled companies

The life insurance companies controlled by MAPFRE INTERNACIONAL operate in their respective markets with both individual and group contracts, with regular and single premiums, and except for certain schemes sold by MAPFRE COLOMBIA VIDA, without profit sharing. Contractual covers vary according to the conditions of the markets where they operate but include life and death insurance, combined insurance, life annuities, funeral and burial, etc.

The Brazilian companies COMPANHIA DE SEGUROS ALIANÇA DO BRASIL and MAPFRE VIDA market life risk products (linked and not linked). The characteristics of the main insurance schemes sold in 2016 and 2015 are described below.

Module	Premium	Type of Coverage	Mortality tables	Distribution channel
Ouro Vida	Monthly	Natural or accidental death, compensation for accidental death, total or partial permanent disability due to an accident, compensation total permanent due to illness	AT-49	Bank channel
Ouro Vida revisado	Monthly	Natural or accidental death, compensation for accidental death, total or partial permanent disability due to an accident, compensation total permanent due to illness	AT-49	Bank channel
Ouro Vida 2000	Monthly, Yearly	Natural or accidental death, compensation for accidental death, total or partial permanent disability due to an accident, chronic illness	AT-83	Bank channel
Ouro vida grupo especial	Monthly	Natural or accidental death, compensation for accidental death, total or partial permanent disability due to an accident, chronic illness	AT-83	Bank channel
BB seguro vida mulher	Monthly, Yearly	Natural or accidental death, total or partial permanent disability due to an accident	AT-83	Bank channel
BB seguro vida	Monthly	Natural or accidental death	AT-83	Bank channel
Ouro vida estilo	Monthly	Natural or accidental death, chronic illness, total or partial permanent disability due to an accident	AT-83	Bank channel
Other group life insurance products	Monthly, two-monthly, quarterly and annually	Natural or accidental death, compensation for accidental death, total or partial permanent disability due to an accident	AT-83 and AT-49	Bank channel, broker
Other individual life insurance products	Monthly, two-monthly, quarterly and annually	Natural or accidental death, compensation for accidental death, total or partial permanent disability due to an accident, funeral assistance, serious illness	AT-83	Bank channel
Lender	Monthly, single payment	Natural or accidental death, permanent disability	AT-83	Bank channel

MAPFRE COLOMBIA VIDA sells life risk and savings products. The characteristics of the main schemes sold in 2016 and 2015 are shown below.

Type	Premium	Coverage	Tables	Distribution channel
Pensions Law 100	Single	Longevity and death	Colombian mortality of male/female annuitants - Colombian invalid mortality table	Own network
Disability and survivor pension	Monthly	Death, disability, temporary disability, funeral assistance	Colombian mortality of male/female annuitants - Colombian invalid mortality table	Own network

The distribution of profit sharing associated with certain death and combined insurance is instrumented in deferred capital insurance policies with reimbursement of single premium reserves.

MAPFRE TEPEYAC sells life risk and savings products. The characteristics of the main schemes sold in 2016 and 2015 are as follows:

Type	Premium	Coverage	Tables	Distribution channel
Ordinary	Level net premium	Payment of the sum insured in the policy	EM 62-67, EM 82-89, CNSF-2000 I	Bank channel, brokers, agency network, rest
Temporary	Level net premium	Payment of the sum insured in the policy in case of death during year of coverage	EM 62-67, EM 82-89, CNSF-2000 I	Bank channel, brokers, agency network, rest
Combined endowment	Level net premium	Payment of the sum insured in the policy, whether death occurs during year of coverage or at expiry	EM 62-67, EM 82-89, CNSF-2000 I	Bank channel, brokers, agency network, rest

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 2016 and 2015. It also shows the breakdown per year of occurrence of the provision for outstanding claims related to this insurance for the two years.

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

2015

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
2005 y anteriores	Pending provision	6,355.63	3,235.71	2,092.03	1,360.76	902.67	637.64	460.97	385.06	267.37	183.16	158.89
	Cumulative payments	23,997.91	26,739.31	27,635.45	28,222.44	28,605.76	28,847.50	28,946.90	29,032.05	29,098.63	29,154.72	29,226.49
	TOTAL COST	30,353.54	29,975.02	29,727.48	29,583.20	29,508.43	29,485.14	29,407.87	29,417.11	29,366.00	29,337.88	29,385.38
2006	Pending provision	2,509.74	1,099.51	629.90	389.33	264.04	172.22	127.40	100.22	73.22	68.85	
	Cumulative payments	3,364.75	4,599.71	4,949.55	5,144.98	5,287.73	5,356.28	5,393.54	5,422.94	5,438.45	5,441.18	
	TOTAL COST	5,874.49	5,699.22	5,579.45	5,534.31	5,551.77	5,528.50	5,520.94	5,523.16	5,511.67	5,510.03	
2007	Pending provision	2,844.42	1,108.13	702.96	416.87	310.45	222.90	174.78	125.89	121.11		
	Cumulative payments	3,751.69	5,146.58	5,502.58	5,782.12	5,889.81	5,965.28	5,998.13	6,037.78	6,043.54		
	TOTAL COST	6,596.11	6,254.71	6,205.54	6,198.99	6,200.26	6,188.18	6,172.91	6,163.67	6,164.65		
2008	Pending provision	2,811.75	1,149.38	662.19	441.37	328.57	257.03	192.35	163.79			
	Cumulative payments	4,238.88	5,678.53	6,006.37	6,203.79	6,302.48	6,362.35	6,401.08	6,429.04			
	TOTAL COST	7,050.63	6,827.91	6,668.56	6,645.16	6,631.05	6,619.38	6,593.43	6,592.83			
2009	Pending provision	2,586.53	925.57	550.60	335.94	251.60	173.58	163.84				
	Cumulative payments	4,431.21	5,781.29	6,073.13	6,249.35	6,335.00	6,400.16	6,433.52				
	TOTAL COST	7,017.74	6,706.86	6,623.73	6,585.29	6,586.60	6,573.74	6,597.36				
2010	Pending provision	2,921.94	1,138.67	681.11	391.20	262.00	182.40					
	Cumulative payments	5,074.13	6,734.54	7,070.00	7,353.40	7,470.28	7,538.08					
	TOTAL COST	7,996.07	7,873.21	7,751.11	7,744.60	7,732.28	7,720.48					
2011	Pending provision	2,416.14	877.80	530.28	344.41	252.35						
	Cumulative payments	4,978.64	6,415.49	6,702.39	6,854.80	6,910.85						
	TOTAL COST	7,394.78	7,293.29	7,232.67	7,199.21	7,163.20						
2012	Pending provision	2,658.76	953.17	546.32	348.64							
	Cumulative payments	4,713.83	6,179.77	6,513.44	6,684.78							
	TOTAL COST	7,372.59	7,132.94	7,059.76	7,033.42							
2013	Pending provision	2,688.73	1,020.95	614.08								
	Cumulative payments	4,930.08	6,394.13	6,769.54								
	TOTAL COST	7,618.81	7,415.08	7,383.62								
2014	Pending provision	2,919.47	1,149.63									
	Cumulative payments	5,287.83	6,899.59									
	TOTAL COST	8,207.30	8,049.22									
2015	Pending provision	3,111.12										
	Cumulative payments	5,654.59										
	TOTAL COST	8,765.71										

Datos en millones de euros

December 31, 2015

ITEM	YEAR OF OCCURRENCE											
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005 and previous	Total
Provision for outstanding claims												
Non-Life direct insurance	3,111.12	1,149.63	614.08	348.64	252.35	182.40	163.84	163.79	121.11	68.85	158.89	6,334.70

Datos en millones de euros

As shown in the tables above, the overall percentage of claims attributable to ceded reinsurance is 21.28 percent and 21.35 percent for 2016 and 2015, 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.

2016

ITEM	OPENING BALANCE	ADJUSTMENTS TO THE OPENING BALANCE	CHANGES IN 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

2015

ITEM	OPENING BALANCE	ADJUSTMENTS TO THE OPENING BALANCE	CHANGES IN THE SCOPE	INFLOWS		OUTFLOWS		CLOSING BALANCE
				Allocated provisions	Increased value on discount	Applied provisions	Reversed provisions	
Provision for tax to be paid	352.50	(84.56)	(0.27)	7.46	17.82	(17.79)	--	275.16
Reserve for payments of liquidation agreements	13.10	0.12	5.56	47.66	6.12	(55.15)	--	17.41
Provisions for restructuring	27.85	--	0.04	5.64	--	(27.78)	--	5.75
Other provisions on staff-related commitments	104.79	(2.59)	2.68	147.42	1.26	(57.22)	(1.19)	195.15
Other provisions	190.05	(14.16)	11.15	133.77	2.98	(112.68)	(7.55)	203.56
TOTAL	688.29	(101.19)	19.16	341.95	28.18	(270.62)	(8.74)	697.03

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 year 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, 2016 and 2015 the heading "Provision for taxes" included tax liabilities amounting to 331.57 million and 247.09 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 325.97 million euros (242.19 million euros at December 31, 2015) and the Social Integration Program (PIS) amounting to 5.60 million euros (4.90 million euros at December 31, 2015). 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 171.17 million and 113.73 million euros at December 31, 2016 and 2015, 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 (35.90 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 2016 and 2015 include the following items among others:

– Contingent payments arising from business combinations.

These 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 51.40 million and 83.26 million euros at December 31, 2016 and 2015, 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.

– Arbitration in Argentina.

Following the 2012 sale of shares in the Argentinean companies MAPFRE ART and MAPFRE SALUD to the GALENO Group, in 2015 GALENO lodged arbitration proceedings against MAPFRE, claiming compensation for an alleged breach of contract amounting to 67.40 million euros. That same year,

2015, the Group made a provision of 5.02 million euros for compensation liabilities to cover the amounts claimed. With respect to the other amounts claimed, as omitted liabilities, portfolio loss and default loss, both the Group and its advisors were of the opinion that the arbitration proceedings were unlikely to give rise to significant liabilities. In 2016 a transaction agreement was reached with the GALENO Group whereby MAPFRE paid 15.00 million dollars (approximately 14.25 million euros) in compensation, thus settling the arbitration claim.

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 year 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.

6.18. REVENUES AND EXPENSES FROM INVESTMENTS

The breakdown of revenues and expenses from investments for financial years 2016 and 2015 is shown below:

Revenues from investments

ITEM	REVENUES FROM INVESTMENTS IN:				FINANCIAL REVENUES FROM OTHER ACTIVITIES		TOTAL	
	OPERATING INVESTMENT		EQUITY		2016	2015	2016	2015
	2016	2015	2016	2015				
REVENUES FROM INTEREST, DIVIDENDS AND SIMILAR								
Property investment								
Rentals	48.51	45.49	2.22	2.68	14.32	13.40	65.05	61.57
Other	0.44	2.25	--	0.04	2.03	2.33	2.47	4.62
Revenues from the held-to-maturity portfolio								
Fixed income	235.95	198.75	0.94	1.29	0.01	--	236.90	200.04
Other investments	3.94	3.18	0.07	0.04	--	--	4.01	3.22
Revenue from the available-for-sale portfolio:	1,287.81	1,264.72	71.42	81.08	3.37	4.95	1,362.60	1,350.75
Revenue from the trading portfolio:	322.67	268.96	0.39	0.21	0.08	0.46	323.14	269.63
Other financial returns	171.63	304.06	55.66	51.67	34.46	20.31	261.75	376.04
TOTAL REVENUE	2,070.95	2,087.41	130.70	137.01	54.27	41.45	2,255.92	2,265.87
REALIZED AND UNREALIZED GAINS								
Net realized gains:								
Property investment	116.09	3.52	5.75	1.01	4.59	14.04	126.43	18.57
Held-to-maturity portfolio financial investments	4.50	32.65	--	--	19.65	4.23	24.15	36.88
Financial investments portfolio available for sale	320.79	332.01	57.33	34.70	3.70	3.87	381.82	370.58
Financial investments trading portfolio	5.76	25.32	2.83	--	7.49	26.22	16.08	51.54
Other	17.90	0.85	2.06	0.14	1.24	0.24	21.20	1.23
Unrealized gains:								
Increase in fair value of the trading portfolio and earnings from derivatives	56.15	40.79	5.15	--	--	0.15	61.30	40.94
Other	11.65	3.83	(0.01)	0.01	0.51	--	12.15	3.84
TOTAL GAINS	532.84	438.97	73.11	35.86	37.18	48.75	643.13	523.58
TOTAL REVENUES FROM INVESTMENT	2,603.79	2,526.38	203.81	172.87	91.45	90.20	2,899.05	2,789.45

Figures in millions of euros

Expenses from investments

ITEM	REVENUES FROM INVESTMENTS IN:				FINANCIAL REVENUES FROM OTHER ACTIVITIES		TOTAL	
	OPERATING INVESTMENT		EQUITY		2016	2015	2016	2015
	2016	2015	2016	2015				
FINANCIAL EXPENSES								
Property investment								
Direct operational expenses	24.84	24.05	1.20	5.29	--	--	26.04	29.34
Other expenses	4.34	7.29	0.03	0.10	11.51	12.00	15.88	19.39
Expenses from held-to-maturity portfolio								
Fixed income	3.35	4.83	0.39	0.92	0.01	--	3.75	5.75
Other investments	0.12	0.11	--	--	--	--	0.12	0.11
Expenses from the portfolio available for sale	217.34	143.06	23.84	16.68	--	--	241.18	159.74
Expenses from the trading portfolio:	95.96	144.70	--	0.36	(0.01)	--	95.95	145.06
Other financial expenses	130.58	180.97	3.21	2.49	60.26	103.29	194.05	286.75
TOTAL EXPENSES	476.53	505.01	28.67	25.84	71.77	115.29	576.97	646.14
REALIZED AND UNREALIZED LOSSES								
Net realized losses								
Property investment	4.06	4.68	0.39	0.62	0.10	1.57	4.55	6.87
Held-to-maturity portfolio financial investments	0.19	--	0.01	--	--	--	0.20	--
Financial investments portfolio available for sale	69.67	89.88	9.72	13.23	0.62	0.93	80.01	104.04
Financial investments trading portfolio	5.93	2.98	--	0.02	--	0.78	5.93	3.78
Other	12.65	29.92	0.31	0.29	11.44	10.11	24.40	40.32
Unrealized losses								
Decrease in fair value of trading portfolio and losses in derivatives	1.44	29.23	--	--	0.01	0.12	1.45	29.35
Other	0.89	1.46	0.02	--	0.22	0.06	1.13	1.52
TOTAL LOSSES	94.83	158.15	10.45	14.16	12.39	13.57	117.67	185.88
TOTAL EXPENSES FROM INVESTMENT	571.36	663.16	39.12	40.00	84.16	128.86	694.64	832.02

Figures in millions of euros

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	2016	2015
Claims-related expenses	881.58	859.28
Acquisition expenses	4,748.03	4,524.30
Administration expenses	770.33	807.41
Expenses from investments	610.48	703.16
Other technical expenses	118.05	105.48
Other non-technical expenses	130.57	112.30
Operating expenses from other activities	498.57	519.05
TOTAL	7,757.61	7,630.98

Figures in millions of euros

Operating expenses by nature

ITEM	2016	2015
Commissions and other portfolio expenses	3,705.18	3,511.73
Personnel expenses	1,783.93	1,738.46
External services		
- Leasing (shops and buildings)	93.27	85.13
- Repairs and upkeep (shops and buildings)	80.93	84.24
- Leasing and repairs (computer equipment)	52.99	47.28
- Leasing and repairs (computer applications)	165.20	128.03
- Other services (computer applications)	152.85	183.97
- Supplies (communications)	53.72	39.95
- Advertising and marketing	159.31	156.60
- Public relations	47.15	48.53
- Independent professional services	144.39	156.88
- Other services	313.80	346.75
Taxes	212.73	209.59
Provision for amortization	283.30	270.34
Expenses posted directly to use	508.86	623.50
TOTAL	7,757.61	7,630.98

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).

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. The 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 2016 and 2015 is shown below:

ITEM	NON-LIFE		LIFE		TOTAL	
	2016	2015	2016	2015	2016	2015
Premiums	(3,404.09)	(3,441.85)	(189.77)	(199.01)	(3,593.86)	(3,640.86)
Change in the provision for unearned premiums and unexpired risks	(87.17)	427.14	(8.12)	24.37	(95.29)	451.51
Claims paid and change in the provision for claims	1,581.64	1,666.28	105.79	80.42	1,687.43	1,746.70
Change in mathematical reserve and other technical provisions	(1.38)	(3.16)	0.28	14.51	(1.10)	11.35
Participation of reinsurance participation in commissions and expenses	477.13	335.32	41.26	56.44	518.39	391.76
Result of ceded and retroceded reinsurance	(1,433.87)	(1,016.27)	(50.56)	(23.27)	(1,484.43)	(1,039.54)

Figures in millions of 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 2016 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 2016 is provided in Annex 1 of this report.

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, 2016 and 2015 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	
	2016	2015
Tax expense		
Result before taxes from ongoing operations	1,805.18	1,476.03
25 percent of result before taxes from ongoing operations (28 percent in 2015)	451.30	413.29
Tax effect of the permanent differences	(41.30)	(51.51)
Tax incentive for the financial year	(30.80)	(11.65)
Tax effect of tax rates other than 25 percent (28 percent in 2015)	187.98	87.75
Total expense from current tax originating in the financial year	567.18	437.88
Expense from current tax originating in previous years	(7.23)	29.28
Receivables from negative tax bases not recognized from previous years, deductions pending application or temporary differences	(0.03)	(3.53)
TOTAL TAX EXPENSES OF ONGOING OPERATIONS	559.92	463.63
Tax on profits to be paid		
Withholdings and advance payments	(521.78)	(475.65)
Temporary differences and currency conversion differences	83.22	51.83
Tax receivables and incentives applied, registered in previous years	(8.37)	(9.56)
Tax on earnings for discontinued operations	--	--
TOTAL TAX ON PROFITS TO BE PAID (RECEIVABLE) ORIGINATING IN THE YEAR	112.99	30.25
Tax on profits receivable from previous financial years	(47.89)	(46.60)
NET TOTAL TAX ON PROFITS TO BE PAID (RECEIVABLE)	65.10	(16.35)

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.

With respect to Spanish companies, the regulations approved in 2014 established the reduction of the general tax rate prevailing at that date (30 percent) by five percentage points, by two percentage points in 2015 and by an additional three percentage points in 2016, when the rate was fixed at 25 percent. In 2014 this tax change affected the measurement of deferred tax assets and liabilities, which were calculated using the tax rates expected at the time of use. The deferred taxes recorded in previous years were recalculated taking into account the new tax rates, recognizing the difference in the income statement or in equity, depending on the item from which they derived.

Deferred tax assets and liabilities

At December 31, 2016 and 2015 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	2016	2015
Deferred tax assets	335.32	255.91
Deferred tax liabilities	(730.71)	(710.54)
Asset (Liability) net	(395.39)	(454.63)

Figures in millions of euros

In addition to the deferred tax assets recorded in 2016 and 2015, shown in the above table, there are other deferred tax assets deriving from tax loss carryforwards pending offset, amounting to 22.26 million and 12.90 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 2016 and 2015, with a breakdown of the amounts related to items directly debited or credited to equity accounts in each financial year.

(0, 2, 1)

2016

ITEM	OPENING BALANCE	ADJUSTMENTS TO THE OPENING BALANCE	CHANGES TO THE SCOPE	FROM		DERECOGNIZED	CLOSING BALANCE
				Results	Equity		
Portfolio acquisition expenses and other acquisition expenses	(388.29)	(66.25)	--	(3.75)	--	34.93	(423.36)
Measurement difference in financial investments	(1,291.85)	2.39	--	62.89	(139.00)	27.95	(1,337.62)
Other comprehensive and expenses	(23.09)	4.03	--	(0.31)	--	0.30	(19.07)
Measurement 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 tax bases	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 and REFIS (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

2015

ITEM	OPENING BALANCE	ADJUSTMENTS TO THE OPENING BALANCE	CHANGES TO THE SCOPE	FROM		DERECOGNIZED	CLOSING BALANCE
				Results	Equity		
Portfolio acquisition expenses and other acquisition expenses	(527.64)	85.95	27.52	17.22	--	8.66	(388.29)
Measurement difference in financial investments	(1,523.40)	(29.60)	39.99	59.64	123.84	37.68	(1,291.85)
Other comprehensive and expenses	(19.28)	0.12	(5.02)	(0.31)	--	1.40	(23.09)
Measurement difference in mathematical provisions by shadow accounting	1,129.25	(21.11)	(36.85)	(38.02)	(38.41)	(0.84)	994.02
Stabilization and catastrophe provision	(257.02)	79.06	(17.55)	(18.88)	--	12.82	(201.57)
Other technical provisions	68.52	6.35	32.39	(2.55)	--	(3.88)	100.83
Tax receivables on negative tax bases	15.61	--	--	30.63	--	(7.41)	38.83
Receivables on tax incentives	2.14	(0.01)	--	0.64	--	(0.22)	2.55
Pension complements and other staff-related commitments	103.32	(1.49)	0.23	9.09	--	(73.95)	37.20
Reserves for uncollected premiums	11.39	1.96	3.80	11.55	--	(9.22)	19.48
Provisions for liabilities and others	121.26	(0.14)	39.94	29.00	--	(119.67)	70.39
Tax receivables derived from PIS, COFINS and REFIS (Note 6.15)	225.25	(50.08)	--	7.84	--	--	183.01
Other items	11.66	--	(6.46)	20.96	--	(22.30)	3.86
TOTAL	(638.94)	71.01	77.99	126.81	85.43	(176.93)	(454.63)

Figures in millions of euros

At December 31, 2016 deferred tax assets and liabilities maturing in less than 12 months amounted to 89.06 million and 87.58 million euros, respectively (99.25 million and 80.70 million euros, respectively, in 2015).

Negative tax bases

The negative tax bases pending set-off in fully consolidated companies at the close of the last two years 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	
	2016	2015	2016	2015	2016	2015	2016	2015
2005	2.20	0.78	8.07	10.26	0.19	1.05	2.63	2.54
2006	--	0.07	--	--	--	--	--	--
2007	0.08	0.14	--	0.08	--	--	--	0.03
2008	--	14.89	1.49	1.49	--	--	0.37	0.37
2009	--	0.67	1.14	1.14	--	--	0.28	0.28
2010	--	0.71	1.07	1.07	--	0.03	0.26	0.23
2011	(0.99)	0.48	9.66	8.67	0.85	0.64	1.30	1.27
2012	3.48	0.94	17.95	21.42	2.09	2.86	2.39	1.73
2013	(0.20)	17.77	6.58	6.38	0.03	0.03	1.30	1.26
2014	--	--	17.95	17.95	3.13	3.58	3.25	2.82
2015	1.50	--	105.02	106.52	24.19	30.64	7.82	2.37
2016	(140.93)	--	140.93	--	40.16	--	2.66	--
Total	(134.86)	36.45	309.86	174.98	70.64	38.83	22.26	12.90

Datos en millones de 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 2016 and 2015 are as follows:

MODULE	AMOUNT APPLIED IN THE FINANCIAL YEAR		AMOUNT PENDING APPLICATION		AMOUNT NOT RECORDED	
	2016	2015	2016	2015	2016	2015
Double taxation deduction	4.90	20.14	2.55	2.55	--	--
Creation of employment	0.30	--	--	--	--	--
Capitalization reserve	9.44	9.09	--	--	--	--
Minimum alternative tax (USA)	--	--	24.82	20.90	--	--
Other	17.14	4.7	0.02	--	--	--
Total	31.78	33.93	27.39	23.45	--	--

Figures in millions of euros

In 2016 and 2015 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 2.36 million and 9.09 million euros, respectively, in the consolidated tax payable. To enjoy this tax benefit, a restricted reserve must be created amounting to 10 percent of the reduction for capitalization reserve. The Group's controlling company met this requirement in 2015 and 2016, with a charge to the freely-distributable reserves existing on its balance sheet at December 31, 2015 and 2016, respectively.

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 year has elapsed (four years for Spanish companies).

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, and the controlled companies 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. Appeals have been filed with the Central Economic Administrative Court and are currently pending resolution, except for the appeals on the assessment raised against MAPFRE VIDA for "Withholdings on investment income" for 2008 and 2009, which were 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 the Central Economic Administrative Court. Moreover, on May 10, 2016 notices of disagreement 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 aforementioned Central Economic Administrative Court and are pending a ruling on the complaints.

On December 23, 2016 the National Court of Appeals ruled the cancelation of the tax assessments against MAPFRE ESPAÑA amounting to 2.70 million euros relating to corporate income tax for the years 1999, 2000 and 2001. Likewise, with regard to the tax assessment against MAPFRE VIDA amounting to 2.00 million euros relating to corporate income tax for the year 2001, the Supreme Court partly upheld the appeal filed by the company and the resulting amount was settled by the close of 2016.

Consequently, at December 31, 2016 all taxes relating to years 2013 to 2016 of the consolidated companies were open to inspection, as were the corporation tax for 2012 and withholdings on investment income for 2010 to 2012 in the case of MAPFRE ESPAÑA and MAPFRE VIDA.

At December 31, 2016 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	
	2016	2015
Short-term remuneration		
Wages and salaries	1,211.75	1,191.49
Social security	235.39	236.02
Other remuneration	254.38	233.50
Post-employment benefits	23.48	28.82
Other long-term remuneration	18.98	26.69
Termination payments	39.95	21.94
TOTAL	1,783.93	1,738.46

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 48.45 million and 50.59 million euros at December 31, 2016 and 2015, 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 12.93 million and 13.38 million euros at December 31, 2016 and 2015, respectively. These amounts coincide with the value of the assets allocated to the plan.

Reconciliation with the present 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:

ITEM	2016	2015
CURRENT DEBENTURE VALUE AT JANUARY 1	63.97	67.08
Interest cost	2.53	2.66
Actuarial gains and losses	1.27	0.66
Benefits paid	(4.01)	(4.02)
Other items	(2.38)	(2.41)
CURRENT VALUE AT DECEMBER 31	61.38	63.97

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	2016	2015
VALUE OF ASSETS ALLOCATED TO THE PLAN AND REIMBURSEMENT RIGHTS AT JANUARY 1	63.97	67.08
Expected return of assets allocated to the plan	2.53	2.66
Actuarial gains and losses	1.27	0.66
Benefits paid	(4.01)	(4.02)
Other items	(2.38)	(2.41)
VALUE OF ASSETS ALLOCATED TO THE PLAN AND REIMBURSEMENT RIGHTS AS OF DECEMBER 31	61.38	63.97

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 2016 and 2015.

ITEM	2016	2015
Interest cost	2.53	2.66
Expected return of assets allocated to the plan	(2.53)	(2.66)
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 2.53 million and 2.66 million euros in 2016 and 2015, 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 2017.

OTHER POST-EMPLOYMENT BENEFITS

In 2016 and 2015 the personnel expenses correspond to Life insurance covering death between ages 65 and 77, amounting to 1.24 million and 1.10 million euros, respectively. An additional 20.77 million euros, net of the tax effect, were posted to equity in 2015. This movement is included under "Other variations" in the consolidated statement of changes in equity for that year.

OTHER MEDIUM-TERM REMUNERATION AND SHARE-BASED PAYMENTS

As explained in the valuation rules, the 2013-2015 medium-term incentive plan was settled through the payment of 34.47 million euros, an amount that had been reserved in full.

Furthermore, in 2016 the Board of Directors approved a new medium-term incentive plan measured and recognized in the income statement as indicated in the valuation rule 5.19 Personnel expenses.

The personnel expenses recorded in the consolidated income statement for this plan amounted to 19.12 million euros in 2016. Of this amount, 9.44 million euros were recognized under liabilities as the remuneration amount to be settled in cash and 9.68 million in equity for the remuneration to be settled through equity instruments. In 2016 the number of reference shares taken into account for the purposes of this remuneration amounted to 12,623,526.

As indicated in the valuation rule 5.19 Personnel expenses, the Group had an incentive plan referenced to the MAPFRE S.A. share, which has now expired.

Personnel expenses recorded in the consolidated income statement for this plan amounted to 0.14 million and 0.64 million euros in 2016 and 2015, respectively, with a liability being recognized for the same amount. The total book amount of the liabilities recorded at the end of years 2016 and 2015 in relation to the incentive plan referenced to the share price value amounted to 0.00 million and 0.14 million euros, respectively, with an intrinsic value of zero at both dates.

The number of benchmark shares taken into account for the purpose of calculating the remuneration was 6,432,749 in the last two financial years, with a strike price of 3.42 euros per share. At the close of 2016 the share quote was below the benchmark quote, with the result that no rights have been exercised and the plan has expired, as mentioned above.



Innovation

In order to cover the expenses related to this item, at the date of exercise of the right two equity swaps were purchased during 2008 on 8,625,733 shares and 219,297 shares, with a strike price of 3.2397 and 2.6657 euros, respectively. At the close of 2016 and 2015, the net market value of these equity swaps, amounting to 2.92 million and 8.08 million euros respectively, was included in “Other financial liabilities” and the variation was reflected in the consolidated income statement.

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.

→ 100% ←

AVERAGE NUMBER OF EMPLOYEES:

2016

SEGMENT	BOARD OF DIRECTORS AND SENIOR MANAGEMENT		EXECUTIVES		TECHNICIANS		ADMIN. ASSISTANTS		TOTAL	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
IBERIA	--	--	955	320	2,915	2,563	700	1,850	4,571	4,734
LATAM NORTH	--	--	412	352	805	738	527	680	1,744	1,771
LATAM SOUTH	--	--	563	391	1,464	1,456	1,106	1,579	3,134	3,427
BRASIL	--	--	493	366	1,127	2,419	1,017	1,801	2,636	4,586
NORTH AMERICA	--	--	338	321	703	1,027	350	1,018	1,391	2,366
EMEA	--	--	353	238	602	727	1,032	1,369	1,987	2,333
APAC	--	--	93	81	166	284	197	236	456	600
MAPRE RE	--	--	60	33	105	100	13	38	179	171
CORPORATE AREAS	10	1	306	131	605	435	40	151	961	718
Average total number of employees	10	1	3,572	2,232	8,493	9,749	4,983	8,723	17,058	20,705

2015

SEGMENT	BOARD OF DIRECTORS AND SENIOR MANAGEMENT		EXECUTIVES		TECHNICIANS		ADMIN. ASSISTANTS		TOTAL	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
IBERIA	--	--	981	298	2,919	2,535	793	1,965	4,693	4,798
LATAM NORTH	--	--	396	352	842	730	509	644	1,747	1,726
LATAM SOUTH	--	--	734	583	1,456	1,334	1,192	1,569	3,382	3,487
BRASIL	--	--	517	365	1,098	2,344	1,095	2,025	2,710	4,734
NORTH AMERICA	--	--	341	317	696	1,025	350	1,152	1,387	2,494
EMEA	--	--	363	204	566	725	1,019	1,414	1,948	2,343
APAC	--	--	79	89	148	246	197	235	424	571
MAPRE RE	--	--	60	25	97	75	18	60	174	160
CORPORATE AREAS	9	--	291	132	646	432	38	147	984	711
Average total number of employees	9	--	3,762	2,366	8,466	9,447	5,211	9,211	17,448	21,024

NUMBER OF EMPLOYEES AT THE END OF THE YEAR:

2016

SEGMENT	BOARD OF DIRECTORS AND SENIOR MANAGEMENT		EXECUTIVES		TECHNICIANS		ADMIN. ASSISTANTS		TOTAL	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
IBERIA	--	--	946	324	2,900	2,579	703	1,859	4,549	4,762
LATAM NORTH	--	--	393	354	809	744	527	691	1,729	1,789
LATAM SOUTH	--	--	547	376	1,466	1,463	1,066	1,505	3,079	3,344
BRASIL	--	--	487	354	1,124	2,386	942	1,645	2,553	4,385
NORTH AMERICA	--	--	337	329	717	1,026	322	945	1,376	2,300
EMEA	--	--	338	232	636	763	980	1,199	1,954	2,194
APAC	--	--	87	73	162	276	181	200	430	549
MAPRE RE	--	--	59	33	106	106	11	35	176	174
CORPORATE AREAS	10	1	309	134	604	429	42	148	965	712
Average total number of employees	10	1	3,503	2,209	8,524	9,772	4,774	8,227	16,811	20,209

2015

SEGMENT	BOARD OF DIRECTORS AND SENIOR MANAGEMENT		EXECUTIVES		TECHNICIANS		ADMIN. ASSISTANTS		TOTAL	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
IBERIA	--	--	975	306	2,933	2,566	772	1,939	4,680	4,811
LATAM NORTH	--	--	376	336	865	771	532	675	1,773	1,782
LATAM SOUTH	--	--	675	478	1,347	1,318	1,160	1,689	3,182	3,485
BRASIL	--	--	502	367	1,087	2,293	1,091	1,958	2,680	4,618
NORTH AMERICA	--	--	341	316	707	1,032	345	1,137	1,393	2,485
EMEA	--	--	357	204	583	683	1,040	1,458	1,980	2,345
APAC	--	--	101	92	156	268	225	277	482	637
MAPRE RE	--	--	68	29	91	71	20	63	179	163
CORPORATE AREAS	9	--	311	140	642	445	39	144	1,001	729
Average total number of employees	9	--	3,706	2,268	8,411	9,447	5,224	9,340	17,350	21,055

The next 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	2016		2015	
	Year-end close	Average	Year-end close	Average
Executives	11	11	11	13
Technicians	60	60	60	63
Administrative Assistants	69	66	63	68
Total	140	137	134	144

6.23. EARNINGS ON CURRENCY DIFFERENCES

Currency gains other than those arising from financial instruments measured at fair value, allocated to the consolidated income statement, amounted to 705.99 million and 870.82 million euros in 2016 and 2015, respectively.

Negative currency differences other than those arising from financial instruments measured at fair value, allocated to the consolidated income statement, amounted to 626.50 million and 806.32 million euros in 2016 and 2015, respectively.

The settlement of the currency differences recognized in equity at the beginning and end of the year in 2016 and 2015 is shown below.

DESCRIPTION	AMOUNT	
	2016	2015
CURRENCY DIFFERENCES AT THE BEGINNING OF THE YEAR	(1,142.49)	(636.47)
Net currency differences on valuation of non-monetary items	(2.72)	--
Net currency differences on conversion of financial statements	220.75	(506.02)
CURRENCY DIFFERENCES AT THE END OF THE YEAR	(924.46)	(1,142.49)

Figures in millions of euros

At December 31, 2016 and 2015 the net currency 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:

COMPANY/SUBGROUP	GEOGRAPHIC AREA	CURRENCY CONVERSION DIFFERENCES					
		GAINS		LOSSES		NET	
		2016	2015	2016	2015	2016	2015
Fully consolidated companies:							
MAPFRE RE	Europe, America and rest of world	29.59	22.44	(17.40)	(21.56)	12.19	0.88
MAPFRE INTERNACIONAL	Europe, America and rest of world	702.31	590.09	(1,554.62)	(1,654.83)	(852.31)	(1,064.74)
OTHER	--	18.36	27.52	(97.93)	(104.10)	(79.57)	(76.58)
TOTAL		750.26	640.05	(1,669.95)	(1,780.49)	(919.69)	(1,140.44)

Figures in millions of euros

6.24. CONTINGENT ASSETS AND LIABILITIES

At the end of 2016 and 2015, 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 2016 and 2015

In 2016 and 2015 several shareholdings were purchased, the most significant being the acquisition of the Barclays Life and Pensions business in Portugal in 2016 and the acquisitions of DIRECT LINE ITALY and DIRECT LINE GERMANY in 2015. The 2016 acquisition has reinforced MAPFRE's presence in the Portuguese market, while the 2015 acquisitions of the DIRECT LINE companies underscore its firm commitment to multichannel distribution and a stronger presence by the Group in Europe. In addition, the Group considers the affinity and opportunity for leveraging the capabilities of the Group business model to be central in the acquisition, as well as the potential for growth and value creation. The table below shows the fair value of the identifiable assets and liabilities related to the acquisition of these businesses:

^ (b)

ITEM	2016	2015	
	BANKINTER VIDA Portugal branch	DIRECT LINE ITALY	DIRECT LINE GERMANY
ASSETS			
Portfolio acquisition expenses	69.66	15.60	23.52
Investments	903.65	602.95	397.14
Deferred tax assets	--	--	23.49
Receivables	24.25	151.33	88.57
Cash	35.92	52.00	13.98
Other assets	10.25	391.88	58.88
TOTAL ASSETS	1,043.73	1,213.76	605.58
LIABILITIES			
Technical provisions	527.43	868.20	371.65
Deferred tax liabilities	0.32	26.00	28.74
Debt	446.04	128.60	30.00
Other Liabilities	0.28	28.38	2.00
TOTAL LIABILITIES	974.07	1,051.18	432.39
Fair value of net assets	69.66	162.58	173.19
Interest purchased	100%	100%	100%
Fair value of the percentage of purchased net assets	69.66	162.58	173.19
First consolidation difference	5.34	101.30	125.47
Net acquisition costs	75.00	263.88	298.66

Figures in millions of euros

The above stated fair values differ from the values in the accounts 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 net acquisition costs of all the combinations in 2016 and 2015 have been met in full, and at December 31, 2016 there were no outstanding amounts pending payment.

The expenses directly attributable to the combinations in 2016 and 2015, corresponding to independent professional, legal and financial advisory fees and amounting in total to 0.74 million and 4.04 million euros, respectively, are recorded as expenses in the consolidated income statement.

The aforementioned combinations were incorporated into the consolidated group on April 1, 2016 in the case of the one acquired that year, and on June 1, 2015 in the case of those acquired the previous year. They have contributed 107.71 million and 374.34 million euros to the Group's premiums, and 4.50 million and 1.27 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 143.61 million and 732.22 million euros to the Group's premiums, and 6.00 million and 0.75 million euros to the net result attributable to the controlling company, respectively.

The business combinations with an insignificant cost that took place during 2016 and 2015 are listed in Annex 1.

Business combinations in progress

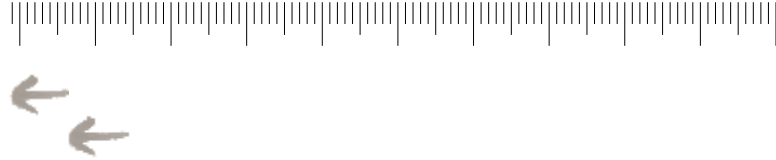
At December 31, 2016 MAPFRE was in the process of taking control of the Indonesian insurance company PT Asuransi Bina Dana Arta Tbk ("ABDA") after signing an agreement that will allow it to increase its stake in that company from 20 percent to 51 percent, for 92 million euros. Completion of the deal is subject to obtaining the corresponding administrative authorizations.

This acquisition will consolidate MAPFRE's entry into the Indonesian insurance market, a process that began in October 2013 with the acquisition of 20 percent of ABDA and the signature of a collaboration agreement with this company that has enabled MAPFRE to gradually build a presence in the Indonesian market over the last few years, most notably through the type of business pursued by MAPFRE ASISTENCIA.

In 2015 ABDA was ranked in fifth position in the country's automobile insurance market, with a market share of 6.4 percent. That year it reached a premium volume of 93 million euros and a net profit of 18 million euros.

Founded in 1982 and headquartered in Jakarta, ABDA is listed on the Indonesian securities market. It operates in the Automobile, Home, Transport, Health and Accident lines, and has 36 offices and 578 employees.

At the close of the year the procedures to obtain the requisite authorizations to execute the agreement were underway. In line with Indonesian legislation, once the purchase has been formalized MAPFRE will have to launch a takeover bid to acquire



the rest of the company's shares. The market capitalization of ABDA at December 31, 2016 amounted to 300.69 million euros.

6.26. RELATED PARTIES TRANSACTIONS

All related parties transactions 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	2016	2015
Received/provided services and other expenses/ revenue	569.33	603.36
Expenses/revenue from property investment	15.16	15.38
Expenses/revenues from investments and financial accounts	37.16	43.60
Dividends distributed	1,594.41	1,517.05

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	2016	2015
Ceded/accepted premiums	2,451.02	2,128.88
Benefits	1,171.76	1,219.40
Changes in technical provisions	54.26	46.89
Commissions	586.05	455.92

Figures in millions of euros

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	2016	2015
Receivables and payables	347.70	367.16
Deposits	85.51	125.47
Technical provisions	1,848.83	1,490.45

Figures in millions of euros

Information related to investee companies

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

CONTROLLED COMPANY	DIVIDENDS DISTRIBUTED				EARNINGS ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	
	CONTROLLING COMPANY		NON-CONTROLLING COMPANY		2016	2015
	2016	2015	2016	2015		
BB MAPFRE SHI PARTICIPAÇÕES, S.A.	100.75	89.08	300.91	269.86	290.31	350.93
MAPFRE RE COMPAÑÍA DE REASEGUROS, S.A.	83.29	83.96	7.00	7.06	14.58	11.38
BANKIA MAPFRE VIDA, S.A. DE SEGUROS Y REASEGUROS	25.43	38.63	24.43	37.19	34.03	25.05
BANKINTER SEGUROS DE VIDA, S.A.	23.18	12.14	23.18	12.17	23.43	18.48
CAJA CASTILLA LA MANCHA VIDA Y PENSIONES, S.A.	8.46	6.72	8.45	6.73	7.37	8.66
UNIÓN DEL DUERO COMPAÑÍA DE SEGUROS DE VIDA, S.A.	8.04	7.78	8.04	7.80	7.86	7.45
MAPFRE PERÚ VIDA, COMPAÑÍA DE SEGUROS, S.A.	5.34	6.77	2.96	3.37	5.60	4.38

Datos en millones de 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 ventures related to insurance activities are shown below:

BALANCE SHEET

ENTITY	INVESTMENTS		RECEIVABLES		TOTAL ASSETS		EQUITY		TECHNICAL PROVISIONS	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Investee										
MAPFRE VIDA SOCIEDAD ANÓNIMA DE SEGUROS Y REASEGUROS SOBRE LA VIDA HUMANA	13,212.91	12,881.51	178.57	236.78	14,396.90	14,109.54	1,334.66	1,324.02	11,934.17	11,636.07
BANKIA MAPFRE VIDA, S.A. DE SEGUROS Y REASEGUROS	8,043.45	5,444.76	19.23	3.88	8,284.76	5,555.03	525.56	278.07	7,287.21	5,171.91
MAPFRE ESPAÑA COMPAÑÍA DE SEGUROS Y REASEGUROS S.A.	5,413.33	5,155.32	868.38	921.19	7,577.02	7,304.26	2,369.92	2,375.38	4,446.73	4,254.70
MAPFRE RE COMPAÑÍA DE REASEGUROS, S.A.	3,930.32	3,698.48	261.92	419.82	5,212.44	5,039.86	1,232.31	1,141.68	3,512.16	3,325.05
M.S.V. LIFE P.L.C.	1,683.74	1,523.61	3.07	3.66	1,930.01	1,743.85	160.02	150.21	1,637.90	1,458.06
COMPANHIA DE SEGUROS ALIANÇADO BRASIL, S.A.	1,655.22	1,178.40	1,086.25	944.34	3,529.16	2,799.43	466.03	316.24	2,236.65	1,769.86
THE COMMERCE INSURANCE COMPANY	1,332.28	1,339.08	422.74	373.03	2,695.48	2,579.39	771.96	781.35	1,666.96	1,493.47
Subtotal Investees	35,271.25	31,221.16	2,840.16	2,902.70	43,625.77	39,131.36	6,860.46	6,366.95	32,721.78	29,109.12
Joint Business										
SOLUNION SEGUROS DE CREDITO S.A.	61.94	76.47	64.56	63.43	344.24	438.25	105.10	99.03	147.25	233.56
Subtotal Joint Business	61.94	76.47	64.56	63.43	344.24	438.25	105.10	99.03	147.25	233.56

Figures in millions of euros

INCOME STATEMENT

ENTITY	REVENUE				RESULTS					
	FROM INSURANCE BUSINESS		TOTALS		FROM INSURANCE BUSINESS		FROM OPERATIONS		FROM GLOBAL ACCOUNT	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Investee										
MAPFRE VIDA SOCIEDAD ANÓNIMA DE SEGUROS Y REASEGUROS SOBRE LA VIDA HUMANA	2,314.91	2,115.55	2,327.40	2,136.89	149.96	145.37	153.57	245.28	115.88	249.16
BANKIA MAPFRE VIDA, S.A. DE SEGUROS Y REASEGUROS	697.13	431.88	699.72	443.43	91.54	71.01	69.39	51.08	70.99	52.11
MAPFRE ESPAÑA COMPAÑÍA DE SEGUROS Y REASEGUROS S.A.	4,424.25	4,210.47	4,866.20	4,597.27	377.27	265.51	278.97	206.91	304.89	121.82
MAPFRE RE COMPAÑÍA DE REASEGUROS, S.A.	3,295.52	3,117.68	4,811.04	4,544.32	250.34	195.25	188.08	146.71	195.88	82.51
M.S.V. LIFE P.L.C.	354.93	319.79	357.86	322.41	11.44	15.43	8.52	10.00	8.52	10.00
COMPANHIA DE SEGUROS ALIANÇADO BRASIL, S.A.	1,714.90	1,565.19	1,960.12	2,033.63	682.23	651.20	431.22	424.54	439.10	419.99
THE COMMERCE INSURANCE COMPANY	1,242.12	1,218.38	1,738.88	1,568.28	66.55	(33.69)	45.84	(18.12)	45.84	(18.12)
Subtotal Investee	14,043.76	12,978.94	16,761.22	15,646.23	1,629.33	1,310.08	1,175.59	1,066.40	1,181.10	917.47
Joint Business										
SOLUNION SEGUROS DE CREDITO S.A.	26.37	27.04	172.43	165.75	12.88	10.51	8.28	6.24	7.79	2.10
Subtotal Joint Business	26.37	27.04	172.43	165.75	12.88	10.51	8.28	6.24	7.79	2.10

Figures in millions of euros

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

BALANCE SHEET

COMPANY	CURRENT ASSETS		TOTAL ASSETS		EQUITY		CURRENT LIABILITIES	
	2016	2015	2016	2015	2016	2015	2016	2015
Investee								
MAPFRE INVERSIÓN SOCIEDAD DE VALORES S.A.	94.42	42.73	251.22	224.81	220.30	189.26	23.22	27.10
FUNESPAÑA, S.A.	58.52	61.35	176.38	183.08	109.94	103.30	59.99	72.70
MAPFRE TECH	44.38	47.12	63.39	76.03	21.89	1.22	33.42	66.49
FEDERAL ASSIST CO.	39.18	36.77	41.62	37.73	8.30	8.20	33.32	27.93
Subtotal Investee	236.50	187.97	532.61	521.65	360.43	301.98	149.95	194.22

Figures in millions of euros

INCOME STATEMENT

COMPANY	REVENUE		EARNINGS			
	2016	2015	FROM OPERATIONS		FROM OVERALL ACCOUNT	
			2016	2015	2016	2015
Investee						
MAPFRE INVERSIÓN SOCIEDAD DE VALORES S.A.	108.71	85.09	59.08	36.45	57.93	35.27
FUNESPAÑA, S.A.	95.56	112.17	4.00	5.04	3.95	5.08
MAPFRE TECH	221.36	260.52	0.07	0.11	0.07	0.11
FEDERAL ASSIST CO.	20.94	23.63	(0.18)	1.60	(0.18)	1.53
Subtotal Investee	446.57	481.41	62.97	43.20	61.77	41.99

Figures in millions of euros

Information relating to joint arrangements and associated undertakings

+ (0,2,1) ↑ ↑

In 2016 and 2015 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 37.12 million and 65.42 million euros, respectively.

The next 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	
							REVENUE		EXPENSES			
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
SOLUNION SEGUROS DE CREDITO S.A.	11.59	13.86	--	--	1.56	1.93	2.90	3.27	1.42	1.31	(2.74)	(3.09)
TOTAL	11.59	13.86	--	--	1.56	1.93	2.90	3.27	1.42	1.31	(2.74)	(3.09)

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 is now the sole shareholder of IBERICAR and FINLOG, while MAPFRE ESPAÑA now owns 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 remuneration received in the last two years by members of the Board of Directors of the controlling company:

ITEM	AMOUNT	
	2016	2015
Short-term remuneration		
Salaries	6.11	5.83
Fixed allowances	2.65	2.64
Life Insurance	0.13	0.12
Other items	0.51	0.03
Long service bonus	0.01	0.01
TOTAL	9.41	8.63

Figures in millions of euros

The basic remuneration for external directors consists in an annual fixed amount for membership of the Board of Directors, which was 110,000 euros in 2016 and 100,000 in 2015. The members of the Steering Committee receive 40,000 euros. In the case of people who chair a sub-steering committee body the amount is 50,000 euros, while all other members of a sub-steering committee receive 30,000 euros.

Members of the boards of directors of Spanish insurance companies also receive a fixed assignment of 40,000 euros, and of 6,000 euros for those who are members of sub-steering committees.

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 2016 contributions to defined benefit plans amounted to 3.40 million euros, recognized as expenses for the year (3.74 million euros in 2015).

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

In relation to medium-term incentive plans, 4.72 million euros were settled in 2016, of which 1.48 million euros were pending payment at the close of the year. This amount had been reserved in full. An additional 3.28 million euros had also been reserved, of which 2.17 million euros correspond to remuneration in cash and 1.11 million euros to remuneration to be settled through equity instruments of MAPFRE S.A. The amount reserved in 2015 was 2.08 million euros.

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

ITEM	AMOUNT	
	2016	2015
Share-based payments	1.11	0.03
Long service bonuses	0.43	0.41
Medium-term incentives	3.65	6.25
TOTAL	5.19	6.69

Figures in millions of euros

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 0.47 million euros (0.33 million euros in 2015).

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

ITEM	2016	2015
No. of senior management members	6	4
Short-term remunerations	3.24	1.43
Other remuneration	0.04	0.03
TOTAL	3.28	1.46

Figures in millions of euros

Settlement of the 2013-2016 incentive plan for members of senior management led to a disbursement of 4.98 million euros in 2016. With regard to the 2016-2018 medium-term incentive plan, 1.27 million euros were reserved in 2016 for settlement depending on the fulfillment of objectives and the term stipulated in the plan. Additionally, an expense of 1.18 million euros was recorded in 2016 (0.96 million euros in 2015) as a contribution to defined benefit plans.

6.27. POST-BALANCE SHEET EVENTS

No significant events took place after the year end.

7. Risk management

GOVERNANCE FRAMEWORK

The Regulations of the Board of Directors of MAPFRE S.A. and its delegate bodies set out the functions and responsibilities of the MAPFRE governing bodies and various steering committees as regards the risk management system.

As specified in these regulations, the Risk and Compliance Committee is the delegate body of the Board of Directors with responsibility for providing advice and support to the Board of Directors on defining and evaluating the risk management policy, determining the susceptibility to risk and the risk strategy, and ensuring adherence within the company and Group to good governance rules and external and internal regulations.

The Regulations of the MAPFRE Board of Directors also assigns responsibilities to the Audit Committee, which is another of the delegate bodies associated with the Board of Directors. This committee monitors the effectiveness of the internal control of the company, internal auditing and the risk management systems.

In addition to the aforementioned governance bodies, the following associated bodies provide risk management support:

- The Security and Environment Committee, which ensures that the Group's objectives and business needs are met through efficient management of security and environmental risks.
- The Security Committee, which monitors exposure to insurance and reinsurance counterparties.

MAPFRE has adopted a three-line-of-defense approach to risk management whereby:

- a) Managers in the first line of defense assume the risks and are responsible for the controls.
- b) The internal control system and the second-line-of-defense areas independently oversee the risk management activities

conducted by the first line of defense, within the framework of the policies and limits established by the Board of Directors.

c) Internal Audit, as the third line of defense, provides an independent guarantee of the suitability and efficiency of the internal control system and other elements of the corporate governance system.

Within this framework, the MAPFRE structure consists of areas which, in their respective fields of responsibility, independently supervise the risks accepted.

The defined areas correspond to:

- The Actuarial Area, responsible for preparing mathematical, actuarial, statistical and financial calculations used to determine the rates and technical provisions and to model, in close collaboration with the Risk Management Area, the underwriting risk on which the insurance companies calculate their capital requirements, thus contributing to the projected technical result and desired solvency margins.
- The Compliance Area, which identifies, measures, monitors and reports on the exposure of the activities performed by the Group to compliance risk.
- Internal Control Area, which is responsible for ensuring that the internal control system works efficiently throughout MAPFRE and that the proper procedures are followed.
- Risk Management Area, which is responsible for:
 - Supervising and tracking the effectiveness of the MAPFRE GROUP risk management system.
 - Identifying and measuring risks.
 - Calculating the solvency margin.
 - Tracking and notifying exposure to risks.
- Security and Environment Area, responsible for preventing and mitigating security risks that may damage the Group by disrupting, limiting or reducing its productive, financial or business capacity, as well as any other damages that could compromise its social and environmental commitments, business objectives and strategy, or any other aspect stipulated in the current regulations.
- Internal Audit Area, which independently assesses the following:
 - The suitability, sufficiency and efficacy of elements of the Internal Control System.
 - The Risk Management System.

- The suitability and performance of the key functions included in the governance system set out in the Solvency II Directive.

The aforementioned structure meets the requirements relating to the governance of the risk management system as set out in the Solvency II Directive.

OBJECTIVES, POLICIES AND RISK MANAGEMENT PROCESSES

Additionally, MAPFRE 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.

The MAPFRE GROUP risk management policy is based on a Group-wide risk management system that calls for the integrated management of each and every business process, adapting the risk level to the established strategic objectives.

The main objectives of the Risk Management System are as follows:

- To promote a solid culture and an effective system of risk management.
- To ensure that risk analysis is part of the decision-making process.
- To preserve the solvency and financial soundness of the Group, helping to position it as the most trusted global insurance company.



The different types of risks are grouped under four areas, or categories, as explained below:

- Financial and Credit Risks	Includes interest rate, liquidity, exchange rate, market and credit risk.
- Insurance Activity Risks	This groups together, separately for Life and Non-Life, premium shortfalls, adequacy of technical provisions, and reinsurance risks.
- Operational Risks	It includes twenty three types of risk grouped into the following areas: actuarial, legal, technological, staff, collaborators, procedures, information, fraud, market and material assets.
- Strategic and Corporate Governance Risks	Includes the corporate ethics and corporate governance risks, and risks on organizational structure, alliances, mergers and acquisitions, regulatory and, lastly, competition risks.

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. The main risks are quantified in accordance with:

- Current legal requirements
- A standard model of fixed factors
- Internal management models in the companies that have implemented them.

Since the Solvency II regulations entered into force, the Group has quantified the main risks using the standard formula (group of calculations or algorithms prescribed by the supervisor in order to calculate compulsory solvency capital).

Assigned capital is established in general based on estimates in accordance with the budgets from the preceding year and it is yearly 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.

FINANCIAL AND CREDIT RISK

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 and by establishing both general and specific exposure limits.

Four different types of portfolios are managed within the investment portfolio:

- Those that seek strict immunization from the obligations deriving from insurance contracts. These included both those that meet the matching adjustment requirements set out in Solvency II as well as other portfolios that are subject to other immunization techniques based on flow or duration matching.

- Portfolios that cover unit-linked policies made up of assets whose risk is assumed by the policyholders.

- Those that aim to exceed the guaranteed return and achieve the highest possible return for policyholders with the prudential parameters, such as portfolios with profit sharing not included in the immunized portfolios.

- Open-management portfolios where the active management is only conditioned by legal rules and internal risk limits.

In the first group, the immunized portfolios minimize the interest rate risk. The 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 other 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.

- Risk limits are established in quantitative terms measured in accordance with easily observable variables. However, a risk analysis in probabilistic terms is carried out in accordance with past volatility and correlations.

MAPFRE RE's policy with regard to credit risk management is based on prudence in line with the issuer's solvency. Investments in fixed-income and equity instruments are subject to limits per issuer and seek a high degree of geographical correspondence between the issuers of the assets and commitments.

The credit risk management policy establishes limits according to the risk profile of the counterparty or 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.

INSURANCE ACTIVITY RISK

MAPFRE, specialized in different types of business, requires a high degree of autonomy in managing its business, in particular in the underwriting of risks and price fixing, and the indemnities or provision of services in the case of incidents.

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 calculated 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 fast settlement of claims, and the insignificance of long-term risks insured, such as asbestos or professional liability, are elements mitigating the risk of insufficient technical provisions.

MAPFRE's presence in countries highly prone to catastrophes (earthquakes, hurricanes, etc.) demands special treatment of these types of risk. Companies exposed to this type of risks have specialized reports 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 company that underwrites them. Where appropriate, the equity exposure to these types of risks is mitigated by taking out specific reinsurance coverage.

In this connection, 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 based on ceding business to reinsurers with proven financial capacity (usually those with a financial solvency classification or rating in the "investment grade" category. 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).

The basic mandatory principles that underlie the management of reinsurance use and other risk reduction techniques at MAPFRE are as follows:

- The principle of capital consumption optimization

- The principle of the optimization of conditions
- The principle of counterparty solvency
- The principle of the effective transfer of the risk
- The principle of adequate risk transfer levels

OPERATIONAL RISK

The operational and business process risk is identified and assessed using Riskm@p, a software application developed internally by MAPFRE to create risk maps for the Group companies and analyze the significance and probability of occurrence of the different risks.

Furthermore, Riskm@p is the corporate tool for managing control activities (process manuals, inventory controls associated with risks and assessment of their effectiveness) and the corrective measures implemented to mitigate or reduce risks and/or improve the control environment.

The operational risk management model is based on a qualitative process-based dynamic analysis of the company, enabling the managers of each area or department to identify and assess the potential risks affecting the following business and support processes: Product Development, Underwriting, Claims/Benefits, Administrative Management, Marketing Activities, Human Resources, Commissions, Coinsurance/Reinsurance, Technical Provisions, Investments, IT Systems, and Customer Service.

STRATEGIC AND CORPORATE GOVERNANCE RISK

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 meet the legal governance and management transparency requirements, the Board of Directors of MAPFRE S.A. approved the "MAPFRE GROUP Institutional, Business and Organizational Principles". These constitute the mandatory minimum framework for all companies in the MAPFRE Group and their respective governing bodies.

Strict application of these principles is considered to be the most efficient way of mitigating this type of risk.



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
	2016	2015	
Insurance			
IBERIA	33.16	29.36	2.75%
LATAM	22.73	24.64	1.96%
INTERNATIONAL	15.22	17.87	2.12%
Reinsurance	16.29	13.65	1.12%
Assistance	8.10	7.00	3.90%
Global Risks	2.52	2.55	4.46%
CONSOLIDATED	97.67	93.29	1.16%

Figures in millions of euros

For the Life activity, the sensitivity level is shown according to the results from the calculation of the embedded value, which has been made pursuant to the principles and methodology laid down in the so-called "European Embedded Value". The embedded value is obtained by adding to the adjusted equity the present value of the future profits of the managed portfolio (Life and fund management) and deducting the present value of options and financial guarantees granted to policyholders and the cost of the required regulatory capital.

The methodology for calculating the embedded value consists in assessing each risk component in the business independently, differentiating between the existing portfolio and the new business captured during the year. The various components of the embedded value were calculated as follows:

- Adjusted equity: This is calculated by adjusting book equity for unrecorded capital gains and losses, and decreasing the value by the goodwill amount, deferred expenses, and the dividends and donations approved but pending payment.
- Present value of future profits from the existing portfolio: This is calculated by discounting future profits after taxes from the policies portfolio at present value as at the valuation date on the basis of Euroswap curve interest rates, and including an estimate of the embedded value of options and financial guarantees granted to policyholders.
- Temporary value of financial options and guarantees granted to policyholders: This is the change in the cost of these options

and guarantees that may result from any potential modifications in the benefits in favor of policyholders throughout the life of the policy. It is estimated by simulating the economic scenarios consistent with different market situations.

- Cost of required capital: This is an estimate that includes the capital required to cover both financial and non-financial risks. In line with market practices, the cost of capital used to calculate embedded value at December 31, 2015 was obtained by applying a fixed rate of 4 percent to the solvency capital requirements set out in the new Solvency II regulation.

The main assumptions used were as follows:

- Discount and reinvestment rates: based on the Euro swap rate curve zero coupon at year end.
- Maintenance expenses: based on an internal study and indexed to an inflation rate of 2.5 percent.
- Technical variables (commissions, mortality, disability, redemptions, switches and returns on existing financial assets): based on the company's data and its own experience.
- Tax rate: the one valid in each market.

The following table shows the composition of the embedded value of the business of MAPFRE VIDA and its controlled companies at the close of 2015 and 2014 (the figures for 2016 were not available when the consolidated annual accounts were prepared).

ITEM	2015	2014	% variation
Adjusted equity	1,612.00	1,408.00	14.5%
Present value of future profits	2,162.50	2,153.40	0.4%
Present value of options and guarantees granted to policyholders	(66.20)	(65.70)	0.8%
Cost of compulsory required capital	(273.70)	(276.50)	(1.0%)
TOTAL EMBEDDED VALUE	3,434.60	3,219.20	6.7%

Figures in millions of euros

The variables to which embedded value was most sensitive in 2015 were as follows:

- A 25 basis-point rise in the default probability of the fixed-income portfolio, which would reduce the embedded value by 170.80 million euros.
- A 100 basis-point increase in interest rates, which would reduce the embedded value by 107.80 million euros in the existing portfolio and by 5.40 million euros in the new business.
- A 10 percent reduction in the decline in the portfolio, which would increase the embedded value by 168.10 million euros in the existing portfolio and by 28.00 million 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.

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:

2016

ITEM	ACCEPTED REINSURANCE				DIRECT INSURANCE				
	LIFE	NON-LIFE		TOTAL	CATASTROPHE RISK	OTHER RISKS			TOTAL
		CATASTROPHE RISK	OTHER RISKS			LIFE	NON-LIFE		
							Motor	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

2015

ITEM	ACCEPTED REINSURANCE				DIRECT INSURANCE				
	LIFE	NON-LIFE		TOTAL	CATASTROPHE RISK	OTHER RISKS			TOTAL
		CATASTROPHE RISK	OTHER RISKS			LIFE	NON-LIFE		
							Motor	Other	
Written premiums, direct insurance	--	--	--	--	315.02	4,264.45	7,008.17	7,465.18	19,052.82
Premiums from accepted reinsurance	600.65	486.20	2,172.10	3,258.95	--	--	--	--	--

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:

2016

PRODUCT	IBERIA	LATAM NORTH	LATAM SOUTH	BRAZIL	NORTH AMERICA	EMEA	APAC	MAPFRE RE	CORPORATE AREAS AND CONSOLIDATION ADJUSTMENTS	Total
Life	2,111.22	299.36	238.07	1,523.07	14.66	278.70	--	--	--	4,465.08
Automobile	2,164.98	336.10	484.18	1,232.49	1,747.47	1,314.25	23.15	--	--	7,302.62
Home and other simple risks	947.70	111.20	173.35	437.22	728.35	87.55	12.65	--	--	2,498.02
Health	494.42	189.61	72.14	4.36	101.50	137.05	--	--	--	999.08
Accident	118.93	15.31	98.03	--	2.12	8.45	3.86	--	--	246.70
Other Non-Life	1,302.11	391.63	855.79	1,390.30	308.27	744.76	90.25	--	(1,147.41)	3,935.69
Reinsurance	--	--	--	--	--	--	--	4,234.75	(868.77)	3,365.98
TOTAL	7,139.36	1,343.21	1,921.56	4,587.44	2,902.37	2,570.76	129.91	4,234.75	(2,016.18)	22,813.17

Figures in millions of euros

2015

PRODUCT	IBERIA	LATAM NORTH	LATAM SOUTH	BRAZIL	NORTH AMERICA	EMEA	APAC	MAPFRE RE	CORPORATE AREAS AND CONSOLIDATION ADJUSTMENTS	Total
Life	1,794.19	332.29	268.12	1,637.75	10.74	226.73	--	--	--	4,269.82
Automobile	2,109.93	390.07	516.03	1,496.54	1,650.93	800.76	22.15	--	--	6,986.41
Home and other simple risks	889.10	130.96	173.87	406.99	659.06	86.12	4.91	--	--	2,351.01
Health	459.10	200.93	62.91	0.40	109.40	119.80	--	--	--	952.54
Accident	123.17	15.35	112.87	--	1.92	8.38	3.98	--	--	265.67
Other Non-Life	1,321.23	779.98	896.64	1,272.53	344.72	739.94	83.52	--	(1,137.23)	4,301.33
Reinsurance	--	--	--	--	--	--	--	3,731.91	(546.93)	3,184.98
TOTAL	6,696.72	1,849.58	2,030.44	4,814.21	2,776.77	1,981.73	114.56	3,731.91	(1,684.16)	22,311.76

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	
	2016	2015
Euro	8,152.09	7,268.01
US dollar	3,909.92	4,120.30
Brazilian real	4,392.83	4,668.82
Mexican peso	509.96	676.98
Argentine peso	242.30	287.05
Venezuelan bolivar	33.34	64.76
Turkish lira	742.66	660.31
Colombian peso	296.29	331.53
Chilean peso	185.14	202.01
Pound sterling	224.66	225.85
Other currencies	624.50	547.20
TOTAL	19,313.69	19,052.82

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:

CEDED AND RETRO-CEDED REINSURANCE	BOOK VALUE	
	2016	2015
· Provision for Life insurance	84.89	93.25
· Provision for outstanding claims	2,234.85	2,054.32
· Other technical provisions	6.55	1.65
· Receivables on ceded and retroceded reinsurance transactions	465.04	383.22
· Debts on ceded and retro-ceded reinsurance transactions	(650.52)	(808.47)
TOTAL NET POSITION	2,140.81	1,723.97

Figures in millions of euros

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

RATING	BOOK VALUE	
	2016	2015
Maximum	27.51	24.69
Very high	400.13	538.32
High	1,127.07	675.55
Adequate	266.87	218.13
Weak	41.63	49.88
Not available	277.61	217.40
TOTAL NET POSITION	2,140.81	1,723.97

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	
	2016	2015
Letters of credit	1.17	1.13
Guarantees	--	--
Pledging of assets	--	--
Other guarantees	330.14	251.07
TOTAL	331.31	252.20

Figures in millions of euros

The balances corresponding to receivables on direct insurance and co-insurance operations amounted to 4,315.06 million and 4,231.71 million euros at December 31, 2016 and 2015, 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:

CREDIT RATING	BOOK VALUE							
	HELD-TO-MATURITY PORTFOLIO		AVAILABLE-FOR-SALE PORTFOLIO		TRADING PORTFOLIO		CASH	
	2016	2015	2016	2015	2016	2015	2016	2015
Maximum	1,071.63	397.25	1,610.19	1,411.45	428.96	427.71	102.84	33.35
Very high	970.87	665.64	4,246.81	3,572.53	1,880.55	150.64	68.01	98.01
High	167.32	27.63	3,990.62	4,707.04	728.73	224.53	460.00	244.58
Adequate	85.00	948.15	21,760.38	21,524.48	476.91	1,437.60	298.41	229.95
Weak	25.84	18.02	999.58	1,051.34	35.59	70.40	403.01	314.21
Not available	82.62	57.78	34.82	68.96	154.48	60.08	118.86	68.99
TOTAL	2,403.28	2,114.47	32,642.40	32,335.80	3,705.22	2,370.96	1,451.13	989.09

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, 2016 and 2015.

4. RECEIVABLES

The following table shows the composition of the receivables heading at December 31, 2016 and 2015, 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	
	2016	2015	RECORDED LOSSES		REVERSAL GAINS		2016	2015
			2016	2015	2016	2015		
Receivables on direct insurance and co-insurance operations	4,315.06	4,231.71	(22.08)	(5.76)	5.99	6.65	--	--
Receivables on reinsurance operations	876.57	1,068.12	(13.69)	(21.30)	5.68	--	--	--
Tax receivables	303.79	248.06	--	--	--	--	--	--
Corporate and other receivables	1,156.44	1,185.73	(4.64)	(4.00)	8.82	10.48	--	--
TOTAL	6,651.86	6,733.62	(40.41)	(31.06)	20.49	17.13	--	--

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 2016, the cash and cash equivalent balance amounted to 1,451.13 million euros (989.09 million euros the previous year), equivalent to 3.30 percent of total financial investments and cash (2.40 percent at the close

↑ R

of 2015). 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.

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 on 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, 2016 and 2015 (non-updated amounts).

2016

ITEM	ESTIMATED CASH OUTFLOWS							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

2015

ITEM	ESTIMATED CASH OUTFLOWS IN YEARS							CLOSING BALANCE
	2016	2017	2018	2019	2020	2021 to 2025	Subsequent	
Provisions for Life insurance	3,903.10	2,164.93	1,917.41	1,828.05	1,725.71	6,033.54	9,784.98	27,357.72
Provision for outstanding claims	4,929.17	1,534.43	636.99	406.54	334.28	785.13	429.15	9,055.69
Other technical provisions	118.23	25.44	26.27	27.15	28.04	154.64	393.29	773.06
Due on direct insurance and reinsurance operations	824.39	14.28	7.35	2.93	5.51	4.92	2.88	862.26
Due on reinsurance operations	1,425.67	7.09	0.67	6.91	5.93	0.31	0.16	1,446.74
TOTAL	11,200.56	3,746.17	2,588.69	2,271.58	2,099.47	6,978.54	10,610.46	39,495.47

Figures in millions of euros

(2)



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:

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 payable to lending 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

2015

ITEM	MATURITY IN						TOTAL
	2017	2018	2019	2020	2021	Subsequent	
Subordinated liabilities	34.25	612.70	--	--	--	--	646.95
Issue of debentures and other negotiable securities	--	--	--	--	--	--	--
Due to credit institutions	140.62	20.70	18.64	16.12	1,009.22	1.74	1,207.04
Other financial liabilities (not for trading)	164.65	6.85	2.97	0.49	0.50	18.51	193.97
TOTAL	339.52	640.25	21.61	16.61	1,009.72	20.25	2,047.96

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 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	
	2016	2015	2016	2015	2016	2015
To expiration	2,047.06	1,917.34	372.70	246.15	2,419.76	2,163.49
Available for sale	31,648.38	31,450.75	3,454.23	3,114.83	35,102.61	34,565.58
Trading	4,250.15	3,002.28	768.44	427.81	5,018.59	3,430.09
TOTAL	37,945.59	36,370.37	4,595.37	3,788.79	42,540.96	40,159.16

Figures in millions of euros

The assets with a fixed interest rate include the immunized portfolios, which amounted to 16,020.60 million and 15,732.50 million euros at December 31, 2016 and 2015 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	
	2016	2015	2016	2015	2016	2015
Subordinated liabilities	--	594.81	593.96	--	593.96	594.81
Issue of debentures and other negotiable securities	--	--	1,002.55	--	1,002.55	--
Payables to credit institutions	68.36	93.35	537.99	1,084.38	606.35	1,177.73
Other financial liabilities	440.69	121.38	311.40	385.34	752.09	506.72
TOTAL	509.05	809.54	2,445.90	1,469.72	2,954.95	2,279.26

Figures in millions of euros

The following tables show the breakdown of financial investments by maturity for 2016 and 2015.

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
AVAILABLE-FOR-SALE PORTFOLIO							
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 AVAILABLE-FOR-SALE PORTFOLIO	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

(3)

31 de diciembre de 2015

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	2,114.47	353.78	201.67	190.52	92.21	97.95	1,178.34
Other investments	49.02	40.69	--	2.21	--	0.34	5.78
TOTAL HELD-TO-MATURITY PORTFOLIO	2,163.49	394.47	201.67	192.73	92.21	98.29	1,184.12
PORTFOLIO AVAILABLE FOR SALE							
Fixed income	32,335.80	2,826.92	1,598.61	2,766.15	2,115.24	2,045.56	20,983.31
Other investments	59.22	23.91	0.49	0.85	1.15	--	32.83
TOTAL PORTFOLIO AVAILABLE FOR SALE	32,395.02	2,850.83	1,599.10	2,767.00	2,116.39	2,045.56	21,016.14
TRADING PORTFOLIO							
Financial swaps	469.29	(211.92)	(229.79)	(79.78)	(74.31)	(129.90)	1,195.00
Options	2.38	--	0.06	2.33	--	--	--
Fixed income	2,370.96	1,294.64	154.83	210.11	55.63	103.03	552.72
TOTAL TRADING PORTFOLIO	2,842.63	1,082.72	(74.90)	132.66	(18.68)	(26.87)	1,747.72

Figures in millions of euros

The average interest rate and modified duration of fixed-income investments in 2016 and 2015 are shown below:

ITEM	2016	2015
Average interest rate (%)	4.75	4.80
Modified duration (%)	7.03	7.13

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".

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	
	2016	2015	2016	2015	2016	2015
Euro	40,004.98	41,407.71	35,515.04	34,811.70	4,489.94	6,596.01
US dollar	10,813.67	7,766.83	7,709.12	5,204.04	3,104.55	2,562.79
Mexican peso	803.28	1,584.64	587.79	1,535.21	215.49	49.43
Brazilian real	10,548.31	7,711.50	7,812.56	6,486.94	2,735.75	1,224.56
Turkish lira	1,110.86	986.02	914.73	791.57	196.13	194.45
Chilean peso	334.77	693.40	253.30	723.63	81.47	(30.23)
Venezuelan bolivar	33.89	40.66	17.62	81.27	16.27	(40.61)
Argentine peso	375.82	195.45	272.87	300.62	102.95	(105.17)
Colombian peso	1,428.36	1,098.91	1,374.48	1,237.01	53.88	(138.10)
Pound sterling	425.89	197.68	312.29	172.01	113.60	25.67
Canadian dollar	58.49	44.93	40.64	15.36	17.85	29.57
Philippine peso	125.58	120.61	105.34	101.27	20.24	19.34
Peruvian sol	455.50	428.54	303.99	335.83	151.51	92.71
Other currencies	1,362.36	1,212.39	1,218.51	1,284.52	143.85	(72.13)
TOTAL	67,881.76	63,489.27	56,438.28	53,080.98	11,443.48	10,408.29

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 837.35 million euros and 601.61 million euros at December 31, 2016 and 2015, respectively.

4. PROPERTY RISK

At December 31, 2016 the Group had property assets representing approximately 4.60 percent of total investments and cash (4.90 percent at December 31, 2015), of which approximately 44.03 percent corresponds to its own offices (41.60 percent at December 31, 2015). 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:

ITEM	NET BOOK VALUE		MARKET VALUE	
	2016	2015	2016	2015
Property investments	1,274.81	1,324.32	1,711.67	1,835.60
Property for own use	1,002.97	943.40	1,404.07	1,406.98
TOTAL	2,277.78	2,267.72	3,115.74	3,242.58

Figures in millions of euros

Unrealized gains would offset a fall in the price of the properties equivalent to approximately 26.89 percent of their market value at the close of 2016 (30.06 percent at the close of 2015).

(100) ↑ ↑

8. Other information

8.1. INFORMATION RELATED TO THE ADMINISTRATIVE BODY

At the close of the year there had not been any conflicts of interest, either direct or indirect, between the directors and the Group.

In 2015 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 2016 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	
	2016	2015
Audit services	6.60	5.97
Other verification services	1.00	1.23
Tax services	0.09	0.53
Other services	0.34	0.27
Total services of main auditor	8.03	8.00

Figures in millions of euros

Fees for account audit services rendered by auditors other than the main auditor amounted to 0.20 million euros in 2016 (0.19 million euros in 2015).

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 YEAR

Details of the payments made by the Group's fully consolidated Spanish companies to providers in the financial years 2016 and 2015 are shown below.

ITEM	DAYS	
	2016	2015
Average provider payment year	6.06	6.93
Ratio of paid operations	5.90	6.79
Ratio of operations pending payment	23.25	50.62

ITEM	MILLIONS OF EUROS	
	2016	2015
Total payments made	1,656.56	1,390.94
Total pending payments exceeding the maximum statutory term	15.79	4.46

Subsidiaries, associated undertakings and joint ventures (appendix 1)

NAME	ADDRESS	EFFECTIVE TAX RATE	ACTIVITY	PARTICIPATION IN CAPITAL		
				HOLDER	PERCENTAGE	
					2016	2015
INSURANCE						
IBERIA						
MAPFRE ESPAÑA COMPAÑÍA DE SEGUROS Y REASEGUROS S.A.	Ctra. Pozuelo, 50. Majadahonda. (Madrid) Spain	25,00% (1)(2)	Insurance and reinsurance	• MAPFRE, S.A. • MAPFRE GLOBAL RISKS	83.5168 16.4825	83.5168 16.4825
CLUB MAPFRE, S.A.	Ctra. Pozuelo, 52. Majadahonda. (Madrid) España	25,00% (1)	Services	• MAPFRE ESPAÑA • MAPFRE AUTOMOCION SAU	99.9875 0.0125	99.9875 0.0125
CENTRO DE EXPERIMENTACIÓN Y SEGURIDAD VIAL MAPFRE, S.A.	Ctra. Valladolid, km 1 (Ávila) Spain	25,00% (1)	Research, training AND CONSULTANCY	• MAPFRE ESPAÑA • MAPFRE, S.A.	99.9982 0.0018	99.9982 0.0018
MAPFRE AUTOMOCION S.A.U	Crta. De Pamplona a Zaragoza Polígono Ind. Cordovilla (Navarra) Spain	25,00% (1)	Consultancy services and assistance	• MAPFRE ESPAÑA	100.0000	100.0000
IBERICAR, SOCIEDAD IBÉRICA DEL AUTOMÓVIL, S.A. (Exit in 2016 by de Salvador Caetano Auto S.A shares exchange)	Ctra. Pozuelo, 52. Majadahonda. (Madrid) Spain	--	Services	• MAPFRE ESPAÑA	---	50.0000
VERTI ASEGURADORA, COMPAÑÍA DE SEGUROS Y REASEGUROS, S.A.	Ctra. Pozuelo, 52. Majadahonda. (Madrid) Spain	25,00% (1)(2)	Insurance and reinsurance	• MAPFRE ESPAÑA • CLUB MAPFRE	99.9991 0.0009	99.9991 0.0009
DISEÑO URBANO, S.L.	Avda. Juan XXIII 64 (Valencia) Spain	--	Development agents	• MAPFRE ESPAÑA	50.0000	50.0000
ESPACIOS AVANZADOS DEL MEDITERRANEO, S.L.	C/ Siete s/nº, Alboraya (Valencia) Spain	25,00%	Building and development Property	• MAPFRE ESPAÑA	22.4992	22.4992
SERVICIOS COMERCIALES Y ENERGÉTICOS DE BENIDORM, S.L.	Avda. Juan XXIII 64 (Valencia) Spain	25,00%	Development and use of Wind parks	• MAPFRE ESPAÑA	50.0000	50.0000
RASTREATOR.COM LTD	C/ Juan Hurtado de Mendoza, 17 28036 (Madrid) Spain	--	Online prices compare professionals	• MAPFRE ESPAÑA	25.0000	25.0000
MAPFRE CONSULTORES DE SEGUROS Y REASEGUROS, S.A.	Paseo de Recoletos, 25 (Madrid) Spain	25,00% (1)	Consultancy and management services	• MAPFRE ESPAÑA • MAPFRE, S.A.	50.0000 50.0000	50.0000 50.0000
MULTISERVICIOS MAPFRE MULTIMAP, S.A.	Ctra. Pozuelo, 50. Majadahonda (Madrid) Spain	25,00% (1)	Consultancy services and contracting for refurbishment and goods improvement	• MAPFRE ESPAÑA • CENTROS MEDICOS S.A.	97.5000 2.5000	97.5000 2.5000
FINLOG-ALUGUER E COMERCIO DE AUTOMOVEIS, S.A. (Exit in 2016 by Salvador Caetano Auto S.A shares exchange)	Rua Oscar da Silva 2243-2263 - Leça da Palmeira, Matosinhos (Portugal)	--	Rental car	• MAPFRE ESPAÑA	---	50.0000
FUNESPAÑA, S.A.	C/ Sufli, 4 (Almeria) Spain	25,00% (1)	Funeral services	• MAPFRE ESPAÑA	95.7952	95.7952
POMPES FUNEBRES DOMINGO, S.L.	C/ Mercaderes, 5 Bajo Tortosa (Tarragona)	25,00% (1)	Funeral services	• FUNESPAÑA, S.A.	75.0000	75.0000
SERVICIOS FUNERARIOS FUNEMADRID, S.A.	C/ Doctor Esquerdo, 138 5º Plta Madrid	25,00% (1)	Funeral services	• FUNESPAÑA, S.A.	100.0000	100.0000
CEMENTERIO JARDÍN DE ALCALA DE HENARES, S.A.	Carretera de Pastrana, Km 3 Alcala de Henares (Madrid)	25,00%	Funeral services	• FUNEMADRID	49.0000	49.0000
EMPRESA MIXTA SERVEIS MUNICIPALS DE TARRAGONA, S.L.	Carretera Villa de Valencia, 2 Tarragona	25,00%	Funeral services	• FUNESPAÑA, S.A.	49.0000	49.0000
FUNERARIA PEDROLA, S.L.	C/ Doctor Esquerdo, 138 5º Plta Madrid	25,00% (1)	Funeral services	• FUNESPAÑA, S.A.	100.0000	100.0000
CEMENTERIO PARQUE ANDUJAR, S.L.	C/ Cementerio, 4 Andujar (Jaén)	25,00%	Funeral services	• FUNESPAÑA, S.A.	60.0000	60.0000

YEAR END FIGURES (THOUSANDS OF EUROS)								CONSOLIDATION METHOD		CONSOLIDATION METHOD FOR SOLVENCY CALCULATION	
ASSETS		EQUITY		REVENUE		RESULT FOR THE YEAR		2016	2015	2016	2015
2016	2015	2016	2015	2016	2015	2016	2015				
7,577,021	7,304,255	2,369,924	2,375,380	4,866,203	4,597,274	278,968	206,912	(A)	(A)	(1)	(1)
6,186	5,963	3,976	3,839	11,313	11,423	127	101	(A)	(A)	(1)	(1)
18,700	18,191	16,723	16,391	12,543	12,646	305	254	(A)	(A)	(1)	(1)
19,424	34,599	6,508	24,294	13,247	16,931	(426)	245	(A)	(A)	(1)	(1)
---	230,949	---	62,729	---	605,462	---	1,411	(H)	(C)	(H)	(3)
193,890	209,474	75,310	86,421	86,803	88,318	(11,766)	(24,386)	(A)	(A)	(1)	(1)
1,670	1,670	(232)	(232)	---	---	---	---	(C)	(C)	(3)	(3)
2,475	2,538	918	884	45	11	12	38	(C)	(C)	(3)	(3)
216	216	216	216	---	---	---	---	(C)	(C)	(3)	(3)
---	---	---	---	---	---	---	---	(C)	(C)	(3)	(3)
312	281	251	227	208	205	25	40	(A)	(A)	(1)	(1)
25,023	16,401	10,842	9,175	58,928	51,189	1,669	2,043	(A)	(A)	(1)	(1)
---	104,896	---	21,089	---	75,543	---	5,078	(H)	(C)	(H)	(3)
115,457	127,775	70,256	73,864	20,092	21,434	(645)	2,899	(A)	(A)	(1)	(1)
2,176	2,126	1,398	1,187	1,661	1,595	211	228	(A)	(A)	(1)	(1)
14,957	14,572	13,209	12,909	8,539	9,027	997	1,235	(A)	(A)	(1)	(1)
7,035	6,531	6,625	6,153	2,455	2,736	472	(1,973)	(C)	(C)	(3)	(3)
3,466	3,266	2,926	2,565	3,951	3,930	1,470	1,109	(C)	(C)	(3)	(3)
615	587	328	312	584	529	64	48	(A)	(A)	(1)	(1)
1,950	1,184	722	599	281	262	(7)	(57)	(A)	(A)	(1)	(1)

NAME	ADDRESS	EFFECTIVE TAX RATE	ACTIVITY	PARTICIPATION IN CAPITAL		
				HOLDER	PERCENTAGE	
					2016	2015
FUNBIERZO, S.L. (Incorporated in 2016 by FUNERARIAS REUNIDAS EL BIERZO, S.A.)	C/ Doctor Esquerdo, 138 5º Plta Madrid	25,00%	Funeral services	• FUNESPAÑA, S.A.	---	67.5900
FUNETXEA, S.L.	C/ Doctor Esquerdo, 138 5º Plta Madrid	25,00% (1)	Funeral services	• FUNESPAÑA, S.A.	100.0000	100.0000
SERVICIOS FUNERARIOS DE ZARAGOZA, S.L.	C/ Doctor Esquerdo, 138 5º Plta Madrid	25,00%	Funeral services	• FUNESPAÑA, S.A.	70.0000	70.0000
GAB MANAGEMENT & CONSULTING, S.R.L.	C/ Coso, 66 2ºC Zaragoza	25,00% (1)	Investment company	• FUNESPAÑA, S.A.	77.6000	77.6000
TANATORIUM ZRT	Joseph Krt, 49 Budapest (Hungria)	25,00%	Funeral services	• FUNESPAÑA, S.A.	100.0000	100.0000
SERVICIOS Y GESTIÓN FUNERARIA, S.A.	C/ Doctor Esquerdo, 138 5º Plta Madrid	25,00% (1)	Funeral services	• FUNESPAÑA, S.A.	100.0000	100.0000
TANATORI BENIDORM, S.L.	C/ Apareguda, 2 El Campello (Alicante)	25,00% (1)	Funeral services	• SERVICIOS Y GESTIÓN FUNERARIA, S.A.	100.0000	100.0000
TANATORI LA DAMA D' ELX, S.L.	C/ Apareguda, 2 El Campello (Alicante)	25,00%	Funeral services	• SERVICIOS Y GESTIÓN FUNERARIA, S.A.	97.1400	97.1400
ZACARIAS NUÑO, S.L.	Avenida de los martires, 3 Sta. Cruz de Mudela (C.Real)	25,00%	Funeral services	• SERVICIOS Y GESTIÓN FUNERARIA, S.A.	50.0000	50.0000
INICIATIVAS ALCAESAR, S.L.	C / Viena, 2 1º A Cáceres	25,00%	Funeral services	• FUNESPAÑA, S.A.	40.0000	40.0000
SALZILLO SERVICIOS FUNERARIOS, S.L.	C/ Doctor Esquerdo, 138 5º Plta Madrid	25,00%	Funeral services	• FUNESPAÑA, S.A.	45.0000	76.0000
DE MENA SERVICIOS FUNERARIOS, S.L.	C/ Doctor Esquerdo, 138 5º Plta Madrid	25,00%	Funeral services	• FUNESPAÑA, S.A.	70.0000	70.0000
FUNERARIA HISPALENSE, S.L.	Avenida de Ramon y Cajal, S/N Dos Hermanas (Sevilla)	25,00%	Funeral services	• FUNESPAÑA, S.A.	50.0000	50.0000
ISABELO ALVAREZ MAYORGA, S.A.	Carretera Avila - Valladiolid Km 08 Ávila	25,00%	Funeral services	• FUNESPAÑA, S.A.	50.0000	50.0000
SERVICIOS FUNERARIOS DEL NERVIÓN, S.L.	Alameda de Recalde 10 Bilbao	25,00%	Funeral services	• FUNESPAÑA, S.A.	50.0000	50.0000
NUEVO TANATORIO, S.L.	Avenida Hermanos Bou, 251 Castellón	25,00%	Funeral services	• FUNESPAÑA, S.A.	50.0000	50.0000
SERVICIOS FUNERARIOS LA CARIDAD, S.L.	Carretera Sanlucar - Trebujena Km 1,5 Sanlucar de Barrameda (Cádiz)	25,00%	Funeral services	• FUNESPAÑA, S.A.	50.0000	50.0000
TANATORIO DE ECIJA, S.L.	C / Camino del Valle Écija (Sevilla)	25,00%	Funeral services	• FUNESPAÑA, S.A.	33.3300	25.0000
TANATORIO SE-30 SEVILLA, S.L.	C/ San Juan Bosco, 58 Zaragoza	25,00%	Funeral services	• FUNESPAÑA, S.A.	10.0000	10.0000
ALL FUNERAL SERVICES, S.L.	C/ Doctor Esquerdo, 138 5º Plta Madrid	25,00% (1)	Funeral services	• FUNESPAÑA, S.A.	100.0000	100.0000
FUNESPAÑA CHILE, S.A.	Santiago de Chile (Chile)	25,00%	Funeral services	• FUNESPAÑA, S.A.	50.0000	50.0000
FUNEUROPEA CHILE, S.A.	Santiago de Chile (Chile)	25,00%	Familiar assistance	• FUNESPAÑA, S.A.	50.0000	50.0000
FUNERARIAS REUNIDAS EL BIERZO, S.A.	C/ Doctor Esquerdo, 138 5º Plta Madrid	25,00% (1)	Funeral services	• FUNESPAÑA, S.A.	85.8200	91.3000
MEDISEMAP, AGENCIA DE SEGUROS, S.L.	Ctra. Pozuelo, 52 Majadahonda (Madrid)	25,00% (1)	Agencia de seguros	• MAPFRE ESPAÑA • MAPFRE VIDA	66.6667 33.3333	66.6667 33.3333
CENTROS MEDICOS MAPFRE, S.A. (In 2015 POLICLINICO SALUD 4, S.A.)	C/ Castello 56 (Madrid) Spain	25,00% (1)	Medical services	• MAPFRE ESPAÑA	100.0000	100.0000
MAPFRE VIDEO Y COMUNICACIÓN S.A.	Ctra. Pozuelo, 50. Majadahonda (Madrid) Spain	25,00% (1)	Asset management	• MAPFRE ESPAÑA • MAPFRE VIDA	75.0000 25.0000	75.0000 25.0000
BANKINTER SEGUROS GENERALES, S.A.	Paseo de la Castellana, 29 Madrid	25,00% (2)	Insurance and reinsurance	• MAPFRE ESPAÑA	50.1000	50.1000

YEAR END FIGURES (THOUSANDS OF EUROS)								CONSOLIDATION METHOD		CONSOLIDATION METHOD FOR SOLVENCY CALCULATION	
ASSETS		EQUITY		REVENUE		RESULT FOR THE YEAR		2016	2015	2016	2015
2016	2015	2016	2015	2016	2015	2016	2015				
---	3,528	---	2,642	---	340	---	51	(H)	(A)	(H)	(1)
12,783	13,183	(1,652)	(67)	2,682	2,454	(682)	(86)	(A)	(A)	(1)	(1)
3,608	3,693	1,376	1,303	2,649	2,554	73	75	(A)	(A)	(1)	(1)
410	2,076	313	1,982	---	---	23	63	(A)	(A)	(1)	(1)
776	778	293	326	---	---	(38)	(181)	(A)	(A)	(1)	(1)
8,099	6,541	7,248	3,666	2,006	2,826	3,695	534	(A)	(A)	(1)	(1)
10	11	(1)	1	---	---	(1)	---	(A)	(A)	(1)	(1)
97	97	(97)	(97)	---	---	---	---	(A)	(A)	(1)	(1)
182	186	167	170	7	17	(3)	2	(C)	(C)	(3)	(3)
8,271	8,193	4,332	4,395	5,257	5,050	738	979	(C)	(C)	(3)	(3)
9,250	1,980	5,246	379	2,343	1,015	90	(21)	(C)	(A)	(1)	(1)
813	855	616	624	1,030	1,143	196	204	(A)	(A)	(1)	(1)
44	161	43	119	49	235	(73)	21	(C)	(C)	(3)	(3)
2,481	2,402	1,293	1,321	1,029	1,176	(34)	139	(C)	(C)	(3)	(3)
56	103	34	66	186	285	27	58	(C)	(C)	(3)	(3)
3,290	2,278	1,394	1,298	2,165	2,328	124	203	(C)	(C)	(3)	(3)
1,369	1,452	1,308	1,352	497	679	73	148	(C)	(C)	(3)	(3)
3,021	3,119	1,480	1,526	506	586	101	123	(C)	(C)	(3)	(3)
15,298	14,803	8,075	7,235	2,563	2,705	1,228	1,024	(C)	(C)	(3)	(3)
10,780	10,489	1,532	1,660	75,518	77,967	1,460	1,588	(A)	(A)	(1)	(1)
---	---	---	---	---	---	---	---	(B)	(B)	(9)	(9)
---	---	---	---	---	---	---	---	(B)	(B)	(9)	(9)
7,519	3,535	5,762	2,403	3,333	3,021	716	559	(A)	(A)	(1)	(1)
797	820	465	405	3,495	4,240	66	55	(A)	(A)	(1)	(3)
36,829	44,024	15,840	18,204	31,286	25,262	(2,353)	(6,162)	(A)	(A)	(1)	(1)
118,604	117,920	70,039	69,889	8,331	8,548	152	1,154	(A)	(A)	(1)	(1)
18,928	15,643	9,661	10,078	5,307	4,521	(672)	(210)	(A)	(A)	(1)	(1)

NAME	ADDRESS	EFFECTIVE TAX RATE	ACTIVITY	PARTICIPATION IN CAPITAL		
				HOLDER	PERCENTAGE	
					2016	2015
AUDATEX ESPAÑA, S.A.	Av de Barajas, 34 Parque Empresarial Omega 28108 Alcobendas (Madrid)	--	Vehicle loss assessment	• MAPFRE ESPAÑA	12.5000	12.5000
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
TECNOLOGIAS DE LA INFORMACION Y REDES PARA LAS ENTIDADES ASEGURADORAS, S.A	C/ García Paredes, 55 Madrid	25,00%	Data processing services Telematic and network.	• MAPFRE ESPAÑA	22.9506	16.3618
LAIETANA SEGUROS GENERALES (Liquidated in 2016)	Avenida Lluís Companys, 44-60 08302 Mataró (Barcelona)	--	Insurance	• MAPFRE ESPAÑA	---	100.0000
MAPFRE QUINGDAO ENTERPRISE MANAGEMENT CONSULTING LIMITED COMPANY	Qindao (China)	--	consultancy	• MAPFRE ESPAÑA	100.0000	100.0000
SERVICIOS DE PERITACIÓN MAPFRE S.A. (Liquidated in 2016)	C/ Manuel Silvela, 15 (Madrid) Spain	--	Research, training AND CONSULTANCY	• MAPFRE ESPAÑA • MAPFRE GLOBAL RISKS	---	96.0000 4.0000
AGROSEGURO	C/ Gobelias, 23 Madrid (Spain)	25,00%	Agents and insurance brokers	• MAPFRE ESPAÑA	20.7800	20.6200
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	---
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
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
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
INMOBILIARIA MAPINVER S.A. (Incorporated in 2016 to MAPFRE INMUEBLES S.G.A)	Ctra. Pozuelo, 52. Majadahonda. (Madrid) Spain	25,00%	Real estate	• MAPFRE INMUEBLES	---	100.0000
INMO ALEMANIA GESTIÓN DE ACTIVOS INMOBILIARIOS, S.L.	Pso. De la Castellana, 24 (Madrid) Spain	25,00%	Real Estate	• MAPFRE ESPAÑA • MAPFRE GLOBAL RISKS	10.0000 10.0000	10.0000 10.0000
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 0.7746	79.2791 2.0626 14.6805 1.0000 1.9681 0.0192 0.0160 0.9744
MAPFRE SEGUROS GERAIS 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
MAPFRE PORTUGAL SEGUROS DE VIDA S.A.	Rua Castilho, 52 Lisboa (Portugal)	25,00%	Insurance	• MAPFRE SEGUROS GERAIS	100.0000	100.0000
MAPFRE VIDA SOCIEDAD ANÓNIMA DE SEGUROS Y REASEGUROS SOBRE LA VIDA HUMANA	Carretera de Pozuelo, 50. (28222) Majadahonda. Madrid (Spain)	25,00% (1) (2)	Insurance and reinsurance	• MAPFRE, S.A.	99.9087	99.9087
CONSULTORA ACTUARIAL Y DE PENSIONES MAPFRE VIDA S.A.	Carretera de Pozuelo, 50 (28222) Majadahonda	25,00% (1)	Consultancy	• MAPFRE VIDA • MAPFRE, S.A.	99.9339 0.0661	99.9339 0.0661
GESTION MODA SHOPPING S.A.	Avda.General Perón,40 (Madrid) Spain	25,00% (1)	Management centers Sales staff	• MAPFRE VIDA • MAPFRE, S.A.	99.8215 0.1785	99.8215 0.1785
MAPFRE INVERSIÓN SOCIEDAD DE VALORES S.A.	Carretera de Pozuelo, 50-1, M-4. 2º Planta. Módulo Sur. (28222) Majadahonda	25,00% (1)(2)	Investment company	• MAPFRE VIDA • MAPFRE, S.A.	99.9991 0.0009	99.9991 0.0009

YEAR END FIGURES (THOUSANDS OF EUROS)								CONSOLIDATION METHOD		CONSOLIDATION METHOD FOR SOLVENCY CALCULATION	
ASSETS		EQUITY		REVENUE		RESULT FOR THE YEAR		2016	2015	2016	2015
2016	2015	2016	2015	2016	2015	2016	2015				
--	11,385	--	6,530	---	22,915	---	5,266	(C)	(C)	(3)	(3)
469	469	136	136	---	---	---	---	(C)	(C)	(3)	(3)
59,487	56,310	31,569	27,559	---	---	---	---	(C)	(C)	(3)	(3)
---	4,704	---	4,703	---	---	---	---	(H)	(A)	(H)	(1)
3,817	227	(1,558)	227	53	86	(6,848)	(2,719)	(A)	(F)(A)	(1)	(F)(1)
---	595	---	(864)	---	2,958	---	(278)	(H)	(A)	(H)	(1)
511,383	495,560	12,250	12,147	---	---	---	---	(C)	(C)	(3)	(3)
---	---	---	---	---	---	---	---	(G)(C)	---	(G)(3)	---
663,920	753,246	478,014	493,426	64,949	43,282	(4,693)	2,802	(A)	(A)	(1)	(1)
74,138	74,506	1,137	(43,085)	---	---	(1,777)	(2,895)	(A)	(A)	(1)	(1)
1,180	728	873	419	1,237	1,162	458	141	(A)	(A)	(1)	(1)
---	5,163	---	(10,068)	---	---	---	(309)	(H)	(A)	(H)	(1)
52,475	57,748	51,155	51,744	1,610	854	---	806	(C)	(C)	(3)	(3)
63,395	76,030	21,895	1,221	221,356	26,033	73	108	(A)	(A)	(1)	(1)
213,666	225,016	72,958	70,673	104,428	114,917	(109)	430	(A)	(A)	(1)	(1)
335,465	330,825	32,700	35,286	57,004	75,063	1,106	425	(A)	(A)	(1)	(1)
14,396,898	14,109,536	1,334,664	1,324,019	2,327,398	2,136,894	153,569	245,282	(A)	(A)	(1)	(1)
762	753	714	696	249	234	71	52	(A)	(A)	(1)	(1)
1,072	1,298	828	860	1,058	1,259	(29)	6	(A)	(A)	(1)	(1)
251,217	224,806	220,298	189,260	108,709	85,093	59,082	36,447	(A)	(A)	(4)	(4)

NAME	ADDRESS	EFFECTIVE TAX RATE	ACTIVITY	PARTICIPATION IN CAPITAL		
				HOLDER	PERCENTAGE	
					2016	2015
MAPFRE ASSET MANAGEMENT, S.G.I.I.C., S.A. (In 2015 MAPFRE INVERSION DOS S.G.I.I.C., S.A.)	Carretera de Pozuelo, 50-1, M-4. 2º 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
MAPFRE VIDA PENSIONES, ENTIDAD GESTORA DE FONDOS DE PENSIONES S.A.	Carretera de Pozuelo, 50-1, M-4. 2º Planta Módulo Norte. (28222) Majadahonda	25,00% (1)	Pension funds administration	• MAPFRE INVERSIÓN • MAPFRE, S.A.	99.9971 0.0029	99.9971 0.0029
UNIÓN DEL DUERO COMPAÑÍA DE SEGUROS DE VIDA, S.A.	Pº de la Castellana, 167 (Madrid) Spain	25,00% (2)	Insurance	• MAPFRE VIDA	50.0000	50.0000
DUERO PENSIONES ENTIDAD GESTORA DE FONDOS DE PENSIONES, S.A.	Pº de la Castellana, 167 (Madrid) Spain	25,00% (2)	Pension funds administration	• MAPFRE VIDA	50.0000	50.0000
BANKIA 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
MIRACETI S.A.	Carretera de Pozuelo, 50 (28222) Majadahonda	25,00% (1)	Real Estate	• MAPFRE VIDA • MAPFRE, S.A.	99.9991 0.0009	99.9991 0.0009
BANKINTER SEGUROS DE VIDA, S.A.	Avda. Bruselas, 12 (Alcobendas) Spain	25,00% (2)	Insurance	• MAPFRE VIDA	50.0000	50.0000
CAJA CASTILLA LA MANCHA VIDA Y PENSIONES, S.A.	C/ Carretera, 5 (Cuenca) Spain	25,00% (2)	Insurance	• MAPFRE VIDA	50.0000	50.0000
LAIETANA VIDA (Absorbida en 2016 por BANKIA MAPFRE VIDA,S.A.)	Carretera de Pozuelo, 50 (28222) Majadahonda	25,00% (2)	Insurance	• MAPFRE VIDA	---	51.0000
ASEGURADORA VALENCIANA DE SEGUROS Y REAS. (ASEVAL) (Incorporated in 2016 to BANKIA MAPFRE VIDA,S.A.)	Carretera de Pozuelo, 50 (28222) Majadahonda	25,00% (2)	Insurance	• MAPFRE VIDA	---	51.0000
BRAZIL						
MAPFRE SEGUROS GERAIS S.A.	Avd.Naões Unidas, 11711 16. Andar Brooklin Sao Paulo. (Brazil)	45,00%	Insurance	• MAPFRE BB SH2 PARTICIPAÇÕES, S.A.	100.0000	100.0000
MAPFRE VERA CRUZ CONSULTORIA TECNICA E ADMINISTRAÇÃO DE FUNDOS LTDA.	Avd.Naões Unidas, 11711 16. Andar Brooklin Sao Paulo (Brazil)	34,00%	administration funds	• MAPFRE HOLDING DO BRASIL LTDA	100.0000	100.0000
BB MAPFRE SH1 PARTICIPAÇÕES, S.A.	Avd.Naões Unidas, 11711 16. Andar Brooklin Sao Paulo (Brazil)	34,00%	Holding	• MAPFRE BRASIL PARTICIPAÇÕES, S.A.	25.0100(*)	25.0100(*)
MAPFRE CAPITALIZAÇÃO	Avd.Naões Unidas, 11711 16. Andar Brooklin Sao Paulo (Brazil)	34,00%	Capitalization	• MAPFRE BRASIL PARTICIPAÇÕES, S.A.	100.0000	100.0000
MAPFRE ASSISTENCIA, S.A.	Avd.Mamore 989, 3º Andar Allphaville Centro Industrial e Empresarial Barueri, Sao Paulo (Brazil)	34,00%	Assistance services	• MAPFRE SEGUROS GERAIS, S.A.	100.0000	100.0000
MAPFRE BB SH2 PARTICIPAÇÕES, S.A.	Avd.Naões Unidas, 11711 16. Andar Brooklin Sao Paulo (Brazil)	34,00%	Holding	• MAPFRE BRASIL PARTICIPAÇÕES, S.A.	50.0000(*)	50.0000(*)
MAPFRE BRASIL PARTICIPAÇÕES, S.A.	Avd.Naões Unidas, 11711 16. Andar Brooklin 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
CESVI BRASIL S.A. CENTRO DE EXPERIMENTAÇÃO E SEGURANÇA VIARIA	Rua Amador Aguiar, 700-City Empresarial - Sao Paulo (Brazil)	34,00%	Research, training and consultancy	• MAPFRE HOLDING DO BRASIL LTDA	100.0000	100.0000
MAPFRE HOLDING DO BRASIL LTDA	Avda. dos Autonomistas, 701 Vila- Yara - Osasco 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

YEAR END FIGURES (THOUSANDS OF EUROS)								CONSOLIDATION METHOD		CONSOLIDATION METHOD FOR SOLVENCY CALCULATION	
ASSETS		EQUITY		REVENUE		RESULT FOR THE YEAR		2016	2015	2016	2015
2016	2015	2016	2015	2016	2015	2016	2015				
32,737	52,696	22,994	43,409	41,616	36,948	6,702	4,244	(A)	(A)	(4)	(4)
77,885	77,574	74,551	73,769	23,422	25,166	1,968	3,547	(A)	(A)	(4)	(4)
745,162	776,895	67,026	59,066	96,442	128,876	15,698	14,889	(A)	(A)	(1)	(1)
9,098	9,426	8,098	8,429	7,897	7,984	1,095	1,081	(A)	(A)	(4)	(4)
8,284,762	5,555,031	525,561	278,067	699,723	443,427	69,393	51,081	(A)	(A)	(1)	(1)
42,055	41,075	40,494	40,114	1,491	1,062	547	339	(A)	(A)	(1)	(1)
1,427,399	269,668	167,418	55,236	286,505	136,507	46,821	36,923	(A)	(A)	(1)	(1)
1,050,133	1,046,735	73,910	46,785	139,173	175,938	14,720	17,312	(A)	(A)	(1)	(1)
---	246,809	---	14,196	---	19,304	---	908	(H)	(A)	(H)	(1)
---	2,729,885	---	153,311	---	268,732	---	7,463	(H)	(A)	(H)	(1)
2,579,102	2,271,440	785,437	536,570	1,747,607	1,900,880	40,514	64,553	(A)	(A)	(7)	(7)
22,441	14,433	17,829	6,749	1,327	2,373	2,377	(2,870)	(A)	(A)	(1)	(1)
658,339	532,680	646,246	527,206	403,060	477,455	386,134	466,769	(A)	(A)	(1)	(1)
28,762	20,796	5,115	3,945	7,699	7,197	1,194	1,599	(A)	(A)	(1)	(1)
3,796	2,626	1,519	936	2,220	2,647	338	498	(A)	(A)	(1)	(1)
849,636	590,856	822,805	570,100	122,738	67,098	95,478	47,143	(A)	(A)	(1)	(1)
1,160,857	901,353	1,053,428	822,112	118,762	111,151	101,392	99,855	(A)	(A)	(1)	(1)
7,561	6,335	5,204	3,864	8,429	7,952	310	52	(A)	(A)	(1)	(1)
122,036	92,353	119,709	90,125	7,092	3,317	5,509	2,894	(A)	(A)	(1)	(1)

NAME	ADDRESS	EFFECTIVE TAX RATE	ACTIVITY	PARTICIPATION IN CAPITAL		
				HOLDER	PERCENTAGE	
					2016	2015
MAPFRE VIDA S.A.	Avd.Nações Unidas, 11711 16. Andar Brooklin Sao Paulo (Brazil)	45,00%	Insurance	• BB MAPFRE SH1 PARTICIPAÇÕES S.A.	100.0000	100.0000
MAPFRE DISTRIBUIDORA DE TÍTULOS E VALORES MOBILIARIOS, S.A.	Avd.Nações Unidas, 11711 16. Andar Brooklin Sao Paulo (Brazil)	34,00%	Securities and stocks distributor	• MAPFRE INVESTIMENTOS E PARTICIPAÇÕES SA • MAPFRE HOLDING DO BRASIL LTDA	99.9900 0.0100	99.9900 0.0100
MAPFRE PREVIDENCIA S.A.	Avda.Mª Coelho Aguiar 215	45,00%	Insurance	• MAPFRE BRASIL PARTICIPACOES, S.A.	100.0000	100.0000
MAPFRE INVESTIMENTOS E PARTICIPAÇÕES, S.A.	Avd.Nações Unidas, 11711 17. Andar Brooklin Sao Paulo (Brazil)	34,00%	Holding Insurance	• MAPFRE HOLDING DO BRASIL LTDA	100.0000	100.0000
ALIANÇA DO BRASIL SEGUROS, S.A.	R.Manuel da Nobrega, 12809. Andar, Rio de Janeiro (Brazil) Sao Paulo (Brazil)	45,00%	Insurance	• MAPFRE BB SH2 PARTICIPAÇÕES, S.A.	100.0000	100.0000
BRASIL VEICULOS COMPANHIA DE SEGUROS, S.A.	R.Senador Dantas, 105 29 parte, 30 e 31. Andares	45,00%	Insurance	• MAPFRE BB SH2 PARTICIPAÇÕES, S.A.	100.0000	100.0000
COMPANHIA DE SEGUROS ALIANÇA DO BRASIL, S.A.	R.Senador Dantas, 105 29 parte, 30 e 31. Andares	45,00%	Insurance	• BB MAPFRE SH1 PARTICIPAÇÕES S.A.	100.0000	100.0000
MAPFRE ADMINISTRAÇÕES DE CONSORCIO S.A.	Avenida das Nações Unidas, 12.495 11º andar - São Paulo-SP	34,00%	Administração de grupos de consorcios	• MAPFRE INVESTIMENTOS E PARTICIPAÇÕES SA	100.0000	100.0000
MAPFRE SAUDE LTDA	Avenida das Nações Unidas, 12.495 São Paulo-SP	34,00%	Healthcare services	• MAPFRE HOLDING DO BRASIL LTDA	100.0000	100.0000
PROTENEG 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 ADMINIST.	100.0000	100.0000

LATAM NORTH

MAPFRE TENEDORA DE ACC, S.A.	Costa del Este, diagonal al Business Park Panamá (Panamá)	26,00%	Insurance	• MAPFRE AMERICA CENTRAL, S.A.	100.0000	100.0000
MAPFRE AMERICA CENTRAL S.A	Costa del Este, diagonal al Business Park Panamá (Panamá)	26,00%	Holding	• MAPFRE INTERNACIONAL	99.9000	100.0000
MAPFRE SEGUROS HONDURAS S.A.	Avenida Berlín y Calle Viena, piso 7 Lomas del Guijarro Sur Edificio Plaza Azul Tegucigalpa, M.D.C. (Honduras)	30,00%	Insurance	• MAPFRE TENEDORA DE ACC, S.A. • MAPFRE AMERICA CENTRAL, S.A.	73.2600 25.0780	73.0000 25.0780
MAPFRE PANAMÁ	Costa del Este, diagonal al Business Park Panamá (Panamá)	26,00%	Insurance	• MAPFRE AMERICA CENTRAL, S.A.	99.3452	99.2800
MAPFRE LA CENTRO AMERICANA S.A.	Alameda Roosevelt, 31-07 San Salvador (El Salvador)	20,00%	Insurance	• MAPFRE AMERICA CENTRAL, S.A.	78.0502	72.9201
INMOBILIARIA AMERICANA S.A.	Alameda Roosevelt, 31-07 San Salvador (El Salvador)	20,00%	Real Estate	• MAPFRE AMERICA CENTRAL, S.A.	78.9000	78.8960
MAPFRE SEGUROS COSTA RICA S.A.	Barrio Tournón, Edificio Alvasa, 2do. Piso Diagonal al Periodico La República en intersección con Ctra de Guapiles (Ruta 32) San José (Costa Rica)	30,00%	Insurance	• MAPFRE TENEDORA DE ACC, S.A.	100.0000	100.0000
MAPFRE SEGUROS GUATEMALA S.A.	5a Avenida 5-55 Zona 14 Europlaza Europlaza Torre 4 Nivel 16 y PH. Ciudad de Guatemala(Guatemala)	25,00%	Insurance	• MAPFRE TENEDORA DE ACC, S.A.	100.0000	100.0000

YEAR END FIGURES (THOUSANDS OF EUROS)								CONSOLIDATION METHOD		CONSOLIDATION METHOD FOR SOLVENCY CALCULATION	
ASSETS		EQUITY		REVENUE		RESULT FOR THE YEAR		2016	2015	2016	2015
2016	2015	2016	2015	2016	2015	2016	2015				
344,815	264,006	125,648	98,060	227,404	214,994	24,454	28,774	(A)	(A)	(7)	(7)
5,957	3,483	4,066	2,637	11,742	10,064	676	974	(A)	(A)	(9)	(1)
1,047,347	707,810	28,470	22,267	320,533	266,724	537	111	(A)	(A)	(7)	(7)
36,060	28,421	35,736	27,941	936	6,496	524	6,207	(A)	(A)	(1)	(1)
329,134	322,938	82,669	58,313	196,452	231,503	24,307	22,521	(A)	(A)	(7)	(7)
770,204	672,280	125,660	117,208	475,826	616,086	30,445	53,246	(A)	(A)	(7)	(7)
3,529,157	2,799,429	466,032	316,237	1,960,117	2,033,632	431,217	424,539	(A)	(A)	(7)	(7)
3,795	6,266	3,033	5,728	3,563	3,348	(3,781)	(2,957)	(A)	(A)	(1)	(1)
6,982	3,897	5,218	3,365	4,918	1,068	(2,061)	(2,416)	(A)	(A)	(1)	(1)
469	417	342	212	64	1,052	68	187	(A)	(A)	(1)	(1)
61,086	52,443	40,538	36,422	3,667	2,569	2,525	1,280	(A)	(A)	(9)	(9)
226,333	213,629	219,078	206,680	4,991	4,761	4,589	4,368	(A)	(A)	(1)	(1)
97,919	75,595	20,020	17,025	77,962	70,776	5,839	5,282	(A)	(A)	(9)	(9)
346,052	304,984	89,859	78,593	217,260	202,577	11,277	10,965	(A)	(A)	(1)	(1)
72,217	65,955	19,145	16,319	59,229	54,869	2,138	1,373	(A)	(A)	(9)	(9)
7,243	7,241	7,102	7,233	607	619	106	170	(A)	(A)	(9)	(9)
29,876	26,294	10,726	10,194	27,128	24,423	381	(563)	(A)	(A)	(9)	(9)
115,791	54,888	18,483	15,265	56,761	53,316	3,245	2,755	(A)	(A)	(9)	(9)

NAME	ADDRESS	EFFECTIVE TAX RATE	ACTIVITY	PARTICIPATION IN CAPITAL		
				HOLDER	PERCENTAGE	
					2016	2015
MAPFRE SEGUROS NICARAGUA S.A.	Edificio Invercasa, 1er. Piso Managua (Nicaragua)	30,00%	Insurance	• MAPFRE TENEDORA DE ACC, S.A.	100.0000	100.0000
MAPFRE DOMINICANA S.A.	Ave Abraham Lincoln, 952 esq. José Amado Soler Ensanche Piantini, Santo Domingo (República Dominicana)	27,00%	Holding	• MAPFRE INTERNACIONAL	99.9991	99.9991
MAPFRE BHD COMPAÑÍA DE SEGUROS, S.A.	Ave Abraham Lincoln, 952 esq. José Amado Soler Ensanche Piantini, Santo Domingo (República Dominicana)	27,00%	Insurance	• MAPFRE DOMINICANA	51.0000	51.0000
CREDI PRIMAS, S.A.	Ave Abraham Lincoln, 952 esq. José Amado Soler Ensanche Piantini, Santo Domingo (República Dominicana)	27,00%	Policy Financing	• MAPFRE BHD COMPAÑÍA DE SEGUROS S.A.	100.0000	100.0000
MAPFRE TEPEYAC S.A.	Avenida Paseo de la Reforma 243 Colonia Cuauhtémoc Delegación Cuauhtémoc México, Distrito Federal C.P. 06500	30,00%	Insurance	• MAPFRE INTERNACIONAL • GRUPO CORPORATIVO LML	55.6602 44.3398	55.6602 44.3398
GRUPO CORPORATIVO LML S.A. DE C.V.	Avenida Paseo de la Reforma 243 Colonia Cuauhtémoc Delegación Cuauhtémoc México, Distrito Federal C.P. 06500	30,00%	Holding	• MAPFRE INTERNACIONAL	100.0000	100.0000
MAPFRE UNIDAD DE SERVICIOS S.A. DE C.V.	Colonia Cuauhtémoc Delegación Cuauhtémoc México, Distrito Federal C.P. 06500	30,00%	Medical services	• MAPFRE TEPEYAC	99.9982	99.9982
MAPFRE 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	• MAPFRE TEPEYAC	100.0000	78.8145
MAPFRE TEPEYAC INC.	109 Este San Ysidro Blvd No. 65 San Isidro California, EEUU	30,00%	Motor insurance tourism	• MAPFRE TEPEYAC	100.0000	100.0000
MAPFRE TEPEYAC ASESORES	Avenida Paseo de la Reforma 243 Colonia Cuauhtémoc Delegación Cuauhtémoc México, Distrito Federal C.P. 06500	30,00%	Pension funds administration	• MAPFRE INTERNACIONAL • MAPFRE TEPEYAC	51.0000 16.0000	51.0000 16.0000
MAPFRE SERVICIOS MEXICANOS	Avenida Paseo de la Reforma 243 Colonia Cuauhtémoc Delegación Cuauhtémoc México, Distrito Federal C.P. 06500	30,00%	Services/agent provisional cell	• MAPFRE TEPEYAC	99.9900	99.9900
CESVI MÉXICO, S.A.	Calle 1 Sur No. 101 Parque Industrial Toluca 2000 Toluca México, Estado de México	30,00%	Research center	• MAPFRE TEPEYAC	16.6700	16.6700
MAPFRE FIANZAS S.A.	Avenida Paseo de la Reforma 243 Colonia Cuauhtémoc Delegación Cuauhtémoc México, Distrito Federal C.P. 06500	30,00%	Insurance	• MAPFRE TEPEYAC	100.0000	100.0000
LATAM SOUTH						
MAPFRE ARGENTINA HOLDING S.A.	Avda. Juana Manso, 205 C 1107CBE Puerto Madero Buenos Aires (Argentina)	35,00%	Holding	• MAPFRE INTERNACIONAL • APOINT	99.9996 0,0004	99.9999
MAPFRE ARGENTINA SEGUROS S.A.	Avda. Juana Manso, 205 C 1107CBE Puerto Madero Buenos Aires (Argentina)	35,00%	Insurance	• MAPFRE ARGENTINA HOLDING	99.9988	99.9988

YEAR END FIGURES (THOUSANDS OF EUROS)								CONSOLIDATION METHOD		CONSOLIDATION METHOD FOR SOLVENCY CALCULATION	
ASSETS		EQUITY		REVENUE		RESULT FOR THE YEAR		2016	2015	2016	2015
2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
23,926	18,261	8,885	9,109	15,845	16,620	1,326	1,608	(A)	(A)	(9)	(9)
22,836	26,960	22,826	26,953	14	14	(2)	2	(A)	(A)	(9)	(9)
199,966	182,636	62,339	54,826	132,256	130,374	16,009	16,169	(A)	(A)	(9)	(9)
1,756	1,672	426	135	163	155	(15)	(27)	(A)	(A)	(9)	(9)
1,461,737	1,720,402	214,197	251,533	756,547	1,278,563	2,979	(4,479)	(A)	(A)	(7)	(7)
52,726	60,926	52,726	60,925	5	5	(37)	(7)	(A)	(A)	(1)	(1)
2,886	3,359	2,211	2,425	8,235	22	11	358	(A)	(A)	(7)	(1)
910	988	745	818	2,056	13	19	85	(A)	(A)	(7)	(1)
24	37	24	37	---	---	(4)	(37)	(A)	(A)	(7)	(1)
330	390	330	390	10	8	6	(2)	(A)	(A)	(9)	(1)
19	21	16	18	17	17	1	1	(A)	(A)	(7)	(1)
5,632	6,688	4,894	5,796	6,592	7,031	(132)	(358)	(D)	(D)	(9)	(1)
20,196	16,232	6,035	5,840	10,686	10,377	1,017	714	(A)	(A)	(7)	(7)
45,798	54,731	44,030	47,525	25	67	(9,879)	(6,760)	(A)	(A)	(1)	(1)
277,422	277,099	40,726	38,330	282,890	314,725	7,857	(569)	(A)	(A)	(1)	(1)

NAME	ADDRESS	EFFECTIVE TAX RATE	ACTIVITY	PARTICIPATION IN CAPITAL		
				HOLDER	PERCENTAGE	
					2016	2015
CLUB MAPFRE ARGENTINA	Avda. Juana Manso, 205 C 1107CBE Puerto Madero Buenos Aires (Argentina)	35,00%	Provision of services	• MAPFRE ARGENTINA HOLDING	97.0000	97.0000
				• MAPFRE ARGENTINA VIDA	3.0000	3.0000
MAPFRE ARGENTINA SEGUROS DE VIDA S.A.	Avda. Juana Manso, 205 C 1107CBE Puerto Madero Buenos Aires (Argentina)	35,00%	Insurance	• MAPFRE INTERNACIONAL	64.0000	64.0000
				• MAPFRE ARGENTINA HOLDING	36.0000	36.0000
CESVI ARGENTINA, S.A.	Calle 9 y 17. Parque Ind.Pilar- Buenos Aires (Argentina)	35,00%	Research, training and consultancy	• MAPFRE ARGENTINA SEGUROS	60.6400	60.6400
MAPFRE CHILE SEGUROS S.A.	Isidora Goyenechea 3520 p 16 Las Condes Santiago de Chile (Chile)	24,00%	Holding	• MAPFRE INTERNACIONAL	100.0000	100.0000
MAPFRE CHILE ASESORIAS, S.A.	Isidora Goyenechea 3520 p 16 Las Condes Santiago de Chile (Chile)	24,00%	Investment company	• MAPFRE CHILE SEGUROS	99.9999	100.0000
				• MAPFRE INTERNACIONAL	0.0001	
MAPFRE COMPAÑÍA DE SEGUROS GENERALES DE CHILE S.A.	Isidora Goyenechea 3520 p 16 Las Condes Santiago de Chile (Chile)	24,00%	Insurance	• MAPFRE CHILE SEGUROS	87.2900	81.9500
				• MAPFRE CHILE ASESORIAS, S.A	12.7100	18.0500
MAPFRE CHILE VIDA, S.A.	Isidora Goyenechea 3520 p 16 Las Condes Santiago de Chile (Chile)	24,00%	Holding	• MAPFRE INTERNACIONAL	100.0000	99.9849
				• MAPFRE CHILE SEGUROS	---	0.0151
MAPFRE COMPAÑÍA DE SEGUROS DE VIDA DE CHILE	Isidora Goyenechea 3520 p 16 Las Condes Santiago de Chile (Chile)	24,00%	Insurance	• MAPFRE CHILE VIDA	99.9968	99.9924
				• MAPFRE CHILE SEGUROS	---	0.0076
				• MAPFRE INTERNACIONAL	0.0032	
MAPFRE SEGUROS GENERALES DE COLOMBIA S.A.	Carrera, 14, n° 96-34 Santa Fé de Bogotá (Colombia)	42,00%	Insurance	• MAPFRE INTERNACIONAL	94.2731	94.2731
				• APOINT	5.7209	5.7209
CREDIMAPFRE	Carrera, 14, n° 96-34 Santa Fé de Bogotá (Colombia)	42,00%	Finance Real Estate	• GESTIMAP	5.0854	5.0854
				• MAPFRE SEGUROS GENERALES DE COLOMBIA	94.9144	94.9144
GESTIMAP S.A.	Carrera, 14, n° 96-34 Santa Fé de Bogotá (Colombia)	42,00%	Information about Vehicle spare parts	• MAPFRE SEGUROS GENERALES DE COLOMBIA	3.6976	3.6976
				• CREDIMAPFRE	3.9854	3.9854
				• SOLUNION COLOMBIA SEGUROS DE CREDITO	0.0001	0.0001
				• MAPFRE COLOMBIA VIDA S.A.	92.3168	92.3168
				• CESVI COLOMBIA, S.A.	0.0001	0.0001
AUTOMOTORES CAPITAL LTDA	Carrera, 14, n° 96-34 Santa Fé de Bogotá (Colombia)	42,00%	Repair, purchase and sale of vehicles.	• CREDIMAPFRE	100.0000	100.0000
MAPFRE COLOMBIA VIDA S.A.	Carrera, 14, n° 96-34 Santa Fé de Bogotá (Colombia)	42,00%	Insurance	• MAPFRE INTERNACIONAL	94.3541	94.3541
				• APOINT	5.6459	5.6459
CESVI COLOMBIA, S.A.	Carrera 87, Num.15-87 Santa Fé de Bogotá(Colombia)	42,00%	Research, training and consultancy	• MAPFRE SEGUROS GENERALES DE COLOMBIA	5.4434	5.4434
				• MAPFRE COLOMBIA VIDA	62.3309	62.3309
MAPFRE SERVICIOS EXEQUIALES SAS	Carrera, 14, n° 96-34 Santa Fé de Bogotá (Colombia)	42,00%	Provision of services assistance	• CREDIMAPFRE	100.0000	100.0000
MAPFRE ATLAS COMPAÑÍA DE SEGUROS, S.A.	Kennedy e Norte, Justino Cornejo y Avda, Luis Orrantia. Edificio Torres Atlas Guayaquil (Ecuador)	22,00%	Insurance	• MAPFRE INTERNACIONAL	60.0000	60.0000

YEAR END FIGURES (THOUSANDS OF EUROS)								CONSOLIDATION METHOD		CONSOLIDATION METHOD FOR SOLVENCY CALCULATION	
ASSETS		EQUITY		REVENUE		RESULT FOR THE YEAR		2016	2015	2016	2015
2016	2015	2016	2015	2016	2015	2016	2015				
607	691	51	60	787	2,690	(0)	3	(A)	(A)	(1)	(1)
39,984	33,743	6,522	3,284	39,554	47,879	3,817	3,237	(A)	(A)	(9)	(9)
10,661	10,160	5,954	5,675	14,025	16,989	3,378	2,946	(A)	(A)	(1)	(1)
77,668	69,536	77,233	68,988	4,154	3,662	3,832	1,886	(A)	(A)	(1)	(1)
8,956	8,235	8,946	8,235	66	---	---	---	(A)	(A)	(1)	(1)
622,690	501,692	74,945	46,484	363,024	367,380	3,020	528	(A)	(A)	(1)	(1)
16,164	14,437	16,088	14,283	340	340	487	160	(A)	(A)	(9)	(9)
67,364	53,172	15,620	6,006	14,583	11,807	845	719	(A)	(A)	(9)	(9)
452,514	363,486	61,834	54,099	295,947	294,190	1,919	4,504	(A)	(A)	(1)	(1)
29,453	20,539	3,468	3,897	2,996	2,504	(567)	440	(A)	(A)	(1)	(1)
---	---	---	---	---	---	---	---	(A)	(A)	(1)	(1)
---	---	---	---	---	---	---	---	(B)	(B)	(9)	(1)
994,259	835,958	73,217	57,953	181,307	213,910	(32,729)	(20,079)	(A)	(A)	(1)	(1)
5,028	4,355	4,109	3,748	4,277	4,181	359	395	(A)	(A)	(1)	(1)
5,135	1,384	1,361	478	12,920	13,118	770	502	(A)	(A)	(1)	(1)
69,336	58,193	13,048	11,676	45,362	46,425	914	(1,577)	(A)	(A)	(9)	(9)

NAME	ADDRESS	EFFECTIVE TAX RATE	ACTIVITY	PARTICIPATION IN CAPITAL		
				HOLDER	PERCENTAGE	
					2016	2015
MAPFRE PARAGUAY COMPAÑÍA DE SEGUROS S.A.	Av.Mariscal López, 910 Asunción (Paraguay)	10,00%	Insurance	• MAPFRE INTERNACIONAL	89.5400	89.5400
MAPFRE PERÚ COMPAÑÍA DE SEGUROS Y REASEGUROS	Av.Veintiocho de Julio, 873 Miraflores- Lima 18 (Perú)	28,00%	Insurance and reinsurance	• MAPFRE INTERNACIONAL	99.2900	99.2900
MAPFRE PERÚ ENTIDAD PRESTADORA DE SALUD	Av.Veintiocho de Julio, 873 Miraflores- Lima 18 (Perú)	28,00%	Healthcare assistance	• MAPFRE INTERNACIONAL • MAPFRE PERU CIA. SEGUROS Y REASEGUROS	98.5900 1.4100	98.5900 1.4100
MAPFRE PERÚ VIDA, COMPAÑÍA DE SEGUROS, S.A.	Av.Veintiocho de Julio, 873 Miraflores- Lima 18 (Perú)	28,00%	Insurance	• MAPFRE INTERNACIONAL	67.2725	67.2725
CORPORACIÓN FINISTERRE, S.A.	Av.Veintiocho de Julio, 873 Miraflores- Lima 18 (Perú)	28,00%	Funeral services	• MAPFRE PERÚ VIDA	100.0000	100.0000
APOINT S.A.	Col. 993 Piso 3 Montevideo (Uruguay)	30,00%	Holding	• MAPFRE INTERNACIONAL	100.0000	100.0000
MAPFRE LA URUGUAYA S.A.	Avda. 18 de Julio, 988 Montevideo (Uruguay)	30,00%	Insurance	• MAPFRE INTERNACIONAL	100.0000	100.0000
MAPFRE LA SEGURIDAD S.A.	Avenida Francisco de Miranda, Torre Financiera Caracas, piso 14, Urbanización La Castellana, Chacao, Estado Miranda	40,00%	Insurance and reinsurance	• MAPFRE INTERNACIONAL	99.5159	99.5159
CEFOPROSEG C.A.	Avenida Francisco de Miranda, Torre Financiera Caracas, piso 14, Urbanización La Castellana, Chacao, Estado Miranda	40,00%	Education	• MAPFRE LA SEGURIDAD	100.0000	100.0000
INVERSORA SEGURIDAD C.A.	Avenida Francisco de Miranda, Torre Financiera Caracas, piso 14, Urbanización La Castellana, Chacao, Estado Miranda	40,00%	Policy Financing	• MAPFRE LA SEGURIDAD	100.0000	100.0000
CLUB MAPFRE S.A.	Avenida Francisco de Miranda, Torre Financiera Caracas, piso 14, Urbanización La Castellana, Chacao, Estado Miranda	40,00%	Provision of services	• MAPFRE LA SEGURIDAD	100.0000	100.0000
AUTOMOTRIZ MULTISERVICAR, C.A.	Avenida Francisco de Miranda, Torre Financiera Caracas, piso 14, Urbanización La Castellana, Chacao, Estado Miranda	40,00%	Vehicles workshop	• MAPFRE LA SEGURIDAD	100.0000	100.0000
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	• MAPFRE INTERNACIONAL	99.7000	99.7000
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	• MAPFRE LA SEGURIDAD	100.0000	100.0000

NORTH AMERICA

MAPFRE INSURANCE COMPANY OF FLORIDA	5959 Blue Lagoon Drive, Suite 400, Miami (E.E.U.U)	40,00%	Insurance	• COMMERCE INSURANCE	100.0000	100.0000
MAPFRE INSURANCE COMPANY	100 Campus Drive New Jersey 07932-2007 (E.E.U.U))	40,00%	Insurance and reinsurance	• COMMERCE INSURANCE	100.0000	100.0000
MAPFRE INTERMEDIARIES	5959 Blue Lagoon Drive, Suite 400, Miami (E.E.U.U)	40,00%	Services	• COMMERCE INSURANCE	100.0000	100.0000
MAPFRE USA CORPORATION INC	211 Main Street, Webster, MA 01570 (EE.UU.)	40,00%	Holding	• MAPFRE INTERNACIONAL	100.0000	100.0000
THE COMMERCE INSURANCE COMPANY	211 Main Street, Webster, MA 01570 (EE.UU.)	40,00%	Insurance	• MAPFRE USA CORPORATION	100.0000	100.0000
THE CITATION INSURANCE COMPANY	211 Main Street, Webster, MA 01570 (EE.UU.)	40,00%	Insurance	• MAPFRE USA CORPORATION	100.0000	100.0000
ACIC HOLDINGS COMPANY, INC.	215 Main Street, Webster, MA 01570 (EE.UU.)	40,00%	Holding	• MAPFRE USA CORPORATION	95.0000	95.0000

YEAR END FIGURES (THOUSANDS OF EUROS)								CONSOLIDATION METHOD		CONSOLIDATION METHOD FOR SOLVENCY CALCULATION	
ASSETS		EQUITY		REVENUE		RESULT FOR THE YEAR		2016	2015	2016	2015
2016	2015	2016	2015	2016	2015	2016	2015				
108,992	89,303	41,975	38,567	67,836	72,719	4,966	7,703	(A)	(A)	(9)	(9)
514,672	469,134	97,246	75,134	316,313	310,602	16,166	15,086	(A)	(A)	(1)	(1)
12,023	9,647	4,167	2,757	38,598	33,534	1,200	1,212	(A)	(A)	(9)	(9)
369,424	316,307	67,765	47,166	158,576	151,476	17,100	13,169	(A)	(A)	(1)	(1)
1,989	2,300	1,651	1,513	2,579	5,738	55	(118)	(A)	(A)	(1)	(1)
10,657	8,224	4,441	4,478	1	96	(182)	20	(A)	(A)	(9)	(9)
157,441	127,525	26,837	17,167	111,504	106,100	6,946	3,036	(A)	(A)	(9)	(9)
102,352	121,058	77,380	70,708	126,432	126,432	4,626	48,065	(A)	(A)	(9)	(9)
1	3	---	---	6	6	---	---	(A)	(A)	(9)	(9)
6,133	14,264	3,057	6,151	3,585	3,585	(3,222)	(3,222)	(A)	(A)	(9)	(9)
1	4	1	4	1	1	(6)	(6)	(A)	(A)	(9)	(9)
27	59	18	43	161	161	(24)	(24)	(A)	(A)	(9)	(9)
15	29	9	19	59	59	(9)	11	(A)	(A)	(9)	(9)
---	---	---	---	1	1	---	---	(A)	(F)(A)	(9)	(F)(3)
98,009	91,378	34,140	32,780	63,705	71,222	803	(2,783)	(A)	(A)	(7)	(7)
70,311	66,112	24,480	23,396	44,768	48,515	528	(1,844)	(A)	(A)	(7)	(7)
641	557	565	507	---	---	39	88	(A)	(A)	(7)	(1)
1,229,025	1,181,032	1,215,518	1,169,034	74,766	(1,324)	74,806	(358)	(A)	(A)	(1)	(1)
2,695,476	2,579,386	771,957	781,348	1,738,877	1,568,280	45,840	(18,116)	(A)	(A)	(7)	(7)
232,895	220,994	80,737	83,141	153,971	151,073	3,803	(5,016)	(A)	(A)	(7)	(7)
226,053	230,390	225,989	230,322	6,346	---	6,345	22	(A)	(A)	(1)	(1)

NAME	ADDRESS	EFFECTIVE TAX RATE	ACTIVITY	PARTICIPATION IN CAPITAL		
				HOLDER	PERCENTAGE	
					2016	2015
AMERICAN COMMERCE INSURANCE COMPANY	3590 Twin Creeks Drive, Columbus, OH 43204 (EE.UU.)	40,00%	Insurance	• ACIC HOLDINGS	100.0000	100.0000
MM REAL ESTATE, LLC	Blue Lagoon, Drive Suite, 200 Miami (E.E.U.U.)	40,00%	Real Estate	• COMMERCE INSURANCE	100.0000	100.0000
THE COMMERCE WEST INSURANCE COMPANY	4301 Hacienda Drive, Suite 200, Pleasanton, CA 94588 (EE.UU.)	40,00%	Insurance	• ACIC HOLDINGS	100.0000	100.0000
MAPFRE INSURANCE COMPANY OF NEW YORK	20 Main Street Hempstead, NY 11550 (EE.UU.)	40,00%	Insurance	• ACIC HOLDINGS	100.0000	100.0000
BIGELOW & OLD WORCESTER, LLC	211 Main Street, Webster, MA 01570 (EE.UU.)	40,00%	Real Estate	• COMMERCE INSURANCE	100.0000	100.0000
BFC HOLDING CORPORATION	211 Main Street, Webster, MA 01570 (EE.UU.)	40,00%	Financial services	• MAPFRE USA CORPORATION	100.0000	100.0000
INSPOP USA, LLC (Exit in 2016 because of significant control loss)	201 Conocourse Boulevard Suite 200 Glen Allen, Virginia 23059	40,00%	IT	• MAPFRE USA CORPORATION	11.2500	11.2500
MAPFRE LIFE INSURANCE CO.	211 Main Street, Webster, MA 01570 (EE.UU.)	40,00%	Insurance	• MAPFRE USA CORPORATION	100.0000	100.0000
VERTY INSURANCE COMPANY	211 Main St, Webster, Ma 01570 (EE.UU.)	40,00%	Insurance	• MAPFRE USA CORPORATION	100.0000	100.0000
MAPFRE PRAICO CORPORATION	Urb. Tres Monjitas Industrial 297 Avda.Carlos Chardón Hato Rey San Juan (Puerto Rico)	40,00%	Holding	• MAPFRE INTERNACIONAL	100.0000	100.0000
MAPFRE PRAICO INSURANCE COMPANY	Urb. Tres Monjitas Industrial 297 Avda.Carlos Chardón Hato Rey San Juan (Puerto Rico)	40,00%	Insurance	• MAPFRE PRAICO CORPORATION	100.0000	100.0000
MAPFRE PREFERRED RISK INSURANCE COMPANY (Merged in 2015 with MAPFRE PRAICO INSURANCE COMPANY)	Urb. Tres Monjitas Industrial 297 Avda.Carlos Chardón Hato Rey San Juan (Puerto Rico)	40,00%	Insurance	• MAPFRE PRAICO INSURANCE	---	100.0000
MAPFRE PAN AMERICAN INSURANCE COMPANY	Urb. Tres Monjitas Industrial 297 Avda.Carlos Chardón Hato Rey San Juan (Puerto Rico)	40,00%	Insurance	• MAPFRE PRAICO CORPORATION	100.0000	100.0000
MAPFRE INSURANCE AGENCY OF PUERTO RICO, INC.	Urb. Tres Monjitas Industrial 297 Avda.Carlos Chardón Hato Rey San Juan (Puerto Rico)	40,00%	Insurance Mediation	• MAPFRE PRAICO CORPORATION	100.0000	100.0000
MAPFRE FINANCE OF PUERTO RICO CORP	Urb. Tres Monjitas Industrial 297 Avda.Carlos Chardón Hato Rey San Juan (Puerto Rico)	40,00%	Finance	• MAPFRE PRAICO CORPORATION	100.0000	100.0000
MAPFRE LIFE INSURANCE COMPANY	Urb. Tres Monjitas Industrial 297 Avda.Carlos Chardón Hato Rey San Juan (Puerto Rico)	40,00%	Insurance and Reinsurance	• MAPFRE PRAICO CORPORATION	100.0000	100.0000
MAPFRE SOLUTIONS, INC	Urb. Tres Monjitas Industrial 297 Avda.Carlos Chardón Hato Rey San Juan (Puerto Rico)	40,00%	Guarantee Contract Extended and protection against theft	• MAPFRE PRAICO CORPORATION	100.0000	100.0000
MULTISERVICAR INC	Calle Celestial Esq. Joaquina Bo. Cangrejo Arriba Carolina (Puerto Rico)	40,00%	Workshop	• MAPFRE PRAICO CORPORATION	100.0000	100.0000
EMEA						
DIRECT LINE VERSICHERUNG AKTIENGESELLSCHAFT	Rheinstraße 7a 14513 Teltow Germany	29,72%	Insurance	• MAPFRE INTERNACIONAL	100.0000	100.0000
DIRECT LINE INSURANCE S.P.A	Via Alessandro Volta, 16 20093 Cologno Monzese (MI) Italia	31,40%	Insurance	• MAPFRE INTERNACIONAL	100.0000	100.0000
MIDDLESEA INSURANCE P.L.C.	Middle Sea House Floriana JTL, 16 (Malta)	35,00%	Insurance	• MAPFRE INTERNACIONAL	54.5627	54.5627
M.S.V. LIFE P.L.C.	Middle Sea House Floriana FRN 9010 (Malta)	35,00%	Insurance	• MIDDLESEA INSURANCE P.L.C.	50.0000	50.0000

YEAR END FIGURES (THOUSANDS OF EUROS)								CONSOLIDATION METHOD		CONSOLIDATION METHOD FOR SOLVENCY CALCULATION	
ASSETS		EQUITY		REVENUE		RESULT FOR THE YEAR		2016	2015	2016	2015
2016	2015	2016	2015	2016	2015	2016	2015				
318,290	295,524	118,348	111,060	184,478	181,130	3,408	(6,466)	(A)	(A)	(7)	(7)
63,175	61,039	63,207	60,972	4,302	1,489	131	72	(A)	(A)	(7)	(1)
161,923	150,023	57,072	56,066	105,680	106,088	4,462	(1,780)	(A)	(A)	(7)	(7)
144,909	136,518	50,494	49,746	94,204	98,594	1,727	(3,411)	(A)	(A)	(7)	(7)
2,121	1,663	1,958	1,657	421	---	233	(47)	(A)	(A)	(1)	(1)
953	550	691	442	362	303	223	199	(A)	(A)	(1)	(1)
(0)	(0)	(0)	(0)	---	---	---	---	(H)	(C)	(H)	(3)
34,387	26,179	24,867	25,680	---	---	(1,585)	(2,064)	(A)	(A)	(7)	(7)
22,010	20,560	7,417	7,165	---	---	(43)	(921)	(A)	(F)(A)	(7)	(F)(7)
120,676	120,676	126,768	126,768	8,426	8,426	5,239	5,239	(A)	(A)	(1)	(1)
360,793	360,793	143,201	143,201	204,479	204,479	17,317	17,317	(A)	(A)	(1)	(1)
88,435	88,435	31,628	31,628	45,780	45,780	3,581	3,581	(H)	(A)	(H)	(1)
21,651	21,651	9,689	9,689	8,641	8,641	293	293	(A)	(A)	(1)	(1)
1,585	1,585	975	975	---	---	121	121	(A)	(A)	(1)	(1)
6,943	6,943	3,647	3,647	470	470	113	113	(A)	(A)	(1)	(1)
73,095	73,095	21,617	21,617	122,999	122,999	(9,471)	(9,471)	(A)	(A)	(1)	(1)
15,535	15,535	1,132	1,132	1,566	1,566	471	471	(A)	(A)	(1)	(1)
10,037	10,037	1,524	1,524	1,524	1,524	(322)	(322)	(A)	(A)	(1)	(1)
543,726	520,330	150,721	156,267	297,844	286,629	4,791	3,253	(A)	(F)(A)	(1)	(F)(1)
1,206,201	1,106,139	133,543	143,890	488,036	467,679	(43,053)	(575)	(A)	(F)(A)	(1)	(F)(1)
103,425	93,159	20,845	22,751	63,709	52,900	1,311	3,529	(A)	(A)	(1)	(1)
1,930,014	1,743,849	160,018	150,212	357,862	322,408	8,516	9,996	(A)	(A)	(1)	(1)

NAME	ADDRESS	EFFECTIVE TAX RATE	ACTIVITY	PARTICIPATION IN CAPITAL		
				HOLDER	PERCENTAGE	
					2016	2015
BEE INSURANCE MANAGEMENT LTD	4th Floor Development House st.Anne Street Floriana FRN 9010 (Malta)	35,00%	Consultancy services and management	• MIDDLESEA INSURANCE P.L.C.	100.0000	100.0000
GROWTH INVESTMENTS LIMITED	Pjazza Papa Giovanni XXIII, Floriana, FRN 1420, Malta	35,00%	Service provision Investment	• M.S.V. LIFE P.L.C.	100.0000	100.0000
CHURCH WARF PROPERTIES	Middle Sea House, St Publius Street Floriana FRN 1442 (Malta)	35,00%	Property assets management	• MIDDLESEA INSURANCE P.L.C. • M.S.V. LIFE P.L.C.	50.0000 50.0000	50.0000 50.0000
EURO GLOBE HOLDINGS LIMITED	Middle Sea House, St Publius Street Floriana FRN 1442 (Malta)	35,00%	Finance	• MIDDLESEA INSURANCE P.L.C.	100.0000	100.0000
EUROMED RISK 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
MAPFRE SIGORTA, A.S. (En 2016 MAPFRE GENEL SIGORTA, A.S.)	Yenişehir Mah. Irmak Cad. No:11 34435 Salıpazarı İstanbul (Turquía)	20,00%	Insurance	• MAPFRE INTERNACIONAL	99.7450	99.7450
MAPFRE YASAM SIGORTA, A.S. (En 2016 MAPFRE GENEL YASAM SIGORTA, A.S.)	Yenişehir Mah. Irmak Cad. No:11 K.3 34435 Salıpazarı İstanbul (Tuquia)	20,00%	Insurance	• GENEL SIGORTA	99.5000	100.0000
GENEL SERVIS A.S.	Çevreyolu Caddesi No.2 34020 Bayrampaşa – İstanbul (Turquía)	20,00%	Vehicles workshop	• GENEL SIGORTA	51.0000	51.0000

APAC

MAPFRE INSULAR INSURANCE CORPORATION	Acacia Ave Mandrigal Business Park Ayala Alabarg, Muntinlupa City (Filipinas)	30,00%	Insurance	• MAPFRE INTERNACIONAL	74.9384	74.9384
PT ASURANSI BINA DANA ARTA TBK	Plaza ABDA 27th floor Jl. Jend. Sudirman Kav. 59; JAKARTA 12190 (Indonesia)	25,00%	Insurance	• MAPFRE INTERNACIONAL	20.0000	20.0000

GLOBAL RISKS

MAPFRE GLOBAL RISKS	Ctra. Pozuelo, 52. Majadahonda. (Madrid) Spain	25,00% (1)(2)	Insurance and reinsurance	• MAPFRE, S.A.	100.0000	100.0000
SERVIFINANZAS, S.A. SOCIEDAD UNIPERSONAL	Ctra. Pozuelo, 52. Majadahonda. (Madrid) Spain	25,00% (1)	Finance	• MAPFRE GLOBAL RISKS	100.0000	100.0000
INDUSTRIAL RE S.A.	23, Avenue Monterey L-2163 Luxembourg	30,00%	Reinsurance	• MAPFRE GLOBAL RISKS	100.0000	100.0000
SOLUNION SEGUROS DE CREDITO S.A.	Avda.General Perón,40 (Madrid) Spain	25,00%	Insurance and reinsurance	• MAPFRE GLOBAL RISKS	50.0000	50.0000

ASISTENCIA

MAPFRE ASISTENCIA COMPAÑÍA INTERNACIONAL DE SEGUROS Y REASEGUROS, S.A.	Ctra. Pozuelo, 52 Majadahonda (Madrid) Spain	25,00% (1)(2)	Insurance and reinsurance	• MAPFRE, S.A. • MAPFRE ESPAÑA	99.9970 0.0030	99.9970 0.0030
IBERO ASISTENCIA, S.A.	Avda. Liberdade, 40 Lisboa (Portugal)	27,50%	Travel assistance	• MAPFRE ASISTENCIA	100.0000	100.0000
BRASIL ASISTENCIA S.A.	Alameda Ásia, 42. Tamboré Santana de Parnaíba Sao Paulo (Brazil)	34,00%	Travel assistance	• MAPFRE ASISTENCIA	99.9990	99.9990
MAPFRE SOLUTIONS DO BRASIL LTDA	Alameda Mamore 989. Alphaville Alphaville Barueri Sao Paulo (Brazil)	34,00%	Travel assistance	• BRASIL ASISTENCIA	99.9900	99.9900
AFRIQUE ASSISTANCE, S.A.	Immeuble Tamayouz, 4ème Etage, 1082 Centre Urbain Nord Tunis 1002 (Tunez)	35,00%	Travel assistance	• MAPFRE ASISTENCIA	49.0000	49.0000
VENEASISTENCIA, S.A.	4ta transversal de Motecristo, Edificio Axxa, Planta Baja, Los Dos Caminos, Caracas, (Venezuela)	34,00%	Travel assistance	• MAPFRE ASISTENCIA • MAPFRE RE	99.9980 0.0020	99.9980 0.0020
ANDIASISTENCIA COMPAÑÍA DE ASISTENCIA DE LOS ANDES, S.A.	Carrera 14 N 96 -34 Piso 2 Bogotá (Colombia)	40,00%	Travel assistance	• MAPFRE ASISTENCIA • IBEROASISTENCIA	98.0800 1.9100	94.8999 5.0977

YEAR END FIGURES (THOUSANDS OF EUROS)								CONSOLIDATION METHOD		CONSOLIDATION METHOD FOR SOLVENCY CALCULATION	
ASSETS		EQUITY		REVENUE		RESULT FOR THE YEAR		2016	2015	2016	2015
2016	2015	2016	2015	2016	2015	2016	2015				
2,574	2,302	2,513	2,205	888	733	458	162	(A)	(A)	(1)	(1)
1,006	1,114	770	705	572	641	76	106	(A)	(A)	(4)	(4)
2,722	2,627	2,449	2,364	---	---	85	135	(B)	(B)	(9)	(9)
1,194	1,197	1,123	1,125	---	---	1	(4)	(B)	(B)	(9)	(9)
137	99	23	25	134	84	14	15	(A)	(A)	(1)	(1)
958,412	844,206	185,765	180,426	889,438	733,400	33,170	9,906	(A)	(A)	(1)	(1)
11,667	15,636	4,778	7,356	5,531	6,574	(1,065)	849	(A)	(A)	(1)	(1)
2,058	2,047	654	786	2,327	2,268	401	551	(A)	(A)	(1)	(1)
109,166	112,535	22,204	27,005	44,542	43,797	(3,050)	(4,331)	(A)	(A)	(9)	(9)
195,870	186,814	81,373	75,468	88,449	113,612	12,114	17,973	(C)	(C)	(3)	(3)
3,088,682	3,020,541	766,109	779,802	1,385,869	1,279,796	78,379	106,579	(A)	(A)	(1)	(1)
1,046	1,104	991	994	1	6	(3)	(78)	(A)	(A)	(1)	(1)
44,172	40,954	28,417	26,731	7,298	4,644	3,557	1,211	(A)	(A)	(1)	(1)
290,026	388,281	97,356	96,383	138,461	133,500	2,884	1,502	(E)	(E)	(3)	(3)
684,507	725,719	287,142	271,288	556,877	570,725	(57,717)	(28,639)	(A)	(A)	(1)	(1)
2,195	2,233	343	450	3,532	2,473	97	204	(A)	(A)	(1)	(1)
22,698	24,116	13,846	5,381	43,234	37,719	561	(9,401)	(A)	(A)	(1)	(1)
2,593	836	978	395	2,692	688	481	(1,912)	(A)	(A)	(1)	(1)
4,670	4,364	2,547	2,592	3,166	3,129	706	825	(A)	(A)	(1)	(1)
920	1,445	655	525	463	858	(180)	(386)	(A)	(A)	(1)	(1)
11,708	12,561	3,982	2,319	18,191	23,523	(4,530)	(2,315)	(A)	(A)	(1)	(1)

NAME	ADDRESS	EFFECTIVE TAX RATE	ACTIVITY	PARTICIPATION IN CAPITAL		
				HOLDER	PERCENTAGE	
					2016	2015
FEDERAL ASSIST Co.	7300 Corporate Center Drive, Suite 601 Miami Florida 33126 (E.E.U.U.)	37,60%	Travel assistance	• MAPFRE ASSISTENCIA USA INC.	100.0000	100.0000
IBEROASISTENCIA, ARGENTINA S.A.	Lavalle 344/346/348, PB y 3º Piso, Ciudad de Buenos Aires (Argentina)	35,00%	Travel assistance	• MAPFRE ASISTENCIA • IBEROASISTENCIA	98.4200 1.5800	99.9999 0.0001
SUR ASISTENCIA, S.A.	Av.Apoquindo 4499 Santiago de Chile (Chile)	24,00%	Travel assistance	• MAPFRE ASISTENCIA • IBEROASISTENCIA	99.0000 1.0000	99.0000 1.0000
IBEROASISTENCIA, S.A.	Ctra. Pozuelo, 52 Majadahonda (Madrid) Spain	25,00% (1)	Travel assistance	• MAPFRE ASISTENCIA • MAPFRE ESPAÑA	99.9300 0.0700	99.9300 0.0700
IRELAND ASSIST, LTD	22-26 Prospect Hill Galway (Irlanda)	12,50%	Travel assistance	• MAPFRE ASISTENCIA	100.0000	100.0000
GULF ASSIST, B.S.C.	Manama Centre Building Manama (Barhain)	--	Travel assistance	• MAPFRE ASISTENCIA	74.6250	74.6250
INSURE AND GO	1 Victoria Street, Bristol Bridge Bristol BS1 6AA (Reino Unido)	28,00%	Travel assistance	• MAPFRE ASISTENCIA	100.0000	100.0000
INSURE AND GO AUSTRALIA	SWAAB Attorneys, Level 1, 20 Hunter Street, Sydney, NSW 2000 (Australia)	28,00%	Travel assistance	• MAPFRE ASISTENCIA	100.0000	100.0000
TRAVEL CLAIMS SERVICES LIMITED	1 Victoria Street, Bristol Bridge Bristol BS1 6AA (Reino Unido)	28,00%	Travel assistance	• INSURANCE AND GO	100.0000	100.0000
INSURE AND GO AUSTRALASIA	1 Victoria Street, Bristol Bridge Bristol BS1 6AA (Reino Unido)	28,00%	Travel assistance	• INSURANCE AND GO	100.0000	100.0000
CIG SERVICES LIMITES	1 Victoria Street, Bristol Bridge Bristol BS1 6AA (Reino Unido)	28,00%	Travel assistance	• INSURANCE AND GO	100.0000	100.0000
FRANCE ASSIST	55, Rue Raspail Levallois Perret (Francia)	34,33%	Travel assistance	• MAPFRE WARRANTY	100.0000	100.0000
EUROSOS ASSISTANCE, S.A.	473 Messogion Avenue 15343 Agia Paraskevi. Atenas (Grecia)	35,00%	Travel assistance	• IBEROASISTENCIA	0.5000	0.5000
CARIBE ASISTENCIA, S.A.	Avda. Tiradentes Esq.Pres. Gonzalez. Edif.La Cumbre. Ens. Naco.Domingo (República Dominicana)	27,00%	Travel assistance	• MAPFRE ASISTENCIA	83.5823	79.4700
ECUASISTENCIA, S.A.	Avda.Doce de Octubre, 1942 Quito (Ecuador)	22,00%	Travel assistance	• MAPFRE ASISTENCIA • ANDIASISTENCIA	94.5400 5.4600	94.5400 5.4600
CONSULTING DE SOLUCIONES Y TECNOLOGÍAS SIAM, S.A.	Ctra. Pozuelo, 52 Majadahonda (Madrid) Spain	25,00% (1)	Consultancy	• MAPFRE ASISTENCIA • IBEROASISTENCIA	99.9259 0.0741	99.9259 0.0741
PERÚ ASISTENCIA, S.A.	Av. 28 de Julio No. 873 URB. Leuro Lima - Miraflores Lima (Perú)	28,00%	Travel assistance	• MAPFRE ASISTENCIA • IBEROASISTENCIA	99.8639 0.1361	99.8639 0.1361
IBEROASISTENCIA INTERNACIONAL (Liquidated in 2016)	Ctra. Pozuelo, 52 Majadahonda (Madrid) Spain	25,00% (1)	Travel agency	• MAPFRE ASISTENCIA • IBEROASISTENCIA	---	99.7600 0.2400
VIAJES MAPFRE CCI, S.L. (Liquidated in 2016)	Ctra. Pozuelo, 52 Majadahonda (Madrid) Spain	25,00%	Travel wholesaler	• MAPFRE ASISTENCIA	---	100.0000
MÉXICO ASISTENCIA, S.A.	Av. Insurgentes Sur no.2453 Piso 15, Col. Tizapán San Angel Deleg. Alvaro Obregon, C.P. 01090 México D.F. (México)	30,00%	Travel assistance	• MAPFRE ASISTENCIA	99.9998	99.9998
ALLMAP ASSIST GESELLSCHAFT FUR BEISTANDSLEISTUNGEN MBH	Im Rosengarten, 256 61118 Bal Vilbel (Alemania)	30,00%	Travel assistance	• MAPFRE ASISTENCIA • IBEROASISTENCIA	99.9500 0.0500	99.9500 0.0500
PANAMÁ ASISTENCIA, S.A.	Costa del Este - Avenida la Rotonda, Torre GMT, Piso 1 Ciudad de Panamá - Edificio Mapfre (Panamá)	30,00%	Travel assistance	• MAPFRE ASISTENCIA	82.0700	76.0000

YEAR END FIGURES (THOUSANDS OF EUROS)								CONSOLIDATION METHOD		CONSOLIDATION METHOD FOR SOLVENCY CALCULATION	
ASSETS		EQUITY		REVENUE		RESULT FOR THE YEAR		2016	2015	2016	2015
2016	2015	2016	2015	2016	2015	2016	2015				
41,615	37,731	8,296	8,202	20,940	23,627	(177)	1,604	(A)	(A)	(1)	(1)
16,566	13,110	4,005	3,809	30,671	33,053	685	871	(A)	(A)	(1)	(1)
10,752	8,075	2,714	1,158	15,668	12,302	926	302	(A)	(A)	(1)	(1)
13,358	13,384	2,573	2,604	5,603	5,633	(24)	281	(A)	(A)	(1)	(1)
2,684	2,737	2,272	2,087	1,323	1,221	185	172	(A)	(A)	(1)	(1)
4,363	5,228	2,973	2,773	5,248	5,157	116	94	(A)	(A)	(1)	(1)
7,817	10,546	6,319	5,872	33,810	29,840	1,869	2,130	(A)	(A)	(1)	(1)
6,780	1,039	823	385	8,077	7,006	(1,533)	(1,003)	(A)	(A)	(1)	(1)
945	800	72	(1,357)	2,358	1,730	26	(188)	(A)	(A)	(1)	(1)
---	---	---	---	---	---	---	---	(A)	(A)	(1)	(1)
---	---	---	---	---	---	---	---	(A)	(A)	(1)	(1)
821	610	681	490	430	402	191	182	(A)	(A)	(1)	(1)
1,890	1,474	88	366	1,007	1,114	174	(12)	(A)	(A)	(1)	(1)
3,304	3,433	1,659	1,687	3,407	3,397	452	556	(A)	(A)	(1)	(1)
5,286	7,756	973	3,346	15,463	16,908	(753)	1,591	(A)	(A)	(1)	(1)
24,555	29,032	5,744	7,986	5,655	5,820	(2,240)	131	(A)	(A)	(1)	(1)
2,496	2,176	639	292	1,852	1,916	(749)	(282)	(A)	(A)	(1)	(1)
---	4,682	---	4,667	---	---	---	(1)	(H)	(A)	(H)	(1)
---	14	---	(229)	---	---	---	(1)	(H)	(A)	(H)	(1)
22,565	23,300	5,764	6,350	52,509	47,208	2,897	3,070	(A)	(A)	(1)	(1)
66	66	(13)	(13)	---	---	---	---	(A)	(A)	(1)	(1)
5,374	3,466	1,335	968	7,630	7,009	137	45	(A)	(A)	(1)	(1)

NAME	ADDRESS	EFFECTIVE TAX RATE	ACTIVITY	PARTICIPATION IN CAPITAL		
				HOLDER	PERCENTAGE	
					2016	2015
TUR ASSIST. LTD.	19 Mayıs Cd.İsmet Öztürk Sk.Şişli Plaza Ofis Blokları E Blok B-2 Şişli İstanbul	20,00%	Travel assistance	• MAPFRE ASISTENCIA • IBEROASISTENCIA	97.0000 3.0000	91.6667 8.3333
URUGUAY ASISTENCIA,S.A.	Plaza Cagancha 1335, oficina 901 Montevideo (Uruguay)	30,00%	Travel assistance	• MAPFRE ASISTENCIA • IBEROASISTENCIA	97.9000 2.1000	94.8165 5.1835
ASISTENCIA BOLIVIANA, S.A. (Liquidated en 2016)	Celso Castedo Barba, 39 Centro Santa Cruz (Bolivia)	25,00%	Travel assistance	• MAPFRE ASISTENCIA	---	99.4600
COSTA RICA ASISTENCIA (Liquidated en 2016)	San Pedro Montes de Oca, contiguo a Muñoz y Nane, Edificio Condal, primer piso - Oficinas de Mapfre Seguros San José (Costa Rica)	30,00%	Travel assistance	• MAPFRE ASISTENCIA	---	100.0000
QUETZAL ASISTENCIA, S.A.	Diagonal 6, zona 10 Ed.internaciones, Of. 301 (Guatemala)	--	Travel assistance	• MAPFRE ASISTENCIA	99.9920	99.9920
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 • IBEROASISTENCIA	99.9900 0.0100	99.9900 0.0100
LLC MAPFRE WARRANTY	Denisovskiy Pereulok 26 105005, Moscú (Rusia)	20,00%	Travel assistance	• MAPFRE ASISTENCIA	100.0000	100.0000
NICASSIT, S.A.	Colonial Los Robles, Managua, (Nicaragua)	30,00%	Travel assistance	• MAPFRE ASISTENCIA	100.0000	100.0000
BENELUX ASSIST, S.A.	Rue de Treves, 45 Bruxelles, (Bélgica)	34,00%	Travel assistance	• MAPFRE ASISTENCIA	100.0000	100.0000
MAPFRE WARRANTY S.P.A.	Strada Trossi 66 13971 Verone (Italia)	37,25%	Extended warranty	• MAPFRE ASISTENCIA	100.0000	99.9900
MAPFRE INSURANCE SERVICES S.L.R.	16 Avenue Tony Garnier 69007 Lyon (Francia)	33,00%	Vehicle Guarantee	• MAPFRE WARRANTY	100.0000	100.0000
MAPFRE WARRANTIES	Route des Trois Cantons 11 I- 18399 Windhoj (Luxemburgo)	--	Vehicle Guarantee	• MAPFRE WARRANTY	100.0000	100.0000
NORASIST, INC D/B/A ROAD CANADA	2445 Eagle St N, Cambridge, ON N3H 4R7, Canada	30,00%	Travel assistance	• MAPFRE ASISTENCIA	100.0000	100.0000
BRICKELL FINANCIAL SERVICES MOTOR CLUB INC.	7300 Corporate Center Drive, Suite 601 Miami Florida 33126 (E.E.U.U.)	37,30%	Travel assistance	• MAPFRE ASISTENCIA	100.0000	100.0000
ROAD CHINA ASSISTANCE Co, LTD	Jiangulu Chaoyang District, Beijing, PR (China)	28,00%	Travel assistance	• MAPFRE ASISTENCIA	100.0000	100.0000
MAPFRE ABRAXAS SOFTWARE, LTD	9, Blenheim Court Beaufort Park Almondsbury, Bristol BS32 4NE (Reino Unido)	28,00%	Pecuniary losses	• MAPFRE ASISTENCIA	100.0000	100.0000
ABRAXAS INSURANCE	1 Victoria Street, Bristol Bridge Bristol BS1 6AA (Reino Unido)	28,00%	Pecuniary losses	• MAPFRE ABRAXAS	100.0000	100.0000
MAPFRE WARRANTY UK LIMITED	1 Victoria Street, Bristol Bridge Bristol BS1 6AA (Reino Unido)	28,00%	Pecuniary losses	• MAPFRE ABRAXAS	100.0000	100.0000
HOME 3	1 Victoria Street, Bristol Bridge Bristol BS1 6AA (Reino Unido)	--	Home care	• MAPFRE ABRAXAS	50.0000	50.0000
CENTRO INTERNACIONAL DE SERVICIOS Y ASISTENCIA, S.A.	Edificio Biotec Plaza Local 010 Ruta 8 Km 17,500 Montevideo (Uruguay)	30,00%	Call Center	• MAPFRE ASISTENCIA	100.0000	100.0000
INDIA ROADSIDE ASSISTANCE PRIVATE LIMITED	4th Floor Dinasty Business Park Building Andheri Kurla Road Mumbai Maharashtra (India)	34,00%	Travel assistance	• MAPFRE ASISTENCIA • IBEROASISTENCIA	99.6300 0.3700	99.6300 0.3700
ARABA ASSIST FOR LOGISTIC SERVICES	Abdel 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

YEAR END FIGURES (THOUSANDS OF EUROS)								CONSOLIDATION METHOD		CONSOLIDATION METHOD FOR SOLVENCY CALCULATION	
ASSETS		EQUITY		REVENUE		RESULT FOR THE YEAR		2016	2015	2016	2015
2016	2015	2016	2015	2016	2015	2016	2015				
26,967	26,489	4,507	6,507	58,785	59,425	(1,172)	5,851	(A)	(A)	(1)	(1)
13,026	12,331	176	2,706	22,066	21,267	(2,867)	986	(A)	(A)	(1)	(1)
---	---	(0)	(168)	---	---	---	---	(H)	(A)	(H)	(1)
---	---	---	---	---	---	---	---	(H)	(A)	(H)	(1)
1,329	1,055	515	324	3,434	3,057	224	60	(A)	(A)	(1)	(1)
1,564	950	492	(161)	3,022	1,365	42	(64)	(A)	(A)	(1)	(1)
57	681	(3,145)	(1,196)	72	898	(1,290)	(1,105)	(A)	(A)	(1)	(1)
487	368	278	193	1,141	890	89	116	(A)	(A)	(1)	(1)
3,219	4,081	(786)	1,014	---	---	(377)	(1,241)	(A)	(A)	(1)	(1)
22,898	17,058	(1,560)	1,177	19,311	28,473	(3,134)	(259)	(A)	(A)	(1)	(1)
1,417	1,256	89	89	1,041	918	(32)	(124)	(A)	(A)	(1)	(1)
5	6	(58)	(49)	---	5	(9)	(10)	(A)	(A)	(1)	(1)
803	871	(425)	(234)	2,562	3,642	(169)	(461)	(A)	(A)	(1)	(1)
31,966	39,783	(5,864)	4,224	70,324	131,698	(2,080)	(4,506)	(A)	(A)	(1)	(1)
29,987	42,093	(6,011)	592	37,030	40,991	(3,346)	(578)	(A)	(A)	(1)	(1)
1,289	2,107	1,237	1,121	11,529	---	---	---	(A)	(A)	(1)	(1)
7,595	7,108	1,754	1,970	9,460	10,226	154	228	(A)	(A)	(1)	(1)
361	412	501	363	---	128	---	73	(A)	(A)	(1)	(1)
177	691	(788)	(508)	---	1,546	(38)	(153)	(C)	(C)	(3)	(3)
(71)	368	49	(574)	49	---	(21)	(528)	(A)	(A)	(1)	(1)
7,246	4,255	(6)	8	4,507	3,767	(14)	(719)	(A)	(A)	(1)	(1)
2,672	3,148	854	562	2,654	2,547	204	118	(A)	(A)	(1)	(1)

NAME	ADDRESS	EFFECTIVE TAX RATE	ACTIVITY	PARTICIPATION IN CAPITAL		
				HOLDER	PERCENTAGE	
					2016	2015
ROADSIDE ASSIST ALGERIE SPA	45, Rue des Freres Adessalami 5eme étage. Vieux Kouba. Alger 16050 (Argelia)	26,00%	Travel assistance	• MAPFRE ASISTENCIA • IBEROASISTENCIA • IBEROCONSULTING	60.3000 0.4000 0.3000	60.3000 0.4000 0.3000
NILE ASSIT	18th Floor, Apartment No. 1804 of Holiday Inn Maadi Hotel building Comeish Maadi Cairo - Egypt	20,00%	Travel assistance	• MAPFRE ASISTENCIA • IBEROASISTENCIA • IBEROCONSULTING	98.0000 1.0000 1.0000	98.0000 1.0000 1.0000
LIB ASSIST (Liquidated in 2016)	Shohadaa El-Sahtt, Nuffleyeen P.o. Box 72166 Tripoli. (Libia)	35,00%	Travel assistance	• MAPFRE ASISTENCIA	---	51.0000
MAPFRE ASISTENCIA LIMITED	RM 1101-02 8 Jordan Road Yaumatei, Kowloon - Hong Kong	35,00%	Assistance and specialty risks	• MAPFRE ASISTENCIA	100.0000	100.0000
MAPFRE ASISTENCIA COMPANY LIMITED	4F, N°69, Jilin RD -Zhongshan Dist. Taipei City104 - Taiwan	40,69%	Assistance and specialty risks	• MAPFRE ASISTENCIA	100.0000	100.0000
MIDDLESEA ASSIST LIMITED	18ª, Europa Centre, John Lopez Str Floriana, FRN 1400, Malta	35,00%	Assistance and specialty risks	• MAPFRE ASISTENCIA • MIDDLESEA INSURANCE P.L.C.	51.0000 49.0000	51.0000 49.0000
MAPFRE WARRANTY JAPAN KABUSHIKI KAISHA	1-6-1 Roppongi Minato-Ku, (Tokio)	17,00%	Travel assistance	• MAPFRE ASISTENCIA	100.0000	100.0000
INSURE & GO INSURANCE SERVICES USA CORP.	7300 Corporate Center Drive, Ste 601 Miami, FL 33126	37,60%	Travel assistance	• MAPFRE ASSISTANCE USA INC	100.0000	100.0000
MAPFRE ASSISTANCE USA INC.	7300 Corporate Center Drive Miami FL 33026	40,00%	Holding	• MAPFRE ASISTENCIA	100.0000	100.0000
CENTURY AUTOMOTIVE SERVICES COMPANY	10555 Montgomery Blvd. Bldg. 2 Suite 120 Albuquerque, NM 87111	40,00%	Special risks	• MAPFRE ASSISTANCE USA INC	100.0000	100.0000
PT MAPFRE ABDA ASSISTANCE	Plaza Kelapa Gading (Ruko Inkopal) Blok A, n° 9 Jalan. Rays Boulevard Barat Kelapa Gading 14240 Jakarta Utara	---	Travel assistance	• MAPFRE ASISTENCIA • PT ASURANSI BINA DANA ARTA TBK	51.0000 49.0000	51.0000 49.0000
PARAGUAY ASISTENCIA CIA. DE SERVICIOS S.A.	Av.Mariscal López, 910 Asunción (Paraguay)	---	Insurance	• MAPFRE ASISTENCIA • IBEROASISTENCIA	98.9500 1.0500	--- ---

REINSURANCE

MAPFRE RE COMPAÑIA DE REASEGUROS, S.A.	Paseo de Recoletos, 25 (Madrid) Spain	25,00% (1)(2)	Reinsurance	• MAPFRE, S.A. • MAPFRE ESPAÑA	92.2454 0.0003	92.2454 0.0003
CIAR INVESTMENT	45, Rue de Trèves Bruselas (Belgica)	34,00%	Real Estate Management	• MAPFRE RE • MAPFRE INTERNACIONAL	99.9900 0.0100	99.9900 0.0100
MAPFRE CHILE REASEGUROS, S.A.	Avda.Apoquindo, 4499 Santiago de Chile (Chile)	20,00%	Reinsurance	• MAPFRE RE	100.0000	100.0000
CAJA REASEGURADORA DE CHILE S.A.	Avda.Apoquindo, 4499 Santiago de Chile (Chile)	20,00%	Reinsurance	• MAPFRE CHILE REASEGUROS	99.8467	99.8467
INMOBILIARIA COSTA DE MONTEMAR, S.A.	Avda.Apoquindo, 4499 Santiago de Chile (Chile)	20,00%	Real Estate	• MAPFRE CHILE REASEGUROS	31.4400	31.4400
C R ARGENTINA, S.A.	Bouchard 547 piso 14 Buenos Aires (Argentina)	35,00%	Consultancy services	• MAPFRE CHILE REASEGUROS	99.9960	99.9960
MAPFRE RE DO BRASIL COMPAÑIA 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
MAPFRE RE ESCRITORIO DE REPRESENTACION COMPAÑIA 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
INMOBILIARIA PRESIDENTE FIGUEROA ALCORTA, S.A.	Bouchard 547 piso 14 B. Aires (Argentina)	35,00%	Real Estate	• MAPFRE RE	99.9985	99.9985
MAPFRE MANDATOS Y SERVICIOS, S.A.	Bouchard 547 piso 14 B. Aires (Argentina)	35,00%	Services	• MAPFRE RE • MAPFRE ARGENTINA HOLDING	95.0000 5.0000	95.0000 5.0000

YEAR END FIGURES (THOUSANDS OF EUROS)								CONSOLIDATION METHOD		CONSOLIDATION METHOD FOR SOLVENCY CALCULATION	
ASSETS		EQUITY		REVENUE		RESULT FOR THE YEAR		2016	2015	2016	2015
2016	2015	2016	2015	2016	2015	2016	2015				
8,913	7,049	3,814	4,143	6,559	6,886	1,993	1,813	(A)	(A)	(1)	(1)
498	735	(422)	(116)	633	714	(618)	(379)	(A)	(A)	(1)	(1)
(0)	94	(0)	(62)	---	---	---	---	(H)	(A)	(H)	(1)
918	2,376	138	515	188	419	(376)	(136)	(A)	(A)	(1)	(1)
1,160	827	(690)	(338)	1,680	939	(322)	---	(A)	(A)	(1)	(1)
1,509	959	807	622	2,073	1,308	207	24	(A)	(A)	(1)	(1)
4,011	3,917	309	2,143	593	---	(2,027)	(2,350)	(A)	(A)	(1)	(1)
4,863	4,478	(325)	670	1,142	235	(962)	(344)	(A)	(A)	(1)	(1)
38,074	35,668	32,875	31,325	---	1,812	16	1,812	(A)	(A)	(1)	(1)
249,632	221,156	7,488	3,904	159,429	13,837	(84)	1,187	(A)	(A)	(1)	(1)
1,293	431	308	194	550	---	(499)	(57)	(A)	(F)(A)	(1)	(F)(1)
47	431	47	194	---	---	---	(57)	(G)(A)	---	(G)(1)	---
5,212,436	5,039,861	1,232,308	1,141,679	4,811,042	4,544,320	188,078	146,705	(A)	(A)	(1)	(1)
9,744	9,645	8,998	8,583	573	496	26	(32)	(A)	(A)	(1)	(1)
169,181	146,887	41,096	42,419	39,333	49,812	(8,072)	871	(A)	(A)	(1)	(1)
113,019	113,019	12,757	12,757	38,195	38,195	182	182	(A)	(A)	(1)	(1)
---	4,959	1,091	3,082	---	---	---	---	(B)	(B)	(9)	(3)
71	71	54	54	---	---	---	---	(A)	(A)	(1)	(1)
240,659	162,703	50,141	34,609	90,342	68,162	8,355	6,874	(A)	(A)	(1)	(1)
47	47	47	47	---	---	---	---	(B)	(B)	(9)	(1)
---	---	---	---	---	---	---	---	(B)	(B)	(9)	(1)
20	20	20	20	---	---	(4)	(4)	(B)	(B)	(9)	(1)

NAME	ADDRESS	EFFECTIVE TAX RATE	ACTIVITY	PARTICIPATION IN CAPITAL		
				HOLDER	PERCENTAGE	
					2016	2015
REINSURANCE MANAGAMENT INC.	100 Campus Drive 07932 New Jersey (E.E.U.U.)	35,00%	Services	• MAPFRE RE	100.0000	100.0000
OTHER						
MAPFRE INTERNACIONAL S.A. (En 2015 MAPFRE AMERICA S.A.)	Ctra. Pozuelo, 52. Majadahonda. (Madrid) Spain	25,00% (1)(2)	Holding	• MAPFRE, S.A. • MAPFRE ESPAÑA	100.0000 ---	99.2172 0.0001
MAPFRE INTERNACIONAL S.A.	Carretera de Pozuelo, 52 Majadahonda (Madrid)	25,00% (1)(2)	Holding	• MAPFRE, S.A.	---	100.0000
MAQUAVIT INMUEBLES, S.L.	Ctra. Pozuelo, 52. Majadahonda. (Madrid) Spain	25,00%	Real Estate	• MAPFRE, S.A.	100.0000	56.8432
PROVITAE CENTROS ASISTENCIALES S.L.	C/ Fuencarral, 123 (Madrid) Spain	25,00%	IT services	• MAQUAVIT INMUEBLES, S.L.	50.0000	50.0000
BIOINGENIERIA ARAGONESA, S.L.	C/ Monasterio de las Huelgas, nº 2 Nave 6 P.I. Alcalde Caballero 50014 Zaragoza (Spain)	25,00%	IT for seniors	• MAQUAVIT INMUEBLES, S.L.	100.0000 ---	100.0000 ---
FANCY INVESTMENT S.A..	Avda. 18 de Julio, 841 Montevideo (Uruguay)	--	Holding	• MAPFRE, S.A.	100.0000	100.0000
MAPFRE SOFT S.A.	Ctra. Pozuelo, 52. Majadahonda. (Madrid) Spain	25,00% (1)(2)	IT	• MAPFRE INTERNACIONAL • MAPFRE ESPAÑA	99.9991 0.0009	99.9991 0.0009
PREMINEN PRICE COMPARISON HOLDINGS LIMITED	Ty Admiral, David Street, Cardiff, CF10 2EH	---	Online prices compare professionals	• MAPFRE, S.A.	50.0000	50.0000

CONSOLIDATION METHOD OR PROCEDURE

- (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 2015
- (F) Companies added to the scope of consolidation in 2016
- (F) Companies removed from the scope of consolidation in 2016

CONSOLIDATION METHOD FOR SOLVENCY CALCULATION

- (1) Full consolidation
- (3) Adjusted equity method
- (4) Sectoral standards
- (7) Local standards
- (9) Exclusion from the scope of group supervision pursuant to article 214 of DIRECTIVE 2009/138/EC

YEAR END FIGURES (THOUSANDS OF EUROS)								CONSOLIDATION METHOD		CONSOLIDATION METHOD FOR SOLVENCY CALCULATION	
ASSETS		EQUITY		REVENUE		RESULT FOR THE YEAR		2016	2015	2016	2015
2016	2015	2016	2015	2016	2015	2016	2015				
1,049	1,030	20	19	---	---	---	---	(A)	(A)	(1)	(1)
4,367,328	1,526,728	3,940,528	1,371,733	135,113	125,515	(78,387)	(95,782)	(A)	(A)	(1)	(1)
---	2,648,893	---	2,363,358	---	124,462	---	71,323	(H)	(A)	(H)	(1)
46,638	45,318	46,010	44,230	2,608	2,608	1,780	(1,672)	(A)	(A)	(1)	(1)
7,306	8,310	5,353	6,408	---	---	(56)	(57)	(C)	(C)	(3)	(3)
229	238	229	238	---	7	(9)	(8)	(A)	(A)	(1)	(1)
12,830	12,451	12,830	12,449	827	709	818	702	(A)	(A)	(1)	(1)
19,706	15,340	2,090	2,060	12,484	12,367	39	10	(A)	(A)	(1)	(1)
4,574	4,574	4,571	4,571	---	---	---	---	(E)	(F)(E)	(9)	(F)(9)

TAX GROUP

(1) Company belonging to Tax Group 9/85

(2) Company belonging to the VAT Group 87/10

(*) MAPFRE has the majority of the voting rights in the General Assembly

√ Transparency ↑ ↑



03

Audit Report
for the Annual
Consolidated
Financial
Statements
2016



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

*Translation of the audit report on the consolidated financial statements originally issued in Spanish.
In the event of discrepancy, the original Spanish audit report prevails.*

Independent Audit Report on the Consolidated Financial Statements

To the Shareholders of
MAPFRE, S.A.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of MAPFRE, S.A. (“the Parent Company”) and its subsidiaries (the Group), which comprise the consolidated balance sheet as at December 31, 2016, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement and the notes for the year then ended.

Director’s Responsibility for the consolidated financial statements

The Directors of the Parent Company are responsible for the preparation of the accompanying consolidated financial statements so that they give a true and fair view of the consolidated equity and consolidated financial position and the consolidated results of MAPFRE, S.A. and its subsidiaries, in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU), and other requirements in the regulatory financial information framework applicable to the Group in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on the accompanying consolidated financial statements based on our audit. We conducted our audit in accordance with prevailing audit regulations in Spain. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation of the consolidated financial statements by the Directors of the Parent Company 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 entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinión

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of the consolidated equity and consolidated financial position of MAPFRE, S.A. and its subsidiaries as at December 31, 2016, and its consolidated results 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 requirements of the regulatory framework of financial information applicable in Spain.

Report on Other Legal and Regulatory Requirements

The accompanying consolidated 2016 management report contains such explanations as the Directors of MAPFRE, S.A. consider appropriate concerning the situation of the Group, the evolution of its business and other matters; however, it is not an integrating part of the consolidated financial statements. We have verified that the accounting information contained in the aforementioned consolidated management report is consistent with the 2016 consolidated financial statement. Our work as auditors is limited to verifying the consolidated management report in accordance with the scope mentioned in this paragraph and does not include the review of information other than the obtained from the accounting records of MAPFRE, SA and its subsidiaries.

KPMG Auditores, S.L.

(Signed in the original audit report issued in Spanish)

Hilario Albarracín Santa Cruz

7 february 2017

} Trust

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INTEGRATED
REPORT
2016