



Annual General Meeting

13/03/15

CHAIRMAN AND CEO'S REPORT

Dear Shareholders,

I wish to first thank all of you for your attendance and participation at this 2015 Annual General Meeting. I would also like to thank various guests for being here with us today, among whom we have the Honorary Chairmen of MAPFRE, Julio Castelo and José Manuel Martínez, and the non-executive Chairmen of MAPFRE in Argentina, Chile, Ecuador, El Salvador, the Philippines, Malta and the Dominican Republic. Thank you all very much for joining us today.

Additionally, it is my pleasure to inform you that for the first time in our history, this General Meeting is being live streamed so that any shareholder can watch it via a link located within the shareholder information section of our website. This is an

important advance in terms of conveying relevant information about our corporate project worldwide.

To begin with, I will focus on the main figures and most relevant facts pertaining to MAPFRE during the 2014 financial year. Following that, First Vice Chairman Esteban Tejera will go into further detail on MAPFRE's accounts and other general aspects. Before concluding this meeting, and after having presented and, as the case may be, duly received approval of the proposals submitted today, I will then talk about our business outlook for the next few years and our strategic focus.

It should be noted that throughout 2014 the Spanish economy showed encouraging signs of recovery. Nevertheless, this was a complex year marked by a slowdown in growth in emerging countries and unfavorable movements for some exchange rates.

In this context, MAPFRE reached two major milestones:

1. Firstly, a significant increase in our business volume in almost every market where we operate, and further strengthening of our leading position in Spain, with market shares of 15.2 percent and 10.6 percent in Non-Life and Life respectively. Furthermore, we retained our position as the leading Non-Life insurance group in Latin America, with a market share of 9.5 percent.

2. Secondly, a marked rise in profits and dividends to shareholders.

The contributing factors to this strong performance are as follows:

- Increasing business diversification, enabling us to increase sales in most countries and in the various Business Units.
- The return of MAPFRE SPAIN to the path to growth, with improved performance in the Life, Health and Automobile business lines. In total, MAPFRE grew its business by 2.2 points more than the rest of the Spanish insurance market.
- Total Group expenses have been reduced by 1.4 points, with an excellent ratio of 27.7 percent.
- A notable increase in net financial revenue, driven by revaluations in variable and fixed income portfolios. Furthermore, our net equity increased by 1,576 million euros, helped in part by the appreciation of the U.S. dollar in the latter part of the year.

Turning to the analysis of the key highlights of our accounts in 2014, it should be mentioned that:

- Total consolidated revenue reached 26,367 million euros, which represents a 1.8 percent increase on the previous year. Premiums increased to 22,401 million euros, up 2.6 percent on 2013.
- In IBERIA, premiums totaled 7,010 million euros, showing a rise of 2.4 percent.
 - In LATIN AMERICA, premiums amounted to 9,225 million euros, representing growth of 3.8 percent. In BRAZIL, premiums rose by 7.3 percent to 5,405 million euros.
 - In the INTERNATIONAL Area, MAPFRE generated 2,658 million euros in premiums, an increase of 5 percent. The United States is particularly noteworthy, growing by 5.3 percent and producing 1,624 million euros in premiums.

As a whole, the INSURANCE Unit grew by 3.4 percent.

Looking at the Business units, MAPFRE RE underwrote 3,343 million euros in premiums, which is 2.8 percent higher; MAPFRE GLOBAL RISKS recorded 1,049 million euros, a decrease of 6.2 percent; and MAPFRE ASISTENCIA revenues totaled 1,157 million euros, up 1.3 percent.

MAPFRE's consolidated profit before taxes and minority interests amounted to 1,824 million euros, up 16.6 percent on 2013; and net attributable profit was 845 million euros, 6.9 percent higher than the previous year. For the first time, BRAZIL is the regional area with the highest Group gross profit in the insurance business, generating 755 million euros, up 38 percent on the previous year. In second place is IBERIA, with 709 million euros, 28 percent better than last year. With regard to profits after taxes and minority shareholders, IBERIA is the leading regional area, with 432 million euros and 33 percent growth.

LATIN AMERICA reached 263 million euros in net profit, which represents an increase of 1.6 percent. BRAZIL achieved excellent earnings of 145 million euros.

The INTERNATIONAL Area exceeded 41 million euros in net profit, a drop of 70 percent. The United States produced 54.5 million euros, a decrease of 40 percent, resulting from, among other things, the strong impact of disaster claims on the West Coast. Additionally, our results for the International Area include an adjustment of 45 million euros net for the loss in value of our financial investment in the Italian insurer Cattolica, coming on the back of the drop in its stock price over the last few months.

MAPFRE RE recorded an excellent net result of 141.5 million euros, an increase of 30 percent. GLOBAL RISKS reached 44 million euros, and ASISTENCIA 21 million euros.

In constant currency terms, MAPFRE's premiums would have grown 7.7 percent, and attributable profit (excluding the Cattolica write-down) would have been 17 percent higher than in 2013.

The Group's combined ratio decreased by 40 basis points to 95.7 percent, as such surpassing the goal set at the last Annual General Meeting.

It should be noted that Standard & Poor's rating for MAPFRE was "A" as an insurance company and "BBB+" for issuing, the highest rating among Spanish business groups.

In short, it should be stressed that MAPFRE's revenue and gross profit before taxes and minorities (26,367 million and 1,824 million euros respectively) are the best in our history; and they are particularly noteworthy due to the extremely complex global economic environment in which they were produced.

I would like to make mention of MAPFRE's tax reality. On occasion, incorrectly calculated data is circulated relating to the taxation commitments of large Spanish companies operating in the international arena, such as MAPFRE, that does not take

into account the taxes we pay overseas. The Group's effective tax rate for 2014 was 27.4 percent. In Spain, it was 23.25 percent and in the rest of the countries it was 29.5 percent.

Additionally, MAPFRE has made payments totaling more than 1,300 million euros to public administrations worldwide, of which 556 million euros was paid in Spain, which is approximately 43 percent of the total, in line with the source of MAPFRE's profits.

- In the corresponding point of the Agenda, a final dividend of 8 euro cents per share against the 2014 results is proposed.

The Board of Directors has already approved the payment of an interim dividend of six cents per share. The sum of the interim and final dividends for 2014 will be 14 cents per share versus the 13 cents for 2013, which represents an increase of 7.7 percent. We considered it appropriate to submit to this Meeting a dividend proposal in line with the improved results for this year. The total dividend paid in the year rose by 16.7 percent to 431.1 million euros, equating to a payout of 51 percent. The return against the average 2014 quote was 4.7 percent.

During the financial year, the Group implemented a number of initiatives to strengthen its strategic positioning and enhance its growth opportunities. I will now mention some of them:

In October 2014, MAPFRE entered into an agreement with the British group Direct Line for the acquisition of its insurance subsidiaries in Italy and Germany for 550 million euros. The required authorization process is expected to end this month, (March), at which point the agreements will be formalized, and the process of integrating these companies into our group will begin.

As per the latest available results for 2013, the business in Italy and Germany represents 714 million euros in premiums, 1.6 million clients and 19.5 million euros in pre-tax profit. Direct Line is the leader in direct automobile insurance in the Italian market, with a channel share of 28 percent. In Germany, Direct Line is the third biggest provider of direct automobile insurance with a channel share of 13 percent.

These acquisitions fit perfectly into MAPFRE's growth strategy for regions where we lack presence, such as Europe, where this transaction will increase our business denominated in euros. It will also help us to develop the online distribution channel and strengthen our focus on mobility and greater use of new technologies.

With this deal, we are honoring the public commitment made at the last Annual General Meeting: to double our size in Europe

within three years. We were able to achieve this goal in only one year, and have thus attained a more solid position in Europe.

In late 2014, and formalized in February of 2015, we finalized the acquisition of renewal rights to an automobile and home policy portfolio in the American northeast worth 120 million dollars. Under the terms of this agreement, we will begin renewing these policies from April onward, in the name of MAPFRE USA. This acquisition means that we will start operating in two new states, Vermont and Maine, as the policy agents will continue working with our company, bringing to 19 the number of states in which the Group has operations in the USA.

Further prominent initiatives from last year likewise include:

- Completion of the review of the Group's financial structure, with a new syndicated credit facility being agreed for up to 1,000 million euros, maturing in five years and replacing the previous one of 750 million euros which would have matured in 2018.
- Adaptation to Solvency II. In December the European Insurance and Occupational Pensions Authority (EIOPA) announced the positive results of the stress tests it carried out on the Spanish insurance industry.

These tests sought to analyze the global resilience of the European insurance industry and identify its vulnerabilities. To this end, participants were asked to estimate their solvency before a baseline scenario created using the Solvency II criteria, a regulatory regime that will come into full effect from January 1, 2016. A series of adverse macroeconomic scenarios and alterations specific to the insurance industry were then simulated using the figures provided. MAPFRE performed well above expectations in both scenarios, confirming our group's financial strength and our excellent management.

With a view to complying with the implementation timeline of this new European directive, the Board of Directors approved and submitted the FLAOR (Forward Looking Assessment of Own Risks) to the Supervisor. This report provides the Governing Bodies with an integrated overview of the risks the Company may face during the period established in the strategic plan, as well as the capital resources available to deal with them. Our results were very satisfactory, illustrating the high solvency position of the company for the next few years.

Furthermore, in late 2013 the Board of Directors approved a new organizational structure, which was implemented during 2014. Corporate Areas, (Internal Audit, Strategy and Development, Finance, Investment, Resources and Institutional

Coordination, Business and Clients, Human Resources, General Secretariat and Business Support), were redefined and strengthened during this period. In turn, the Group's supervision and coordination were decentralized into seven regions (IBERIA, BRAZIL, LATAM NORTH, LATAM SOUTH, NORTH AMERICA, EMEA and APAC). Each of these seven regions is led by a regional CEO and benefits from the assistance of a strong support team.

Additionally, duties and responsibilities were redefined among the various administration and supervision bodies (Boards of Directors and Steering Committees), as well as management bodies (the MAPFRE Executive Committee and Local and Regional Management Committees).

Lastly, the concept of non-executive Chairman (removed from the position of CEO) is being formalized in overseas MAPFRE insurance subsidiaries.

Our Organization has undergone major alterations in just a few months. These changes, which involved significant staff mobility around the world, were designed to adapt the Group to the strategic challenges arising from its current scale and global presence, and have been implemented with great success.

Furthermore, we are moving ahead with an in-depth review of our corporate rules and corporate governance practices, so as to adapt them to the new Group reality and to incorporate newly approved Spanish legal requirements together with related best practices and recommendations.

In this regard, I would like to point out the following:

- Rafael Beca Borrego was appointed as Supervising Director. A businessman, Rafael Beca has been a MAPFRE Independent Director since 2006, and his profile ensures that he will carry out the duties associated with this new position with the utmost capability.
- A new Appointments and Remuneration Committee was created, comprising only external members, and chaired by the Independent Director Luis Iturbe Sanz de Madrid. Luis Iturbe has been a Director since 2004. This Committee has already undertaken to create appointment proposals for independent directors as well as designing a plan to increase the number of members from the under-represented gender in corporate governing and management bodies.
- A new Risk and Compliance Committee composed of only external members and chaired by the second Vice Chairman Francisco Vallejo was created.
- The active role of the Board of Directors was strengthened both in terms of competences and responsibilities that cannot be delegated, and the number of meetings it shall convene, which has been fixed at a minimum of 10 meetings per year.
- Revision of and immediate action regarding MAPFRE's own rules that relate to public commitments encompassing

good governance and corporate conduct and responsibility.

Additionally, during its meeting last October, the Board of Directors approved the appointment of Independent Director Catalina Miñarro Brugarolas as a new member of the Steering Committee. Catalina Miñarro is a State lawyer has been a Board member since 2013.

Furthermore, last May, Luis Iturbe was appointed as Chairman of the MAPFRE Audit Committee to replace Francisco Vallejo. Luis Iturbe has a successful track record in the finance sector and has been a Board Member at the Madrid Stock Exchange and Chairman of the Institute of Financial Analysts. The external directors Andrés Jiménez Herradón and Antonio Miguel Romero were also named as members of the Audit Committee.

I would now like to mention the proposal for reelection which the Board of Directors wishes to submit to this General Meeting. We recommend that a new independent director, who was elected by the co-option of a proposal put to the Appointments and Remuneration Committee, Georg Daschner, be re-elected. A German national, Georg Daschner led the European and Latin American markets of a leading international reinsurance company for the last 11 years, and was also a member of its Management Board during this period. He was

previously President of this company in numerous countries and Director of its Latin America division. His extensive knowledge of relevant markets for MAPFRE, such as Latin America and Europe, ensures that his joining the company will certainly enrich our strategic analysis and decision-making necessary for our consolidation and growth in these regions. His ample experience together with his extraordinary personality and good judgment make him an ideal Board member candidate.

Following the best practices, MAPFRE decided to call for tenders for the Audit of our Individual and Consolidated Annual Accounts and other related tasks for the next three financial years. Based on a proposal received from the Audit Committee, last May 2, 2014 the Board of Directors of MAPFRE, S.A. unanimously agreed to recommend that this General Meeting appoint KPMG as the accounts auditor for the MAPFRE Group for the aforementioned period. This decision once again positioned MAPFRE at the forefront of the industry, in that this can be reasonably expected to become a legal requirement in the near future.

I would like to conclude this first part of my Report by expressly thanking our shareholders, clients, supervisory bodies and, in general, everyone who entrusted us with their confidence and supported us throughout the year. I would also like to take this opportunity to express my gratitude to all of MAPFRE's human

resources (directors, executives, employees, delegates, agents and other collaborators), whose efforts and activities helped us to achieve such excellent results during 2014.

Thank you.

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CHAIRMAN AND CEO'S REPORT (II)

Dear Shareholders,

We would like to thank you for the trust you have once again placed in MAPFRE, which further encourages us to continue searching for growth opportunities, improved results and business development.

In the final section of this Annual General Meeting, I would like to refer to the immediate future. As you will no doubt have seen, the company enjoys a clean bill of health and our results are excellent. Nevertheless, I wish to first mention something that I consider to be very important. I chaired this General Meeting for the first time three years ago as the new Chairman and CEO of the Board. Now, 36 months later I would like to talk about the key messages and goals of each Meeting since then, and how far we have progressed with them:

2012

In 2012 we identified the basic lines for what were to become the pillars of MAPFRE's development over the last three years. We talked about developing our international structure and this has undoubtedly been achieved: International business is becoming increasingly important to the group's revenue and profits, and its technical ratios keep improving. We should also mention the need to maintain professional and rigorous management, the design of more efficient structures; better use of synergies in multinational management, the globalization of our best practices, and the use of technology and innovation as differentiating elements for our Group. And basing all of this on trusting people, and the relevance that we give to the commitments of all of us working in this company, whether as employees or collaborators. I believe that we have stimulated all these lines of work, and currently they are either part of our professional daily lives or have become the focus of specific improvement plans as we will shortly see in greater detail.

2013

The 2012 lines of action were finally profiled in 2013, and at that year's General Meeting, we described the subsequent main steps that were to be taken through our agenda for change and the execution of our corporate activity founded on our business Vision, Mission and Values.

This transformational progress was aimed at creating a company that was more global, more demanding in terms of

profitability targets and value generation for its shareholders; more client-oriented; and with simpler corporate structures. Additionally, this process regarded people (shareholders, employees, collaborators and society in general) as the drivers as well as the beneficiaries of our efforts.

2014

In 2014 we implemented this new simplified corporate and business structure. This structure enabled us to shore up our organization as the most trusted global insurance company while decentralizing the group by creating the regional structure. Thanks to this transformation we can focus on other areas of the world such as Europe and Asia and strengthen our control over all our activities around the world. Furthermore, last year we set down three-year public objectives that are either in progress or were reached in 2014: to double our size in Europe; to keep our combined ratio below 96 percent; to reduce our cost ratio by 100 basis points; and to provide a fair return to our shareholders with a payout of approximately 50 percent.

Over the last three years we have been better able to direct our strategic focus, while also reinforcing our commitment to you, our Shareholders, by achieving our objectives through the hard work and enthusiasm of all of us at MAPFRE. We are fully aware that we need to work both for the present and the future.

We need to work for the present by continuously improving our management performance, productivity, efficiency, expenses, technical control, investment results, solvency level, etc. Even though our performance is good, and sometimes even optimal, there is always room for improvement. I can assure you that we demand and will always demand high standards in these areas. We are sure that 2015 will also be an excellent year with increased revenue and profits and enhanced shareholder returns.

As for the future, we need to stay one step ahead of new realities; we need to keep working to consolidate our leading positions in Spain and Latin American and to advance the company's globalization and diversification.

Firstly, let's now take a look at each MAPFRE region with a brief note regarding each one's financial outlook and the prospects for developing our business. Next, we will present the most relevant strategic initiatives approved by the Board of Directors for the next three years. And lastly, we will mention the main strategic objectives for our Group.

Geographic Regions

In 2014 global GDP increased by 3.3 percent as opposed to the IMF forecast of 3.7 percent. In this regard, I would like to highlight three dominant elements:

- The spectacular drop in fuel prices over the last quarter (mostly due to supply side factors), which is affecting oil-producing countries and consumers in dissimilar ways.
- The lack of inflationary pressure in developed economies, which has even led to a decrease in general price levels. This situation is accompanied by extremely lax monetary policies.
- Changes arising from electoral processes in several countries, and geopolitical instability caused by destabilizing movements such as Islamic extremist terrorism, military conflicts in the East and North Africa, or the situation in Ukraine.

These global factors will certainly have an impact on economic and market developments.

An analysis by region, beginning with IBERIA, reveals some salient results:

SPAIN's economic situation saw a noticeable improvement, and 2014 can even be regarded as the actual starting point for recovery. After five years of zero growth, 2014 closed with a 1.4 percent GDP increase and a drop of two percentage points in the unemployment rate. This is a remarkable reduction albeit

it is clearly insufficient to solve what still is the greatest social issue in Spain: unemployment.

Additionally, the decrease in interest rates paid by Public Administration, and other adjustments, made it possible to move forward with the fiscal consolidation process encouraged by the European Union.

However, the most important news about the Spanish economy is its excellent outlook for 2015. This is based on:

- The depreciation of the euro, which improved our external competitiveness.
- The decrease in oil prices, which reduces our energy bills.
- A major phase of deleveraging by companies and individuals.
- The recovery of sectors such as real estate, and the financial sector's return to normality.
- The improved economic outlook and regained trust, which will lead to good performance in terms of domestic demand and a greater capacity for businesses to create jobs.

All these factors point to an increase in GDP of more than 2.5 percent in 2015. This will have a positive effect on our business in Spain, and create opportunities that will lead to increased sales. Some examples of these opportunities are:

- The reduced unemployment rate, increased domestic consumption, and better access to credit for families and companies.
- The revival of the real estate market.
- The increase in new car registrations.
- More businesses created – 120,000 new self-employed workers in 2015.

In this context, MAPFRE must attract new clients in Spain. To achieve this, we will work toward the client segmentation corporate strategic objective. Additionally, we will keep implementing specific customer loyalty initiatives by leveraging the experience gained from the “Te Cuidamos” program, and using innovation to create differentiating products and services.

Supported by our robust distribution channels, we will foster multichannel use and strengthen our sales network by, among other initiatives, working intensively to attract new agents. Throughout 2015 we will be able to see the fruits of last year's commercial restructuring in Spain, thanks to its maturity and greater specialization, which will improve our ability to assist our clients, especially with the most complex products. We will also keep promoting distribution via bank branches under umbrella agreements with our partners.

Furthermore, VERTI will consolidate its role as a gateway to other client segments and help us to reaffirm our leading position in the online channel.

We will harness the growth potential shown in the Life market, especially in relation to risk insurance, investment funds and pension schemes in all channels, using cross-selling and our agent network in particular. The new, albeit limited, opportunities offered by the recent tax reform will allow us to provide new medium- and long-term savings products. Home and health insurance will remain the core products in the family range. Also, we will implement a new growth Plan for Automobiles that will aim to keep increasing our market share once the economic crisis has been left behind. Finally, positive economic performance will breathe new life into small- and medium-sized enterprises. MAPFRE will take this opportunity to meet every need of our businesspeople and self-employed workers.

LATIN AMERICA

LATIN AMERICA's growth outlook is one of the most uncertain among our geographical areas. Instead of the forecasted increase of 3 percent, 2014 closed with a rise in economic activity of slightly over 1 percent, while the outlook for 2015 points to growth of around 1.5 percent. This situation results

from varying factors depending on the country; however, there are common elements:

- The decrease in prices of oil and some raw materials, a source of wealth for this area, leads to reduced income for some countries.
- High interest rates in some economies to combat inflationary pressures; and high risk premiums due to greater perceived uncertainty in relation to the countries in this region.

LATAM NORTH

The following initiatives contribute to the growth shown by this region:

1. Development of an exacting five-year Business Plan in Mexico that will allow us to increase our market share from 6 percent to 10 percent. This will be supported by a stronger Territorial sales network, a Life-specific Network and a push in Digital Business. We will also seek to enter into agreements or alliances with other insurance or financial groups so as to increase our size and distribution capacity.
2. Implementation of the corporate client segmentation project.

3. Coordination of synergies across Business Units in order to complement MAPFRE's product portfolio with comprehensive offerings; management of sales and phone support through the Assistance Unit across the region.
4. Promotion of insurance sales for major industrial risks through the Global Risks Unit; optimization of local structures so as to improve the service provided to this type of client.

With regard to operational improvement, the following must be considered:

- a. Development of process-based management using a regional model for automating operations.
- b. Adapting the company to Solvency II requirements in accordance with Mexican law.
- c. Optimizing regional procurement processes with a view to reducing internal costs and increasing our competitiveness.

It is my pleasure to inform you that the Board of Directors approved a major executive change in its meeting prior to this AGM: Jesús Martínez Castellanos was appointed as CEO of

MAPFRE in Mexico, replacing José Carpio. Mr. Martínez Castellanos, 49, has worked for MAPFRE for 26 years, holding senior executive positions in Spain such as General Sales Manager of MAPFRE VIDA, Managing Director of MAPFRE EMPRESAS and, more recently, General Manager for Business and Clients at MAPFRE IBERIA. His addition to the team in Mexico will help us face the challenges posed by a country which must become a benchmark for MAPFRE over the next few years.

The Board also approved the appointment of Roy Medina as new Operations Manager for Costa Rica, taking over from Carlos Granjel, who will join the marketing team in Mexico.

Mr. Medina is a 38-year-old industrial and systems engineer and has held various technical and management positions in Honduras, Panama and Costa Rica, and is currently Finance and Administration Manager in Honduras.

LATAM SOUTH

These are some of the projects that we will implement in this region:

- Multichannel development throughout the region by closing new distribution agreements with commercial groups and regional banks. Additionally, we will keep

opening new MAPFRE offices in every country and strengthen our network of agents.

- Advancing the regional e-commerce project with the inclusion of Peru and Chile.
- Diversification of our product portfolio by pushing life-risk and funeral insurance in all countries. Furthermore, we will drive the sale of insurance for large industrial risks in the region.
- Utilization of the synergies between Insurance and Assistance Units, including shared management of back-office departments.
- Drawing up specific business plans for Multi-Latin companies.

MAPFRE's Board of Directors also approved another relevant executive change that affects this region, specifically Colombia. Raúl Fernández Maseda, MAPFRE's current CEO in this country, is now retiring and José Carpio Castaño has been appointed as the new senior manager in Colombia. We would like to thank Raúl Fernández for his dedication, effort and results during his 20-year career at MAPFRE. José Carpio has held the position of MAPFRE CEO in Mexico until this change. He has also played important roles in MAPFRE ASISTENCIA and the Spanish territorial organization. We believe José Carpio's experience will

a determining factor in successfully advancing our project in this South American country.

BRAZIL

Brazil showed signs of weakened gross domestic product with two quarters of negative results; however, after the electoral period and the appointment of the government's new economic team, the country's outlook has improved. There are several reasons for predicting a change in growth rate trends: Brazil's low unemployment and informal employment rates, its great attraction for foreign investors, the price of its agricultural products in the international market, its excellent crop results in the last few years, its demographic power, and its progress in social policy. To this we can add the opportunity for development of the insurance business, since Brazil's insurance penetration rate in relation to its GDP is still lower than the rate of other comparable markets.

We can identify the following opportunities in Brazil:

- a) Participation in the corporate client segmentation project.
- b) We should improve our market penetration by maximizing the potential offered by the channel Banco do Brasil. We are adapting our products with the aim of streamlining our

portfolio in this channel and improving its operational systems. We seek to expand its offerings and open new channels for its clients.

- c) We want to boost the activity of the Global Risks Unit and, as such, harness the great potential shown by the Brazilian market, the available reinsurance capacity and the small group of existing competitors in this segment. We have prepared an MGR Commercial Plan for Brazil that allows for the allocation of more resources and a specific focus on large Brazilian companies.
- d) Using new distributors, we will exploit the opportunities generated by high interest rates to grow savings insurance solutions. We will offer clients an alternative to stock market investment.
- e) In 2014 we launched our Health operations with distinctive offerings that were not restricted to managing provider networks in the corporate segment; rather they also included healthcare prevention services.

With a view to increasing our distribution network, we are:

- a) Promoting the role Banking Correspondent as insurance distributors in rural areas, and training more specialized agents.

b) Developing the Millennium project for mass insurance distribution via vending machines and gift cards in supermarkets. MAPFRE is considering the possibility of expanding this great and innovative initiative to other products and markets.

We will streamline operations with Banco do Brasil by improving back-office, operations and distribution to increase efficiency and productivity, and reduce costs. To this end, we are already working on reducing contact centers and modernizing their operating systems in order to expedite customer service processes. We are also improving technology in the administration and finance areas so as to increase control and reduce operational risks.

Additionally, we will utilize the synergies between the Insurance and Assistance Units by integrating service platforms and achieving infrastructure and system convergence.

NORTH AMERICA

In 2014 the United States left the "great recession" behind: its unemployment rate is under 6 percent; the Federal Reserve ended its quantitative easing bond-buying program; and the anticipated approximate growth for 2015 is 3.5 percent. The USA has, without doubt, proven to be the best at facing the

challenges presented by the economic crisis; consequently, the country is now leading the recovery cycle.

Our main initiatives for expanding our presence in North America are as follows:

- Geographical diversification by expanding into more states and growing our distribution networks. We are launching our operations in Maine and Vermont this year and will then operate in 19 states. Over the next three years, we hope to enter three more states: Illinois, Virginia and Wisconsin.
- Implementation of a joint Plan between the USA and Mexico with the aim of developing cross-border business.
- Multichannel development, coming from:
 - o Strengthening our network of agents through new offices and improved processes for capturing, training and developing our own agents.
 - o Implementing a sales drive in car dealerships, including opening our own in-showroom offices.
 - o Opening new points of sale on the West Coast by entering into agreements with distribution chains.
 - o Developing bancassurance networks through local and regional companies.

- Diversification of product portfolio based on:
 - o Developing the life-risk business by expanding its distribution to more countries, including Puerto Rico.
 - o Growing our corporate insurance business with new products and marketing in states such as Massachusetts, Florida, Pennsylvania and Arizona.
 - o Launching a roadside assistance program in 2015 for commercial vehicles in California (a joint initiative with the Assistance Unit).

- Development of a digital distribution strategy in the U.S. through online promotion of the MAPFRE brand and an automobile direct insurance operation similar to VERTI. Mentioned already during the Annual Meeting last year, this operation could be ready during the first half of next year.

EMEA

The eurozone achieved major stabilization: Risk premiums continued to fall in periphery countries, and all countries except for Greece can now access funding in the markets at reduced interest rates, even though there are still major relative differences across the region. Nevertheless, the achievements in terms of macroeconomic variables are not brilliant: In 2014, the economic activity in the eurozone grew by less than 1 percent; inflation decreased by 0.2 percent; and the unemployment rate is 11.4 percent.

Governments reacted by implementing quantitative easing monetary policies, applying negative interest rates to excess reserves, and developing an infrastructure investment program. Europe's economic message is to work toward growth and higher employment.

Together with the depreciation of the euro and a decrease in oil prices, these measures resulted in improved GDP growth forecasts; however, GDP growth for 2015 is still expected to be around 1 percent.

MAPFRE's core strategies for the region are as follows:

- Integration of Direct Line Italy and Germany by ensuring the continuity of the business plan and progressively adapting these companies to our standards and our digital distribution strategy. Operational consolidation will bring 1,300 new staff to the Group: 885 in Italy and 411 in Germany.
- In Turkey we want to promote multichannel use by stimulating the growth of our own network. We also wish to diversify our products (including an increased boost for life-risk). We will also improve efficiency; to this end, we are adapting the local systems to the corporate digital platform.

- We will promote the GLOBAL RISKS European project so as to increase our presence among Europe's largest industrial groups.
- Lastly, with a view to better harnessing synergies, we are working toward making it possible for the Insurance, Assistance and Global Risks Units to share their commercial relationships and implement cross-selling actions.

ASIA-PACIFIC

Growth rates in emerging ASIAN countries are around 6.5 percent both with regard to the previous and current financial years. Economic growth in China will continue to decrease slightly; an increase of around 7 percent is expected for 2015. The lowest rate in the last 25 years, this is mostly due to a slowdown in the real estate sector and reduced credit expansion.

MAPFRE launched its digital distribution project in China with the aim of creating a company specialized in online selling of automobile insurance. In 2013, automobile insurance grew by 25 percent in China to 6,000 million euros in premiums. A continued increase of 15 percent is expected for the next ten years.

Due to their market dominance, mobile devices will be our main distribution method; we will seek agreements with the leading digital channels in China.

The region of Shandong was selected for this project because of its market volume, projected growth, demographic forecasts, penetration of mobile Internet, and the fact that its road infrastructure is a better match for our requirements. Equal in size and population to Germany, Shandong has the third highest GDP per capita in the country as well as above-average growth. Additionally, it ranks second in terms of the number of Internet users; there are over 15 million vehicles in the region; and fourth with regard to the automobile insurance premium volume.

In January 2015 we submitted an initial application to the Chinese authorities for permission to launch this new online sales company. Our request was very well received both by the national and regional regulatory bodies. Given the time frames required by Chinese law, we expect that this company can be launched in the second half of 2016.

MAPFRE's strategy for this year in this region will remain focused on diversifying products and business models adapted to our clients' changing needs, seeking distribution agreements, developing digital distribution platforms and identifying cost-reduction areas through the synergies of the Group in this region.

So far I have dealt with the regional areas where MAPFRE operates. Now, I would like to talk about the Reinsurance Unit. First, I would like to mention that we opened new offices in Malaysia and Singapore and began the required process for opening the office in China. We will also cautiously start to develop Life reinsurance in the United States.

Furthermore, MAPFRE RE is organizing its structure and processes so as to meet the needs of the different types of reinsurance brokers, and to provide better service. We are also developing technology tools for automating processes and reducing internal expenditure.

Additionally, MAPFRE RE designed new programs for taking out reinsurance that include an increase in Group retention, as well as greater protection and control in the case of extreme events or disaster risks. In this way, it will be possible to optimize capital consumption within the Group.

I would now like to talk about the global strategic initiatives that will transform the company and help us meet our objectives. These initiatives were approved by the Board of Directors for the next three years.

The BUSINESS GROWTH AND DEVELOPMENT initiatives are:

1. To develop innovative products and services.

2. To develop uniform multichannel options so that clients can choose how they interact with the company at any given moment.
3. A Digital Direct Business Plan to position MAPFRE as a world leader in distribution via new technologies to all client segments.
4. To diversify our portfolio by seeking opportunities for growth in the life and health businesses.

Regarding EFFICIENCY and COST REDUCTION, we will work toward advancing the following:

1. A corporate digital platform so that we can benefit from standardized technology tools.
2. A global operational efficiency model by standardizing processes, using shared services and automating operations so as to reduce operational costs and increase efficiency and productivity.
3. MAPFRE's digital transformation with the aim of adapting our company to the new social and technology realities in the connected era, and staying ahead of change in business models.

Turning to SERVICE, we will work on:

1. Client segmentation, a project that we began last year to improve proximity to our consumers by directing our operations and processes at each client type.
2. Client experience management so as to measure perceived quality against expected quality by practicing active listening during client interactions with the company.
3. The service capacity of our providers so that they become our brand ambassadors in their relationships with clients.

Lastly, in relation to our HUMAN CAPITAL TEAM we want to improve:

1. Talent management so as to better develop the abilities of MAPFRE's team members and match them to identified requirements.
2. Integration of knowledge into tools, processes and operations in order to share and develop the best practices.

I would like to finish with an update on the MAIN STRATEGIC OBJECTIVES FOR THE NEXT TRIENNIUM

1. The creation of sustainable value for the shareholder, through profitable growth, suitable capital management and more development of strategic businesses. We will focus our management on obtaining results higher than

the cost of capital and appropriate to the risk accepted. Given these premises, our objectives for the next three years are:

- a. To exceed 30 billion euros in revenue at the close of 2016, as per our statement last year.
 - b. To maintain the Group's combined ratio below 96 percent.
 - c. To maintain a policy of growing dividends at the current levels of profitability, with a payout of around 50 percent of the group's earnings.
2. To reduce costs, benefiting from the synergies that exist among the different Units and the advantages provided by the new corporate structure. We will maintain our cost containment policy, which will allow us to keep our cost ratio at a maximum of 28 percent against premiums.
 3. To develop a more streamlined and efficient corporate structure that optimizes capital consumption and dividend distribution. This year we will implement the most relevant measures in this regard: the merger of MAPFRE FAMILIAR and MAPFRE EMPRESAS into MAPFRE SEGUROS, with MAPFRE VIDA as a subsidiary of MAPFRE SEGUROS, and the merger of the MAPFRE AMERICA and MAPFRE INTERNACIONAL holding companies.

4. To increase the diversification of our business, which by 2020 will have expanded geographically and in terms of business types. Revenue from outside Spain will account for at least 75 percent versus 70 percent in 2014. And Life and Health premiums will represent around 35 percent of the overall premiums instead of the current 30 percent.
5. To progressively develop the multichannel offering in all countries through our own offices, linked insurance agents, brokers and bank offices. We will pay particular attention to growing our digital direct business; by 2020 we expect that at least 7 percent of our world sales will be generated by this channel versus 1 percent today. We will have digital distribution in 35 countries through the MAPFRE, VERTI and INSUREANDGO brands. As a result, at the end of this period we will be one of the global leaders in digital distribution.

To finish, I would to briefly talk about our FUNDACIÓN. FUNDACIÓN MAPFRE is strongly committed to society; its main goals are social action, culture, publicizing insurance and financial information, health promotion, accident prevention and road safety. In all these areas, FUNDACIÓN MAPFRE stands out for its dynamic and thorough approach to organizing activities of any kind in almost 30 countries. The activities and

resources deployed daily by this Institution are remarkable. The challenge posed to FUNDACIÓN MAPFRE is to further publicize and increase participation in its activities, and to implement a more exacting and meticulous management style. Resources are limited but we wish to reach more people and more countries; for this reason, we will join forces with other institutions and share our projects, purposes, goals and focus. And FUNDACIÓN MAPFRE must begin by strengthening its activities with MAPFRE itself and its employees. In this way, it will be possible for more people to benefit from its activities. All of us who work in this company can do a lot more to help disseminate, develop and foster the strong social presence of MAPFRE and FUNDACIÓN MAPFRE. One such example is our social Volunteer programs; mass participation would allow us to become a world example of charitable collaboration. To this end, we will create the conditions to encourage this strong voluntary commitment to helping others from all of us who work at MAPFRE.

Dear Shareholders, we are a socially responsible business group committed to our environment, our clients and our entire organization. And our priority is to gain and retain everybody's trust. The 37,000 employees and more than 200,000 collaborators linked to MAPFRE around the globe are working toward this day by day.

As you have heard, our strategic initiatives will let us achieve our objectives by building on the progress attained in 2014. We will continue on this path and implement the plans presented to you today. We strongly believe that this is the way to honor our commitments and increase MAPFRE's value.

Thank you very much for your attention and trust, and I wish you a very good evening.