



BOARD OF DIRECTORS REPORT ON THE PROPOSAL FOR THE AMENDMENT OF
ARTICLE 2 OF THE REGULATIONS FOR THE ANNUAL GENERAL MEETING

Madrid, February 7, 2018

I. BACKGROUND AND JUSTIFICATION FOR THE PROPOSAL

This report was prepared by the MAPFRE S.A. Board of Directors. (“**MAPFRE**”) to justify the proposal to amend Article 2 of the Regulations of the General Annual Meeting, relating to the authority of the Annual General Meeting.

Article 406.2 of the Companies Act stipulates that shareholders at an annual meeting may adopt a resolution to issue bonds convertible into shares or bonds that provide bondholders with an interest in the company's profits.

Accordingly, the Board of Directors considers it advisable to amend the authority of the Annual General Meeting established by Article 2 of the Regulations to allow for the possibility of delegating to the Board of Directors the authority to issue convertible bonds in the cases established by Article 406.1 of the Companies Act.

This amendment is intended to provide a higher level of agility and flexibility to the company with respect to the issue of convertible bonds, thereby facilitating its access to financial markets and adapting its regulations to the most common practices.

II. PROPOSED RESOLUTION

Amend article 2 of the Annual General Meeting Regulations, which shall read as follows:

“Article 2. Annual General Meeting

The Annual General Meeting is the Company’s supreme governing body. The resolutions it passes in accordance with the Law and the Company Bylaws shall be binding on all shareholders, including those who are absent or dissent.

The Annual General Meeting is empowered to decide on any corporate matter. In particular, it is the only competent body to decide on the following matters:

- a) Approval of the individual and consolidated Financial Statements, distribution of earnings and approval of the corporate management.*
- b) Appointment and removal of Directors, the External Auditor and, where required, Liquidators, as well as exercising activities which are socially responsible in relation to the aforementioned parties.*
- c) Amendment of the Company Bylaws and the Regulations of the General Meeting.*
- d) Increase and reduction of the share capital, revocation or limitation of preemptive subscription rights, restructuring, merger, de-merger and*

cession of assets and liabilities en bloc, as well as the relocation of the registered office to another country.

- e) Issuance of debentures or other securities convertible into shares or that carry participation in corporate earnings for the holders of the securities, with the ability to delegate to the Board of Directors the power to perform such issuances, as well as to exclude or limit the preemptive subscription rights, in accordance with the terms and conditions established by Law.*
- f) Acquisition, disposal or transfer of key assets to another company, where key assets shall be considered to be whenever the amount of the operation exceeds twenty five per cent of the total assets on the last approved balance sheet.*
- g) Dissolution of the Company, approval of the final settlement amount, as well as operations with an impact equivalent to the liquidation of the company.*
- h) Approval of the Directors' remuneration policy, in accordance with current legislation.*

Any other issues determined by Law or the Company Bylaws.”
