

# Solvency and Financial Condition Report



## MAPFRE S.A. AND SUBSIDIARIES

**December 31, 2017**

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SPAIN

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## Executive Summary

This report falls under the framework of the requirements set out in Spanish Law 20/2015, dated July 14, 2015 on the planning, monitoring and solvency of insurance and reinsurance companies, and its implementing regulation Royal Decree 1060/2015, dated November 20, 2015 on the planning, monitoring and solvency of insurance and reinsurance companies. Both regulations are a transposition of Directive 2009/138/EC of the European Parliament and of the Council of November 25, 2009, on the taking-up and pursuit of the business of insurance and reinsurance (hereinafter the Solvency II Directive).

Commission Delegated Regulation (EU) 2015/35 completes the aforementioned Directive and regulates the minimum content that must be included in the Solvency and Financial Condition Report.

### A. Activity and Results

MAPFRE S.A. (hereinafter “the parent company”) is a limited liability company whose shares are listed on the stock exchange (included in the IBEX 35 index), and the parent company of a group of subsidiaries devoted to providing insurance activities in the Life and Non-Life segments, finance, securities investment, and services.

The chief lines of business in which MAPFRE S.A. and subsidiaries (hereinafter “the Group” or “MAPFRE Group”) operates based on those established in prevailing Solvency II legislation follow:

- **Life insurance**
- **Automobile insurance**
- **Other Non-Life insurance**
- **Accepted Life and Non-Life reinsurance**
- **Other activities:** This corresponds to the results obtained from activities unrelated to the insurance business, and therefore is not included under any of the types defined in Appendix I of Delegated Regulation 2015/35 dated October 10, 2014.

MAPFRE operates in a total of 45 countries across 5 continents; its most significant presence is in Spain, Brazil, USA, Turkey, Germany, and Italy.

MAPFRE endeavors to be a trusted global insurance company encompassing its geographic presence and wide range of insurance and reinsurance products, and services it offers worldwide. In the markets in which it competes, MAPFRE’s operations are based on a differentiated, in-house management model which is based on profitable growth with a clear customer focus on individuals and businesses, thanks to its multi-channel approach and deep vocation for service.

Net profit attributable to the parent company (deducting non-controlling interests) reached 700.5 million euros, a 9.7% drop vs. the previous year. This was mainly the result of the following events taking place in 2017:

- Insurance risks materialized due to several natural catastrophes, the most noteworthy of which being three hurricanes (Harvey, Irma, and Maria), and two earthquakes (in Puebla and Chiapas). The effect of these events on the year materialized in rising after-tax retention costs and non-controlling interests reaching 125.6 million euros for insurance providers and 183.8 million euros including MAPFRE RE. Nevertheless, reinsurance coverage was effective: despite the number and intensity of the above catastrophes, representing additional coverage surpassing 1,000 million euros, and a gross loss of 1,047 million euros, the majority were met satisfactorily without any negative effects on the MAPFRE Group’s solvency.

- A drop in net financial income which was principally due to a drop in interest rates in Brazil and other Latin American countries, as well as recurring low European interest rates.
- Several assets and liabilities were written off, which were mainly intangible assets and provisions set aside for risks and expenses recognized during 2011 as a result of the Brazilian bancassurance alliance, exerting a net positive impact of 28 million euros on Group results. This impact is reflected in “Financial income” and “Other non-technical revenues and expenses.”
- US approval of tax reforms including a decrease in the tax rate affecting our companies there commencing 2018 will require that all deferred tax assets and liabilities be updated to these new rates during year-end 2017. The net effect led to a drop in tax liabilities and therefore, an increase in the MAPFRE Group’s net results totaling 37.8 million euros.

Direct insurance and reinsurance premiums, which represent the majority of income, totaled 23,480.7 million euros (2016: 22,813.2 million euros) with a noteworthy growth of 2.9%, and chiefly due to premium increases in Spain, Mexico, Central America, and the Global Risks Business Unit.

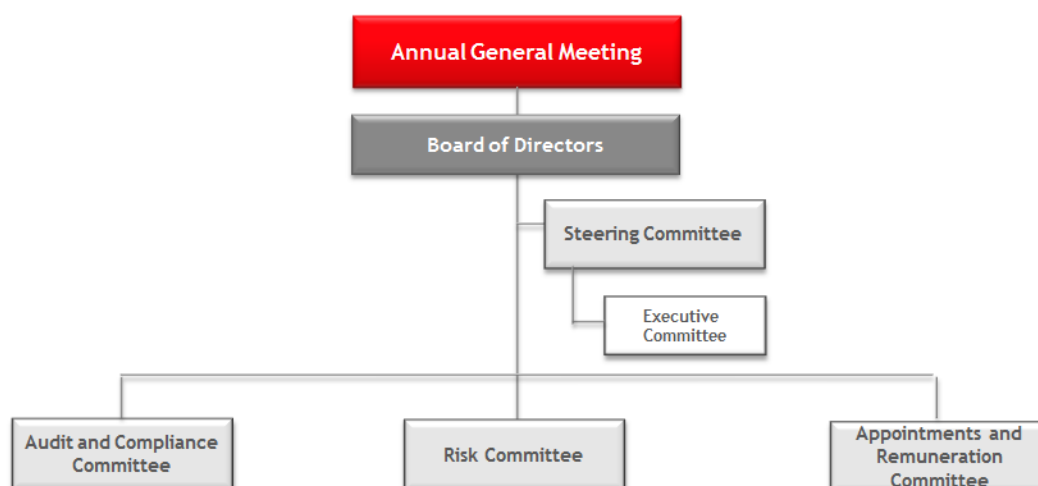
Consolidated income reached 27,983.7 million euros (2016: 27,092.1 million euros), representing a 3.3% rise vs. the year before.

During 2017, the combined ratio was 98.1% (2016: 97.4%), with the loss ratio for accepted premiums standing at 70.7% (2016: 70%).

The ROE index can be broken down as the proportion of net profit attributable to the parent company (less the share of non-controlling interests), and average treasury funds of 7.9% (2016: 8.8%).

## B. Governance System

During 2017, the MAPFRE Group employed the following individual governing bodies:



The appropriate commercial and operational strategic management of the business is carried out via these governing bodies, enabling the Group to respond in a suitable and timely manner to any eventuality that might occur at the various organizational levels and corporate and business contexts.

In order to ensure that the parent company's systems of governance has an adequate structure, it has a series of policies that govern the essential functions (Risk Management, Regulatory Compliance,

Internal Audit and Actuarial) and they ensure that those functions follow the requirements imposed by the regulator and are faithful to the lines of governance established by MAPFRE Group.

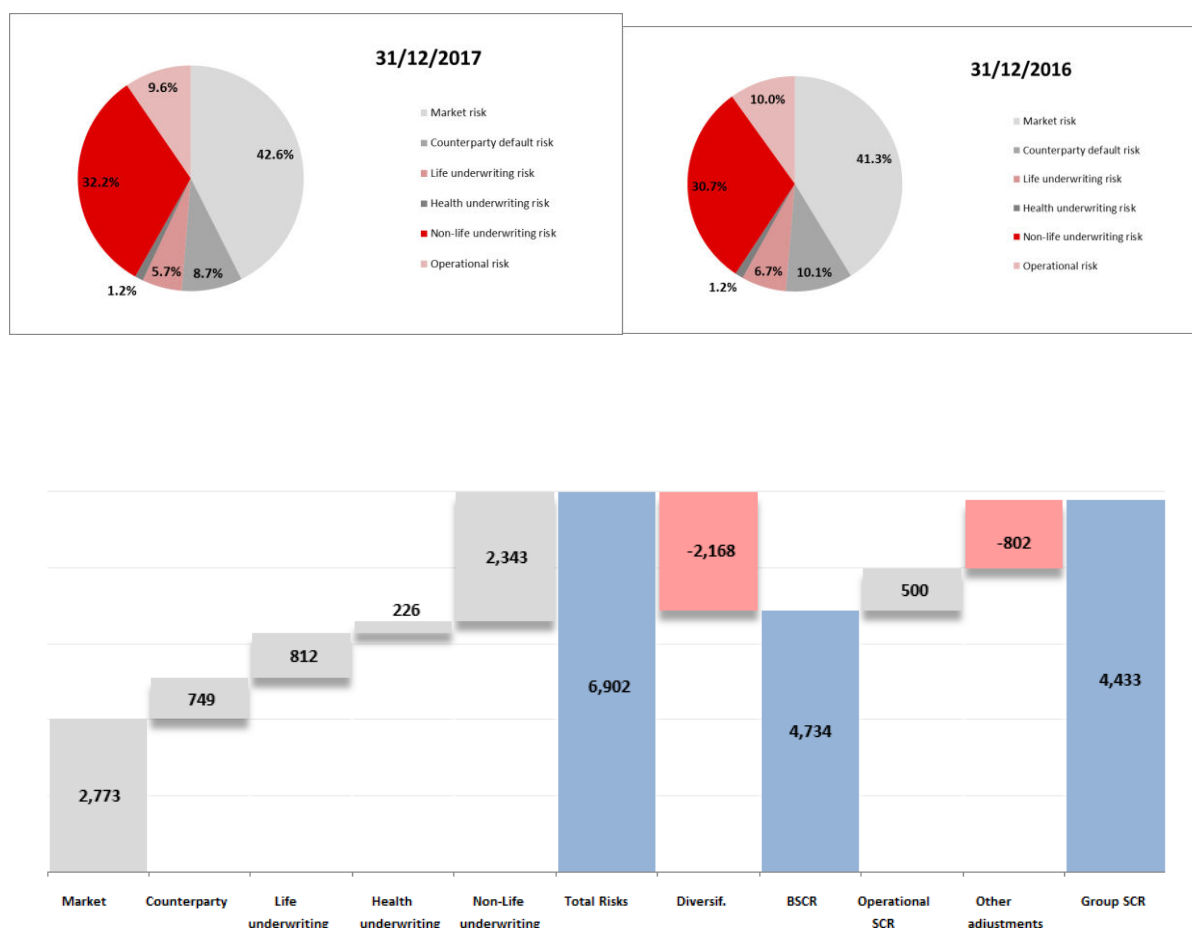
The Company's Board of Directors establishes its Risk Management Policy, which states the related policies and strategies adopted to manage the "three lines of defense" model.

Within this framework, MAPFRE S.A. structure is comprised of Areas which, in their respective frameworks, perform a number of independent supervisory activities within the scope of their respective areas with regard to assumed risks.

## Risk profile

Following the entry into force of the Solvency II regulations, MAPFRE RE calculates the Solvency Capital Requirement (SCR) in accordance with the methodology established in said regulations, involving the application of what is known as the standard formula.

The images below show the Company's risk profile composition for the various risk modules:



Figures in millions of euros

The preceding graph shows these elements grouped as "Other adjustments:"

- ✓ the loss-absorbing capacity of technical provisions, deferred taxes, and the assignment of the adjustment arising from aggregation of limited-availability funds and portfolio subject to reconciliation adjustments to the notional SCR amount,

- ✓ capital requirement for companies under similar regimes and other sectoral regimes,
- ✓ and requirements for non-controlled companies.

The main risks to which MAPFRE was exposed during 2017 were related to Non-Life and underwriting policies and the market, representing 74.8% of SCR risks. In 2017, the percentage related to Non-Life underwriting and market risk increased, while Life insurance underwriting, counterparty, and operational risk decreased.

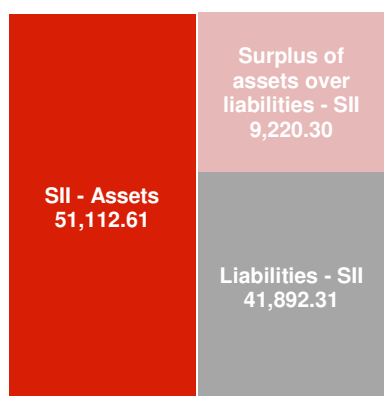
Other risks to which the Group is exposed are: liquidity, cybersecurity, new distribution channels, legal, and reputational.

In addition, the MAPFRE Group analyzes solvency sensitivity to certain events, the results of which help to confirm that the Group meets the solvency capital requirement even in adverse circumstances

## Valuation for solvency purposes

The total value of the assets under Solvency II regulations amounts to 51,112.61 million euros, whereas the valuation under accounting regulations amounts to 55,759.07 euros. The above difference chiefly arose from the measurement of goodwill, advance commissions, and other acquisition costs, as well as intangible assets, which are valued at 0 under Solvency II regulations, and to a lesser degree, the drop in the value of the recoverable amounts from reinsurance, which are measured based on market economy criteria under these standards.

The total value of the liabilities under Solvency II regulations is 41,892.31 million euros, vs. 46,430.67 million euros reflected under accounting standards. The main difference between both sets of regulations arises with respect to technical provisions, since under Solvency II they are measured using financial market criteria.



Figures in millions of euros

The total excess of assets vs. liabilities amounted to 9,220.30 million euros under Solvency II, which represented a 1.2% drop vs. results from using applicable accounting legislation in a comparable perimeter. As on December 31, 2017 this total surplus of assets over liabilities increased/declined by 1,270.54 million euros compared with the end of last year.

## Capital Management

The MAPFRE Group has an adequate structure and processes in place to manage and monitor its shareholders' equity, with a medium term capital management plan and policy, maintaining solvency margins within the limits set forth in the regulations and the Group's risk appetite.

The MAPFRE Group's required SCR amounted to 4,432.56 million euros (2016: 4,582.15 million), as follows:

	12/31/2017	12/31/2016
Solvency Capital Requirement (SCR)	4,432.56	4,582.15
Own funds eligible for SCR coverage	8,875.02	9,615.64
<b>Solvency ratio (SCR coverage)</b>	<b>200.2%</b>	<b>209.8%</b>

Figures in millions of euros

At year-end 2017, own funds eligible for SCR coverage totaled 8,875.02 million euros (2016: 9,615.64 million euros) considered unrestricted Tier 1 own funds apart from 599.32 million euros (2016: 606.51 million euros) corresponding to a Tier 2 subordinated debt issue. Tier 1 own funds includes 1,367.36 million euros (2016: 1,567.10 million euros) corresponding to companies included using the deduction/aggregation method.

The Group's solvency ratio reflecting the proportion of own funds held to cover SCR was 200.2% (2016: 209.8%), indicating its solid position for meeting its future commitments contemplating capital requirements established in Solvency II requirements.

To calculate its solvency ratio, the Group applied transitional measures on technical provisions, shares, and assets in currencies other than the euro, and reconciliation and volatility adjustments, as the reconciliation method is considered to be effective and in line with good practices for mitigating interest rate risk. Had it not applied these transitional measures and adjustments, the Group would still have own funds eligible for SCR coverage:

<b>Solvency Ratio 12/31/2017</b>	<b>200.2%</b>
Impact of the technical provisions transitional measures	-17.2 p.p.
Impact of transitional measures on shares	-3.1 p.p.
Impact of transitional measures on assets denominated in a currency other than the euro	0.0 p.p.
<b>Total ratio without transitional measures</b>	<b>179.9%</b>

<b>Solvency Ratio 12/31/2017</b>	<b>200.2%</b>
Impact of matching adjustment	-2.9 p.p.
Impact of volatility adjustment	-0.4 p.p.
<b>Total ratio without reconciliation and volatility adjustments</b>	<b>196.9%</b>

p.p.: percentage points



## A. Activity and results

### A.1. Activity

#### A.1.1. Name and legal status of the Group

MAPFRE S.A. is a limited liability company whose shares are listed on the stock exchange (included in the IBEX 35 index), and the parent company of a group of subsidiaries devoted to providing insurance activities in the Life and Non-Life segments, finance, securities investment, and services.

It was created in Spain, and its head office is at Carretera de Pozuelo, No. 52 in Majadahonda, just outside Madrid.

Appendix 1 reflects its holdings in Group, multi-group, and associated companies. (Template S.32.01.22)

MAPFRE S.A. is a subsidiary of CARTERA MAPFRE, S.L., a single-shareholder company which is wholly owned by Fundación MAPFRE.

An organization chart showing the MAPFRE Group's legal structure is shown below:



#### Supervision of the Company

The General Directorate for Insurance and Pension Funds (hereinafter DGSFP) is responsible for the financial supervision of the parent company since it is domiciled in Spain.

The DGSFP is located at Paseo de la Castellana 44, 28006 Madrid (Spain), and its website is [www.dgsfp.mineco.es](http://www.dgsfp.mineco.es).

The Group is also under the supervision of the Spanish National Securities and Exchange Commission (the "CNMV") as the shares of MAPFRE S.A. are listed on the Madrid and Barcelona stock exchanges.

The CNMV is located at Edison 4, 28006 Madrid (Spain), and its website is [www.cnmv.es](http://www.cnmv.es).

#### External Audit

On February 8, 2018, KPMG Auditores S.L. issued an unqualified opinion in its audit report on the Company's 2017 financial statements. It is located at Torre de Cristal, Paseo de la Castellana, 259 C, Madrid (Spain).



### Holders of qualified Company shares

MAPFRE S.A. is a subsidiary of CARTERA MAPFRE, S.L., a single-member company (hereinafter, "CARTERA MAPFRE"), which held 67.6% of the company's share capital in 2017, and in turn, CARTERA MAPFRE is wholly controlled by FUNDACIÓN MAPFRE (both are domiciled in Spain).

### Lines of business

The main business lines operated by the MAPFRE Group, in line with the list established in current Solvency II regulations are as follows:

- **Life insurance**
- **Automobile insurance**
- **Other Non-Life insurance**
- **Accepted Life and Non-Life reinsurance**
- **Other activities:** This corresponds to the results obtained from activities unrelated to the insurance business, and therefore is not included under any of the types defined in Appendix I of Delegated Regulation 2015/35 dated October 10, 2014.

### Geographical areas

MAPFRE is a multinational company chiefly devoted to insurance and reinsurance activities, and operates in 45 countries across the five continents. The Group's activities are performed through its Business Units, organizing the Insurance Business Units based on its Territorial and Regional Areas.

The IBERIA region coincides with the Iberian Regional Area, consisting of Spain and Portugal. The LATAM region is subdivided into the following Regional Areas: LATAM North (Costa Rica, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, and the Dominican Republic), and LATAM South: (Argentina, Colombia, Chile, Ecuador, Paraguay, Peru, Uruguay, and Venezuela). Its INTERNATIONAL Area is formed by the North American Regional Areas: Canada, USA, and Puerto Rico, EURASIA (grouping the European operations - apart from Spain and Portugal -, the Middle East, Africa, Australia, China, the Philippines, India, Indonesia, Japan, Malaysia, Singapore, and Taiwan).

## **A.1.2. Activities and/or events with a significant effect on the Company**

### ***Business-related events***

MAPFRE endeavors to be a trusted global insurance company encompassing its geographic presence and wide range of insurance and reinsurance products, and services it offers worldwide. In the markets in which it competes, MAPFRE's operations are based on a differentiated, in-house management model which is based on profitable growth with a clear customer focus on individuals and businesses, thanks to its multi-channel approach and deep vocation for service.

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During 2017, the combined ratio was 98.1% (2016: 97.4%), with the loss ratio for accepted premiums standing at 70.7% (2016: 70%).

The ROE index can be broken down as the proportion of net profit attributable to the parent company (less the share of non-controlling interests), and average treasury funds of 7.9% (2016: 8.8%).

Relevant events during 2017 include the following:

- The launch of Asset Management (MGP), a new business which offers financial investment solutions designed to earn profit on customer savings; it commenced its activity through its Madrid office launch.
- The Company successfully concluded the placement of 30-year subordinated debt securities with the option to sell after 10 years, amounting to 600 million euros at a fixed interest rate established at 4.375% during the first 10 years.
- Taking over control of the Indonesian insurance company PT ASURANSI BINA DANA ARTA TBK “ABDA” after receiving go-ahead from regulatory authorities for the purchase of a 31% additional investment in this company, by virtue of which MAPFRE now owns 51% of share capital.
- The launch of the German brand VERTI Versicherung AG was concluded.
- For the second consecutive time, through a public tender, MAPFRE MEXICO was granted the entire policy covering Petróleos Mexicanos (PEMEX) at a premium of \$545 million (approximately 479 million euros).
- The international expansion of the VERTI brand with the commencement of its activities in the USA.
- The acquisition of a 25% investment in the French asset management fund La Financière Responsable (LFR), which is a transaction within the framework of a company committed to responsible investment.

### ***Regulatory aspects***

The Group is analyzing the impact of IFRS 17 “Insurance Contracts,” and IFRS 9 “Financial Instruments,” which should be significant and applicable commencing January 1, 2021. These

standards were approved by the International Accounting Standards Board (IASB); IFRS 17 has not yet been adopted by the European Union.

## **A.2. Underwriting results**

The quantitative information relating to the underwriting activity and business in 2017 and 2016, by line of business, is presented below.

## Non-Life

	Business line: Non-Life insurance and reinsurance obligations (direct insurance and accepted proportional reinsurance)											
	Medical expense insurance		Income protection insurance		Worker's compensation insurance		Motor vehicle liability insurance		Other motor insurance		Marine, aviation, and transport insurance	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
<b>Accrued premiums</b>												
Gross amount - direct insurance	1,093.31	1,113.66	46.34	44.90	65.25	77.11	4,127.42	4,274.55	2,986.17	2,977.32	610.93	454.16
Gross amount - accepted proportional reinsurance	117.10	114.45	(0.00)	(0.00)	(0.09)	1.22	326.29	164.65	(12.87)	65.60	121.60	120.31
Gross amount- accepted non-proportional reinsurance												
Reinsurer quota share	31.08	28.85	4.12	3.43	2.61	5.43	433.80	347.36	123.75	151.19	404.54	264.90
Net amount	1,179.34	1,199.26	42.22	41.47	62.55	72.90	4,019.91	4,091.85	2,849.55	2,891.74	327.99	309.57
<b>Accepted premiums</b>												
Gross amount - direct insurance	1,056.30	1,073.60	44.66	38.24	64.91	75.47	4,139.25	4,188.53	2,862.41	2,972.33	492.85	481.25
Gross amount - accepted proportional reinsurance	112.39	115.64	(0.00)	(0.00)	(0.09)	0.41	254.74	163.60	(13.99)	65.84	120.86	117.31
Gross amount- accepted non-proportional reinsurance												
Reinsurers' quotas	29.35	28.68	4.18	1.82	2.42	5.14	388.25	346.75	119.92	146.69	285.73	274.74
Net amount	1,139.35	1,160.56	40.48	36.43	62.40	70.74	4,005.75	4,005.39	2,728.49	2,891.48	327.98	323.83
<b>Claims</b>												
Gross amount - direct insurance	811.20	874.76	420.81	6.91	59.31	56.68	3,109.59	3,307.76	2,069.19	2,181.93	339.41	384.77
Gross amount - accepted proportional reinsurance	78.76	76.74	0.00	(0.00)	(0.33)	(0.17)	162.00	175.72	(8.34)	40.77	81.41	106.17
Gross amount - accepted non-proportional reinsurance												
Reinsurer quota share	8.38	12.38	8.82	0.15	2.02	2.08	249.48	257.28	58.94	67.15	208.29	218.73
Net amount	881.58	939.11	411.98	6.77	56.95	54.43	3,022.11	3,226.20	2,001.91	2,155.55	212.54	272.22
<b>Variation in other technical provisions</b>												
Gross amount - direct insurance	0.50	(0.56)	0.01	0.01	1.23	1.66	0.56	0.40	1.12	(0.02)	1.66	-
Gross amount - accepted proportional reinsurance	-	-	-	-	-	-	-	-	-	-	-	-
Gross amount - accepted non-proportional reinsurance												
Reinsurer quota share	0.30	-	0.00	(0.00)	-	-	0.02	(0.02)	1.11	(0.01)	1.66	-
Net amount	0.20	(0.56)	0.01	0.01	1.23	1.66	0.54	0.43	0.01	(0.01)	0.00	-
<b>Expenses incurred</b>	256.12	230.64	8.47	9.69	26.59	18.68	1,246.40	852.80	1,102.91	898.39	118.77	100.67
<b>Other expenses</b>												
<b>Total expenses</b>												

	Business line: Non-Life insurance and reinsurance obligations (direct insurance and accepted proportional reinsurance)											
	Fire and other damage to property insurance		General civil liability insurance		Credit and suretyship insurance		Legal protection insurance		Assistance insurance		Various pecuniary losses	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
<b>Accrued premiums</b>												
Gross amount - direct insurance	5,093.22	4,659.13	430.73	342.60	40.27	65.47	3.51	3.99	316.87	351.28	150.11	164.19
Gross amount- accepted proportional reinsurance	1,117.18	1,052.92	45.48	89.45	143.16	153.57	0.03	-	415.83	468.28	212.55	233.45
Gross amount - accepted non-proportional reinsurance												
Reinsurer quota share	2,236.16	1,865.20	157.81	112.32	73.50	115.12	0.34	2.94	9.27	73.56	141.58	165.19
Net amount	3,974.24	3,846.85	318.41	319.73	109.94	103.92	3.20	1.05	723.43	746.00	221.08	232.45
<b>Accepted premiums</b>												
Gross amount - direct insurance	4,885.28	4,783.30	394.16	368.07	50.62	58.64	3.94	4.31	323.22	348.45	160.35	160.09
Gross amount - accepted proportional reinsurance	1,067.72	1,057.55	51.10	83.18	140.02	138.22	0.01	0.00	411.65	463.69	187.71	200.79
Gross amount - accepted non-proportional reinsurance												
Reinsurer quota share	2,096.91	1,986.21	121.66	123.77	89.61	84.76	1.56	3.25	8.57	74.73	124.82	149.54
Net amount	3,856.09	3,854.64	323.60	327.48	101.03	112.10	2.39	1.06	726.31	737.41	223.25	211.35
<b>Claims</b>												
Gross amount - direct insurance	3,350.61	2,262.85	229.32	257.07	76.98	25.96	1.13	(0.12)	178.65	196.37	101.84	113.91
Gross amount - accepted proportional reinsurance	794.11	531.65	45.74	42.04	73.47	106.20	0.00	0.00	217.63	260.13	42.78	43.90
Gross amount - accepted non-proportional reinsurance												
Reinsurer quota share	1,319.82	731.58	42.12	74.37	31.02	97.29	0.36	(0.25)	6.27	34.12	33.14	51.61
Net amount	2,824.89	2,062.93	232.95	224.73	119.43	34.87	0.78	0.13	390.00	422.38	111.47	106.20
<b>Variation in other technical provisions</b>												
Gross amount - direct insurance	-	(7.11)	-	-	-	0.03	-	(0.00)	-	(0.01)	-	0.01
Gross amount - accepted proportional reinsurance	-	-	-	-	-	-	-	-	-	-	-	-
Gross amount - accepted non-proportional reinsurance												
Reinsurer quota share	86.03	(7.15)	4.22	(0.00)	6.26	-	0.00	(0.00)	0.02	(0.00)	-	-
Net amount	(86.03)	0.04	(4.22)	0.00	(6.26)	0.03	(0.00)	(0.00)	(0.02)	(0.01)	-	0.01
<b>Expenses incurred</b>	1,385.94	1,087.99	118.77	106.85	37.49	22.29	2.26	0.22	300.19	251.22	152.09	112.97
<b>Other expenses</b>												
<b>Total expenses</b>												

	Business line: accepted non-proportional reinsurance								Total	
	Illness		Casualty		Marine, aviation and transport		Damage to goods			
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Accrued premiums										
Gross amount - direct insurance									14,964.14	14,528.34
Gross amount - accepted proportional reinsurance									2,486.27	2,463.91
Gross amount - accepted non-proportional reinsurance	19.27	18.96	53.23	57.00	18.47	21.05	251.35	260.63	342.33	357.64
Reinsurer quota share	0.61	0.00	15.55	0.02	7.05	0.01	236.40	0.24	3,878.16	3,398.27
Net amount	18.66	18.23	37.68	37.39	11.43	13.78	14.95	25.46	13,914.59	13,951.62
Accepted premiums										
Gross amount - direct insurance									14,477.94	14,552.29
Gross amount- accepted proportional reinsurance									2,332.14	2,406.23
Gross amount - accepted non-proportional reinsurance	30.45	20.35	148.20	38.91	28.71	20.38	408.89	261.27	616.24	340.92
Reinsurer quota share	0.56	0.74	15.11	19.21	7.25	6.77	235.12	232.67	3,531.00	3,485.47
Net amount	29.88	19.61	133.09	19.69	21.46	13.61	173.77	28.60	13,895.32	13,813.97
Claims										
Gross amount - direct insurance									10,748.04	9,668.86
Gross amount - accepted proportional reinsurance									1,487.24	1,383.16
Gross amount - accepted non-proportional reinsurance	23.85	14.50	125.44	21.54	17.56	14.69	205.70	149.02	372.55	199.75
Reinsurer quota share	(0.05)	(0.05)	0.51	21.90	1.85	(1.17)	806.75	17.84	2,777.75	1,585.01
Net amount	23.89	14.55	124.93	(0.36)	15.71	15.86	(601.05)	131.18	9,830.08	9,666.76
Variation in other technical provisions										
Gross amount - direct insurance									5.08	(5.59)
Gross amount - accepted proportional reinsurance									-	-
Gross amount - accepted non-proportional reinsurance	-	-	-	-	-	-	-	-	-	-
Reinsurer quota share	-	-	-	-	-	-	-	-	99.62	(7.19)
Net amount	-	-	-	-	-	-	-	-	(94.54)	1.60
Expenses incurred	1.25	0.92	4.05	3.04	1.61	1.58	24.84	21.66	4,787.77	3,719.60
Other expenses									80.50	85.22
Total expenses									4,868.27	3,804.82

## Life

	Business line: Life insurance and reinsurance obligations (direct insurance and accepted proportional reinsurance)										Total	
	Health insurance		Profit-sharing insurance		Insurance linked to investment indexes and funds		Other Life insurance		Life reinsurance			
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Accrued premiums												
Gross amount	186.65	183.36	931.83	903.45	603.76	441.82	3,353.27	3,293.92	612.43	640.74	5,687.95	5,463.28
Reinsurer quota share	3.93	11.52	0.61	0.64	3.36	0.51	132.85	124.20	45.54	58.71	186.28	195.58
Net amount	182.72	171.84	931.23	902.81	600.40	441.30	3,220.42	3,169.72	566.89	582.03	5,501.66	5,267.70
Accepted premiums												
Gross amount	189.78	190.19	932.35	905.22	604.00	442.78	3,328.80	3,350.44	557.97	539.30	5,612.90	5,427.93
Reinsurer quota share	9.51	18.10	0.64	0.69	3.07	0.36	141.82	124.53	43.52	60.00	198.57	203.67
Net amount	180.27	172.10	931.71	904.53	600.93	442.42	3,186.98	3,225.92	514.44	479.29	5,414.33	5,224.26
Claims												
Gross amount	103.23	96.99	880.78	762.80	155.89	375.23	2,220.33	2,562.92	489.46	450.67	3,849.69	4,248.62
Reinsurer quota share	7.02	0.81	0.73	0.44	0.12	0.66	70.34	58.65	25.22	41.86	103.43	102.42
Net amount	96.21	96.18	880.05	762.36	155.77	374.58	2,149.99	2,504.27	464.24	408.81	3,746.26	4,146.20
Variation in other technical provisions												
Gross amount	23.39	(12.02)	275.70	(395.62)	229.48	382.63	(141.99)	473.94	(0.71)	(21.42)	385.87	427.52
Reinsurer quota share	(0.94)	1.11	(1.62)	(0.11)	(318.35)	100.90	(97.11)	(57.65)	-	4.67	(418.03)	48.92
Net amount	24.33	(13.13)	277.32	(395.50)	547.83	281.73	(44.88)	531.60	(0.71)	(26.09)	803.90	378.60
Expenses incurred	76.99	60.87	147.07	107.48	33.93	(4.25)	1,478.61	1,018.81	131.69	97.44	1,868.30	1,280.35
Other expenses											49.08	32.83
Total expenses											1,917.38	1,313.18



The preceding tables only show the business lines operated by the Group: the business lines in which it does not operate have been eliminated.

The MAPFRE Group ended 2017 with consolidated net accepted premiums totaling 19,309.65 million euros (2016: 19,038.23 million euros). Premium trends fall under the Group's strategy of "profitable growth", designed to improve the profitability of Non-Life insurance.

The Group distribution of these net accepted premiums is as follows: 13,895.32 million euros in Non-Life (2016: 13,813.97 million euros) and 5,414.33 million euros in Life (2016: 5,224.26 million euros) in accordance with the business line classifications established in Solvency II.

The weight of the Non-Life insurance business represents 72% of the Group's total net accepted premiums (2016: 73%) vs. 28% for the Non-Life business segment (2016: 27%).

"Motor vehicle liability insurance" is the Group's most significant segment, with 4,007.75 million euros in net accepted premiums, representing 29% of Non-Life premiums and 21% of total accepted Group premiums, followed by "Fire and other P&C damage insurance" with 3,974.24 million euros in Non-Life net accepted premiums, or 29% of the Group's total Non-Life net accepted premiums, and 21% of total Group net accepted premiums.

There were no significant changes in the Group's key lines of business.

The quantitative information relating to the underwriting activity and business in 2017 and 2016, by line of business, is presented below.

## Non-Life Business

	Spain		Brazil		United States of America		Turkey	
	2017	2016	2017	2016	2017	2016	2017	2016
Accrued premiums								
Gross amount - direct insurance	4,595.03	4,448.25	2,999.55	2,828.24	2,180.19	2,186.38	622.19	849.16
Gross amount - accepted proportional reinsurance	732.24	725.54	0.21	41.38	613.13	698.30	67.18	63.01
Gross amount - accepted non-proportional reinsurance	94.79	91.34	-	-	83.82	90.42	0.70	1.38
Reinsurer quota share	(1,147.27)	(1,139.94)	(756.27)	(723.72)	(800.82)	(835.94)	(179.03)	(192.49)
<b>Net amount</b>	<b>4,274.79</b>	<b>4,125.19</b>	<b>2,243.48</b>	<b>2,145.90</b>	<b>2,076.32</b>	<b>2,139.16</b>	<b>511.04</b>	<b>721.06</b>
Accepted premiums								
Gross amount - direct insurance	4,551.86	4,453.07	2,959.58	2,945.03	2,167.35	2,129.16	664.78	768.60
Gross amount - accepted proportional reinsurance	737.76	703.32	0.22	33.95	602.27	636.36	52.00	62.25
Gross amount - accepted non-proportional reinsurance	99.78	91.92	-	-	131.32	89.68	0.76	1.40
Reinsurer quota share	(1,208.96)	(1,137.62)	(750.84)	(757.38)	(785.31)	(777.27)	(165.44)	(176.90)
<b>Net amount</b>	<b>4,180.44</b>	<b>4,110.69</b>	<b>2,208.97</b>	<b>2,221.61</b>	<b>2,115.63</b>	<b>2,077.95</b>	<b>552.09</b>	<b>655.36</b>
Claims								
Gross amount - direct insurance	2,865.00	2,775.97	1,684.34	1,624.86	1,382.72	1,330.36	490.46	492.72
Gross amount - accepted proportional reinsurance	510.09	445.81	0.10	8.07	271.86	299.16	39.28	38.97
Gross amount - accepted non-proportional reinsurance	210.24	17.97	-	-	75.95	25.17	0.01	0.00
Reinsurer quota share	(880.13)	(614.79)	(396.21)	(311.60)	(311.16)	(324.59)	(115.00)	(37.24)
<b>Net amount</b>	<b>2,705.20</b>	<b>2,624.95</b>	<b>1,288.22</b>	<b>1,321.34</b>	<b>1,419.37</b>	<b>1,330.10</b>	<b>414.76</b>	<b>494.45</b>
Variation in other technical provisions								
Gross amount - direct insurance	2.04	1.48	(0.20)	(9.14)	-	-	-	-
Gross amount - accepted proportional reinsurance	0.00	-	-	-	-	-	-	-
Gross amount - accepted non-proportional reinsurance	-	-	-	-	-	-	-	-
Reinsurer quota share	(0.02)	-	0.58	8.82	-	-	-	-
<b>Net amount</b>	<b>2.03</b>	<b>1.48</b>	<b>0.38</b>	<b>(0.32)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Expenses incurred	1,272.37	1,178.83	885.24	816.11	769.20	761.36	112.33	132.21
Other expenses	4.44	61.35	-	0.80	-	-	-	-
<b>Total expenses</b>	<b>1,276.81</b>	<b>1,240.18</b>	<b>885.24</b>	<b>816.91</b>	<b>769.20</b>	<b>761.36</b>	<b>112.33</b>	<b>132.21</b>

Millions of euros

	Germany		Italy		Total of 5 main countries and country of origin	
	2017	2016	2017	2016	2017	2016
Accrued premiums						
Gross amount - direct insurance	310.68	290.59	489.97	484.86	11,197.62	11,087.48
Gross amount - accepted proportional reinsurance	277.06	226.68	317.18	197.02	2,007.00	1,951.93
Gross amount - accepted non-proportional reinsurance	29.23	29.39	15.44	13.49	223.98	226.01
Reinsurer quota share	(240.66)	(270.62)	(373.60)	(279.92)	(3,497.65)	(3,442.62)
<b>Net amount</b>	376.32	367.82	449.00	415.44	9,930.95	9,914.57
Accepted premiums						-
Gross amount - direct insurance	303.81	373.86	408.52	430.36	11,055.90	11,100.08
Gross amount - accepted proportional reinsurance	279.47	236.62	262.41	193.95	1,934.13	1,866.47
Gross amount - accepted non-proportional reinsurance	51.14	27.97	30.69	13.31	313.69	224.28
Reinsurer quota share	(240.21)	(273.84)	(338.66)	(284.09)	(3,489.41)	(3,407.09)
<b>Net amount</b>	394.22	364.61	362.96	353.54	9,814.31	9,783.74
Claims						-
Gross amount - direct insurance	217.60	240.20	259.44	296.49	6,899.57	6,760.60
Gross amount - accepted proportional reinsurance	187.14	142.28	196.81	121.50	1,205.28	1,055.79
Gross amount - accepted non-proportional reinsurance	31.33	15.89	18.66	4.32	336.20	63.35
Reinsurer quota share	(117.91)	(130.01)	(222.32)	(171.17)	(2,042.74)	(1,589.41)
<b>Net amount</b>	318.16	268.36	252.59	251.14	6,398.31	6,290.34
Variation in other technical provisions						-
Gross amount - direct insurance	0.11	-	-	-	1.96	(7.66)
Gross amount - accepted proportional reinsurance	-	-	-	-	0.00	-
Gross amount - accepted non-proportional reinsurance	-	-	-	-	-	-
Reinsurer quota share	(0.02)	-	-	-	0.54	8.82
<b>Net amount</b>	0.09	-	-	-	2.50	1.16
Expenses incurred	80.77	84.68	135.98	177.13	3,255.89	3,150.31
Other expenses	-	5.84	-	0.06	4.44	68.05
<b>Total expenses</b>	80.77	41.16	135.98	177.19	3,260.33	3,169.00

Millions of euros

## Life Business

	Spain		Brazil		Malta		Portugal	
	2017	2016	2017	2016	2017	2016	2017	2016
Accrued premiums								
Gross amount	2,294.77	2,296.82	1,553.78	1,503.33	290.71	274.74	273.23	151.35
Reinsurer quota share	(44.80)	(44.65)	(5.79)	(4.85)	(3.42)	(3.11)	(3.01)	(2.20)
<b>Net amount</b>	2,249.97	2,252.17	1,548.00	1,498.48	293.89	271.63	274.14	149.15
Accepted premiums								
Gross amount	2,295.72	2,295.43	1,531.62	1,559.10	290.71	274.74	272.67	150.95
Reinsurer quota share	(44.04)	(46.91)	(5.79)	(4.85)	(3.42)	(3.11)	(2.99)	(2.20)
<b>Net amount</b>	2,251.69	2,248.53	1,525.83	1,554.25	293.89	271.63	273.59	148.75
Claims								
Gross amount	2,341.91	2,833.33	419.48	433.29	135.10	143.65	73.67	67.96
Reinsurer quota share	(31.59)	(23.99)	(4.84)	(3.99)	(1.32)	(1.60)	(2.26)	(0.72)
<b>Net amount</b>	2,310.32	2,809.33	414.64	429.30	136.45	142.04	75.26	67.24
Variation in other technical provisions								
Gross amount	(292.77)	(263.45)	232.84	285.51	185.27	176.57	194.91	76.19
Reinsurer quota share	414.51	(40.77)	-	-	1.09	1.37	0.06	(2.19)
<b>Net amount</b>	121.74	(304.22)	232.84	285.51	186.36	177.93	194.97	74.01
Expenses incurred	684.79	652.41	691.47	623.90	25.74	22.64	26.35	24.01
Other expenses	4.44	59.93	-	0.80	-	-	-	-
<b>Total expenses</b>	689.22	712.34	691.47	624.69	25.74	22.64	26.35	24.01

Millions of euros

	France		Mexico		Total of 5 main countries and country of origin	
	2017	2016	2017	2016	2017	2016
Accrued premiums						
Gross amount	272.94	295.58	160.73	147.00	4,846.16	4,668.82
Reinsurer quota share	(5.20)	(11.46)	(3.18)	(8.95)	(65.41)	(75.23)
<b>Net amount</b>	267.74	284.11	157.54	138.05	4,791.28	4,593.59
Accepted premiums						
Gross amount	261.82	292.50	164.56	153.16	4,817.11	4,725.89
Reinsurer quota share	(5.18)	(11.50)	(8.26)	(15.24)	(69.68)	(83.80)
<b>Net amount</b>	256.64	281.01	156.30	137.92	4,757.95	4,642.09
Claims						
Gross amount	235.71	265.02	89.86	77.90	3,295.74	3,821.13
Reinsurer quota share	(3.80)	(10.57)	(6.10)	(0.58)	(49.91)	(41.45)
<b>Net amount</b>	231.91	254.44	83.76	77.31	3,252.35	3,779.68
Variation in other technical provisions						
Gross amount	-	-	-	-	320.25	274.83
Reinsurer quota share	-	-	25.09	7.95	440.74	(33.64)
<b>Net amount</b>	-	-	25.09	7.95	760.99	241.18
Expenses incurred	59.95	72.01	62.95	64.54	1,551.25	1,459.51
Other expenses	-	-	-	-	4.44	60.72
<b>Total expenses</b>	59.95	72.01	62.95	64.54	1,555.69	1,520.24

Millions of euros

As far as distribution by MAPFRE Group geographic areas goes, the preceding tables show that the highest volume of premiums is generated in Spain, with net accepted Non-Life premiums totaling 4,180.44 million euros (2016: 4,110.69 million euros), and 2,251.69 million euros for Life (2016: 2,248.53 million euros). Brazil follows with 2,208.97 million euros in net accepted premiums for Non-Life (2016: 2,221.61 million euros), and 1,525.83 million euros for Life (2016: 1,554.25 million euros). Net accepted premiums in the US also were noteworthy, with 2,115.63 million euros in Non-Life (2016: 2,077.95 million euros).

The German Non-Life insurance business during the year (394.22 million euros) was included in the ranking of the top countries, thereby pushing Mexico off the list (328.89 million euros); this was mainly due to the fact that during 2017, automobile segment premiums dropped 15.5% in the country in terms of Mexican pesos as a result of the application of more stringent underwriting policies, tariff adjustments, and the non-renewal of unprofitable contracts, such as the Health segment, which fell 1% in premiums in Mexican pesos as underperforming contracts were not renewed.

### A.3. Performance of investments

#### A.3.1. Information on income and expenses arising from investments by asset type:

The following is a breakdown of quantitative information on investment income and expenses:

Interest, dividends, and similar income	2017	2016
<b>INVESTMENT INCOME</b>		
Property Investments	43.37	51.17
Income from the held-to-maturity portfolio	202.44	240.90
Income from the available-for-sale portfolio	1,216.75	1,359.23
Income from the trading portfolio	372.81	323.06
Other financial returns	246.86	227.29
<b>TOTAL INVESTMENT INCOME</b>	<b>2,082.23</b>	<b>2,201.65</b>
<b>REALIZED AND UNREALIZED GAINS</b>		
<b>Net realized gains</b>		
Property investments	53.71	121.84
Available-for-sale portfolio financial investments	312.18	378.12
Trading portfolio financial investments	34.14	8.59
Other	2.48	24.46
<b>Net unrealized gains</b>		
Increase in the fair value of the trading portfolio and derivative profits	71.15	61.3
Other	3.26	11.64
<b>TOTAL GAINS</b>	<b>476.92</b>	<b>605.95</b>
<b>OTHER FINANCIAL INCOME FROM THE INSURANCE BUSINESS</b>		
<b>OTHER FINANCIAL INCOME FROM THE INSURANCE BUSINESS</b>		
Gains on investments on behalf of policyholders bearing the investment risk	131.02	145.38
Positive foreign exchange differences	1,039.86	706.00
Other	32.04	32.45
<b>TOTAL OTHER FINANCIAL INCOME FROM THE INSURANCE BUSINESS</b>	<b>1,202.92</b>	<b>883.84</b>
<b>TOTAL INCOME FROM THE INSURANCE BUSINESS</b>	<b>3,762.07</b>	<b>3,691.44</b>
<b>FINANCIAL INCOME FROM OTHER ACTIVITIES</b>	<b>97.59</b>	<b>91.44</b>
<b>TOTAL FINANCIAL INCOME</b>	<b>3,859.66</b>	<b>3,782.89</b>

Figures in millions of euros

<b>Financial Expenses</b>	<b>2017</b>	<b>2016</b>
<b>INVESTMENT EXPENSES</b>		
Property Investment	29.92	30.41
Expenses from held-to-maturity portfolio	0.99	3.86
Expenses from available-for-sale portfolio	155.30	241.18
Expenses from trading portfolio	139.99	95.96
Other financial expenses	170.78	133.79
<b>TOTAL EXPENSES FROM INVESTMENTS</b>	<b>496.98</b>	<b>505.2</b>
<b>REALIZED AND UNREALIZED LOSSES</b>		
<b>Net realized losses</b>		
Property investments	6.02	4.45
Available-for-sale portfolio financial investments	57.87	79.39
Trading portfolio financial investments	17.16	5.93
Other	2.19	13.16
<b>Unrealized losses</b>		
Decrease in the fair value of the trading portfolio and losses on derivatives	91.40	1.44
Other	1.02	0.91
<b>TOTAL LOSSES</b>	<b>175.66</b>	<b>105.28</b>
<b>OTHER FINANCIAL EXPENSES FROM THE INSURANCE BUSINESS</b>		
<b>OTHER FINANCIAL EXPENSES FROM THE INSURANCE BUSINESS</b>		
Losses on investments on behalf of policyholders bearing the investment risk	8.47	25.83
Exchange losses	1,019.39	626.50
Other	162.66	121.05
<b>TOTAL OTHER FINANCIAL EXPENSES FROM THE INSURANCE BUSINESS</b>	<b>1,190.52</b>	<b>773.37</b>
<b>TOTAL EXPENSES FROM THE INSURANCE BUSINESS</b>	<b>1,863.16</b>	<b>1,383.85</b>
<b>FINANCIAL EXPENSES FROM OTHER ACTIVITIES</b>	<b>99.81</b>	<b>84.17</b>
<b>TOTAL FINANCIAL EXPENSES</b>	<b>1,962.97</b>	<b>1,468.02</b>

Figures in millions of euros

<b>TOTAL INCOME FROM THE INSURANCE BUSINESS</b>	<b>3,762.07</b>	<b>3,691.44</b>
<b>TOTAL EXPENSES FROM THE INSURANCE BUSINESS</b>	<b>1,863.16</b>	<b>1,383.85</b>
<b>FINANCIAL RESULT FROM THE INSURANCE BUSINESS</b>	<b>1,898.91</b>	<b>2,307.59</b>
<b>TOTAL INCOME FROM OTHER ACTIVITIES</b>	<b>97.59</b>	<b>91.44</b>
<b>TOTAL EXPENSES FROM OTHER ACTIVITIES</b>	<b>99.81</b>	<b>84.17</b>
<b>TOTAL FINANCIAL RESULT FROM OTHER ACTIVITIES</b>	<b>-2.22</b>	<b>7.27</b>
<b>TOTAL FINANCIAL RESULTS</b>	<b>1,896.69</b>	<b>2,314.86</b>

Figures in millions of euros

Net income from property and the insurance business investments totaled 1,898.91 million euros (2016: 2,307.59 million euros), representing 8.1% of written direct and accepted insurance premiums (2016: 10.1%). Of this income, 319.27 million euros corresponded to net income (2016: 430.08 million euros). Changes in financial investments arise during the business management process; there were no significant changes in investment management policies.

Over the year, the investment strategy followed for freely-managed managed portfolios was geared toward a slight disinvestment in fixed income assets and implementing positions in variable income assets, and to a lesser degree, alternative assets. However, during the last quarter, given the market



situation, a decision was taken to slightly reduce exposure to variable income and leverage the tension on Spanish bonds to establish positions. As far as portfolio diversification goes, the investment portfolio's exposure to public and corporate debt dropped 57.2% and 20.2% during the year to 55.0% and 19.2% respectively, including the market effect. Exposure to Equities and Mutual Funds increased from 6.5% to 8.1% over the year.

### A.3.2. Information regarding losses and gains recognized under equity

There follows quantitative information regarding income and expenses arising from investments broken down by type of asset, and recognized directly in equity in millions of euros during 2017 and 2016:

Investments	Income recognized in equity		Losses recognized in equity		Net difference	
	2017	2016	2017	2016	2017	2016
<b>Financial Investments</b>	<b>495.01</b>	<b>929.73</b>	<b>(732.33)</b>	<b>(743.49)</b>	<b>(237.32)</b>	<b>186.24</b>
Fixed Income	470.07	776.49	(730.00)	(743.49)	(259.93)	33.00
Equities and Mutual Funds	24.94	153.24	(2.33)	--	22.61	153.24
<b>Shadow accounting</b>	<b>254.17</b>	<b>--</b>	<b>--</b>	<b>(189.09)</b>	<b>254.17</b>	<b>(189.09)</b>
<b>Other adjustments</b>	<b>--</b>	<b>25.33</b>	<b>(50.83)</b>	<b>--</b>	<b>(50.83)</b>	<b>25.33</b>
<b>TOTAL</b>		<b>955.06</b>		<b>(932.58)</b>	<b>(33.98)</b>	<b>22.48</b>

Figures in millions of euros

Equities and Mutual Funds had a greater effect on net equity with recognized profits of 24.9 million euros (2016: 153.2 million euros). The fixed income portfolio had a net effect on equity of (259.93) million euros (2016: 33.0 million euros).

### A.3.3. Information about asset securitization

The MAPFRE Group does not own any asset securitizations at significant amounts.

## A.4. Performance of other activities

### A.4.1 Other income and expenses

During recent years, the MAPFRE Group incurred in the following income and operating expenses from other activities:

	2017	2016
<b>Other income</b>	363.02	361.80
<b>Other expenses</b>	489.79	498.57

Figures in millions of euros

Income and expenses from other activities are mainly from the MAPFRE Group's MAPFRE INVERSIÓN business, MAPFRE ASISTENCIA companies, devoted to providing services, and businesses in other areas in Spain (Burial Services and other activities), Argentina, Brazil, and Mexico.

## **A.4.2 Lease Agreements**

### Finance leases

The MAPFRE Group does not have any significant finance leases.

### Operating Leases

The Group is involved as both a lessor and a lessee in the operational leasing of real estate and other items of property, plant, and equipment.

Due to the entry into force of IFRS 16 "Leases," to be applied for fiscal years which begin after January 1, 2019, a new impact assessment on the financial statements for the first year of implementation has been conducted, based on current market conditions and the lease agreements in force.

## **A.5 Other information**

### Significant corporate aspects

#### *SALE OF DUERO VIDA AND DUERO PENSIONES SHARES*

On June 8, 2017, MAPFRE VIDA and Banco CEISS entered into a share purchase-sale agreement by virtue of which MAPFRE transferred the entirety of its investment held through its subsidiary MAPFRE VIDA, representing 50% of the share capital, in the UNION DUERO VIDA and DUERO PENSIONES companies, for an overall price of 141.7 million euros.

At the date of formalization of the contract, control of both companies was lost, such that the income and expenses of same reflected in the accounts correspond solely to the first five months of the year. Under the heading of "Assets classified as held for sale" in the balance sheet, only the fair value of the asset deriving from the sale agreement is shown, resulting in a net accounting gain of 5.8 million euros.

The transaction was definitively closed in March of 2018, after securing the relevant regulatory authorizations.

#### **ABDA ACQUISITION**

MAPFRE gained control of ABDA in June, and in line with Indonesian regulations, made a full takeover bid. In September, the above takeover bid for the ABDA shares terminated, with MAPFRE then owning a 62.3% investment in this company.

The acquisition of 42.3% of ABDA's share capital during 2017 represented the disbursement of 121 million euros.

#### **PORTFOLIO GUARANTEE AGREEMENT BETWEEN MAPFRE GLOBAL RISKS AND SOLUNION**

During the month of December, MAPFRE GLOBAL RISKS and SOLUNION signed an agreement by virtue of which MAPFRE GLOBAL RISKS agreed to carry out the necessary actions to ensure that its current surety insurance customers renew their policies with SOLUNION starting January 1, 2018, with the result that it will no longer operate in this segment, with its activity limited to managing the run-off.

The consideration paid under this agreement was extraordinary income totaling 5 million euros before tax for the Group.

## B. System of Governance

### B.1. General Information on the system of governance

The MAPFRE Group has guidelines on its Institutional, Business, and Organizational Principles, and also on the MAPFRE subsidiaries' Boards of Directors, approved by the MAPFRE S.A. Boards of Directors; its bylaws and the Regulations of the Board of Directors together define the structure, composition, and functions of its governing bodies.

All its governing bodies ensure the Group's appropriate strategic commercial and operational management enabling it to respond to any issues which might arise throughout its different organizational levels and business and corporate environment in a timely and sufficient manner.

#### B.1.1 MAPFRE Group Good Governance Code

The following outlines the main functions and responsibilities of MAPFRE S.A.'s governing and supervisory bodies:

- **Annual General Meeting:** the most senior governing body, in that its decisions bind all shareholders. Both ordinary and extraordinary Annual General Meetings are called by the Board of Directors.
  - **Board of Directors:** directs, manages, and represents the Company and its subsidiaries, and has full powers of representation, regulation, and management. It is the MAPFRE Group's topmost decision-making and supervisory organ, and carries out the overall supervision of its subsidiaries. MAPFRE S.A.'s Board of Directors includes an Steering Committee and three Delegate Committees (Audit and Compliance Committee, Appointments and Remuneration Committee, and Risk Committee, to be explained in this section), which establishes their roles as well as that of the Steering Committee.
- MAPFRE S.A.'s Board is responsible for establishing and overseeing the appropriate communication mechanisms as well as relationships with shareholders and investors.
- **Steering Committee:** the Board of Directors' delegate body with responsibility for coordinating and permanently supervising the management of the Company and its subsidiaries and operations, so as to make the necessary decisions for its correct functioning. It has generalized decision-making capacity, with express power in representation of all the powers granted by the Board of Directors apart from any which cannot legally be delegated, or when so indicated in MAPFRE S.A.'s bylaws or Board of Directors Regulations.
  - **Audit and Compliance Committee:** the Board of Directors' delegate body with functions including informing the General Meeting of Shareholders on matters within its competence, the effectiveness of its Internal Control, Internal Audit Procedures, and Risk Management Systems, discuss significant weaknesses with the auditors of the financial statements, supervise preparation processes, and present regulated financial information, etc. It is also in charge of overseeing that the Company and the MAPFRE Group correctly apply internal and external good governance codes.
  - **Appointments and Remuneration Committee:** the Board of Directors' delegate body in charge of the coordinated enactment of the Appointments and Remuneration of the MAPFRE Group's board members and senior managers, and its functions encompasses assessing their competencies and expertise necessary for belonging to the Board, and defines the necessary functions and skills for candidates under consideration for covering each vacant position, while setting gender-representation objectives for the Board, preparing approaches on how to reach them.

- **Risk Committee:** this is the Board of Directors' delegate body in charge of supporting and advising the organ in the definition and evaluation of risk management policies and in determining propensity to risk and strategies to combat them.
- **Executive Committee:** reports to the Steering Committee on the development and execution of the Committee's decisions, prepare proposals for decisions and plans for approval, and adopt ordinary management decisions within its scope of responsibility at any given time, within the powers granted aimed at coordinated and synergistic management of the MAPFRE Group's day-to-day operations.

### **B.1.2. Key functions**

In accordance with the terms outlined in prevailing legislation, during its meeting held on February 11, 2014, MAPFRE S.A.'s Board of Directors approved its Actuarial, Compliance, and Risk Management policies; its Internal Audit Policies were approved during the meeting held on December 17, 2015 (having made the final changes to the Actuarial, Compliance, and Internal Audit Policies on December 21, 2017, and its Risk Management Policies on January 26, 2017). These policies ensure the operational independence of the key functions and their direct reporting to the governing body, which delegates the authority necessary to support those functions. The governing body receives reports at least annually from the responsible areas at the Company. The names of the parties responsible for the key functions have been reported to the Directorate-General for Insurance and Pension Funds.

The key functions have the resources that are necessary to correctly perform the functions assigned to them under their respective policies.

MAPFRE S.A.'s Board of Directors is also the most senior body responsible for its Internal Control System; in conjunction with the Company's parties responsible for Internal Control, they oversee its correct implementation, with the following tasks:

- To establish objectives and strategic plans to meet them.
- To boost and foster a common internal control framework to be applied to ensure the establishment and functioning of an effective Internal Control System.
- To approve the Internal Control Policies which establish its norms, procedures, and directives, periodically reviewing them to make any modifications deemed necessary.
- To regularly and periodically receive and analyze data on the Internal Control System's presence and functioning, including all its com.
- To adopt the necessary measures to correct any situations considered inappropriate to ensuring that the Internal Control System functions correctly.

### **B.1.3. Relevant resolutions adopted by shareholders at a General Meeting and the Board of Directors**

There were no significant changes in the governance system with respect to 2017.

### **B.1.4. Remuneration**

Remuneration paid to the Group's management and employees is determined in accordance with what is set forth in the regulations in force and the Company compensation policy approved by the Board of Directors on December 1, 2015, and was reviewed on December 21, 2016.

These policies endeavor to establish adequate compensation based on the post or position, as well as performance, to thereby foster sufficient and effective risk management, making it unattractive to

assume risks that exceed the Company's tolerance level and to avoid conflicts of interest. Its general principles are as follows:

- It is based on the job position and includes measures to avoid any conflicts of interest that may arise.
- It takes into account merit, technical knowledge, professional skills and performance.
- It guarantees equality, irrespective of gender, race or ideology.
- It is transparent, since it is known by all affected parties.
- It has a flexible structure and can be adapted to different groups and market circumstances.
- It is aligned with the Group's strategy as well as its risk profiles, objectives, risk-management practices, and long-term interests.
- It is competitive with respect to the market.

Based on the above policy, personnel remuneration is comprised of five items:

- a) Fixed remuneration: established in all cases in accordance with the job position and professional profile, paid in previously agreed-upon installments.
- b) Variable remuneration/incentives: remuneration whose exact amount is not previously known and the accrual of which is subject to the performance of certain activities, generally associated with the Company's objectives. The weight of variable remuneration is determined by rank in the organization, as well as evaluations; it increases in line with greater hierarchical levels.
- c) Recognition programs: The aim of these programs is to formally recognize employees' efforts to implement the strategy, and to reward value-added contributions, the dissemination of the MAPFRE culture and values, and innovation.
- d) Social benefits: Products, services or aid given to employees by the company as a result of a collective agreement or an individual agreement with a specific employee.
- e) In-kind benefits: These refer to benefits granted to employees as a result of their job (e.g.: private vehicle, housing, etc.)

The General Shareholders Meeting held on March 11, 2016, approved the Board Members' compensation policies for 2016-2018, based on the following general principles:

- Priority placed on creating value and profitability in the medium and long term and attaining results in the short term.
- Reasonable proportionality between economic situation vs. comparable market and company standards.
- Alignment of sales strategies, risk management and risk profile, objectives, and risk-management practices.
- Appropriate and efficient risk management, avoiding falling under risk-tolerance limits.
- Attract and retain talent.
- Offer compensation in line with dedication, qualifications, and responsibility.
- Correct proportion of fixed and variable components to ensure there is not excessive dependence on the variable portion.

- Deferred payment of a substantial portion of variable remuneration.
- Possibility of ex-post adjustments to variable remuneration.
- Avoid conflicts of interest.

The remuneration system for Directors as such, has the following characteristics:

- Transparency in reporting the remuneration paid to Directors.
- It provides an incentive to reward dedication, qualifications and responsibility, without constituting an obstacle to the duty of loyalty.
- It consists of a fixed amount for membership on the Board of Directors and, as appropriate, the Committee and Steering Committees, which may be higher for people with positions on the Board or that hold the position of Chairman of the Steering Committee. These payments will be supplemented with other non-monetary benefits (Life or health insurance policies, discounts on products sold by companies in the MAPFRE Group, etc.) generally applicable for all Company personnel.
- It does not include variable components or those linked to share value.
- Directors are reimbursed for traveling expenses and other costs undertaken in order to attend company meetings or in the performance of their responsibilities.

The remuneration system for the Directors who perform executive functions within the company is based on the following criteria:

- The remuneration for the performance of their executive functions is determined according to those tasks, levels of responsibility and professional profile, in accordance with the policy established for the remuneration of MAPFRE Group senior executives.
- The remuneration presents a balanced and efficient relationship between fixed and variable components, with fixed components forming a sufficiently high proportion of total remuneration.
- Executive Directors may not receive the remuneration assigned to the Directors for their status as such.
- The remuneration for Executive Directors is designed with a view to the medium and long-term, which drives their performance in strategic terms, as well as the achievement of short-term results.
- The remuneration system is compatible with appropriate and effective risk management and with the business strategy, the long-term values and interests of the Company, without variable remuneration threatening the Company's capability of maintaining a proper capital base.
- It takes into account market trends, and positions itself regarding these trends according to the strategic approach of the Company, being effective for attracting and retaining the best professionals.
- It guarantees equality for all MAPFRE professionals, regardless of sex, race or ideology.

In addition and in accordance with what is set forth in their contracts, the treasury stock who carry out executive functions, as all other Company employees, are beneficiaries of the MAPFRE Employment System Pension Plan. Currently, Board members performing executive functions have certain fixed-contribution pension commitments for retirement, death, or permanent disability which are outsourced through group Life insurance policies. The above is included in the compensation policy established for the senior executives of MAPFRE.

The conditions for the vesting rights for Executive Directors are set out in the contracts regulating suspended employment relationships of Executive Directors of the Company, which specify that the vesting of rights begins at the time when the employees complete 10 years of service at the MAPFRE Group, 5 of which as senior executives.

#### **B.1.5. Additional information**

##### **Significant transactions with shareholders, individuals with significant influence, or Board Members**

The following is a breakdown of significant transactions carried out in 2017 between the Company or Group companies, and the former's significant shareholders:

Significant shareholder	Company	Nature of the relationship	Item	Amount (thousands of euros)
Cartera MAPFRE, S.L.U.	MAPFRE S.A.	Corporate	Dividends distributed	304,776
Cartera MAPFRE, S.L.U.	MAPFRE S.A.	Contractual	Interest paid on line of credit	24

The Company's directors did not carry out any transactions with the Company or other Group companies that were unrelated to their normal course of business or were not carried out in normal market conditions.

#### **B.2. Fit and proper requirements**

The MAPFRE Group has competence and honorability policies in place, which were approved on November 3, 2015, which establishes the applicable Relevant Personnel<sup>1</sup> and Outsourced Personnel<sup>2</sup> requirements, as follows:

Relevant Personnel and Outsourced Personnel, where applicable, should have the appropriate qualifications, know-how, and expertise to ensure that the Company is professionally managed and supervised.

The expertise and experience of Relevant Personnel will include academically-acquired knowledge and the experience necessary to carry out functions in similar companies in their trajectory and the respective individual responsibilities assigned.

The MAPFRE Group's Board members and Directors must have:

Collectively: the appropriate qualifications, experience, and knowledge in at least the following areas:

- a) Insurance and financial markets
- b) Strategies and business models
- c) System of Governance
- d) Financial and actuarial analyses
- e) Regulatory Framework

<sup>1</sup>Relevant personnel: Administrators, Management, and directors of key functional areas, as well as other parties outlined in prevailing legislation at any given time, must meet competence and honorability requirements.

<sup>2</sup>Outsourced personnel: should any of the key functions be outsourced, parties employed by the services provider to this end.



Individually: training and experience appropriate to the professional profile, specifically in the insurance and financial services area, with practical experience acquired from previous positions held during a sufficient period of time.

Relevant and, where applicable, outsourced personnel, must have proven personnel, professional, and commercial honorability based on trustworthy information on their personal and professional conduct, reputation, covering any criminal, financial, and supervisory aspects considered pertinent.

To this effect, Relevant Personnel and Outsourced Personnel, where applicable must meet the following requirements:

1. Personal, professional, and commercial ethics including:

- a) Personal career in compliance with the commercial and other laws regulating the business activity and the life of the activity, as well as good commercial, financial, and insurance practices.
- b) No criminal records related to crimes involving financial assets, money laundering, against the social/economic order or against the tax authorities and/or social security, and no penalties related to offenses involving the insurance industry, securities markets or consumer protection regulations.
- c) No serious and motivated criminal or administrative investigations regarding any of the items mentioned in point b) above.
- d) Are not disabled to exercise public, administration or management positions in financial or insurance companies.
- e) Not disqualified in accordance with Spanish bankruptcy regulations or other equivalent legislation in other jurisdictions.

2. Capacity and compatibility:

- a) No involvement in legal incompatibility, incapacity, or prohibition proceedings as regards current legislation and internal regulations.
- b) No involvement in unavoidable situations of conflict of interest pursuant to the provisions of current legislation and internal regulations.
- c) Does not have significant shareholdings or provide services to competing companies or any other MAPFRE Group companies, or perform tasks related to the role of employee, executive, or administrator, unless previous authorization has been granted by the Board of Directors (in this case, of MAPFRE S.A.), and in competent government bodies of the Company in question, in the case of subsidiaries.
- d) No involvement in circumstances which may cause his or her membership on the MAPFRE Group's Board to place its interests at risk.

Group appointment policies

Parties proposed for executing Relevant Personnel roles requiring notification to Supervisory Authorities or, where applicable, those of Outsourced Personnel, must provide a prior, truthful, and complete statement regarding their personnel, family, professional, or business endeavors, especially indicating the following:

- a) Individuals or companies that are considered to be related parties, based on current legislation.
- b) Any circumstances which might represent lack of compatibility with the law, company bylaws, or internal corporate governance regulations, or any situations representing conflicts of interest.
- c) Any other professional obligations, if they will detract from the necessary dedication to the post.

- d) Criminal proceedings in which the party is accused or charged.
- e) Any other relevant matters or situations which may affect performance.

The above statement must be made in the MAPFRE Group's model forms established for this purpose.

The abovementioned parties must ensure that their declarations are continually updated, and must communicate any relevant changes in their situations, and participate in periodic updates when required to do so by the MAPFRE Group's governing body, including the reevaluation of any competence and honorability requirements.

### **B.3. Risk Management system, including risk and solvency self-assessment**

#### **B.3.1 Governance framework**

The Risk Management System is integrated into the Group's organizational structure, based on the "three lines of defense" described in section B.4.1 of this report; therefore, all organization personnel are assigned responsibilities to comply with its control objectives.

Follow-up and monitoring the control and management of risk are controlled by MAPFRE S.A.'s Board of Directors, including the establishment of risk tolerance limits, and approving its key risk management strategies and policies.

In order to perform its Risk Management System functions, MAPFRE S.A.'s Board of Director's Risk Committee which is the delegate body which supports and advises on determining risk propensity and strategies.

MAPFRE S.A.'s Board of Directors' Audit and Compliance Committee is the delegate body in charge of supervising the effectiveness of the Group's internal control, internal audit, and risk-management systems.

The above Governing bodies include other official organizations which provide risk management support.

- a) The Security and Environment Committee ensures that the Group's objectives and business needs are achieved through correct risk and environmental management.
- b) The Committee monitors exposure to third-party insurance and reassurance counterparties.

The Group's Corporate Risk Management Area handles all significant risk management aspects related to different legal companies pertaining to the Group, establishing directives to be implemented by the Governing bodies in each individual company, to incorporate any necessary adaptations. Its functions include the coordination of the strategies, processes and procedures that are necessary to continually identify, measure, monitor, manage and report all the risks to which the Group and all of its subsidiaries and investee companies are exposed, or may be exposed, as well as their interdependencies.

At year-end 2017, the Head of the Group's Risk Management Area reported to MAPFRE S.A.'s Board of Directors through its Board of Directors member (simultaneously its CEO and CFO), the Risk Committee, and the Group's Executive Chairman.

Two parties are responsible for the Risk Management Area: to the Company's highest-ranked position and, functionally, to the Group's Risk Management Area.

#### **B.3.2 Risk management objectives, policies, and processes**

The main objectives of the Risk Management System are the following:

- 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 Group's financial health and solvency, contributing to its positioning as a trusted global insurance company.

The Risk Management System is based on the integrated management of each and every business process, and on the adaptation of risk levels in the established strategic objectives.

To guarantee effective risk management, The Group has developed a series of Risk Management policies. The Risk Management Policy serves as a framework for the management of risks and, in turn, for the development of which is the delegate body which supports and advises on policies regarding specific risks. They all:

- To assign responsibilities, strategies, processes and the reporting procedures required to identify, measure, monitor, manage and report the risks included within their scope.
- To set down general guidelines, basic principles and a general action framework for the type of risk concerned, ensuring coherent application at the Group.
- To define the reporting guidelines and the communication duties of the area responsible for risk.

To ensure compliance with the limits established in in the Risk Appetite (internal regulations approved by the Board of Directors establishing the degree of risk the Group is prepared to assume to reach its business objectives with no relevant deviations, including when immersed in adverse situations), capital is generally established as an estimate based on budget forecasts.

MAPFRE's Governing Bodies receive information regarding the quantification of the main risks to which the Group is exposed and the capital resources available to confront them, as well as information regarding compliance with Risk Appetite limits.

The actions to be taken with respect to identified risks are decided on by the Board of Directors, which is immediately informed of any risks that:

- Due to their development, exceed the risk limits established;
- May lead to losses equal to or higher than established risk limits; or
- Might endanger compliance with solvency requirements or the continuity of any of the Group companies.

The detail of the identification, measurement, monitoring and notification process are shown below by type of risk.

Type of Risk	Measurement and management	Monitoring and reporting
<b>Underwriting risk</b> For Non-Life companies: <ul style="list-style-type: none"> <li>- Premium risk</li> <li>- Reserve risk</li> <li>- Catastrophic risk</li> <li>- Reinsurance Mitigation</li> </ul> For Life companies: <ul style="list-style-type: none"> <li>- Longevity</li> <li>- Mortality</li> <li>- Morbidity</li> <li>- Review</li> <li>- Expenses</li> </ul>	Standard Formula	Annual

Type of Risk	Measurement and management	Monitoring and reporting
<ul style="list-style-type: none"> <li>- Lapse</li> <li>- Catastrophic</li> </ul>		
<b>Market risks</b>  Includes the following risks: <ul style="list-style-type: none"> <li>- Interest rate</li> <li>- Equities</li> <li>- Properties</li> <li>- Spread</li> <li>- Concentration</li> <li>- Currency</li> </ul>	Standard Formula	Quarterly
<b>Receivables Risk</b>  Reflects any possible losses arising from unexpected non-compliance by counterparties and debtors	Standard Formula	Annual
<b>Operational risk</b>  Risk of possible losses deriving from the inadequacy or malfunction of internal processes, personnel or systems, or from external events (excluding the risks deriving from strategic decisions and reputation risks)	Standard Formula  Dynamic qualitative analysis of the risks using processes (RiskM@p)  Recognition and monitoring of operational risk events	Annual  Annual  Continuous
<b>Liquidity Risk</b>  Risk that the Company might not be able to materialize its investments and other assets in order to meet its financial commitments at maturity	Liquidity position Liquidity indicators	Continuous
<b>Non-compliance risk</b>  Risk of losses due to legal/regulatory penalties or reputation losses arising from the failure to comply with laws and regulations, or with applicable administrative requirements.	Monitoring and recognition of significant events	Annual
<b>Strategic and Corporate Governance Risk</b>  Includes the following risks: <ul style="list-style-type: none"> <li>- Business ethics and good corporate governance</li> <li>- Organizational structure</li> <li>- Alliances, mergers and acquisitions</li> <li>- Market competition</li> </ul>	Through the corporate policies aligned with MAPFRE Group's Institutional, Business, and Organizational Principles.	Continuous

All the calculations deriving from the standard formula are updated if there is a change in the risk profile and the Board of Directors is regularly informed of the risks to which the MAPFRE Group is exposed.

### **B.3.3 Internal assessment of risks and solvency**

As indicated in the Policy, the Own Risk and Solvency Assessment (hereinafter ORSA) process is integrated and comprises part of the Risk Management System and it has mechanisms to identify, measure, monitor, manage, and report any short or long-term risks identified by the Group throughout the period reflected in the strategic plan, as well as the sufficiency of capital resources based on the understanding of its actual solvency needs. Based on this objective, it will include all the significant and potential sources of risk the MAPFRE Group faces, and facilitates the taking of initiatives for their management and mitigation.

The Risk Management Area coordinates ORSA preparation, creating the draft annual report for submission to the Board of Directors for approval, and channels the various contributions made by the areas or departments involved in the process.

The Risk Management Area also carries out capital management activities, and verifies the following:

- The adequate classification of the permissible capital in accordance with the applicable regulations.
- The compatibility of distributable dividends for continuous compliance with the Solvency Capital Requirement.
- Continuous compliance with eligible capital in forecasts.
- Amounts and deadlines for the various eligible capital items capable of absorbing losses.

The Risk Area is also responsible for the preparation, submission, and approval by the MAPFRE Group's Board of Directors of the medium-term Capital Management Plan, encompassing the results from forecasts included in the ORSA.

Section E 1.1 of this report includes more detailed information on capital management.

The ORSA process is coordinated with the strategic planning process so that the relationship between business strategy and overall solvency levels are ensured.

The ORSA is prepared annually, unless certain relevant events occur that require the preparation of additional self-assessments during the year (Extraordinary ORSA) which update the sections affected by changes in the risk profile and use the same approval process.

## **B.4. Internal Control System**

### **B.4.1. Internal Control**

Since July 2008, MAPFRE has had a written policy regarding Own Control approved by MAPFRE S.A.'s Board of Directors, which establishes the most important actions that should be carried out to maintain an optimum Internal Control System. Its most recent update was approved by the MAPFRE S.A. Board of Directors on December 21, 2017.

Due to its very nature, MAPFRE's Internal Control involves all personnel, regardless of their role in the organization; overall, they contribute to providing a reasonable assurance that established objectives will be reached, most notably related to:

- Operational objectives: Efficiency and efficiency of operations, differentiating those which are internal from the insurance activity (mainly underwriting, claims, reinsurance, and investment) as well as supporting operations and functions (human resources, administration, sales, legal, technology, etc.).

- Information objectives: Reliability (financial and non-financial, internal and external) of information regarding opportunity or transparency, among others.
- Compliance objectives: Compliance with applicable laws and regulations.

The Internal Control System is integrated into the organizational structure under the three lines of defense model by assigning compliance responsibilities to internal control objectives in line with the model:

1. The first line of defense consists of employees, management, and the business and supporting operating areas that assume the risks and are responsible for designing and applying the control mechanisms for activities carried out as an inherent part of their day-to-day work. Therefore, they assume the risks and are responsible for designing and applying the control mechanisms that are necessary to mitigate the risks associated with the processes that they carry out and to ensure that they do not exceed established limits.
2. The second line of defense is integrated by the key risk management, actuarial, and compliance functions, as well as other assurance functions which oversee the functioning of internal control.
3. The third line of defense, Internal Audit, performs independent assessments of the appropriateness, adequacy, and effectiveness of the Internal Control System, communicating potential deficiencies to the parties in charge of applying corrective measures, including top Management and the Governing bodies, as necessary.

The Group's Internal Control System involves tasks and actions present in all the organization's businesses and, accordingly, they are fully integrated into its organizational structure.

#### **B.4.2. Compliance Function**

The Compliance Function is corporate in nature, and ensures that the MAPFRE Group operates within the framework of regulatory compliance. It is structured within the organization through the Group's Compliance Areas as well as the Heads of Compliance within the companies.

The Company's Compliance Function is structured based on the related regulatory requirements, as well as as the principle of proportionality related to its business size and the nature/complexity of the risks assumed by the company in question.

Each company employs its own strategy for implementing and carrying out the Function, in accordance with the reference criteria shared by the head of the Group's Compliance area.

Two parties are responsible for the Compliance Management Area: to the Company's highest-ranked position and, functionally, to the Group's Compliance Management Area.

The Group's Compliance Manager reports to MAPFRE S.A.'s Board of Directors through its Audit and Compliance Committee and the Group's Executive CEO, assuming the responsibilities assigned in the Function's written policies.

The Group's Compliance Function advises the Board on compliance with the laws, regulations and administrative provisions that affect it, and compliance with internal regulations. It also performs an assessment of the impact of any changes in the legal environment affecting the Group's operations and the identification and assessment of non-compliance risk.

The current wording of the MAPFRE Group's Compliance Function policies was reviewed and approved by the Board of Directors on December 21, 2017, an clearly indicates its structure, assigned responsibilities, legal risk and lack of compliance management processes, as well as its information procedures.

## **B.5. Internal Audit Function**

Internal Audit is the Risk Management Model's third line of defense, designed to provide an independent guarantee of the appropriateness and effectiveness of the Internal Control System, as well as other elements of the system of governance.

With this objective, the structure of the MAPFRE Group's Internal Audit Corporate Area functionally depends on MAPFRE S.A.'s Board of Directors through the Audit and Compliance Committee (Delegate Body of Council) and in particular, the President. The Directors of the Audit Services or Units (functionally and hierarchically) report to the General Manager of Internal Audit to thereby ensure their independence.

Internal Audit bylaws and policies, updated and approved by the Company's Board of Directors and Audit Committee in December 2017, outline the mission, functions, attributes, and obligations of the MAPFRE Group's internal Audit Function, defining its structure, and outlining its framework of relationships between its Internal Audit and Compliance Department and the CEO, Senior Management, and business units, assurance functions, and external auditors. It also includes the rights and obligations of the MAPFRE Group's internal auditors as well as their code of ethics. One of its primary objectives is to communicate knowledge of the following aspects of internal audit: the classification of audit work, recommendations and deadlines, treatment of audit reports, and any other general circumstances related to internal audit activities. Internal Audit activities must be exclusively carried out by the MAPFRE Group's Internal Audit Services or Units.

This document is reviewed at least on a yearly basis. All changes that are made in these revisions are approved by MAPFRE S.A.'s Audit and Compliance Committee and the Board of Directors.

The MAPFRE Group's internal auditors avail themselves of the Code of Ethics which is included in the following internal Audit Bylaws and Policies based on the principles of integrity, honor, objectivity, confidentiality, and competence that define their rules of conduct:

## **B.6. Actuarial Function**

Actuarial Area: prepares mathematical, actuarial, statistical, and financial calculations enabling it to determine prices, technical provisions, and risk modeling, based on the calculation of the capital requirements of insurance companies, which contributes to achieving targeted technical results and desired solvency margins.

Each MAPFRE Group Business Unit is directly responsible for preparing actuarial calculations for each Business Unit, together with the technical documentation associated with those assessments directly prepared by the Corporate Actuarial Area, with the ultimate responsibility falling to its director.

The person responsible for the Actuarial Area reports through two channels: to the hierarchically higher position in the Company and, functionally, to the Group's Corporate Actuarial Area.

The AAC (MAPFRE GROUP Corporate Actuarial Area): sets general principles and guidelines contemplating best statistical and actuarial practices within the MAPFRE Group, in order to coordinate and unify actuarial the Group's quantifications.

The Corporate Actuarial Area also ensures compliance with the general actuarial calculation principles and guidelines. It can thus foster corrective actions in cases in which irregularities are detected, or when the general guidelines established by the Corporate Actuarial Area have not been followed.

At year-end 2017, the Head of the Group's Corporate Actuarial Area reported to MAPFRE S.A.'s Board of Directors through its Board of Directors member headed by the Group's Corporate Finance Director, the Risk Committee Chairman, and the Group's Executive Chairman.



The party responsible for the Corporate Actuarial Area is appointed by the Board of Directors, and is ultimately responsible for the Group's Actuarial function, and for all of the tasks defined in applicable Solvency II regulations, specifically estimation, supervision, coordination, and establishment of the related technical provisions.

## B.7. Outsourcing

During its meeting held January 26, 2017, MAPFRE S.A.'s Board of Directors reviewed and approved the current version of the Outsourcing Policies covering the MAPFRE Group's functions and/or reinsurance activities, in force since January 1, 2016. This is established in the minimum level of obligatory compliance for all insurance/reinsurance companies integrating the MAPFRE Group, which must be adapted into their internal and operational outsourcing regulations and principles defined in the Policies.

The above Outsourcing Policies establish the general principles, tasks, processes and the assignment of responsibilities in the event of the outsourcing of a critical or important function and/or business; outsourcing must be approved by the Company's Board, which must be provided a detailed explanation of the related requirements and formalization terms.

Each MAPFRE Group insurance/reinsurance company within the European Economic Area (EEA) approved its own Outsourcing Policies in line with its Policies. Based on the abovementioned Policies, agreements have been reached and documented to instrument the outsourcing of functions and/or critical/key activities within the companies or others comprising the MAPFRE Group, in charge of providing them; parties responsible for overseeing them were also appointed.

The majority of the MAPFRE Group companies have outsourced their asset and portfolio investment management activities (hereinafter, "Investments") through MAPFRE INVERSIÓN S.V., a company which pertains to the MAPFRE Group, domiciled in Spain. This Company manages the portfolios of financial instruments, with a level of detail which makes it possible to correctly manage risks, and adapt their management when specific business aspects make it necessary to do so. The Group's insurance companies based in Malta manage their own investments.

Commencing January 1, 2018, MAPFRE ASSET MANAGEMENT, located in Spain and also pertaining to the MAPFRE Group will be responsible for asset and investment portfolio management by virtue of outsourcing agreements signed with each company.

Below follow the critical functions and/or activities outsourced by the MAPFRE Group companies within the European Economic Area, detailed by outsourced task or function, provider company, location, and whether it is intragroup (I) or external (E)

Company	Outsourced activity or function	Company's providing service	Country	I / E
MAPFRE ESPAÑA, S.A. (ES)	Investment	MAPFRE INVERSIÓN S.V.	ES	I
MAPFRE VIDA, S.A. (ES)	Compliance	MAPFRE ESPAÑA S.A.	ES	I
	Risk Management	MAPFRE ESPAÑA S.A.	ES	I
	Investment	MAPFRE INVERSIÓN S.V.	ES	I
BANKIA MAPFRE VIDA, S.A. (ES)	Internal audit	MAPFRE VIDA S.A.	ES	I
	Actuarial	MAPFRE VIDA S.A.	ES	I
	Compliance	MAPFRE ESPAÑA S.A.	ES	I
	Risk Management	MAPFRE ESPAÑA S.A.	ES	I
	Investment	MAPFRE INVERSIÓN S.V.	ES	I
VERTI, S.A. (ES)	Internal audit	MAPFRE ESPAÑA S.A.	ES	I
	Compliance	MAPFRE ESPAÑA S.A.	ES	I
	Risk Management	MAPFRE ESPAÑA S.A.	ES	I

	Investment	MAPFRE INVERSIÓN S.V.	ES	I
BANKINTER SEG. GRALES., S.A. (ES)	Internal audit	MAPFRE ESPAÑA S.A.	ES	I
	Actuarial	MAPFRE ESPAÑA S.A.	ES	I
	Compliance	MAPFRE ESPAÑA S.A.	ES	I
	Risk Management	MAPFRE ESPAÑA S.A.	ES	I
	Investment	MAPFRE INVERSION S.V.	ES	I
BANKINTER SEG. VIDA, S.A.(ES)	Internal audit	MAPFRE VIDA S.A.	ES	I
	Compliance	MAPFRE ESPAÑA S.A.	ES	I
	Risk Management	MAPFRE ESPAÑA S.A.	ES	I
	Investment	MAPFRE INVERSIÓN .S.A.	ES	I
CCM VIDA Y PENSIONES, S.A. (ES)	Internal audit	MAPFRE VIDA S.A.	ES	I
	Compliance	MAPFRE ESPAÑA S.A.	ES	I
	Risk Management	MAPFRE ESPAÑA S.A.	ES	I
	Investment	MAPFRE INVERSION S.V.	ES	I
MAPFRE ASISTENCIA S.A.	Compliance	MAPFRE S.A.	ES	I
	Investment	MAPFRE INVERSIÓN S.V.	ES	I
MAPFRE GLOBAL RISKS S.A.	Internal audit	MAPFRE S.A.	ES	I
	Actuarial	MAPFRE S.A.	ES	I
	Compliance	MAPFRE S.A.	ES	I
	Risk Management	MAPFRE S.A.	ES	I
	Investment	MAPFRE INVERSION S.V.	ES	I
MAPFRE RE S.A.	Actuarial	MAPFRE S.A.	ES	I
	Compliance	MAPFRE S.A.	ES	I
	Risk Management	MAPFRE S.A.	ES	I
	Investment	MAPFRE INVERSIÓN S.V.	ES	I
MAPFRE SEGUROS GERAIS (PT)	Risk Management	MAPFRE SEG. VIDA S.A.	PT	I
	Compliance	MAPFRE S.A.	PT	I
	Investment	MAPFRE INVERSION S.V.	ES	I
MAPFRE SEGUROS DE VIDA (PT)	Internal audit	MAPFRE SEG. GERAIS	PT	I
	Actuarial	MAPFRE SEG. GERAIS	PT	I
	Compliance	MAPFRE S.A.	PT	I
	Investment	MAPFRE INVERSION S.V.	ES	I
MIDDLESEA (MLT)	Actuarial	MAPFRE S.A.	ES	I
MSV LIFE (MLT)	Internal audit	MIDDLESEA (MLT)	MLT	I
DIRECT LINE ITALIA (IT)	Investment	MAPFRE INVERSION S.V.	ES	I
VERTI VERSICHERUNG AG (DE)	Investment	MAPFRE INVERSION S.V.	ES	I

The MAPFRE Group's existing governance structure ensures that it can maintain sufficient control over its key outsourced business processes for each of the Group companies, as stipulated in Solvency II Directives.

## B.8. Other information

The governance system reflects the requirements established in the Solvency II Directive on managing its activity's inherent risks. The Company employs its own strategy for implementing and carrying out the MAPFRE Group Risk Management Area Function, which involves defining the reference criteria and establishing/validating its organizational structure.

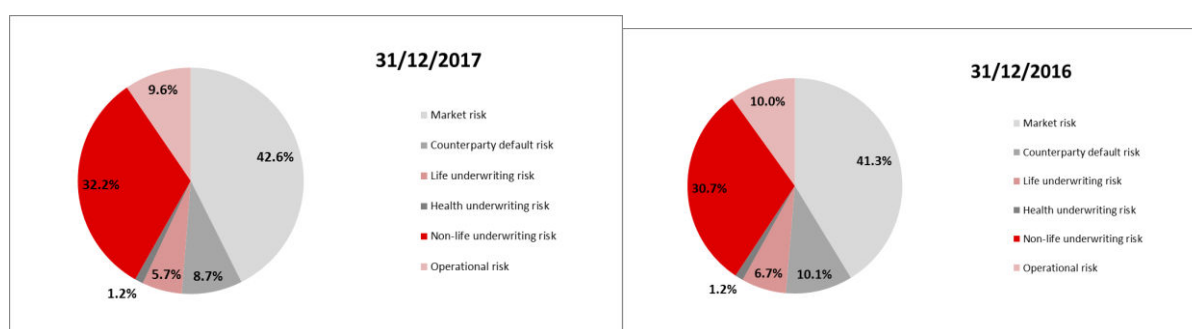
Its structure is based on the related regulatory requirements, as well as the principle of proportionality related to its business size and the nature/complexity/size of the risks assumed.

## C. Risk profile

Following the entry into force of the Solvency II regulations, MAPFRE Group calculates the Solvency Capital Requirement (SCR) in accordance with the requirements of the standard formula. For the main risk categories, this total SCR is considered a good measurement tool for determining risk exposure, as it recognizes the capital charge relates to key risks (such as underwriting, market, counterparty and operational risk).

As explained in sections C.4 and C.6, the exposure to other risks not included in the Standard Formula SCR (such as, for example, liquidity risk) is not considered significant, as the Group's measures are effective for their management and mitigation.

The following charts show the composition of the MAPFRE Group's SCR for the various risk modules on December 31, 2017 and 2016 (Section E.2 explains the SCR calculation):



In 2017 the Group' main risks are those of Non-Life underwriting and market risk, accounting for 74.8% of the risks comprising the SCR.

The relative share of market risk and Non-Life and market underwriting risks has increased in 2017, whereas the relative share of counterparty, operational, and Life underwriting risks has dropped. Further information is available in section E.2.1.

No significant changes took place during 2017 in the measures adopted within the Group.

The MAPFRE Group considers that there have been no material changes in the significant risks to which it is exposed, which are described in section C.6.

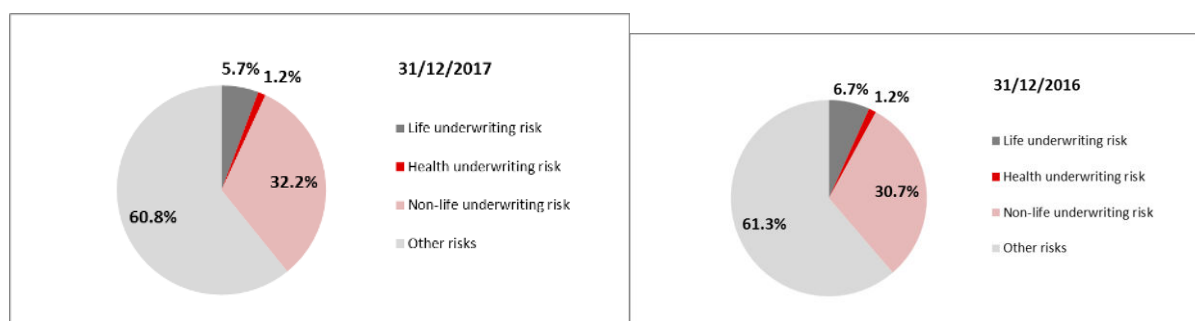
A description of the main risk categories, the exposure to the risks, their management and mitigation techniques and possible concentrations are indicated below.

### C.1. Underwriting risk

Underwriting Risk is the risk of loss or adverse value changes in the commitments arising from insurance activities, due to the unsuitability of pricing and provision creation assumptions.

#### Exposure

2017 underwriting risk represents 39.1% of all of the risk modules included in the SCR, the details by module and changes with respect to last year are presented in the following charts:



## Management and mitigation techniques

The MAPFRE Group minimizes the underwriting risk through a series of measures:

- **Establishment of guidelines, limits, and exclusions in underwriting risk:**

The Group's manuals or policies establish a series of guidelines, authorization and exclusion limits to reduce undesired underwriting risk, and also to define the maximum acceptable exposure to concentrations of specific risks.

- **Establishing a sufficient premium:**

The sufficiency of premiums is a particularly important element, and their calculation is supported by actuarial calculations.

- **Adequate supply of the technical provisions:**

Adequate management of provisions, in addition to the sufficiency of the technical provisions, are both basic elements of insurance management. Technical provisions are calculated by the Group's actuarial teams and their amount is validated by an independent third party not involved in the calculation. The establishment of technical provisions is regulated by a specific policy.

- **Use of Reinsurance**

Through its Reinsurance Department, the Group is responsible for correctly identifying the appropriate level of risk transfer for its previously-defined risk limits, and for defining/designing the types of reinsurance agreements based on its risk profile and appetite, with help from the MAPFRE RE technical advisors. Once their reinsurance needs have been defined, companies communicate them to MAPFRE RE to jointly plan the optimal structure and conditions for ceding contracts.

At year-end 2017, the Group had ceded reinsurance for 19.1% of its accepted premiums according to its financial statements, and 7.3% in Solvency II technical provisions.

The appropriateness of the reinsurance management procedures are revised and updated at least annually.

The Corporate Actuarial Area issues a report at least once per year expressing its opinion of the underwriting policy, the sufficiency of the rates and the technical provisions, as well as the adequacy of reinsurance coverage obtained.

## Concentration

The MAPFRE Group's insurance risk is well-diversified, as it operates in virtually all insurance business lines in Spain and has an extensive presence in the international markets.

The Group applies limits that enable it to restrict the concentration of underwriting risk and has recourse to reinsurance contracts to reduce the underwriting risk arising from concentrations or accumulations of guarantees exceeding the maximum acceptance limits.

The greatest exposures to underwriting risk arise from natural or man-made disasters. In Spain, this risk is mitigated by the Insurance Compensation Consortium [*Consortio de Compensación de Seguros*], which covers extraordinary risks deriving from natural phenomena and terrorism, as indicated in Article 6 of its bylaws.

Currently, specific supplementary reinsurance coverage is obtained to those required by each country's legislation to mitigate catastrophic risk. Companies (where applicable due to exposure to risk type) have access to specialized catastrophic exposure reports, which are generally prepared by independent experts, which estimate the scope of losses should a catastrophic event occur. Catastrophic risk underwriting takes place based on the above information, the underwriting company's economic capital, as well as the reinsurance mitigation capacity contracted.

### Transfer of risks to companies with special tasks

The MAPFRE Group does not transfer underwriting risk to special task companies.

## C.2. Market Risk

Market Risk is the risk of loss or adverse modification of a financial situation, directly or indirectly arising from fluctuations in the volatility and level of market prices of assets, liabilities, and financial instruments.

### Exposure

There follows a breakdown of the Group's investments by asset category:

Investments	Investments 12/31/2017	(%) Investment	Investments 12/31/2016	(%) Investments
<b>Property investments</b>	<b>1,651.27</b>	<b>4.1%</b>	<b>1,668.19</b>	<b>4.0%</b>
<b>Financial investments</b>	<b>38,351.33</b>	<b>95.9%</b>	<b>40,133.51</b>	<b>96.0%</b>
Fixed income	31,265.59	78.2%	32,997.59	78.9%
Variable income	1,727.08	4.3%	1,575.47	3.8%
Mutual funds	2,078.50	5.2%	1,494.08	3.6%
Other	1,777.41	4.4%	2,482.89	5.9%
Deposits other than cash equivalents	682.72	1.7%	707.90	1.7%
Hedging derivatives	820.03	2.1%	875.57	2.1%
Other investments	0.00	0.0%	0.00	0.0%
<b>Total</b>	<b>40,002.60</b>	<b>100.0%</b>	<b>41,801.70</b>	<b>100.0%</b>

*Figures in millions of euros*

As on December 31, 2017, the percentage of fixed income investments classified as investment grade was 93.8%. 70.8% corresponds to Public Sovereign Debt (50.3% to Public Sovereign Debt in Spain).

Market risk during 2017 represents 4.26% of all risk modules included in the SCR. The details by module and changes compared to last year are presented in the following charts:



## Management and mitigation techniques

The MAPFRE Group mitigates its exposure to market risk thanks to: i) a prudent investment policy, with a strong proportion of investment-grade fixed income securities and high credit ratings, ii) monetary congruence between assets and liabilities, iii) and by establishing general and specific exposure limits (established in the Investment Plan approved by the Board of Directors, which is revised at least annually).

Investment portfolios are broken down into four types:

- Immunized: portfolios seeking strict immunization of the commitments arising from insurance contracts.
- Unit-linked: portfolios covering unit-linked policies, comprising assets where the risk is borne by the policyholder.
- Active conditioned management: others that seek to surpass profitability commitments and gain increased profit sharing for policyholders within the prudence parameters, such as profit-sharing portfolios that are not included within immunized portfolios.
- Freely-managed portfolios: with active management, which are only conditioned by legal regulations and internal risk limits.

In the first case, immunized portfolios reduce interest rate risk, through reconciliation adjustments based on immunization techniques using cash flow reconciliation or based on duration.

In the second case, portfolios covering unit-linked policies comprise assets where the risk is borne by the policyholder.

The rest of the portfolios assume a certain degree of risk, considering the following:

- A modified-duration interest rate management variable is contingent on the limits established in the investment plan approved by the Board of Directors for the free-management portfolios, and the modified duration of liabilities in the event of long-term commitments with policyholders.
- The differential and concentration risk is mitigated by the higher proportion of fixed income securities with a credit score classified as investment grade and through diversification by issuers.
- Share investments are subject to the maximum limit of the investment portfolio, and issuer limits.
- Exposure to exchange rate risk is minimized in the case of insurance liabilities. Exposure to this type of risk may not exceed a fixed percentage established in the annual Investment Plan, for investment management reasons only. There should be a correlation between the currencies in

which the assets and liabilities are denominated, making it possible to use those which are closely correlated, where necessary.

- In the case of property risk, 43% of the portfolio of properties at market value is mostly used as own-use offices.
- Risk limits are set in quantitative terms, determined based on easily-observable variables. However, a probabilistic risk analysis is also conducted based on past volatilities and correlations.

## Concentration

The highest concentration of investment is in Spanish public debt.

## C.3. Credit Risk

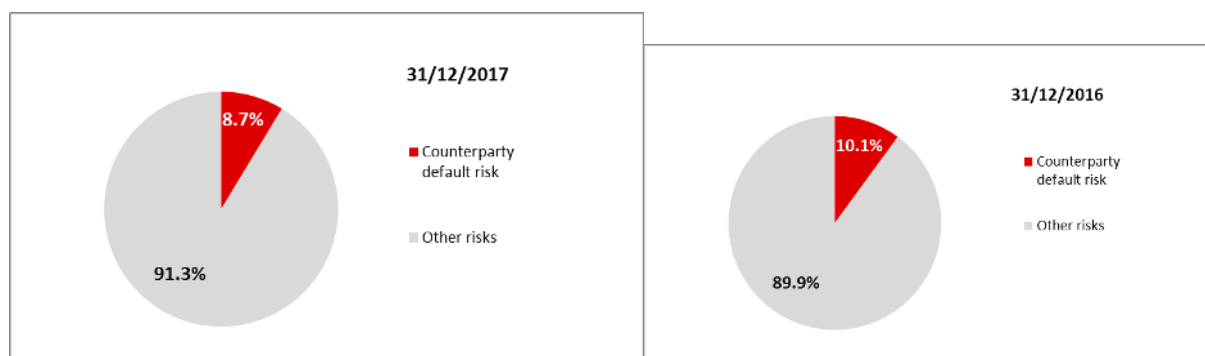
Credit Risk is the risk of loss or adverse modification of a financial situation arising from fluctuations in the solvency of values issuers, counterparties, and any other debtors to which insurance and reinsurance companies are exposed, materializing as counterparty non-compliance, spread, or market risk concentration.

Credit Risk under the SCR Standard Formula calculation includes:

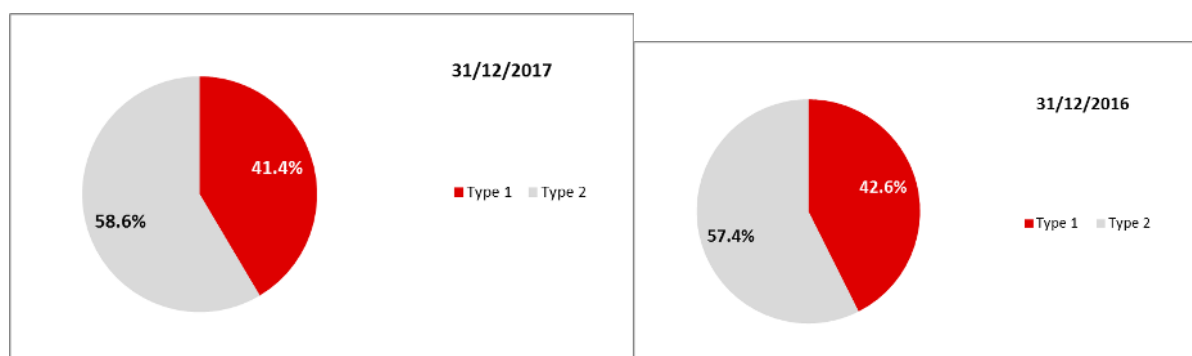
- The differential and concentration risk recognized in the present report in section C.2 market risk.
- Counterparty non-compliance risk is broken down into two types of exposures:
  - Tier 1 exposure: includes, among others reinsurance contracts, swaps, bank balances, in which companies generally have credit ratings.
  - Tier 2 exposure: includes accounts receivable from intermediaries, and policyholder debts, among others.

## Exposure

Counterparty non-compliance risk in 2017 represents 8.7% of all of the risk modules included in the SCR, the details by module and changes compared to last year are presented in the following charts:



The following chart shows the results of the SCR for the two types of exposures:



### Management and mitigation techniques

The credit risk management policy establishes exposure limits according to the counterparty's credit rating, as well as a system of monitoring and notifying the exposure to this risk.

The Group's strategy regarding reinsurance counterparties focuses on granting business to reinsurance companies with proven financial track records above the investment grade. On occasion, business is ceded to other reinsurers, based on prior analysis demonstrating the disposition to a solvency margin equivalent to the abovementioned rating, or the delivery of sufficient guarantees. The Security Committee monitors exposure to reinsurance counterparties.

The chief mandatory principles supporting the use of reinsurance and other risk-reduction techniques are:

- Optimization of capital consumption.
- Optimization of conditions.
- Solvency of counterparties.
- The effective transferability of risk.
- Suitability of the risk transfer.

### Concentration

The greatest exposures to the risk of lack of counterparty compliance are found in financial reinsurance companies, with counterparty credit rating limits established and monitored.

## C.4. Liquidity Risk

Liquidity risk is that under which the insurance and reinsurance companies may not be able to materialize their investments and other assets in order to meet financial commitments at maturity.

### Exposure

Liquidity risk is not included in the SCR Standard Formula calculation. Exposure to liquidity risk is considered to be low, taking into account the prudent investment strategy established in the investment policy, which is characterized by a high proportion of highly rated fixed income securities that are listed on liquid markets. Liquidity risk in extreme events is minimized through the use of reinsurance as a technique for reducing the concentration of underwriting risk and the selection of highly rated reinsurers.



## Management and mitigation techniques

The Group has a Liquidity Risk Management Policy and an Asset and Liability Management Policy which represent the framework of reference for handling Liquidity Risk. Action has generally been based on maintaining sufficient cash balances to comfortably cover the commitments arising from its obligations to insured parties and creditors. Thus, as on December 31, 2017, the cash and other liquid asset balance amounted to 1,864.01 million euros (2016: 1,451.13 million euros), equivalent to 4.2% of total financial investments and cash.

For Life and Savings insurance, the investment policy applied consists of matching the maturities of investments with obligations entered into under the terms of insurance contracts in order to reduce long-term liquidity risk.

Additionally, the majority of fixed-income investments have high credit ratings and are traded on organized financial markets, which grants a great deal of leeway for action in the face of potential liquidity tensions.

The Liquidity Risk Management Policy sets forth that at all times, it should have a volume of high quality liquid assets, credit lines available and sufficient cash deposits to cover the expected cash outflow for each one of the following 30 days.

## Concentration

No liquidity risk concentrations have been identified.

## Expected profits included in future premiums

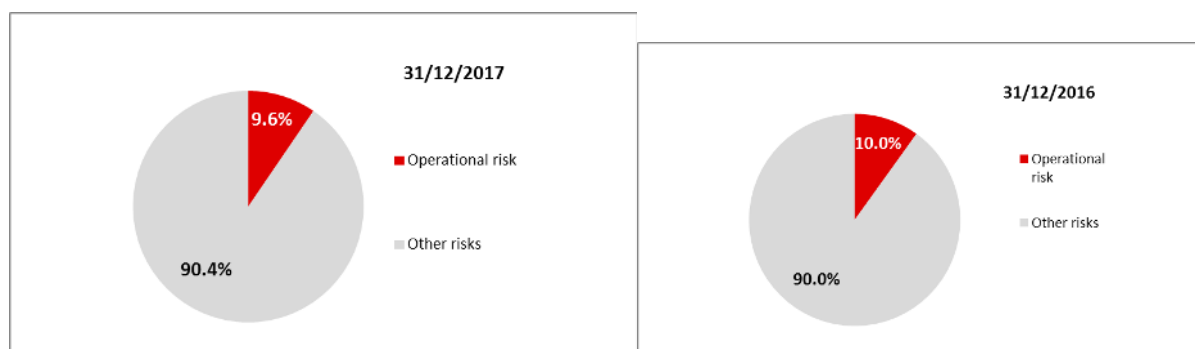
In calculating the best estimate of the technical provisions, the expected benefits included in the future premiums have been taken into account (like the lesser value of the greatest estimate in case of being positive or the greatest value in case of expected losses). As on December 31, 2017, the amount of these expected profits totaled 1,407.29 million euros.

## C.5. Operational Risk

Operational Risk is the risk of loss arising from the inadequacy or errors in internal processes, personnel, systems, or external events.

### Exposure

Market risk during 2017 represents 9.6% of all of the risk modules included in the SCR, the details by module and changes compared to last year are presented in the following charts:



## **Management and mitigation techniques**

The Operational Risk management model is based on a dynamic analysis of processes, so that each area/department manager identifies and evaluates the potential risks affecting business processes behind the scenes.

The analysis encompasses the self-assessment of risks, documentation featuring internal control manuals identifying controls associated to risks, evaluations on control effectiveness, and the use of corrective measures established to mitigate/reduce risks and/or improve the control environment.

Furthermore, the Group has implemented the recognition of operational loss events for categorization and monitoring.

MAPFRE's systems for monitoring and controlling operational risk; however, results from an analysis performed during 2017 did not reflect any critical-level processes, and the likelihood of suffering operational losses may not be excluded due to the complexity of forecasting and quantifying this type of risk.

## **Concentration**

No operational risk concentrations have been identified.

## **C.6. Other significant risks**

### **C.6.1. Cybersecurity risk**

Cyber risks are those related to workplace security and the use of IT and communication technologies (including intentional acts originating from or caused by cyberspace), to ensure that there are no threats to the confidentiality, integrity, and availability of information and storage, processing, and transfer systems.

The MAPFRE Group has a Corporate Security and Environmental Department which is responsible for analyzing and managing cyber security risks that might harm it. During 2017, work has continued on improving barriers to cyber-risks, proactive privacy, the cybersecurity culture, and cybersecurity from its beginnings.

### **C.6.2. Risk of new distribution channels**

The risk of new distribution channels is the risk deriving from the failure to adapt product distribution and services channels quickly enough in response to changes in client preferences, the Internet, mobile devices and digitalization in general, giving rise to a severe decline in demand.

The MAPFRE Group strategic initiatives relating to Digital Transformation and Client Orientation handle this risk. In 2017, the accumulated increase of the digital business was 37% vs. the 50% objective established in the 2016-2018 Strategic Plan.

### **C.6.3. Legal 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. In this regard, it should be borne in mind that the Group works in a complex environment under increasing regulatory pressures, not only in the insurance sector but also insofar as matters including technology, corporate governance, or corporate criminal responsibility.

This risk is managed through the assessment, identification, monitoring, and mitigation tasks performed by the Compliance Area. Noteworthy initiatives in this area during 2017 included the European Insurance Distribution Directive (IDD) and its enacting and transposing regulations, and related to Data Protection Regulation (DPR) guidelines.

#### C.6.4. Reputational risk

Reputational risk is defined as the probability that a negative perception by the various stakeholders (shareholders, clients, distributors, employees, providers, the company, etc.) will have an adverse effect on the Group.

Reputational risk is managed based on its Corporate Social Responsibility Policy as well as the Group's 2016-2018 Sustainability Plan approved by MAPFRE S.A.'s Board of Directors.

Specific actions implemented to manage reputational risk include those related to transparency, the environment, cybersecurity, diversity, combating fraud and corruption risks, the inclusion of environmental social, and governance actions along the supply chain, in underwriting, and during the investment decision-making process, among others. The Plan is at an advanced stage of execution, especially with regard to action in the fields of transparency, innovation, diversity, and responsible social investment, among others.

### C.7. Other information

#### C.7.1. Sensitivity analysis of the significant risks

The Group performs sensitivity analyses of the solvency ratio involving certain macroeconomic variables, among which the following are worth mentioning:

- Interest rates (increases and decreases).
- UFR – Ultimate Forward Rate (decrease). UFR is the long-term interest rate that is used as a reference to construct the curve of interest rates in the periods in which there are no longer market indicators.
- Currency (appreciation of the euro).
- Variable income valuation (decrease).
- Corporate and sovereign spreads (increase).

The sensitivity of the ratio of solvency to the changes in these variables is shown below:

	12/31/2017	Percentage Points Change
<b>Solvency Ratio (SR)</b>	200.2%	-
<b>SR in the event of a 100 basis point increase in the interest rate</b>	196.3%	-4.0 p.p.
<b>SR in the event of a 100 basis point decrease in the interest rate</b>	203.7%	3.5 p.p.
<b>SR in the case of UFR (Ultimate Forward Rate) 3.65%.</b>	199.7%	-0.5 p.p.
<b>SR in the event of a 10% appreciation of the euro</b>	198.5%	-1.7 p.p.
<b>SR in the event of a 25% decrease in variable income</b>	198.9%	-1.4 p.p.
<b>SR in the event of a 50 basis point increase in corporate spreads</b>	198.1%	-2.1 p.p.
<b>SR in the event of a 50 basis point increase in corporate and sovereign spreads</b>	190.1%	-10.2 p.p.

(p.p. = percentage points)

Also, sensitivity analyses are performed on the solvency ratio, since transitional measures are not applied to technical provisions, shares, and assets in currencies other than the euro, and reconciliation and volatility adjustments, as the reconciliation method is considered to be effective and in line with good practices for mitigating interest rate risk.

During 2017, the accumulated impact of the transitory measures and adjustments applied to calculate the solvency ratio was as follows:

<b>Solvency Ratio 12/31/2017</b>	<b>200.2%</b>
Impact of the technical provisions transitional measures	-17.2 p.p.
Impact of transitional measures on shares	-3.1 p.p.
Impact of transitional measures on assets denominated in a currency other than the euro	0.0 p.p.
<b>Total ratio without transitional measures</b>	<b>179.9%</b>

<b>Solvency Ratio 12/31/2017</b>	<b>200.2%</b>
Impact of matching adjustment	-2.9 p.p.
Impact of volatility adjustment	-0.4 p.p.
<b>Total ratio without reconciliation and volatility adjustments</b>	<b>196.9%</b>

p.p.: percentage points

The method applied to obtain results consisted of:

- Establish a benchmark based on the economic situation, solvency capital required (SCR) and the solvency ratio at a certain date.
- Select the initial variables that would be affected by the application of the stress assumptions that have been defined for the various tests or scenarios.
- Determine the final effect on the Group's solvency based on new values for the variables in question.

The outcome of these sensitivities indicates that the Group will continue to comply with capital solvency requirements in the analyzed scenarios.

#### **C.7.2. Other issues**

##### **Off-balance-sheet positions**

There are no significant exposures to the above risks arising from off balance sheet positions.

## D. Valuation for solvency purposes

### **MAPFRE Group Solvency II consolidation scope**

The calculation of the MAPFRE Group's Solvency II solvency during 2017 was performed contemplating the following scope differences vs. those reflected on the consolidated financial statements:

- The Group calculates its solvency using a combination of methods: method 1 (based on accounting consolidation) applied to all companies apart from insurance providers based in the USA, Mexico, and Brazil, considered equivalent countries, to which method 2 is applied (the deduction and aggregation method).
- A group of companies are excluded from supervision of the Group, which individually and overall present an insignificant interest in its supervision. Assets from companies not included represent an approximate 1.86% of the total assets on the MAPFRE Group's consolidated financial statements.
- Companies with their own sector regulations (MAPFRE Inversión, S.V, MAPFRE Asset Management, etc.) are recognized on the consolidated financial statements using the full consolidation method in the proportionate share of own funds calculated using sector methods.

During 2017, the investment funds managed by Group companies with an investment of over 30% were consolidated using the full consolidation method on the financial statements; however, the balance sheets for these fund investments were included under "Collective investment institutions."

Based on the above, the following presentation of "Assets," "Technical provisions," and "Other liabilities" include valuations provided to favor a comparison:

- "Financial statements book value" reflects the valuation of assets and liabilities in accordance with International Financial Reporting Standards as adopted by the European Union (hereinafter, "IFRS"), as well as remaining applicable mercantile legislation which are the basis for the MAPFRE Group's 2017 consolidated financial statements prepared by the Board of Directors during its meeting held on February 7, 2018.
- "Adjusted book value" reflects the valuation of the different headings under IFRS standards, contemplating the Solvency II consolidation scope arising from applying the abovementioned differences.
- "Solvency II value" includes the assets and liabilities valued in accordance with Solvency II guidelines (Directive 2009/138/EC dated November 25, and the remaining legislation enacting it), considering the Solvency II consolidation scope. These regulations require the use of a coherent approach to fair/market value; for these effects the definition of fair value included in IFRSs was used.

The discrepancies arising from a comparison of "Financial statements book value" and "Adjusted book value" are due to the difference in scope, consolidation method for certain companies, and the abovementioned reclassifications.

Appendix I lists the companies include in the Group's scope and the consolidation methods applied using the Solvency II consolidation scope during 2017.

### **D.1. Assets**

To gain a better understanding, one should consider that the model balance sheet presented is adjusted to Solvency II regulations, and therefore it was necessary to reclassify the date included

under “Book value” since each model structures its balance sheet differently. Thus, differences in classification arose under certain headings between the data included in the financial statements and those reflected under “Book value.”

Assets	Solvency II Value	Adjusted book value	Financial statements book value
Goodwill		1,765.03	1,882.97
Anticipated commissions and other acquisition costs		1,096.32	1,846.23
Intangible assets	0.00	1,225.02	1,539.95
Deferred tax assets	78.52	60.65	296.81
Pension benefit surplus	0.04	0.04	0.04
Property, plant, & equipment held for own use	1,285.10	991.42	1,191.74
Investments (other than assets held for index-linked and unit-linked contracts)	40,002.60	39,931.41	43,848.17
Property (other than for own use)	1,651.27	1,208.59	1,250.72
Holdings in related companies	1,777.41	2,222.24	203.92
Shares	1,727.08	1,727.08	2,400.89
Shares - listed	1,687.55		
Shares - unlisted	39.53		
Bonds	31,265.59	31,192.71	36,961.04
Government Bonds	22,124.73		
Corporate bonds	8,418.63		
Structured notes	682.59		
Collateralized securities	39.65		
Mutual funds	2,078.50	2,078.50	1,631.38
Derivatives	820.03	819.93	514.57
Deposits other than cash equivalents	682.72	682.35	
Other investments	0.00	0.00	885.66
Assets held for index-linked and unit-linked contracts	1,527.79	1,527.79	2,320.14
Loans and mortgages	38.58	48.18	52.49
Loans on policies	23.81		
Loans and mortgages to individuals	0.31		
Other loans and mortgages	14.45		
Reinsurance recoveries for:	2,553.33	3,393.20	4,989.63
Non-Life and health similar to Non-Life	2,515.59	3,311.50	4,875.70
Non-Life, excluding health	2,511.72		
Health similar to Non-Life	3.87		
Life and health similar to Life, excluding health and index-linked and unit-linked products	37.74	81.70	113.94
Health similar to Life	0.00		
Life, excluding health and index-linked and unit-linked	37.74		
Life index-linked and unit-linked	0.00	0.00	0.00
Deposits with cedents	790.41	791.61	790.59
Receivables from insurance and intermediaries	2,077.06	2,158.22	4,019.46
Reinsurance receivables	406.89	409.03	987.25
Receivables (trade, not insurance)	492.38	492.38	1,330.38
Treasury stock (held directly)	52.36	52.36	0.00
Amounts due in respect of shareholder equity	0.00	0.00	0.00
Cash and cash equivalent	1,429.07	1,428.90	1,864.00
Other assets, not reflected elsewhere	378.48	387.50	609.69
<b>TOTAL ASSETS</b>	<b>51,112.61</b>	<b>55,759.07</b>	<b>67,569.51</b>

Figures in millions of euros

Following are the significant asset valuations using Solvency II criterion, including qualitative explanations for the main differences arising from their valuations using Solvency II and those used in

preparing the 2017 financial statements. The valuation relating to headings which do not present differences from the criteria established in IFRS and Solvency II are set out in the Group's 2017 financial statements.

### **Goodwill**

According to Solvency II criteria, goodwill is valued at 0, unlike under IFRS, where it is valued at cost adjusted for any possible impairment.

### **Anticipated commissions and other deferred acquisition costs**

As mentioned in the previous section, the valuation of the flows related to acquisition costs are comprised by a portion of the technical provisions valued using Solvency II criteria, vs. their presentation under applicable IFRS legislation, in which they appear broken down under this heading.

### **Intangible assets**

As regards the Solvency II balance sheet, recognition of intangible assets unrelated to goodwill must be recognized at a value other than zero only if they may be sold separately, and the existence of a market value for the same or similar assets may be demonstrated. The MAPFRE Group mainly recognizes software and portfolio acquisition expenses under this heading, which it considers do not meet the conditions established in the above Solvency regulations for market value recognition, and therefore they are presented at zero value, which is not the case under IFRS.

### **Deferred tax assets**

All deferred tax assets and liabilities are recognized and valued in accordance with Solvency II regulations when, in turn, they are recognized for tax or Solvency purposes. These deferred taxes are measured as the difference between the values assigned to the assets and liabilities recognized and valued in accordance with Solvency II and the values assigned to them as recognized and measured for tax purposes.

Each separate company comprising the Group determines their deferred tax assets applying the tax rate corresponding to all the differences between their book values and solvency.

Subsequently, on the MAPFRE Group's Solvency II balance sheet deferred tax assets recognized by each of the separate companies are added with the corresponding Group eliminations performed. Deferred tax assets arising from goodwill and intangible assets arising during the consolidation process are also recognized.

Under IFRS, deferred taxes are recognized using the liability method on all temporary differences at the consolidated balance sheet date between the tax bases of assets and liabilities and their book values. Based on the IFRS consolidation process under the Solvency II scope, the MAPFRE Group's deferred tax assets totaled an adjusted book value of 60.65 million euros.

The differences between the Solvency II and "Adjusted Carrying Amount" of the deferred tax assets mainly arose due to the different valuation criteria used for the following items:

- Goodwill
- Technical provisions

### **Property, plant, & equipment held for own use**

In accordance with Solvency II criteria, property, plant, & equipment must be measured at fair value. Market value used to determine the fair value of PP&E is that which corresponds to appraisals periodically made by expert independent authorized companies, as established by supervisory bodies.

Under IFRS, property, plant, and equipment for own use is recognized at acquisition or production cost, adjusted by the accumulated depreciation, and where applicable, the accumulated amount of impairment losses. The difference in the two valuation criteria represented the recognition of the higher value of properties on the Solvency II balance sheet in the amount of 293.68 million euros vs. "Adjusted book value."

### **Investments (other than assets held for index-linked and unit-linked contracts)**

All investments must be measured at fair value on the Solvency II balance sheet, regardless of the accounting portfolio under which they are classified. The determination of fair value is performed by following the same procedures and methodology used for determining fair value based on IFRS standard 13.

IFRS 13 defines the fair value as the price that would be received from selling an asset or a liability is paid by transfer in a transaction ordered between participants on the market at the date of valuation. In a fair value valuation, the transaction should take place in the main asset or liability's market, and where this does not exist, in the most advantageous market.

In order to increase the coherence and comparability of the fair value measurements, IFRS 13 establishes a fair value hierarchy making it possible to classify the valuation technique variables used to determine fair value in three different levels. Tier 1 corresponds to unadjusted quoted prices on active markets. Tier 2 uses prices quoted in active markets for instruments similar to the one being assessed, or other assessment techniques in which all the significant variables are based on observable market data. Tier 3 uses specific references for each case; however, assets included in this level are generally not relevant.

Although not all assets and liabilities may have available observable market transactions or information, in any case the objective of a fair value appraisal is always the same: estimate the price for an orderly transaction for selling or transferring the liability between market participants at the valuation date in present market conditions.

Under this heading, and based on the Solvency II balance sheet, the following investments are included:

- **Property (other than for own use)**

This category includes items which are not considered for own use, and are used to earn payments, capital gains, or both. In accordance with Solvency II criteria, property plant and equipment is measured at fair value; under IFRS, it is recognized at acquisition or production cost, corrected by the accumulated amortization, and where applicable, the accumulated amount of impairment losses.

The difference in the two valuation criteria represented the recognition of the higher value of properties on the Solvency II balance sheet in the amount of 442.68 million euros vs. "Adjusted book value." This estimate is based on appraisals performed by independent experts.



- **Holdings in related companies**

In accordance with the text of Article 212 of Solvency II, related parties and subsidiaries are related companies which are subsidiaries or companies in which there is an investment or over which there is a dominant or significant influence.

The 2,222.24 million euros reflected under “Adjusted book value” mainly corresponds to insurance companies located in the US, Mexico, and Brazil; the MAPFRE Group is authorized to apply the deduction-aggregation method for calculating solvency, while also including investments in companies subject to other sector supervision regulations and other associates.

Wherever possible, investments in related companies are measured at their listed prices on active markets as regards the Solvency II balance sheet. However, due to the absence of quoted prices on active markets, the assets were valued considering the solvency valuation specifics indicated for each investment or subsidiary. There are three cases:

- Investments in insurance companies subject to other sector supervision regulations included under regimes considered equivalent were valued contemplating own funds determined under their respective supervisory regulations. Subsequently, own funds are adjusted to contemplate those corresponding to their regulations (Section E.1.2).
- Investments in insurance companies which are not subject to control were measured using the adjusted equity method based on own funds determined under the supervision method.
- Investments in other companies were valued under the adjusted equity method on own funds determined under IFRS, adjusted by eliminating goodwill and intangible assets.

Under IFRS, shares in associated companies are consolidated via the equity method, with net goodwill as of the acquisition date included in the equity value.

The difference in the two valuation criteria represented the recognition of the lower value of investments between the Solvency II balance sheet and the 444.83 million euros “Adjusted book value.”

- **Bonds**

As a general rule, the MAPFRE Group classifies its financial investments in fair value portfolios (available for sale, or trading). However, for accounting purposes it presents the residual financial investments arising from subsidiaries outside the European Economic Area classified as held-to-maturity, which are valued at amortized cost using the effective interest method, decreased by possible impairment, where applicable. Valuation differences were chiefly due to the effect of the market value of these assets classified as held-to-maturity.

- **Loans and mortgages**

For the purposes of the Solvency II balance sheet, when calculating the value of amounts recoverable from loans the future flows have been updated by applying a discount rate resulting from the sum of the risk-free curve at the valuation date that includes a spread representing the risk of the borrower not making repayment.

### **Amounts recoverable from reinsurance**

The calculation of the recoverable amounts of reinsurance is in line for that for technical direct insurance provisions, which means that these amounts must be recognized at their best estimate, also considering the temporary difference between collection and direct payments, as well as the expected losses from the counterparty's lack of compliance. Intra-group transactions were netted.

The following aspects were taken into account when determining the recoverable value of the amounts of reinsurance arising from amounts considered in technical provisions:

- The expected value of potential reinsurance default based on creditworthiness and the time horizon of expected payment patterns.
- Expected reinsurance collection patterns based on past experience.

For reinsurance recoveries extending beyond the established payment period outlined in reinsurance contracts in force, a renewal of current contractual terms is contemplated, with no substantial modification in contracted cost or coverage.

Both classification of the different reinsurance businesses, and the development of the incident rate, are based on the hypothesis carried out for the direct insurance and accepted reinsurance with respect to the technical provisions.

The value of the potential recovery of reinsurance arising as a result of technical provisions for direct insurance is directly linked to estimates and projections for future cash flows which might be subject to a number of factors of uncertainty, which are mainly the following:

- Direct insurance and reinsurance claims, which are linked to reinsurance contracts.
- The ability to meet the reinsurer's future payment commitments.
- Reinsurance payment pattern.

Under IFRS, technical provisions for cessions to reinsurers and for acceptances from grantors are calculated in accordance with the reinsurance contracts written and using the same criteria applied to direct insurance and reinsurance are discussed further on in this report.

### **Receivables from insurance and intermediaries**

For purposes of the Solvency II balance sheet, when determining the value of loans with insurance companies and intermediaries (including accepted reinsurance), the time effect implicit in the loans is irrelevant. The obligatory estimates of possible loan default with insurers related to bills pending payment are considered to correctly reflect their economic value (which only includes rights related to invoices effectively issued and presented for collection).

As outlined in section D.2, "Technical provisions," the Group's future cash flows from invoices pending issue corresponding to insurance obligations within the limits of the contract's framework are considered as part of the calculation of technical provisions. Therefore, the calculating of the best estimate of the BEL (Best Estimate Liabilities) already includes inflows and fractioned premium invoices are eliminated from "Receivables from insurance and intermediaries."

The valuation differences between Solvency II criteria and IFRS arise as a result of the existence of policies with fractioned premium payments for some of the MAPFRE Group companies. Under IFRS, provisions for unearned premium are determined as if they were annual, representing an asset due to the fractioned premiums pending collection. Currently, fewer differences are recorded as a result of the reclassifications.

## **D.2. Technical provisions**

Following are the significant technical provision<sup>3</sup> valuations using Solvency II criterion, including qualitative explanations for the main differences arising from their valuations using Solvency II and

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<sup>3</sup> Gross and net reinsurance from intra-group transactions

those used in preparing the 2017 financial statements. As indicated previously, this heading is affected by changes to the scope referred to at the beginning of this section of the report, which is why “Adjusted book value” is included to reflect the adjusted IFRS valuation vs. the Solvency II scope and classification.

Technical provisions	Solvency II Value	Adjusted book value	Financial statements book value
Technical provisions - Non-Life	10,603.39	12,742.26	18,286.50
Technical provisions — Non-Life (excluding health)	10,254.58	12,336.77	
Technical provisions calculated as a whole	0.00		
Best Estimate (BE)	9,814.01		
Risk margin (RM)	440.57		
Technical provisions - health (similar to Non-Life)	348.81	405.49	
Technical provisions calculated as a whole	0.00		
Best Estimate (BE)	318.92		
Risk margin (RM)	29.89		
Technical provisions - Life (excluding index-linked and unit-linked)	22,817.39	25,125.77	26,304.62
Technical provisions - disease (similar to Life)	81.09	22.79	
Technical provisions calculated as a whole	0.00		
Best Estimate (BE)	75.81		
Risk margin (RM)	5.28		
Technical provisions — Life (excluding health and index-linked and unit-linked)	22,736.30	25,102.98	
Technical provisions calculated as a whole	0.00		
Best Estimate (BE)	22,084.17		
Risk margin (RM)	652.13		
Technical provisions — index-linked and investment funds	1,521.13	1,527.79	2,320.14
Technical provisions calculated as a whole	1,529.81		
Best Estimate (BE)	-8.98		
Risk margin (RM)	0.30		
Other technical provisions		1.08	902.87
<b>TOTAL TECHNICAL PROVISIONS</b>	<b>34,941.91</b>	<b>39,396.90</b>	<b>47,814.13</b>

Figures in millions of euros

The MAPFRE Group operates in both the Life and Non-Life insurance business.

In general terms, the main difference between both valuations is the criteria framework under which each regulation falls. While under Solvency II technical provisions are measured using market economic criteria, for financial statements, annual technical provisions are calculated based on accounting standards. The most significant differences follow.

The consolidated balance sheet technical provisions for insurance companies are calculated using Method 1, Method 2, or a combination thereof, to subsequently apply the corresponding intra-group adjustments.

#### **D.2.1. Best estimate and risk margin**

Under Solvency II, and in line with Directive 2009/138/CE accounting regulations on the valuation of provisions for solvency purposes, the MAPFRE Group values technical provisions is determined using two procedures:

- As a general rule, technical provisions are calculated as the sum of two components: the best estimate of commitments held with policyholders plus the risk margin.
- However, occasionally provisions are calculated as a whole: this methodology is applied when future cash flows associated to insurance obligations may be replicated using financial instruments with observable market value. Therefore, it is used when future cash flows associated to insurance obligations may be reliably replicated using financial products for which there is a reliable and observable market value. In this case, the value of technical provisions coincides with the market value of these financial products used for replicating future cash flows; it is unnecessary to make a determination between best estimate and risk margin. In general, these provisions are closely-linked to product unit-linked valuations or assets.

The value of the best estimate of commitments aims to reflect the hypothetical value of the policy portfolio if MAPFRE were to sell it on the free market. The calculation of the best estimate takes into account all inflows and outflows of cash that are necessary at any given moment to settle the business obligations existing at the calculation date, (including both contracts in force and tacit renewals) taking into account the time value of money (present expected value of the future cash flows) by applying the pertinent risk-free interest rate time structure.

Under certain circumstances, the best estimate may be negative for certain contracts in which the present expected value of the rights to future premiums exceeds the expected present value of the obligations assumed. In this case the Company does not value these contracts at zero but rather they are considered to be an asset that reduces the value of its technical provisions.

Risk margin is similar to the cost of financing assumed by the hypothetical buyer of the portfolio sold by MAPFRE to hedge against the risks implicit in the purchased policies.

The best estimate of the MAPFRE Group's liabilities is the sum of the best estimate of the liabilities of separate entities, adjusted by the provisional transitional measure approved by the Directorate-General for Insurance and Pension Funds, and only eliminating the portion of the best estimate of the Group's reinsurance activities to avoid double recognition of the commitments on the consolidated financial statements. The risk margin is the sum of each Group insurance/reinsurance company's risk margin.

#### Contractual limits

As described in the Solvency II Directive, in order to take into consideration the future premiums established in the contracts when calculating the best estimate of Solvency II Provisions, the contract limits must be taken into account. These must meet a number of requirements which are discussed

further on. Depending on the margins on the product premiums, the inclusion of contractual limits generates an increase in the best estimate (the worse the performance) or a reduction therein (the better the performance).

The contractual commitments, including those which correspond to the insurance/reinsurance company's unilateral right to renew or increase its limits and corresponding premiums, will be included in the text, except for:

- Commitments provided by the Company after the date on which:
  - The Company has the unilateral right to cancel the contract.
  - The Company has the unilateral right to reject premiums payable under the contract.
  - The Company has the unilateral right to modify the premiums or benefits to which it is bound by virtue of the contract, so that the premiums fully reflect the risks.
- All commitments which do not correspond to premiums already paid, unless the policyholder may be forced to pay future premiums, provided the following conditions are met:
  - The contract does not establish an indemnity for a specified uncertain event which may adversely affect the reinsured party.
  - The contract does not include a financial guarantee of the provisions.

#### Options and guarantees

The best estimate includes the value of the embedded financial options and guarantees. For some products, particularly those with a financial profit-sharing clause and a minimum guaranteed yield with a surrender value not limited to the realization of assets, a situation arises that is similar to that existing in the case of "put" financial options. These options are derivative financial instruments which, at a set fixed price make it possible to benefit from increases in the underlying asset, with no risk of loss should they drop. The theory regarding the evaluation of financial options includes making a distinction between their intrinsic value and their value over time (sometimes also called extrinsic value) and there are certain deterministic (Black-Scholes equation) and stochastic (Montecarlo) measurement methods. The valuation of these commitments follows the same theoretical principles and since their probable flows are more complex than those of a financial derivative, stochastic methods have been used. The financial scenarios used have been calibrated based on market prices that have been sufficiently verified and are sufficiently liquid (primarily swaptions and options in the Ibex market).

Other types of products presenting options and embedded financial guarantees are deferred products including the option of capital or income to maturity when the interest rate on the income is guaranteed, or income with a minimum guaranteed interest rate, which may be reviewed. In both cases the contract stipulates an option for the policyholder whose value depends on the development of certain financial variables (primarily interest rates).

The best estimate includes, when appropriate, the valuation of the share in discretionary future profits that are expected to be made, regardless of whether or not they are contractually guaranteed or regulated. This fair value is calculated separately from the rest of the flows in the best estimate.

#### Actuarial methods and assumptions used when calculating technical provisions

The following are the main actuarial techniques used by the MAPFRE Group when calculating technical provisions under Solvency II:

- For Life insurance:
  - Policy-by-policy calculations of the fair value expected from the commitments acquired based on existing statistical information on mortality, longevity, incapacity, etc.
  - The cash flows used to determine the best estimate for the Life and Funeral insurance businesses are calculated separately on a policy-by-policy basis, except when that procedure becomes disproportionate with respect to the nature and complexity of the Company's risks, in which case projections are prepared based on groupings of homogeneous policies or model points, to the extent that such a procedure does not distort the results obtained.
  - Where applicable, stochastic calculations are made to recognize the temporary value of options and guarantees.
- For Non-Life insurance:
  - A combination of generally-accepted deterministic methods used for calculating the final loss ratio based on a selection of factors to develop frequencies and average costs.
  - Stochastic methods for determining claims assuming a probability distribution function.

The MAPFRE Group considers that the methods used are appropriate, applicable, and pertinent.

The following two key assumptions were used during the calculation of the technical provisions:

- Economic assumptions, which are compared against available financial and macroeconomic indicators which mainly include:
  - Interest rate structure broken down by the currencies in which the commitments are denominated.
  - Exchange rates.
  - Market trends and financial variables.
- Non-economic assumptions, which are mainly obtained from generally-available data based on the companies or the MAPFRE Group's past experience, or external sector/market sources:
  - Realistic administration, investment, acquisition, etc. expenses that will be incurred throughout the duration of the contracts.
  - Portfolio losses and policy surrenders.
  - Mortality and longevity.
  - Disability and other risks.

Also, it is worth noting that under accounting regulations, management's actions and policyholder behavior are not included when calculating technical provisions, while under Solvency II, as indicated in its Directive, companies may establish a comprehensive plan covering future decisions considering the necessary time frame to calculate their best estimates, including a probability analysis of when policyholders might exercise certain rights included in their insurance policies.

### Risk margin

This additional amount, which is calculated identically for both Life and Non-Life businesses, corresponds to the cost of assuming the risks associated with the future development of the liability and includes the cost of supplying an amount of eligible own funds equal to the Solvency Capital

Requirement (SCR) necessary to support insurance commitments during their entire period of validity and until they are definitively settled. The interest rate used in determining cost of supplying the amount of eligible own funds is known as the cost-of-capital rate. The MAPFRE Group used the 6% rate set by Commission Delegated Regulation 2015/25.

The method for calculating risk margin may be expressed as follows:

$$RM = CoC * \sum \frac{SCR_t}{(1 + r_{t+1})^{t+1}}$$

Where:

- **CoC**: the cost of capital is 6%.
- **SCR**: solvency capital requirement.
- **r**: discount rate, taken from the risk-free curve.

There are a number of simplified methods to calculate risk margin:

- Tier 1: explains how to approximate underwriting, counterparty, and market risks.
- Tier 2: this is based on the assumption that the future solvency capital requirement will be proportional to the "best estimate" of technical provisions during the year in question.
- Tier 3: this consists of using the modified duration of liabilities to calculate the current and future solvency capital requirement in one single step.
- Tier 4: calculates the risk margin as a percentage of the best estimate of technical provisions net of reinsurance.

The MAPFRE Group's companies calculate their risk margins using Tier 1 and Tier 2 methodologies.

## TECHNICAL PROVISIONS - LIFE AND FUNERAL INSURANCE

Technical provisions	Solvency II Value	Adjusted book value	Financial statement's book value
Technical provisions - Life (excluding index-linked investment funds)	22,817.39	25,125.77	26,304.62
Technical provisions — index-linked and investment funds	1,521.13	1,527.79	2,320.14

Figures in millions of euros

In the case of the MAPFRE Group, 93.8% of gross Life and funeral insurance technical provisions under Solvency II are obtained as the sum of the best estimate and the risk margin, and 6.2% are calculated overall.

We conclude that the best estimate of Non-Life claim provisions calculated based on Solvency II criteria present the following differences with respect to those calculated based on financial statement requirements:

- Different regulatory framework.
- The application of the concept of contractual limits, which involves the consideration of future business.
- The consideration of all cash flow sources.
- The financial discount of cash flows for a risk-free curve.

The following is a summary of the reconciliation of the key valuation changes arising in accounting provisions to make the best estimate of the Group's businesses using Life techniques (considering net ceded reinsurance amounts):

- There is an increase from the used of rate structures established by Solvency II which are partly mitigated by eliminating IFRS adjustments and valuation asymmetries and introduced in accounting provisions. There are also general reductions in provisions arising from the used of realistic hypotheses based on each company's own experience, and from applying contractual limits. The total aggregate effect is an 11% drop in provisions.
- There is an increase from the introduction of the risk margin component (2.5%).

Therefore, the Solvency II net provisions on Life businesses totaled 91.5% of accounting provisions.

## TECHNICAL PROVISIONS — NON-LIFE

Technical provisions	Solvency II Value	Adjusted book value	Financial statements book value
Technical provisions - Non-Life	10,603.39	12,742.26	18,286.50

Figures in millions of euros

All the MAPFRE Group's technical insurance provisions based on Non-Life techniques are taken as the sum of the best estimate and risk margin.

The best estimate of Non-Life and Health using techniques other than those for Life are calculated separately from provisions for claims outstanding and premium provisions.

We conclude that the best estimate of Non-Life claim provisions calculated based on Solvency II criteria present the following differences with respect to those calculated based on financial statement requirements:

- Different regulatory framework
- The application of the concept of contractual limits, which involves the consideration of future business on the best estimate of premium provisions.
- The consideration of all cash flow sources.
- The credit risk adjustment to recoverable reinsurance amounts.
- The financial discount of cash flows.



The following is a summary of the reconciliation of the key valuation changes arising in accounting provisions to make the best estimate of the Group's businesses using Life techniques (considering net ceded reinsurance amounts):

- There was a reduction in provisions arising from the application of discounts based on fixed-rate structures established in Solvency II (-3.6%).
- There was a reduction in provisions arising from the application of realistic hypotheses and contractual limits established in Solvency II regulations (-15.3%).
- There is an increase in provisions from the introduction of the risk margin component (4.7%).

Therefore, the Solvency II net provisions on businesses using techniques other than Life totaled 85.8% of accounting provisions.

#### **D.2.2. Package of measures designed for managing long-term guarantees**

In accordance with the content of Appendix I of the technical specifications dated April 30, 2014, the MAPFRE Group requested the application of transitional measures to the calculation of technical provisions and obtained a positive response from the Directorate-General for Insurance and Pension Funds regarding that application.

The calculation of MAPFRE Group solvency under Solvency II with a reference date of December 31, 2017 was done taking into account that transitional measure affecting technical provisions. The Group's consolidated provisions for individual Companies also take into account the life of matching adjustments and volatility adjustments in some specific businesses.

Template S.22.01.21 below reflects the quantitative disclosures on the impact of long-term guarantees and transitional measures used by the Group:

	Amount with long-term guarantees and transitional measures	Impact of the transitional measure on the technical provisions	Impact of the transitional measure on interest rates	Impact of the volatility adjustment set at zero	Impact of the matching adjustment set at zero
Technical provisions <sup>4</sup>	34,941.91	1,016.73	0.00	25.97	659,40
Basic shareholders' equity	9,220.30	-762.55	0.00	-19.48	-494,55
Total eligible own funds to meet the solvency capital requirement	8,875.02	-762.55	0.00	-19.48	-494,55
Solvency capital requirement	4,432.56	-0.80	0.00	-0.15	-184,98

Figures in millions of euros

##### **D.2.2.a. Matching adjustment**

Directive 2009/138/EC of the European Parliament and of the Council, of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II Directive), stipulates in Article 77 b and 77 c that insurance companies may apply a matching adjustment to the relevant risk-free interest rate term structure after obtaining approval from the supervisory authority and provided that certain conditions are met.

<sup>4</sup> Technical provisions net of reinsurance and intragroup operations

This matter is implemented in Articles 52 through 54 of Commission Delegated Regulation (EU) 2015/35 of October 10, 2014, supplementing the Solvency II Directive, and in Commission Implementing Regulation (EU) 2015/500 of March 24, 2015, laying down implementing technical standards with regard to the procedures to be followed for supervisory approval of the application of a matching adjustment.

There are various Life businesses within the Group and in different Group companies use reconciliation adjustments after having received authorization from the Supervisory Body. During 2017, these businesses still complied with the requirements established for applying the adjustments.

Failure to comply with the requirements associated with the application of the adjustment would lead to the matching adjustment not being applied, leading to an increase in the valuation of the Solvency II technical provisions totaling 659.40 million euros.

#### **D.2.2.b. Volatility adjustment**

Directive 2009/138/EC of the European Parliament and of the Council, of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II Directive), stipulates in Article 77d that Insurance companies may apply a volatility adjustment to the relevant risk-free interest rate term structure.

This provision is set out in Article 57 of Commission Delegated Regulation (EU) 2015/35, of October 10, 2014, which supplements the Solvency II Directive.

Some of the MAPFRE Group companies have used this volatility adjustment: chiefly companies operating in Spain and Portugal's Life insurance business. For the portion of insurance commitments for which the volatility adjustments were applied, the abovementioned reconciliation adjustment is not applied.

The volatility adjustment applied to the Euro in 2017 for the average duration of commitments was 4 bps. Not applying the volatility adjustment would have a slight impact on the Solvency II technical provisions of 25.97 million euros.

#### **D.2.2.c. Risk-free interest rate transitional term structure**

The MAPFRE Group did not use the Risk-free interest rate transitional term structure.

#### **D.2.2.d. Transitional term structure for technical provisions**

Directive 2009/138/EC of the European Parliament and of the Council, of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II Directive), stipulates in Article 308d that Insurance companies may apply a transitional deduction to technical provisions after approval has been obtained from the supervisory authority.

The MAPFRE Group used the above transitional measure after obtaining the relevant authorization from the supervisor. It may only be applied for Life commitments in Spain. Products affected by this transitional measure generally constitute non-matched profit-sharing savings insurance, excluding those which are unit- and index-linked, which do not meet the requirements established to apply the abovementioned matching adjustment.

Not applying the transitional measure would have an impact on the Solvency II technical provisions totaling 1,016.73 million euros.

#### **D.2.3. Reinsurance recoveries and special purpose companies**

See the explanation in Section D.1 above.

#### D.2.4. Significant changes in the assumptions used when calculating technical provisions

There have been no significant changes with respect to the assumptions used in the calculation of the technical provisions, beyond those taking place due to the application of the package of long-term guarantees.

#### D.2.5. Other technical provisions

Technical provisions	Solvency II Value	Adjusted book value	Financial statements book value
Other technical provisions		1.08	902.87

Figures in millions of euros

This mainly includes the book value of funeral provisions, which for Solvency II purposes and adjusted book value are included under the Life business technical provisions.

#### D.3. Other liabilities

Following are the valuations of other significant assets using Solvency II criterion, including qualitative explanations for the main differences arising as a result of both criteria during 2017. The valuation relating to headings which do not present differences from the criteria established in IFRS and Solvency II are set out in the Group's 2017 financial statements.

Other liabilities	Solvency II Value	Adjusted book value	Financial statements book value
<b>Total technical provisions</b>	<b>34,941.91</b>	<b>39,396.89</b>	<b>47,814.13</b>
Contingent liabilities	0.00	0.00	0.00
Other non-technical provisions	233.69	233.23	655.78
Pension benefit obligations	5.97	5.97	5.97
Deposits from reinsurers	37.45	37.45	42.41
Deferred tax liabilities	623.68	545.40	588.03
Derivatives	569.69	569.59	0.00
Bank borrowings	657.42	662.11	706.74
Financial liabilities other than bank borrowings	1,526.89	1,547.49	2,238.45
Insurance & intermediaries payables	683.00	655.99	972.10
Reinsurance payables	599.45	602.04	1,218.64
Payables (trade, not insurance)	1,292.30	1,327.61	1,937.79
Subordinated liabilities	599.32	617.37	617.37
Subordinated liabilities not in basic own funds	0.00	617.37	617.37
Subordinated liabilities included in basic equity	599.32		
Other liabilities, not shown elsewhere	121.54	229.53	259.42
<b>TOTAL LIABILITIES</b>	<b>41,892.31</b>	<b>46,430.67</b>	<b>57,056.83</b>
<b>SURPLUS OF ASSETS OVER LIABILITIES</b>	<b>9,220.30</b>	<b>9,328.40</b>	<b>10,512.68</b>

Figures in millions of euros

#### Deferred tax liabilities

Deferred tax liabilities are valued in a manner similar to that indicated for deferred tax assets. The MAPFRE Group recognized deferred tax liabilities at the "Adjusted book value" of 545.40 million euros.

The differences between the "Solvency II Value" and the "Adjusted book value" of deferred tax liabilities mainly arose due to the different valuation criteria used for the technical provisions and differences in property values.

Due to the nature of the deferred tax liabilities held by the MAPFRE Group, they have no specific expiration dates.

### **Subordinated liabilities**

The MAPFRE Group's subordinated liabilities related to those issued by MAPFRE S.A. Classified as "Subordinated liabilities (part of basic equity)."

These are valued at amortized cost under IFRS, while under Solvency II criteria, were valued discounting the forecasted cash flows using the curve corresponding to December 31, 2017, and adding the credit differential during issue (March, 2017).

### **Other liabilities, not shown elsewhere**

For the purposes of the Solvency II balance sheet, commissions and other accrued expenses for the acquisition of ceded reinsurance are included in the valuation of technical provisions, as they cover all associated expenses, and therefore do not appear under this heading.

Under IFRS, this heading mainly reflects the commissions and other accrued ceded reinsurance acquisition expenses, contrary to Solvency II valuation criteria.

This heading also includes the amount of any other liabilities not included in other balance sheet items; for solvency purposes, its value coincides with IFRS guidelines.

## **D.4. Alternative methods for valuation**

The Group uses alternative methods for valuation mainly to measure certain illiquid financial assets and some liabilities. In any case, it considers that the use of these techniques is limited in general terms, with no relevant impact on the value of the asset and liabilities taken as a whole.

The alternative or "mark-to-model" valuation techniques are periodically back-tested (contrasted against past liquid market values). When this type of technique is used the application of observable inputs is maximized and the methodological guidelines and conceptual framework established in IFRS 13 are generally followed when the market is active.

That framework is also used to define when a market is active. The methodology used corresponds to the discount of the risk-free interest rate from future cash flows, increased by spreads established based on the risk arising from the probability of the issuer's default, and where applicable, the instrument's lack of liquidity; these differentials are set by making comparisons with credit derivatives or similar liquid issues.

The Group considers that this generally-accepted methodology, which is commonly used in the market, adequately includes the risks which are inherent to this type of financial instrument.

## **D.5. Other information**

### **Finance and operating leases**

Finance and operating leases are described in Section A.4.2 of this report.

## D.6. Appendixes

### A) Assets

Template S.02.01.02 detailing quantitative asset disclosures in 2017:

Assets	Solvency II Value
Deferred tax assets	78.52
Pension benefit surplus	0.04
Property, plant, & equipment held for own use	1,285.10
Investments (other than assets held for index-linked and unit-linked contracts)	40,002.60
Properties (other than for own use)	1,651.27
Holdings in related companies	1,777.41
Shares	1,727.08
Shares — listed	1,687.55
Shares — not listed	39.53
Bonds	31,265.59
Government bonds	22,124.73
Corporate bonds	8,418.63
Structured notes	682.59
Collateralized securities	39.65
Mutual funds	2,078.50
Derivatives	820.03
Deposits other than cash equivalents	682.72
Other investments	-
Assets held for index-linked and unit-linked contracts	1,527.79
Loans and mortgages	38.58
Loans on policies	23.81
Loans and mortgages to individuals	0.31
Other loans and mortgages	14.45
Reinsurance recoveries for:	2,553.33
Non-Life and health similar to Non-Life	2,515.59
Non-Life, excluding health	2,511.72
Health similar to Non-Life	3.87
Life and health similar to Life, excluding health and index-linked and unit-linked products	37.74
Health similar to Life	-
Life, excluding health and index-linked and unit-linked	37.74
Life index-linked and unit-linked	-
Deposits with cedents	790.41
Receivables from insurance and intermediaries	2,077.06
Reinsurance receivables	406.89
Receivables (trade, not insurance)	492.38
Treasury stock (held directly)	52.36
Amounts due in respect of equity items or to the initial mutual fund called but not yet paid in	-
Cash and cash equivalents	1,429.07
Other assets, not reflected elsewhere	378.48
<b>Total assets</b>	<b>51,112.61</b>

Figures in millions of euros

## B) Technical provisions

Template S.02.01.02 detailing quantitative asset disclosures for 2017:

Liabilities	Solvency II Value
<b>Technical provisions — Non-Life</b>	<b>10,603.39</b>
<b>Technical provisions — Non-Life (excluding health)</b>	<b>10,254.58</b>
<b>Technical provisions calculated as a whole</b>	-
Best estimate	9,814.01
Risk margin	440.57
<b>Technical provisions — health (similar to Non-Life)</b>	<b>348.81</b>
<b>Technical provisions calculated as a whole</b>	-
Best estimate	318.92
Risk margin	29.89
<b>Technical provisions — Life (excluding those linked to indexes and investment funds)</b>	<b>22,817.39</b>
<b>Technical provisions — Health (similar to Life)</b>	<b>81.09</b>
<b>Technical provisions calculated as a whole</b>	-
<b>Best estimate</b>	<b>75.81</b>
<b>Risk margin</b>	<b>5.28</b>
<b>Technical provisions — Life (excluding health and index-linked and unit-linked)</b>	<b>22,736.30</b>
<b>Technical provisions calculated as a whole</b>	-
Best estimate	22,084.17
Risk margin	652.13
<b>Technical provisions — index-linked and investment funds</b>	<b>1,521.13</b>
<b>Technical provisions calculated as a whole</b>	<b>1,529.81</b>
Best estimate	(8.98)
Risk margin	0.30

Figures in millions of euros

## C) Other liabilities

Template S.02.01.02 detailing quantitative other liabilities disclosures for 2017:

Other liabilities	Solvency II Value
<b>Total technical provisions</b>	<b>34,941.91</b>
<b>Contingent liabilities</b>	-
<b>Other non-technical provisions</b>	<b>233.69</b>
<b>Pension benefit obligations</b>	<b>5.97</b>
<b>Deposits from reinsurers</b>	<b>37.45</b>
<b>Deferred tax liabilities</b>	<b>623.68</b>
<b>Derivatives</b>	<b>569.69</b>
<b>Bank borrowings</b>	<b>657.42</b>
<b>Financial liabilities other than bank borrowings</b>	<b>1,526.89</b>
<b>Insurance &amp; intermediaries payables</b>	<b>683.00</b>
<b>Reinsurance payables</b>	<b>599.45</b>
<b>Payables (trade, not insurance)</b>	<b>1,292.30</b>
<b>Subordinated liabilities</b>	<b>599.32</b>
<b>Subordinated liabilities not in basic equity</b>	-
<b>Subordinated liabilities included in basic equity</b>	<b>599.32</b>
<b>Other liabilities, not shown elsewhere</b>	<b>121.54</b>
<b>Total liabilities</b>	<b>41,892.31</b>
<b>Surplus of assets over liabilities</b>	<b>9,220.30</b>

Figures in millions of euros

## **E. Capital Management**

### **E.1. Equity**

#### **E.1.1. Equity objectives, policies, and management processes**

To manage and monitor its own funds and capital, the MAPFRE Group has approved a Capital Management Policy covering the following objectives:

- Check that eligible capital continually meets eligible regulatory requirements and Risk Appetite.
- To ensure that eligible capital projections take into account ongoing compliance with the applicable regulations during the whole period under consideration.
- To establish a process for the identification and documentation of ring-fenced funds and the circumstances under which eligible capital can absorb losses.
- Ensure that the Group has a medium-term Capital Management Plan.
- Capital management will take into account the results from the Own Fund Risk and Solvency Assessment (ORSA), as well as the conclusions reached during that process.
- Within the framework of the capital management plan in the medium term, should it be deemed necessary to obtain new resources, the newly-issued capital instruments should be assessed to determine that they meet the conditions for inclusion within the desired eligible capital quality level.

Where it is identified that eligible capital may be insufficient at any time during the period under consideration in the three-year projections, the Risk Management Area should propose future management measures to be taken into account in order to rectify this insufficiency and maintain solvency margins within those established by the corresponding regulations and Risk Appetite.

The medium-term Capital Management Plan prepared by the Risk Management Area must at least contemplate the following:

- a) Compliance with applicable solvency regulations throughout the projection period in question, paying special attention to known future regulatory changes and maintaining solvency margins compatible with those contained in the provisions of the Risk Appetite.
- b) All eligible capital instruments envisaged.
- c) Refunds, both contractual on the due date and those which it is possible to make on request before maturity, relating to elements of eligible capital.
- d) The results of the ORSA projections.
- e) The dividends envisaged and their effect on eligible capital.

When the MAPFRE Group uses transitional measures for technical provisions outlined in the nineteenth final provision of Law 20/2015, dated July 14, on the Ordinance, Supervision, and Solvency of insurance companies, having received the corresponding authorization from the DGSFP. In this case, the medium-term Capital Management Plan must ensure that there is eligible capital during the transitional period to cover the SCR contemplating all the transitional regimes so that at the end of the transitional period sufficient eligible capital to cover the SCR is foreseen.

The Risk Management Area must submit the medium-term Capital Management Plan to the Board of Directors for approval.

During 2017, there were not any significant changes in the objectives, policies and processes used to manage own funds.

### **E.1.2 Structure, amount, and quality of own funds**

Template S.23.01.22 reflects the structure, amount, and quality of own funds, as well as the MAPFRE Group's coverage ratios, are as follows:

- Solvency ratio, which is the ratio of eligible own funds to the SCR
- Ratio of eligible own funds and the consolidated Group's minimum SCR



	Total		Tier 1 - unrestricted		Tier 1 - restricted		Tier 2		Tier 3	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
<b>Basic own funds before the deduction for shares in another financial sector as established by Article 68 of Commission Delegated Regulation (EU) 2015/35</b>										
Ordinary share capital (including treasury stock)	307.96	307.96	307.96	307.96			0.00	0.00		
Ordinary eligible share capital not disbursed or available (Group)	0.00	0.00	0.00	0.00			0.00	0.00		
Share premium relating to ordinary share capital	1,506.73	1,506.73	1,506.73	1,506.73			0.00	0.00		
Initial mutual fund, members' contributions or the equivalent basic own-fund item for mutual and mutual-type and similar companies	0.00	0.00	0.00	0.00			0.00	0.00		
Subordinated mutual member accounts	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Subordinated ineligible Group mutual member accounts	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Surplus funds	66.77	60.76	66.77	60.76						
Surplus ineligible funds (Group)	0.00	0.00	0.00	0.00						
Preferred shares	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Surplus ineligible funds (Group)	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Share premium account relating to preferred shares	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Share premium account relating to unavailable preferred shares (Group)	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Reconciliation reserve	5,911.40	7,287.72	5,911.40	7,287.72						
Subordinated liabilities	599.32	606.51			0.00	0.00	599.32	606.51	0.00	0.00
Surplus ineligible funds (Group)	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
An amount equal to the value of net deferred tax assets	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
An amount equal to the value of net deferred tax assets (Group)	0.00	0.00							0.00	0.00
Other own fund items approved by the supervisory authority as basic own funds not specified above	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unavailable own funds approved by the supervisory authority as basic own funds not specified above	0.00	3.18	0.00	3.18	0.00	0.00	0.00	0.00	0.00	0.00
Non-controlling interests when not considered part of a specific item of own funds	1,080.23	975.31	1,080.23	975.31	0.00	0.00	0.00	0.00	0.00	0.00
Unavailable non-controlling interests (Group)	589.97	639.71	589.97	639.71	0.00	0.00	0.00	0.00	0.00	0.00

Figures in millions of euros

	Total		Tier 1 - unrestricted		Tier 1 - restricted		Tier 2		Tier 3	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
<b>Own funds from the financial statements that cannot be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds</b>										
Own funds from the financial statements that cannot be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	7.40	6.96	7.40	6.96						
<b>Deductions</b>										
Deductions for shareholdings in financial and credit institutions	255.14	305.34	255.14	305.34	0.00	0.00	0.00	0.00	0.00	0.00
Capital requirement for businesses operated in accordance with Article 228 of Directive 2009/138/EC	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
Deductions on investments should this information not be available (Article 229)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deductions from investments included using the deduction and aggregation method when a combination of methods is used	1,367.36	1,988.88	1,367.36	1,988.88	0.00	0.00	0.00	0.00	0.00	0.00
Total unavailable own fund items	589.97	642.90	589.97	642.90	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total deductions</b>	2,212.47	2,937.11	2,212.47	2,937.11	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total basic own funds after deductions</b>	7,252.52	7,800.92	6,653.20	7,194.42	0.00	0.00	599.32	606.51	0.00	0.00
<b>Supplementary own funds</b>										
Unpaid and uncalled ordinary share capital callable on demand	0.00	0.00					0.00	0.00		
Initial mutual funds, members' contributions or the equivalent basic own fund items for mutual and similar companies, uncalled and unpaid but callable on demand	0.00	0.00					0.00	0.00		
Unpaid and uncalled preferred shares callable on demand	0.00	0.00					0.00	0.00		
Letters of credit and guarantees under Article 96(2) of Directive 2009/138/EC	0.00	0.00					0.00	0.00		
Letters of credit and guarantees other than under Article 96(2) of Directive 2009/138/EC	0.00	0.00					0.00	0.00		
Supplementary contributions from members called in accordance with Article 96 (3), paragraph 1, of Directive 2009/138/EC	0.00	0.00					0.00	0.00		
Supplementary member calls - other than under the first paragraph of Article 96 (3) of Directive 2009/138/EC	0.00	0.00					0.00	0.00	0.00	0.00
Surplus ineligible funds (Group)	0.00	0.00					0.00	0.00	0.00	0.00
Other supplementary own funds	0.00	0.00					0.00	0.00	0.00	0.00
<b>Total supplementary own funds</b>	0.00	0.00					0.00	0.00	0.00	0.00

Figures in millions of euros

	Total		Tier 1 - unrestricted		Tier 1 - restricted		Tier 2		Tier 3	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
<b>Own funds from other finance sectors</b>										
Credit institutions, investment companies, financial companies, alternate fund managers, OICVM management companies	255.14	247.62	255.14	247.62	0.00	0.00	0.00	0.00		
Employee pension plan	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unregulated companies carrying out financial activities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
Total own funds from other finance sectors	255.14	247.62	255.14	247.62	0.00	0.00	0.00	0.00	0.00	0.00
<b>Own funds when using the deduction and aggregation method exclusively or in combination with method 1</b>										
Aggregate own funds when using the deduction and aggregation method and in combination with a method	1,367.36	1,567.10	1,367.36	1,567.10	0.00	0.00	0.00	0.00	0.00	0.00
Aggregate own funds when using the deduction and aggregation method and in combination with net intra-group transactions methods	1,367.36	1,567.10	1,367.36	1,567.10	0.00	0.00	0.00	0.00	0.00	0.00
Total eligible own funds to cover the consolidated Group's SCR (excluding those from other finance sectors and companies consolidated using the deduction and aggregation method)	7,252.52	7,800.92	6,653.20	7,194.42	0.00	0.00	599.32	606.51	0.00	0.00
Total available own funds to cover the consolidated Group's minimum SCR	7,252.52	7,800.92	6,653.20	7,194.42	0.00	0.00	599.32	606.51		
Total eligible own funds to cover the consolidated Group's SCR (excluding those from other finance sectors and companies consolidated using the deduction and aggregation method)	7,252.52	7,800.92	6,653.20	7,194.42	0.00	0.00	599.32	606.51	0.00	0.00
Total eligible own funds to cover the minimum consolidated Group SCR	7,008.79	7,552.56	6,653.20	7,194.42	0.00	0.00	355.59	358.15		
<b>Minimum SCR consolidated Group</b>	1,777.94	1,790.75								
<b>Ratio of eligible own funds and the consolidated Group's minimum SCR (%)</b>	394.2	421.8								
<b>Total eligible own funds to cover the Group's SCR (including those from other finance sectors and companies consolidated using the deduction and aggregation method)</b>	8,875.02	9,615.64	8,275.70	9,009.13	0.00	0.00	599.32	606.51	0.00	0.00
<b>Group SCR</b>	4,432.56	4,582.15								
<b>Ratio of eligible own funds and the Group's SCR (including those from other finance sectors and companies consolidated using the deduction and aggregation method) (%)</b>	200.2	209.8								

Figures in millions of euros

	Amount	
	2017	2016
<b>Reconciliation reserve</b>		
Surplus of assets over liabilities	9,220.30	10,490.84
Treasury stock (held directly and indirectly)	52.36	60.23
Foreseeable dividends, distributions, and costs	294.87	292.13
Other basic own fund items	2,961.68	2,850.76
Adjustment for restricted own fund items in respect of portfolios subject to matching adjustments and ring-fenced funds	0.00	0.00
Other supplementary own funds not available	0.00	0.00
<b>Reconciliation reserve before the deduction for shares in another financial sector</b>	5,911.40	7,287.72
<b>Expected benefits</b>		
Expected benefits included in future premiums — Life Activity	1,122.22	485.83
Expected benefits included in future premiums — Non-Life Activity	285.07	256.05
<b>Total Expected profits included in future premiums</b>	1,407.29	741.88

Figures in millions of euros

### **The eligible amount of own funds to cover the SCR, broken down by tiers**

The Group had 8,875.02 million euros in eligible own funds during 2017 (2016: 9,615.64 million euros).

As established by the regulations currently in force, equity can be classified as either basic or complementary equity. In turn, own funds may also be classified by Tier (1, 2, or 3) to the extent that they have certain characteristics determining their availability to absorb losses.

During 2017, the Group had basic unrestricted Tier 1 own funds amounting to 8,275.70 million euros (2016: 9,009.13 million euros); they offer maximum loss-absorption capacity while meeting the permanent availability requirements established, with sufficient subordination and duration, and are comprised by:

- ordinary paid-up capital
- share premium relating to ordinary paid-in share capital
- the reconciliation reserve
- surplus funds
- non-controlling interests, from which the part not available at Group level is deducted.

Tier 1 Own unrestricted funds includes 1,367.36 million euros (2016: 1,567.10 million euros) corresponding to companies included using the deduction/aggregation method.

Furthermore, during 2017, the Group's basic Tier 2 own funds totaled 599.32 million euros, and originated in a 30-year subordinated debt issue in March 2017, with an optional 10-year amortization period. They are listed on the AIAF Market (Spanish Association of Financial Intermediaries) integrated into the BME (*Bolsas y Mercados Españoles*). At year-end 2016, the Group's basic Tier 2 own funds totaled 606.51 million euros, and originated in a subordinated debt issue in July 2007, which was amortized in its entirety on July 24, 2017.

Eligible own funds do not have deferred tax assets; all the Group's own funds are considered basic, and no complementary versions were computed.

## **SCR coverage**

The Solvency Capital Requirement (SCR) corresponds to the own funds that the Group must possess to limit the probability of bankruptcy to one case per 200, or that it still be 99.5% able to meet its commitments to insurance beneficiaries and policyholders during the following year.

Regulations determine which own funds are suitable for covering the SCR, in accordance with which all unrestricted basic Tier 1 own funds are eligible for that coverage; limits are set for Tier 2 basic funds, although MAPFRE considers them all eligible to cover the SCR.

The Group's solvency ratio was 200.2% during 2017 (2016: 209.8%), and determines the relationship between eligible own funds and the SCR calculated using the standard formula. It reflects the Group's elevated capacity for absorbing extraordinary losses arising in an adverse scenario, under the Risk Appetite established by the Group and approved by the Board of Directors.

## **Minimum consolidated Group SCR**

Solvency II regulations define a minimum consolidated Group SCR obtained from MCRs (Minimum Capital Requirements) of participating and related insurance and reinsurance companies, and determines the minimum amount for the Group's SCR as a floor.

All basic unrestricted Tier 1 own funds are also eligible, as are the 355.59 million euros in Tier 2 own funds.

The ratio between eligible own funds and the consolidated Group SCR was 394.2% during 2017 (2016: 421.8%).

## **Difference between equity in the financial statements and surplus assets compared with liabilities for Solvency II purposes**

When valuing assets and liabilities for the purposes of Solvency II, different criteria are used from those used when preparing the financial statements. The above criteria differences lead to differences between the equity stated in the financial statements and surplus assets compared with liabilities for Solvency II purposes.

As on December 31, 2017 the surplus of assets compared with liabilities for Solvency II purposes amounted to 9,220.30 million euros, while equity at book value was 10,512.68 euros. The main adjustments that arise from the reconciliation of equity under IFRS and own funds under Solvency II may be observed below:

	2017	2016
<b>Equity IFRS financial statements</b>	<b>10,512.68</b>	<b>11,443.49</b>
Solvency II scope adjustments	-1,184.28	-1,233.29
<b>IFRS scope Solvency II</b>	<b>9,328.40</b>	<b>10,210.20</b>
Elimination goodwill and intangible assets	-2,990.05	-3,505.60
Elimination pre-paid fees and other acquisition costs	-1,096.32	-1,014.07
Adjustments to net deferred tax assets / liabilities	-60.41	301.58
Valuation adjustment PP&E for own use	293.68	309.21
Valuation adjustment investments	71.19	453.55
Valuation adjustment recoverable reinsurance amounts	-839.87	-775.39
Other valuation adjustments to other assets	-102.95	-96.77
Valuation adjustments technical provisions	4,454.98	4,528.93
Other valuation adjustments to other liabilities	161.65	79.21
<b>Asset surplus vs. liabilities Solvency II</b>	<b>9,220.30</b>	<b>10,490.84</b>

*Figures in millions of euros*

The quantitative and qualitative explanations are provided in Sections D.1 “Assets,” D.2 “Technical provisions,” and D.3 “Other liabilities,” in this report.

### **E.1.3. Other Information**

#### **Essential items in the reconciliation reserve**

The tables included at the start of the section indicate the structure, amount, and quality of own funds and present the essential items taken into account to calculate the reconciliation reserve based on the amount of surplus assets compared to liabilities for Solvency II purposes, amounting to 9,220.30 million euros.

To determine the reconciliation reserve the following items were deducted:

- Dividends, distributions, and foreseeable costs totaling 294.87 million euros.
- Treasury stock in the amount of 52.36 million euros.
- Other basic own funds totaling 2,961.68 million euros that are considered to be independent own fund items (ordinary share capital paid in, share premium, surplus funds and non-controlling shareholdings).

The conciliation reserve includes the component of own funds considered to potentially be the most volatile; changes therein are determined by the Group’s management of its assets and liabilities.

#### **Items deducted from own funds and restrictions on transferability**

The MAPFRE Group analyzed the transferability and fungibility of the Group’s insurance companies’ own funds included in the Solvency II consolidation scope due to assessments of regulations in force in each of the countries in which it is present.

Based on the analysis, surplus own funds from non-controlling interests were not considered transferable to the Group’s SCR contribution. Surplus own funds in the portfolios subject to reconciliation adjustments or funds with limited availability are considered transferable to the extent that the asset or portion generating the surplus without affecting compliance with the reconciliation adjustment or limited availability fund. During 2017, no adjustments were made in this regard.

#### **Equity funds issued and instruments redeemed**

As mentioned previously, in March, 2017 the MAPFRE Group issued 30-year subordinated debt with an optional 10-year amortization period in the amount of 600 million euros. These are considered basic Tier 2 funds due to their capacity for absorbing losses.

On July 24, 2017, the entirety of the subordinated debt issue in July 2007 was amortized in advance at the nominal value of 700 million euros. It was considered basic Tier 2 basic funds by virtue of applying the transitional measure of Article 308 b,10 (of the Solvency II Directive).

#### **Special-purpose companies in the Group**

The MAPFRE Group does not have any special-purpose companies in place.

#### **Transitional measures**

The Group did not consider any own fund items to which the transitional provisions foreseen in Article 308 b, Sections 9 and 10 of Directive 2009/138/EC are applicable.

### **Significant sources of the Group's diversification effects**

The Group is well-diversified, as it operates in virtually all insurance business lines in Spain and has a widespread presence in international markets.

The distribution of gross premiums issued by regional areas and business units follows:

<b>RESULTS BY REGION / BUSINESS UNITS</b>	<b>2017</b>	<b>% of total</b>
IBERIA	6,960.20	29.6%
BRAZIL	4,546.87	19.4%
NORTH AMERICA	2,528.51	10.8%
EURASIA	1,869.73	8.0%
LATAM North	1,772.12	7.5%
LATAM South	1,698.91	7.2%
MAPFRE RE	4,222.42	18.0%
GLOBAL RISKS	1,257.42	5.4%
ASISTENCIA	983.50	4.2%
OTHERS <sup>5</sup>	-2,359.00	-10.0%
<b>TOTAL</b>	<b>23,480.69</b>	<b>100.0%</b>

*Millions of euros*

The distribution of profit follows:

<b>RESULTS BY REGION / BUSINESS UNITS</b>	<b>2017</b>	<b>% of total</b>
IBERIA	511.5	73.0%
BRAZIL	125.4	17.9%
NORTH AMERICA	48.7	6.9%
EURASIA	39.3	5.6%
LATAM North	33.8	4.8%
LATAM South	70.2	10.0%
MAPFRE RE	162.7	23.2%
GLOBAL RISKS	-66.3	-9.5%
ASISTENCIA	-68.4	-9.8%
OTHERS <sup>5</sup>	-156.3	-22.3%
<b>TOTAL</b>	<b>700.5</b>	<b>100.0%</b>

*Millions of euros*

## **E.2. Solvency Capital Requirement and Minimum Capital Requirement**

### **Solvency Capital amounts and valuation methods**

Template S.25.01.21 details SCR broken down by risk modules and calculated using the standard formula below:

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<sup>5</sup> "Others" includes the Corporate Areas and consolidation adjustments

	Gross solvency capital requirement	Company-specific parameters	Simplifications
Market risks	2,773.10		-
Counterparty default risk	748.92		-
Life underwriting risk	811.68		Mortality, catastrophic life, disability and mortality, Life insurance expenses and longevity insurance risks
Health underwriting risk	225.54		-
Non-Life underwriting risk	2,342.72		-
Diversification	-2,168.22		-
Intangible assets risk	0.00		-
Basic Solvency Capital Requirement	4,733.74		-

Figures in millions of euros

As established in Commission Implementing Regulation (EU) 2015/2042, the above table reflects adjustments arising from limited-availability funds and portfolios subject to reconciliation adjustments to the different modules.

To express Life insurance underwriting risk, some companies used simplified SCR calculations. The Life insurance SCR portion calculated using the above simplifications is estimated at 19.1% of this SCR (prior to diversification). The use of these simplifications is considered appropriate based on the nature, volume, and complexity of the associated risks.

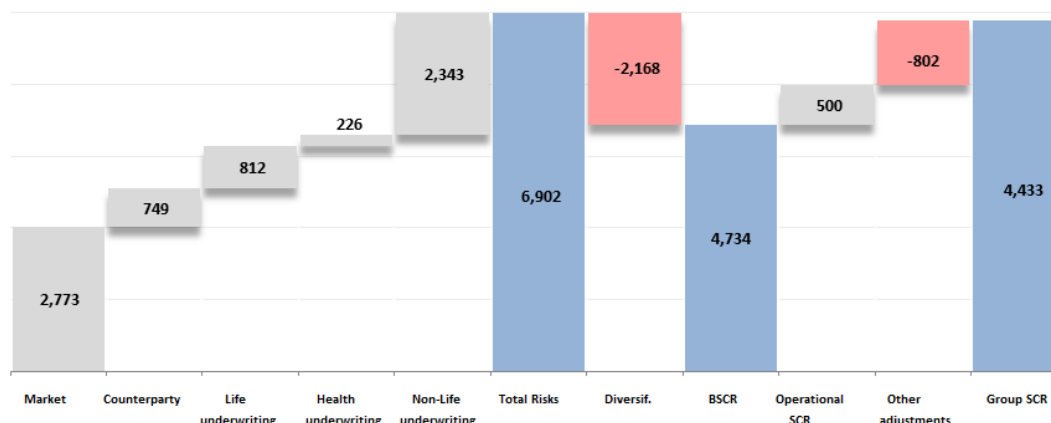
Calculation of the solvency capital requirement	Amount
<b>Basic Solvency Capital Requirement</b>	<b>4,733.74</b>
Operational Risk	500.43
Loss-absorbing capacity of technical provisions	-466.23
Loss-absorbing capacity of deferred taxes	-1,059.70
Capital requirement for businesses operated in accordance with Article 4 of Directive 2003/41/EC	0.00
<b>Solvency Capital Requirement excluding additional capital</b>	<b>3,708.24</b>
Additional capital already set	0.00
<b>Solvency capital requirement</b>	<b>3,779.87</b>
<b>Other information regarding the SCR</b>	
Capital requirement for duration-based equity risk sub-module	0.00
Total amount of the notional solvency capital requirement for the remaining part	3,323.30
Total amount of the notional solvency capital requirement for ring-fenced funds	52.22
Total amount of notional solvency capital requirement for portfolios subject to matching adjustments	332.71
Diversification effects due to the aggregation of the notional SCR for ring-fenced funds for the purposes of Article 304	0.00
Minimum obligatory Group solvency capital requirements	1,777.94
<b>Information on other companies</b>	
Capital requirements for other finance sectors (for non-insurance companies)	30.03
Capital requirements for other finance sectors (for non-insurance companies) - credit institutions, investment companies and financial institutions, alternative investment fund managers, OICVM management companies	30.03
Capital requirements for other finance sectors (for non-insurance companies) - employment pension funds	0.00
Capital requirements for other finance sectors (for non-insurance companies) - Capital requirements for non-regulated companies performing financial activities	0.00
Capital requirements for non-controlling interests	13.51
Capital requirements for the remaining companies	28.09
<b>Global SCR</b>	
SCR for companies included using the deduction and aggregation method	652.769
<b>Solvency capital requirement</b>	<b>4,432.57</b>

Figures in millions of euros



The Group's solvency calculations are detailed in Section D "Valuation for solvency purposes."

The composition of the SCR is set out below and descriptive information is offered in Section C of this report:



The total amount of the Group's SCR during 2017 was 4,432.56 million euros (2016: 4,582.15 million euros). This decrease was chiefly the result of a reduction in the capital requirements corresponding to equivalent countries due to the appreciation of the euro. Capital requirements for companies included under the consolidation method (Method 1) remain stable during the period with compensations between share risk and the decrease in Life and counterparty risk.

The loss absorption capacity of these technical provisions amounted to 466.23 million euros (2016: 363.93 million euros), and for deferred tax losses totaled 1,059.70 million euros (2016: 1,008.66 million euros).

The contribution to the Group's SCR for different types of involved companies follows:

CONSOLIDATED SCR BREAKDOWN		Amount
SCR insurance and reinsurance companied, insurance portfolio companies, and ancillary service companies <sup>6</sup>		3,708.24
SCR Investees <sup>7</sup>		13.51
SCR investment companies and fund managers <sup>8</sup>		30.03
SCR remaining related parties <sup>9</sup>		28.09
<b>SCR for companies subject to the consolidation method (Method 1)</b>		<b>3,779.87</b>
<b>SCR for companies included using the deduction and aggregation method (Method 2)</b>		<b>652.69</b>
<b>Group SCR</b>		<b>4,432.57</b>

Figures in millions of euros

<sup>6</sup> Insurance or reinsurance companies, insurance or reinsurance companies of tertiary countries, insurance portfolio companies, mixed portfolio financial companies and auxiliary service companies that are subsidiaries of the holding company, integrated via total consolidation or proportional consolidation (article 335.1. a) and c) of the Delegate Act Regulation

<sup>7</sup> Investments in related insurance and reinsurance companies, third-party foreign insurance and reinsurance companies, insurance portfolio companies, mixed portfolio and ancillary service not subsidiaries of the parent company integrated using the adjusted investment method (Article 335.1 d) of Delegated Acts Regulations.

<sup>8</sup> Article 335.1. e) of Delegated Acts Regulations

<sup>9</sup> Article 335.1. f) of Delegated Acts Regulations

The SCR of the minimum consolidated Group as on December 31, 2017 amounted to 1,777.94 million euros (2016: 1,790.75 million euros).

To calculate the SCR coverage of minimum consolidated Group, neither own funds or the MCR of companies included using Method 2 are considered.

### **E.3. Use of the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement.**

The MAPFRE Group did not use this option when performing its solvency valuation.

### **E.4. Differences between the standard formula and the internal model used.**

No Internal Models are used when calculating the Group's solvency needs.

### **E.5 Non-compliance with the Minimum Capital Requirement the Solvency Capital Requirement.**

As on December 31, 2017, the Group maintained elevated coverage of the Solvency Capital Requirement using eligible own funds, and therefore it was considered unnecessary to adopt any other action or corrective measure.

### **E.6 Other information**

There is no other significant information regarding the management of capital that has not been included in the preceding sections.

## Appendix I

The following Template **S.32.01.22**<sup>10</sup> includes a description of the subsidiaries and companies included in the Group scope:

Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority	ID
ES	95980020140005693107	LEI	MAPFRE S.A.	Insurance holding company as	Public Limited Company	Non Mutual	DGSFP	1
ES	959800M5S8EHVXWG6P95	LEI	MAPFRE ESPAÑA COMPAÑÍA DE SEGUROS Y REASEGUROS, S.A.	Composite insurance undertaking	Public Limited Company	Non Mutual	DGSFP	2
ES	C1100	Specific code	CLUB MAPFRE, S.A.	Ancillary services undertaking as defined in Article 1 (53) of	Public Limited Company	Non Mutual		3
ES	C1025	Specific code	CENTRO DE EXPERIMENTACIÓN Y SEGURIDAD VIAL MAPFRE, S.A.	Ancillary services undertaking as defined in Article 1 (53) of	Public Limited Company	Non Mutual		4
ES	C1111	Specific code	MAPFRE AUTOMOCION, S.A.U.	Ancillary services undertaking as defined in Article 1 (53) of	Public Limited Company	Non Mutual		5
ES	959800QBEU7YWZDTYX64	LEI	VERTI ASEGURADORA, COMPAÑIA DE SEGUROS Y REASEGUROS, S.A	Non life insurance undertaking	Public Limited Company	Non Mutual	DGSFP	6
ES	C0014	Specific code	RASTREATOR.COM LTD	Ancillary services undertaking as defined in Article 1 (53) of	Limited Liability Company	Non Mutual		7
ES	C1023	Specific code	MAPFRE CONSULTORES DE SEGUROS Y REASEGUROS, S.A.	Ancillary services undertaking as defined in Article 1 (53) of	Public Limited Company	Non Mutual		8
ES	C1101	Specific code	MULTISERVICIOS MAPFRE MULTIMAP, S.A.	Ancillary services undertaking as defined in Article 1 (53) of	Public Limited Company	Non Mutual		9
ES	C0018	Specific code	FUNESPAÑA, S.A.	Ancillary services undertaking as defined in Article 1 (53) of	Public Limited Company	Non Mutual		10
ES	C0020	Specific code	POMPAS FUNEBRES DOMINGO, S.L.	Ancillary services undertaking as defined in Article 1 (53) of	Limited Liability Company	Non Mutual		11
ES	C0021	Specific code	SERVICIOS FUNERARIOS FUNEMADRID, S.A	Ancillary services undertaking as defined in Article 1 (53) of	Public Limited Company	Non Mutual		12
ES	C0022	Specific code	CEMENTERIO JARDIN DE ALCALA DE HENARES, S.A.	Ancillary services undertaking as defined in Article 1 (53) of	Public Limited Company	Non Mutual		13
ES	C0024	Specific code	EMPRESA MIXTA SERVEIS MUNICIPALS DE TARRAGONA, S.L.	Ancillary services undertaking as defined in Article 1 (53) of	Limited Liability Company	Non Mutual		14
ES	C0025	Specific code	GESTIÓN DE CEMENTERIS DE TARRAGONA, S.L.	Ancillary services undertaking as defined in Article 1 (53) of	Limited Liability Company	Non Mutual		15
ES	C0029	Specific code	CEMENTERIO PARQUE ANDUJAR, S.L.	Ancillary services undertaking as defined in Article 1 (53) of	Limited Liability Company	Non Mutual		16

<sup>10</sup> Those columns of the template that do present relevant information have been eliminated and an additional identifying column has been added to facilitate searching.

Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority	ID
ES	C0032	Specific code	SERVICIOS FUNERARIOS DE ZARAGOZA, S.L.	Ancillary services undertaking as defined in Article 1 (53) of	Limited Liability Company	Non Mutual		17
ES	C0033	Specific code	GAB MANAGEMENT & CONSULTING, S.R.L.	Ancillary services undertaking as defined in Article 1 (53) of	Limited Liability Company	Non Mutual		18
HU	M0035	Specific code	TANATORIUM ZRT	Ancillary services undertaking as defined in Article 1 (53) of	Public Limited Company	Non Mutual		19
ES	C0039	Specific code	TANATORI LA DAMA D'ELX, S.L.	Ancillary services undertaking as defined in Article 1 (53) of	Limited Liability Company	Non Mutual		20
ES	C0040	Specific code	ZACARIAS NUÑO, S.L.	Ancillary services undertaking as defined in Article 1 (53) of	Limited Liability Company	Non Mutual		21
ES	C0041	Specific code	INICIATIVAS ALCAESAR, S.L.	Ancillary services undertaking as defined in Article 1 (53) of	Limited Liability Company	Non Mutual		22
ES	C0042	Specific code	ALCAESAR FUNERHERVAS, S.L.	Ancillary services undertaking as defined in Article 1 (53) of	Limited Liability Company	Non Mutual		23
ES	C0043	Specific code	ALCAESAR FUNERCORIA, S.L.	Ancillary services undertaking as defined in Article 1 (53) of	Limited Liability Company	Non Mutual		24
ES	C0044	Specific code	ALCAESAR FUNERPLASENCIA, S.L.	Ancillary services undertaking as defined in Article 1 (53) of	Limited Liability Company	Non Mutual		25
ES	C0045	Specific code	FUNERTRWILLO, S.L.	Ancillary services undertaking as defined in Article 1 (53) of	Limited Liability Company	Non Mutual		26
ES	C1125	Specific code	SALZILLO SERVICIOS FUNERARIOS, S.L.	Ancillary services undertaking as defined in Article 1 (53) of	Limited Liability Company	Non Mutual		27
ES	C1126	Specific code	DE MENA SERVICIOS FUNERARIOS, S.L.	Ancillary services undertaking as defined in Article 1 (53) of	Limited Liability Company	Non Mutual		28
ES	C1129	Specific code	FUNERARIA HISPALENSE, S.L.	Ancillary services undertaking as defined in Article 1 (53) of	Public Limited Company	Non Mutual		29
ES	C1128	Specific code	ISABELO ALVAREZ MAYORGA, S.A.	Ancillary services undertaking as defined in Article 1 (53) of	Limited Liability Company	Non Mutual		30
ES	C1147	Specific code	SERVICIOS FUNERARIOS DEL NERVÓN, S.L.	Ancillary services undertaking as defined in Article 1 (53) of	Limited Liability Company	Non Mutual		31
ES	C1148	Specific code	NUEVO TANATORIO, S.L.	Ancillary services undertaking as defined in Article 1 (53) of	Limited Liability Company	Non Mutual		32
ES	C1127	Specific code	SERVICIOS FUNERARIOS LA CARIDAD, S.L.	Ancillary services undertaking as defined in Article 1 (53) of	Limited Liability Company	Non Mutual		33
ES	C1130	Specific code	TANATORIO DE ECIJA, S.L.	Ancillary services undertaking as defined in Article 1 (53) of	Limited Liability Company	Non Mutual		34
ES	C1137	Specific code	TANATORIO Y CEMENTERIO DE SANLUCAR, S.L.	Ancillary services undertaking as defined in Article 1 (53) of	Limited Liability Company	Non Mutual		35
ES	C0057	Specific code	TANATORIO SE-30 SEVILLA, S.L.	Ancillary services undertaking as defined in Article 1 (53) of	Limited Liability Company	Non Mutual		36
ES	C0058	Specific code	NUEVOS SERVICIOS FUNERARIOS, S.L.	Ancillary services undertaking as defined in Article 1 (53) of	Limited Liability Company	Non Mutual		37
ES	C0059	Specific code	ALL FUNERAL SERVICES, S.L.	Ancillary services undertaking as defined in Article 1 (53) of	Limited Liability Company	Non Mutual		38

Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority	ID
CL	GRO0014CL00047	Specific code	FUNESPAÑA CHILE, S.A.	Ancillary services undertaking as defined in Article 1 (53) of	Public Limited Company	Non Mutual		39
CL	GRO0014CL00048	Specific code	FUNEUROPEA CHILE, S.A.	Ancillary services undertaking as defined in Article 1 (53) of	Public Limited Company	Non Mutual		40
ES	C2322	Specific code	FUNERARIAS REUNIDAS EL BIERZO, S.A.	Ancillary services undertaking as defined in Article 1 (53) of	Public Limited Company	Non Mutual		41
ES	C1138	Specific code	MEDISEMAP, AGENCIA DE SEGUROS, S.L.	Ancillary services undertaking as defined in Article 1 (53) of	Limited Liability Company	Non Mutual		42
ES	C1124	Specific code	CENTROS MEDICOS MAPFRE, S.A.	Ancillary services undertaking as defined in Article 1 (53) of	Public Limited Company	Non Mutual		43
ES	C1094	Specific code	MAPFRE VIDEO Y COMUNICACIÓN S.A.	Ancillary services undertaking as defined in Article 1 (53) of	Public Limited Company	Non Mutual		44
ES	9598002DXGD2XBLKQL69	Specific code	BANKINTER SEGUROS GENERALES, S.A.	Non life insurance undertaking	Public Limited Company	Non Mutual	DGSFP	45
ES	C0068	Specific code	AUDATEX ESPAÑA, S.A.	Ancillary services undertaking as defined in Article 1 (53) of	Public Limited Company	Non Mutual		46
ES	C0069	Specific code	ONLINE SHOPPING CLUB EUROPE,	Other	Limited Liability Company	Non Mutual		47
ES	C0070	Specific code	TECNOLOGIAS DE LA INFORMACION Y REDES PARA LAS ENTIDADES ASEGURADORAS, S.A	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU)	Public Limited Company	Non Mutual		48
PT	GRO0014PT00008	Specific code	MAPFRE SEGUROS GERAIS S.A.	Composite insurance undertaking	Public Limited Company	Non Mutual	ASF	49
PT	GRO0014PT00010	Specific code	MAPFRE PORTUGAL SEGUROS DE VIDA S.A.	Life insurance undertaking	Public Limited Company	Non Mutual	ASF	50
ES	95980020140005571275	Specific code	MAPFRE VIDA SOCIEDAD ANÓNIMA DE SEGUROS Y REASEGUROS SOBRE LA VIDA HUMANA	Composite insurance undertaking	Public Limited Company	Non Mutual	DGSFP	51
ES	C1020	LEI	CONSULTORA ACTUARIAL Y DE PENSIONES MAPFRE VIDA S.A.	Ancillary services undertaking as defined in Article 1 (53) of	Public Limited Company	Non Mutual		52
ES	C1021	Specific code	GESTION MODA SHOPPING S.A.	Ancillary services undertaking as defined in Article 1 (53) of	Public Limited Company	Non Mutual		53
ES	95980020140005310733	Specific code	MAPFRE INVERSIÓN SOCIEDAD DE VALORES S.A.	Credit institution, investment firm and financial institution	Public Limited Company	Non Mutual	CNMV	54
ES	959800U4W3EMFD0C3R46	Specific code	MAPFRE ASSET MANAGEMENT, S.G.I.I.C., S.A.	Credit institution, investment firm and financial institution	Public Limited Company	Non Mutual	CNMV	55
ES	C0079	Specific code	MAPFRE VIDA PENSIONES, ENTIDAD GESTORA DE FONDOS DE PENSIONES S.A.	Credit institution, investment firm and financial institution	Public Limited Company	Non Mutual	CNMV	56
ES	95980020140005375529	Specific code	BANKIA MAPFRE VIDA, S.A. DE SEGUROS Y REASEGUROS	Composite insurance undertaking	Public Limited Company	Non Mutual	DGSFP	57
ES	C1022	LEI	MIRACETI S.A.	Ancillary services undertaking as defined in Article 1 (53) of	Public Limited Company	Non Mutual		58
ES	959800KVDSPH1Q0AJ827	Specific code	BANKINTER SEGUROS DE VIDA, S.A.	Composite insurance undertaking	Public Limited Company	Non Mutual	DGSFP	59
ES	959800XU19LBQBKR3864	Specific code	CAJA CASTILLA LA MANCHA VIDA Y PENSIONES, S.A.	Composite insurance undertaking	Public Limited Company	Non Mutual	DGSFP	60

Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority	ID
ES	C0091	LEI	AGROSEGURO	Ancillary services undertaking as defined in Article 1 (53) of	Public Limited Company	Non Mutual		61
ES	95980020140005905052	LEI	MAPFRE INTERNACIONAL S.A	Insurance holding company as	Public Limited Company	Non Mutual	DGSFP	62
AR	GRO0014AR00006	Specific code	MAPFRE ARGENTINA HOLDING S.A.	Insurance holding company as	Public Limited Company	Non Mutual	SSN	63
AR	GRO0014AR00001	LEI	MAPFRE ARGENTINA SEGUROS S.A.	Non life insurance undertaking	Public Limited Company	Non Mutual	SSN	64
AR	GRO0014AR00019	Specific code	CLUB MAPFRE ARGENTINA	Ancillary services undertaking as defined in Article 1 (53) of	Public Limited Company	Non Mutual		65
AR	GRO0014AR00017	LEI	MAPFRE ARGENTINA SEGUROS DE VIDA S.A.	Life insurance undertaking	Public Limited Company	Non Mutual	SSN	66
AR	GRO0014AR00012	Specific code	CESVI ARGENTINA, S.A.	Ancillary services undertaking as defined in Article 1 (53) of	Public Limited Company	Non Mutual		67
BR	GRO0014BR00008	LEI	MAPFRE SEGUROS GERAIS S.A.	Composite insurance undertaking	Public Limited Company	Non Mutual	SUSEP	68
BR	GRO0014BR00006	LEI	MAPFRE VERA CRUZ CONSULTORIA TECNICA E ADMINISTRAÇÃO DE FUNDOS LTDA.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU)	Limited Liability Company	Non Mutual		69
BR	GRO0014BR00025	Specific code	BB MAPFRE SH1 PARTICIPAÇÕES,	Insurance holding company as	Public Limited Company	Non Mutual	SUSEP	70
BR	GRO0014BR00024	LEI	MAPFRE CAPITALIZAÇÃO	Ancillary services undertaking as defined in Article 1 (53) of	Public Limited Company	Non Mutual		71
BR	GRO0014BR00030	Specific code	MAPFRE ASSISTENCIA, S.A.	Ancillary services undertaking as defined in Article 1 (53) of	Public Limited Company	Non Mutual		72
BR	GRO0014BR00032	Specific code	MAPFRE BB SH2 PARTICIPAÇÕES,	Insurance holding company as	Public Limited Company	Non Mutual	SUSEP	73
BR	GRO0014BR00033	Specific code	MAPFRE BRASIL PARTICIPAÇÕES,	Insurance holding company as	Public Limited Company	Non Mutual	SUSEP	74
BR	GRO0014BR00013	Specific code	CESVI BRASIL S.A. CENTRO DE EXPERIMENTAÇÃO E SEGURANÇA VIARIA	Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	Public Limited Company	Non Mutual		75
BR	GRO0014BR00002	Specific code	MAPFRE HOLDING DO BRASIL LTDA.	Insurance holding company as	Limited Liability Company	Non Mutual	SUSEP	76
BR	GRO0014BR00015	Specific code	MAPFRE VIDA S.A.	Life insurance undertaking	Public Limited Company	Non Mutual	SUSEP	77
BR	GRO0014BR00019	Specific code	MAPFRE DISTRIBUIDORA DE TÍTULOS E VALORES MOBILIARIOS, S.A.	Credit institution, investment firm and financial institution	Public Limited Company	Non Mutual	CVM	78
BR	GRO0014BR00018	Specific code	MAPFRE PREVIDENCIA S.A.	Life insurance undertaking	Public Limited Company	Non Mutual	SUSEP	79
BR	GRO0014BR00034	Specific code	MAPFRE INVESTIMENTOS E PARTICIPAÇÕES, S.A.	Non-regulated undertaking carrying out financial activities as	Public Limited Company	Non Mutual		80
BR	GRO0014BR00036	Specific code	ALIANÇA DO BRASIL SEGUROS, S.A.	Non life insurance undertaking	Public Limited Company	Non Mutual	SUSEP	81
BR	GRO0014BR00037	Specific code	BRASIL VEICULOS COMPANHIA DE SEGUROS, S.A.	Non life insurance undertaking	Public Limited Company	Non Mutual	SUSEP	82
BR	GRO0014BR00039	Specific code	COMPANHIA DE SEGUROS ALIANÇA DO BRASIL, S.A.	Life insurance undertaking	Public Limited Company	Non Mutual	SUSEP	83
BR	GRO0014BR00040	Specific code	MAPFRE ADMINISTRAÇÕES DE CONSORCIO S.A.	Ancillary services undertaking as defined in Article 1 (53) of	Public Limited Company	Non Mutual		84
BR	GRO0014BR00041	Specific code	MAPFRE SAUDE LTDA	Non life insurance undertaking	Limited Liability Company	Non Mutual	SUSEP	85
BR	GRO0014BR00042	Specific code	PROTENSEG CORRETORA DE SEGUROS LTDA	Ancillary services undertaking as defined in Article 1 (53) of	Limited Liability Company	Non Mutual		86

Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority	ID
PA	GRO0014PA00003	Specific code	MAPFRE TENEDORA DE ACC, S.A.	Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	Public Limited Company	Non Mutual	Superintendencia de Seguros y Reaseguros de Panamá	87
PA	GRO0014PA00004	Specific code	MAPFRE AMERICA CENTRAL S.A	Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	Public Limited Company	Non Mutual	Superintendencia de Seguros y Reaseguros de Panamá	88
HN	GRO0014HN00001	Specific code	MAPFRE HONDURAS	Non life insurance undertaking	Public Limited Company	Non Mutual	CNBS	89
PA	GRO0014PA00002	Specific code	MAPFRE PANAMÁ	Non life insurance undertaking	Public Limited Company	Non Mutual	Superintendencia de Seguros y Reaseguros de Panamá	90
SV	GRO0014SV00001	Specific code	MAPFRE LA CENTRO AMERICANA S.A.	Non life insurance undertaking	Public Limited Company	Non Mutual	Superintendencia del Sistema Financiero	91
SV	GRO0014SV00002	Specific code	INMOBILIARIA AMERICANA S.A.	Ancillary services undertaking as defined in Article 1 (53) of	Public Limited Company	Non Mutual		92
CR	GRO0014CR00003	Specific code	MAPFRE COSTA RICA	Non life insurance undertaking	Public Limited Company	Non Mutual	SUGESE	93
GT	GRO0014GT00009	Specific code	MAPFRE GUATEMALA	Non life insurance undertaking	Public Limited Company	Non Mutual	SIB	94
NI	GRO0014NI00002	Specific code	MAPFRE NICARAGUA	Non life insurance undertaking	Public Limited Company	Non Mutual	Superintendencia de bancos y de otras instituciones financieras	95
CL	GRO0014CL00007	Specific code	MAPFRE CHILE SEGUROS S.A.	Ancillary services undertaking as defined in Article 1 (53) of	Public Limited Company	Non Mutual	SVS	96
CL	GRO0014CL00034	Specific code	MAPFRE CHILE ASESORIAS, S.A	Ancillary services undertaking as defined in Article 1 (53) of	Public Limited Company	Non Mutual	SVS	97
CL	GRO0014CL00009	Specific code	MAPFRE COMPAÑÍA DE SEGUROS GENERALES DE CHILE S.A.	Non life insurance undertaking	Public Limited Company	Non Mutual	SVS	98
CL	GRO0014CL00039	Specific code	MAPFRE CHILE VIDA, S.A.	Ancillary services undertaking as defined in Article 1 (53) of	Public Limited Company	Non Mutual	SVS	99
CL	GRO0014CL00040	Specific code	MAPFRE COMPAÑÍA DE SEGUROS DE VIDA DE CHILE	Life insurance undertaking	Public Limited Company	Non Mutual	SVS	100
CO	GRO0014CO00017	Specific code	MAPFRE SEGUROS GENERALES DE COLOMBIA S.A.	Non life insurance undertaking	Public Limited Company	Non Mutual	Superintendencia financiera de Colombia	101
CO	GRO0014CO00022	Specific code	CREDIMAPFRE	Non-regulated undertaking carrying out financial activities as	Public Limited Company	Non Mutual		102
CO	GRO0014CO00020	Specific code	MAPFRE COLOMBIA VIDA S.A.	Life insurance undertaking	Limited Liability Company	Non Mutual	Superintendencia financiera de Colombia	103

Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority	ID
CO	GRO0014CO00019	Specific code	CESVI COLOMBIA, S.A.	Ancillary services undertaking as defined in Article 1 (53) of	Public Limited Company	Non Mutual		104
CO	GRO0014CO00027	Specific code	MAPFRE SERVICIOS EXEQUIALES SAS	Ancillary services undertaking as defined in Article 1 (53) of	Public Limited Company	Non Mutual		105
EC	GRO0014EC00001	Specific code	MAPFRE ATLAS COMPAÑÍA DE SEGUROS, S.A.	Composite insurance undertaking	Public Limited Company	Non Mutual	SBS	106
MX	GRO0014MX00002	Specific code	MAPFRE TEPEYAC S.A.	Composite insurance undertaking	Public Limited Company	Non Mutual	CNSF	107
MX	GRO0014MX00014	Specific code	GRUPO CORPORATIVO LML S.A. DE C.V.	Ancillary services undertaking as defined in Article 1 (53) of	Public Limited Company	Non Mutual	CNSF	108
MX	GRO0014MX00006	Specific code	MAPFRE UNIDAD DE SERVICIOS S.A. DE C.V.	Ancillary services undertaking as defined in Article 1 (53) of	Public Limited Company	Non Mutual		109
MX	GRO0014MX00007	Specific code	ASSET DEFENSA LEGAL MEXICANA S.A. DE C.V.	Ancillary services undertaking as defined in Article 1 (53) of	Public Limited Company	Non Mutual		110
MX	GRO0014MX00016	Specific code	TEPEYAC INC.	Non life insurance undertaking	Public Limited Company	Non Mutual	CNSF	111
MX	GRO0014MX00018	Specific code	MAPFRE SERVICIOS MEXICANOS	Ancillary services undertaking as defined in Article 1 (53) of	Public Limited Company	Non Mutual		112
MX	GRO0014MX00008	Specific code	CESVI MÉXICO, S.A.	Ancillary services undertaking as defined in Article 1 (53) of	Public Limited Company	Non Mutual		113
MX	GRO0014MX00017	Specific code	MAPFRE FIANZAS S.A.	Non life insurance undertaking	Public Limited Company	Non Mutual	CNSF	114
PY	GRO0014PY00002	Specific code	MAPFRE PARAGUAY COMPAÑÍA DE SEGUROS S.A.	Composite insurance undertaking	Public Limited Company	Non Mutual	BCP	115
PE	GRO0014PE00006	Specific code	MAPFRE PERÚ COMPAÑÍA DE SEGUROS Y REASEGUROS	Non life insurance undertaking	Public Limited Company	Non Mutual	Superintendencia de Banca, Seguros y AFP	116
PE	GRO0014PE00010	Specific code	MAPFRE PERÚ ENTIDAD PRESTADORA DE SALUD	Non life insurance undertaking	Public Limited Company	Non Mutual	Superintendencia de Banca, Seguros y AFP	117
PE	GRO0014PE00007	Specific code	MAPFRE PERÚ VIDA, COMPAÑÍA DE SEGUROS, S.A.	Life insurance undertaking	Public Limited Company	Non Mutual	Superintendencia de Banca, Seguros y AFP	118
PE	GRO0014PE00009	Specific code	CORPORACIÓN FINISTERRE, S.A.	Ancillary services undertaking as defined in Article 1 (53) of	Public Limited Company	Non Mutual		119
PR	GRO0014PR00010	Specific code	MAPFRE PRAICO CORPORATION	Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	Public Limited Company	Non Mutual	Oficina del comisionado de seguros	120
PR	GRO0014PR00001	Specific code	MAPFRE PRAICO INSURANCE COMPANY	Non life insurance undertaking	Public Limited Company	Non Mutual	Oficina del comisionado de seguros	121
PR	GRO0014PR00007	Specific code	MAPFRE PAN AMERICAN INSURANCE COMPANY	Non life insurance undertaking	Public Limited Company	Non Mutual	Oficina del comisionado de seguros	122
PR	GRO0014PR00005	Specific code	MAPFRE INSURANCE AGENCY OF PUERTO RICO, INC.	Ancillary services undertaking as defined in Article 1 (53) of	Public Limited Company	Non Mutual		123
PR	GRO0014PR00006	Specific code	MAPFRE FINANCE OF PUERTO RICO CORP	Non-regulated undertaking carrying out financial activities as	Public Limited Company	Non Mutual		124



Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority	ID
PR	GRO0014PR00013	Specific code	MAPFRE LIFE INSURANCE COMPANY	Life insurance undertaking	Public Limited Company	Non Mutual	Oficina del comisionado de seguros	125
PR	GRO0014PR00015	Specific code	MAPFRE SOLUTIONS, INC	Non life insurance undertaking	Public Limited Company	Non Mutual	Oficina del comisionado de seguros	126
PR	GRO0014PR00016	Specific code	MULTISERVICAR INC	Ancillary services undertaking as defined in Article 1 (53) of	Public Limited Company	Non Mutual		127
DO	GRO0014DO00002	Specific code	MAPFRE DOMINICANA S.A.	Insurance holding company as defined in Article 212(1) (f) of	Public Limited Company	Non Mutual	Superintendencia de Seguros	128
DO	GRO0014DO00006	Specific code	MAPFRE BHD COMPAÑIA DE SEGUROS, S.A.	Non life insurance undertaking	Public Limited Company	Non Mutual	Superintendencia de Seguros	129
DO	GRO0014DO00007	Specific code	CREDI PRIMAS, S.A.	Non-regulated undertaking carrying out financial activities as	Public Limited Company	Non Mutual		130
UY	GRO0014UY00001	Specific code	APOINT S.A.	Insurance holding company as defined in Article 212(1) (f) of	Public Limited Company	Non Mutual	BCU	131
UY	GRO0014UY00006	Specific code	MAPFRE LA URUGUAYA S.A.	Non life insurance undertaking	Public Limited Company	Non Mutual	BCU	132
VE	GRO0014VE00005	Specific code	MAPFRE LA SEGURIDAD S.A.	Non life insurance undertaking	Public Limited Company	Non Mutual	SUDEASEG	133
VE	GRO0014VE00006	Specific code	CEFOPROSEG C.A.	Ancillary services undertaking as defined in Article 1 (53) of	Public Limited Company	Non Mutual		134
VE	GRO0014VE00008	Specific code	INVERSORA SEGURIDAD C.A.	Ancillary services undertaking as defined in Article 1 (53) of	Public Limited Company	Non Mutual		135
VE	GRO0014VE00015	Specific code	CLUB MAPFRE S.A.	Ancillary services undertaking as defined in Article 1 (53) of	Public Limited Company	Non Mutual		136
VE	GRO0014VE00025	Specific code	AUTOMOTRIZ MULTISERVICAR, C.A.	Ancillary services undertaking as defined in Article 1 (53) of	Public Limited Company	Non Mutual		137
TR	GRO0014TR00002	Specific code	MAPFRE SIGORTA A.S	Non life insurance undertaking	Public Limited Company	Non Mutual	T.C. Başbakanlık Hazine Müsteşarlığı	138
TR	GRO0014TR00003	Specific code	MAPFRE YASAM A.S	Life insurance undertaking	Limited Liability Company	Non Mutual	T.C. Başbakanlık Hazine Müsteşarlığı	139
TR	GRO0014TR00004	Specific code	GENEL SERVİS A. S.	Ancillary services undertaking as defined in Article 1 (53) of	Public Limited Company	Non Mutual		140
MT	M0179	Specific code	MIDDLESEA INSURANCE P.L.C.	Composite insurance undertaking	Limited Liability Company	Non Mutual	MFSA	141
PH	GRO0014PH00002	Specific code	MAPFRE INSULAR INSURANCE CORPORATION	Non life insurance undertaking	Public Limited Company	Non Mutual	INSURANCE COMMISSION	142
US	GRO0014US00019	Specific code	MAPFRE INSURANCE COMPANY OF FLORIDA	Non life insurance undertaking	Public Limited Company	Non Mutual	NAIC	143
US	GRO0014US00013	Specific code	MAPFRE INSURANCE COMPANY	Non life insurance undertaking	Public Limited Company	Non Mutual	NAIC	144
US	GRO0014US00004	Specific code	MAPFRE INTERMEDIARIES	Ancillary services undertaking as defined in Article 1 (53) of	Limited Liability Company	Non Mutual		145
US	GRO0014US00022	Specific code	MAPFRE USA CORPORATION INC	Insurance holding company as	Public Limited Company	Non Mutual	NAIC	146

Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority	ID
US	GRO0014US00026	Specific code	THE COMMERCE INSURANCE COMPANY	Non life insurance undertaking	Public Limited Company	Non Mutual	NAIC	147
US	GRO0014US00027	Specific code	THE CITATION INSURANCE COMPANY	Non life insurance undertaking	Public Limited Company	Non Mutual	NAIC	148
US	GRO0014US00028	Specific code	ACIC HOLDINGS COMPANY, INC.	Insurance holding company as	Public Limited Company	Non Mutual	NAIC	149
US	GRO0014US00029	Specific code	AMERICAN COMMERCE INSURANCE COMPANY	Non life insurance undertaking	Public Limited Company	Non Mutual	NAIC	150
US	GRO0014US00021	Specific code	MM REAL ESTATE, LLC	Ancillary services undertaking as defined in Article 1 (53) of	Limited Liability Company	Non Mutual		151
US	GRO0014US00030	Specific code	THE COMMERCE WEST INSURANCE COMPANY	Non life insurance undertaking	Limited Liability Company	Non Mutual	NAIC	152
US	GRO0014US00032	Specific code	MAPFRE INSURANCE COMPANY OF NEW YORK	Non life insurance undertaking	Limited Liability Company	Non Mutual	NAIC	153
US	GRO0014US00035	Specific code	BIGELOW & OLD WORCESTER, LLC	Ancillary services undertaking as defined in Article 1 (53) of	Limited Liability Company	Non Mutual		154
US	GRO0014US00036	Specific code	BFC HOLDING CORPORATION	Ancillary services undertaking as defined in Article 1 (53) of	Public Limited Company	Non Mutual		155
US	GRO0014US00041	Specific code	MAPFRE LIFE INSURANCE CO.	Life insurance undertaking	Limited Liability Company	Non Mutual	NAIC	156
MT	M0196	Specific code	M.S.V. LIFE P.L.C.	Life insurance undertaking	Public Limited Company	Non Mutual	MFSA	157
MT	M0197	Specific code	BEE INSURANCE MANAGEMENT LTD	Ancillary services undertaking as defined in Article 1 (53) of	Limited Liability Company	Non Mutual		158
MT	M0198	Specific code	GROWTH INVESTMENTS LIMITED	Credit institution, investment firm	Limited Liability Company	Non Mutual	MFSA	159
ID	GRO0014ID00001	Specific code	PT ASURANSI BINA DANA ARTA TBK	Non life insurance undertaking	Public Limited Company	Non Mutual	Hak Cipta Kementerian Keuangan Republik Indonesia	160
ES	959800N0AU9UH7XFF960	Specific code	MAPFRE GLOBAL RISKS	Non life insurance undertaking	Public Limited Company	Non Mutual	DGSFP	161
ES	C1117	Specific code	SERVIFINANZAS, S.A. SOCIEDAD UNIPERSONAL	Non-regulated undertaking carrying out financial activities as	Public Limited Company	Non Mutual		162
LU	M0204	Specific code	INDUSTRIAL RE S.A.	Composite insurance undertaking	Public Limited Company	Non Mutual	Commissariat aux Assurances	163
ES	959800LM5VB6ST5FT348	Specific code	SOLUNION SEGUROS DE CREDITO	Non life insurance undertaking	Public Limited Company	Non Mutual	DGSFP	164
ES	UIUPNLHSQI58ZL7O2J82	Specific code	MAPFRE RE COMPAÑIA DE REASEGUROS, S.A.	Composite insurance undertaking	Public Limited Company	Non Mutual	DGSFP	165
BE	M0217	Specific code	CIAR INVESTMENT	Ancillary services undertaking as defined in Article 1 (53) of	Limited Liability Company	Non Mutual		166
CL	GRO0014CL00041	Specific code	MAPFRE CHILE REASEGUROS, S.A.	Composite insurance undertaking	Public Limited Company	Non Mutual	SVS	167
CL	GRO0014CL00003	Specific code	CAJA REASEGURADORA DE CHILE	Composite insurance undertaking	Public Limited Company	Non Mutual	SVS	168
CL	GRO0014CL00020	Specific code	INMOBILIARIA COSTA DE MONTEMAR, S.A.	Ancillary services undertaking as defined in Article 1 (53) of	Public Limited Company	Non Mutual		169
AR	GRO0014AR00008	Specific code	C R ARGENTINA, S.A.	Ancillary services undertaking as defined in Article 1 (53) of	Public Limited Company	Non Mutual		170
BR	GRO0014BR00016	Specific code	MAPFRE RE DO BRASIL COMPAÑIA DE REASEGUROS	Non life insurance undertaking	Public Limited Company	Non Mutual	SUSEP	171

Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority	ID
BR	GRO0014BR00027	Specific code	MAPFRE RE ESCRITORIO DE REPRESENTACION COMPAÑÍA DE REASEGUROS	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU)	Public Limited Company	Non Mutual		172
AR	GRO0014AR00015	LEI	INMOBILIARIA PRESIDENTE FIGUEROA ALCORTA, S.A.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU)	Public Limited Company	Non Mutual		173
AR	GRO0014AR00016	Specific code	MAPFRE MANDATOS Y SERVICIOS, S.A.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU)	Public Limited Company	Non Mutual		174
US	GRO0014US00016	Specific code	REINSURANCE MANAGMENT INC.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU)	Limited Liability Company	Non Mutual		175
ES	959800GMX7R2WN7KGT42	LEI	MAPFRE ASISTENCIA COMPAÑÍA INTERNACIONAL DE SEGUROS Y REASEGUROS, S.A.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU)	Public Limited Company	Non Mutual	DGSFP	176
PT	GRO0014PT00002	LEI	IBERO ASISTENCIA S.A.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU)	Public Limited Company	Non Mutual	ASF	177
BR	GRO0014BR00011	Specific code	BRASIL ASISTENCIA S.A.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU)	Public Limited Company	Non Mutual	SUSEP	178
BR	GRO0014BR00020	Specific code	MAPFRE WARRANTY BRASIL LTDA	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU)	Limited Liability Company	Non Mutual	SUSEP	179
TN	GRO0014TN00001	Specific code	AFRIQUE ASSISTANCE, S.A.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU)	Public Limited Company	Non Mutual	CGA	180
VE	GRO0014VE00001	Specific code	ENEASISTENCIA, S.A.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU)	Public Limited Company	Non Mutual	UDEASEG	181
CO	GRO0014CO00012	Specific code	ANDIASISTENCIA COMPAÑÍA DE ASISTENCIA DE LOS ANDES, S.A.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU)	Public Limited Company	Non Mutual	Superintendencia financiera de Colombia	182
US	GRO0014US00009	Specific code	FEDERAL ASSIST Co.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU)	Public Limited Company	Non Mutual	AIC	183
AR	GRO0014AR00007	Specific code	IBERO ASISTENCIA ARGENTINA	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU)	Public Limited Company	Non Mutual	SSN	184
CL	GRO0014CL00006	Specific code	SUR ASISTENCIA, S.A.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU)	Public Limited Company	Non Mutual	SVS	185
ES	C1096	Specific code	IBEROASISTENCIA, S.A.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU)	Public Limited Company	Non Mutual	DGSFP	186
IE	M0239	Specific code	IRELAND ASSIST, LTD	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU)	Limited Liability Company	Non Mutual	Pensions Authority	187
BH	GRO0014BH00001	LEI	GULF ASSIST, B.S.C.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU)	Public Limited Company	Non Mutual	The insurance commission of the bahamas	188
GB	M0241	Specific code	INSURE AND GO	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU)	Public Limited Company	Non Mutual	PRA	189
AU	GRO0014AU00001	Specific code	INSURE AND GO AUSTRALIA	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU)	Limited Liability Company	Non Mutual	APRA	190
GB	M0243	Specific code	TRAVEL CLAIMS SERVICES LIMITED	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU)	Public Limited Company	Non Mutual	PRA	191

Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority	ID
FR	GRO0014FR00002	Specific code	FRANCE ASSIST	Ancillary services undertaking as defined in Article 1 (53) of	Limited Liability Company	Non Mutual	ACPR	192
GR	M0247	Specific code	EUROSOS ASSISTANCE, S.A.	Ancillary services undertaking as defined in Article 1 (53) of	Public Limited Company	Non Mutual	Banco de Grecia	193
DO	GRO0014DO00001	Specific code	CARIBE ASISTENCIA, S.A.	Ancillary services undertaking as defined in Article 1 (53) of	Public Limited Company	Non Mutual	Superintendencia de Seguros	194
EC	GRO0014EC00002	Specific code	ECUASISTENCIA, S.A.	Ancillary services undertaking as defined in Article 1 (53) of	Public Limited Company	Non Mutual	SBS	195
ES	C0250	Specific code	CONSULTING DE SOLUCIONES Y TECNOLOGÍAS SIAM, S.A.	Ancillary services undertaking as defined in Article 1 (53) of	Public Limited Company	Non Mutual		196
PE	GRO0014PE00001	Specific code	PERÚ ASISTENCIA, S.A.	Ancillary services undertaking as defined in Article 1 (53) of	Public Limited Company	Non Mutual	SBS	197
MX	GRO0014MX00003	Specific code	MÉXICO ASISTENCIA, S.A.	Ancillary services undertaking as defined in Article 1 (53) of	Public Limited Company	Non Mutual	CNSF	198
DE	M0255	Specific code	ALLMAP ASSIST GESELLSCHAFT FÜR BEISTANDSLEISTUNGEN MBH	Ancillary services undertaking as defined in Article 1 (53) of	Public Limited Company	Non Mutual	BaFin	199
PA	GRO0014PA00001	Specific code	PANAMÁ ASISTENCIA, S.A.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Public Limited Company	Non Mutual	Super Intendencia de seguros y reaseguros de Panama	200
TR	GRO0014TR00001	Specific code	TUR ASSIST, LTD.	Ancillary services undertaking as defined in Article 1 (53) of	Limited Liability Company	Non Mutual		201
UY	GRO0014UY00005	Specific code	URUGUAY ASISTENCIA, S.A.	Ancillary services undertaking as defined in Article 1 (53) of	Public Limited Company	Non Mutual	BCU	202
GT	GRO0014GT00008	Specific code	QUETZAL ASISTENCIA, S.A.	Ancillary services undertaking as defined in Article 1 (53) of	Public Limited Company	Non Mutual	SIB	203
SV	GRO0014SV00003	Specific code	EL SALVADOR ASISTENCIA, S.A.	Ancillary services undertaking as defined in Article 1 (53) of	Public Limited Company	Non Mutual	SSF	204
RU	GRO0014RU00001	Specific code	LLC MAPFRE WARRANTY	Ancillary services undertaking as defined in Article 1 (53) of	Public Limited Company	Non Mutual		205
NI	GRO0014NI00001	Specific code	NICASSIT, S.A.	Ancillary services undertaking as defined in Article 1 (53) of	Public Limited Company	Non Mutual	LAFISE	206
BE	M0265	Specific code	BENELUX ASSIST, S.A.	Ancillary services undertaking as defined in Article 1 (53) of	Public Limited Company	Non Mutual	FSMA	207
IT	M0266	Specific code	MAPFRE WARRANTY S.P.A.	Ancillary services undertaking as defined in Article 1 (53) of	Public Limited Company	Non Mutual	IVASS	208
IT	M0267	Specific code	MAPFRE INSURANCE SERVICES S.L.R.	Ancillary services undertaking as defined in Article 1 (53) of	Limited Liability Company	Non Mutual	IVASS	209
LU	M0268	Specific code	MAPFRE WARRANTIES	Ancillary services undertaking as defined in Article 1 (53) of	Public Limited Company	Non Mutual	COMMASSU	210
CA	GRO0014CA00001	Specific code	NORASIST, INC D/B/A ROAD CANADA	Ancillary services undertaking as defined in Article 1 (53) of	Public Limited Company	Non Mutual	OSFI	211
US	GRO0014US00020	Specific code	BRICKELL FINANCIAL SERVICES MOTOR CLUB INC.	Ancillary services undertaking as defined in Article 1 (53) of	Limited Liability Company	Non Mutual	AIC	212

Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority	ID
CN	GRO0014CN00001	Specific code	ROAD CHINA ASSISTANCE Co, LTD	Ancillary services undertaking as defined in Article 1 (53) of	Limited Liability Company	Non Mutual	CIRC	213
GB	M0272	Specific code	MAPFRE ABRAXAS SOFTWARE, LTD	Ancillary services undertaking as defined in Article 1 (53) of	Limited Liability Company	Non Mutual	PRA	214
GB	M0273	Specific code	ABRAXAS INSURANCE	Ancillary services undertaking as defined in Article 1 (53) of	Limited Liability Company	Non Mutual	PRA	215
GB	M0274	Specific code	MAPFRE WARRANTY UK LIMITED	Ancillary services undertaking as defined in Article 1 (53) of	Limited Liability Company	Non Mutual	PRA	216
GB	M0275	Specific code	HOME 3	Other	Limited Liability Company	Non Mutual		217
IN	GRO0014IN00001	Specific code	INDIA ROADSIDE ASSISTANCE PRIVATE LIMITED	Ancillary services undertaking as defined in Article 1 (53) of	Limited Liability Company	Non Mutual		218
JO	GRO0014JO00001	Specific code	ARABA ASSIST FOR LOGISTIC SERVICES	Ancillary services undertaking as defined in Article 1 (53) of	Limited Liability Company	Non Mutual		219
DZ	GRO0014DZ00001	Specific code	ROADSIDE ASSIST ALGERIE SPA	Ancillary services undertaking as defined in Article 1 (53) of	Limited Liability Company	Non Mutual		220
EG	GRO0014EG00001	Specific code	NILE ASSIT	Ancillary services undertaking as defined in Article 1 (53) of	Limited Liability Company	Non Mutual		221
HK	GRO0014HK00001	Specific code	MAPFRE ASISTENCIA LIMITED	Ancillary services undertaking as defined in Article 1 (53) of	Limited Liability Company	Non Mutual		222
TW	GRO0014TW00001	Specific code	MAPFRE ASISTENCIA COMPANY LIMITED	Ancillary services undertaking as defined in Article 1 (53) of	Public Limited Company	Non Mutual		223
MT	M0284	Specific code	MIDDLESEA ASSIST LIMITED	Ancillary services undertaking as defined in Article 1 (53) of	Limited Liability Company	Non Mutual	MFSA	224
US	GRO0014US00034	Specific code	INSURE & GO INSURANCE SERVICES USA CORP.	Ancillary services undertaking as defined in Article 1 (53) of	Public Limited Company	Non Mutual	AIC	225
US	GRO0014US00039	Specific code	MAPFRE ASSISTANCE USA INC.	Ancillary services undertaking as defined in Article 1 (53) of	Public Limited Company	Non Mutual	AIC	226
US	GRO0014US00038	Specific code	CENTURY AUTOMOTIVE SERVICES COMPANY	Ancillary services undertaking as defined in Article 1 (53) of	Public Limited Company	Non Mutual	AIC	227
ES	C1004	Specific code	MAPFRE INMUEBLES, S.G.A.	Ancillary services undertaking as defined in Article 1 (53) of	Public Limited Company	Non Mutual		228
ES	C0290	Specific code	INMO ALEMANIA GESTIÓN DE ACTIVOS INMOBILIARIOS, S.L.	Ancillary services undertaking as defined in Article 1 (53) of	Limited Liability Company	Non Mutual		229
ES	C1007	Specific code	DESARROLLOS URBANOS CIC. S.A.	Ancillary services undertaking as defined in Article 1 (53) of	Public Limited Company	Non Mutual		230
ES	C1107	Specific code	SERVICIOS INMOBILIARIOS MAPFRE S.A.	Ancillary services undertaking as defined in Article 1 (53) of	Public Limited Company	Non Mutual		231
ES	C0294	Specific code	MAQUAVIT INMUEBLES, S.L.	Ancillary services undertaking as defined in Article 1 (53) of	Limited Liability Company	Non Mutual		232
ES	C1122	Specific code	PROVITAE CENTROS ASISTENCIALES S.L.	Ancillary services undertaking as defined in Article 1 (53) of	Limited Liability Company	Non Mutual		233

Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority	ID
ES	C1105	Specific code	BIOINGIENERIA ARAGONESA, S.L.	Ancillary services undertaking as defined in Article 1 (53) of	Limited Liability Company	Non Mutual		234
UY	GRO0014UY00004	Specific code	FANCY INVESTMENT S.A..	Insurance holding company as	Public Limited Company	Non Mutual	BCU	235
ES	C1012	Specific code	MAPFRE TECH	Ancillary services undertaking as defined in Article 1 (53) of	Public Limited Company	Non Mutual		236
DE	529900Z0Q8OXW9DI3W59	Specific code	VERTI VERSICHERUNG AG	Non life insurance undertaking	Public Limited Company	Non Mutual	BAFIN	237
IT	815600245A8A44EE0938	Specific code	DIRECT LINE INSURANCE S.P.A.	Non life insurance undertaking	Public Limited Company	Non Mutual	IVASS	238
US	GRO0014US00042	Specific code	VERTY INSURANCE COMPANY	Non life insurance undertaking	Public Limited Company	Non Mutual	AIC	239
CN	GRO0014CN00002	Specific code	MAPFRE QINGDAO ENTERPRISE MANAGEMENT CONSULTING LIMITED COMPANY	Other	Public Limited Company	Non Mutual		240
ID	GRO0014ID00002	Specific code	PT MAPFRE ABDA ASSISTANCE	Ancillary services undertaking as defined in Article 1 (53) of	Public Limited Company	Non Mutual	MOF	241
VE	GRO0014VE00027	Specific code	UNIDAD EDUCATIVA D.R FERNANCO BRAVO PEREZ CA	Other	Public Limited Company	Non Mutual		242
GB	GRO0014UK00016	Specific code	PREMINEN PRICE COMPARISON HOLDINGS LIMITED	Other	Public Limited Company	Non Mutual		243
MT	GRO0014MT00006	Specific code	CHURCH WARF PROPERTIES	Other	Public Limited Company	Non Mutual		244
MT	GRO0014MT00007	Specific code	EURO GLOBE HOLDINGS LIMITED	Other	Public Limited Company	Non Mutual		245
MT	GRO0014MT00008	Specific code	EUROMED RISK SOLUTIONS LIMITED	Other	Public Limited Company	Non Mutual		246
US	GRO0014US00044	Specific code	MAPFRE WARRANTY CORPORATION OF FLORIDA	Non-regulated undertaking carrying out financial activities as	Public Limited Company	Non Mutual		247
US	GRO0014US00043	Specific code	MAPFRE TECH USA CORPORATION	Ancillary services undertaking as defined in Article 1 (53) of	Public Limited Company	Non Mutual		248
ES	959800LT8LQKBY3F8F82	Specific code	MAPFRE AM INVESTMENT HOLDING, S.A	Credit institution, investment firm and financial institution	Public Limited Company	Non Mutual		249
FR	GRO0014FR00005	Specific code	LA FINANCIERE RESPONSABLE	Credit institution, investment firm	Public Limited Company	Non Mutual		250

Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation	ID
% capital share	% used for establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for the group solvency calculation	Inclusion in the scope of group supervision — Yes/No	Inclusion in the scope of group supervision — Date of decision if art.214 is applied	Method used and under method 1, treatment of the undertaking	
0	100	0		Dominant	100	Si		1 — Method 1: Full consolidation	1
99.9993	100	99.9993		Dominant	100	Si		1 — Method 1: Full consolidation	2
99.9993	100	99.9993		Dominant	100	Si		1 — Method 1: Full consolidation	3
99.9993	100	99.9993		Dominant	100	Si		1 — Method 1: Full consolidation	4
99.9993	100	99.9993		Dominant	100	Si		1 — Method 1: Full consolidation	5
99.9992	100	99.9992		Dominant	100	Si		1 — Method 1: Full consolidation	6
24.9998	24.9998	24.9998		Significant	24.9998	Si		3 — Method 1: Adjusted equity method	7
99.9996	100	99.9996		Dominant	100	Si		1 — Method 1: Full consolidation	8
99.9993	100	99.9993		Dominant	100	Si		1 — Method 1: Full consolidation	9
95.7945	100	95.7945		Dominant	100	Si		1 — Method 1: Full consolidation	10
71.8459	100	71.8459		Dominant	100	Si		1 — Method 1: Full consolidation	11
95.7945	100	95.7945		Dominant	100	Si		1 — Method 1: Full consolidation	12
46.9393	46.9393	46.9393		Significant	46.9393	Si		3 — Method 1: Adjusted equity method	13
46.9393	46.9393	46.9393		Significant	46.9393	Si		3 — Method 1: Adjusted equity method	14
0.23469824	0.23469824	0.23469824		Significant	0.23469824	Si		3 — Method 1: Adjusted equity method	15
57.4768	100	57.4768		Dominant	100	Si		1 — Method 1: Full consolidation	16
67.0562	100	67.0562		Dominant	100	Si		1 — Method 1: Full consolidation	17
74.3365	100	74.3365		Dominant	100	Si		1 — Method 1: Full consolidation	18
95.7945	100	95.7945		Dominant	100	Si		1 — Method 1: Full consolidation	19
93.0548	100	93.0548		Dominant	100	Si		1 — Method 1: Full consolidation	20
47.8972	47.8972	47.8972		Significant	47.8972	Si		3 — Method 1: Adjusted equity method	21
38.3178	38.3178	38.3178		Dominant	38.3178	Si		3 — Method 1: Adjusted equity method	22
0.3831808	100	0.3831808		Dominant	100	Si		1 — Method 1: Full consolidation	23
0.3831808	100	0.3831808		Dominant	100	Si		1 — Method 1: Full consolidation	24
0.3831808	100	0.3831808		Significant	100	Si		1 — Method 1: Full consolidation	25
0.3831808	100	0.3831808		Dominant	100	Si		1 — Method 1: Full consolidation	26
43.1075	100	43.1075		Dominant	100	Si		1 — Method 1: Full consolidation	27
67.0562	100	67.0562		Dominant	100	Si		1 — Method 1: Full consolidation	28
47.8972	47.8972	47.8972		Significant	47.8972	Si		3 — Method 1: Adjusted equity method	29
47.8972	47.8972	47.8972		Significant	47.8972	Si		3 — Method 1: Adjusted equity method	30
47.8972	47.8972	47.8972		Significant	47.8972	Si		3 — Method 1: Adjusted equity method	31
47.8972	47.8972	47.8972		Significant	47.8972	Si		3 — Method 1: Adjusted equity method	32
47.8972	47.8972	47.8972		Significant	47.8972	Si		3 — Method 1: Adjusted equity method	33
31.9283	31.9283	31.9283		Significant	31.9283	Si		3 — Method 1: Adjusted equity method	34
0.359232	0.359232	0.359232		Significant	0.359232	Si		3 — Method 1: Adjusted equity method	35
9.5794	9.5794	9.5794		Significant	9.5794	Si		3 — Method 1: Adjusted equity method	36
0.239488	0.239488	0.239488		Significant	0.239488	Si		3 — Method 1: Adjusted equity method	37
95.7945	100	95.7945		Dominant	100	Si		1 — Method 1: Full consolidation	38

Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation	ID
% capital share	% used for establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for the group solvency calculation	Inclusion in the scope of group supervision — Yes/No	Inclusion in the scope of group supervision — Date of decision if art.214 is applied	Method used and under method 1, treatment of the undertaking	
47.8972	0	47.8972		Dominant	0	Si	2015-12-31	9 — No inclusion in the scope of group supervision as defined in article 214 Directive 2009/138/EC	39
47.8972	0	47.8972		Dominant	0	Si	2015-12-31	9 — No inclusion in the scope of group supervision as defined in article 214 Directive 2009/138/EC	40
82.2109	100	82.2109		Dominant	100	Si		1 — Method 1: Full consolidation	41
99.97	99.97	99.97		Dominant	99.97	Si		3 — Method 1: Adjusted equity method	42
99.9993	100	99.9993		Dominant	100	Si		1 — Method 1: Full consolidation	43
99.9774	100	99.9774		Dominant	100	Si		1 — Method 1: Full consolidation	44
50.0996	100	50.0996		Dominant	100	Si		1 — Method 1: Full consolidation	45
12.4999	12.4999	12.4999		Significant	12.4999	No		3 — Method 1: Adjusted equity method	46
49.8997	49.8997	49.8997		Significant	49.8997	No		3 — Method 1: Adjusted equity method	47
22.9504	22.9504	22.9504		Significant	22.9504	Si		3 — Method 1: Adjusted equity method	48
99.9993	100	99.9993		Dominant	100	Si		1 — Method 1: Full consolidation	49
99.9993	100	99.9993		Dominant	100	Si		1 — Method 1: Full consolidation	50
99.9114	100	99.9114		Dominant	100	Si		1 — Method 1: Full consolidation	51
99.9115	100	99.9115		Dominant	100	Si		1 — Method 1: Full consolidation	52
99.9116	100	99.9116		Dominant	100	Si		1 — Method 1: Full consolidation	53
99.9114	99.9114	99.9114		Dominant	99.9114	Si		4 — Method 1: Sectoral rules	54
99.9114	99.9114	99.9114		Dominant	99.9114	Si		4 — Method 1: Sectoral rules	55
99.9114	99.9114	99.9114		Dominant	99.9114	Si		4 — Method 1: Sectoral rules	56
50.9548	100	50.9548		Dominant	100	Si		1 — Method 1: Full consolidation	57
99.9114	100	99.9114		Dominant	100	Si		1 — Method 1: Full consolidation	58
49.9557	100	49.9557		Dominant	100	Si		1 — Method 1: Full consolidation	59
49.9557	100	49.9557		Dominant	100	Si		1 — Method 1: Full consolidation	60
20.5999	20.5999	20.5999		Significant	20.5999	Si		3 — Method 1: Adjusted equity method	61
100	100	100		Dominant	100	Si		1 — Method 1: Full consolidation	62
100	100	100		Dominant	100	Si		1 — Method 1: Full consolidation	63
99.9988	100	99.9988		Dominant	100	Si		1 — Method 1: Full consolidation	64
100	100	100		Dominant	100	Si		1 — Method 1: Full consolidation	65
100	0	100		Dominant	0	Si	2015-12-31	9 — No inclusion in the scope of group supervision as defined in article 214 Directive 2009/138/EC	66
60.6393	100	60.6393		Dominant	100	Si		1 — Method 1: Full consolidation	67
50	50	50		Dominant	50	Si	2015-12-31	7 — Method 2: Local rules	68
100	100	100		Dominant	100	Si		1 — Method 1: Full consolidation	69
25.0099	100	25.0099		Dominant	100	Si		1 — Method 1: Full consolidation	70
100.0001	100	100.0001		Dominant	100	Si		1 — Method 1: Full consolidation	71
50	100	50		Dominant	100	Si		1 — Method 1: Full consolidation	72
50	100	50		Dominant	100	Si		1 — Method 1: Full consolidation	73
100.0001	100	100.0001		Dominant	100	Si		1 — Method 1: Full consolidation	74
100	100	100		Dominant	100	No		1 — Method 1: Full consolidation	75
100	100	100		Dominant	100	Si		1 — Method 1: Full consolidation	76
25.0099	25.0099	25.0099		Dominant	25.0099	Si	2015-12-31	7 — Method 2: Local rules	77



Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation	ID
% capital share	% used for establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for the group solvency calculation	Inclusion in the scope of group supervision — Yes/No	Inclusion in the scope of group supervision — Date of decision if art.214 is applied	Method used and under method 1, treatment of the undertaking	
100	100	100		Dominant	100	Si		1 — Method 1: Full consolidation	78
100.0001	100.0001	100.0001		Dominant	100.0001	Si	2015-12-31	7 — Method 2: Local rules	79
100	100	100		Dominant	100	Si		1 — Method 1: Full consolidation	80
50	50	50		Dominant	50	Si	2015-12-31	7 — Method 2: Local rules	81
50	50	50		Dominant	50	Si	2015-12-31	7 — Method 2: Local rules	82
25.0099	25.0099	25.0099		Dominant	25.0099	Si	2015-12-31	7 — Method 2: Local rules	83
100	100	100		Dominant	100	Si		1 — Method 1: Full consolidation	84
100	100	100		Dominant	100	Si		1 — Method 1: Full consolidation	85
100	100	100		Dominant	100	Si		1 — Method 1: Full consolidation	86
99.9	0	99.9		Dominant	0	Si	2015-12-31	9 — No inclusion in the scope of group supervision as defined in article 214 Directive 2009/138/EC	87
99.9	100	99.9		Dominant	100	Si		1 — Method 1: Full consolidation	88
98.2616	0	98.2616		Dominant	0	Si	2015-12-31	9 — No inclusion in the scope of group supervision as defined in article 214 Directive 2009/138/EC	89
99.2459	100	99.2459		Dominant	100	Si		1 — Method 1: Full consolidation	90
77.5353	0	77.5353		Dominant	0	Si	2015-12-31	9 — No inclusion in the scope of group supervision as defined in article 214 Directive 2009/138/EC	91
78.8211	0	78.8211		Dominant	0	Si	2015-12-31	9 — No inclusion in the scope of group supervision as defined in article 214 Directive 2009/138/EC	92
99.9	0	99.9		Dominant	0	Si	2015-12-31	9 — No inclusion in the scope of group supervision as defined in article 214 Directive 2009/138/EC	93
99.9	0	99.9		Dominant	0	Si	2015-12-31	9 — No inclusion in the scope of group supervision as defined in article 214 Directive 2009/138/EC	94
99.9	0	99.9		Dominant	0	Si	2015-12-31	9 — No inclusion in the scope of group supervision as defined in article 214 Directive 2009/138/EC	95
100	100	100		Dominant	100	No		1 — Method 1: Full consolidation	96
100	100	100		Dominant	100	Si		1 — Method 1: Full consolidation	97
100	100	100		Dominant	100	No		1 — Method 1: Full consolidation	98
100	0	100		Dominant	0	Si	2015-12-31	9 — No inclusion in the scope of group supervision as defined in article 214 Directive 2009/138/EC	99
100	0	100		Dominant	0	No	2015-12-31	9 — No inclusion in the scope of group supervision as defined in article 214 Directive 2009/138/EC	100
99.994	100	99.994		Dominant	100	No		1 — Method 1: Full consolidation	101
99.9938	100	99.9938		Dominant	100	No		1 — Method 1: Full consolidation	102
100	100	100		Dominant	100	No		1 — Method 1: Full consolidation	103
67.774	100	67.774		Dominant	100	No		1 — Method 1: Full consolidation	104
99.9938	100	99.9938		Dominant	100	Si		1 — Method 1: Full consolidation	105
60	0	60		Dominant	0	Si	2015-12-31	9 — No inclusion in the scope of group supervision as defined in article 214 Directive 2009/138/EC	106
100	100	100		Dominant	100	Si	2015-12-31	7 — Method 2: Local rules	107

Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation	ID
% capital share	% used for establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for the group solvency calculation	Inclusion in the scope of group supervision — Yes/No	Inclusion in the scope of group supervision — Date of decision if art.214 is applied	Method used and under method 1, treatment of the undertaking	
100	100	100		Dominant	100	No		1 — Method 1: Full consolidation	108
99.9982	100	99.9982		Dominant	100	No		1 — Method 1: Full consolidation	109
100	100	100		Dominant	100	Si		1 — Method 1: Full consolidation	110
100	100	100		Dominant	100	Si		1 — Method 1: Full consolidation	111
99.99	100	99.99		Dominant	100	Si		1 — Method 1: Full consolidation	112
16.67	100	16.67		Significant	100	Si		1 — Method 1: Full consolidation	113
100	100	100		Dominant	100	Si	2015-12-31	7 — Method 2: Local rules	114
89.54	0	89.54		Dominant	0	Si	2015-12-31	9 — No inclusion in the scope of group supervision as defined in article 214 Directive 2009/138/EC	115
99.29	100	99.29		Dominant	100	Si		1 — Method 1: Full consolidation	116
99.99	0	99.99		Dominant	0	No	2015-12-31	9 — No inclusion in the scope of group supervision as defined in article 214 Directive 2009/138/EC	117
67.2725	100	67.2725		Dominant	100	Si		1 — Method 1: Full consolidation	118
67.2725	100	67.2725		Dominant	100	Si		1 — Method 1: Full consolidation	119
100	100	100		Dominant	100	Si		1 — Method 1: Full consolidation	120
100	100	100		Dominant	100	Si		1 — Method 1: Full consolidation	121
100	100	100		Dominant	100	Si		1 — Method 1: Full consolidation	122
100	100	100		Dominant	100	No		1 — Method 1: Full consolidation	123
100	100	100		Dominant	100	Si		1 — Method 1: Full consolidation	124
100	100	100		Dominant	100	Si		1 — Method 1: Full consolidation	125
100	100	100		Dominant	100	Si		1 — Method 1: Full consolidation	126
100	100	100		Dominant	100	No		1 — Method 1: Full consolidation	127
100	0	100		Dominant	0	Si	2015-12-31	9 — No inclusion in the scope of group supervision as defined in article 214 Directive 2009/138/EC	128
50.9999	0	50.9999		Dominant	0	No	2015-12-31	9 — No inclusion in the scope of group supervision as defined in article 214 Directive 2009/138/EC	129
50.9999	0	50.9999		Dominant	0	Si	2015-12-31	9 — No inclusion in the scope of group supervision as defined in article 214 Directive 2009/138/EC	130
100	0	100		Dominant	0	Si	2015-12-31	9 — No inclusion in the scope of group supervision as defined in article 214 Directive 2009/138/EC	131
100	0	100		Dominant	0	Si	2015-12-31	9 — No inclusion in the scope of group supervision as defined in article 214 Directive 2009/138/EC	132
99.5159	0	99.5159		Dominant	0	Si	2015-12-31	9 — No inclusion in the scope of group supervision as defined in article 214 Directive 2009/138/EC	133
99.5159	0	99.5159		Dominant	0	Si	2015-12-31	9 — No inclusion in the scope of group supervision as defined in article 214 Directive 2009/138/EC	134

Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation	ID
% capital share	% used for establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for the group solvency calculation	Inclusion in the scope of group supervision — Yes/No	Inclusion in the scope of group supervision — Date of decision if art.214 is applied	Method used and under method 1, treatment of the undertaking	
99.5159	0	99.5159		Dominant	0	Si	2015-12-31	9 — No inclusion in the scope of group supervision as defined in article 214 Directive 2009/138/EC	135
99.5159	0	99.5159		Dominant	0	Si	2015-12-31	9 — No inclusion in the scope of group supervision as defined in article 214 Directive 2009/138/EC	136
99.5159	0	99.5159		Dominant	0	Si	2015-12-31	9 — No inclusion in the scope of group supervision as defined in article 214 Directive 2009/138/EC	137
99.745	100	99.745		Dominant	100	Si		1 — Method 1: Full consolidation	138
99.2463	100	99.2463		Dominant	100	Si		1 — Method 1: Full consolidation	139
50.87	100	50.87		Dominant	100	No		1 — Method 1: Full consolidation	140
54.5627	100	54.5627		Dominant	100	No		1 — Method 1: Full consolidation	141
74.9384	0	74.9384		Dominant	0	No	2015-12-31	9 — No inclusion in the scope of group supervision as defined in article 214 Directive 2009/138/EC	142
100	100	100		Dominant	100	No	2015-12-31	7 — Method 2: Local rules	143
100	100	100		Dominant	100	No	2015-12-31	7 — Method 2: Local rules	144
100	100	100		Dominant	100	No		1 — Method 1: Full consolidation	145
100	100	100		Dominant	100	No		1 — Method 1: Full consolidation	146
100	100	100		Dominant	100	No	2015-12-31	7 — Method 2: Local rules	147
100	100	100		Dominant	100	No	2015-12-31	7 — Method 2: Local rules	148
95	100	95		Dominant	100	No		1 — Method 1: Full consolidation	149
95	95	95		Dominant	95	Si	2015-12-31	7 — Method 2: Local rules	150
100	100	100		Dominant	100	Si		1 — Method 1: Full consolidation	151
95	95	95		Dominant	95	Si	2015-12-31	7 — Method 2: Local rules	152
95	95	95		Dominant	95	Si	2015-12-31	7 — Method 2: Local rules	153
100	100	100		Dominant	100	No		1 — Method 1: Full consolidation	154
100	100	100		Dominant	100	Si		1 — Method 1: Full consolidation	155
100	100	100		Dominant	100	Si	2015-12-31	7 — Method 2: Local rules	156
27.2814	100	27.2814		Dominant	100	Si		1 — Method 1: Full consolidation	157
54.5627	100	54.5627		Dominant	100	Si		1 — Method 1: Full consolidation	158
27.2814	27.2814	27.2814		Dominant	27.2814	Si		4 — Method 1: Sectoral rules	159
62.3267	62.3267	62.3267		Significant	62.3267	Si		3 — Method 1: Adjusted equity method	160
100	100	100		Dominant	100	Si		1 — Method 1: Full consolidation	161
100	100	100		Dominant	100	Si		1 — Method 1: Full consolidation	162
100	100	100		Dominant	100	Si		1 — Method 1: Full consolidation	163
50.0001	50.0001	50.0001		Significant	50.0001	Si		3 — Method 1: Adjusted equity method	164
92.2457	100	92.2457		Dominant	100	Si		1 — Method 1: Full consolidation	165
92.2465	100	92.2465		Dominant	100	Si		1 — Method 1: Full consolidation	166
92.2457	100	92.2457		Dominant	100	Si		1 — Method 1: Full consolidation	167
92.1043	100	92.1043		Dominant	100	Si		1 — Method 1: Full consolidation	168
29.0021	29.0021	29.0021		Dominant	29.0021	Si		3 — Method 1: Adjusted equity method	169
92.242	100	92.242		Dominant	100	Si		1 — Method 1: Full consolidation	170
92.2457	100	92.2457		Dominant	100	Si		1 — Method 1: Full consolidation	171

Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation	ID
% capital share	% used for establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for the group solvency calculation	Inclusion in the scope of group supervision — Yes/No	Inclusion in the scope of group supervision — Date of decision if art.214 is applied	Method used and under method 1, treatment of the undertaking	
92.2457	100	92.2457		Dominant	100	Si		1 — Method 1: Full consolidation	172
92.2443	100	92.2443		Dominant	100	Si		1 — Method 1: Full consolidation	173
92.6333	100	92.6333		Dominant	100	Si		1 — Method 1: Full consolidation	174
92.2457	100	92.2457		Dominant	100	Si		1 — Method 1: Full consolidation	175
100	100	100		Dominant	100	Si		1 — Method 1: Full consolidation	176
100	100	100		Dominant	100	Si		1 — Method 1: Full consolidation	177
99.999	100	99.999		Dominant	100	Si		1 — Method 1: Full consolidation	178
99.989	100	99.989		Dominant	100	Si		1 — Method 1: Full consolidation	179
48.9999	100	48.9999		Dominant	100	Si		1 — Method 1: Full consolidation	180
99.9998	100	99.9998		Dominant	100	Si		1 — Method 1: Full consolidation	181
99.99	100	99.99		Dominant	100	Si		1 — Method 1: Full consolidation	182
100	100	100		Dominant	100	Si		1 — Method 1: Full consolidation	183
99.9999	100	99.9999		Dominant	100	Si		1 — Method 1: Full consolidation	184
100	100	100		Dominant	100	Si		1 — Method 1: Full consolidation	185
100	100	100		Dominant	100	Si		1 — Method 1: Full consolidation	186
100	100	100		Dominant	100	Si		1 — Method 1: Full consolidation	187
74.6251	100	74.6251		Dominant	100	Si		1 — Method 1: Full consolidation	188
100	100	100		Dominant	100	Si		1 — Method 1: Full consolidation	189
100	100	100		Dominant	100	Si		1 — Method 1: Full consolidation	190
100	100	100		Dominant	100	Si		1 — Method 1: Full consolidation	191
100	100	100		Dominant	100	Si		1 — Method 1: Full consolidation	192
100	100	100		Dominant	100	Si		1 — Method 1: Full consolidation	193
83.5823	100	83.5823		Dominant	100	Si		1 — Method 1: Full consolidation	194
99.9995	100	99.9995		Dominant	100	Si		1 — Method 1: Full consolidation	195
99.9999	100	99.9999		Dominant	100	Si		1 — Method 1: Full consolidation	196
100	100	100		Dominant	100	Si		1 — Method 1: Full consolidation	197
99.9998	100	99.9998		Dominant	100	Si		1 — Method 1: Full consolidation	198
100	100	100		Dominant	100	Si		1 — Method 1: Full consolidation	199
82.07	100	82.07		Dominant	100	Si		1 — Method 1: Full consolidation	200
100	100	100		Dominant	100	Si		1 — Method 1: Full consolidation	201
100.0001	100	100.0001		Dominant	100	Si		1 — Method 1: Full consolidation	202
99.992	100	99.992		Dominant	100	Si		1 — Method 1: Full consolidation	203
100	100	100		Dominant	100	Si		1 — Method 1: Full consolidation	204
100	100	100		Dominant	100	Si		1 — Method 1: Full consolidation	205
100	100	100		Dominant	100	Si		1 — Method 1: Full consolidation	206
100	100	100		Dominant	100	Si		1 — Method 1: Full consolidation	207
100	100	100		Dominant	100	Si		1 — Method 1: Full consolidation	208
100	100	100		Dominant	100	Si		1 — Method 1: Full consolidation	209
100	100	100		Dominant	100	Si		1 — Method 1: Full consolidation	210
100	100	100		Dominant	100	Si		1 — Method 1: Full consolidation	211
100	100	100		Dominant	100	Si		1 — Method 1: Full consolidation	212

Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation	ID
% capital share	% used for establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for the group solvency calculation	Inclusion in the scope of group supervision — Yes/No	Inclusion in the scope of group supervision — Date of decision if art.214 is applied	Method used and under method 1, treatment of the undertaking	
100	100	100		Dominant	100	Si		1 — Method 1: Full consolidation	213
100	100	100		Dominant	100	Si		1 — Method 1: Full consolidation	214
100	100	100		Dominant	100	Si		1 — Method 1: Full consolidation	215
100	100	100		Dominant	100	Si		1 — Method 1: Full consolidation	216
50	50	50		Significant	50	Si		3 — Method 1: Adjusted equity method	217
99.9999	100	99.9999		Dominant	100	Si		1 — Method 1: Full consolidation	218
100	100	100		Dominant	100	Si		1 — Method 1: Full consolidation	219
60.9999	100	60.9999		Dominant	100	Si		1 — Method 1: Full consolidation	220
100	100	100		Dominant	100	Si		1 — Method 1: Full consolidation	221
100	100	100		Dominant	100	Si		1 — Method 1: Full consolidation	222
100	100	100		Dominant	100	Si		1 — Method 1: Full consolidation	223
77.7358	100	77.7358		Dominant	100	Si		1 — Method 1: Full consolidation	224
100	100	100		Dominant	100	Si		1 — Method 1: Full consolidation	225
100	100	100		Dominant	100	Si		1 — Method 1: Full consolidation	226
100	100	100		Dominant	100	Si		1 — Method 1: Full consolidation	227
99.992	100	99.992		Dominant	100	Si		1 — Method 1: Full consolidation	228
19.9999	19.9999	19.9999		Significant	19.9999	Si		3 — Method 1: Adjusted equity method	229
99.9921	100	99.9921		Dominant	100	Si		1 — Method 1: Full consolidation	230
99.9921	100	99.9921		Dominant	100	Si		1 — Method 1: Full consolidation	231
100	100	100		Dominant	100	Si		1 — Method 1: Full consolidation	232
50	50	50		Significant	50	Si		3 — Method 1: Adjusted equity method	233
100	100	100		Dominant	100	Si		1 — Method 1: Full consolidation	234
100	100	100		Dominant	100	Si		1 — Method 1: Full consolidation	235
99.927	100	99.927		Dominant	100	Si		1 — Method 1: Full consolidation	236
100	100	100		Dominant	100	Si		1 — Method 1: Full consolidation	237
100	100	100		Dominant	100	Si		1 — Method 1: Full consolidation	238
100	100	100		Significant	100	Si	2015-12-31	7 — Method 2: Local rules	239
99.9993	100	99.9993		Dominant	100	Si		1 — Method 1: Full consolidation	240
81.5402	100	81.5402		Dominant	100	Si		1 — Method 1: Full consolidation	241
99.5159	99.5159	99.5159		Dominant	99.5159	Si		3 — Method 1: Adjusted equity method	242
50	0	50		Dominant	0	Si	2015-12-31	9 — No inclusion in the scope of group supervision as defined in article 214 Directive 2009/138/EC	243
40.9221	0	40.9221		Significant	0	Si	2015-12-31	9 — No inclusion in the scope of group supervision as defined in article 214 Directive 2009/138/EC	244
54.5627	0	54.5627		Significant	0	Si	2015-12-31	9 — No inclusion in the scope of group supervision as defined in article 214 Directive 2009/138/EC	245
54.5627	100	54.5627		Significant	100	Si		1 — Method 1: Full consolidation	246
100	100	100		Significant	100	Si	0	1 — Method 1: Full consolidation	247
100	100	100		Significant	100	Si	0	1 — Method 1: Full consolidation	248
100	100	100		Significant	100	Si	0	1 — Method 1: Full consolidation	249
24.95	24.95	24.95		Significant	24.95	Si	0	3 — Method 1: Adjusted equity method	250



KPMG Auditores, S.L.  
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28046 Madrid

## **Special Independent Review Report on the Solvency and Financial Condition Report of the MAPFRE Group for the year ended 31 December 2017**

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

To the Directors of MAPFRE, S.A.:

### **Objective and scope of our work**

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We carried out our review to obtain reasonable assurance regarding the following aspects of the information contained in the accompanying report on the solvency and financial condition of MAPFRE, S.A. (hereinafter the Parent) and its subsidiaries (hereinafter the MAPFRE Group) at 31 December 2017 in accordance with article 6 of Circular 1/2017 of 22 February 2017 of the Spanish Insurance and Pension Fund Authorities, which establishes the contents of the special review report on solvency and financial conditions at individual and group level, as well as who is responsible for its preparation:

- a) The scope and structure of the group subject to review by the Spanish Insurance and Pension Fund Authorities in accordance with article 132 of Law 20/2015 of 14 July 2015 on the regulation, supervision and solvency of insurance and reinsurance undertakings.
- b) The entities exempt from such supervision under article 133 of Law 20/2015 of 14 July 2015.
- c) The suitability of the method applied to calculate the solvency of the group and the treatment used by each company in accordance with articles 145 et seq. of Law 20/2015 of 14 July 2015, its implementing regulations and directly applicable EU legislation.

No other aspects included in the solvency and financial condition report of the MAPFRE Group have been reviewed besides the foregoing.

The objective of our work is to verify that the aspects of the information presented by the Parent's directors mentioned in sections a), b) and c) above meet the requirements established in Law 20/2015 of 14 July 2015, its implementing regulations and directly applicable EU legislation with a view to providing complete and reliable information.

This engagement did not constitute an audit of accounts and is not subject to the legislation regulating audit in Spain. As such, we do not express an audit opinion under the terms provided in the above-mentioned legislation.

### **Responsibility of the directors of MAPFRE, S.A.**

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Pursuant to Law 20/2015 of 14 July 2015 on the regulation, supervision and solvency of insurance and reinsurance firms, its implementing regulations and directly applicable EU legislation, the directors of MAPFRE, S.A., the Parent of the MAPFRE Group, are responsible for the preparation, presentation and contents of the report on the solvency and financial condition of the MAPFRE Group.



The directors are also responsible for defining, implementing, adapting and maintaining the internal control and management systems from which the information required to prepare this report is obtained. These responsibilities include establishing such controls as the directors deem necessary to ensure that the preparation of the information contained in the report on the solvency and financial condition of the group is free from material misstatement due to non-compliance or error.

## **Our independence and quality control**

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We carried out our work in accordance with the independence and quality control requirements of the Spanish Insurance and Pension Fund Authorities' Circular 1/2017 of 22 February 2017, which stipulates the contents of the Special Report on the Solvency and Financial Condition Review and who is responsible for its preparation, and in accordance with the Spanish Insurance and Pension Fund Authorities' Circular 1/2018 of 17 April 2018, which establishes model reports, guidelines and the frequency of the special review report on the solvency and financial condition, at individual and group level, and who is responsible for its preparation.

## **Our responsibility**

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Our responsibility is to carry out a review to provide reasonable assurance on the aspects mentioned in the "*Objective and Scope of our Work*" section, which presents the information established in article 6 of Circular 1/2017 of 22 February 2017 and is contained in the accompanying report on the solvency and financial condition of the MAPFRE Group at 31 December 2017, as well as to express a conclusion on the work performed and the evidence obtained.

Our review work depends on our professional judgement and includes the assessment of risk of material misstatements regarding the aspects mentioned.

We carried out our review work based on the application of the procedures for compiling evidence described in Spanish Insurance and Pension Fund Authorities' Circular 1/2017 of 22 February 2017, which stipulates the contents of the special report on the solvency and financial condition review, at individual and group level, and who is responsible for its preparation, as well as in Appendix V of the Spanish Insurance and Pension Fund Authorities' Circular 1/2018 of 17 April 2018, which establishes model reports, guidelines and the frequency of the special review report on solvency and financial condition, at individual and group level, and who is responsible for its preparation.

The responsible for reviewing the report on the solvency and financial condition report was Hilario Albarracín Santa Cruz, KPMG Auditores, S.L, who has carried out the review.

The reviewer assumes full responsibility for the conclusions presented by them in the special review report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.



## Conclusion

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In our opinion, with regard to the accompanying report on the solvency and financial condition of the MAPFRE Group at 31 December 2017, the following matters comply, in all significant aspects, with Law 20/2015 of 14 July 2015, its implementing regulations and directly applicable EU legislation:

- a) The scope and structure of the MAPFRE Group, subject to supervision by the Spanish Insurance and Pension Fund Authorities, which appears in the accompanying report.
- b) The entities exempt from this group supervision.
- c) The method used to calculate the solvency of the group and the treatment used by each company.

KPMG Auditores, S.L.  
(Signed on original in Spanish)

Hilario Albarracín Santa Cruz

18<sup>th</sup> June 2018