MAPFRE

Annual Report 2013

MAPFRE RE

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Governing bodies

BOARD OF DIRECTORS		EXECUTIVE COMMITTEE	COMPLIANCE COMMITTEE
CHAIRMAN	Mr Pedro de Macedo	*Chairman*	
VICE-CHAIRMAN	Mr Matías Salvá	*Vice-Chairman*	*Chairman*
MEMBERS	Mr Ángel Alonso		*Member*
	Mr Ricardo Blanco		
	Mr Rafael Casas		
	Mr Alfredo Castelo		
	Mr Javier Fernández-Cid	*Member*	
	Mr Lorenzo Garagorri		
	Mr Philippe Hebeisen (Vaudoise Assurances Holding)		
	Mr Mark Hews (Ecclesiastical Insurance)		
	Mr Pedro López	*Member*	
	Mr Giovanni Battista Mazzuchelli (Società Cattolica di Assicurazione)		
	Mr Ricky L. Means (Shelter Mutual Insurance Company)		
	Mr Francisco J. Marco		
	Mr Eduardo Pérez de Lema	*Member*	
	Mr Gregorio Robles		*Member*
	Mr Rafael Senén		
	Mr Domingo Sugranyes	*Member*	
SECRETARY	Mr Juan Martín	*Secretary*	

Includes the appointments and re-elections that will be submitted to the General Meeting.

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Consolidated Management Report 2013

MAPFRE RE registered a good net income, an important growth in premiums and an increase in shareholders' equity, as a consequence of intense work performed in a complicated and volatile environment.

The reinsurance market obtained, for the second year running, positive results and an increase in shareholders' equity in a very competitive environment, where the primary insurance sector in developed countries is still recording low growth levels due to the financial crisis.

The absence of large catastrophes afforded the reinsurance companies positive technical results, but it has led to a massive inflow of non-traditional capital in the reinsurance market, with the ensuing price tension. On the other hand, there was a reduction in the financial income due to a low interest rate being maintained as a measure for stimulating financial growth.

Main activities

> An intense presence and activity in the markets was maintained throughout the year, multiplying contacts with all clients and brokers, both from the offices and from headquarters.

> The staff was reinforced both in the offices at headquarters, with highly qualified employees, to be able to meet the increasing technical complexities of the reinsurance business. Furthermore, both the personnel at headquarters and the offices have participated in training programmes, most notably AVANZA, the Executive Development Programme (EDP), and the MAPFRE Integration Programme (MIP).

> The Company continues to develop internal work aimed at the future application of the Solvency II regulations, both regarding IT and actuarial and accounting issues, which has involved an increase in personnel in the relevant departments. We participated in the European Insurance Chief Financial Offices Forum, enabling us to maintain contact with the C.F.O.s from other countries and companies.

> The technical training policy provided by the Company to its clients was maintained. Throughout the year training courses and seminars were provided by our own employees, highlighting the International Forum held in Madrid, with representatives from 13 countries; a Life insurance seminar with the participation of 29 attendees from 14 companies from Southeast Asia; a Reinsurance seminar in Manila, with 36 attendees from 20 companies; and several seminars on subscription and training for the MARESEL quotation program in Latin America, with a total of 146 attendees.

In cooperation with FUNDACION MAPFRE, an e-learning course on reinsurance was held, for which 44 people registered from ceding companies in Argentina, Brazil, Chile, Colombia and Venezuela. There was also participation in the IV Advanced Course on specialization in Life, Health and Pension Plan insurance organized by FUNDACION MAPFRE, comprising an e-learning section and a classroom section, which 27 people from 12 countries registered for.

> Standard & Poor's classification agency gave the company a BBB+ rating, staying two steps above the sovereign rating. It is worth highlighting that this same agency establishes MAPFRE RE's initial rating at "a", before applying its limitation criteria to a maximum of two steps above the country rating.

On the other hand, the agency AM Best does not impose maximums depending on the sovereign rate and applies a criterion that considers risk management and business diversification of each company, performing an individual impairment test. MAPFRE RE holds an "A" classification, after successfully completing the demanding impairment tests that were given.

> In this fiscal year MAPFRE RE registered assets exceeding €4,400 million and shareholders' equity exceeding €1,000 million. It was not necessary to acknowledge special impairment of its investments, and it is noteworthy that the Company has no financial debt whatsoever.

During the year, although there have been important catastrophes, none of them have led to noteworthy claims for the Company, falling within a recurring normal catastrophe claims ratio. On the other hand, several large individual claims were recorded.

Subsidiary and associated companies

The affiliate companies in Chile, MAPFRE CHILE REASEGUROS and INVERSIONES IBÉRICAS have obtained income for the amount of €7.4 million and earnings before taxes of €1.6 million. Their shareholders' equity is situated at €55.9 million at the close of the fiscal year.

MAPFRE RE DO BRASIL, which continues its positive trend, has obtained income of €118.9 million and earnings before taxes of €7.4 million. Their shareholders' equity is situated at €36.4 million at the close of the fiscal year.

Outlook

It is expected that the central banks of Japan, United States and the European Central Bank will maintain a flow of liquidity to the market and a low interest rate, with the aim to stimulate the economy. The expected growth of the main economies will show a slight acceleration regarding 2013.

The reduced returns expected from investments will affect the traditional reinsurance market, which must seek a positive technical result. Likewise, these reduced returns encourage non-traditional investors to venture into the world of reinsurance, mainly in modelized areas and catastrophe coverage, seeking a higher yield and a diversification of their investment portfolios.

Within this context, except for the advent of an important insurance or financial event that is large enough to modify current trends, all of the elements are present for a high competitiveness in prices and conditions in the reinsurance market.

Subsequent events

Up until the closing of this report there have been no notable events that could affect either the outlook or the budgets for the current year.

There have been no subsequent events that could affect the financial statements as of 31.12.13.

Proposed resolutions

> Approval of the Individual Annual Accounts for the 2013 financial year and of the following profit distribution proposal contained in the Annual Report:

DISTRIBUTION BASIS

Loss and profit	107,913,854
Retained earnings	360,955,225
TOTAL	**468,869,079**
DISTRIBUTION	
Dividend	85,954,971
Donations to MAPFRE Foundation	1,127,000
Retained earnings	381,787,108
TOTAL	**468,869,079**

> The proposal involves the distribution of a dividend of €1.19 gross for share numbers 1 to 72,231,068 inclusive, that was fully paid in advance by resolution of the Board of Directors.

> Approval of the Consolidated Financial Statements for the 2013 financial year.

> Approval of the Board of Directors' management during the 2013 financial year.

> Agreement to a donation of €1,127,000 being made to the FUNDACION MAPFRE, in accordance with the distribution of the profit for the year.

> Extension of the appointment of ERNST & YOUNG, S.L., as the Company's auditors, both for the Individual Annual Accounts and, where appropriate, the Consolidated Accounts, should the Company be required to draw these up or decide to do so voluntarily, for a new one-year period, i.e. for the 2014 financial year, although the appointment may be revoked by the General Meeting before the end of that period if there is a justifiable reason for doing so.

> Re-election of the Board Members Pedro López and Domingo Sugranyes for a new four-year term of office. Accept the resignation handed in by Mr. Claudio Ramos, who is thanked for his loyal collaboration. Name as the new Directors of the entity for a tenure of four years, Alfredo Castelo and Francisco Marco.

> Delegation of the widest powers to the Chairman of the Board and his Secretary, so that either of them may proceed to implement the resolutions adopted by the General Meeting and, where necessary, make them public.

> Thanking those involved in the management of the Company for their loyal cooperation during this financial year.

Financial and statistical information

REINSURANCE UNIT

IFRS INCOME STATEMENT	2013	2012	Var. % 13/12	Var. % 12/11
ASSUMED (INWARD) REINSURANCE				
Assumed premium	**3,253.7**	**2,844.5**	**14%**	**8%**
Earned premium for the year	3,303.8	2,785.8	19%	7%
Loss ratio (includes claims-related expenses)	-2,025.9	-1,708.8	19%	-5%
Operating costs and other underwriting expenses	-851.9	-721.6	18%	10%
ASSUMED REINSURANCE RESULTS	**426.0**	**355.4**	**20%**	**124%**
RETROCEDED REINSURANCE				
Premiums and change in unearned premium reserve	-1,122.3	-999.6	12%	15%
Claims paid and change in claims reserve	535.3	481.6	11%	-11%
Commission and participations	189.9	206.0	-8%	29%
RETROCEDED REINSURANCE RESULTS	**-397.2**	**-312.0**	**27%**	**91%**
Other income and underwriting expenses	-1.2	-0.7	74%	4%
RESULTS OF LIFE AND NON-LIFE TECHNICAL ACCOUNTS	**27.6**	**42.8**	**-35%**	**-968%**
Net investment income	129.8	77.8	67%	-30%
Unrealised investment gains and losses	0.0	0.0	-	-
Other non-underwriting income and expenses	-1.7	0.9	-300%	-222%
Results from minority interests	-0.4	-0.4	-	-
RESULTS OF LIFE AND NON-LIFE BUSINESS	**155.3**	**121.1**	**28%**	**12%**
RESULT FROM OTHER ACTIVITIES	**0.0**	**0.0**	**-**	**-**
RESULT BEFORE TAX AND MINORITY INTERESTS	**155.3**	**121.1**	**28%**	**12%**
Income tax	-46.5	-34.0	37%	17%
Result after tax from discontinued operations	0.0	0.0	-	-
RESULT AFTER TAX	**108.8**	**87.1**	**25%**	**11%**
External partners	0.0	0.0	0%	0%
RESULT AFTER TAX AND MINORITY INTERESTS	**108.8**	**87.1**	**25%**	**11%**

€ MILLIONS

NON-LIFE INSURANCE RATIOS	2013	2012
Loss ratio of assumed (inward) reinsurance	65.1%	67.3%
Expense ratio of assumed (inward) reinsurance	31.4%	29.7%
Net combined ratio of retroceded reinsurance	96.5%	97.0%

DETAILS OF ASSUMED PREMIUM	2013	2012	Var. % 13/12	Var. % 12/11
Non-life	2,828.0	2,383.1	18.7%	5.4%
Life	425.7	461.4	-7.7%	24.9%
TOTAL	**3,253.7**	**2,844.5**	**14.4%**	**8.1%**

€ MILLIONS

KEY BALANCE SHEET DATA (IFRS)	2013	2012	Var. % 13/12	Var. % 12/11
Financial investments and cash	2,937.4	2,848.7	3.1%	12.0%
Total assets	4,492.3	4,612.9	-2.6%	5.7%
Equity	1,009.8	968.6	4.3%	14.3%
ROE	11.0%	9.7%	13.4%	4.3%

€ MILLIONS

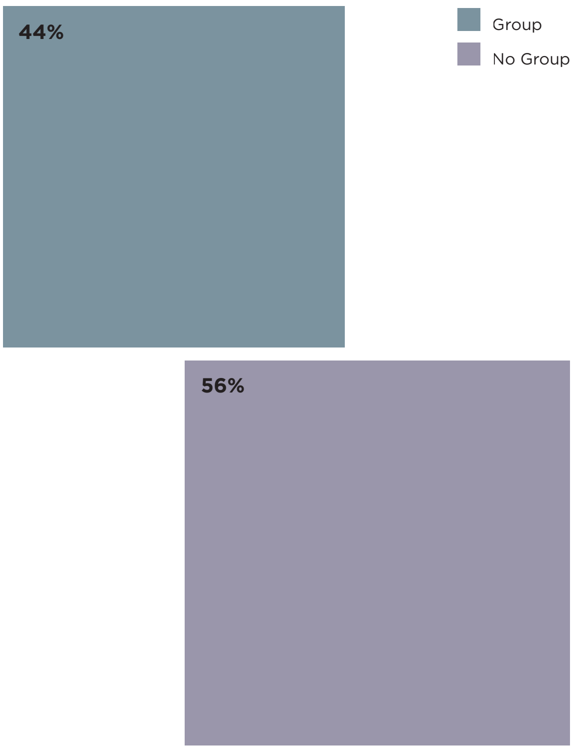
HEDGING AND SOLVENCY DATA	2013	2012	Var. % 13/12	Var. % 12/11
Technical provisions to be hedged	2,938.6	3,063.9	-4.1%	1.7%
Excess of suitable assets over reserves	796.2	714.6	11.4%	40.9%
Minimum amount of (consolidated) solvency margin	459.6	408.9	12.4%	10.9%
(Consolidated) solvency margin	981.6	968.6	1.3%	14.3%
Number of times minimum amount	2.1	2.4	-9.8%	3.0%

€ MILLIONS

OTHER INFORMATION	2013	2012	Var. % 13/12	Var. % 12/11
Average number of employees	309	307	0.7%	5.9%
% commission on written premium from inward reinsurance	28.4%	26.6%	6.8%	0.8%
% internal management expenses on assumed premium	1.3%	1.3%	0.0%	-7.1%

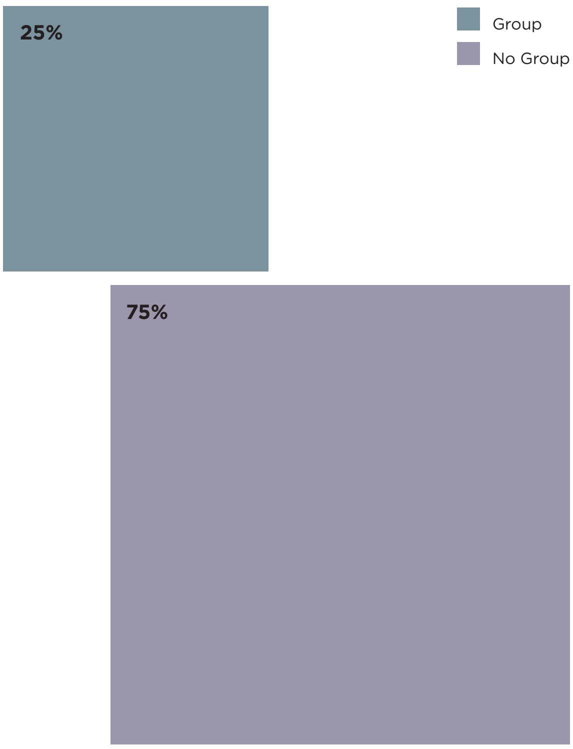
PORTFOLIO COMPOSITION BY ACCEPTED PREMIUM

Gross premium by ceding companies



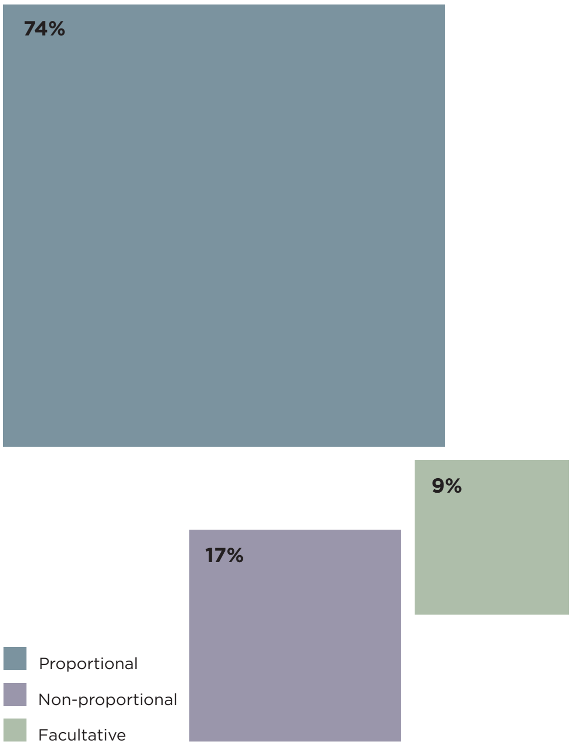
PORTFOLIO COMPOSITION BY NET GAIN

Net premium gained by ceding companies

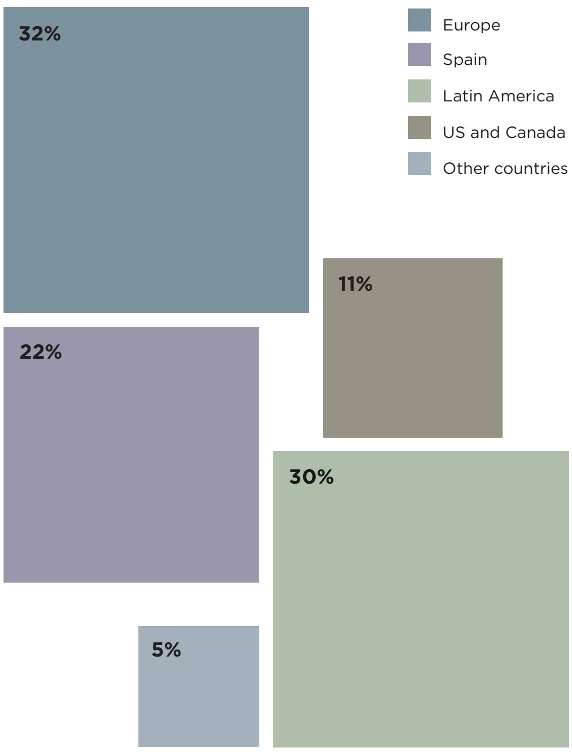


PORTFOLIO COMPOSITION BY ACCEPTED PREMIUM

By line of business

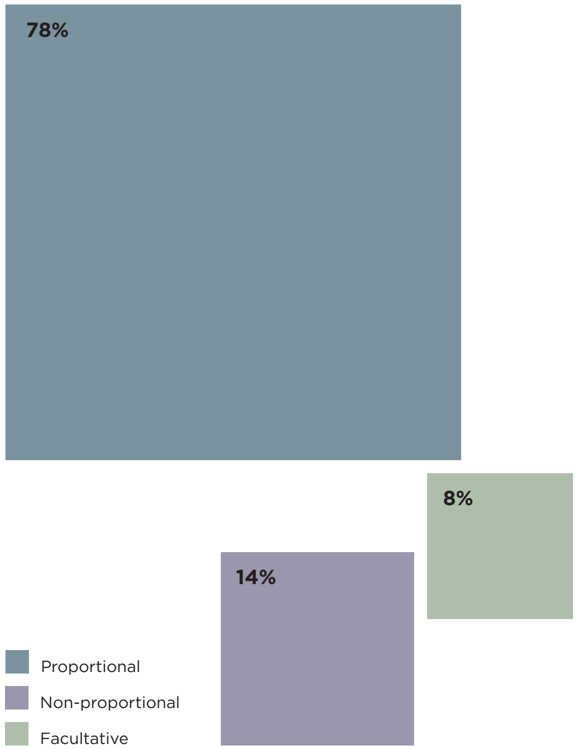


By area

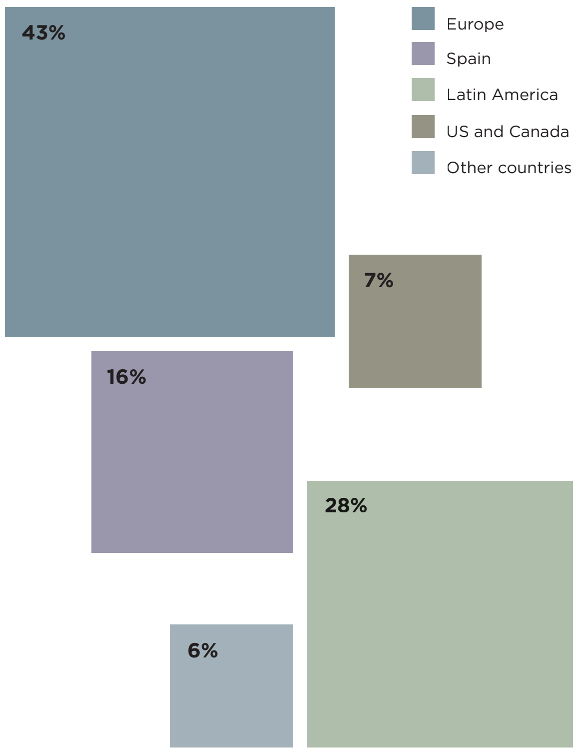


PORTFOLIO COMPOSITION BY NET GAIN

By line of business

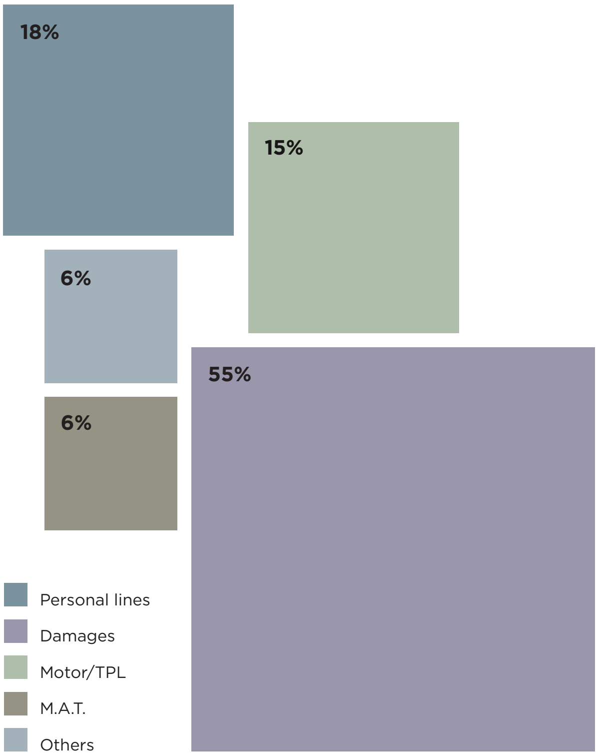


By area



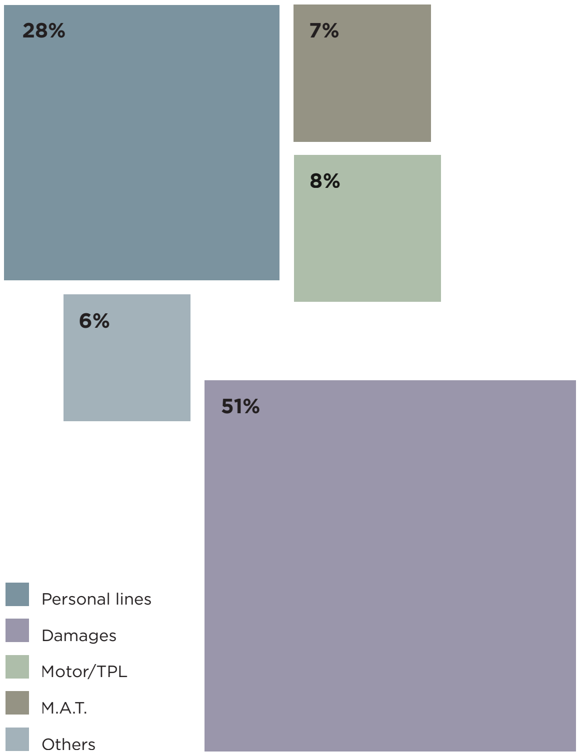
PORTFOLIO COMPOSITION BY ACCEPTED PREMIUM

Gross premium accepted by branch



PORTFOLIO COMPOSITION EARNED BY NET PREMIUM

Net premium earned by branch



Additional notes

ENVIRONMENTAL INFORMATION

MAPFRE's commitment to the environment is articulated through three pillars: integration of the environment into the business, environmental management, and the promotion of environmental responsibility. In this respect, besides taking on the environmental commitments laid down in the United Nations Global Compact, MAPFRE participates in the United Nations Environment Programme Finance Initiative (UNEP FI), an environmental initiative for financial institutions and the insurance sector promoted by the United Nations Environment Programme (UNEP), and has signed cooperation agreements with relevant public bodies in relation to water saving and energy efficiency.

PERSONNEL

At the end of the financial years 2011, 2012 and 2013, the number of people working for the Company maintained the following structure by professional categories:

CATEGORY	2013	2012	2011
Managerial staff	84	80	81
Administrative staff	96	88	84
Sales staff		9	9
Other	135	125	126
TOTAL	315	302	300

INVESTMENTS

As regards financial investments, MAPFRE RE's policy for reducing its exposure to risks of this type has been based on a prudent investment policy which concentrates the bulk of the portfolio in fixed-income securities.

As for the credit risk, MAPFRE RE's policy has been based on prudence (issuer's financial standing) and the diversification of fixed-income investments. The bulk of the fixed-income-securities portfolio is thus made up of securities with a high credit rating.

For investments in both fixed-income securities and equities, diversification criteria per activity sector and maximum limits of risk per issuer are applied.

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Annual Consolidated Financial Statements

A) Consolidated balance sheet as at December 31, 2013 and 2012

ASSETS	Notes	2013	2012
A) INTANGIBLE ASSETS		**2,006**	**2,072**
I. Goodwill		--	--
II. Other intangible assets	6,1	2,006	2,072
B) PROPERTY, PLANT AND EQUIPMENT		**11,165**	**11,564**
I. Property for one use	6,2 / 7D	8,952	9,412
II. Other property, plant and equipment	6,2	2,213	2,152
C) INVESTMENT		**3,189,538**	**3,081,570**
I. Investment property	6,2 / 7D	5,692	6,089
II. Financial investment		2,704,585	2,652,847
1. Portfolio held to maturity		--	--
2. Portfolio available for sale	6,4 / 7D	2,665,136	2,616,226
3. Trading portfolio	6,4 / 7D	39,449	36,621
III. Investments recorded by applying the equity method		8,148	10,567
IV. Deposits established for accepted reinsurance		400,176	365,370
V. Other investment	7D	70,937	46,697
D) REINSURANCE'S SHARE OF TECHNICAL PROVISIONS	**6,9**	**708,312**	**896,633**
E) DEFERRED TAX ASSETS	**6,17**	**20,208**	**11,553**
F) CREDITS	**6,5 / 7B**	**273,984**	**310,942**
I. Credits arising out of reinsurance operations	6,5 / 7B	256,563	275,595
II. Tax credits	6,5 / 7B	8,460	13,539
1. Income tax receivable		--	--
2. Other tax credits		8,460	13,539
III. Corporate and other credits	6,5 / 7B	8,961	21,808
G) CASH	**6,7 / 7B/ 7C**	**161,895**	**149,192**
H) ADJUSTMENTS FOR PREPAYMENT		**125,192**	**149,337**
I) OTHER ASSETS		**--**	**1**
TOTAL ASSETS		**4,492,300**	**4,612,864**

FIGURES IN €000

NET EQUITY AND LIABILITIES	Notes	2013	2012
A) NET EQUITY		**1,009,805**	**968,567**
I. Share capital	6,8	223,916	223,916
II. Share premium reserve and other reserves	6,8	335,231	344,254
III. Own shares		--	--
IV. Valuation change adjustments	6,8	48,017	10,809
V. Currency translation differences	6,19	13,029	29,655
VI. Retained earnings		389,588	359,907
1. Unallocated retained earnings from prior years		366,736	329,152
2. Result for the year attributable to the Parent Company	4,1	108,807	87,095
3. Interim dividends	4,2	(85,955)	(56,340)
Equity attributable to controlling company's shareholders		**1,009,781**	**968,541**
Minority interests		**24**	**26**
B) SUBORDINATED LIABILITIES			
C) TECHNICAL PROVISIONS	**6,9 / 7C**	**3,063,759**	**3,213,192**
I. Provisions for unearned premiums and for risks in progress	6,9 / 7C	1,082,076	1,156,306
II. Provision for life insurance	6,9 / 7C	267,325	257,656
III. Provision for outstanding claims	6,9 / 7C	1,714,358	1,799,230
IV. Other technical provisions		--	--
D) PROVISIONS FOR RISKS AND EXPENSES	**6,10**	**3,506**	**1,914**
E) DEPOSITS RECEIVED ON CEDED (OUTWARD) AND RETROCEDED REINSURANCE	**6,11**	**54,498**	**72,837**
F) DEFERRED TAX LIABILITIES	**6,17**	**20,712**	**11,381**
G) DEBT	**6,12**	**282,764**	**273,668**
I Payables arising out of reinsurance operations	6,12 / 7C	253,842	242,248
II. Tax payable	6,12 / 6,17	10,566	19,963
1. Tax on profits to be paid		--	-
2. Other tax debts		10,566	19,963
III. Other debts	6,12	18,356	11,457
H) ADJUSTMENTS FOR PREPAYMENT		**57,256**	**71,305**
TOTAL NET EQUITY AND LIABILITIES		**4,492,300**	**4,612,864**

FIGURES IN €000

B) Global consolidated income statement for the years ended December 31, 2013 and 2012

B.1) CONSOLIDATED INCOME STATEMENT

ITEM	Notes	2013	2012
I. REVENUE FROM INSURANCE BUSINESS			
1. Net earned premiums for the year		2,181,454	1,786,216
a) Direct insurance issued premius			
b) Premium from accepted reinsurance	7, A2	3,253,705	2,844,468
c) Premium from ceded reinsurance	6,16	(1,105,174)	(994,428)
d) Variations in provisions for premiums and risks in progress, net		32,923	(63,824)
Direct insurance			
Accepted reinsurance		50,089	(58,701)
Ceded reinsurance	6,16	(17,166)	(5,123)
2. Share of profits for companies recorded by the equity method		59	
3. Revenue from investment	6,14	167,993	158,294
a) From operations	6,14	151,624	141,956
b) From equity	6,14	16,369	16,338
4. Unrealized account of gains on investment on behalf of life insurance policyholders bearing the investment risk			
5. Other technical revenue		--	3
6. Other non technical revenue		1,916	4,436
7. Positive translation differences	6,19	302,354	239,728
8. Reversal of the asset impairment provision	6,6 / 6,5	68	1,298
TOTAL REVENUE FROM INSURANCE BUSINESS		**2,653,844**	**2,189,975**
II. EXPENSES FROM INSURANCE BUSINESS			
1. Claims ratio for the year, net		(1,490,614)	(1,227,186)
a) Claims paid and variation in provision for claims, net		(1,490,506)	(1,227,085)
Direct insurance			
Accepted reinsurance		(2,025,771)	(1,708,675)
Ceded reinsurance	6,16	535,265	481,590
b) Claims-related expenses		(108)	(101)
2. Variation in other technical provisions, net		(2,551)	(2,359)
3. Profit sharing and returned premiums			
4. Net operating expenses	6,15	(659,497)	(513,232)
a) Acquisition expenses	6,15	(839,448)	(709,309)
b) Administration expenses	6,15	(9,900)	(9,889)
c) Fees and participation in reinsurance	6,15 / 6,16	189,851	205,966
5. Sharing losses from companies recorded by the equity method		(413)	(354)
6. Investment expenses	6,14	(55,209)	(51,624)
a) From operations	6,14	(47,981)	(46,476)
b) From equity and financial accounts	6,14	(7,228)	(5,148)
7. Unrealized losses on investment on account of life insurance policyholders bearing the investment risk			
8. Other technical expenses		(1,163)	(669)
9. Other non technical expenses		(3,652)	(3,568)
10. Negative translation differences	6,19	(284,378)	(239,122)
11. Allowance to the asset impairment provision	6,6	(1,076)	(30,761)
TOTAL EXPENSES FROM INSURANCE BUSINESS		**(2,498,553)**	**(2,068,875)**
III. RESULT FROM THE INSURANCE BUSINESS		**155,291**	**121,100**
IV. RESULT BEFORE TAX FROM ONGOING OPERATIONS	**6,17**	**155,291**	**121,100**
V. TAX ON PROFIT FROM ONGOING OPERATIONS	**6,17**	**(46,482)**	**(34,004)**
VI. RESULT AFTER TAX FROM ONGOING OPERATIONS		**108,809**	**87,096**
VII. RESULT AFTER TAX FROM DISCONTINUED OPERATIONS			
VIII. RESULT FOR THE FINANCIAL YEAR		**108,809**	**87,096**
1. Attributable to minority shareholders		(2)	(1)
2. Attributable to controlling Company		108,807	87,095

FIGURES IN €000

B.2) CONSOLIDATED STATEMENT OF RECOGNISED REVENUE AND EXPENSES

	GROSS AMOUNT		TAX ON PROFITS		ATTRIBUTABLE TO MINORITY SHAREHOLDERS		ATTRIBUTABLE TO CONTROLLING COMPANY	
ITEM	2013	2012	2013	2012	2013	2012	2013	2012
A) CONSOLIDATED RESULT IN THE FINANCIAL YEAR	155,291	121,100	(46,482)	(34,004)	(2)	(1)	108,807	87,095
B) OTHER RECOGNISED REVENUE (EXPENSES)	34,844	128,308	(14,262)	(37,995)			20,582	90,313
1. Financial assets available for sale	51,230	127,684	(14,336)	(37,799)			36,894	89,885
a) Valuation gains (losses)	53,543	131,844	(15,822)	(39,643)			37,721	92,201
b) Amounts transferred to the income statement	(2,313)	(4,160)	1,486	1,844			(827)	(2,316)
c) Other reclassifications								
2. Currency translation differences	(16,700)	490	74	(196)			(16,626)	294
a) Valuation gains (losses)	(16,700)	490	74	(196)			(16,626)	294
b) Amounts transferred to the income statement								
3. Shadow accounting								
a) Valuation gains (losses)								
b) Amounts transferred to the income statement								
4. Entities measured by the equity method	314	134					314	134
a) Valuation gains (losses)	314	134					314	134
b) Amounts transferred to the income statement								
c) Other reclassifications								
5. Other recognised revenue and expenses								
TOTALS	190,135	249,408	(60,744)	(71,999)	(2)	(1)	129,389	177,408

FIGURES IN €000

C) Consolidated statement of changes in net equity as at December 31, 2013 and 2012

ITEM	NET EQUITY ATTRIBUTABLE TO CONTROLLING COMPANY						MINORITY INTERESTS	TOTAL NET EQUITY
	PAID UP CAPITAL	RESERVES	OWN SHARES	VALUATION ADJUSTMENT RESERVES	CURRENCY TRANSLATION DIFFERENCES	RETAINED EARNINGS		
BALANCE AS AT 1 JANUARY 2012	**223,916**	**334,826**		**(79,210)**	**29,361**	**338,742**	**26**	**847,661**
I. Changes in accounting policies								
II. Error corrections								
BALANCE AS AT 01.01.12, RESTATED	**223,916**	**334,826**		**(79,210)**	**29,361**	**338,742**	**26**	**847,661**
CHANGES IN THE 2012 FINANCIAL YEAR								
I. Results recognised directly into equity								
1. From revaluations of property, plant and equipment and intangibles								
2. From available-for-sale investments				89,885				89,885
3. From cash-flow hedges								
4. From translation differences					294			294
5. From other results recognised directly into equity				134				134
TOTAL RESULTS RECOGNISED DIRECTLY INTO EQUITY				**90,019**	**294**			**90,313**
II. Other results for the 2012 financial year						87,095		87,095
III. Distribution of the 2011 results (note 4.2)						(2,301)	(1)	(2,302)
IV. Interim dividend for 2012						(56,340)		(56,340)
V. Capital increase								
VI. Capital not yet paid up								
VII. Capital reduction								
VIII. Other increases		9,428					1	9,429
IX. Other decreases						(7,289)		(7,289)
TOTAL CHANGES IN THE 2012 FINANCIAL YEAR		**9,428**				**21,165**		**30,593**
BALANCE AS AT 31.12.12	**223,916**	**344,254**		**10,809**	**29,655**	**359,907**	**26**	**968,567**
I. Changes in accounting policies								
II. Error corrections								
BALANCE AS AT 1 JANUARY 2013, RESTATED	**223,916**	**344,254**		**10,809**	**29,655**	**359,907**	**26**	**968,567**
CHANGES IN THE 2013 FINANCIAL YEAR								
I. Results recognised directly into equity								
1. From revaluations of property, plant and equipment and intangibles								
2. From available-for-sale investments				36,894				36,894
3. From cash-flow hedges								
4. From translation differences					(16,626)			(16,626)
5. From other results recognised directly into equity				314				314
TOTAL RESULTS RECOGNISED DIRECTLY INTO EQUITY				**37,208**	**(16,626)**			**20,582**
II. Other results for the 2013 financial year						108,807		108,807
III. Distribution of the 2012 results (note 4.2)						(1,514)		(1,514)
IV. Interim dividend for 2013						(85,955)		(85,955)
V. Capital increase								
VI. Capital not yet paid up								
VII. Capital reduction								
VIII. Other increases						8,343		8,343
IX. Other decreases		(9,023)					(2)	(9,025)
TOTAL CHANGES IN THE 2013 FINANCIAL YEAR		**(9,023)**				**29,681**	**(2)**	**20,656**
BALANCE AS AT 31.12.13	**223,916**	**335,231**		**48,017**	**13,029**	**389,588**	**24**	**1,009,805**

FIGURES IN €000

The amounts for the concepts “Other increases” and “Other decreases” in the “Share Premium and Reserves” column and the amounts for the concepts “Other increases” and “Other decreases” in the “Retained earnings” column are mostly the result of earnings distribution from prior years and transfers made between them.

D) Consolidated cash flow statement for years ended December 31, 2013 and 2012

ITEMS	2013	2012
Premium receipts		
Payments on claims		
Receipts from reinsurance operations	565,761	591,746
Payments on reinsurance operations	(301,535)	(332,730)
Receipts from coinsurance operations		
Payments on coinsurance operations		
Payments of commission		
Receipts from clients of other activities		
Payments to providers of other activities	(131)	
Other operating receipts	2,118	2,111
Other operating payments	(62,859)	(70,963)
Corporation tax payments or receipts	(48,846)	(11,775)
NET CASH FLOWS FROM OPERATING ACTIVITIES	**154,508**	**178,389**
Acquisitions of intangible fixed assets	(570)	(766)
Acquisitions of property, plant and equipment	(541)	(2,179)
Acquisitions of investments and expenses on capital increases	(98,726)	(192,686)
Net cash paid by companies leaving the consolidation perimeter		
Net cash collected from companies leaving the consolidation perimeter		
Sales of fixed assets	84	642
Sales of investments	265	197
Interest collected	45,462	69,176
Other payments		
Dividends collected	3,237	5,204
Receipts from loans and other financial instruments	41	689
Payments for loans and other financial instruments		
NET CASH FLOWS FROM INVESTING ACTIVITIES	**(50,748)**	**(119,723)**
Dividends and donations paid	(87,469)	(58,641)
Proceeds from capital increases		
Payments through return of contributions to shareholders		
Proceeds from the issue of debentures		
Payment for interest and redemption of debentures		
Payment for interest and repayment of other borrowings		
Proceeds from other borrowings		
NET CASH FLOWS FROM FINANCING ACTIVITIES	**(87,469)**	**(58,641)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**16,291**	**25**
Translation differences in cash flows and cash balances	**(3,588)**	**(563)**
OPENING CASH BALANCE	**149,192**	**149,730**
CLOSING CASH BALANCE	**161,895**	**149,192**

FIGURES IN €000

E) Financial information by segment – consolidated balance sheet as at December 31, 2013 and 2012

ASSETS	LIFE REINSURANCE 2013	LIFE REINSURANCE 2012	NON-LIFE REINSURANCE 2013	NON-LIFE REINSURANCE 2012	TOTAL 2013	TOTAL 2012
A) INTANGIBLE ASSETS	**224**	**197**	**1,782**	**1,875**	**2,006**	**2,072**
I. Goodwill						
II. Other intangible assets	224	197	1,782	1,875	2,006	2,072
B) PROPERTY, PLANT AND EQUIPMENT	**1,366**	**1,708**	**9,799**	**9,856**	**11,165**	**11,564**
I. Property for one use	1,100	1,424	7,852	7,988	8,952	9,412
II. Other property, plant and equipment	266	284	1,947	1,868	2,213	2,152
C) INVESTMENT	**571,099**	**535,524**	**2,618,439**	**2,546,046**	**3,189,538**	**3,081,570**
I. Investment property	1,799	2,050	3,893	4,039	5,692	6,089
II. Financial investment	369,495	359,166	2,335,090	2,293,681	2,704,585	2,652,847
1. Portfolio held to maturity						
2. Portfolio available for sale	348,307	332,099	2,316,829	2,284,127	2,665,136	2,616,226
3. Trading portfolio	21,188	27,067	18,261	9,554	39,449	36,621
III. Investments recorded by applying the equity method	6,460	8,807	1,688	1,760	8,148	10,567
IV. Deposits established for accepted reinsurance	184,251	155,056	215,925	210,314	400,176	365,370
V. Other investment	9,094	10,445	61,843	36,252	70,937	46,697
D) REINSURANCE'S SHARE OF TECHNICAL PROVISIONS	**29,394**	**38,259**	**678,918**	**858,374**	**708,312**	**896,633**
E) DEFERRED TAX ASSETS	**2,258**	**1,093**	**17,950**	**10,460**	**20,208**	**11,553**
F) LOANS AND RECEIVABLES	**29,670**	**35,572**	**244,314**	**275,370**	**273,984**	**310,942**
I. Credits arising out of reinsurance operations	27,722	29,933	228,841	245,662	256,563	275,595
II. Tax credits	1,074	1,889	7,386	11,650	8,460	13,539
III. Corporate and other credits	874	3,750	8,087	18,058	8,961	21,808
G) CASH	**30,065**	**22,966**	**131,830**	**126,226**	**161,895**	**149,192**
H) ADJUSTMENTS FOR PREPAYMENT	**5,810**	**4,733**	**119,382**	**144,604**	**125,192**	**149,337**
I) OTHER ASSETS	**--**		**--**	**1**	**--**	**1**
J) NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS						
TOTAL ASSETS BY SEGMENT	**669,886**	**640,052**	**3,822,414**	**3,972,812**	**4,492,300**	**4,612,864**

FIGURES IN €000

NET EQUITY AND LIABILITIES	LIFE REINSURANCE		NON-LIFE REINSURANCE		TOTAL	
	2013	2012	2013	2012	2013	2012
A) NET EQUITY	**141,768**	**153,149**	**868,037**	**815,418**	**1,009,805**	**968,567**
I. Share capital	25,021	21,192	198,895	202,724	223,916	223,916
II. Share premium reserve and other reserves	64,209	79,633	271,022	264,621	335,231	344,254
III. Own shares						
IV. Valuation change adjustments	7,683	3,099	40,334	7,710	48,017	10,809
V. Currency translation differences	629	9,623	12,400	20,032	13,029	29,655
VI. Retained earnings	44,202	39,576	345,386	320,331	389,588	359,907
Equity attributable to Company's controlling shareholders	**141,744**	**153,123**	**868,037**	**815,418**	**1,009,781**	**968,541**
Minority interests	**24**	**26**			**24**	**26**
B) SUBORDINATED LIABILITIES						
C) TECHNICAL PROVISIONS						
I. Provisions for unearned premiums and for risks in progress	483,999	439,603	2,579,760	2,773,589	3,063,759	3,213,192
II. Provision for life insurance			1,082,076	1,156,306	1,082,076	1,156,306
III. Provision for outstanding claims	267,325	257,656			267,325	257,656
IV. Other technical provisions	216,674	181,947	1,497,684	1,617,283	1,714,358	1,799,230
V. Other technical provisions						
D) PROVISIONS FOR RISKS AND EXPENSES	**392**	**181**	**3,114**	**1,733**	**3,506**	**1,914**
E) DEPOSITS RECEIVED ON CEDED (OUTWARD) AND RETROCEDED REINSURANCE	**7,556**	**7,994**	**46,942**	**64,843**	**54,498**	**72,837**
F) DEFERRED TAX LIABILITIES	**3,023**	**1,642**	**17,689**	**9,739**	**20,712**	**11,381**
G) DEBT	**32,456**	**31,110**	**250,308**	**242,558**	**282,764**	**273,668**
I Payables arising out of reinsurance operations	26,361	22,716	227,481	219,532	253,842	242,248
II. Tax payable	974	2,532	9,592	17,431	10,566	19,963
III. Other debts	5,121	5,862	13,235	5,595	18,356	11,457
H) ADJUSTMENTS FOR PREPAYMENT	**692**	**6,373**	**56,564**	**64,932**	**57,256**	**71,305**
I) LIABILITIES ASSOCIATED WITH NON-CORRESPONDING ASSETS CLASSIFIED AS HELD FOR SALE AND FROM INTERRUPTED ACTIVITIES						
TOTAL EQUITY AND LIABILITIES BY SEGMENT	**669,886**	**640,052**	**3,822,414**	**3,972,812**	**4,492,300**	**4,612,864**

FIGURES IN €000

E) Financial information by segment – consolidated income statement for the years ended December 31, 2013 and 2012

	LIFE REINSURANCE		NON-LIFE REINSURANCE		TOTAL	
	2013	2012	2013	2012	2013	2012
I. REVENUE FROM INSURANCE BUSINESS						
1. Net earned premiums for the year	347,144	321,224	1,834,310	1,464,992	2,181,454	1,786,216
a) Direct insurance issued premius						
b) Premium from accepted reinsurance	425,711	461,372	2,827,994	2,383,096	3,253,705	2,844,468
c) Premium from ceded reinsurance	(54,827)	(91,435)	(1,050,347)	(902,993)	(1,105,174)	(994,428)
d) Variations in provisions for premiums and risks in progress, net	(23,740)	(48,713)	56,663	(15,111)	32,923	(63,824)
Direct insurance						
Accepted reinsurance	(16,608)	(49,336)	66,697	(9,365)	50,089	(58,701)
Ceded reinsurance	(7,132)	623	(10,034)	(5,746)	(17,166)	(5,123)
2. Share of profits for companies recorded by the equity method			59		59	
3. Revenue from investment	56,328	33,291	111,665	125,003	167,993	158,294
a) From operations	49,474	26,932	102,150	115,024	151,624	141,956
b) From equity	6,854	6,359	9,515	9,979	16,369	16,338
4. Unrealized account of gains on investment on behalf of life insurance policyholders bearing the investment risk						
5. Other technical revenue	--	3	--		--	3
6. Other non technical revenue	124	341	1,792	4,095	1,916	4,436
7. Positive translation differences	36,793	30,114	265,561	209,614	302,354	239,728
8. Reversal of the asset impairment provision	0		68	1,298	68	1,298
TOTAL REVENUE FROM INSURANCE BUSINESS	**440,389**	**384,973**	**2,213,455**	**1,805,002**	**2,653,844**	**2,189,975**
II. EXPENSES FROM INSURANCE BUSINESS						
1. Claims retro for the year, net	(296,804)	(240,813)	(1,193,810)	(986,373)	(1,490,614)	(1,227,186)
a) Claims paid and variation in provision for claims, net	(296,787)	(240,797)	(1,193,719)	(986,288)	(1,490,506)	(1,227,085)
Direct insurance						
Accepted reinsurance	(333,172)	(284,351)	(1,692,599)	(1,424,324)	(2,025,771)	(1,708,675)
Ceded reinsurance	36,385	43,554	498,880	438,036	535,265	481,590
b) Claims-related expenses	(17)	(16)	(91)	(85)	(108)	(101)
2. Variation in other technical provisions, net	(2,551)	(2,359)			(2,551)	(2,359)
3. Profit sharing and returned premiums						
4. Net operating expenses	(83,236)	(78,486)	(576,261)	(434,746)	(659,497)	(513,232)
a) Acquisition expenses	(101,235)	(121,230)	(738,213)	(588,079)	(839,448)	(709,309)
b) Administration expenses	(1,353)	(1,969)	(8,547)	(7,920)	(9,900)	(9,889)
c) Fees and participation in reinsurance	19,352	44,713	170,499	161,253	189,851	205,966
5. Sharing losses from companies recorded by the equity method	(413)	(310)		(44)	(413)	(354)
6. Investments in expenses	(6,484)	(5,096)	(48,725)	(46,528)	(55,209)	(51,624)
a) From operations	(5,644)	(4,717)	(42,337)	(41,759)	(47,981)	(46,476)
b) From equity and financial accounts	(840)	(379)	(6,388)	(4,769)	(7,228)	(5,148)
7. Unrealized losses on investment on account of life insurance policyholders bearing the investment risk						
8. Other technical expenses	(619)	(669)	(544)		(1,163)	(669)
9. Other non technical expenses	(394)	(304)	(3,258)	(3,264)	(3,652)	(3,568)
10. Negative translation differences	(29,249)	(25,755)	(255,129)	(213,367)	(284,378)	(239,122)
11. Allowance to the asset impairment provision	(1,076)	(3,307)		(27,454)	(1,076)	(30,761)
TOTAL EXPENSES FROM INSURANCE BUSINESS	**(420,826)**	**(357,099)**	**(2,077,727)**	**(1,711,776)**	**(2,498,553)**	**(2,068,875)**
III. RESULT FROM THEF INSURANCE BUSINESS	**19,563**	**27,874**	**135,728**	**93,226**	**155,291**	**121,100**
IV. RESULT BEFORE TAX FROM ONGOING OPERATIONS	**19,563**	**27,874**	**135,728**	**93,226**	**155,291**	**121,100**
V. TAX ON PROFIT FROM ONGOING OPERATIONS	**(5,818)**	**(8,710)**	**(40,664)**	**(25,294)**	**(46,482)**	**(34,004)**
VI. RESULT AFTER TAX FROM ONGOING OPERATIONS	**13,745**	**19,164**	**95,064**	**67,932**	**108,809**	**87,096**
VII. RESULT AFTER TAX FROM DISCONTINUED OPERATIONS						
VIII. RESULT FOR THE FINANCIAL YEAR	**13,745**	**19,164**	**95,064**	**67,932**	**108,809**	**87,096**
1. Attributable to minority shareholders	(2)	(1)	--	--	(2)	(1)
2. Attributable to controlling Company	13,743	19,163	95,064	67,932	108,807	87,095

FIGURES IN €000

F) Financial information by geographical areas for years ended December 31, 2013 and 2012

COUNTRIES	REVENUE FROM EXTERNAL CLIENTS 2013	REVENUE FROM EXTERNAL CLIENTS 2012	NON-CURRENT ASSETS 2013	NON-CURRENT ASSETS 2012
SPAIN	677,673	487,124	9,300	10,270
UNITED STATES OF AMERICA	244,789	248,494	895	14
BRAZIL	250,815	255,257	6,378	5,530
MEXICO	128,807	114,750	833	861
VENEZUELA	64,232	54,623	1,152	1,187
COLOMBIA	138,475	125,101	157	176
ARGENTINA	112,369	75,759	2,425	50
TURKEY	115,395	79,211	--	--
CHILE	113,126	125,567	2,537	17,514
OTHER COUNTRIES	1,408,024	1,278,582	12,607	9,406
TOTAL	**3,253,705**	**2,844,468**	**36,284**	**45,008**

FIGURES IN €000

No client individually contributes more than 10 % of the ordinary income of the Company.

Notes to the annual consolidated financial statements

1. GENERAL INFORMATION ON THE COMPANY AND ITS ACTIVITY

MAPFRE RE, Compañía de Reaseguros S.A. (hereinafter the "Parent Company") is a reinsurance company which is the parent of a number of subsidiary companies engaged in reinsurance activities.

The Parent Company was set up in Spain and has its registered office at Paseo de Recoletos 25 in Madrid.

It has a number of central services in Madrid and five subsidiaries, seven branches and six representative offices, with a direct presence in sixteen countries. Its area of operation includes Spain, countries of the European Union and other countries, chiefly Latin America, and its activities include all types of business and classes of reinsurance.

The Parent Company is in turn a subsidiary of MAPFRE S.A. and forms part of the MAPFRE GROUP, made up of MAPFRE S.A. and various companies operating in the insurance, financial, securities and services sectors.

MAPFRE S.A. is a subsidiary of CARTERA MAPFRE, S.L., Sociedad Unipersonal, which is 100% controlled by FUNDACION MAPFRE.

The consolidated financial statements were drawn up by the Board of Directors on 28.02.14 and are expected to be approved by the General Meeting of Shareholders. Spanish regulations provide for the possibility of the annual accounts being amended in the event of their not being approved by the said sovereign body.

2. BASIS OF PRESENTATION OF THE ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of presentation

The Group's consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRSs) adopted by the European Union, with all the companies having carried out the required standardisation adjustments.

The consolidated annual accounts have been prepared on the cost model basis, except for financial assets available for sale, financial assets for negotiation and derived instruments that have been recorded at their fair value.

No guidelines or interpretations have been applied in advance that, having been approved by the European Commission, would not have entered into force at the date of the close of fiscal year 2013, although advanced adoption would have had no effect on the financial situation and the earnings of the Group.

2.2 Financial information by segments

The Parent Company voluntarily includes financial information by segments in section E) of its consolidated annual accounts. The main segments for the Company's lines of business are Life and Non-Life reinsurance.

The principal activities and branches of insurance pertaining to the management of the Group were considered in order to identify principal segments, while also considering the qualitative thresholds established by regulations.

The Consolidated Management Report details additional information regarding the trends and characteristics of the business.

2.3 Financial information by geographical areas

Section F) of the consolidated financial statements includes financial information by geographical area.

The geographical areas established are: Spain, United States of America, Brazil, Mexico, Venezuela, Colombia, Argentina, Turkey, Chile and Other countries.

2.4 Changes in accounting policies, changes in estimates and errors

No significant changes in accounting policies, estimates or errors have occurred in fiscal years 2013 and 2012 that could have had an effect on the Cash flow statement or the earnings of the Group.

2.5 Comparison of information

There is nothing to prevent the consolidated financial statements for the year from being compared with those of the preceding year.

The implementation of the new Rules and Interpretations applicable to the financial years starting on or after the 1st of July, 2012 (modification of the NIIF 7, NIC 19 and NIC 12) had no effect on the financial situation and the results of the Group. NIIF 13, which came into effect on the 1st January 2013, established a unified guide for all fair value assessments pursuant to international regulations, and, although it had no impact on the Group's financial situation and results, it has involved additional breakdowns that are offered pursuant to the requirements of the notes pertaining to assets and liabilities for which their fair values and hierarchy are determined. Rules and Interpretations that, having been approved by the European Commission, were not yet in force have not been applied in advance.

At the date of the drafting of these consolidated annual accounts the following approved guidelines, modifications and interpretations were not obligatory: NIIF10, 11 and 12, the revision of the NIC 28 and the modification of the NIC 32, applicable to the financial years beginning on or after the 1st of January 2014.

The Group shall adopt the applicable guidelines, modifications and interpretations when they enter into force. It is estimated that their initial application will not have a significant impact on the financial situation or the earnings of the Group.

2.6 Changes in the consolidation perimeter

Appendix 1 lists the companies and the changes made to the consolidation perimeter in 2013 and 2012, together with details of their equity and results.

The overall effect of these changes on the consolidatable Group's equity, financial position and results in 2013 and 2012 with respect to the preceding year is described in the relevant Notes to the Consolidated Financial Statements.

In the last two fiscal years there have been no significant changes in the perimeter of consolidation.

2.7 Accounting judgments and estimates

In preparing the consolidated financial statements under IFRSs, the Parent Company's Board of Directors made judgments and estimates based on assumptions about the future and about uncertainties which basically refer to:

• Impairment losses on certain assets.
• Calculation of the provisions for contingencies and charges.
• The actuarial calculation of liabilities and post-employment benefit commitments.
• The useful life of intangible assets and property, plant and equipment items.
• The fair value of certain unlisted assets.

The estimates and assumptions used are regularly reviewed and are based on historical experience and other factors that may have been considered more reasonable at some time. If these reviews were to lead to a change in the estimate for a particular period, its effect would apply to that period and to any successive ones.

3. CONSOLIDATION

BASIS OF CONSOLIDATION

3.1 Subsidiaries and associate companies

The identification of subsidiary and associated companies included in the consolidation are detailed in the shares table, which forms part of the consolidated annual report as Appendix 1.

The status of companies as subsidiaries is determined by the Parent Company holding a majority of voting rights, directly or through branches, or, even if not holding half of the said rights, if the Parent Company is able to manage the said companies' financial and operating policies in order to obtain profits from their activities. Subsidiaries are consolidated from the date on which the Group acquires control and are excluded from the consolidation on the date on which that control ceases, with the results relating to the part of the financial year during which the companies belonged to the Group therefore being included.

Associate companies are ones in which the Parent Company exercises a significant influence, even though they are neither subsidiaries nor joint ventures.

'Significant influence' is understood to mean the power to intervene in an investee company's decisions on financial and operating policies, but without achieving control or joint control over those policies. Significant influence is assumed to be exercised when the company holds, either directly or indirectly through its subsidiaries, at least 20% of the investee company's voting rights.

Ownership interests in associates are consolidated using the equity method, with the net goodwill identified on the acquisition date being included in the value of the ownership interests.

Where the Group's share of an associate's losses equals or exceeds the book value of its interest in the associate, including any unsecured receivable, the Group does not record additional losses unless obligations have been incurred or payments made on the associate's behalf.

To determine whether an investee company is a subsidiary or an associate company, both the potential and exercisable voting rights held and call options on shares, debt instruments convertible into shares or other instruments allowing the Parent Company to increase its voting rights have been taken into account.

Investments carried out by investment funds and similar entities are not considered for subsidiary and associate companies.

The financial statements of subsidiaries and associate companies used for the consolidation are those relating to the financial years closed on 31.12.13 and 2012.

3.2. Translation of financial statements of foreign companies included in the consolidation

The Group's functional and presentation currency is the Euro. The balances and operations of Group companies whose functional currency is not the Euro are therefore converted into euros using the closing exchange rate method.

The exchange differences resulting from the application of the above procedure, as well as those arising from the conversion of foreign-currency loans and other instruments used to hedge investments in foreign operations have been recorded as a separate component in the "Statement of Recognized Income and Expenses" account and are gathered under equity in the "Valuation Adjustments" account, with the part of said difference corresponding to "Minority Interest" having been deducted.

The adjustments at fair value of assets and liabilities that have arisen in the acquisition of Group companies whose presentation currency is other than the euro are treated as assets and liabilities of foreign business, expressed in the functional currency of the foreign business and converted at the closing exchange rate.

The rest of the foreign-currency transactions, except for reinsurance operations, are initially converted into euros using the exchange rate applying on the transaction date.

At the close of the quarter, balances relating to foreign-currency-denominated monetary items are converted at the Euro exchange rate applying on that date. Any exchange differences are then allocated in the income statement, except for monetary financial assets classified as available for sale, and not earmarked for hedging foreign-currency-denominated technical provisions in which differences other than those produced by exchange rate variations that are not the result of variations in their amortised cost, are recognised in the equity.

ADJUSTMENTS TO THE OPENING BALANCE
The columns of adjustments to the opening balance appearing in the various tables in the Notes to the Consolidated Annual Financial Statements include variations occurring as a result of a different translation exchange rate being applied in the case of figures relating to subsidiaries abroad.

The variations in the technical provisions appearing in the consolidated income statement differ from those obtained from the difference in the balance sheet balances for the current and preceding financial years, as a result of a different translation exchange rate being applied in the case of subsidiaries abroad.

4. EARNINGS PER SHARE AND DIVIDENDS

4.1 Earnings per share

The calculation of the basic earnings per share, which coincides with the diluted earnings per share when there are no potential ordinary shares, is shown below:

ITEM	2013	2012
Net profit attributable to the Parent Company's shareholders (€000)	108,807	87,095
Weighted average number of ordinary shares outstanding (thousands of shares)	72,231	72,231
Basic earnings per share (Euros)	**1,51**	**1,21**

4.2. Dividends

The breakdown of the Parent Company's dividends in the last two financial years is as follows:

	TOTAL DIVIDEND		DIVIDEND PER SHARE	
ITEM	2013	2012	2013	2012
Interim dividend	85,954,971	56,340,233	1.19	0.78
Final dividend	-	-	-	-
TOTAL	**85,954,971**	**56,340,233**	**1.19**	**0.78**

(FIGURES IN EUROS)

The total dividend for fiscal year 2013, coinciding with the satisfied account dividend, has been proposed by the Board of Directors and is awaiting approval by the General Shareholders' Meeting.

The planned dividend payout complies with the requirements and limitations laid down in the legal regulations and the Articles of Association.

During the fiscal year 2013 the Parent Company has issued two dividends for the total amount of €85,954,970.92, which appears in net worth under the heading "VI Retained Earnings."

Below are the liquidity statements drafted by the Board of Directors for the distribution of the two interim dividends agreed in 2013.

ITEM	Date of resolution: 17/09/2013	Date of resolution: 03/12/2013
Cash available on the date of the resolution	**145,700**	**125,300**
Cash increases forecast within one year	300,000	300,000
(+) From expected current collection transactions		
(+) From financial transactions		
Cash reductions forecast within one year		
(-) From expected current payment transactions	(180,000)	(180,000)
(-) From expected financial transactions	(120,000)	(120,000)
(-) For payment of interim dividend	(60,674)	(25,280)
CASH AVAILABLE WITHIN ONE YEAR	**85,026**	**100,020**

(FIGURES IN €000)

5. ACCOUNTING POLICIES

The accounting policies applied with regard to the following items are indicated below:

5.1 Intangible assets

OTHER INTANGIBLE ASSETS

INTANGIBLE ASSETS ARISING FROM AN INDEPENDENT ACQUISITION
Intangible assets acquired from third parties in a market transaction are valued at cost. If their useful life is finite, they are amortised on that basis, whereas if they have an indefinite useful life they are subject to value impairment tests on at least an annual basis.

INTERNALLY GENERATED INTANGIBLE ASSETS
Research costs are recognised directly in the consolidated income statement for the year in which they are incurred. Development costs are recorded as an asset when their probability, reliability and future recoverability may be reasonably ensured, and are carried at cost.

Capitalised development costs are amortised over the period in which income or yields are expected to be obtained, without prejudice to the valuation that could be made if impairment occurred.

5.2 Property, plant and equipment, and investment property

Property, plant and equipment and investment property are valued at their acquisition cost less their accumulated amortisation and any accumulated impairment losses.

Post-acquisition costs are recognised as an asset only where future economic profits associated with them are likely to revert to the Group and the cost of the item can be reliably determined. Remaining expenses for maintenance and repair are charged to the consolidated income statement during the financial year in which they are incurred.

Property, plant and equipment and investment property are amortised on a straight-line basis on the asset's cost value, less its residual value and less the value of the land, based on the following periods of useful life of each of the assets:

GROUP OF ELEMENTS	Years	Annual coefficient
Buildings and construction	50-25	2%-4%
Transportation equipment	6.25	16%
Furniture	10	10%
Fixtures	16.6-10	6%-10%
Data processing equipment	4	25%

The residual value and useful life of the assets are reviewed and adjusted, if required, on the closing date of each financial year.

Items of property, plant and equipment or investment property are written off when they are sold or when their continued use is no longer expected to generate future economic profits. Gains or losses arising from the write-off are included in the consolidated income statement.

5.3 Leases

Leases where the lessor retains a significant part of the risks and rewards of ownership are classed as operating leases. Operating lease payments (net of any incentive received from the lessor) are charged in the consolidated income statement on a straight-line basis over the lease term.

5.4 Financial investments

RECOGNITION

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

CLASSIFICATION

Financial investments are classified into the following portfolios:

PORTFOLIO HELD TO MATURITY
This category includes, if any, securities for which there is the intent and the proven financial capacity to hold them until they mature.

PORTFOLIO AVAILABLE FOR SALE
This portfolio includes securities representing debt not classified as "Held-to-maturity portfolio" or "Trading portfolio" and equity instruments of companies that are not subsidiaries, associates or joint ventures, and which have not been included in the "Trading portfolio".

TRADING PORTFOLIO
This portfolio includes financial assets, originated or acquired with a view to their short-term realisation, which form part of a portfolio of jointly identified and managed financial instruments for which there is evidence of recent action to achieve short-term gains.

This portfolio also includes non-hedging financial instruments and hybrid financial assets valued entirely at fair value.

With hybrid financial assets, which simultaneously include a main contract and a financial derivative, both components are segregated and dealt with independently for the purposes of classification and valuation. Exceptionally, where segregation of this kind is not possible, hybrid financial assets are valued at their fair value.

ASSESSMENT

In their initial recognition in the balance sheet, all financial investments forming part of the above portfolios are recognised at the fair value of the consideration handed over, plus, in the case of financial investments not classified in the "Trade portfolio", any transaction costs directly attributable to their acquisition.

After the initial recognition, financial investments are valued at their fair value, without deducting any transaction costs that might be incurred through their sale or any type of disposal, with the following exceptions:

a) Financial investments included in the portfolio Held to maturity which are valued at their amortised cost using the effective interest rate method.

The effective interest rate is the adjustment rate exactly matching the initial value of a financial instrument to all its estimated cash flows from every point of view throughout its remaining life.

b) Financial assets that are equity instruments whose fair value may not be reliably estimated, as well as derivatives having such instruments as their underlying asset, and which are settled by handing them over, these being valued at cost.

The fair value of the financial investments, including financial derivatives classified in the "Trading Portfolio", is the price that would be received for the sale of a financial asset or that would be paid for transferring a financial liability through a transaction ordered between participants on the market on the date of valuation (Quoted price). When the market value mentioned is not available or when the price is not sufficiently representative, the fair value is determined, should there be observable market data, by updating the future financial flows, including the redemption value, at rates equivalent to the interest rates of swaps in euros, increased or decreased by the differential arising from the issuer's credit quality and standardised according to the issuer's quality and the term to maturity. Should there be no observable market data available, other valuation techniques are utilized where some of the significant variables are not based on market data.

The book value of financial investments is adjusted against the consolidated income statement when there is objective evidence of an event having occurred that has a negative impact on its future cash flows or on any other circumstance showing that the investment cost of a financial instrument is not recoverable. The amount of impairment losses is equal to the difference between their book value and the present value of their estimated future cash flows.

In the case of fixed income values where there exists a delay in interest and/or principal, the potential loss is then estimated based on the issuer's situation. For the rest of the fixed income values, an analysis is carried out based on their credit rating and the solvency level of emissions. The impairment is then recorded if the risk of default is considered probable.

In the case of equity instruments, an individual analysis of investments is carried out in order to determine whether they have suffered any impairment. In addition, a prolonged fall in market value (18 months) or a significant decline in cost (40%) is considered to be a sign of impairment.

The amount of estimated impairment losses is recognised in the consolidated income statement, including, in addition, any reduction in the fair value of investments previously recognised under "Valuation adjustments".

In the case of cash flow swaps, the amounts accrued from the main transactions are recognised, with the amount resulting from the flows being carried under "Other financial liabilities" or "Corporate and other loans", as the case may be.

5.5. Other Asset impairment

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

In the case of assets that are not being used and intangible assets with an indefinite useful life, the recoverable value is estimated irrespective of any signs of impairment.

Where the book value exceeds the recoverable amount, the excess is recognised as a loss, reducing the asset's book value to its recoverable amount.

Where an increase in the recoverable value of an asset other than goodwill occurs, the previously recognised impairment loss is reversed, increasing the asset's book value to its recoverable value. This increase never exceeds the book value net of amortisation which would be recorded if the impairment loss had not been recognised in prior years.

The reversal is recognised in the consolidated income statement, unless the asset has previously been revalued against "Valuation adjustment reserves", in which case the reversal is treated as a revaluation increase. After this reversal, the amortisation expense is adjusted in subsequent periods.

5.6 Credits

Valuation of these assets is generally carried out at the amortised cost, calculated using the effective interest rate method, with provisions for any value impairment losses shown being deducted.

Where there is objective evidence that an impairment loss has been incurred, the relevant provision has been set up for the amount deemed unrecoverable. That amount is equal to the difference between the asset's book value and the present value of future cash flows, discounted at the asset's original effective interest rate. The amount of the loss is recognised in the consolidated income statement for the year.

5.7 Treasury

Liquid assets are made up of cash and cash equivalents.

Cash is made up of cash and sight deposits with banks.

Cash equivalents correspond to those short-term investments of high liquidity that are easily converted into determined cash amounts and are subject to an insignificant risk of changes in value.

5.8 Accrual adjustments

The "Prepayments" heading on the assets side basically includes commission and other acquisition expenses corresponding to earned premiums attributable to the period between the closing date and the term of cover of the contracts, with such expenses being those actually borne in the period, according to note 5.9.B.1.

Similarly, the "Accruals" heading on the liabilities side includes commission and other acquisition expenses of ceded reinsurance that are to be allocated to the following year or years, according to the period of cover of the ceded policies.

5.9 Reinsurance operations

A) PREMIUMS

ASSUMED AND RETROCEDED REINSURANCE
Premiums from assumed (inward) reinsurance are posted on the basis of the accounts received from the ceding companies.

Retrocession operations are recorded using the same criteria as for assumed reinsurance, on the basis of the retrocession treaties written.

B) TECHNICAL PROVISIONS

B.1) ASSUMED REINSURANCE.
Provision for unearned premiums
Assumed (inward) reinsurance operations are posted on the basis of the accounts received from ceding companies. If, when the accounts are closed, the ceding company's latest accounts are not available, the balance of other accounts received will be deemed to be a provision for unearned premiums from non-closed accounts, in order not to recognise results when recording such accounts. Where, exceptionally, these provisions from non-closed accounts were to be adversely affected by the posting of major claims payments constituting a sure loss that could not be offset by movements of non-closed accounts, the provision would be adjusted by the relevant amount.

Where the latest account and outstanding claims report are available, the provisions from non-closed accounts are cancelled and allocated to the provisions for unearned premiums, according to the information provided by the ceding company, with accruals being made on a policy-by-policy basis.

Failing this, the figure posted for the provision for unearned premiums will be the amount of the premium deposit retained for this purpose and, as a last resort, an overall premium accrual method may be used.

Acquisition expenses notified by the ceding companies are accrued under the "Prepayments" heading of the consolidated balance sheet and correspond to the expenses actually borne in the period. Where ceding companies fail to notify the amounts, acquisition expenses are accrued on a risk-by-risk basis for facultative proportional reinsurance, and on a global basis for any other proportional business.

Provision for risks in progress
The provision for ongoing risks is calculated branch by branch, and is complementary to the provision for unexpired premium reserves to the amount in which it is not sufficient to show the valuation of expiring risks and expenses corresponding to the coverage period that has not ended on the date of closing.

Provision for outstanding claims
Provisions for outstanding claims are allocated for the amounts notified by the ceding company or, failing that, for the retained deposits, and include complementary provisions for losses incurred but not reported (IBNR), as well as for deviations in existing ones, based on the Company's own experience.

B.2) RETROCEDED REINSURANCE
Retrocession operations and their corresponding technical provisions are recorded using the same criteria as for assumed reinsurance, on the basis of the retrocession treaties written.

B.3) LIABILITY ADEQUACY TEST
The technical provisions recorded are regularly subjected to a reasonableness test in order to determine their adequacy on the basis of projections of all future cash flows of existing contracts. If it becomes apparent from this test that the provisions are inadequate, they are adjusted against the results for the financial year.

C) CLAIMS RATIO

Claims under assumed reinsurance are posted on the basis of the accounts received from the ceding companies, and also based on information from the Company's own historical experience.

Claims under ceded and retroceded reinsurance are recorded according to the reinsurance treaties written, and under the same criteria as those used for direct insurance and assumed reinsurance, respectively.

D) MOST SIGNIFICANT ASSUMPTIONS AND OTHER SOURCES FOR ESTIMATING UNCERTAINTIES

With regard to assets, liabilities, income and expenses deriving from insurance contracts, the assumptions used as a basis for issuing the contracts and thereby specified in the technical basis are normally used.

Generally, the estimates and assumptions used are regularly reviewed and are based on historical experience and other factors that may have been considered more reasonable at some time. If these reviews were to lead to a change in the estimate for a particular period, its effect would apply to that period and to any successive ones.

The main assumption is based on the performance and development of claims, using their frequency and costs over the last few years. Estimates also take account of assumptions on interest and foreign-exchange rates, delays in the payment of claims, and any other external factor that might affect estimates.

In the case of liabilities, the assumptions are based on the best possible estimate at the time the contracts are issued. Nevertheless, should clear evidence of inadequacy emerge, the provisions needed to cover it would be established.

Throughout the fiscal year there have been no significant modifications in the hypotheses derived for assessing the insurance contracts.

E) IMPAIRMENT

Where there is objective evidence that a loss has been incurred due to impairment of derived assets from reinsurance contracts, the general valuation criterion mentioned in Note 5.6, “Credits”, is applied.

5.10 Provisions for risks and expenses

Provisions are recognised when the present obligation (whether legal or implied) exists as a result of a past event and a reliable estimate of the amount of the obligation can be made.

If all or part of a provision is highly expected to be reimbursed, the reimbursement is recognised as a separate asset.

5.11 Debt

The valuation of items included under the “Payables” heading is generally done at amortised cost, using the effective interest rate method.

In the case of debts maturing after more than one year, for which the parties have not expressly agreed the interest rate applicable, the debts are discounted taking as the implicit financial interest rate that in force in the market for government securities with the same or similar term to the maturity of the debts, without prejudice to consideration of the relevant risk premium.

5.12 General criterion for revenues and expenses

The general principle for recognising income and expenses is the accrual criterion, according to which income and expenses are allocated on the basis of the actual flow of goods and services that they represent, irrespective of when the monetary or financial flow deriving from them occurs.

5.13 Remuneration to staff

Employee benefits may be short term, post-employment benefits, termination benefits and other long-term benefits.

A) SHORT TERM REMUNERATION

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

B) POST-EMPLOYMENT BENEFITS

These essentially consist of defined-benefit and defined-contribution plans.

DEFINED-CONTRIBUTION PLANS
These are post-employment benefit plans in which the entity involved makes predetermined contributions to a separate entity (whether a related or a non-Group entity) and does not have any legal or implicit obligation to make additional contributions in the event of there being insufficient assets to honour the benefits.

The obligation is limited to making the agreed contribution to a fund, and the amount of the benefits to be received by employees is determined by the contributions made, plus the return on the investments made from the fund.

DEFINED-BENEFIT PLANS
These are post-employment benefit plans different from those with defined contributions.

The liabilities recognised in the statement for defined-benefit plans, registered in the section on Provisions for risks and Expenditures, is equal to the current value of the liability for defined benefits on the date of the statement, less, if applicable, the fair value of the assets under the plan or of the value of the right of reimbursement.

The defined-benefits obligation is determined separately for each plan, using the projected unit credit method of actuarial valuation.

Actuarial gains and losses arising are debited or credited to the consolidated income statement in the financial year in which they become apparent.

The obligations for defined benefit plans that remain on the balance correspond in their majority to liability personnel.

C) TERMINATION PAYMENTS

Termination benefits are recognised as a liability and expense when there is a demonstrable agreement to terminate the employment relationship with the employee before their normal retirement date, or where there is an offer to encourage the voluntary termination of contracts.

D) SHARE-BASED PAYMENTS

The MAPFRE Group has granted some of its executives an incentive scheme linked to the MAPFRE S.A. share value.

The payments based on actions settled in cash are valued at the moment of their issue, following an asset valuation method. The valuation is allocated to results under the personnel expenses item for the period of time that the employee is required to serve in order to qualify, with a liability in favour of the employee being recognised as a balancing item.

The initial valuation is re-estimated each year, with the portion that relates to the financial year being recognised in the results for that year, together with the portion obtained from the re-estimate that relates to prior years.

This scheme is revocable, as it is subject to the executive remaining in the Group.

E) OTHER LONG-TERM REMUNERATION

The accounting registry of other long-term benefits other than those described in the above paragraphs, specifically the reward for long-standing employment with the company, follows the above principles, except for the cost of past services, which is recognized immediately. In addition, a medium-term incentive plan was approved in the fiscal year 2013 for certain members of the Group's Board of Directors, of an extraordinary nature, that can not be consolidated and pluri-annual, which will run from the 1st January 2013 to the 31st March 2016. Payment of the incentives is subject to compliance with certain specific corporate objectives, as well as to maintaining the working relationship until the plan is finalized. At the closing of each fiscal year fulfilment of the objectives is evaluated, recording the amount accrued in the fiscal year in the consolidated income statement, with credit to an accrual account.

5.14 Revenues and expenses from investments

Investment income and expenses are classified between operations and equity, according to their origin, whether allocated to cover technical provisions or forming shareholders' equity, respectively.

Income and expenses from financial investments are recorded according to the portfolio in which they are classified, based on the following criteria:

A) TRADING PORTFOLIO

Changes in fair value are recorded directly in the consolidated income statement, with a distinction being made between the portion attributable to yields, which are recorded as interest or dividends, as appropriate, and the portion recorded as realised or unrealised results.

B) PORTFOLIO HELD TO MATURITY

Changes in fair value are recognised when a financial instrument is disposed of and when it becomes impaired.

C) PORTFOLIO AVAILABLE FOR SALE

Changes in fair value are recognised directly in the company's net worth until the financial asset is derecognized from the balance of the financial asset or impairment is recorded, in which case they are recorded in the consolidated balance.

In all cases, the interest from financial instruments is recorded in the consolidated income statement using the effective interest rate method.

5.15 Reclassification of expenses by final nature and allocation to activity segments

The criteria followed for the reclassification of expenses according to their use are mainly based on the function performed by each employee, with the direct and indirect costs being distributed on the basis of that function.

For expenses not directly or indirectly related to staff, individual studies are carried out and the expenses are allocated according to the function performed by those expenses.

Established uses are the following:

- Claims-related expenses.
- Investment-related expenses.
- Other underwriting expenses.
- Other non-underwriting expenses.
- Acquisition expenses.
- Administration expenses.
- Operating expenses from other activities.

Expenses have been allocated to the following segments according to the class of business which caused them:

- Assumed Life reinsurance
- Assumed Non-Life reinsurance

5.16 Transactions and balances in Foreign currencies

Foreign-currency transactions, except for reinsurance operations, are converted into euros using the exchange rate applying on the transaction date.

Foreign-currency reinsurance transactions are recorded at the exchange rate established at the start of each quarter of the year. Subsequently, at the close of each quarter, they are all dealt with as if they were a single transaction and converted at the exchange rate prevailing on that date, with account being taken of the difference that this produces in the consolidated income statement.

At the year end, foreign-currency-denominated balances are converted using the Euro exchange rate prevailing on that date, with all exchange differences being allocated to the consolidated income statement, except those allocated directly to "Valuation adjustments", which are those arising from the monetary items that form part of the net investment in a foreign operation and from non-monetary ones valued at fair value, for which any changes in valuation are recognised directly in the equity.

5.17 Tax on profits

Income tax counts as one of the year's expenses and is shown as such in the consolidated income statement. It includes both the charge for current tax and the effect of the movement in deferred tax.

It is determined using the balance sheet method, whereby the relevant deferred tax assets and liabilities needed to correct the effect of temporary differences are recorded, temporary differences being those between the carrying value of an asset or a liability and its tax base. In the same way, long-term deferred assets and liabilities have been valued according to the rates that will apply in the financial years in which the assets are expected to be realised or the liabilities paid.

Temporary differences may be “Taxable temporary differences”, which are ones giving rise to a higher amount of taxes payable in the future and which generally entail the recognition of a deferred tax liability, or “Deductible temporary differences”, which are ones giving rise to a lower amount of taxes payable in the future and, to the extent that they may be recoverable, to the recording of a deferred tax asset.

On the other hand, income tax related to items for which changes in their valuation are recognised directly in the equity is allocated to equity and not to the consolidated income statement, with the valuation changes being recorded in those items, net of the tax effect.

6. BREAKDOWN OF CONSOLIDATED FINANCIAL STATEMENTS

6.1 Intangible assets

The following tables detail the movement of this heading in the last two years:

2013 financial year

ITEMS	Opening balance 2013	Adjustments to the opening balance	Changes in perimeter	Additions or appropriations	Disposals, cancellations or reductions	Closing balance 2013
GOODWILL						
OTHER INTANGIBLE ASSETS	6,768	(6)		570		7,332
Portfolio acquisition expenses						
Computer software	6,768	(6)		570		7,332
Other						
COST	**6,768**	**(6)**		**570**		**7,332**
ACCUMULATED AMORTISATION						
OTHER INTANGIBLE ASSETS						
Portfolio acquisition expenses						
Computer software	(4,696)	6		(636)		(5,326)
Other						
ACCUMULATED AMORTISATION	**(4,696)**	**6**		**(636)**		**(5,326)**
IMPAIRMENT						
GOODWILL						
OTHER INTANGIBLE ASSETS						
Portfolio acquisition expenses						
Computer software						
Other						
IMPAIRMENT						
SUBTOTAL NET GOODWILL						
SUBTOTAL OTHER NET INTANGIBLE ASSETS	**2,072**			**(66)**		**2,006**
TOTAL NET INTANGIBLE ASSETS	**2,072**			**(66)**		**2,006**

(FIGURES IN €000)

2012 financial year

ITEMS	Opening balance 2012	Adjustments to the opening balance	Changes in perimeter	Addition or appropriations	Disposals, cancellations or reductions	Closing balance 2012
GOODWILL						
OTHER INTANGIBLE ASSETS	6,006	(4)		766		6,768
Portfolio acquisition expenses						
Computer software	5,966	36		766		6,768
Other	40	(40)				
COST	**6,006**	**(4)**		**766**		**6,768**
ACCUMULATED AMORTISATION						
OTHER INTANGIBLE ASSETS						
Portfolio acquisition expenses						
Computer software	(4,100)	2		(598)		(4,696)
Other						
ACCUMULATED AMORTISATION	**(4,100)**	**2**		**(598)**		**(4,696)**
IMPAIRMENT						
GOODWILL						
OTHER INTANGIBLE ASSETS						
Portfolio acquisition expenses						
Computer software						
Other						
IMPAIRMENT						
SUBTOTAL NET GOODWILL						
SUBTOTAL OTHER NET INTANGIBLE ASSETS	**1,906**	**(2)**		**168**		**2,072**
TOTAL NET INTANGIBLE ASSETS	**1,906**	**(2)**		**168**		**2,072**

(FIGURES IN €000)

In fiscal year 2013 main "Additions" were mainly due to the development of own applications ("Retroceded Claims," "Portfolio", "Breakdown of Proportional Claims" and "Condor 2013").

In fiscal year 2012 main "Additions" were mainly due to the development of own applications ("Retroceded Claims," "Portfolio" and "Breakdown of Proportional Claims").

The variation produced in the fiscal year 2013 is mainly due to the amortisation of elements such as "Claims XL," "Facultative Phase III" and "Notices for Administration and Accounting."

The variation in amortisation in the fiscal year 2012 is mainly due to the amortisation of elements such as "Claims XL," "Contracts Accepted" and "Catastrophic Accumulation II."

Below is a breakdown of the useful life and amortisation rates used for the following intangible assets, for which a straight-line amortisation method has been used in all cases.

GROUP OF ELEMENTS	Useful life (years)	Amortisation rate (annual)
Computer software	4	25%

The amortisation of intangible assets with a finite useful life has been recorded in the expenses account under "Amortisation allowances".

There are fully-amortised elements that amount to €3.90 million in 2013 and €3.74 million in 2012.

6.2 Property, plant and equipment, and investment property

PROPERTY, PLANT AND EQUIPMENT

The following tables detail the movement of this heading in the last two years:

2013 financial year

ITEMS	Opening balance 2013	Adjustments to the opening balance	Changes in perimeter	Addition or appropriations	Disposals, cancellations or reductions	Closing balance 2013	Market value
COST							
OWN-USE PROPERTY	10,765	(373)				10,392	10,781
Land and natural resources	2,550					2,550	2,757
Buildings and construction	8,215	(373)				7,842	8,024
OTHER PROPERTY, PLANT AND EQUIPMENT	6,908	39		365	(72)	7,240	2,213
Transportation equipment	862	(10)		104	(69)	887	459
Furniture and fixtures	3,189	3		120		3,312	1,179
Other property, plant and equipment	2,993	(90)		141	(3)	3,041	575
Advances and fixed assets in progress	(136)	136					
TOTAL COST	**17,673**	**(334)**		**365**	**(72)**	**17,632**	**12,994**
ACCUMULATED AMORTISATION							
OWN-USE PROPERTY	(1,353)	29		(116)		(1,440)	
OTHER PROPERTY, PLANT AND EQUIPMENT	(4,756)	212		(528)	45	(5,027)	
TOTAL ACCUMULATED AMORTISATION	**(6,109)**	**241**		**(643)**	**45**	**(6,467)**	
IMPAIRMENT							
OWN-USE PROPERTY							
Land and natural resources							
Buildings and construction							
OTHER PROPERTY, PLANT AND EQUIPMENT							
Transportation equipment							
Furniture and fixtures							
Other property, plant and equipment							
Advances and fixed assets in progress							
TOTAL IMPAIRMENT							
TOTAL OWN-USE PROPERTY	**9,412**	**(344)**		**(116)**		**8,952**	**10,781**
TOTAL OTHER PROPERTY, PLANT AND EQUIPMENT	**2,152**	**251**		**(163)**	**(27)**	**2,213**	**2,213**

(FIGURES IN €000)

2012 financial year

ITEMS	Opening balance 2012	Adjustments to the opening balance	Changes in perimeter	Addition or appropriations	Disposals, cancellations or reductions	Closing balance 2012	Market value
COST							
OWN-USE PROPERTY	9,114	(148)		1,799		10,765	10,688
Land and natural resources	2,130			420		2,550	3,710
Buildings and construction	6,984	(148)		1,379		8,215	6,978
OTHER PROPERTY, PLANT AND EQUIPMENT	6,667	54		566	(379)	6,908	2,152
Transportation equipment	744	8		336	(226)	862	493
Furniture and fixtures	3,018	61		122	(12)	3,189	937
Other property, plant and equipment	2,905	(15)		108	(5)	2,993	722
Advances and fixed assets in progress					(136)	(136)	
TOTAL COST	**15,781**	**(94)**		**2,365**	**(379)**	**17,673**	**12,840**
ACCUMULATED AMORTISATION							
OWN-USE PROPERTY	(1,244)	16		(125)		(1,353)	
OTHER PROPERTY, PLANT AND EQUIPMENT	(4,303)	(68)		(558)	173	(4,756)	
TOTAL ACCUMULATED AMORTISATION	**(5,547)**	**(52)**		**(683)**	**173**	**(6,109)**	
IMPAIRMENT							
OWN-USE PROPERTY							
Land and natural resources							
Buildings and construction							
OTHER PROPERTY, PLANT AND EQUIPMENT							
Transportation equipment							
Furniture and fixtures							
Other property, plant and equipment							
Advances and fixed assets in progress							
TOTAL IMPAIRMENT							
TOTAL OWN-USE PROPERTY	**7,870**	**(132)**		**1,674**		**9,412**	**10,688**
TOTAL OTHER PROPERTY, PLANT AND EQUIPMENT	**2,364**	**(14)**		**8**	**(206)**	**2,152**	**2,152**

(FIGURES IN €000)

In the fiscal year 2013 the main credits and debits were due to vehicle renewal.

In fiscal year 2012 the main “Addition” was due to the incorporation of the Milan office “Via Bonaventura Cavalieri, No. 1/A,” for the amount of €1,401,000. The main disposal was due to the sale of a vehicle in Mexico.

The cost of fully-depreciated property, plant and equipment at 31.12.13 and 31.12.12 came to €2,011,000 and €1,457,000, respectively.

INVESTMENT PROPERTY

The following tables detail the movement of this heading in the last two years:

2013 financial year

ITEMS	Opening balance 2013	Adjustments to the opening balance	Changes in perimeter	Additions or appropriations	Disposels, cancelations or reductions	Closing balance 2013	Market value
COST							
INVESTMENT PROPERTY	9,358	(200)				9,158	7,274
Land and natural resources	1,801	(51)				1,750	1,731
Buildings and construction	7,557	(149)				7,408	5,543
OTHER INVESTMENT PROPERTY							
TOTAL COST	**9,358**	**(200)**				**9,158**	**7,274**
ACCUMULATED AMORTISATION							
INVESTMENT PROPERTY	(3,269)	13		(210)		(3,466)	
OTHER INVESTMENT PROPERTY							
TOTAL ACCUMULATED AMORTISATION	**(3,269)**	**13**		**(210)**		**(3,466)**	
IMPAIRMENT							
INVESTMENT PROPERTY							
Land and natural resources							
Buildings and construction							
OTHER INVESTMENT PROPERTY							
TOTAL IMPAIRMENT							
TOTAL INVESTMENT PROPERTY	**6,089**	**(187)**		**(210)**		**5,692**	**7,274**

(FIGURES IN €000)

2012 financial year

ITEMS	Opening balance 2012	Adjustments to the opening balance	Changes in perimeter	Additions or appropriations	Disposels, cancelations or reductions	Closing balance 2012	Market value
COST							
INVESTMENT PROPERTY	9,209	149				9,358	7,994
Land and natural resources	1,752	49				1,801	1,788
Buildings and construction	7,457	100				7,557	6,206
OTHER INVESTMENT PROPERTY							
TOTAL COST	**9,209**	**149**				**9,358**	**7,994**
ACCUMULATED AMORTISATION							
INVESTMENT PROPERTY	(3,073)	(1)		(195)		(3,269)	
OTHER INVESTMENT PROPERTY	(13)	13					
TOTAL ACCUMULATED AMORTISATION	**(3,086)**	**12**		**(195)**		**(3,269)**	
IMPAIRMENT							
INVESTMENT PROPERTY							
Land and natural resources							
Buildings and construction							
OTHER INVESTMENT PROPERTY							
TOTAL IMPAIRMENT							
TOTAL INVESTMENT PROPERTY	**6,123**	**161**		**(195)**		**6,089**	**7,994**

(FIGURES IN €000)

The market value of the investment property and own-use property corresponds basically to the assessment value determined by an authorised independent appraiser based on observable market variables (Level 2). The appraisals are performed periodically pursuant to regulations applicable to insurance companies pertaining to the evaluation of the assets subject to technical provisions coverage.

Impairment losses for the fiscal year are recorded in the account "Allocation to the asset impairment provision " and the reversal in the "Reversal of the asset impairment provision" of the consolidated income statement. During 2013 and 2012 nothing has been allocated to these accounts.

Income and expenditure for investment properties in the last two fiscal years are detailed below.

	INVESTMENTS FROM					
	OPERATIONS		EQUITY		TOTAL	
ITEM	2013	2012	2013	2012	2013	2012
Income from investment property						
From rents	289	290	-	-	289	290
Gains on disposals		-	-	-		-
TOTAL INCOME FROM INVESTMENT PROPERTY	**289**	**290**	**-**	**-**	**289**	**290**
Expenses from investment property						
Direct operating expenses	(51)	(63)	-	-	(51)	(63)
Other expenses	(8)	(77)	-	-	(8)	(77)
TOTAL EXPENSES FROM INVESTMENT PROPERTY	**(59)**	**(140)**	**-**	**-**	**(59)**	**(140)**

(FIGURES IN €000)

6.3 Leases

The Group has leased the following elements under operating lease agreements:

	NET BOOK VALUE		TERM OF THE AGREEMENT		MAXIMUM YEARS ELAPSED	
TYPE OF ASSET	2013	2012	2013	2012	2013	2012
Real estate in Belgium	3,893	4,039	17	18	14	13
Real estate in Chile	1,799	2,050	1	1	Renewable annually	Renewable annually
TOTAL	**5,692**	**6,089**				

(FIGURES IN €000)

The minimum future receipts at 31 December of the last two years, receivable in respect of non-cancellable operating leases, are as follows:

	Minimum receipts 2013	Minimum receipts 2012
Less than one year	785	1,060
More than one year but less than five	3,566	3,699
More than five years	3,837	4,103
TOTAL	**8,188**	**8,862**

(FIGURES IN €000)

There are no contingent instalments recorded as gain in fiscal years 2013 and 2012.

The payments on the renewable lease resulting from the lease agreement of the corporate headquarters amounts to €2,601,000 in 2013 and €2,702,000 in 2012.

The minimum future payments for non-rescindable operational leases as of December 31 are as follows:

	Minimum payments 2013	Minimum payments 2012
Less than one year	2,601	2,581
More than one year but less than five	2,601	5,162
More than five years	0	0
TOTAL	**5,202**	**7,743**

(FIGURES IN €000)

There are no contingent instalments recorded as expenses in fiscal years 2013 and 2012.

6.4 Financial investments

As at December 31, 2013 and 2012, the breakdown of financial investments was as follows:

	BOOK VALUE	
ITEM	2013	2012
TOTAL PORTFOLIO HELD TO MATURITY	**-**	**-**
PORTFOLIO AVAILABLE FOR SALE		
Equities	152,301	110,760
Fixed income securities	2,428,794	2,414,462
Mutual Funds	84,041	91,004
Other		
TOTAL PORTFOLIO AVAILABLE FOR SALE	**2,665,136**	**2,616,226**
TRADING PORTFOLIO		
Other investments		
Equities	85	89
Fixed income securities		
Mutual Funds	39,364	36,532
Other		
TOTAL TRADING PORTFOLIO	**39,449**	**36,621**

(FIGURES IN €000)

The fair value appraisals of the financial investments included in the Portfolio available for sale and in the Negotiation portfolio were classified pursuant to the levels of the variables used in their appraisal:

– Level 1, Quotation value: Price quoted on non-adjusted active markets.

– Level 2. Observable data: prices quoted in active markets for instruments similar to the instrument being valued or other valuation techniques in which all the significant variables are based on observable market data. The valuation is performed using a model in which a discount is made on future flows based on a rates curve with two main components:

- Zero coupon swap curve in the currency of the emission, which is considered as the best approximation to the non-risk interest rate.

- Differential of the additional risk, which will be the differential added to the zero-coupon swap curve that shows the risks inherent to the valued emission, such as: Credit risk, Liquidity and Optionality.

– Level 3. Other valuations: Specific variables for each case, however, the financial assets of this level are 1 per 100 of the total of the portfolio valued at fair value.

PORTFOLIO AVAILABLE FOR SALE

A breakdown of the investments allocated to the available-for-sale portfolio as at December 31, 2013 and 2012 is given below:

	MARKET VALUE						BOOK VALUE		IMPAIRMENT			
	MARKET PRICE		OBSERVABLE DATA		OTHER VALUATIONS				RECORDED LOSS		GAINS ON REVERSAL	
ITEM	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Equities	152,301	110,760	-	-		-	152,301	110,760	-	(30,062)	-	-
Fixed income securities	2,428,794	2,410,162	-	-	-	4,300	2,428,794	2,414,462	(57)	(699)	-	1,161
Mutual Funds	84,041	91,004	-	-	-	-	84,041	91,004	-	-	-	-
TOTAL AVAILABLE FOR-SALE-PORTFOLIO	**2,665,136**	**2,611,926**	**-**	**-**	**-**	**4,300**	**2,665,136**	**2,616,226**	**(57)**	**(30,761)**	**-**	**1,161**

(FIGURES IN €000)

The amounts in the different columns above must be in alignment.

The column “Other Valuations” for the fiscal year 2012 included €4,300,000, corresponding to the investment in subordinate debentures from Bankia. Impairment shows in 2013 the loss from investments available for sale in Chile and in 2012 loss from investment in Bankia.

The change in the valuation adjustments in the portfolio investments amount to €36.9 million and €89.9 million as at 31.12.13 and 2012, respectively, these being recorded net of the tax effect on equity.

Transfers to the consolidated income statement of valuation adjustments of prior years’ portfolio investments, carried out during 2013 and 2012, come to net amounts of €(0.8) million and €(2.3) million, respectively.

There were no transfers of assets between levels 1 and 2 (Quotation value to Observable Data).

There were no variations in the valuation techniques of levels 2 and 3 (Observable Data and Other Valuations).

TRADING PORTFOLIO

A breakdown of the investments allocated to the trading portfolio as at December 31, 2013 and 2012 is given below:

	MARKET VALUE						BOOK VALUE		CAPITAL GAINS (LOSSES) ALLOCATED TO RESULTS			
	MARKET PRICE VALUATIONS		OBSERVABLE DATA		OTHER				UNREALISED		REALISED	
ITEM	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
OTHER TRADING PORTFOLIO INVESTMENTS												
Equities	85	89					85	89			-	
Fixed income											-	
Mutual Funds	39,364	36,532					39,364	36,532			-	(246)
Other											-	
TOTAL OTHER INVESTMENTS	**39,449**	**36,621**	**-**	**-**	**-**	**-**	**39,449**	**36,621**	**-**	**-**	**-**	**(246)**
TOTAL TRADING PORTFOLIO	**39,449**	**36,621**	**-**	**-**	**-**	**-**	**39,449**	**36,621**	**-**	**-**	**-**	**(246)**

(FIGURES IN €000)

The capital gains and losses in the trading portfolio are recorded in the income statement, details of which are to be found in Note 6.14, “Revenues and expenses from Investments”.

The values issued by the governments as of December 31 of 2013 and 2012 are included in the Fixed Income heading for the three financial investment portfolios, which are detailed below:

FIXED INCOME ISSUED BY GOVERNMENTS	BOOK VALUE 2013	BOOK VALUE 2012
Spain	329	300
France	8	130
United States	86	100
Portugal	26	90
Brazil	83	83
Italy	64	66
Netherlands	80	60
Belgium	78	52
Austria	35	-
Germany	-	28
Canada	19	20
Ireland	-	-
Greece	-	-
Rest	50	61
TOTAL	**858**	**990**

(FIGURES IN €000)

The sovereign debt was valued as of 31 December 2013 and 2012 at its quotation value. In note 7, "Risk Management," the maturity of fixed income values is broken down.

6.5 Credits

The following table shows the breakdown of loans and receivables as at 31.12.13 and 2012; it also shows impairment losses and gains from impairment reversals recorded in the last two financial years:

ITEM	GROSS AMOUNT 2013	GROSS AMOUNT 2012	IMPAIRMENT 2013	IMPAIRMENT 2012	NET BALANCE IN STATEMENT 2013	NET BALANCE IN STATEMENT 2012	IMPAIRMENT – RECORDED LOSSES 2013	IMPAIRMENT – RECORDED LOSSES 2012	IMPAIRMENT – GAINS ON REVERSAL 2013	IMPAIRMENT – GAINS ON REVERSAL 2012	COLLATERAL HELD 2013	COLLATERAL HELD 2012
I. Receivables for operations of reinsurance	259,360	278,459	(2,797)	(2,864)	256,563	275,595			68	137		
II. Tax credits	8,460	13,539			8,460	13,539						
III. Corporate and other loans	8,961	21,808			8,961	21,808						
TOTAL	**276,781**	**313,806**	**(2,797)**	**(2,864)**	**273,984**	**310,942**			**68**	**137**		

(FIGURES IN €000)

The balances included under "Loans and receivables" do not earn interest and are generally settled in the following year.

6.6 Asset impairment

The following tables detail the impairment of assets in the last two years:

2013 financial year

IMPAIRMENT IN:	Opening balance	Adjustments to opening balance	Changes in perimeter	RECORDING IN RESULTS		DIRECT RECORDING IN NET ASSETS		Cancellation of asset	Closing balance
				Addition	Reduction	Addition	Reduction		
INTANGIBLE ASSETS									
I. Goodwill									
II. Other intangible assets									
PROPERTY, PLANT AND EQUIPMENT									
I.Own-use property									
II. Other property, plant and equipment									
INVESTMENTS		**(91)**		**1,076**					**985**
I. Investment property									
II. Financial investments				57					57
- Held-to-maturity portfolio									
- Available-for-sale portfolio				57					57
- Trading portfolio									
III. Equity-method-accounted investments		(91)		1,019					928
IV. Deposits established for assumed reinsurance									
V. Other investments									
LOANS AND RECEIVABLES	**2,864**	**1**			**(68)**				**2,797**
I. Credits of direct insurance and coinsurance operations									
II. Receivables from reinsurance operations	2,864	1			(68)				2,797
III. Tax credits									
IV. Corporate and other loans									
V. Called-up share capital									
OTHER ASSETS									
TOTAL IMPAIRMENT	**2,864**	**(90)**		**1,076**	**(68)**				**3,782**

(FIGURES IN €000)

2012 financial year

IMPAIRMENT IN:	Opening balance	Adjustments to opening balance	Changes in perimeter	RECORDING IN RESULTS		DIRECT RECORDING IN NET ASSETS		Cancellation of asset	End balance
				Addition	Reduction	Addition	Reduction		
INTANGIBLE ASSETS									
I. Goodwill									
II. Other intangible assets									
PROPERTY, PLANT AND EQUIPMENT									
I.Own-use property									
II. Other property, plant and equipment									
INVESTMENTS	**9,262**			**30,761**	**(1,161)**			**(38,862)**	
I. Investment property									
II. Financial investments	9,262			30,761	(1,161)			(38,862)	
- Held-to-maturity portfolio	9,262			30,761	(1,161)			(38,862)	
- Available-for-sale portfolio									
- Trading portfolio									
III. Equity-method-accounted investments									
IV. Deposits established for assumed reinsurance									
V. Other investments									
LOANS AND RECEIVABLES	**3,001**				**(137)**				**2,864**
I. Credits of direct insurance and coinsurance operations									
II. Receivables from reinsurance operations	3,001				(137)				2,864
III. Tax credits									
IV. Corporate and other loans									
V. Called-up share capital									
OTHER ASSETS									
TOTAL IMPAIRMENT	**12,263**			**30,761**	**(1,298)**			**(38,862)**	**2,864**

(FIGURES IN €000)

6.7 Treasury

No significant monetary transactions relating to investing and financing activities were excluded when the cash flow statement was being prepared.

The breakdown of the Treasury balance for the last two fiscal years is as follows:

ITEM	2013	2012
Cash	116,101	112,736
Cash equivalents	45,794	36,456
TOTAL	**161,895**	**149,192**

(FIGURES IN €000)

6.8 Equity

SHARE CAPITAL:

Share capital is recorded through the par value of paid-up shares, or of shares for which payment has been called.

The Parent Company's share capital at 31 December of the two last years was represented by 72,231,068 registered shares with a par value of €3.10 each, fully subscribed and paid up. All the shares confer the same political and economic rights.

MAPFRE S.A. participates in 91.53 % of the capital as of 31 December 2013 and 2012.

The representative shares for the capital stock of the Parent Company are not admitted to official negotiation.

VALUATION CHANGE ADJUSTMENTS:

The "Valuation adjustment reserve" includes the equity reserves shown as a result of the income and expenses recognised in each financial year which, according to international accounting regulations, must be directly reflected in the Group's net worth accounts.

RESTRICTIONS ON THE AVAILABILITY OF RESERVES:

The section "Share issue premium and reserves" includes the legal reserve to the sum of €44.8 million in the last two fiscal years, which is not distributable to the shareholders, except in the event the controlling Company winds-up, and it can only be used to compensate potential losses.

The same restriction applies to statutory reserves set up by subsidiaries and shown in their balance sheets.

There is no other restriction on the availability of reserves for any significant amount.

CAPITAL MANAGEMENT:

MAPFRE has an internal capitalisation and dividend policy aimed at rationally and objectively providing the Divisions with the capital required to meet the risks assumed. Both the assessment of risks and the allocation of capital to each Division are detailed in Note 7 of the "Risk Management" report.

On the other hand, the items making up the Group's uncommitted equity are in line with the requirements of the regulations in force.

The sum of the MAPFRE Group's solvency margin for the fiscal years 2013 and 2012 is 9,344.54 and 9,542.57 million Euro respectively, figures that exceed the minimum required amount (which is €3,790.98 and €3,656.54 million respectively) by 2.46 times in the fiscal year 2013 and by 2.61 times in 2012.

6.9 Technical provisions

1. DETAILS OF THE TECHNICAL PROVISIONS BALANCE

The following table gives a breakdown of the balance of each of the technical provisions appearing in the balance sheet in the last two financial years.

	ASSUMED REINSURANCE		CEDED REINSURANCE RETROCEDED	
ITEM	2013	2012	2013	2012
1 - Provisions for non-life unearned premiums and unexpired risks	**1,082,076**	**1,156,306**	**290,325**	**303,539**
1.1 Provision for unearned premiums	1,080,182	1,156,306	290,325	303,539
1.2 Provision for unexpired risks	1,894			
2 - Provisions for life insurance	**267,325**	**257,656**	**17,145**	**25,088**
2.1 Provisions for unearned premiums and unexpired risks	201,011	185,792	17,145	25,088
2..1.1 Provision for unearned premiums	201,011	185,792	17,145	25,088
2..1.2 Provision for unexpired risks				
2.2 Mathematical reserves	66,314	71,864		
2.3 Provisions for profit sharing				
3 - Provisions for claims	**1,714,358**	**1,799,230**	**400,842**	**568,006**
3.1 Claims outstanding	1,714,358	1,799,230	400,842	568,006
3.2 Claims incurred but not reported (IBNR)				
3.3 For internal claims handling costs				
4 - Other technical provisions				
4.1 Funeral plan insurance				
4.2 Others				
TOTAL	**3,063,759**	**3,213,192**	**708,312**	**896,633**

(FIGURES IN €000)

2. MOVEMENT OF EACH TECHNICAL PROVISIONS

2.1 PROVISIONS FOR UNEARNED PREMIUMS, FOR RISKS IN PROGRESS, FOR CLAIMS, FOR PROFIT SHARING AND OTHER TECHNICAL PROVISIONS.

A) ACCEPTED REINSURANCE

2013 financial year

ITEM	Opening balance	Adjustments to the opening balance	Changes in perimeter	Additions	Reversals	Closing balance
I. Provision for non-life unearned premiums and unexpired risks	**1,156,306**	**(8,092)**		**1,082,076**	**(1,148,214)**	**1,082,076**
1. Provisions for unearned premiums	1,156,306	(8,092)		1,080,182	(1,148,214)	1,080,182
2. Provisions for unexpired risks				1,894		1,894
II. Provision for life insurance	**257,656**	**(10,210)**		**267,325**	**(247,446)**	**267,325**
1. Provisions for unearned premiums	185,792	(830)		201,011	(184,962)	201,011
2. Provisions for unexpired risks						
3. Mathematical reserves	71,864	(9,380)		66,314	(62,484)	66,314
4. Provision for profit sharing						
III. Provision for claims	**1,799,230**	**(17,625)**		**1,714,358**	**(1,781,605)**	**1,714,358**
Assumed reinsurance	1,799,230	(17,625)		1,714,358	(1,781,605)	1,714,358
IV. Other technical provisions						
TOTAL	**3,213,192**	**(35,927)**		**3,063,759**	**(3,177,265)**	**3,063,759**

(FIGURES IN €000)

2012 financial year

ITEM	Opening balance	Adjustments to the opening balance	Changes in perimeter	Additions	Reversals	Closing balance
I. Provision for non-life unearned premiums and unexpired risks	**1,152,159**	**(4,227)**		**1,156,306**	**(1,147,932)**	**1,156,306**
1. Provisions for unearned premiums	1,152,159	(4,227)		1,156,306	(1,147,932)	1,156,306
2. Provisions for unexpired risks						
II. Provision for life insurance	**200,896**	**3,427**		**257,656**	**(204,323)**	**257,656**
1. Provisions for unearned premiums	137,085	(640)		185,792	(136,445)	185,792
2. Provisions for unexpired risks						
3. Mathematical reserves	63,811	4,067		71,864	(67,878)	71,864
4. Provision for profit sharing						
III. Provision for claims	**1,810,459**	**(5,277)**		**1,799,230**	**(1,805,182)**	**1,799,230**
Assumed reinsurance	1,810,459	(5,277)		1,799,230	(1,805,182)	1,799,230
IV. Other technical provisions						
TOTAL	**3,163,514**	**(6,077)**		**3,213,192**	**(3,157,437)**	**3,213,192**

(FIGURES IN €000)

B) RETROCEDED REINSURANCE

2013 financial year

ITEM	Opening balance	Adjustments to the opening balance	Changes in perimeter	Additions	Reversals	Closing balance
Provision for unearned premiums	303,539	(3,991)		290,325	(299,548)	290,325
Provision for life insurance	25,088			17,145	(25,088)	17,145
Provision for claims	568,006	(11,019)		400,842	(556,987)	400,842
Other technical provisions						
TOTAL	**896,633**	**(15,010)**		**708,312**	**(881,623)**	**708,312**

(FIGURES IN €000)

2012 financial year

ITEM	Opening balance	Adjustments to the opening balance	Changes in perimeter	Additions	Reversals	Closing balance
Provision for unearned premiums	315,897	(2,800)		303,539	(313,097)	303,539
Provision for life insurance	21,119			25,088	(21,119)	25,088
Provision for claims	644,507	(3,554)		568,006	(640,953)	568,006
Other technical provisions						
TOTAL	**981,523**	**(6,354)**		**896,633**	**(975,169)**	**896,633**

(FIGURES IN €000)

2.2 MATHEMATICAL RESERVES

ITEM	ASSUMED (INWARD) REINSURANCE 2013	2012
Mathematical reserve at beginning of year	**71,864**	**63,811**
Adjustments to the opening balance	(9,380)	4,067
Incorporation into perimeter (balance of reserve on incorporation date)		
Premiums		
Technical interest		
Attribution of profit sharing		
Claims payments/receipts		
Reserve adequacy test	3,830	3,986
Shadow accounting adjustments		
Other		
Exit from perimeter (balance of reserve on exit date)		
MATHEMATICAL RESERVE AT YEAR END	**66,314**	**71,864**

(FIGURES IN €000)

3. OTHER INFORMATION

3.1 PROVISION FOR RISKS IN PROGRESS
The provision for unexpired risks was made pursuant to the criteria established in note 5.9.

3.2 CLAIMS EXPERIENCE TREND PER ACCIDENT YEAR
Information on the loss ratio trend per accident year of assumed reinsurance is not provided, as the ceding companies generally use accounting methods other than the accident-year method.

With information from 2013 and 2012, an adequacy study of the technical provisions established as of the close of those years has been carried out. The study was carried out by an independent specialist firm of recognised standing and revealed the provisions to be adequate.

6.10 Provisions for risks and expenses

The provisions for contingencies and charges include the estimated amounts, externalised obligations, incentives for personnel, payments and others derived from the activities of companies making up the Group which will be settled in coming fiscal years. The estimate of the amount provisioned or the time when the provision will be cleared is affected by uncertainties regarding the resolution of filed appeals and the development of other parameters. It was not necessary to make assumptions about future events in order to determine the value of the provision.

The tables below detail the movements of the provisions for contingencies and charges in the last two financial years.

2013 financial year				INFLOWS		OUTFLOWS				
ITEM	Opening balance	Adjustments to opening balance	Changes in perimeter	Allocated provisions	Increased value through discount	Provisions used	Provisions reversed	Closing balance	Amount of reimbursement	Maximum reversal period
Provisions for staff incentives	1,218			1,546		(1,218)		1,546		
Other provisions	696			1,427		(163)		1,960		
TOTAL BOOK VALUE	**1,914**			**2,973**		**(1,381)**		**3,506**		

(FIGURES IN €000)

2012 financial year				INFLOWS		OUTFLOWS				
ITEM	Opening balance	Adjustments to opening balance	Changes in perimeter	Allocated provisions	Increased value through discount	Provisions used	Provisions reversed	Closing balance	Amount of reimbursement	Maximum reversal period
Provisions for staff incentives	1,011			1,218		(1,011)		1,218		
Other provisions	745			148		(197)		696		
TOTAL BOOK VALUE	**1,756**			**1,366**		**(1,208)**		**1,914**		

(FIGURES IN €000)

As of 31 December 2013 the section "Provisions allocated" includes:

• Medium-term incentive plan detailed in note 6.18-1 "Staff expenses" to the sum of €612,000.

• Permanence bonus to the sum of €782,000.

The section "Other Provisions" includes the benefit plans defined for the fiscal years 2013 and 2012 described in note 6.18-2B of the report, to the sum of €449,000 and €451,000, respectively.

6.11 Deposits received on ceded (outward) and retroceded reinsurance

Deposits on ceded and retroceded reinsurance represent guarantees given to reinsurers on the basis of the reinsurance coverage contracts entered into as part of standard business practice. They accrue interest payable of between 2% and 2.5%, and the average rollover period is generally annual. The interest in question is paid quarterly.

6.12 Debt

The balances included in the sections on debts for reinsurance operations, tax debts and other debts do not accrue interests payable and in general, their liquidation will be performed in the following fiscal year.

6.13 Pledged collateral with third parties

In 2013 and 2012, the Parent Company lodged letters of credit amounting to €86.72 million and €63.5 million, respectively, with official bodies, in order to guarantee its premium and outstanding claims reserves. Through these letters of credit, the Company pledged in the ceding companies' favour fixed-income securities included in the available-for-sale portfolio amounting to €463.42 million and €297.16 million in the 2013 and 2012 financial years, respectively.

6.14 Revenue and expenses from Investment

Details of investment income and expenses for the 2013 and 2012 financial years are shown below:

Income from investments

ITEM	INVESTMENT INCOME FROM OPERATIONS 2013	OPERATIONS 2012	EQUITY 2013	EQUITY 2012	TOTAL 2013	TOTAL 2012
INCOME FROM INTEREST, DIVIDENDS AND THE LIKE						
Investment property:	289	290			289	290
- Rents	289	290			289	290
Income from held-to-maturity portfolio						
- Annuities						
- Other investments						
Income from available-for-sale portfolio	82,672	90,657	8,432	8,317	91,104	98,974
Income from trading portfolio	689	44	1,293	595	1,982	639
Dividends from Group companies						
Other financial returns	40,247	18,796	3,963	4,353	44,210	23,149
TOTAL INCOME	**123,897**	**109,787**	**13,688**	**13,265**	**137,585**	**123,052**
REALISED AND UNREALISED GAINS						
Net realised gains:	27,727	32,169	2,681	3,073	30,408	35,242
Investment property						
Financial investments in held-to-maturity portfolio						
Financial investments in available-for-sale portfolio	27,727	32,169	2,681	3,024	30,408	35,193
Financial investments in trading portfolio				49		49
Other						
Unrealised gains:						
Increase in fair value of trading portfolio						
Other						
TOTAL GAINS	**27,727**	**32,169**	**2,681**	**3,073**	**30,408**	**35,242**
TOTAL INCOME FROM INVESTMENT	**151,624**	**141,956**	**16,369**	**16,338**	**167,993**	**158,294**

(FIGURES IN €000)

Expenses from investments

ITEM	INVESTMENT INCOME FROM OPERATIONS 2013	OPERATIONS 2012	EQUITY 2013	EQUITY 2012	TOTAL 2013	TOTAL 2012
FINANCIAL EXPENSES						
Investment property:	59	140			59	140
- Direct operating expenses	51	63			51	63
- Other expenses	8	77			8	77
Expenses from held-to-maturity portfolio						
- Annuities						
- Other investments						
Expenses from available-for-sale portfolio	18,884	16,698	1,277	929	20,161	17,627
Expenses from trading portfolio	5,567	2,139	3,649	364	9,216	2,503
Other financial expenses						
TOTAL EXPENSES	**24,510**	**18,977**	**4,926**	**1,293**	**29,436**	**20,270**
REALISED AND UNREALISED LOSSES						
Net realised losses:	**23,471**	**27,499**	**2,302**	**3,855**	**25,773**	**31,354**
Investment property						
Financial investments in held-to-maturity portfolio						
Financial investments in available-for-sale portfolio	23,148	27,228	2,302	3,805	25,450	31,033
Financial investments in trading portfolio	323	271		24	323	295
Other				26		26
Unrealised losses:						
Decrease in fair value of trading portfolio						
Other						
TOTAL LOSSES	**23,471**	**27,499**	**2,302**	**3,855**	**25,773**	**31,354**
TOTAL EXPENSES FROM INVESTMENTS	**47,981**	**46,476**	**7,228**	**5,148**	**55,209**	**51,624**

(FIGURES IN €000)

6.15 Operating expenses

A breakdown of the net operating expenses for the last two financial years is given below:

ITEM	REINSURANCE 2013	2012
I. Acquisition expenses	839,448	709,309
II. Administration expenses	9,900	9,889
III. Commission and participations in ceded and retroceded reinsurance	(189,851)	(205,966)
IV. Operating expenses from other activities		
TOTAL NET OPERATING EXPENSES	**659,497**	**513,232**

(FIGURES IN €000)

The details of personnel expenses and amortisation allowance expenses in the last two financial years are as follows:

ITEM	AMOUNT 2013	2012
Personnel expenses	28,231	25,201
Amortisation allowances	1,490	1,476
TOTAL	**29,721**	**26,677**

(FIGURES IN €000)

The table below gives a breakdown of amortisation allowances by operating segment:

ITEM	AMOUNT 2013	2012
Reinsurance		
Life	223	243
Non-Life	1,267	1,233
Other activities		
TOTAL	**1,490**	**1,476**

(FIGURES IN €000)

6.16 Result of ceded and retroceded reinsurance

The result of ceded and retroceded reinsurance operations in the 2013 and 2012 financial years is shown below:

ITEM	NON-LIFE 2013	NON-LIFE 2012	LIFE 2013	LIFE 2012	TOTAL 2013	TOTAL 2012
Premiums (-)	(1,050,347)	(902,993)	(54,827)	(91,435)	(1,105,174)	(994,428)
Premiums and change in unearned premium reserve	(10,034)	(5,746)	(7,132)	623	(17,166)	(5,123)
Provisions for unexpired risks						
Claims paid (+) and change in claims provision	498,880	438,036	36,385	43,554	535,265	481,590
Change in mathematical reserve						
Change in other technical provisions						
Reinsurance share of commission and expenses (+)	170,499	161,253	19,352	44,713	189,851	205,966
Other						
RESULT OF CEDED AND RETROCEDED REINSURANCE	**(391,002)**	**(309,450)**	**(6,222)**	**(2,545)**	**(397,224)**	**(311,995)**

(FIGURES IN €000)

6.17 Fiscal position

The Fiscal Situation note will be reviewed by the Tax Department of the General Secretary.

A) TAX CONSOLIDATION REGIME

TAX ON PROFITS
Since the 2002 financial year, MAPFRE RE has formed part of the companies included for the purposes of corporation tax in Tax Group No. 9/85, made up of MAPFRE S.A. and its subsidiaries that meet the requirements to avail themselves of the said tax regime.

Therefore, the amounts to be charged or paid corresponding to the tax on gains are recorded under the headings “Social credits and others” and “Other debts” of the consolidated balance.

VALUE ADDED TAX
Since fiscal year 2010, and for the purposes of value added tax, the Parent Company is part of a group of entities with VAT No. 87/10 consisting of MAPFRE S.A. as the parent company and those of its subsidiaries that agreed to become part of said Group.

B) COMPONENTS OF TAX EXPENSE AND RECONCILIATION OF THE BOOK RESULT WITH THE TAX COST OF CONTINUING OPERATIONS

The main components of the income tax on continuing operations expense and the reconciliation between the income tax expense and the product obtained from multiplying the accounting result by the applicable tax rate are detailed below for the financial years ended 31.12.13 and 2012.

The Group performed the reconciliation by aggregating the reconciliations carried out separately using the national rates of each country.

ITEM	AMOUNT 2013 financial year	AMOUNT 2012 financial year
Tax expense		
Result before taxes from continuing operations	**155,291**	**121,100**
30% of the result before taxes from continuing operations	(46,587)	(36,330)
Tax incentive for the financial year	6,370	6,281
Tax effect of permanent differences	(4,918)	(5,734)
Tax effect from tax rates different from 30%	(1,347)	1,779
Total current tax expense originating in the financial year	(46,482)	(34,004)
Current tax expense originating in prior years		
Previously unrecognised credits due to negative tax bases of prior periods, deductions still to be applied or temporary differences, use of negative tax bases, deductions still to be applied or temporary differences		
TOTAL TAX EXPENSE OF CONTINUING OPERATIONS	**(46,482)**	**(34,004)**
Income tax payable		
Retentions and interim payments	36,371	35,792
Temporary differences	(1,292)	1,054
Applied tax credits and incentives recorded in prior years		
Income tax on discontinued operations		
TOTAL PAYABLE OR RECEIVABLE	**(11,403)**	**2,842**

(FIGURES IN €000)

C) DEFERRED TAX ASSETS

The following tables provide a breakdown of movements for the 2013 and 2012 financial years of the “Deferred tax liabilities” heading, detailing their amount in relation to items directly debited or credited to the net equity in each financial year.

2013 financial year

ITEMS	Opening balance	Adjustments o opening balance	Changes in perimeter	FROM		Write-offs	Closing balance
				Results	Equity		
- Difference in valuation of financial investments	4,920			(7,635)	2,718		3
- Embedded derivatives							
- Difference in valuation of mathematical reserves Through adaptation to new tables Through shadow accounting							
- Difference in valuation of funeral plan provisions							
- Capital increase and other amortisable expenses							
- Tax credits due to negative tax bases							
- Credits due to tax incentives							
- Supplementary pensions and other staff-related commitments							
- Provisions for outstanding premiums							
- Sales of property developments awaiting handover							
- Provisions for liabilities and other							
- Technical provision for claims							
- Other items	6,633			13,572			20,205
TOTAL DEFERRED TAXES ON ASSETS	**11,553**			**5,937**	**2,718**		**20,208**

(FIGURES IN €000)

2012 financial year

ITEMS	Opening balance	Adjustments o opening balance	Changes in perimeter	FROM		Write-offs	Closing balance
				Results	Equity		
- Difference in valuation of financial investments	34,791			(8,961)	(20,910)		4,920
- Embedded derivatives							
- Difference in valuation of mathematical reserves Through adaptation to new tables Through shadow accounting							
- Difference in valuation of funeral plan provisions							
- Capital increase and other amortisable expenses							
- Tax credits due to negative tax bases							
- Credits due to tax incentives							
- Supplementary pensions and other staff-related commitments							
- Provisions for outstanding premiums							
- Sales of property developments awaiting handover							
- Provisions for liabilities and other							
- Technical provision for claims							
- Other items	8,373	1		(1,741)			6,633
TOTAL DEFERRED TAXES ON ASSETS	**43,164**	**1**		**(10,702)**	**(20,910)**		**11,553**

(FIGURES IN €000)

The way the "Other items" heading breaks down in the last two financial years is largely due to the following reasons:

2013 FINANCIAL YEAR
- Foreign taxes amounting to €17,994,000

- Prepaid tax arising from downturn of subsidiaries amounting to €706,000.

- Prepaid taxes arising from pension commitments amounting to €1,321,000

2012 FINANCIAL YEAR
- Foreign taxes amounting to €7,361,000.

- Prepaid taxes arising from pension commitments amounting to €1,012,000.

The total amount of deferred tax assets of fully consolidated companies as a result of accumulated taxable temporary differences at 31.12.13 and 31.12.12 has been recorded in the balance sheets at those dates.

The Company considers that there will be future tax benefits against which the deferred tax assets recorded in 2013 and 2012 will be recoverable. This consideration is based on the projections made, based on past historical experience and prepared using reasonable assumptions which have been met in the past.

D) DEFERRED TAX LIABILITIES

The following tables show the movements in the deferred tax liabilities heading for the 2013 and 2012 financial years.

2013 financial year

ITEM	Opening balance	Adjustments opening balance	Changes in perimeter	FROM Results	FROM Equity	Write-offs	Closing balance
Difference in valuation of financial investments	10,599	(41)		(8,974)	18,483		20,067
Embedded derivatives							
Equalisation and catastrophe provisions							
Portfolio acquisition expenses and other acquisition expenses							
Other	782			(137)			645
TOTAL DEFERRED TAXES ON LIABILITIES	**11,381**	**(41)**		**(9,111)**	**18,483**		**20,712**

(FIGURES IN €000)

2012 financial year

ITEM	Opening balance	Adjustments opening balance	Changes in perimeter	FROM Results	FROM Equity	Write-offs	Closing balance
Difference in valuation of financial investments	2,470	40		(10,808)	18,897		10,599
Embedded derivatives							
Equalisation and catastrophe provisions							
Portfolio acquisition expenses and other acquisition expenses							
Other	1,141			(359)			782
TOTAL DEFERRED TAXES ON LIABILITIES	**3,611**	**40**		**(11,167)**	**18,897**		**11,381**

(FIGURES IN €000)

The balance under “Other” is largely due to the following reasons:

2013 FINANCIAL YEAR

- Deferred taxes derived from commitments with staff amounting to €232,000.

- Tax deductible capital losses in amounting to €412,000.

2012 FINANCIAL YEAR

- Deferred taxes derived from commitments with staff amounting to €264,000.

- Tax deductible capital losses in amounting to €516,000.

The total amount of deferred tax liabilities of fully consolidated companies as a result of accumulated taxable temporary differences at 31.12.13 and 31.12.12 has been recorded in the balance sheets at those dates.

E) TAX INCENTIVES

The breakdown of the tax incentives of fully consolidated companies for the 2013 and 2012 financial years is as follows:

TYPE	FINANCIAL YEAR	SUM APPLIED IN THE FINANCIAL YEAR 2013	SUM APPLIED IN THE FINANCIAL YEAR 2012	SUM PENDING APPLICATION 2013	SUM PENDING APPLICATION 2012	SUM NOT RECORDED 2013	SUM NOT RECORDED 2012	DEADLINE FOR APPLICATION 2013	DEADLINE FOR APPLICATION 2012
- Investment allowance									
- Double taxation allowance		5,732	5,316						
- Job creation									
- Other		638	965						
TOTAL		**6,370**	**6,281**	**-**	**-**	**-**	**-**	**-**	**-**

(FIGURES IN €000)

F) VERIFICATION BY THE TAX AUTHORITIES

According to the legislation applying to Spanish companies, declarations made in respect of the different taxes may not be considered definitive until they have been inspected by the tax authorities or until the four-year period of limitation has expired.

On February 17, 2012 inspections were initiated regarding the Company Tax of Fiscal Group 9/85 for fiscal years 2007 to 2009, which affect MAPFRE S.A. as the parent company and which could affect the entity (MAPFRE RE) as a subsidiary company. These inspections ended in February 2013 and no tax consequence was derived for the company therefrom.

Therefore, as of 31 December, the Company has available for inspection all of the taxes that it is subject to for the fiscal years 2010 to 2013. In the opinion of the Company's advisors, the possibility of new fiscal liabilities arising that significantly affect the Company's financial situation as of 31 December, 2013, is remote.

During fiscal year 2012, once the judicial review procedure was finalized for the action initiated by Fiscal group 9/85 regarding the Company Tax for fiscal years 1994 to 1997 that affected MAPFRE RE as the Parent Company of the fiscal group, the payment of the corresponding tax settlement was carried out. Most of the concepts that motivate the settlement are temporary differences that reverted to income in fiscal years subsequent to those inspected, which has generated a right of credit in favour of the Entity that shall determine the return of undue income on the part of the State Tax Administration Agency.

6.18 Remuneration to staff and related liabilities

1. PERSONNEL EXPENSES

The breakdown of personnel expenses in the last two financial years is shown in the following table:

ITEM	AMOUNT 2013	AMOUNT 2012
a) Short-term employee benefits	**25.608**	**24.067**
a.1) Wages and salaries	19.323	18.396
a.2) Social security	3.786	3.492
a.3) Other employee benefits	2.499	2.179
b) Post-employment benefits	**1.189**	**1.134**
b.1) Defined-contribution commitments	1.092	1.065
b.2) Defined-benefit commitments	97	69
c) Termination benefits	**790**	**500**
d) Share-based payments	**32**	**(78)**
e) Other long-term employee benefits	**612**	**0**
TOTAL	**28.231**	**25.623**

(FIGURES IN €000)

2. POST-EMPLOYMENT BENEFITS

A) DESCRIPTION OF DEFINED BENEFIT PLANS IN FORCE.
The defined-benefit plans in force, all implemented through insurance policies, are valued as per the details described in the accounting policies and are those in which the benefit is fixed on a final-salary basis, with benefit being paid in the form of a life annuity which is adjustable according to the annual consumer price index (CPI).

B) AMOUNTS RECOGNISED IN THE CONSOLIDATED BALANCE SHEET.

Reconciliation of the present value of the obligation
The reconciliation of the present value of the obligation arising from defined-benefit plans in the last two years is shown below:

ITEM	2013	2012
Present value of obligation at 1 January	**451**	**455**
Cost of services in the year under review		
Interest cost	21	21
Contributions made by plan members		
Actuarial losses and gains	3	3
Changes due to exchange rate variations		
Benefits paid	(25)	(25)
Cost of past services		
Settlements		
Other items	(1)	(3)
Present value of obligation at 31 December	**449**	**451**

(FIGURES IN €000)

The table below shows a breakdown of the opening and ending balance of the reimbursement rights for the last two fiscal years, corresponding to the aforementioned plans.

ITEM	2013	2012
Value of reimbursement rights and assets allocated to plan at 1 January	**451**	**455**
Expected return on assets allocated	21	21
Actuarial losses and gains	3	3
Changes due to exchange rate variations		
Contributions made by the employer		
Contributions made by plan members		
Benefits paid	(25)	(25)
Settlements		
Other items	(1)	(3)
Value of reimbursement rights and assets allocated to plan at 31 December	**449**	**451**

(FIGURES IN €000)

C) AMOUNTS RECOGNISED IN THE CONSOLIDATED INCOME STATEMENT
The table below shows a breakdown of the amounts recognised in the consolidated income statement for the fiscal years 2013 and 2012, derived from the aforementioned plans.

ITEM	2013	2012
Cost of services in the year under review		
Interest cost	21	21
Expected return on assets allocated to the plan		
Expected return on any reimbursement right recognised as an asset	(21)	(21)
Actuarial losses and gains		
Cost of past services recognised in the year		
Effect of any curtailment or settlement		
Other items		
TOTAL EXPENSE RECOGNISED IN THE INCOME STATEMENT	**0**	**0**

(FIGURES IN €000)

D) RETURNS
The expected rate of return is determined based on the interest rate guaranteed by the insurance policies affected.

The actual return of plan assets, as well as the investment allocated to the coverage of mathematical provisions is €21,000 and €21,000 for fiscal years 2013 and 2012 respectively.

E) ASSUMPTIONS
The main actuarial assumptions used on the closing date of the last two fiscal years were: PERM/F-2000 survival tables, 3 per cent annual CPI in both fiscal years and discount rate, as well as expected performance of the assets involved, of 4.24 per cent in both fiscal years.

F) ESTIMATES
No contributions are expected to be made for the benefit plans defined for fiscal year 2013.

3. SHARE-BASED PAYMENTS

The Extraordinary General Meeting of MAPFRE S.A. held on 4 July 2007 approved the share-based incentive plan for MAPFRE GROUP senior management as detailed below:

- Formula: Each member is granted the right to receive in cash the amount obtained by multiplying the number of MAPFRE S.A. shares assigned in theory by the difference between the simple arithmetical mean of the closing share price during trading sessions in the 30 working days prior to the reporting date for the year and the simple arithmetical mean of the closing share price during trading sessions in the 30 working days immediately preceding the date of inclusion in the scheme. For the initial group of members, this reference has nevertheless been replaced with the closing share price on 31.12.06, which was €3.42 per share.

- Exercise of the right: a maximum of 30% of the right may be exercised during January of the fourth year, a maximum of 30% during January of the seventh year and the rest during January of the tenth year. All rights granted must be exercised at the latest on the last day of the third period mentioned.

The number of reference shares taken into account for the purpose of calculating remuneration went up to 219,298 shares in the last two financial years, each with the aforementioned exercise price of €3.42 per share.

There have been no plan cancellations in the last two fiscal years.

In order to obtain the fair value of the options granted, the binomial options pricing model was used, with the following parameters being taken into account:

- Risk-free interest rate: the zero-coupon rate obtained from the IRS (interest rate swap) curve for the Euro in the option's term to maturity.

- Dividend yield: that resulting from the dividends paid against the last financial year closed (2012) and the price at the close of the 2013 financial year.

- Underlying asset volatility: that resulting from the performance of the MAPFRE, S.A. share price during the 2013 financial year.

Based on the above parameters, the remuneration system is measured and recognised in the income statement in the manner indicated in Note 5.13 to the consolidated financial statements. The expenses for personnel recorded in the income statement for this concept amount in 2013 and 2012 to €32,000 and (€78,000), respectively, the offset being recorded in liabilities.

4. STAFF NUMBERS

The table below shows the average number of employees in the last two financial years, classified by categories and gender, and their distribution by geographical areas.

	MANAGEMENT		ADMIN		SALES		OTHER		TOTAL	
	2013		2013		2013		2013		2013	
ITEM	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
SPAIN	24	14	9	20	13	4	37	29	83	67
UNITED STATES OF AMERICA	2	4	-	4	-	-	-	2	2	10
BRAZIL	3	1	-	3	-	-	7	1	10	5
REST OF AMERICA	6	2	7	15	-	-	17	9	30	26
CHILE	3	1	2	5	-	-	7	2	12	8
EUROPE	7	2	3	7	-	-	14	16	24	25
PHILIPPINES	2	1	-	1	-	-	1	3	3	5
TOTAL AVERAGE NUMBER OF EMPLOYEES	**47**	**25**	**21**	**55**	**13**	**4**	**83**	**62**	**164**	**146**

	MANAGEMENT		ADMIN		SALES		OTHER		TOTAL	
	2012		2012		2012		2012		2012	
ITEM	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
SPAIN	33	15	7	21	-	-	36	32	76	68
UNITED STATES OF AMERICA	2	4	-	4	-	-	1	2	3	10
BRAZIL	2	1	-	3	-	-	7	2	9	6
REST OF AMERICA	6	2	7	14	5	2	11	6	29	24
CHILE	3	1	2	5	-	-	7	2	12	8
EUROPE	9	1	4	11	1	1	14	15	28	28
PHILIPPINES	2	1	-	-	-	-	-	3	2	4
TOTAL AVERAGE NUMBER OF EMPLOYEES	**57**	**25**	**20**	**58**	**6**	**3**	**76**	**62**	**159**	**148**

6.19 Earnings of exchange differences

Positive exchange differences allocated to the consolidated income statement amounted to €302.3 million and €239.7 million in the 2013 and 2012 financial years, respectively.

Positive exchange differences allocated to the consolidated income statement amounted to €284.4 million and €239.1 million in the 2013 and 2012 financial years, respectively.

The reconciliation of the exchange differences recognised in equity at the beginning and end of 2013 and 2012 is shown below.

	AMOUNT	
DESCRIPTION	2013	2012
EXCHANGE DIFFERENCES AT THE BEGINNING OF THE YEAR	**29.655**	**29.361**
Net exchange difference on translation of financial statements	(15.239)	(113)
Net difference in valuation change for non-monetary items	(1.387)	407
EXCHANGE DIFFERENCES AT YEAR END	**13.029**	**29.655**

(FIGURES IN €000)

The following table shows at 31.12.13 and 2012, net exchange differences arising from the translation into euros of the financial statements:

Of fully consolidated companies

FULLY CONSOLIDATED COMPANIES	GEOGRAPHICAL AREA	TRANSLATION DIFFERENCES					
		POSITIVE		NEGATIVE		NET	
		2013	2012	2013	2012	2013	2012
INVERSIONES IBERICAS	CHILE	248	2,375		-	248	2,375
MAPFRE CHILE RE	CHILE	2,192	8,180		-	2,192	8,180
MAPFRE RE BRAZIL	BRAZIL		-	(11,527)	(4,190)	(11,527)	(4,190)
RMI	UNITED STATES		1		-	-	1
MAPFRE RE	SPAIN	22,116	23,289		-	22,116	23,289
TOTAL		**24,556**	**33,845**	**(11,527)**	**(4,190)**	**13,029**	**29,655**

(FIGURES IN €000)

The result recognised directly in equity arising from the revaluation of non-monetary items in the last two years is shown below.

Exchange differences recorded directly in equity

FULLY CONSOLIDATED COMPANIES	GEOGRAPHICAL AREA	TRANSLATION DIFFERENCES					
		POSITIVE		NEGATIVE		NET	
		2013	2012	2013	2012	2013	2012
MAPFRE RE	SPAIN	-	1,085	(87)	-	(87)	1,085
TOTAL		**-**	**1,085**	**(87)**	**-**	**(87)**	**1,085**

(FIGURES IN €000)

6.20 Contingent assets and liabilities

On the closing date of the annual accounts, there were contingent assets arising from the positive development of business transacted by MAPFRE Reinsurance Corporation (MRC), the financial effect of which was estimated at US$ 0.59 million. The contract of sale of this company to MAPFRE USA provides for a price adjustment after three years extended to four years in July 2010, depending on how MRC's business develops. Any adjustment would be subject to a maximum of US$ 3 million.

6.21 Transactions with related parties

All transactions with related parties were carried out at market conditions.

TRANSACTIONS WITH GROUP COMPANIES

Below are details of transactions carried out between Group companies; these have a null effect on the results, as they are eliminated in the consolidation process.

ITEM	EXPENSES		INCOME	
	2013	2012	2013	2012
Services received/provided and other expenses/ income	1,244	1,466	1,244	1,284
Expenses/income from investment property		-		-
Expenses/income from investments and financial accounts		-		-
Dividends paid out		-	1,864	16,791
TOTAL	**1,244**	**1,466**	**3,108**	**18,075**

(FIGURES IN €000)

Details of the amounts included in the consolidated income statement as a result of transactions effected during the financial year with higher consolidatable groups are given below:

ITEM	EXPENSES	
	2013	2012
Expenses and income from investment property	2,601	2,702
Expenses and income from investments and financial accounts	2,088	2,372
External services and other non-underwriting expenses/ income	2,424	4,194
Dividends paid out		-
TOTAL	**7,113**	**9,268**

(FIGURES IN €000)

REINSURANCE OPERATIONS

Reinsurance operations carried out between companies of the Group subject to consolidation that were eliminated in the consolidation process are shown below:

ITEM	EXPENSES		INCOME	
	2013	2012	2013	2012
Premiums ceded/accepted	19,902	24,618	(20,359)	(24,004)
Claims	13,740	27,149	(12,859)	(27,111)
Change in technical provisions	8,207	1,040	(8,596)	(1,434)
Commissions	(5,256)	(6,376)	5,142	6,558
Other income and underwriting expenses	-	-	-	-
TOTAL	**36,593**	**46,431**	**(36,672)**	**(45,991)**

(FIGURES IN €000)

Reinsurance operations with the higher consolidatable Group (MAPFRE S.A.) are detailed below:

	INCOME/EXPENSES			
	ASSUMED REINSURANCE		CEDED REINSURANCE	
ITEM	2013	2012	2013	2012
Premiums	1,420,593	1,161,312	(94,005)	(79,434)
Claims	(819,567)	(523,287)	25,623	10,631
Commissions	(294,910)	(285,933)	9,351	5,418
TOTAL	306,116	352,092	(59,031)	(63,385)

(FIGURES IN €000)

The following table gives details of the balances with reinsurers and ceding companies, deposits established and technical provisions arising from reinsurance operations with companies of the consolidatable Group that have been eliminated in the course of consolidation, as well as with MAPFRE S.A.'s consolidatable group:

	BALANCES ELIMINATED				BALANCES NOT ELIMINATED			
	ASSUMED REINSURANCE		CEDED REINSURANCE		ASSUMED REINSURANCE		CEDED REINSURANCE	
ITEM	2013	2012	2013	2012	2013	2012	2013	2012
Receivables and payables	2,140	788	-	-	79,856	65,575	(65,042)	(25,231)
Deposits	(949)	(949)	(942)	(942)	85,383	103,428	(648)	(171)
Technical provisions	17,834	26,430	(18,522)	(26,730)	(793,548)	(806,626)	57,057	44,771
TOTAL	**19,025**	**26,269**	**(19,464)**	**(27,672)**	**(628,309)**	**(637,623)**	**(8,633)**	**19,369**

(FIGURES IN €000)

REMUNERATIONS OF KEY MANAGERIAL STAFF

The table below shows the remuneration received in the last two financial years by key management personnel (understood to be the members of the Board of Directors, the Executive Committee and the Delegated Committees of the Parent Company):

	AMOUNT	
ITEM	2013	2012
Short-term benefits		
Salaries	637.36	426.10
Fixed allowances	199.65	231.12
Attendance fees	39.58	31.98
Life Insurance	26.77	21.85
Other items	9.55	15.94
Post-employment benefits		
Defined contribution	173.91	115.29
Reward for Permanence	2.75	
TOTAL	**1,089.57**	**842.28**

(FIGURES IN €000)

The basic remuneration of outside directors consists of a fixed annual allowance for belonging to the Board of Directors, amounting to €29,377 in 2013 and €28,943 in 2012.

They also benefit from term life insurance with a sum insured of €150,253 and enjoy some of the benefits extended to staff, such as health insurance.

Outside directors who are members of Committees or Delegated Committees also receive an allowance for attending meetings, amounting to €3,240 in 2013 and €3,192 in 2012.

Executive directors receive the remuneration laid down in their contracts, including a fixed salary, variable performance-related bonuses, life and disability insurance and other benefits generally established for the entity's staff; there are also supplementary retirement pensions which are externalised through a life insurance policy, all in line with the remuneration policy established by the Group for its senior management, whether or not they are directors. Executive directors do not receive the remuneration established for outside directors.

Likewise, in this fiscal year and within the framework of the payment policy for management, expenses were accrued under the concept of medium-term incentives to a sum of €300,000.

GRANTS

In 2013 and 2012, the Company received a government grant for preferential contracts (Social Security) and on-the-job training (Tripartite Foundation), all of which was allocated to the results for the financial year.

	GRANT	GRANT
ITEM	2013	2012
At 1 January		
Received during the year	15	32
Transferred to earnings	15	32
At 31 December		

(FIGURES IN €000)

All of the conditions or contingencies associated with these grants have been complied with.

6.22 Post-balance sheet events

There are no notable events subsequent to the close of the fiscal year.

7. RISK MANAGEMENT

Risk management goals, policies and processes

MAPFRE has a Risk Management System (RMS) based on the integrated management of each and every one of the business processes, and on matching the level of risk to the strategic objectives set. The different types of risk have been grouped into four areas or categories, as detailed below:

Operational risks	Includes twenty-three types of risks grouped in the following areas: actuarial, legal, technology, personnel, collaborators, procedures, reporting, fraud, market and tangible assets.
Financial and Credit risks	Includes interest rate, liquidity, exchange rate, market and credit risks.
Insurance activity risks	These groups, separately for Life and Non-Life, risks arising from inadequacy of premiums, adequacy of technical provisions and reinsurance.
Strategic and corporate governance risks	Includes corporate ethics and good corporate governance risks, organisational structure risks; risks of alliances, mergers and acquisition arising from the regulatory environment; and finally competition risks.

Centralisation of the Risk Management System

MAPFRE's structure is based on Operating Companies and Units having a high degree of autonomy in their management. The Group's governance and management bodies approve the lines of action of the Divisions and Companies as regards risk management, and permanently monitor their risk exposure by means of indicators and ratios. In addition, there are general action guidelines for mitigating risk exposure, such as maximum levels of investment in equities or the credit rating of reinsurers.

Through Risk Management, the Economic Area coordinates activities relating to the quantification of risks and, in particular, implementation of the Company's own financial capital models in the operating divisions and quantitative impact analyses of the future Solvency II regulations. Operating Divisions have a Risk Coordinator, reporting to Administration Management, for implementing policies and managing risks in each unit. The coordination of activities for implementing Risk Quantification Models is carried out by the Group risk management Director. The degree of progress of projects and other significant aspects are reported to MAPFRE's top management through the Audit Committee.

Generally speaking, underwriting decisions in respect of insurable risks and reinsurance covers are highly decentralised in the Divisions. Aspects relating to the operational risk are supervised centrally, although their implementation and monitoring are delegated to the Divisions. The management of strategic and corporate governance risks is highly centralised. The financial risks are supervised by the Investment Area of the Group.

Risk and capital assessment

MAPFRE has an internal capitalisation and dividend policy aimed at rationally and objectively providing the Divisions with the capital required to meet the risks assumed. Risk assessment is carried out using a standard fixed-factor model which quantifies financial risks, credit risks and insurance activity risks. Also, the level of capital allocated to each Unit will never be less than the legal minimum required at any time, plus a margin of 10%.

The capital allocated is generally determined approximately on the basis of the budgets for the following year and is revised regularly throughout the year, depending on how the risks develop.

Certain Units require a higher capitalisation level than that obtained from the general rule described above, either because they operate in different countries with different legal requirements, or because they are subject to higher solvency requirements because of their rating. In those cases, MAPFRE's Management Committee determines the capitalisation level on a case-by-case basis.

Operational risks

Operational risks are identified and assessed using Riskm@p, a software application developed in house at MAPFRE, which prepares the entities' risk maps in which the importance and probability of occurrence of various risks are analysed.

Riskm@p is also becoming established as the corporate tool for dealing with control activities (process manuals, lists of controls associated with risks, and assessment of their effectiveness).

The operational risk management model is based on the dynamic analysis of Unit processes, such that the managers of each area or department identify and assess annually the potential risks affecting the business and support processes: product development, underwriting, claims/benefits, administrative management, commercial activities, human resources, commission, coinsurance/reinsurance, technical provisions, investments, IT systems and customer service.

Financial and credit risks

MAPFRE mitigates its exposure to risks of this type through a prudent investment policy, characterised by an elevated proportion of fixed-income investment-grade securities.

In the management of investment portfolios it stands out among those that look to combine the derived obligations from insurance contracts and those where active management is carried out. The first ones minimize the exchange rate risk and other price variation risks, while the second ones take on a certain amount of market risk according to the following:

- In the portfolios that do not cover long-term passive obligations, the variable for handling the exchange rate risk is the modified duration.

- Exposure to the exchange rate risk is minimized in the case of insurer liabilities, admitting an exposure to this type of risk that does not exceed a fixed percentage over the excess of appropriate assets for coverage.

- Investments in shares are subject to a maximum limit for the investment portfolio.

- The risk limitations are established in quantitative terms, measured based on variables that are easily observed. Nevertheless, a risk analysis is also carried out in terms of probabilities based on historic volatilities and correlations. historic volatilities and correlations.

As regards the credit risk, MAPFRE's policy is based on maintaining a diversified portfolio made up of securities that have been carefully selected on the basis of the issuer's financial standing. Investments in fixed-income securities and equities are subject to concentration limits per issuer.

Insurance activity risks

MAPFRE's organisation, specialized in various types of business, requires those Units and Companies to be granted a degree of autonomy in managing their business, particularly when it comes to underwriting risks and setting rates, and also indemnifying losses or providing services in the event of claims.

The adequacy of the premiums is a particularly important element and its determination is supported by specific computer applications.

Claims handling and the adequacy of provisions are basic principles of insurance management. Technical provisions are estimated by the actuarial teams of the various Units and Companies and in certain cases are also subject to review by independent experts. The preponderance of personal lines casualty business at MAPFRE, with claims being settled very quickly, and also the scant importance of insured long-tail risks such as asbestos or professional liability, are elements mitigating this type of risk.

MAPFRE's presence in countries at high risk of natural disasters (earthquakes, hurricanes, etc.) requires these types of risk to be given special treatment. The companies that are exposed to this type of risks have specialized reports on catastrophes, generally drafted by independent experts, who estimate the scope of the losses in the event a catastrophe should strike. Catastrophe risks are written on the basis of this information and of the financial capital that the company writing them has at its disposal. Any equity exposure to risks of this type is mitigated by arranging specific reinsurance covers. In this connection, it is important to highlight the contribution of MAPFRE RE, which brings its extensive experience of the catastrophe risk market to the Group's management. The Company annually determines the global catastrophic capacity that it assigns each territory and establishes maximum underwriting capacities per risk and event. In addition, it has risk reversal protection programs for covering deviations or increases of catastrophic claims in different territories.

MAPFRE's policy regarding the reinsurance risk is to cede business to financially proven reinsurers (in general those that have a Standard&Poor's financial solvency classification not lower than A and, exceptionally, with other reinsurers prior internal analysis that proves that they have a level of solvency equivalent to the stated classification, or that provide suitable guarantees).

Strategic and corporate governance risks

The ethical principles applied to corporate management have been a constant feature at MAPFRE and form part of its Articles of Association and its daily routine. In order to standardise this corporate culture and adapt it to the legal requirements on corporate governance and management transparency, in 2008 MAPFRE's management boards approved a revised version of the Good Governance Code, which had been in force since 1999. MAPFRE considers the strict application of the principles of good corporate governance to be the most effective way of mitigating risks of this type.

A) INSURANCE RISK

1. SENSITIVITY TO INSURANCE RISK
This analysis measures the effect on capital of upward and downward fluctuations of the conditioning factors for the insurance risk (number of risks insured, value of average premium, claims frequency and cost). One measure of sensitivity to the Non-Life insurance risk is the effect that a change of one percentage point in the combined ratio would have on the results for the year and, consequently, on equity.

The table below shows this effect, together with the volatility index of the said combined ratio, calculated on the basis of its standard deviation in a five-year time horizon.

	IMPACT ON THE RESULTS OF A 1% CHANGE IN THE COMBINED RATIO		VOLATILITY INDEX OF THE COMBINED RATIO	
ITEM	2013	2012	2013	2012
Main activity outside Spain				
Reinsurance	12,840	12,503	2.3	2.4

(FIGURES IN €000)

2. CONCENTRATIONS OF INSURANCE RISK
MAPFRE has a high degree of diversification of its insurance risk, as it operates in practically all classes of insurance in Spain and has a wide presence in international markets.

The Group uses a system of procedures and limits which allow it to control the level of concentration of the insurance risk.

It is usual practice to use reinsurance contracts as a way of mitigating the insurance risk arising from concentrations or accumulations of covers exceeding the maximum acceptance levels.

2. a) Premium income per risks

The following tables give a breakdown of premiums written for assumed reinsurance, classified according to the type of business written in the last two financial years:

2013 financial year	ASSUMED (INWARD) REINSURANCE			
		NON-LIFE		
ITEM	LIFE	CATASTROPHE RISK	OTHER RISKS	TOTAL
Written premium from assumed reinsurance	425,711	453,646	2,374,348	3,253,705

(FIGURES IN €000)

2012 financial year	ASSUMED (INWARD) REINSURANCE			
		NON-LIFE		
ITEM	LIFE	CATASTROPHE RISK	OTHER RISKS	TOTAL
Written premium from assumed reinsurance	461,372	486,223	1,896,873	2,844,468

(FIGURES IN €000)

2. b) Premium income per operating segments and geographical area

The following tables give a breakdown of premiums written for assumed reinsurance by operating segment and geographical area in the last two financial years:

2013 financial year	REINSURANCE		
GEOGRAPHICAL AREA	LIFE	NON-LIFE	TOTAL
SPAIN	69,342	611,579	680,921
UNITED STATES OF AMERICA	7,309	237,480	244,789
BRAZIL	7,675	239,891	247,566
MEXICO	16,937	111,870	128,807
VENEZUELA	3,749	60,483	64,232
COLOMBIA	40,332	98,142	138,474
ARGENTINA	9,032	103,337	112,369
TURKEY	830	114,566	115,396
CHILE	9,379	103,747	113,126
OTHER COUNTRIES	261,126	1,146,899	1,408,025
TOTAL	**425,711**	**2,827,994**	**3,253,705**

(FIGURES IN €000)

2012 financial year	REINSURANCE		
GEOGRAPHICAL AREA	LIFE	NON-LIFE	TOTAL
SPAIN	84,579	402,545	487,124
UNITED STATES OF AMERICA	8,140	240,354	248,494
BRAZIL	36,870	218,387	255,257
MEXICO	13,932	100,818	114,750
VENEZUELA	4,512	50,111	54,623
COLOMBIA	34,541	90,560	125,101
ARGENTINA	10,746	65,013	75,759
TURKEY	581	78,630	79,211
CHILE	10,537	115,030	125,567
OTHER COUNTRIES	256,934	1,021,648	1,278,582
TOTAL	**461,372**	**2,383,096**	**2,844,468**

(FIGURES IN €000)

2.c) Premium income per currency

The following table gives a breakdown of premiums written for assumed reinsurance for the last two financial years:

	WRITTEN PREMIUM	
CURRENCY	2013	2012
Euro	1,259,289	1,018,811
US Dollar	776,680	714,128
Mexican Peso	82,933	79,102
Brazilian Real	223,939	224,192
Turkish Lira	107,850	74,744
Chilean Peso	95,317	108,191
Venezuelan Bolívar	59,192	45,451
Argentinean Peso	54,575	45,341
Colombian Peso	129,896	120,197
Pound Sterling	122,311	59,107
Canadian Dollar	16,277	18,773
Philippine Peso	9,107	9,098
Other currencies	316,339	327,333
TOTAL	**3,253,705**	**2,844,468**

B) CREDIT RISK

1 CREDIT RISK ARISING FROM REINSURANCE CONTRACTS
The following table gives a breakdown of credits vis-à-vis reinsurers in the last two financial years:

	BOOK VALUE OF COMPANIES					
	GROUP		NON-GROUP		TOTAL	
ITEM	2013	2012	2013	2012	2013	2012
Provision for life insurance	158	-	16,988	25,088	17,146	25,088
Provision for outstanding claims	48,248	74,829	352,594	493,177	400,842	568,006
Receivables from ceded and retroceded reinsurance operations	14,888	26,213	36,991	47,524	51,879	73,737
Payables arising out of ceded and retroceded reinsurance operations	(38,800)	(30,422)	(69,536)	(61,395)	(108,336)	(91,817)
TOTAL NET POSITION	**24,494**	**70,620**	**337,037**	**504,394**	**361,531**	**575,014**

(FIGURES IN €000)

The following table gives a breakdown of credits vis-à-vis reinsurers based on level of financial soundness:

	BOOK VALUE OF COMPANIES					
	GROUP		NON-GROUP		TOTAL	
CREDIT CLASSIFICATION OF REINSURERS	2013	2012	2013	2012	2013	2012
AAA	-	-	16	(43)	16	(43)
AA	-	-	185,829	226,074	185,829	226,074
#A	-	-	122,682	230,702	122,682	230,702
BBB	24,494	70,620	27,570	26,605	52,064	97,225
BB or lower	-	-	1,069	126	1,069	126
NO CREDIT RATING	-	-	(129)	20,930	(129)	20,930
TOTAL	**24,494**	**70,620**	**337,037**	**504,394**	**361,531**	**575,014**

(FIGURES IN €000)

The Parent Company has a payment guarantee for the amount of €35,377,000 (€21,114,000 in 2012). In 2012 this sum covered 100.8% of the credits with Reinsurers. In 2013 this coverage was not affected by any claim.

There are no fixed income values in arrears for fiscal years 2013 and 2012.

2 CREDIT RISKS ARISING FROM OTHER FINANCIAL INSTRUMENTS.
Below is a breakdown of the fixed-income-securities portfolio and liquid assets based on the credit ratings of issuers of fixed-income securities and financial institutions for the last two financial years:

	BOOK VALUE							
	HELD-TO-MATURITY PORTFOLIO VENCIMIENTO		AVAILABLE-FOR-SALE PORTFOLIO		TRADING PORTFOLIO		LIQUID ASSETS	
ISSUERS' CREDIT RATING	2013	2012	2013	2012	2013	2012	2013	2012
AAA	-	-	601,678	501,226	-	6,555	14,045	-
AA	-	-	716,750	695,843	-	-	3,351	8,076
A	-	-	389,893	354,127	9,870	2,727	120,003	132,024
BBB	-	-	656,885	747,479	-	-	11,553	8,961
BB or lower	-	-	63,588	115,600	9,646	-	12,893	119
No credit rating	-	-	-	187	-	-	50	12
TOTAL	**-**	**-**	**2,428,794**	**2,414,462**	**19,516**	**9,282**	**161,895**	**149,192**

(FIGURES IN €000)

3 LOANS AND RECEIVABLES
The following table shows the breakdown of receivables as at 31.12.13 and 2012; it also shows recorded impairment losses and gains from impairment reversals, and the amount of collateral held in the last two financial years:

	NET BALANCE IN STATEMENT		IMPAIRMENT				COLLATERAL HELD	
			RECORDED LOSSES		GAINS ON REVERSAL			
ITEM	2013	2012	2013	2012	2013	2012	2013	2012
I. Payables arising out of reinsurance operations	256,563	275,595			68	137		
II. Tax credits	8,460	13,539						
III. Corporate and other loans	8,961	21,808						
TOTAL	**273,984**	**310,942**			**68**	**137**		

(FIGURES IN €000)

C) LIQUIDITY RISK

As regards the liquidity risk, MAPFRE's policy has been based on maintaining cash balances sufficient to cover any eventuality arising from its obligations vis-à-vis insurers and creditors. Thus, at 31 of December 2013, the cash and other liquid assets balance amounted to €161.9 million (€149.2 million in the previous year), equivalent to 5.65% (5.32% in 2012) of total financial investments and cash. On the other hand, as regards Life and Savings insurance, the investment policy preferably applied consists of matching the maturities of investments with obligations entered into under insurance contracts, in order to mitigate exposure to risk. In addition, most investments in fixed-income are investment-grade and are negotiable in organised markets, providing considerable scope for action in the face of potential liquidity strains.

Assets with maturities in excess of one year are detailed in the "Interest rate risk" section.

1 LIQUIDITY RISK ARISING FROM INSURANCE CONTRACTS
Details of the estimated timetable of maturities of insurance liabilities recorded as at 31.12.13 and 2012 are given below:

2013 financial year

	ESTIMATED CASH OUTFLOWS IN YEARS							BALANCE
ITEM	1st year	2nd year	3rd year	4th year	5th year	6th a 10th years	Subsequent years	
Provision for unearned premiums	885,030	103,124	29,925	19,607	14,453	22,585	7,352	1,082,076
Provision for unexpired risks								
Provision for Life insurance	133,322	18,958	9,957	8,963	10,953	42,657	42,515	267,325
Provision for claims	930,235	389,320	121,239	49,658	39,758	126,878	57,270	1,714,358
Other technical provisions								
Payables arising out of reinsurance operations	253,842							253,842
TOTAL	**1,948,587**	**511,402**	**161,121**	**78,228**	**65,164**	**192,120**	**107,137**	**3,317,601**

(FIGURES IN €000)

2012 financial year

ITEM	ESTIMATED CASH OUTFLOWS IN YEARS 1st year	2nd year	3rd year	4th year	5th year	6th a 10th years	Subsequent years	CLOSING BALANCE
Provision for unearned premiums	940,690	107,814	32,358	21,219	15,354	30,395	8,476	1,156,306
Provision for unexpired risks								
Provision for Life insurance								
Provision for claims	124,359	16,802	8,793	6,143	8,536	43,585	49,438	257,656
Other technical provisions	1,019,057	393,677	113,873	49,977	39,005	132,129	51,512	1,799,230
Payables arising out of reinsurance operations	242,248							242,248
TOTAL	**2,326,354**	**518,293**	**155,024**	**77,339**	**62,895**	**206,109**	**109,426**	**3,455,440**

(FIGURES IN €000)

D) MARKET RISK

The MAPFRE Investment Area periodically carries out different sensibility analyses of the investments portfolio value to market risk.

Among the most usual indicators are the modified duration for fixed income and the VaR (Value at Risk) for equities.

1 INTEREST RATE RISK

The table below contains significant information for the last two fiscal years on the extent to which financial assets and liabilities are exposed to the interest rate risk:

	AMOUNT OF ASSETS EXPOSED TO FAIR-VALUE INTEREST RATE RISK							
	FIXED INTEREST RATE		VARIABLE INTEREST RATE		NOT EXPOSED TO RISK		TOTAL	
PORTFOLIO	2013	2012	2013	2012	2013	2012	2013	2012
Held to maturity								
Available for sale	2,460,145	2,342,544	52,690	92,078	152,301	181,604	2,665,136	2,616,226
Trading	-	-	19,516	35,360	19,933	1,261	39,449	36,621
Other investments	70,937	46,697	-	-		-	70,937	46,697
TOTAL	**2,531,082**	**2,389,241**	**72,206**	**127,438**	**172,234**	**182,865**	**2,775,522**	**2,699,544**

(FIGURES IN €000)

The following tables show the breakdown, for the 2013 and 2012 financial years, of financial investments by maturity, average interest rate and modified duration:

As of December 31, 2013

ITEM	CLOSING BALANCE	MATURITY IN: 1 year	2 years	3 years	4 years	5 years	Subsequent years or no fixed maturity	INTEREST RATE %	MODIFIED DURATION %
PORTFOLIO AVAILABLE FOR SALE									
Fixed income	2,428,794	234,233	220,147	233,880	304,817	419,076	1,016,641	3.37%	5.42%
Other investments	236,342	236,342	-	-	-	-	-	-0.19%	-
TOTAL PORTFOLIO AVAILABLE FOR SALE	2,665,136	470,575	220,147	233,880	304,817	419,076	1,016,641		
TRADING PORTFOLIO									
Others	39,449	39,449	-	-	-	-	-	2.00%	
TOTAL TRADING PORTFOLIO	**39,449**	**39,449**	**-**	**-**	**-**	**-**	**-**		

(FIGURES IN €000)

31 of December 2012

ITEM	CLOSING BALANCE	MATURITY IN: 1 year	2 years	3 years	4 years	5 years	Subsequent years or no fixed maturity	INTEREST RATE %	MODIFIED DURATION %
PORTFOLIO AVAILABLE FOR SALE									
Fixed income	2,414,462	215,123	217,904	235,252	228,357	596,254	921,572	3.90%	4.49%
Other investments	201,764	201,764						3.81%	
TOTAL PORTFOLIO AVAILABLE FOR SALE	2,616,226	416,887	217,904	235,252	228,357	596,254	921,572		
TRADING PORTFOLIO									
Others	36,621	36,621						0.5%	
TOTAL TRADING PORTFOLIO	**36,621**	**36,621**	-	-	-	-	-		

(FIGURES IN €000)

The modified duration reflects the sensitivity of the assets' value to movements in interest rates and represents an approximation of the percentage change that the value of the financial assets would experience with each percentage-point change (100 basis points) in interest rates.

The balances included under the heading "Credits" for the assets of the balance and under the heading "Debts" for the liabilities of the balance, do not accrue interest and in general their liquidation is produced in the following fiscal year.

EXCHANGE RATE RISK

The following table gives a breakdown of assets and liabilities, paying attention to the currencies in which they were denominated at the close of the last two financial years.

CURRENCY	ASSETS 2013	ASSETS 2012	LIABILITIES 2013	LIABILITIES 2012	NET TOTAL 2013	NET TOTAL 2012
Euro	2,733,429	2,854,806	1,544,767	1,560,208	1,188,662	1,294,598
US Dollar	787,063	790,785	607,144	594,450	179,919	196,335
Mexican Peso	29,561	28,492	62,040	59,069	(32,479)	(30,577)
Brazilian Real	272,589	308,618	279,432	317,887	(6,843)	(9,269)
Turkish Lira	39,553	177,113	75,305	209,815	(35,752)	(32,702)
Chilean Peso	131,957	6,957	165,352	23,098	(33,395)	(16,141)
Venezuelan Bolívar	32,758	19,390	24,618	32,911	8,140	(13,521)
Argentinean Peso	24,447	37,231	30,266	109,934	(5,819)	(72,703)
Colombian Peso	38,499	56,258	126,250	43,680	(87,751)	12,578
Pound Sterling	55,993	37,297	40,526	18,775	15,467	18,522
Canadian Dollar	37,142	5,380	18,351	11,338	18,791	(5,958)
Philippine Peso	5,461	30,957	16,837	60,083	(11,376)	(29,126)
Other currencies	303,847	259,580	491,606	603,049	(187,759)	(343,469)
TOTAL	**4,492,299**	**4,612,864**	**3,482,494**	**3,644,297**	**1,009,805**	**968,567**

(FIGURES IN €000)

The sensitivity of Group equity to variations in exchange rates against the euro for the different currencies in which the assets are denominated is determined by the total net amount described in the table above, minus the amount of non-monetary items. In the same manner, the effect on the Group's future earnings from said variations in exchange rates is determined by the performance volume in each currency. In this respect, Appendix 1 breaks down the performance for each Group Company and the country in which its operations are located.

STOCK-MARKET RISK

The following table shows the book value of equity securities and investment funds exposed to the stock-market risk and the VaR or value at risk (maximum variation expected over a one-year time horizon and for a confidence level of 99%) for the last two financial years:

PORTFOLIO	BOOK VALUE 2013	BOOK VALUE 2012	VAR 2013	VAR 2012
Available for sale	152,301	110,760	33	36
Trading	19,933	36,621	-	-
TOTAL	172,234	147,381	33	36

(FIGURES IN €000)

PROPERTY RISK
In its consolidatable group, MAPFRE RE has property assets representing approximately 0.48% of total investments and cash, of which approximately 0.29% is used for the Company's own offices. These assets fulfil the dual function of supporting administration and sales, as well as generating investments income and diversifying investments. The breakdown of these property assets is shown in the following table:

ITEM	NET BOOK VALUE 2013	NET BOOK VALUE 2012	MARKET VALUE 2013	MARKET VALUE 2012
Investment property	5,692	6,089	7,274	7,994
Own-use property	8,952	9,412	10,781	10,688
TOTAL	14,644	15,501	18,055	18,682

(FIGURES IN €000)

Unrealised gains would offset a fall in the price of properties equivalent to approximately 23.29% of their market value.

INTRODUCTION OF OWN CAPITAL MODELS
In 2005, MAPFRE RE introduced its own capital model which uses a stochastic process to determine the level of solvency required, based on the risks it has assumed.

The capital model is based on the stochastic generation of projections of the company's income statement from the simulation of 10,000 different scenarios, applied taking into account the particular features of the premium portfolio and the mix of the company's investments and other assets. The scenarios are obtained by combining various financial and reinsurance business assumptions. The resulting data is used to determine the probability distribution of results and the financial capital required to ensure the entity's solvency with a confidence interval of 99.6%, based on a time horizon of one year. Interim results obtained confirm the entity's excellent level of capitalisation and are currently being compared with other methods of assessing solvency levels.

8. OTHER INFORMATION

8.1 Information regarding the Board of Directors

The administrators of the Parent Company who still hold their posts at the end of the fiscal year did not have shares in the share capital with the same, similar or complementary type of activity as the Company, nor have they carried out as self-employed or employed the same, similar or complementary type of activity as the corporate object of the Group's companies, with the following exceptions:

DIRECTOR	Partnership	Number of shares / equity stock	Position / Función
Mr Ricardo Blanco	Ing, Group	45,387	---
	Axa	8,807	---
	Allianz Ag.	5,610	---
Mr Matías Salvá	Banco Santander	65,186	---
Mr Javier Fernández-Cid	VAUDOISE ASSURANCE HOLDING S.A.	100	External Director
Mr Philippe Hebeisen	Vaudoise Assurances Holding S.A.	98	CEO
	Zurich Financial Services	10	---
	Vaudoise Generale Compagnie d'assurances	---	CEO
Mr Ricky Louis Means	Shelter Mutual Insurance Companies	---	President & CEO
Mr Giovanni Battista Mazzucchelli	Societá Cattolica Assicurazioni	1,010	CEO
	Unipol Privilegiate	175	---
	Milano	4,000	---
	Generali	4,200	---
Mr Mark Hews	Ecclesiastical Insurance Group	---	GROUP CEO
Mr Domingo Sugranyes	Cattolica Assicurazioni	1,000	Director
Mr Pedro López	BBVA	192	---
	BANKIA	4,637	---
	SCH	309	---
Mr Lorenzo Garagorri	Banco Santander	27,133	---
	BBVA	30,500	---

The table below shows a breakdown of the GRUPO MAPFRE companies in which, as of 31 December 2013, the controlling Company administrators who hold a post on said date are members of the Board.

	MAPFRE GROUP
DIRECTOR	Entities in which they form part of the Management Board
Mr Ángel Alonso	MAPFRE AMÉRICA; MAPFRE SEGUROS DE EMPRESAS.
Mr Rafael Casas	MAPFRE S. A., MAPFRE GLOBAL RISKS; MAPFRE INTERNACIONAL; MAPFRE INVERSIÓN S. V.; MAPFRE ASISTENCIA; SOLUNION; MAPFRE SEGUROS DE EMPRESAS; MAPFRE AMÉRICA.
Mr Ricardo Blanco	MAPFRE INTERNACIONAL.
Mr Pedro José de Macedo	MAPFRE GLOBAL RISKS; MAPFRE ASISTENCIA; MAPFRE AMÉRICA; MAPFRE INTERNACIONAL; MAPFRE SEGUROS GERAIS (PORTUGAL); REINSURANCE MANG. INC.-RMI (U.S.A.); CIAR INVESTMENTS (BÉLGICA).
Mr Claudio Ramos	MAPFRE INTERNACIONAL.
Mr Gregorio Robles	MAPFRE INTERNACIONAL.
Mr Matías Salva	MAPFRE S.A.; MAPFRE FAMILIAR; MAPFRE GLOBAL RISKS; MAPFRE SEGUROS GERAIS (PORTUGAL)
Mr Domingo Sugranyes	MAPFRE INTERNACIONAL; MAPFRE FAMILIAR; MAPFRE USA CORPORATION.
Mr Javier Fernández-Cid	MAPFRE INTERNACIONAL; MAPFRE ASISTENCIA; MAPFRE SEGUROS DE EMPRESAS; MAPFRE GLOBAL RISKS; MAPFRE AMÉRICA; MAPFRE USA CORPORATION; MAPFRE INSULAR; MIDDLESEA INS.
Mr Rafael Senén	MAPFRE ASISTENCIA; MAPFRE GLOBAL RISKS; MAPFRE INTERNACIONAL; BENELUX ASSIST (Belgium); ABRAXAS INSURANCE ADMINISTRATION SERVICES (UK); INSUREANDGO INSURANCE SERVICES LIMITED (UK); HOME3 (UK); BRASIL ASSISTENCIA (Brazil); MEXICO ASISTENCIA (Mexico); CARIBE ASISTENCIA (Dominican Republic); VIAJES MAPFRE (Dominican Republic); FEDERAL ASSIST (USA); BRICKELL FINALCIAL SERVICES MOTOR CLUB INC. (ROAD AMERICA) (USA); CENTURY AUTOMOTIVE SERVICE CORPORATION (USA); MAPFRE ASSISTANCE USA INC (USA); ROAD-CHINA ASISTANCE (China); INDIA ROADSIDE ASSISTANCE PRIVATE (India); MAPFRE WARRANTY (Japan); MAPFRE ASISTENCIA COMPANY (Taiwan).
Mr Pedro López	MAPFRE INVERSIÓN S.V.; MAPFRE GLOBAL RISKS; MAPFRE GENEL SIGORTA (TURKEY); MAPFRE GENEL YASAM (TURKEY); REINSURANCE MNGT. INC. (USA); MIDDLESEA INSURANCE (MALTA); MIDDLESEA VALETTA LIFE (MALTA).

8.2 External Auditors' fees

The fees accruing to the External Auditors in the 2013 financial year for their services in auditing the financial statements amounted to €293,285 (€246,856 in 2012); a further €21,460 (€15,798 in 2012) accrued to them for other complementary services provided, figures which are not considered to compromise the auditors' independence.

8.3 Environmental information

The Group companies do not have in the last two financial years any environment-related items that might be significant or specifically included in the present consolidated financial statements.

8.4 Information on deferred payments to suppliers

The following is a breakdown of the payment details made to suppliers in the last two fiscal years:

	2013		2012	
ITEM	Amount	%	Amount	%
Payments made within the minimum legal deadline	7.98	100	7.98	100
Remaining Payments				
Total payments of the year	7.98	100	7.98	100
Average weighted term payments exceeded (days)			-	-
Deferments that exceed the maximum legal term at the closing date			-	-

(FIGURES IN €000)

At the close of fiscal years 2013 and 2012 there were no deferred payments to corporate creditors that exceed the legal term established.

8.5 Other matters

By the end of 2009, the Council of the Spanish Competition Commission penalised MAPFRE EMPRESAS (today, MAPFRE GLOBAL RISKS) and MAPFRE RE, along with two other insurance companies and three reinsurers, for supposed restrictive practices. The penalty consisted of hefty fines, the one imposed jointly on the MAPFRE entities being for the sum of €21,632,000.

As it considers the written pleadings contained in the Resolution, the penalties imposed, to be unlawful, the Company has lodged an appeal with the Audiencia Nacional (National Criminal Court) that finally agreed to suspend payment of the fine with the presentation of the corresponding guarantee. Currently, only a vote and ruling are pending in the procedure.

In 2013 the National Criminal Court issued a resolution in which it fully sustained the complaint lodged by MAPRE RE and MAPFRE GLOBAL RISKS, reversing the resolution of the Spanish Competition Commission.

The National Legal Service announced they would lodge an appeal for reversal of the National Criminal Court's resolution with the Supreme Court, in which both companies have appeared as parties. The European Commission has also become party in order to guarantee a coherent application of European Union Law.

8.6 Additional note for the english translation

These financial statements are presented by applying the International Reporting Standards adopted by the European Union (IFRS-EU). Consequently, certain accounting principles applied by the Company may not conform to generally accepted accounting principles in other countries.

In addition, this document is a free translation of the consolidated accounts originally issued in Spanish. In the event of any discrepancy, the Spanish language version prevails.

Chart of subsidiaries and associate companies 2013 (Appendix 1)

Name	Country	Effective tax rate	Activity
CIAR INVESTMENTS	45 , Rue de Treves Brussels (Belgium)	34%	Real Estate
INVERSIONES IBÉRICAS LTDA.	Ava. Apoquindo 4499-8º Santiago de Chile (Chile)	20%	Finance and Real Estate
MAPFRE CHILE REASEGUROS S.A.	Avda Apoquindo 4499-8º Santiago de Chile (Chile)	20%	Reinsurance
F. ALCORTA S.A.	Bouchard 547 piso 14 Buenos Aires (Argentina)	35%	Real Estate (in liquidation)
ITSEMAP SERVICIOS TECNOLOGICOS MAPFRE S.A.	Bárbara de Braganza 14 Madrid (Spain)	30%	Consulting
MAPFRE RE DO BRASIL COMPAÑÍA DE REASEGUROS	Rua Olimpiadas 242 5º Andar São Paulo (Brazil)	15%	Reinsurance
MAPFRE RE COMPAÑÍA DE REASEGUROS ESCRITORIO DE REPRESENTAÇAO NO BRASIL LTDA	Rua Olimpiadas 242 5º Andar São Paulo (Brazil)	15%	
MAPFRE MANDATOS Y SERVICIOS S.A.	Bouchard 547 piso 14 Buenos Aires (Argentina)	35%	Reinsurance
MAPFRE INTERNET S.A. (TECH)	Ctra de Pozuelo a Majadahonda nº 52 Madrid (Spain)	30%	Services
VENEASISTENCIA C.A.	Avda. Libertador Penthouse A y B Caracas (Venezuela)	34%	
REINSURANCE MANAGEMENT INC.	100 Campus Drive Florham Park New Jersey 07932-1006 (USA)	35%	Travel assistance
ITSEMAP BRASIL SERVICIOS TECNOLÓGICOS MAPFRE LTDA	Rua Sao Carlos Do Pinhal 696 3º Andar Sao Paulo (Brazil)	31%	Insurance and Reinsurance Consulting
ITSEMAP CHILE SERVICIOS TECNOLÓGICOS MAPFRE LTDA	Ava. Apoquindo 4499-8º Santiago de Chile (Chile)	20%	Consulting
CAJA REASEGURADORA DE CHILE	Ava. Apoquindo 4499-8º Santiago de Chile (Chile)	20%	
MAPFRE CHILE SEGUROS, S.A.	Isidoro Goyenechea nº 3520 - Santiago de Chile (Chile)	0%	Reinsurance
INMOBILIARIA COSTA DE MONTEMAR, S.A.	Ava. Apoquindo 4499-8º Santiago de Chile (Chile)	20%	Holding Company
INMOBILIARIA TIRILLUCA, S.A.	Ava. Apoquindo 4499-8º Santiago de Chile (Chile)	20%	Real Estate
ADMINISTRADORA DE PROPIEDADES	Napoleón 3096 Santiago de Chile (Chile)	20%	Real Estate
COMERCIAL TURISMO, S.A.	Napoleón 3096 Santiago de Chile (Chile)	20%	Real Estate
MAPFRE GARANTIAS Y CREDITO CIA DE SEGUROS S.A.	Isidoro Goyenechea nº 3520 - Santiago de Chile (Chile)	0%	Guarantees and credits
C R ARGENTINA S.A	Bouchard 547 piso 14 Buenos Aires (Argentina)	35%	Services, Consulting

(FIGURES IN €000)

SHAREHOLDING %		YEAR-END CLOSING DATA 2013				
Owner	Capital stock	Assets	Net equity	Revenue	Result for the year	Consolidation method or procedure
MAPFRE RE	99,9900%	9,952	8,876	797	399	A
MAPLUX RE	0,0100%					
MAPFRE RE	99,9899%	14,859	14,859	325	325	A
MAPFRE RE	99,9932%	126,726	41,047	8,343	1,067	A
MAPFRE RE	99,9985%	-	-	-	-	C
MAPFRE RE	39,9752%	3,479	2,843	1,997	(3)	B
MAPFRE RE	99,9999%	208,539	36,380	118,922	3,590	A
MAPFRE RE	99,9999%	53	53			C
MAPFRE RE	95,0000%	54	50	-	(4)	C
MAPFRE ARGENTINA	5,0000%					
MAPFRE RE	1,0000%	54,808	4,522	230,062	18	A
MAPFRE RE	0,0020%	14,420	3,283	3,174	(116)	A
MAPFRE RE	100,0000%	750	15	2,389		A
ITSEMAP S.T.M.	99,9792%	1,260	1,081	1,979	48	C
MAPFRE RE BRASIL	0,0208%					
ITSEMAP S.T.M	75,0000%	39	39	1		C
M. CHILE RE	25,0000%					
M. CHILE RE	99,8467%	79,971	13,670	3,609	563	A
M. CHILE RE	0,0042%	42,588	42,588	(874)	(983)	C
M. CHILE RE	31,4400%	20,043	20,021	88	(835)	B
M. CHILE RE	43,7500%	1,194	1,166	806	(193)	B
M. CHILE RE	31,2900%	710	(117)	1,698	54	B
M. CHILE RE	31,2000%	670	150	755	(156)	B
M. CHILE RE	0,0077%	16,329	3,773	4,073	(861)	C
M. CHILE RE	99,9960%	125	95			A

Chart of subsidiaries and associate companies 2012 (Appendix 1)

Name	Country	Effective tax rate	Activity
CIAR INVESTMENTS	45, Rue de Treves Brussels (Belgium)	34%	Real Estate
INVERSIONES IBÉRICAS LTDA	Ava. Apoquindo 4499-8º Santiago de Chile (Chile)	20%	Finance and Real Estate
MAPFRE CHILE REASEGUROS S.A.	Avda Apoquindo 4499-8º Santiago de Chile (Chile)	20%	Reinsurance
F. ALCORTA S.A.	Bouchard 547 piso 14 Buenos Aires (Argentina)	35%	Real Estate (in liquidation)
ITSEMAP SERVICIOS TECNOLOGICOS MAPFRE S.A.	Bárbara de Braganza 14 Madrid (Spain)	30%	Consulting
MAPFRE RE DO BRASIL COMPAÑÍA DE REASEGUROS	Rua Olimpiadas242 5º Andar São Paulo (Brazil)	15%	Reinsurance
MAPFRE RE COMPAÑÍA DE REASEGUROS ESCRITORIO DE REPRESENTAÇAO NO BRASIL LTDA	Rua Olimpiadas242 5º Andar São Paulo (Brazil)	15%	
MAPFRE MANDATOS Y SERVICIOS S.A.	Bouchard 547 piso 14 Buenos Aires (Argentina)	35%	Reinsurance
MAPFRE INTERNET S.A. (TECH)	Ctra de Pozuelo a Majadahonda nº 52 Madrid (Spain)	30%	Services
VENEASISTENCIA C.A.	Avda. Libertador Penthouse A y B Caracas (Venezuela)	34%	
REINSURANCE MANAGEMENT INC.	100 Campus Drive Florham Park New Jersey 07932-1006 (USA)	35%	Travel assistance
ITSEMAP BRASIL SERVICIOS TECNOLÓGICOS MAPFRE LTDA	Rua Sao Carlos Do Pinhal 696 3º Andar São Paulo (Brazil)	31%	Insurance and Reinsurance Consulting
ITSEMAP CHILE SERVICIOS TECNOLÓGICOS MAPFRE LTDA	Ava. Apoquindo 4499-8º Santiago de Chile (Chile)	20%	Consulting
CAJA REASEGURADORA DE CHILE	Ava. Apoquindo 4499-8º Santiago de Chile (Chile)	20%	
MAPFRE CHILE SEGUROS, S.A.	Isidoro Goyenechea nº 3520 - Santiago de Chile (Chile)	20%	Reinsurance
INMOBILIARIA COSTA DE MONTEMAR, S.A.	Ava. Apoquindo 4499-8º Santiago de Chile (Chile)	20%	Holding Company
INMOBILIARIA TIRILLUCA, S.A.	Ava. Apoquindo 4499-8º Santiago de Chile (Chile)	20%	Real Estate
ADMINISTRADORA DE PROPIEDADES	Napoleón 3096 Santiago de Chile (Chile)	20%	Real Estate
COMERCIAL TURISMO, S.A.	Napoleón 3096 Santiago de Chile (Chile)	20%	Real Estate
MAPFRE GARANTIAS Y CREDITO CIA DE SEGUROS S.A.	Isidoro Goyenechea nº 3520 - Santiago de Chile (Chile)	20%	Guarantees and credits
C R ARGENTINA S.A	Bouchard 547 piso 14 Buenos Aires (Argentina)	35%	Services, Consulting

(FIGURES IN €000)

SHAREHOLDING %		YEAR-END CLOSING DATA 2013				
Owner	In capital stock	Assets	Net equity	Revenue	Result for the year	Consolidation method or procedure
MAPFRE RE	99,9900%	10,105	8,865	857	398	A
MAPLUX RE	0,0100%					
MAPFRE RE	99,9899%	16,661	16,661	56	56	A
MAPFRE RE	99,9932%	138,211	45,619	7,198	604	A
MAPFRE RE	99,9985%	6	6			C
MAPFRE RE	39,9752%	3,611	2,914	2,367	(149)	B
MAPFRE RE	99,9999%	285,550	42,121	125,786	6,852	A
MAPFRE RE	99,9999%	53	53			C
MAPFRE RE	95,0000%	101	92	885	85	C
MAPFRE ARGENTINA.	5,0000%					
MAPFRE RE	1,0000%	53,738	4,547	233,777	111	C
MAPFRE RE	0,0020%	5,466	3,487	5,131	471	C
MAPFRE RE	100,0000%	790	16			A
ITSEMAP S.T.M.	99,9792%	1,461	1,251	2,373	105	C
MAPFRE RE BRASIL	0,0208%					
ITSEMAP S.T.M	75,0000%	43	43	2		C
M. CHILE RE	25,0000%					
M. CHILE RE	99,8467%	87,373	15,818	4,179	475	A
M. CHILE RE	0,0042%	40,577	40,569	94	81	C
M. CHILE RE	31,4400%	23,603	23,565	273	969	B
M. CHILE RE	43,7500%	1,909	1,527	37	(65)	B
M. CHILE RE	31,2900%	395	(183)	1,794	(89)	B
M. CHILE RE	31,2000%	666	372	1,179	34	B
M. CHILE RE	0,0077%	17,382	5,201	7,563	1,214	C
M. CHILE RE	99,9960%	143	108			A

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Audit report for the Annual Consolidated Financial Statements 2013

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Translation of the audit report and consolidated annual accounts originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails (See Note 8.6)

AUDIT REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS

To the Shareholders of
MAPFRE RE, Compañía de Reaseguros, S.A.:

1. We have audited the consolidated annual accounts of MAPFRE RE, Compañía de Reaseguros, S.A. (the Parent Company) and its subsidiaries (the Group), which comprise the consolidated balance sheet at December 31, 2013, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement, and the notes thereto for the year then ended. As indicated in Note 2.1 to the accompanying consolidated annual accounts, the directors of Parent Company are responsible for the preparation of the Group's annual accounts in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU), and other provisions in the regulatory framework applicable to the Group. Our responsibility is to express an opinion on the aforementioned consolidated annual accounts taken as a whole, based upon work performed in accordance with prevailing audit regulations in Spain, which require the examination, through the performance of selective tests, of the evidence supporting the consolidated annual accounts, and the evaluation of whether their presentation, the accounting principles and criteria applied and the estimates made are in agreement with the applicable regulatory framework for financial information.

2. In our opinion, the accompanying 2013 consolidated annual accounts give a true and fair view, in all material respects, of the consolidated equity and consolidated financial position of MAPFRE RE, Compañía de Reaseguros, S.A. and subsidiaries at December 31, 2013, and the consolidated results of operations and consolidated cash flow for the year then ended, in conformity with IFRS, as adopted by the EU, and other applicable provisions in the regulatory framework for financial information.

3. Without qualifying our audit opinion, we draw attention to the content of Note 6.21 to the accompanying financial statements, which states that the Parent Company carries out material transactions with other companies of the Group to which it belongs. The transactions of this nature carried out in 2013 and the related balances at year end are described in said note.

Building a better working world

4. The accompanying 2013 annual account report contains such explanations as the directors of MAPFRE RE, Compañía de Reaseguros, S.A. consider appropriate concerning the situation of the Group, the evolution of its business and other matters; however, it is not an integral part of the consolidated annual accounts. We have checked that the accounting information included in the aforementioned consolidated management report agrees with the 2013 consolidated annual accounts. Our work as auditors is limited to verifying the consolidated management report in accordance with the scope mentioned in this paragraph, and does not include the review of information other than that obtained from the accounting records of MAPFRE RE, Compañía de Reaseguros, S.A. and its subsidiaries.

ERNST & YOUNG, S.L.

(signed in the original issued in spanish language)

Alfredo Martínez Cabra

March 7, 2014

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Individual Management Report 2013

MAPFRE RE registered a good net income, an important growth in premiums and an increase in shareholders' equity, all product of intense work performed in a complicated and volatile environment.

The reinsurance market obtained for the second year running, positive results and an increase in shareholders' equity in a very competitive environment, where the primary insurance sector in developed countries is still recording low growth levels due to the financial crisis.

The absence of large catastrophes afforded the reinsurance companies positive technical results, but it has led to a massive inflow of non-traditional capital in the reinsurance market, with the ensuing price tension.

Business development

STATEMENT OF INCOME

> The premiums posted amounted to €3,178.0 million – a figure which represents a 15.3% increase compared with those posted the previous year. The net premiums posted amounted to €2,096.4 million, representing growth of 17.0% compared with the previous year.

> The combined ratio for Life and Non-Life business stood at 98.5%, made up of a loss ratio of 68.1%, commission and other acquisition and management expenses amounting to 30.4%.

> The underwriting result came to €32.1 million, while net financial income stood at €123.9 million.

> The income statement showed a result before tax and minority interests of €151.3 million, which was higher than the €126.4 million recorded the previous year. The net profit after tax and minority interests came to €107.9 million, exceeding the amount of €97.5 million the year before.

BALANCE SHEET

> Shareholders' equity amounted to €929,8 million.

> Net technical provisions reached €2,889.4 million, representing 137.8% of retained premium.

> Financial investments totalled €2,592.4 million, an amount which breaks down into Financial assets held for trading: €20.5 million; Available-for-sale financial assets: €2,476.6 million; Deposits with credit institutions: €26.3 million, and Shares in associated Group companies: €69.0 million.

> Cash and other liquid assets amounted to €137.9 million.

> Total assets came to €4,231.6 million.

Main activities

> An intense presence and activity in the markets was maintained throughout the year, multiplying contacts with all clients and brokers, both from the offices and from headquarters.

> The staff was reinforced both in the offices at headquarters, with highly qualified employees, to be able to meet the increasing technical complexities of the reinsurance business.

Furthermore, both the personnel at headquarters and the offices have participated in training programmes, most notably AVANZA, the Executive Development Programme (EDP), and the MAPFRE Integration Programme (MIP).

> The Company continues to develop internal work aimed at the future application of the Solvency II regulations, both regarding IT and actuarial and accounting issues, which has involved an increase in personnel in the relevant departments. We participated in the European Insurance Chief Financial Offices Forum, enabling us to maintain contact with the C.F.O.s from other countries and companies.

> The technical training policy provided by the Company to its clients was maintained. Throughout the year training courses and seminars were provided by our own employees, highlighting the International Forum held in Madrid, with representatives from 13 countries; a Life insurance seminar with the participation of 29 attendees from 14 companies from Southeast Asia; a Reinsurance seminar in Manila, with 36 attendees from 20 companies; and several seminars on subscription and training for the MARESEL quotation program in Latin America, with a total of 146 attendees.

In cooperation with FUNDACION MAPFRE, an e-learning course on reinsurance was held, for which 44 people registered from ceding companies in Argentina, Brazil, Chile, Colombia and Venezuela. There was also participation in the IV Advanced Course on specialization in Life, Health and Pension Plan insurance organized by FUNDACION MAPFRE, comprising an e-learning section and a classroom section, which 27 people from 12 countries registered for.

> Standard & Poor's classification agency gave the company a BBB+ rating, staying two steps above the sovereign rating. It is worth highlighting that this same agency establishes MAPFRE RE's initial rating at "a", before applying its limitation criteria to a maximum of two steps above the country rating.

On the other hand, the agency AM Best does not impose maximums depending on the sovereign rate and applies a criterion that considers risk management and business diversification of each company, performing an individual impairment test. MAPFRE RE holds an "A" classification, after successfully completing the demanding impairment tests that were given.

> In this fiscal year MAPFRE RE registered assets exceeding €4,400 million and shareholders' equity exceeding €1,000 million. It was not necessary to acknowledge special impairment of its investments, and it is noteworthy that the Company has no financial debt whatsoever.

During the year, although there have been important catastrophes, none of them have led to noteworthy claims for the Company, falling within a recurring normal catastrophe claims ratio. On the other hand, several large individual claims were recorded.

Subsidiary and associated companies

The affiliate companies in Chile, MAPFRE CHILE REASEGUROS and INVERSIONES IBÉRICAS have obtained income for the amount of €7.4 million and earnings before taxes of €1.6 million. Their shareholders' equity is situated at €55.9 million at the close of the fiscal year.

MAPFRE RE DO BRASIL, which continues its positive trend, has obtained income of €118.9 million and earnings before taxes of €7.4 million. Their shareholders' equity is situated at €36.4 million at the close of the fiscal year.

Outlook

It is expected that the central banks of Japan, United States and the European Central Bank will maintain a flow of liquidity to the market and a low interest rate, with the aim to stimulate the economy. The expected growth of the main economies will show a slight acceleration regarding 2013.

The reduced returns expected from investments will affect the traditional reinsurance market, which must seek a positive technical result. Likewise, these reduced returns encourage non-traditional investors to venture into the world of reinsurance, mainly in modelized areas and catastrophe coverage, seeking a higher yield and a diversification of their investment portfolios.

Within this context, except for the advent of an important insurance or financial event that is large enough to modify current trends, all of the elements are present for a high competitiveness in prices and conditions in the reinsurance market.

Subsequent events

Up until the closing of this report there have been no notable events that could affect either the outlook or the budgets for the current year.

There have been no subsequent events that could affect the financial statements as of 31.12.13.

Additional notes

ENVIRONMENTAL INFORMATION

MAPFRE's commitment to the environment is articulated through three pillars: integration of the environment into the business, environmental management, and the promotion of environmental responsibility. In this respect, besides taking on the environmental commitments laid down in the United Nations Global Compact, MAPFRE participates in the United Nations Environment Programme Finance Initiative (UNEP FI), an environmental initiative for financial institutions and the insurance sector promoted by the United Nations Environment Programme (UNEP), and has signed cooperation agreements with relevant public bodies in relation to water saving and energy efficiency.

PERSONNEL

At the end of the financial years 2011, 2012 and 2013, the number of people working for the Company maintained the following structure by professional categories:

CATEGORY	2013	2012	2011
Managerial staff	50	48	47
Administrative staff	29	28	27
Sales staff	0	0	0
Other	74	70	67
TOTAL	**153**	**146**	**141**

INVESTMENTS

As regards financial investments, MAPFRE RE's policy for reducing its exposure to risks of this type has been based on a prudent investment policy which concentrates the bulk of the portfolio in fixed-income securities.

As for the credit risk, MAPFRE RE's policy has been based on prudence (issuer's financial standing) and the diversification of fixed-income investments. The bulk of the fixed-income-securities portfolio is thus made up of securities with a high credit rating.

For investments in both fixed-income securities and equities, diversification criteria per activity sector and maximum limits of risk per issuer are applied.

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Individual Annual accounts 2013

Balance sheet as at December 31, 2013 and 2012

A) ASSETS	Memory notes	2013	2012
A-1) Cash and cash equivalents	8	**137,949**	**129,238**
A-2) Financial assets held for trading	8	**20,474**	**10,464**
I. Equity instruments	8	20,474	10,464
II. Debt securities			
III. Derivatives			
IV. Other			
A-3) Other financial assets at fair value through profit and loss	8	**85**	**89**
I. Equity instruments	8	85	89
II. Debt securities			
III. Hybrid securities			
IV. Investments on behalf of unit-linked life insurance policyholders			
V. Other			
A-4) Available-for-sale financial assets	8	**2,476,651**	**2,424,834**
I. Equity instruments	8	236,342	201,764
II. Debt securities	8	2,240,309	2,223,070
III. Investments on behalf of unit-linked life insurance policyholders			
IV. Other			
A-5) Loans and other receivables		**681,160**	**625,658**
I. Debt securities			
II. Loans		35,000	35,000
1. Advances on policies			
2. Loans to group and associated companies	8	35,000	35,000
3. Loans to other related entities			
III. Deposits with credit institutions	8	26,378	767
IV. Deposits established for assumed reinsurance	8	401,125	366,319
V. Receivables from direct insurance operations			
1. Policyholders			
2. Brokers			
VI. Receivables from reinsurance operations	8	204,632	195,654
VII. Receivables from coinsurance operations			
VIII. Called-in payments			
IX. Other receivables		14,025	27,918
1. Receivables from Public Administrations		7,531	9,565
2. Rest of Receivables	8	6,494	18,353
A-6) Held-to-maturity investments			
A-7) Heging derivatives			
A-8) Reinsurance's share of technical provisions	10	**662,661**	**818,903**
I. Provision for unearned premiums		281,713	284,586
II. Provision for life insurance		16,591	21,576
III. Provision for outstanding claims		364,357	512,741
IV. Other technical provisions			
A-9) Property, plant and equipment, and investment property		**5,629**	**5,678**
I. Property, plant and equipment	5	5,629	5,678
II. Investment property			
A-10) Intangible assets		**2,006**	**2,065**
I. Goodwill			
II. Financial rights arising from policy portfolios acquired from brokers			
III. Other intangible assets	6	2,006	2,065
A-11) Interests in associated Group companies	8	**69,039**	**69,039**
I. Interests in associated companies	8	840	840
II. Interests in multi-group companies			
III. Interests in group companies	8	68,199	68,199
A-12) Tax assets		**20,208**	**11,553**
I. Current tax assets			
II. Deferred tax assets	11	20,208	11,553
A-13) Other assets		**155,768**	**171,937**
I. Assets and reimbursement rights from long-term employee benefits		496	535
II. Advanced fees and other acquisition expenses			
III. Accruals		155,272	171,398
IV. Rest of assets			4
A-14) Assets held for sale			
TOTAL ASSETS		**4,231,630**	**4,269,458**

(FIGURES IN €000)

EQUITY AND LIABILITIES

A) LIABILITIES	Notes	2013	2012
A-1) Financial liabilities held for trading			
A-2) Other financial assets at fair value through profit or loss			
A-3) Trade and other payables		**290,341**	**266,099**
I. Subordinated liabilities			
II. Deposits received from ceded (outward) reinsurance	8	55,277	73,591
III. Payables arising out of reinsurance operations			
1. Payables to insureds			
2. Payables to brokers			
3. Conditional payables			
IV. Payables arising out of reinsurance operations	8	215,021	175,542
V. Payables arising out of co-insurance operations			
VI. Debentures and other marketable securities			
VII. Debts with credit institutions			
VIII. Payables arising out of preparatory operations for insurance contracts			
IX. Other payables		20,043	16,966
1. Payables to Public Administrations		7,139	14,600
2. Other payables to Group and associate companies	8	10,880	214
3. Rest of other payables	8	2,024	2,152
A-4) Hedging derivatives			
A-5) Technical provisions	10 y 21	**2,889,418**	**3,005,383**
I. Provision for unearned premiums		1,050,949	1,112,359
II. Provision for unexpired risks			
III. Provision for life insurance		198,437	178,284
1. Provision for unearned premiums		198,437	178,284
2. Provision for unexpired risks			
3. Mathematical reserve			
4. Provision for unit-linked life insurance policies			
IV. Provision for claims outstanding		1,640,032	1,714,740
V. Provision for bonuses and rebates			
VI. Other technical provisions			
A-6) Non-technical provisions	**13**	**3,506**	**1,914**
I. Provisions for taxes and other legal contingencies			
II. Provision for pensions and similar obligations	13	1,108	535
III. Provision for payments under settements agreements			
IV. Other non-technical provisions	13	2,398	1,379
A-7) Tax liabilities		**19,813**	**10,672**
I. Current tax liabilities			
II. Deferred tax liabilities	11	19,813	10,672
A-8) Other liabilities		**54,023**	**63,687**
I. Accruals		54,023	63,684
II. Liabilities from accounting mismatches			
III. Commissions and other acquisition costs from the ceded reinsurance			
IV. Other Liabilities			3
A-9) Liabilities related to held for sale assets			
TOTAL LIABILITY		**3,257,101**	**3,347,755**
B) EQUITY			
B-1) Shareholders' equity		**929,809**	**910,111**
I. Capital or mutual fund	9	223,916	223,916
1. Registered capital or mutual fund		223,916	223,916
2. (Uncalled capital)			
II. Share premium		220,565	220,565
III. Reserves		102,414	103,161
1. Legal and statutory reserves	9	44,783	44,783
2. Equalisation reserve			
3. Other reserves		57,631	58,378
IV. (Own shares)			
V. Results from previous financial years		360,955	321,338
1. Retained earnings	3	360,955	321,338
2. (Negative results from previous financial years)			
VI. Other contributions from shareholders and members			
VII. Result for the year	3	107,914	97,471
VIII. (Interim dividend and interim equalisation reserve)	3	(85,955)	(56,340)
IX. Other equity instruments			
B-2) Adjustments for change in value:	**8**	**44,720**	**11,592**
I. Available-for-sale financial assets		44,196	10,896
II. Hedging operations			
III. Change and translation differences		524	696
IV. Correction of accounting mismatches			
V. Other adjustments			
B-3) Grants, donations and bequests received			
TOTAL EQUITY		**974,529**	**921,703**
TOTAL EQUITY AND LIABILITIES		**4,231,630**	**4,269,458**

(FIGURES IN €000)

Income statement

I. NON-LIFE TECHNICAL ACCOUNT	Notes	2013	2012
I.1. Premiums written in the financial year, net of reinsurance	22	**1,789,248**	**1,429,060**
a) Earned premiums		2,758,310	2,316,074
a.1) Direct insurance			
a.2) Assumed reinsurance	21 y 22	2,758,310	2,316,074
a.3) Change in impairment adjustement to outstanding premiums (+ or -)			
b) Premium from ceded reinsurance (-)	22	(1,027,598)	(882,071)
c) Change in provisions for unearned premiums and unexpired risks (+ or -)		61,409	10,535
c.1) Direct insurance			
c.2) Assumed reinsurance	22	61,409	10,535
d) Change in the provision for unexpired premiums, ceded reinsurance (+ or -)	22	(2,873)	(15,478)
I.2. Income from property, plant and equipment, and investments		**345,353**	**314,123**
a) Income from investment property			
b) Difference in valuation of financial investments	8	320,882	284,500
c) Application of impairment adjustments to property, plant and equipment, and investments			
c.1) From property, plant and equipment, and investment property			
c.2) From financial investments			
d) Profits from sale of property, plant and equipment, and investment property		24,471	29,623
d.1) From property, plant and equipment, and investment property			
d.2) From financial investments	8	24,471	29,623
I.3. Other underwriting income			
I.4. Claims for the year, net of reinsurance		**1,157,913**	**962,664**
a) Claims and expenses paid		1,122,367	926,487
a.1) Direct insurance			
a.2) Assumed reinsurance	22	1,758,979	1,426,012
a.3) Ceded reinsurance (-)	22	(636,612)	(499,525)
b) Change in the provision for outstanding claims (+ or -)		35,455	36,092
b.1) Direct insurance			
b.2) Assumed reinsurance	22	(114,514)	(80,150)
b.3) Ceded reinsurance	22	149,969	116,242
c) Claims - related expenses		91	85
I.5. Change in other technical provisions, net of reinsurance (+ or -)			
I.6. Bonuses and rebates			
a) Claims and expenses from bonuses and rebates			
b) Change in the provision for bonuses and rebates (+ or -)			
I.7. Net operating expenses		**565,154**	**424,777**
a) Acquisition expenses	22	726,409	576,414
b) Administration expenses	22	6,152	5,990
c) Commission and participations in ceded and retroceded reinsurance	22	(167,407)	(157,627)
I.8. Other underwriting expenses (+ or -)		**476**	**(137)**
a) Change in impairment from insolvencies (+ or -)	8	(68)	(137)
b) Change in the impairment of property, plant and equipment (+ or -)			
c) Change in payments from claim settlement agreements (+ or -)			
d) Other		544	
I.9. Expenses from tangible assets and investments		**271,259**	**237,237**
a) Investment management expenses	8	250,543	212,661
a.1) Expenses from property, plant and equipment, and investment property			
a.2) Expenses from investments and financial accounts	8	250,543	212,661
b) Value adjustments to property, plant and equipment, and investments		28	27
b.1) Amortisation of property, plant and equipment, and investment property		28	27
b.2) Impairment of property, plant and equipment, and investment property			
b.3) Impairment of financial investments			
c) Losses from property, plant and equipment, and investments	8	20,688	24,549
c.1) From property, plant and equipment, and investment property			
c.2) From financial investments	8	20,688	24,549
I.10. SUB-TOTAL (RESULT FROM THE NON-LIFE TECHNICAL ACCOUNT)		**139,799**	**118,642**

(FIGURES IN €000)

for the financial year ended December 31, 2013 and 2012

II. LIFE TECHNICAL ACCOUNT	Notes	2013	2012
II.1. Earned Premium for the year, net of reinsurance	22	**340,598**	**310,465**
a) Earned premiums		419,651	438,836
a.1) Direct insurance			
a.2) Assumed reinsurance	21 y 22	419,651	438,836
a.3) Change in impairment adjustment to outstanding premiums (+ or -)			
b) Premium for ceded reinsurance (-)	22	(53,915)	(81,630)
c) Change in provisions for unearned premiums and unexpired risks (+ or -)		(20,153)	(47,200)
c.1) Direct insurance			
c.2) Assumed reinsurance	22	(20,153)	(47,200)
d) Change in the provision for unearned premiums, ceded reinsurance (+ or -)	22	(4,985)	459
II.2. Income from property, plant and equipment, and investments		**82,593**	**42,582**
a) Income from investment property			
b) Income from financial investments	8	79,338	39,201
c) Application of impairment adjustments to property, plant and equipment, and investments			
c.1) From property, plant and equipment, and investment property			
c.2) From financial investments			
d) Profit from sale of property, plant and equipment, and investments		3,255	3,381
d.1) From property, plant and equipment, and investment property			
d.2) From financial investments	8	3,255	3,381
II.3. Income from investments allocated to unit-linked insurance policies			
II.4. Other underwriting income			
II.5. Claims for the financial year. Net of reinsurance		**292,922**	**233,772**
a) Claims and expenses paid		254,684	217,713
a.1) Direct insurance			
a.2) Assumed reinsurance	22	287,450	254,095
a.3) Ceded reinsurance (-)	22	(32,766)	(36,382)
b) Change in the provision for outstanding claims (+ or -)		38,221	16,043
b.1) Direct insurance			
b.2) Assumed reinsurance	22	39,806	16,629
b.3) Ceded reinsurance	22	(1,585)	(586)
c) Claims-related expenses		17	16
II.6. Change in other technical provisions, net of reinsurance (+ or -)			
a) Provisions for life insurance			
a.1) Direct insurance			
a.2) Assumed reinsurance			
a.3) Ceded reinsurance (-)			
b) Other technical provisions			
II.7. Bonuses and rebates			
a) Claims and expenses arising from bonuses and rebates			
b) Change in the provision for participation in bonuses and rebates (+ or -)			
II.8. Net operating expenses		**81,686**	**77,057**
a) Acquisition expenses	22	99,181	119,333
b) Administration expenses	22	897	1,260
c) Commission and participations in ceded and retroceded reinsurance	22	(18,392)	(43,536)
II.9. Other underwriting expenses		**68**	
a) Change in impairment from insolvencies (+ or -)			
a) Change in impairment from property, plant and equipment (+ or -)			
c) Other		68	
II.10. Expenses from property, plant and equipment, and investments		**32,790**	**27,291**
a) Management expenses from property, plant and equipment, and investments	8	30,003	24,337
a.1) Expenses from property, plant and equipment, and investment property			
a.2) Expenses from investments and financial accounts	8	30,003	24,337
b) Value adjustments to property, plant and equipment, and investments		4	5
b.1) Amortisation of property, plant and equipment, and investment property		4	5
b.2) Impairment of property, plant and equipment, and investment property			
b.3) Impairment of financial investments			
c) Losses from property, plant and equipment, and investments	8	2,783	2,949
c.1) From property, plant and equipment, and investment property			
c.2) From financial investments	8	2,783	2,949
II.11. Expenses from investments allocated to unit-linked in insurance policies			
II.12. SUBTOTAL (RESULT OF THE LIFE TECHNICAL ACCOUNT)		**15,725**	**14,927**

(FIGURES IN €000)

Income statement for the financial year ended December 31, 2013 and 2012 (continued)

III. NON-TECHNICAL ACCOUNT	Notes	2013	2012
III.1. Income from property, plant and equipment, and investments		**14,039**	**34,098**
a) Income from investment property			
b) Income from financial investments	8	11,357	29,864
c) Application of impairment adjustments to property, plant and equipment, and investments			1,161
c.1) From property, plant and equipment, and investment property			
c.2) From financial investments	8		1,161
d) Profit from sale of property, plant and equipment		2,682	3,073
d.1) From property, plant and equipment, and investment property	5	1	49
d.2) From financial investments	8	2,681	3,024
III.2. Expenses from property, plant and equipment, and investments		**12,508**	**41,594**
a) Investment management expenses	8	10,185	6,979
a.1) Expenses from investments and financial accounts	8	10,185	6,979
a.2) Expenses from tangible investments			
b) Value adjustments to property, plant and equipment, and investments			30,762
b.1) Amortisation of property, plant and equipment, and investment property			
b.2) Impairment of property, plant and equipment, and investment property			
b.3) Impairment of financial investments	8		30,762
c) Losses from property, plant and equipment, and investment property		2,323	3,853
c.1) From property, plant and equipment, and investment property		21	23
c.2) From financial investments	8	2,302	3,830
III.3. Other income		**1,101**	**3,560**
a) Income from pension fund administration			
b) Rest of income		1,101	3,560
III.4. Other expenses		**6,875**	**3,219**
a) Pension fund administration expenses			
b) Rest of expenses		6,875	3,219
III.5. SUBTOTAL (RESULT OF THE NON-TECHNICAL ACCOUNT)		**(4,243)**	**(7,155)**
III.6. RESULT BEFORE TAXES (I.10 + II.12 + III.5)		**151,281**	**126,414**
III.7. INCOME TAX	**11**	**43,367**	**28,943**
III.8. RESULT FROM CONTINUING OPERATIONS (III.6 + III.7)	**3**	**107,914**	**97,471**
III.9. RESULTS FROM DISCONTINUED OPERATIONS, NET OF TAXES (+ OR -)			
III.10. RESULT OF THE FINANCIAL YEAR (III.8 + III.9)		**107,914**	**97,471**

(FIGURES IN €000)

Statement of changes in net equity for the year ended December 31, 2013 and 2012

A) STATEMENT OF RECOGNISED INCOME AND EXPENSES	2013	2012
I. RESULT FOR THE YEAR	**107,914**	**97,471**
II. OTHER RECOGNISED INCOME AND EXPENSES	**33,128**	**88,779**
II.1. Available-for-sale financial assets	47,571	126,225
Gains and valuation losses on	52,526	132,381
Amounts transferred to the income statement	(4,955)	(6,156)
Other reclassifications		
II.2. Cash-flow hedges		
Profit and losses on valuation		
Amounts transferred to the income statement		
Amounts transferred at initial value of the hedged items		
Other reclassifications		
II.3. Hedge of net investments in foreing operations		
Gains and losses on valuation		
Amounts transferred to the income statement		
Other reclassifications		
II.4. Exchange and differences translation	(246)	598
Gains and losses on valuation	(246)	598
Amounts transferred to the income statement		
Other reclassifications		
II.5. Correction of accounting mismatches		
Gains and losses on valuation		
Amounts transferred to the income statement		
Other reclassifications		
II.6. Held-for-sale assets		
Gains and losses on valuation		
Amounts transferred to the income statement		
Other reclassifications		
II.7. Actuarial gains / (losses) on long-term employee benefits		
II.8. Other recognised income and expenses		
II.9. Income tax	(14,197)	(38,044)
III. TOTAL RECOGNISED INCOME AND EXPENSES	**141,042**	**186,250**

(FIGURES IN €000)

Statement of changes in net equity for the financial year ended 31 December 2013 and 2012

B) FULL STATEMENT OF CHANGES IN EQUITY

ITEM	CAPITAL OR MUTUAL FUND Registered	CAPITAL OR MUTUAL FUND Uncalled	Share premium	Reserves
A. BALANCE, YEAR-END 2013	223,916		220,565	103,161
I. Adjustments due to changes in criteria in 2012				
II. Adjustments for errors 2012				
B. ADJUSTED BALANCE, BEGINNING OF 2013	223,916		220,565	103,161
I. Total recognised income and expenses				
II. Operations with shalderholders or members				
1. Increases in capital or mutual fund				
2. (-) Reductions in capital or mutual fund				
3. Conversion of financial liabilities in equity (conversion of obligations, writing-off debts)				
4. (-) Distribution of dividends or apportionments (note 3)				
5. Operations with own shares or interest (net)				
6. Increase (reduction) Equity from business combination				
7. Other operations with shareholders or members				
III. Other changes in equity				(747)
1. Equity - instrument - based payments				
2. Transfers between equity items				
3. Other changes				(747)
C. BALANCE, YEAR END 2013	223,916		220,565	102,414

(FIGURES IN €000)

ITEM	CAPITAL OR MUTUAL FUND Registered	CAPITAL OR MUTUAL FUND Uncalled	Share premium	Reserves
A. BALANCE, YEAR-END 2012	223,916		220,565	103,161
I. Adjustments for changes in criteria 2012				
II. Adjustments for errors 2012				
B. ADJUSTED BALANCE, BEGINNING 2012	223,916		220,565	103,161
I. Total recognised income and expenses				
II. Operations with shareholders or members				
1. Increases in capital or mutual fund				
2. (-) Reductions in capital or mutual fund				
3. Conversion of financial liabilities in equity (conversion of obligations, writing-off debts)				
4. (-) Distribution of dividends or apportionments (note 3)				
5. Operations with own shares or interests (net)				
6. Equity increase (reduction) from business combination				
7. Other operations with shareholders or members				
III. Other changes in equity				
1. Equity - instrument - based payments				
2. Transfers between equity items.				
3. Other variations				
C. BALANCE, END OF 2012	223,916		220,565	103,161

(FIGURES IN €000)

Own shares and equity interest	Result from previous financial year	Other contributions from members	Result for the year	(Interim dividend)	Other equity securities	Adjustments for changes in value	Grants, donations and bequests received	TOTAL
	321,338		**97,471**	**(56,340)**		**11,592**		**921,703**
	321,338		**97,471**	**(56,340)**		**11,592**		**921,703**
			107,914			33,128		141,042
				(85,955)				(85,955)
				(85,955)				(85,955)
	39,617		(97,471)	56,340				(2,261)
	39,617		(95,957)	56,340				
			(1,514)					(2,261)
	360,955		**107,914**	**(85,955)**		**44,720**		**974,529**

Own shares and equity interest	Result from previous financial year	Other contributions from members	Result for the year	(Interim dividend)	Other equity securities	Adjustments for changes in value	Grants, donations and bequests received	TOTAL
	278,757		**70,163**	**(25,281)**		**(77,187)**		**794,094**
	278,757		**70,163**	**(25,281)**		**(77,187)**		794,094
			97,471			88,779		186,250
				(56,340)				(56,340)
				(56,340)				(56,340)
	42,581		(70,163)	25,281				(2,301)
	42,581		(67,862)	25,281				
			(2,301)					(2,301)
	321,338		**97,471**	**(56,340)**		**11,592**		**921,703**

Cash flow statement for financial year ended December 31, 2013 and 2012

CASH FLOW STATEMENT	2013	2012
A) CASH FLOWS FROM OPERATING ACTIVITIES		
A.1.) Insurance activity	**189,597**	**185,621**
1. Direct, coinsurance and assumed reinsurance receipts	346,392	355,793
2. Direct, reinsurance and assumed reinsurance payments	(103,377)	(107,749)
3. Ceded reinsurance receipts	150,040	151,686
4. Ceded reinsurance payments	(144,663)	(159,988)
5. Recovery of claims paid		
6. Payments of remuneration to brokers		
7. Other operating receipts		
8. Other operating payments	(58,795)	(54,121)
9. Total cash receipts from insurance activity (1+3+5+7) = I	496,432	507,479
10. Total cash payments from insurance activity (2+4+6+8) = II	(306,835)	(321,858)
A.2.) Other operating activities	**(41,772)**	**(11,775)**
1. Receipts from pension fund management activities		
2. Payments on pension fund management activities		
3. Receipts from other activities		
4. Payments from other activities		
5. Total cash receipts from other operating activities (1+3) = III		
6. Total cash payments on other operating activities (2+4) = IV		
7. Income tax receipts and payments (V)	(41,772)	(11,775)
A.3.) TOTAL OF NET CASH FLOWS OF OPERATING ACTIVITIES (I- II+ III- IV - V)	**147,825**	**173,846**
B) CASH FLOWS FROM INVESTING ACTIVITIES		
B.1) Receipts from investment activities	**2,807,695**	**2,572,356**
1. Property, plant and equipment	70	379
2. Investment property		
3. Intangible assets		
4. Financial instruments	2,768,169	2,486,987
5. Interests in Group, multi-group and associated companies		
6. Interest collected	34,724	69,176
7. Dividends collected	4,732	15,814
8. Business unit		
9. Other receipts related to investing activities		
10. Total cash receipts from investing activities (1+2+3+4+5+6+7+8+9) = VI	2,807,695	2,572,356
B.2.) Payments from investing activities	**(2,859,340)**	**(2,692,810)**
1. Property, plant and equipment	(486)	(766)
2. Investment property		
3. Intangible assets	(570)	(2,179)
4. Financial instruments	(2,858,284)	(2,689,865)
5. Participations in Group, multi-group and associated companies		
6. Business unit		
7. Other payments related to investing activities		
8. Total cash payments from investing activities (1+2+3+4+5+6+7) = VII	(2,859,340)	(2,692,810)
B.3.) TOTAL CASH FLOWS FROM INVESTING ACTIVITIES (VI + VII)	**(51,645)**	**(120,454)**

CASH FLOW STATEMENT	2013	2012
C) CASH FLOWS FROM FINANCING ACTIVITIES		
C.1) Receipts from financing activities		
1. Subordinated liabilities		
2. Proceeds from the issue of equity securities and capital increase		
3. Apportionements and contributions by shareholders or members		
4. Disposal of own securities		
5. Other receipts related to financing activities		
6. Total cash receipts from financing activities (1+2+3+4+5) = VIII		
C.2) Payments from financing activities	**(87,469)**	**(58,641)**
1. Dividends to shareholders	(85,955)	(56,340)
2. Interests paid		
3. Subordinated liabilities		
4. Payments through return of contributions to shareholders		
5. Apportionements and return of contributions to members		
6. Acquisition of own securities		
7. Other payments related to financing activities	(1,514)	(2,301)
8. Total cash payments from financing activities (1+2+3+4+5+6+7) = IX	(87,469)	(58,641)
C.3) TOTAL NET CASH FLOWS FROM FINANCING ACTIVITIES (VIII + IX)	**(87,469)**	**(58,641)**
Effect of exchange rate fluctuations (X)		
TOTAL INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (A.3 + B.3 + C.3 + - X)	**8,711**	**(5,249)**
Cash and cash equivalents at the beginning of the period	**129,238**	**134,487**
Cash and cash equivalents at the end of the period	**137,949**	**129,238**
1. Cash at bank and in hand	106,263	92,782
2. Other financial assets	31,686	36,456
3. Bank overdrafts repayable on demand		
TOTAL	**137,949**	**129,238**

(FIGURES IN €000)

7

Companies making up the Reinsurance Unit

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28004 MADRID, SPAIN
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Fax. 34 91 709 7461

MAPFRE RE DO BRASIL

Rua das Olimpiadas 242, 5º
Vila Olimpia
SÃO PAULO, BRAZIL
SP 04551-000
Tel. 55 11 3040 1900
Fax. 55 11 3040 1940

CAJA REASEGURADORA DE CHILE

Avda. Apoquindo, nº 4499 - 8th
Las Condes – SANTIAGO DE CHILE
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8

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