MAPFRE | RE

ANNUAL REPORT 2014

MAPFRE | RE

ANNUAL REPORT

2014

MAPFRE | RE

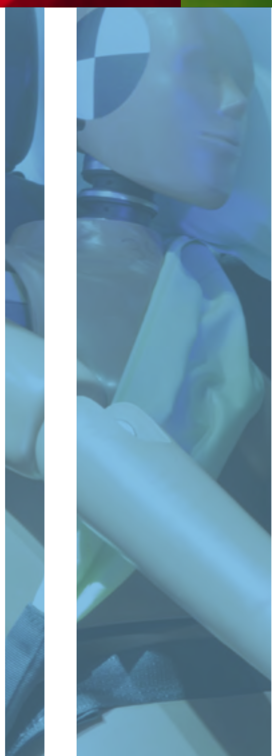
CONTENTS

MAPFRE | RE

1 Governing bodies

BOARD OF DIRECTORS		EXECUTIVE COMMITTEE
CHAIRMAN	Mr Pedro de Macedo	*Chairman*
VICE-CHAIRMAN	Mr Ángel Alonso	*Vice-Chairman*
MEMBERS	Mr Ricardo Blanco	*Member*
	Mr Rafael Casas	
	Mr Alfredo Castelo	
	Mr Javier Fernández-Cid	*Member*
	Mr Philippe Hebeisen - Vaudoise Assurances Holding	
	Mr Mark Hews - Ecclesiastical Insurance	
	Mr José Manuel Inchausti	
	Mr Pedro López	*Member*
	Mr Giovanni Battista Mazzucchelli - Societá Cattolica di Assicurazione	
	Mr Ricky Means - Shelter Mutual Insurance Company	
	Mr Eduardo Pérez de Lema	*Member*
	Mr Gregorio Robles	
	Mr Rafael Senén	
	Mr Domingo Sugranyes	*Member*
SECRETARY-NON MEMBER	Mr Juan M. Sanz	*Secretary*

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



MAPFRE | RE

2

Consolidated Management Report 2014

For the third consecutive year, the reinsurance market delivered very positive results, thanks to the absence of any major catastrophes. Shareholders' equity grew, driven by good retained earnings and the rise in value of financial assets. The surrounding environment remains volatile, with slow growth in the most developed economies that holds back the progress of the insurance industry.

The absence of any major catastrophes and strong growth in equity encouraged traditional reinsurers to compete on fees and conditions, and insurers to increase their retention rates. This led to low growth in sales and enabled non-traditional reinsurers to take over a portion of the market.

On 20 February 2014, Standard & Poor's applied a new policy enabling a difference of up to three grades between a corporation's rating and that of its country, and upgraded MAPFRE RE to A-/stable. Later, on 25 May 2014, Standard & Poor's upgraded Spain's rating to BBB stable. In keeping with its initial approach, it then upgraded MAPFRE RE's rating to A/stable, three grades above Spain's.

AM Best maintained the A/stable rating it had previously given MAPFRE RE on 9 April 2014, and confirmed it once again on 17 October. This rating agency, which does not limit corporate ratings relative to country ratings, assesses individual companies' risk management and business diversification by means of stringent impairment tests, which we succeeded in.

MAPFRE RE achieved a positive net result that improved over the course of the year, with modest growth in primes and a substantial increase of shareholders' equity, in a market that is increasingly complex and competitive.

KEY ACTIVITIES

MAPFRE RE achieved revenues of EUR 2.586,1 billion, with a result before tax and minority interests of EUR 200.3 million. No special impairments of any investments needed to be recognised, and the company is free of financial debt.

No significant catastrophes occurred during the year that caused significant losses for the company. The loss ratio was therefore normal compared with the typical recurring figures. Nonetheless, some major individual losses have occurred.

Business activity

Business was increasingly intense over the year in all markets where the company operates. A growing number of contacts and operations were made with clients and brokers both by central services and external offices.

In an effort to bring business management centres closer to clients in strong-growth regions, we initiated the necessary procedures to open two new offices, in Labuan, Malaysia (which was granted authorisation on 31 December), and Singapore. Both offices will begin operations in 2015.

We took part in and delivered a number of training programmes in the life insurance area, including courses on risk selection, tele-underwriting and genetics. These were held in Prague, Brazil, Malta and Colombia. A course on Life and Reinsurance were delivered as part of the FUNDACIÓN MAPFRE's training programme. There have also been courses on the Agricultural business at the meetings of the Latin American Association for the Development of Agricultural

Insurance (ALASA) in France, and the International Association of Agricultural Production Insurers (AIAG) in Poland. The Fifth International Reinsurance Forum was held with participants from 12 different countries.

Technical management and client services

We increased human resources both in central services and branch offices, taking on highly qualified professionals to ensure we meet clients' needs and growing business complexity. Investment has remained strong in training and professional development of the company's staff.

Internal arrangements have continued to be made successfully for implementation of the Solvency II regulations. Participation in the European Insurance Chief Financial Offices Forum also continued.

IT systems

MAPFRE RE continued to improve its own systems for portfolio analysis and valuation, an enterprise that requires ongoing internal training.

We worked towards achieving greater integration with the Group's central systems by signing up to corporate contracts and making intensive use of processing centres. The IT systems on which the business relies have been updated and improved with new management modules, particularly in the areas of ceded business, Solvency II calculations and automated data entry for business originating within the Group.

COMPANY

MAPFRE RE DO BRASIL continues its successful expansion in a highly competitive market. It achieved revenues amounting to EUR 76.7 million and a result before tax of EUR 9.1 million, with shareholders' equity standing at EUR 41.0 million at year end.

INVERSIONES IBÉRICAS and MAPFRE CHILE REASEGUROS achieved revenues of EUR 20.9 million and a result before tax of EUR 1.3 million. Shareholders' equity stood at EUR 44.8 million at year end.

OUTLOOK

In an environment where the central banks are supplying liquidity, interest rates are expected to remain low as a means to stimulate the economy and sustain some recovery in the leading markets.

In a volatile environment producing modest financial results, reinsurers will need to secure positive technical results. This will not be easy, as non-traditional investors are offering reinsurance through a range of instruments – though mainly in modelised areas and catastrophe cover – as a way to increase their returns and diversify their investment portfolios.

Thus, unless a major catastrophe occurs or the financial industry takes a significant turn, the most successful traditional reinsurers will be those holding diversified portfolios which can deliver sufficient, balanced results.

EVENTS SUBSEQUENT TO THE REPORTING PERIOD

No significant developments have taken place, as of the date of this report, which could potentially affect the outlook and budget for the current year.

No subsequent events have occurred that could potentially affect the financial statements as of 31 December 2014.

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	
Profit and loss	135,082,641
Retained earnings	381,787,108
TOTAL	**516,869,749**
Distribution	
Dividend	81,621,107
Equalisation reserve	34,837,000
Retained earnings	400,411,642
TOTAL	**516,869,749**

— The proposal includes distributing a dividend of EUR 1.13 gross per share to shares numbered 1 to 72,231,068 inclusive.

Part of this dividend, amounting to EUR 1.11 gross per share, was paid in advance by resolutions adopted by the Board of Directors on 29 September and 3 December 2014. The remaining amount up to the established total, EUR 0.02 gross per share, shall be paid by 30 April 2015.

— Approve the Consolidated Financial Statements for the 2014 financial year.

— Approve the Board of Directors' management during the 2014 financial year.

— Appoint KPMG Auditores, S.L. as official auditors of the company's accounts, including its Individual Annual Accounts and, if necessary, its Consolidated Accounts, should the company be required to prepare these or do so voluntarily, for a further period of three years, i.e. for the financial years 2015, 2016 and 2017. This General Shareholders' Meeting may terminate this appointment before the end of the three-year period for justified reasons.

— Re-elect Javier Fernández-Cid as a company director for a further four-year term. Appoint José Manuel Inchausti as a new company director for a term of four years, replacing Francisco Javier Marco. The directors Matías Salvá and Lorenzo Garagorri leave their positions as Board members. The company expresses its gratitude for their loyalty and valuable contribution.

— Authorise the Board of Directors to increase the company's share capital over the five years following the date of this resolution, in one or several instances, up to the maximum legal amount (EUR 111,958,155.40, equivalent to 50% of the company's share capital), as provided in Article 297 of the Companies Act. The Board of Directors will freely establish the form and conditions of any capital increases it decides to undertake pursuant to this authorisation, setting an issue premium on the shares if it deems fit, and amending Article 5 of the Articles of Association as necessary for purposes of adaptation to the resulting share capital. This authorisation cancels the authorisation granted on 22 March 2010 in so far as it has not been already used.

— Authorise the Board of Directors to purchase, on behalf of MAPFRE RE and in accordance with Article 146 and related provisions of the Companies Act, shares issued by its parent company, MAPFRE, S.A., subject to the following restrictions and requirements:

> Valid methods: purchase of shares free of any liens and encumbrances, by means of a sale contract or any other *inter vivos* act involving valuable consideration.

> Maximum number of shares to be purchased: shares whose par value added to the par value of the shares already held by MAPFRE RE, its parent company and its subsidiaries, is not greater than 10% of the share capital of MAPFRE, S.A.

> Minimum and maximum purchase price: respectively, 90% and 110% of their market value at the date of purchase.

> Term of the authorisation: five years from the date of this resolution.

> The Board of Directors is also granted full powers to exercise and make use of the authorisation given herein, and to delegate these powers to the Steering Committee, the Managing Director (by virtue of Article 249 bis of the Companies Act) or any other person specifically appointed for this purpose, with the extent and limitations of empowerment that the Board of Directors deems fit to establish.

— Amendments to the Articles of Association.

— Delegate full powers to the Chairman of the Board of Directors and his Secretary so that either one of them may take to effect the resolutions adopted by the General Meeting, and to convert them into a public instrument whenever this is required.

— Thank all those involved in the management of the Company for their loyalty and valuable contribution over the past year.

FINANCIAL INFORMATION

Reinsurance unit

IFRS INCOME STATEMENT	2014	2013	Var. % 14/13
ASSUMED (INWARD) REINSURANCE			
Assumed premium	**3,343.3**	**3,253.7**	**2.8%**
Earned premium for the year	3,179.8	3,303.8	(3.8%)
Loss ratio (includes claims-related expenses)	(1,900.4)	(2,025.9)	(6.2%)
Operating costs and other underwriting expenses	(793.0)	(851.9)	(6.9%)
ASSUMED REINSURANCE RESULTS	**486.4**	**426.0**	**14.2%**
RETROCEDED REINSURANCE			
Premiums and change in unearned premium reserve	(1,153.4)	(1,122.3)	2.8%
Claims paid and change in claims reserve	489.5	535.3	(8.5%)
Commissions and participations	234.4	189.9	23.4%
RETROCEDED REINSURANCE RESULTS	**(429.5)**	**(397.2)**	**8.1%**
Other income and underwriting expenses	(3.9)	(1.2)	238.9%
RESULTS OF LIFE AND NON-LIFE TECHNICAL ACCOUNTS	**52.9**	**27.6**	**91.5%**
Net investment income	149.7	129.8	15.4%
Unrealised investment gains and losses	0.0	0.0	-
Other non-underwriting income and expenses	(2.2)	(1.7)	29.1%
Results from minority interests	(0.1)	(0.4)	-
RESULTS OF LIFE AND NON-LIFE BUSINESS	**200.3**	**155.3**	**28.9%**
RESULT FROM OTHER ACTIVITIES	**0.0**	**0.0**	**-**
RESULT BEFORE TAX AND MINORITY INTERESTS	**200.3**	**155.3**	**28.9%**
Income tax	(58.7)	(46.5)	26.3%
Result after tax from discontinued operations	0.0	0.0	-
RESULT AFTER TAX	**141.5**	**108.8**	**30.1%**
External partners	0.0	0.0	0.0%
RESULT AFTER TAX AND MINORITY INTERESTS	**141.5**	**108.8**	**30.1%**

€ Millions

NON-LIFE INSURANCE RATIOS	2014	2013
Loss ratio of assumed (inward) reinsurance	64.5%	65.1%
Expense ratio of assumed (inward) reinsurance	28.6%	31.4%
Net combined ration of retroceded reinsurance	93.1%	96.5%

DETAILS OF ASSUMED PREMIUM	2014	2013	Var. % 14/13
Non-Life	2,820.9	2,828.0	(0.3%)
Life	522.4	425.7	22.7%
TOTAL	**3,343.3**	**3,253.7**	**2.8%**

€ Millions

KEY BALANCE SHEET DATA (IFRS)	2014	2013	Var. % 14/13
Financial investments and cash	3,289.1	2,937.4	12.0%
Total assets	5,016.9	4,492.3	11.7%
Equity	1,179.2	1,009.8	16.8%
ROE	12.4%	11.0%	12.7%

€ Millions

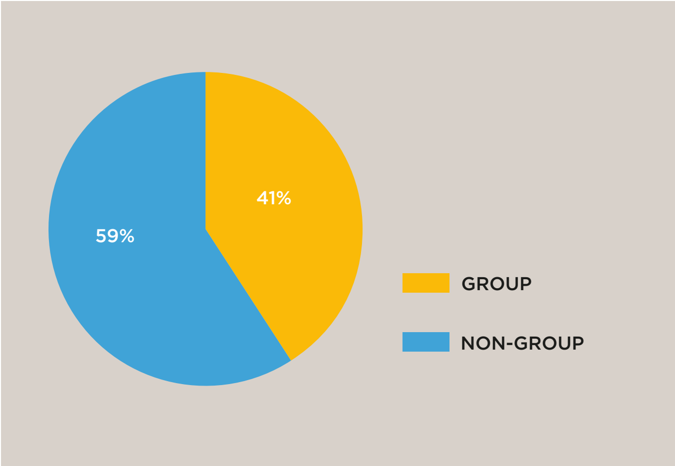
HEDGING AND SOLVENCY DATA	2014	2013	Var. % 14/13
Technical provisions to be hedged	3,264.8	2,938.6	11.1%
Excess of suitable assets over reserves	917.2	796.2	15.2%
Minimum amount of (consolidated) solvency margin	412.9	396.6	4.1%
(Consolidated) solvency margin	1,036.2	982.0	5.5%
Number of times minimum amount	2.5	2.5	1.4%

€ Millions

OTHER INFORMATION	2014	2013	Var. % 14/13
Average number of employees	319	309	3.2%
% commission on written premium from inward reinsurance	25.4%	28.4%	(10.6%)
% internal management expenses on assumed premium	1.5%	1.3%	15.4%

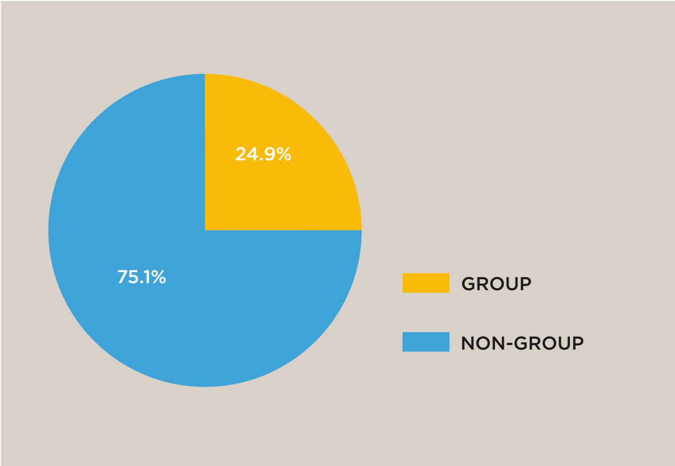
Gross Premium distribution

BY CEDING COMPANIES



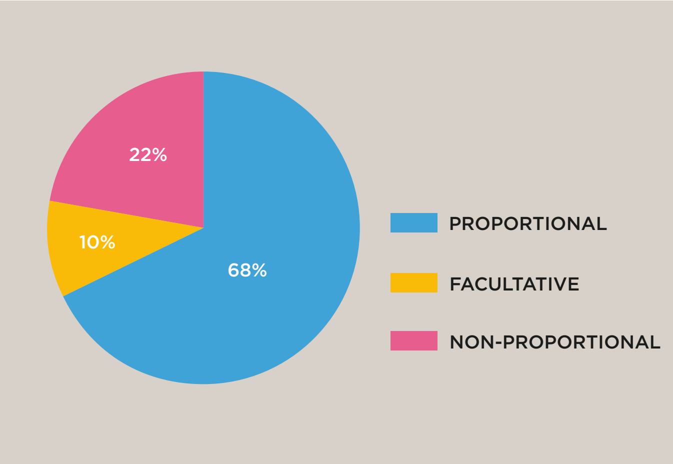
Net Earned Premium distribution

BY CEDING COMPANIES

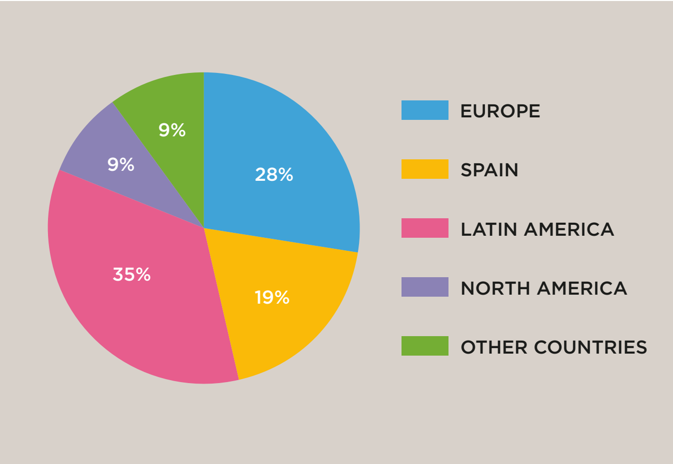


Gross Premium distribution

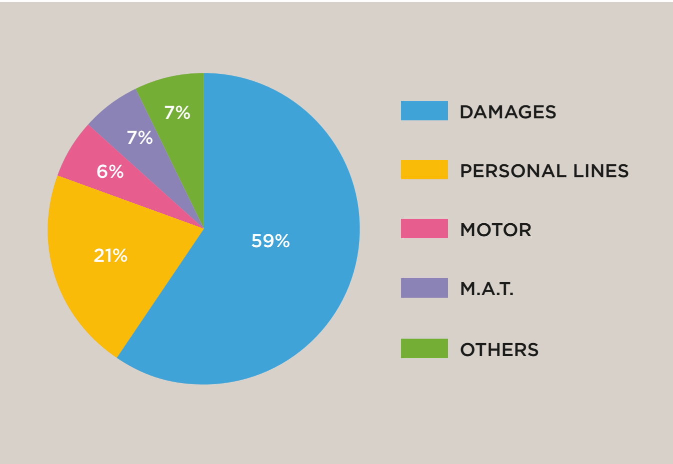
BY TYPE OF BUSINESS



BY AREA

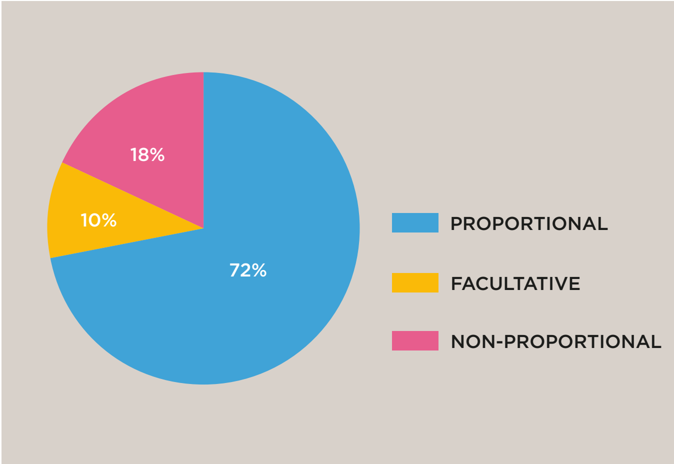


BY LINE OF BUSINESS

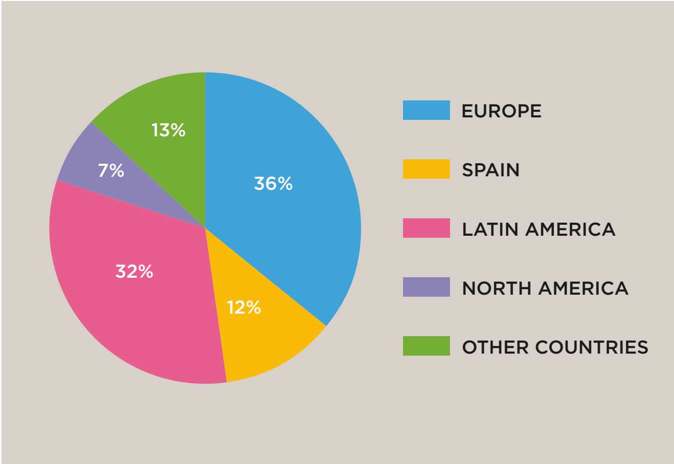


Net Earned Premium distribution

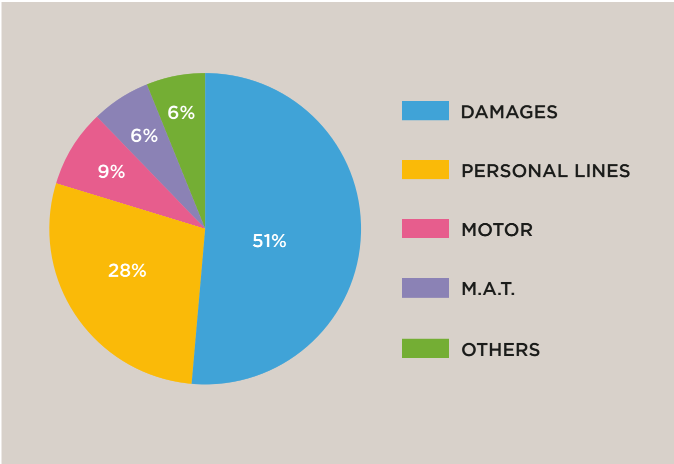
BY TYPE OF BUSINESS



BY AREA



BY LINE OF BUSINESS



ADDITIONAL NOTES

Environmental information

We updated the Group's Corporate Environmental Policy in 2014 taking on new commitments, including climate change management and biodiversity preservation.

Our efforts focused on providing transparent information on material environmental aspects, both internally and to other stakeholders. Continued international expansion of our energy and environmental management strategy model (SIGMAYE), which has resulted in further quality certificates for the Group, has been a part of this pursuit.

Our products are another means by which MAPFRE contributes to protect the environment. Efficient management of environmental risks in underwriting and technical assistance processes, inclusion of environmental criteria in corporate acquisitions, and focus on products that support environmental protection and efficient use of resources, all serve this purpose.

The Group is a signatory to the United Nation's Climate Disclosure Project (CDP) and the Insurance Sustainability Principles, and a member of the Spanish Green Growth Group recently created by the Ministry for Agriculture, Food and the Environment. All of this attests to our commitment to sustainability and environmental protection.

Personnel

At year end, the company staff was distributed into the following professional categories:

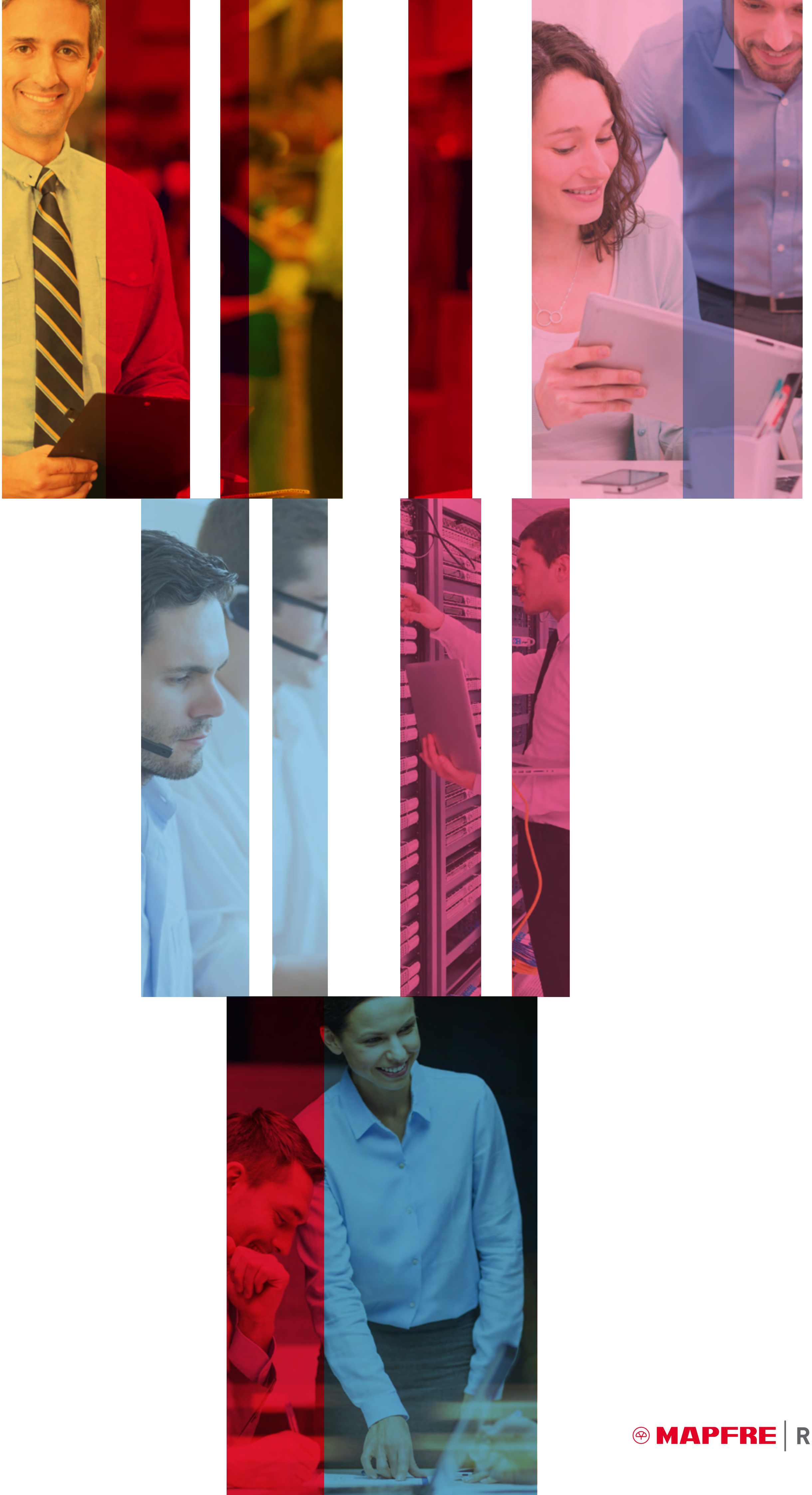
JOB CATEGORY	2014	2013	2012
Directors	99	84	80
Administrative personnel	77	96	88
Sales staff	-	-	9
Other	144	135	125
TOTAL	**320**	**315**	**302**

Investments

MAPFRE RE's policy for mitigating risk exposure in the area of financial investment has been predicated on prudent investment, with fixed-income securities making up the bulk of its portfolio.

With regard to credit risk, MAPFRE RE's policy has been based on prudence (issuer solvency) and diversification of fixed-income investments. Our bond portfolio mostly includes highly-rated securities.

Bonds and equities investments are diversified by industry, and maximum risk limits are in place for the individual issuers.



MAPFRE | RE

3

Annual Consolidated Financial Statements 2014

A) CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2014 AND 2013

ASSETS	Notes	2014	2013
A) INTANGIBLE ASSETS		**1,499**	**2,006**
I. Goodwill		-	-
II. Other intangible assets	6.1	1,499	2,006
B) PROPERTY, PLANT AND EQUIPMENT		**11,061**	**11,165**
I. Property for own use	6.2 / 7D	8,861	8,952
II. Other property, plant and equipment	6.2	2,200	2,213
C) INVESTMENTS		**3,723,249**	**3,189,538**
I. Real estate investments	6.2 / 7D	5,418	5,692
II. Financial investments		3,138,530	2,704,585
1. Held-to-maturity portfolio		-	-
2. Available-for-sale portfolio	6.4 / 7D	3,098,478	2,665,136
3. Trading portfolio	6.4 / 7D	40,052	39,449
III. Investments recorded by applying the equity method		6,018	8,148
IV. Deposits established for accepted reinsurance		535,951	400,176
V. Other investments	7D	37,332	70,937
D) REINSURANCE'S SHARE IN TECHNICAL PROVISIONS	**6.9**	**687,841**	**708,312**
E) DEFERRED TAX ASSETS	**6.17**	**17,932**	**20,208**
F) CREDITS	**6.5 / 7B**	**334,991**	**273,984**
I. Credits on reinsurance operations	6.5 / 7B	304,008	256,563
II. Tax credits	6.5 / 7B	15,643	8,460
1. Income tax receivable		5,800	-
2. Other tax credits		9,843	8,460
III. Corporate and other credits	6.5 / 7B	15,340	8,961
G) CASH	**6.7 / 7B/ 7C**	**113,287**	**161,895**
H) ACCRUAL ADJUSTMENTS		**127,063**	**125,192**
I) OTHER ASSETS		**7**	**-**
TOTAL ASSETS		**5,016,930**	**4,492,300**

(Figures in €000)

EQUITY AND LIABILITIES	Notes	2014	2013
A) EQUITY		**1,179,190**	**1,009,805**
I. Paid-up capital	6.8	223,916	223,916
II. Share premium	6.8	220,565	220,565
III. Reserves	-	499,437	481,402
IV. Interim dividend	4.2	(80,176)	(85,955)
V. Treasury stock	-	-	-
VI. Result attributable to the controlling company	-	141,523	108,807
VII. Other equity instruments	-	-	-
VIII. Valuation change adjustments	6.8	160,570	48,017
IX. Currency translation differences	6.19	13,335	13,029
Equity attributable to controlling company's shareholders	**-**	**1,179,170**	**1,009,781**
Minority interests	**-**	**20**	**24**
B) SUBORDINATED LIABILITIES	**-**	**-**	**-**
C) TECHNICAL PROVISIONS	**6.9/7C**	**3,356,941**	**3,063,759**
I. Provisions for unearned premiums and risk in progress	6.9/7C	1,175,632	1,082,076
II. Provision for Life insurance	6.9/7C	358,084	267,325
III. Provisions for claims	6. 9/7C	1,823,225	1,714,358
IV. Provisions for profit sharing and returned premiums	-	-	-
D) PROVISIONS FOR RISK AND EXPENSES	**6.10**	**4,401**	**3,506**
E) DEPOSITS RECEIVED ON CEDED AND RETROCEDED REINSURANCE	**6.11**	**41,181**	**54,498**
F) DEFERRED TAX LIABILITIES	**6.17**	**67,952**	**20,712**
G) DEBT	**6.12**	**315,359**	**282,764**
I. Due to reinsurance operations	6.12/7C	290,467	253,842
II. Tax liabilities	6.12/6.17	9,042	10,566
1. Tax on profits to be paid	-	4,653	-
2. Other tax liabilities	-	4,389	10,566
III. Other debts	6.12	15,850	18,356
H) ACCRUAL ADJUSTMENTS	**-**	**51,906**	**57,256**
TOTAL EQUITY AND LIABILITIES	**-**	**5,016,930**	**4,492,300**

(Figures in €000)

B) GLOBAL CONSOLIDATED INCOME STATEMENT FOR YEARS

B.1 Consolidated income statement

ITEM	Notes	2014	2013
I. REVENUES FROM INSURANCE BUSINESS			
1. Premiums allocated to the financial year, net	-	2,026,395	2,181,454
a) Direct insurance premiums			
b) Accepted reinsurance premiums	7. A2	3,343,332	3,253,705
c) Ceded reinsurance premiums	6.16	(1,139,890)	(1,105,174)
d) Variation in provisions for premiums and risk in progress, net		(177,047)	32,923
Direct insurance			
Accepted reinsurance	-	(163,546)	50,089
Ceded reinsurance	6.16	(13,501)	(17,166)
2. Share of profits from companies recorded by the equity method	-	61	59
3. Revenues from investments	6.14	173,661	167,993
a) From operations	6.14	161,299	151,624
b) From equity	6.14	12,362	16,369
4. Gains from investments on behalf of Life insurance policyholders bearing the investment risk			
5. Other technical revenues			-
6. Other non-technical revenues	-	2,173	1,916
7. Positive translation differences	6.19	383,795	302,354
8. Reversal of the asset impairment provision	6.6/6.5	-	68
TOTAL REVENUES FROM INSURANCE BUSINESS		**2,586,085**	**2,653,844**
II. EXPENSES FROM INSURANCE BUSINESS			
1. Claims ratio for the year, net	-	(1,410,890)	(1,490,614)
a) Claims paid and variation in provision for claims, net	-	(1,410,732)	(1,490,506)
Direct insurance			
Accepted reinsurance	-	(1,900,248)	(2,025,771)
Ceded reinsurance	6.16	489,516	535,265
b) Claims-related expenses	-	(158)	(108)
2. Variation in other technical provisions, net	-	-	(2,551)
3. Profit sharing and returned premiums			
4. Net operating expenses	6.15	(558,652)	(659,497)
a) Acquisition expenses	6.15	(782,664)	(839,448)
b) Administration expenses	6.15	(10,338)	(9,900)
c) Fees and participation in reinsurance	6.15/6.16	234,350	189,851
5. Sharing in losses of companies recorded by the equity method	-	(190)	(413)
6. Investment expenses	6.14	(24,020)	(55,209)
a) From operations	6.14	(22,383)	(47,981)
b) From equity and financial accounts	6.14	(1,637)	(7,228)
7. Losses from investments on behalf of Life insurance policyholders bearing the investment risk			
8. Other technical expenses	-	(3,938)	(1,163)
9. Other non-technical expenses	-	(4,415)	(3,652)
10. Negative translation differences	6.19	(381,041)	(284,378)
11. Allowance to the asset impairment provision	6.6	(2,685)	(1,076)
TOTAL EXPENSES FROM INSURANCE BUSINESS	**-**	**(2,385,831)**	**(2,498,553)**
III. RESULT FROM THE INSURANCE BUSINESS	**-**	**200,254**	**155,291**
IV. RESULT BEFORE TAXES FROM ONGOING OPERATIONS	**6.17**	**200,254**	**155,291**
V. INCOME TAX ON ONGOING OPERATIONS	**6.17**	**(58,730)**	**(46,482)**
VI. RESULT AFTER TAXES FROM ONGOING OPERATIONS	**-**	**141,524**	**108,809**

ENDING DECEMBER 31, 2014 AND 2013

ITEM	Notes	2014	2013
VII. RESULT AFTER TAXES FROM DISCONTINUED ACTIVITIES	**-**	**141,524**	**108,809**
VIII. RESULT FOR THE FINANCIAL YEAR	**-**	**141,524**	**108,809**
1. Attributable to minority shareholders	-	(1)	(2)
2. Attributable to the controlling company	-	141,523	108,807

(Figures in €000)

B.2 Consolidated statement of recognized revenue and expenses

	GROSS AMOUNT		INCOME TAX		ATTRIBUTABLE TO MINORITY INTERESTS		ATTRIBUTABLE TO CONTROLLING COMPANY	
ITEM	2014	2013	2014	2013	2014	2013	2014	2013
A) CONSOLIDATED RESULT IN THE FINANCIAL YEAR	**200,254**	**155,291**	**(58,730)**	**(46,482)**	**(1)**	**(2)**	**141,523**	**108,807**
B) OTHER RECOGNIZED REVENUE (EXPENSES)	**146,627**	**34,844**	**(33,768)**	**(14,262)**	**-**	**-**	**112,859**	**20,582**
1. Financial assets available for sale	**146,161**	**51,230**	**(33,643)**	**(14,336)**	**-**	**-**	**112,518**	**36,894**
a) Valuation gains (losses)	165,925	53,543	(39,589)	(15,822)	-	-	126,336	37,721
b) Amounts transferred to the income statement	(19,764)	(2,313)	5,946	1,486	-	-	(13,818)	(827)
c) Other reclassifications	-	-	-	-	-	-	-	-
2. Currency translation differences	**431**	**(16,700)**	**(125)**	**74**	**-**	**-**	**306**	**(16,626)**
a) Valuation gains (losses)	431	(16,700)	(125)	74	-	-	306	(16,626)
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	**35**	**314**	**-**	**-**	**-**	**-**	**35**	**314**
a) Valuation gains (losses)	35	314	-	-	-	-	35	314
b) Amounts transferred to the income statement	-	-	-	-	-	-	-	-
c) Other reclassifications	-	-	-	-	-	-	-	-
5. Other recognized revenue and expenses	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL	**346,881**	**190,135**	**(92,498)**	**(60,744)**	**(1)**	**(2)**	**254,382**	**129,389**

(Figures in €000)

C) CONSOLIDATED STATEMENT OF CHANGES IN NET EQUITY AS AT DECEMBER 31, 2014 AND 2013

ITEM	NOTES	EQUITY ATTRIBUTABLE TO CONTROLLING COMPANY'S SHAREHOLDERS									MINORITY INTERESTS	TOTAL NET EQUITY
		Paid-up capital	Share premium	Reserves	Interim dividends	Treasury stock	Result attributable to controlling company	Other equity instruments	Valuation adjustments reserves	Currency translation differences		
BALANCE AS AT JANUARY 1, 2013		223,916	220,565	452,841	(56,340)	-	87,095	-	10,809	29,655	26	968,567
I. Accounting policy changes												
II.Error corrections												-
BALANCE AS AT JANUARY 1, 2013 RESTATED		223,916	220,565	452,841	(56,340)	-	87,095	-	10,809	29,655	26	968,567
VARIATIONS IN FINANCIAL YEAR 2013												-
I.Results recognized directly in net equity												-
1. Due to revaluations of property, plant and equipment/intangible assets												-
2. Due to available-for-sale investments									36,894			36,894
3. Due to cash flow hedges												-
4. Due to translation differences										(16,626)		(16,626)
5. Due to other results recognized directly in net equity									314			314
TOTAL RESULT RECOGNIZED DIRECTLY IN NET EQUITY		-	-	-	-	-	-	-	37,208	(16,626)	-	20,582
II. Other results for financial year 2013							108,807					108,807
III. Distribution of the result from financial year 2012				30,755	56,340		(87,095)					-
IV. Interim dividends for year 2013	4.2				(85,955)							(85,955)
V. Capital increase												-
VI. Capital pending disbursement												-
VII. Capital reduction												-
VIII. Other increases												-
IX. Other decreases				(2,194)							(2)	(2,194)
TOTAL VARIATIONS IN FINANCIAL YEAR 2013		-	-	28,561	(29,615)	-	21,712	-	-	-	(2)	20,656
BALANCE AS AT DECEMBER 31, 2013		223,916	220,565	481,402	(85,955)	-	108,807	-	48,017	13,029	24	1,009,805
I. Accounting policy changes												-
II. Error correction												-
BALANCE AS AT JANUARY 1, 2014 UPDATED		223,916	220,565	481,402	(85,955)	-	108,807	-	48,017	13,029	24	1,009,805
VARIATIONS IN FINANCIAL YEAR 2014												-
I. Result recognized directly in net equity												-
1. Due to revaluations of property, plant and equipment/intangible assets												-
2. Due to available-for-sale investments									112,518			112,518
3. Due to cash flow hedges												-
4. Due to translation differences										306		306
5. Due to other results recognized directly in net equity									35			35
TOTAL RESULT RECOGNIZED DIRECTLY IN NET EQUITY		-	-	-	-	-	-	-	112,553	306	-	112,859
II. Other results for year 2014							141,523					141,523
III. Distribution of the result from year 2013				22,852	85,955		(108,807)					-
IV. Interim dividends for year 2014	4.2				(80,176)							(80,176)
V. Capital increase												-
VI. Capital pending disbursement												-
VII. Capital reduction												-
VIII. Other increases												-
IX. Other decreases				(4,817)							(4)	(4,821)
TOTAL VARIATIONS IN FINANCIAL YEAR 2014		-	-	18,035	5,779	-	32,716	-	-	-	(4)	56,526
BALANCE AS AT DECEMBER 31, 2014		223,916	220,565	499,437	(80,176)	-	141,523	-	160,570	13,335	20	1,179,190

(Figures in €000)

The amounts recorded under the "Other increases" and "Other reductions" items in the "Reserves" column are mainly owing to the distribution of the profits from previous years and to transfers between them.

D) CONSOLIDATED CASH FLOW STATEMENT FOR YEARS ENDING DECEMBER 31, 2014 AND 2013

ITEMS	2014	2013
Premium receipt		
Payments on claims		
Receipts from reinsurance operations	769,575	565,761
Payments on reinsurance operations	(504,071)	(301,535)
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	725	2,118
Other operating payments	(86,169)	(62,859)
Corporate tax payments or receipts	(49,465)	(48,846)
NET CASH FLOWS FROM OPERATING ACTIVITIES	**130,595**	**154,508**
Acquisitions of intangible fixed assets	(229)	(570)
Acquisitions of property, plant and equipment	(597)	(541)
Acquisitions of investments and disbursement on capital increases	(158,442)	(98,726)
Net cash paid by deconsolidated companies		
Net cash collected by deconsolidated companies		
Sales of fixed assets	281	84
Sales of investments	312	265
Interest collected	54,977	45,462
Other payments		
Dividends collected	6,123	3,237
Receipts from loans granted and other financial instruments	-	41
Payments for loans granted and other financial instruments		
NET CASH FLOWS FROM INVESTMENT ACTIVITIES	**(97,575)**	**(50,748)**
Paid dividends and donations	(81,303)	(87,469)
Proceeds from capital increases		
Payments for return of shareholders' contributions		
Proceeds from the issue of debentures		
Payments for interest and amortizations of debentures		
Payments for interest and amortizations of other financing activities		
Proceeds from other financing activities		
NET CASH FLOW FROM FINANCING ACTIVITIES	**(81,303)**	**(87,469)**
NET INCREASE (REDUCTION) IN CASH FLOW	**(48,283)**	**16,291**
Translation differences in cash flow and cash balances	**(325)**	**(3,588)**
OPENING CASH BALANCE	**161,895**	**149,192**
CLOSING CASH BALANCE	**113,287**	**161,895**

(Figures in €000)

E) FINANCIAL INFORMATION BY SEGMENT – CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2014 AND 2013

	LIFE REINSURANCE		NON-LIFE REINSURANCE		TOTAL	
ASSETS	2014	2013	2014	2013	2014	2013
A) INTANGIBLE ASSETS	**167**	**224**	**1,332**	**1,782**	**1,499**	**2,006**
I. Goodwill						
II. Other intangible assets	167	224	1,332	1,782	1,499	2,006
B) PROPERTY, PLANT AND EQUIPMENT	**1,407**	**1,366**	**9,654**	**9,799**	**11,061**	**11,165**
I. Property for own use	1,154	1,100	7,707	7,852	8,861	8,952
II. Other property, plant and equipment	253	266	1,947	1,947	2,200	2,213
C) INVESTMENTS	**746,256**	**571,099**	**2,976,993**	**2,618,439**	**3,723,249**	**3,189,538**
I. Real estate investments	1,671	1,799	3,747	3,893	5,418	5,692
II. Financial investments	444,572	369,495	2,693,958	2,335,090	3,138,530	2,704,585
1. Held-to-maturity portfolio						
2. Available-for-sale portfolio	423,756	348,307	2,674,722	2,316,829	3,098,478	2,665,136
3. Trading portfolio	20,816	21,188	19,236	18,261	40,052	39,449
III. Investments recorded by applying the equity method	5,197	6,460	821	1,688	6,018	8,148
IV. Deposits established for accepted reinsurance	286,721	184,251	249,230	215,925	535,951	400,176
V. Other investments	8,095	9,094	29,237	61,843	37,332	70,937
D) PARTICIPATION OF REINSURANCE IN TECHNICAL PROVISIONS	**27,964**	**29,394**	**659,877**	**678,918**	**687,841**	**708,312**
E) DEFERRED TAX ASSETS	**1,996**	**2,258**	**15,936**	**17,950**	**17,932**	**20,208**
F) CREDITS	**46,191**	**29,670**	**288,800**	**244,314**	**334,991**	**273,984**
I. Credits on reinsurance operations	33,554	27,722	270,454	228,841	304,008	256,563
II. Tax credits	1,741	1,074	13,902	7,386	15,643	8,460
III. Corporate and other credits	10,896	874	4,444	8,087	15,340	8,961
G) CASH	**14,162**	**30,065**	**99,125**	**131,830**	**113,287**	**161,895**
H) ACCRUAL ADJUSTMENTS	**3,254**	**5,810**	**123,809**	**119,382**	**127,063**	**125,192**
I) OTHER ASSETS	**1**	**-**	**6**	**-**	**7**	**-**
J) NON-CURRENT ASSETS HELD FOR SALE AND FROM DISCONTINUED OPERATIONS						
TOTAL ASSETS BY SEGMENT	**841,398**	**669,886**	**4,175,532**	**3,822,414**	**5,016,930**	**4,492,300**

(Figures in €000)

E) FINANCIAL INFORMATION BY SEGMENT – CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2014 AND 2013

	LIFE REINSURANCE		NON-LIFE REINSURANCE		TOTAL	
NET EQUITY AND LIABILITIES	2014	2013	2014	2013	2014	2013
A) NET EQUITY	**160,486**	**141,768**	**1,018,704**	**868,037**	**1,179,190**	**1,009,805**
I. Paid-up capital	24,926	25,021	198,990	198,895	223,916	223,916
II. Share premium	24,553	24,646	196,012	195,919	220,565	220,565
III. Reserves	84,037	79,103	415,400	402,299	499,437	481,402
IV. Interim dividend	(5,089)	(9,081)	(75,087)	(76,874)	(80,176)	(85,955)
V. Treasury stock						
VI. Result attributable to the controlling company	8,838	13,743	132,685	95,064	141,523	108,807
VII. Other equity instruments						
VIII. Valuation change adjustments	22,867	7,683	137,703	40,334	160,570	48,017
IX. Currency translation differences	334	629	13,001	12,400	13,335	13,029
Equity attributable to controlling company's shareholders	**160,466**	**141,744**	**1,018,704**	**868,037**	**1,179,170**	**1,009,781**
Minority interests	**20**	**24**			**20**	**24**
B) SUBORDINATED LIABILITIES						
C) TECHNICAL PROVISIONS	**624,340**	**483,999**	**2,732,601**	**2,579,760**	**3,356,941**	**3,063,759**
I. Provisions for unearned premiums and risk in progress						
II. Provisions for Life insurance	358,084	267,325	1,175,632	1,082,076	1,175,632	1,082,076
III. Provisions for claims	266,256	216,674			358,084	267,325
IV. Other technical provisions			1,556,969	1,497,684	1,823,225	1,714,358
D) PROVISIONS FOR RISK AND EXPENSES	**490**	**392**	**3,911**	**3,114**	**4,401**	**3,506**
E) DEPOSITS RECEIVED FOR CEDED AND RETROCEDED REINSURANCE	**5,867**	**7,556**	**35,314**	**46,942**	**41,181**	**54,498**
F) DEFERRED TAX LIABILITIES	**8,929**	**3,023**	**59,023**	**17,689**	**67,952**	**20,712**
G) DEBT	**41,205**	**32,456**	**274,154**	**250,308**	**315,359**	**282,764**
I. Due on reinsurance operations	32,236	26,361	258,231	227,481	290,467	253,842
II. Tax liabilities	906	974	8,136	9,592	9,042	10,566
III. Other debt	8,063	5,121	7,787	13,235	15,850	18,356
H) ACCRUAL ADJUSTMENTS	**81**	**692**	**51,825**	**56,564**	**51,906**	**57,256**
I) LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE AND FROM DISCONTINUED OPERATIONS						
TOTAL EQUITY AND LIABILITIES BY SEGMENT	**841,398**	**669,886**	**4,175,532**	**3,822,414**	**5,016,930**	**4,492,300**

(Figures in €000)

E) FINANCIAL INFORMATION BY SEGMENT – CONSOLIDATED INCOME STATEMENT FOR YEARS ENDING DECEMBER 31, 2014 AND 2013

	LIFE REINSURANCE		NON-LIFE REINSURANCE		TOTAL	
	2014	2013	2014	2013	2014	2013
I. REVENUES FROM INSURANCE BUSINESS						
1. Premiums allocated to the financial year, net	390,122	347,144	1,636,273	1,834,310	2,026,395	2,181,454
a) Direct insurance issued premiums	-	-	-	-	-	-
b) Accepted reinsurance premiums	522,442	425,711	2,820,890	2,827,994	3,343,332	3,253,705
c) Ceded reinsurance premiums	(59,295)	(54,827)	(1,080,595)	(1,050,347)	(1,139,890)	(1,105,174)
d) Variation in provisions for premiums and risk in progress, net	(73,025)	(23,740)	(104,022)	56,663	(177,047)	32,923
Direct insurance	-	-	-	-	-	-
Accepted reinsurance	(70,467)	(16,608)	(93,079)	66,697	(163,546)	50,089
Ceded reinsurance	(2,558)	(7,132)	(10,943)	(10,034)	(13,501)	(17,166)
2. Share of profits from companies recorded by the equity method	61	-	-	59	61	59
3. Revenues from investments	71,200	56,328	102,461	111,665	173,661	167,993
a) From operations	65,124	49,474	96,175	102,150	161,299	151,624
b) From equity	6,076	6,854	6,286	9,515	12,362	16,369
4. Unrealized gains from investments on behalf of Life insurance policyholders bearing the investment risk	-	-	-	-	-	-
5. Other technical revenues	-	-	-	-	-	-
6. Other non-technical revenues	387	124	1,786	1,792	2,173	1,916
7. Positive translation differences	55,823	36,793	327,972	265,561	383,795	302,354
8. Reversal of the asset impairment provision	-	-	-	68	-	68
TOTAL REVENUES FROM INSURANCE BUSINESS	**517,593**	**440,389**	**2,068,492**	**2,213,455**	**2,586,085**	**2,653,844**
II. EXPENSES FROM INSURANCE BUSINESS						
1. Claims ratio for the year, net	(355,786)	(296,804)	(1,055,104)	(1,193,810)	(1,410,890)	(1,490,614)
a) Claims paid and variation in provision for claims, net	(355,773)	(296,787)	(1,054,959)	(1,193,719)	(1,410,732)	(1,490,506)
Direct insurance	-	-	-	-	-	-
Accepted reinsurance	(380,421)	(333,172)	(1,519,827)	(1,692,599)	(1,900,248)	(2,025,771)
Ceded reinsurance	24,648	36,385	464,868	498,880	489,516	535,265
b) Claims-related expenses	(13)	(17)	(145)	(91)	(158)	(108)
2. Variation in other technical provisions, net	-	(2,551)	-	-	-	(2,551)
3. Profit sharing and returned premiums	-	-	-	-	-	-
4. Net operating expenses	(93,716)	(83,236)	(464,936)	(576,261)	(558,652)	(659,497)
a) Acquisition expenses	(121,825)	(101,235)	(660,839)	(738,213)	(782,664)	(839,448)
b) Administration expenses	(1,423)	(1,353)	(8,915)	(8,547)	(10,338)	(9,900)
c) Fees and participation in reinsurance	29,532	19,352	204,818	170,499	234,350	189,851
5. Sharing in losses of companies recorded by the equity method	(190)	(413)	-	-	(190)	(413)
6. Investment expenses	(3,145)	(6,484)	(20,875)	(48,725)	(24,020)	(55,209)
a) From operations	(2,895)	(5,644)	(19,488)	(42,337)	(22,383)	(47,981)
b) From equity and financial accounts	(250)	(840v	(1,387)	(6,388)	(1,637)	(7,228)
7. Unrealized losses from investments on behalf of Life insurance policyholders bearing the investment risk	-	-	-	-	-	-
8. Other technical expenses	(928)	(619)	(3,010)	(544)	(3,938)	(1,163)
9. Other non-technical expenses	(448)	(394)	(3,967)	(3,258)	(4,415)	(3,652)
10. Negative translation differences	(51,153)	(29,249)	(329,888)	(255,129)	(381,041)	(284,378)
11. Allowance to the asset impairment provision	(3)	(1,076)	(2,682)		(2,685)	(1,076)
TOTAL EXPENSES FROM INSURANCE BUSINESS	**(505,369)**	**(420,826)**	**(1,880,462)**	**(2,077,727)**	**(2,385,831)**	**(2,498,553)**
RESULTS FROM THE INSURANCE BUSINESS	**12,224**	**19,563**	**188,030**	**135,728**	**200,254**	**155,291**
IV. RESULTS BEFORE TAXES FROM ONGOING OPERATIONS	**12,224**	**19,563**	**188,030**	**135,728**	**200,254**	**155,291**
V. INCOME TAX ON ONGOING OPERATIONS	**(3,385)**	**(5,818)**	**(55,345)**	**(40,664)**	**(58,730)**	**(46,482)**
VI. RESULTS AFTER TAXES FROM ONGOING OPERATIONS	**8,839**	**13,745**	**132,685**	**95,064**	**141,524**	**108,809**
VII. RESULTS AFTER TAXES FROM DISCONTINUED ACTIVITIES	**-**	**-**	**-**	**-**	**-**	**-**

	LIFE REINSURANCE		NON-LIFE REINSURANCE		TOTAL	
	2014	2013	2014	2013	2014	2013
VIII. RESULT FOR THE FINANCIAL YEAR	**8,839**	**13,745**	**132,685**	**95,064**	**141,524**	**108,809**
1. Attributable to minority shareholders	(1)	(2)	-	-	(1)	(2)
2. Attributable to the controlling company	8,838	13,743	132,685	95,064	141,523	108,807

(Figures in €000)

F) FINANCIAL INFORMATION BY GEOGRAPHICAL AREAS FOR YEARS ENDING DECEMBER 31, 2014 AND 2013

GEOGRAPHICAL AREA	Revenue from external clients 2014	Revenue from external clients 2013	Non-current assets 2014	Non-current assets 2013
SPAIN	682,570	677,673	7,207	9,300
UNITED STATES OF AMERICA	270,378	244,789	7	895
BRAZIL	246,244	250,815	1,422	6,378
MEXICO	132,346	128,807	831	833
VENEZUELA	57,732	64,232	1,146	1,152
COLOMBIA	124,484	138,475	203	157
ARGENTINA	102,542	112,369	4,561	2,425
TURKEY	116,313	115,395	-	-
CHILE	119,784	113,126	10,682	2,537
OTHER COUNTRIES	1,490,940	1,408,024	11,691	12,607
TOTAL	**3,343,332**	**3,253,705**	**37,750**	**36,284**

(Figures in €000)

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

CONSOLIDATED ANNUAL REPORT

1. GENERAL INFORMATION ON THE ENTITY AND ITS ACTIVITY

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

The controlling company was incorporated in Spain and has its registered office at Paseo de Recoletos 25, in Madrid.

The controlling company has a series of central services located in Madrid, plus four subsidiaries, eight branches and six representative offices with a direct presence in 17 countries. Its scope of action includes Spain, various countries in the European Union, and a number of third countries, mainly in Latin America, and its activities encompass every kind of reinsurance business and line.

The controlling company is itself a subsidiary of MAPFRE, S.A. and belongs to the MAPFRE GROUP comprising MAPFRE, S.A. and various companies active in the insurance, financial, real estate and service sectors.

MAPFRE, S.A. is a subsidiary of CARTERA MAPFRE, S.L. Sociedad Unipersonal (hereinafter, CARTERA MAPFRE), which is wholly controlled by FUNDACIÓN MAPFRE.

The consolidated annual accounts were drawn up by the Board of Directors on March 3, 2015 and are expected to be approved at the Annual General Meeting. Under Spanish regulations, the consolidated annual accounts may be modified if they are not approved by the aforementioned governance body.

2. BASIS OF PRESENTATION FOR THE CONSOLIDATED ANNUAL ACCOUNTS

2.1 Basis of presentation

The group's consolidated annual accounts were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union, with all entities having carried out the required standardized adjustments.

The consolidated annual accounts were prepared on the cost-model basis, except for the available-for-sale financial assets, financial assets for trading and derivative financial instruments, which were recorded at fair value.

There was no early application of the rules and interpretations which, having been approved by the European Commission, had not entered force on the closing date of the 2014 financial year. However, their early adoption would have had no effect on the group's financial situation and results.

2.2 Financial information by segment

The controlling company voluntarily includes financial information by segment in Section E) of the consolidated annual accounts. The company's main segments by business line are Life Reinsurance and Non-Life Reinsurance.

In order to identify the main segments, the main activities and insurance lines under the group's management have been taken into account, as well as the qualitative thresholds laid down in the regulations.

The Consolidated Management Report provides additional information on the development and characteristics of the business.

2.3 Financial information by geographical area

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

These geographical areas 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

In the financial years 2014 and 2013 there were no changes in accounting policies, estimates or significant errors that could have had an effect on the group's financial position or results.

2.5 Comparison of information

There are no reasons preventing the comparison of the consolidated annual accounts of the current financial year with those of the preceding one.

The adoption of the new Rules and Interpretations applicable to financial years beginning after January 1, 2013 (modifications of IFRS 7, IAS 19 and IAS 12) and after January 1, 2014 (revised IAS 28 and modification of IAS 32) have had no effect on the group's financial position and results. Furthermore, IFRS 12 "Disclosure of Interests in Other Entities" and IFRS 13 "Fair Value Measurement", which came into force on January 1, 2014 and 2013 respectively, have not had an impact on the group's financial position and results. However, they have led to additional breakdowns which are provided in accordance with the provisions in the relevant notes of the consolidated annual report. IFRS 10 "Consolidated Financial Statements" and IFRS 11 "Joint Arrangements", which came into force on January 1, 2014, introduce new rules pertaining among other things to the definition of control and the consolidation methods to be used, respectively.

The group will adopt any applicable rules, amendments and interpretations when they come into force. It is estimated that their initial application will not have a significant impact on the group's financial position or results.

2.6 Changes in scope of consolidation

Appendix 1 identifies the companies and changes in the scope of consolidation that were introduced in 2014 and 2013, together with details of their equity and results.

The overall effect of the changes on the group's consolidated equity, financial position and results in 2014 and 2013 derived from other changes in the consolidation scope with respect to the preceding year is described in the relevant notes of the consolidated annual accounts.

In 2014 the company "Inversiones Ibéricas" was deconsolidated, and there were no significant changes in 2013.

2.7 Accounting judgments and estimates

In preparing the consolidated annual accounts under IFRS, the Board of Directors of the controlling company made judgments and estimates based on assumptions about the future and on uncertainties that basically refer to:

— Losses from impairment of certain assets.

— The calculation of provisions for risks and expenses.

— The actuarial calculation of liabilities and post-employment remuneration commitments.

— The useful life of intangible assets and of property, plant and equipment.

— The fair value of certain non-listed assets.

The estimates and assumptions used are regularly reviewed and are based on historical experience and other factors that may have been considered as more reasonable from time to time. If a change in the estimates were to take place in a given period as a consequence of these reviews, its effect would apply to that period and, where appropriate, to subsequent periods.

3. CONSOLIDATION

BASIS OF CONSOLIDATION

3.1. Controlled companies, associated undertakings and joint arrangements

The controlled companies, associated undertakings and joint arrangements included in the consolidation are identified and described in the capitalization table, which forms an integral part of the consolidated report as Appendix 1.

Companies are defined as controlled when the controlling company holds power over the investee entity, has exposure or rights to variable returns, and has the capacity to influence those returns through the power exercised in the entities. Controlled companies are consolidated from the date when the group acquires control, and are excluded from the consolidation on the date when it ceases to have such control. Consequently, the results relating to the part of the financial year during which the entities belonged to the group are included in the accounts.

Associated undertakings are entities in which the controlling company exercises a significant influence but which are neither controlled companies of joint arrangements.

Significant influence refers to the power of intervening in the investee company's decisions on financial and operating policies, but without having control or joint control over these policies. It is presumed that significant influence is exercised when the controlling company owns, either directly or indirectly through its controlled companies, at least 20 percent of the voting rights of the investee company.

Shareholdings in associated undertakings are consolidated by the equity method, including within the value of the shareholding the net goodwill identified on the acquisition date.

When the group's participation in the losses of an associated undertaking is equal to or higher than the book value of its stake, including any unsecured receivable, the group does not record additional losses, unless obligations have been incurred or payments have been made on behalf of the associated undertaking.

In determining whether an investee is a controlled or associated undertaking, account has been taken of the investee's purpose and design in order to determine its main activities, the way in which decisions about those activities are made, who currently has the capacity to manage those activities, and who receives returns on them. The following aspects have also been taken into account: the potential voting rights held and liable of exercise, call options on shares, debt instruments convertible into shares, and other instruments that provide the controlling company with the possibility of increasing or reducing its voting rights.

The financial statements of controlled companies and associated undertakings used for the consolidation correspond to the financial years closed at December 31, 2014 and 2013.

3.2. Conversion of annual accounts of foreign companies included in the consolidation

The group's functional and presentation currency is the euro. Accordingly, the balances and operations of group companies with a different functional currency are converted into euros at the closing exchange rate.

The exchange differences resulting from applying this procedure, as well as those arising from the conversion of loans and other foreign currency instruments covering investments in foreign operations, are presented as a separate component in the "Statement of Recognized Revenue and Expenses" and are shown under equity in the "Currency conversion differences" account, deducting the part of the difference that corresponds to Minority Interests.

Goodwill and fair value adjustments of assets and liabilities arising from the acquisition of group companies whose presentation currency is not the euro are treated as assets and liabilities of overseas operations. As such, they are stated in the functional currency of the overseas undertaking and converted at the closing exchange rate.

With the exception of reinsurance operations, all other transactions in foreign currencies are converted into each group company's functional currency at the exchange rate in force on the transaction date.

At the end of each quarter, the balances corresponding to monetary items in foreign currencies are converted at the euro exchange rate prevailing on that date, and all exchange differences are recorded in the P&L account. The only exceptions are monetary financial assets classified as available for sale and not covered by technical provisions in foreign currencies, where differences other than those caused by changes in the exchange rate that do not stem from the variation in their amortized cost are recognized in equity.

ADJUSTMENTS TO THE OPENING BALANCE

The columns of adjustments to the opening balance that appear in the various tables of the notes for the consolidated annual accounts include the variations resulting from the application of a different exchange rate for the conversion of figures corresponding to overseas subsidiaries.

The variations in the technical provisions recorded in the consolidated income statement differ from those obtained due to the difference in the balance sheet balances of the present and previous financial year. This is because a different exchange rate has been applied for the conversion of figures corresponding to overseas subsidiaries.

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, there being no dilutive potential ordinary shares, is shown below:

	2014	2013
Net profit attributable to controlling company's shareholders (thousands of euros)	141,523	108,807
Weighted average number of ordinary shares in issue (thousands of shares)	72,231	72,231
BASIC EARNINGS PER SHARE (EUROS)	**1.96**	**1.51**

4.2 Dividends

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

	TOTAL DIVIDEND		DIVIDEND PER SHARE	
ITEM	2014	2013	2014	2013
Interim dividend	80,176,485	85,954,971	1.11	1.19
Final dividend	1,444,621	-	0.02	-
TOTAL	**81,621,106**	**85,954,971**	**1.13**	**1.19**

(Figures in euros)

In 2014 the controlling company paid out two interim dividends equivalent to a total 80,176,485 euros. These are recorded in equity under the heading "Interim dividend". The final dividend for financial year 2014 has been proposed by the Board of Directors and is pending approval by the Ordinary Annual General Meeting.

The planned dividend payout complies with the requirements and limitations that are laid down in the legal regulations and the company's bylaws.

Below are the cash statements prepared by the Board of Directors for the two dividend payouts agreed in 2014.

ITEM	Date of resolution: 09/29/2014	Date of resolution: 12/03/2014
Cash available on the date of the resolution	**83,383**	**96,066**
Increases in cash forecast within one year		
(+) From expected current collection operations	300,000	300,000
(+) From financial operations	50,000	50,000
Reductions in cash forecast within one year		
(-) From expected current payment operations	(180,000)	(180,000)
(-) From expected financial operations	(80,000)	(80,000)
(-) From interim dividend payout	(56,340)	(23,836)
Cash available within one year	**117,043**	**162,230**

(Figures in €000)

5. ACCOUNTING POLICIES

The accounting policies applied in relation to the following items are as stated 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 measured at cost. If their useful life is finite they are amortized accordingly; if they have an indefinite useful life, they are tested for impairment at least once a year.

INTERNALLY GENERATED INTANGIBLE ASSETS

Research expenses are recognized directly in the consolidated income sheet in the year when they are incurred. Development expenses are recorded as an asset when their probability, feasibility and future recoverability may be reasonably guaranteed, and are carried at cost.

Capitalized development expenses are amortized over the period in which revenues or yields are expected to be obtained, without prejudice to the valuation that would be made if impairment occurred.

5.2 Property, plant and equipment and real estate investments

Property, plant and equipment, and real estate investments are carried at their acquisition cost less accumulated depreciation and, if applicable, accumulated impairment losses.

Costs incurred after their acquisition are recognized as an asset only when the future financial profits related to them are likely to revert to the group and the cost of the item may be accurately determined. Other repair and maintenance expenses are debited to the consolidated income statement during the financial year when they are incurred.

Property, plant and equipment and real estate investments are depreciated on a straight-line basis on the cost of acquisition of the asset less its residual value and less the value of land, based on the following periods of useful life of the different types of assets:

ITEM GROUP	Years	Annual ratio
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 the useful life of the assets are reviewed and adjusted, if required, on the closing date of each financial year.

The items of property, plant and equipment, and real estate investments are written off when they are sold or when they are no longer likely to generate future financial profits arising from their continued use. Gains or losses arising from the write-off are accounted for in the consolidated income statement.

5.3 Leases

Leases in which the lessor substantially retains the risks and rewards of ownership are classified as operating leases. Payments related to operating leases (net of any incentive received from the lessor) are debited to the consolidated income statement on a straight-line basis during the period of the lease.

5.4 Financial investments

RECOGNITION

Financial assets traded on secondary securities markets are all recognized on the settlement date.

CLASSIFICATION

Financial investments are classified into the following portfolios:

AVAILABLE-FOR-SALE PORTFOLIO
This portfolio includes debt securities not classified as “Held-to-maturity portfolio" or “Trading portfolio”, as well as the equity instruments of entities that are not controlled, associated undertakings or joint arrangements and that have not been included in the “Trading portfolio”.

TRADING PORTFOLIO
This portfolio includes the financial assets that are originated or acquired with a view to their short-term realization, which form part of a portfolio of jointly identified and managed financial instruments and which, according to recent experience, may give rise to short-term gains.

This portfolio also includes derivative instruments not allocated for hedging purposes and hybrid financial assets stated at fair value.

In the case of hybrid financial assets, which simultaneously include a main contract and a financial derivative, both items are segregated and treated independently for the purposes of their classification and valuation. Exceptionally, when this segregation is not feasible, hybrid financial assets are measured at their fair value.

ASSESSMENT

On their initial recognition in the balance sheet, all financial investments that form part of the aforementioned portfolios are recognized at the fair value of the consideration delivered, plus, in the case of financial investments that are not classified in the "Trading portfolio”, any dealing costs directly attributable to their acquisition.

Following their initial recognition, financial investments are measured at fair value, without deducting any dealing cost that might be incurred at sale or any other type of disposal, with the following exceptions:

a) Financial investments included in the "Held-to-maturity portfolio", which are measured at their amortized cost using the effective interest rate method.

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

b) Financial assets that are equity instruments and whose fair value may not be accurately estimated, as well as derivatives having the said instruments as underlying assets and that are settled by delivering them, which are measured at cost.

The fair value of the financial investments, including the financial derivatives classified as "Trading portfolio", is the amount that would be received for the sale of a financial asset, or paid for the transfer of a financial liability by means of a transaction ordered between market participants on the measurement date (Quoted price - Level 1). If this quoted price is not available, the fair value is determined, if there is observable market data, by restating the future financial flows, including the redemption value, at rates equivalent to the interest rates of swaps in euros, increased or reduced by the differential arising from the issuer's credit quality and standardized according to the issuer's quality and the maturity period (Level 2). If no observable market data are available, other measurement techniques are used in which some of the significant variables are not based on market data (Level 3). In this case, the most frequently used method is to request measurement by an independent financial institution.

The book value of financial investments is adjusted by debiting 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 in any other circumstance evidencing that the investment cost of the 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 securities in which there is default on interest and / or principal, the potential loss is estimated according to the issuer's situation. Other fixed income securities are valued on the basis of their credit rating and the degree of solvency of the issues, and any impairment is recorded when the risk of default is deemed likely.

In the case of equity instruments, an individual analysis of the investments is carried out in order to determine if they are impaired. In addition, a sign of impairment is deemed to exist when the market value shows an extended decline (18 months) or a significant decline (40 percent) with respect to its cost.

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

In the case of financial swaps of exchange of flows, the amounts accrued by the main operations are recognized, while the amount resulting from flows is recorded under "Other financial liabilities" or "Corporate and other credits", as the case may be.

5.5 Impairment of other assets

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

For assets that are no longer in a usable condition and for intangible assets with an indefinite useful life, the recoverable value is estimated independently of the existence or otherwise of signs of impairment.

If the book value exceeds the recoverable value, a loss for this excess is recognized and the book value of the asset is reduced to coincide with the recoverable value.

If there is an increase in the recoverable value of an asset other than goodwill, the previously recognized loss due to impairment is reversed and the book value of the asset is increased up to its recoverable value. This increase never exceeds the book value net of amortization that would be recorded if no impairment loss had been recognized in previous years.

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

5.6 Credits

These assets are generally measured at amortized cost, calculated pursuant to the effective interest rate method and deducting, if applicable, provisions for losses due to any perceived asset impairment.

When there is objective evidence that an impairment loss has occurred, the relevant provision has been made for the amount deemed not recoverable. This amount is equal to the difference between the book value of the asset and the present value of future cash flows, discounted at the original effective interest rate of the financial asset. The amount of the loss is recognized in the consolidated income sheet for the year.

5.7 Treasury

This heading comprises cash and cash equivalents.

Cash includes treasury bills and demand deposits.

Cash equivalents correspond to highly liquid short-term investments that can be easily converted into fixed amounts of cash and have an insignificant risk of change in value.

5.8 Accrual adjustments

The heading “Accrual adjustments” on the assets side basically includes fees and other acquisition expenses corresponding to accrued premiums subject to allocation to the period between the closing date and the termination of the coverage period of the contracts, with such expenses being those actually borne in the period, with the limit established in the technical bases.

On the liabilities side, the heading “Accrual adjustments” includes the amounts of fees and other acquisition expenses of ceded reinsurance that are to be allocated in the following year(s) pursuant to the coverage period of the ceded policies.

5.9 Reinsurance operations

A) PREMIUMS

ACCEPTED AND RETROCEDED REINSURANCE

Premiums corresponding to accepted reinsurance are recorded on the basis of the accounts received from ceding companies.

Retroceded reinsurance operations are recorded under the same criteria as accepted reinsurance, and pursuant to the retrocession contracts underwritten.

B) TECHNICAL PROVISIONS

B.1) ASSUMED REINSURANCE

Provision for unearned premiums

Accepted reinsurance operations are recorded on the basis of the accounts received from ceding companies. If the ceding company’s latest accounts are not available at the balance sheet closing date, the balance of the other received accounts is taken as the provision for unearned premiums of non-closed accounts so as not to recognize earnings in the recording of these accounts. Exceptionally, if these provisions for non-closed accounts were to be negatively affected by the recording of major claim payments, as a certain loss impossible to offset by movements of non-closed accounts, the provision is adjusted by the relevant amount.

When the latest account and the report on outstanding claims are available, the provisions of non-closed accounts are canceled, the corresponding provisions for unearned premiums are allocated according to the information provided by the ceding company, and they are accrued on a policy by policy basis.

Failing this, the amount recorded as the provision for unearned premiums is the amount of the deposit of premiums withheld for this reason, and as a final resort a global method for accruing premiums may be used.

Acquisition expenses reported by the ceding companies are accrued under the heading "Accrual adjustments" in the consolidated balance sheet assets, with these expenses corresponding to those actually borne in the period. If the ceding companies do not report the amounts, acquisition expenses are accrued on a risk by risk basis for facultative proportional reinsurance and globally for all other proportional business.

Provision for risks in progress

The provision for risks in progress is calculated on an individual business line basis and supplements the provision for unearned premiums where the amount does not reflect the value of risks and expenses to be covered during the coverage period not elapsed at the closing date.

Provision for outstanding claims

The provisions for claims are established in the amounts reported by the ceding company or, in the absence thereof, according to withheld deposits, and they include supplementary provisions for claims that have occurred and have not been reported and for any deviations of the existing provisions according to our own experience.

B.2) RETROCEDED REINSURANCE

Retroceded reinsurance operations and their corresponding technical provisions are recorded following the same criteria as for accepted reinsurance and according to the retrocession agreements underwritten.

B.3) LIABILITY ADEQUACY TEST

Technical provisions recorded in the accounts are periodically submitted to a reasonability test in order to determine their adequacy on the basis of the projections of all future cash flows of existing contracts. If the test shows these provisions to be insufficient, they are adjusted against the year's results.

C) CLAIMS RATIO

Claims corresponding to accepted reinsurance are recorded on the basis of the accounts received from the ceding companies and on the information obtained from the company's own historical experience.

Claims corresponding to ceded and retroceded reinsurance are recorded pursuant to the reinsurance contracts underwritten and under the same criteria as for direct insurance and accepted reinsurance, respectively.

D) KEY ASSUMPTIONS AND OTHER SOURCES FOR ESTIMATING UNCERTAINTIES

With respect to assets, liabilities, revenues and expenses arising from insurance contracts, as a general rule, the assumptions that were used as the basis for the issuance of the said contracts are as specified therein.

As a general rule, the estimates and hypotheses used are reviewed from time to time and are based on historical experience and on other factors that may have been considered more reasonable at a given time. If a change in the estimates were to take place in a given period as a consequence of these reviews, its effect would apply to that period and, if applicable, to subsequent periods.

The main assumption is based on the performance and development of claims, using the frequency and cost of claims over the last few years. Additionally, the estimates also take into account assumptions about interest and foreign exchange rates, delays in the payment of claims, and any other external factors that might have a bearing on the estimates.

With regard to liabilities, the assumptions are based on the best possible estimate at the time of issuance of the contracts. However, if a proven insufficiency becomes apparent, the provisions needed to cover this insufficiency are established.

During the year there have not been any significant amendments in the assumptions used to measure the liabilities arising from insurance contracts.

E) IMPAIRMENT

When there is objective evidence that an impairment loss of the assets derived from insurance and reinsurance contracts has been incurred, the general measurement criterion indicated in Note "5.6 Credits" is applied.

5.10 Provisions for risks and expenses

Provisions are recognized when the present obligation (either legal or implicit) exists as a result of a past event and a reliable estimate of the amount of the obligation may be made.

When a provision is expected to be recovered, partly or wholly, the reimbursement is recognized as a separate asset.

5.11 Debt

The items included under the heading "Debt" are generally measured at amortized cost using the effective interest rate method.

In the case of debt with maturity beyond one year, if the parties have not expressly agreed the applicable interest rate, debts are discounted using as the implicit financial interest that in force in the public debt market for securities with the same or similar term to the maturity of the debts, and also taking into account the relevant risk premium.

5.12 General criterion for revenues and expenses

The general principle applicable to the recognition of revenues and expenses is the accrual criterion, pursuant to which the allocation of revenues and expenses is made according to the actual flow of goods and services represented by them, irrespective of the date of the monetary or financial flow arising from them.

5.13 Remuneration to staff

Remuneration to staff may be short-term, post-employment benefits, termination payments, share-based payments and other long-term payments.

A. SHORT-TERM REMUNERATION

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

B. POST-EMPLOYMENT BENEFITS

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

DEFINED CONTRIBUTION PLANS
These are post-employment benefit plans in which the entity involved makes pre-determined contributions to a separate entity (whether linked to the group or external) and has no legal or implicit obligation to make any additional contributions in the event of an insufficiency of assets to honor the payment of benefits.

Therefore, the obligation consists solely in making the contribution that is agreed to a fund, and the amount of the benefits to be received by employees is determined by the contributions made plus the return obtained on the investments where the fund is materialized.

DEFINED BENEFIT PLANS
These are also post-employment plans but different from the defined contribution plans.

The liability recognized in the balance sheet in relation to defined pension schemes, recorded under the "Provisions for risks and expenses" heading, is equal to the present value of the defined benefit obligation on the balance sheet date, minus, if applicable, the fair value of the assets allocated to the plan or the value of the reimbursement right.

The obligation associated with the defined benefit is determined separately for each plan using the actuarial method to measure the projected unit credit.

The defined benefit plan obligations left on the balance sheet mainly correspond to retired members of staff.

C. TERMINATION PAYMENTS

Termination payments are recognized as a liability and as an expense when there is a demonstrable intention of termination of the labor relationship before the normal retirement date of employees, or when there is an offer to encourage the voluntary termination of labor contracts.

D. SHARE-BASED PAYMENTS

The MAPFRE GROUP has granted some of its executives in Spain an incentive plan linked to the share price of MAPFRE, S.A.

Share-based payments settled in cash are valued at the time they are granted using an option valuation method. The measured cost is charged to the balance sheet as a staff expense during the employee's vesting period, and a liability for the same amount in favor of the employee is recognized.

Every year the initial valuation is re-estimated, and the portion corresponding to that year is recognized in the balance sheet and the portion arising from the re-estimate corresponding to previous years.

This is a revocable plan in that it is subject to the executive remaining in the group's employment.

E) OTHER LONG-TERM REMUNERATION

The accounting record of other long-term remuneration items, other than those described in the preceding paragraphs and referring specifically to the years of service or time within the company, follows the aforementioned principles (the only exception is the cost of past services, which is recognized immediately and recorded as a contra entry under the "Provisions for risks and expenses" heading). Furthermore, in 2013 an exceptional medium-term incentive plan was approved for certain members of the group's executive team. The plan is not cumulative and is multi-year, commencing January 1, 2013 and ending March 31, 2016. Payment of the incentive depends on fulfilling certain corporate and specific objectives, as well as remaining in the group's employment until the plan's termination date. At the close of each year, fulfillment of the objectives is measured and the amount accrued in the year is recorded in the consolidated income statement with a payment to a provisions account.

5.14 Investment revenues and expenses

Revenues and expenses from investments are classified as operations and equity according to their origin, based on whether they are allocated to covering technical provisions or whether they materialize shareholders' equity, respectively.

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

A) TRADING PORTFOLIO

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

B) HELD-TO-MATURITY PORTFOLIO

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

C) AVAILABLE-FOR-SALE PORTFOLIO

Changes in fair value are recognized directly in the company's equity until the financial asset is written off or impairment is perceived, at which time they are recorded in the consolidated accounts.

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

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

The criteria followed for the reclassification of expenses according to their destination are mainly based on the duties performed by each employee, and their direct and indirect costs are distributed pursuant to these duties.

For expenses not directly or indirectly related to employees, individual analyses are performed and the expenses are allocated to the destination according to their function.

The established destinations are as follows:

— Claims-related expenses.

— Investments-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 business line that generated them:

— Accepted Life reinsurance.

— Accepted Non-Life reinsurance.

5.16 Transactions and balances in foreign currencies

With the exception of reinsurance operations, transactions in foreign currencies are converted into euros at the exchange rate in force on the transaction date.

Reinsurance operations in foreign currencies are recorded at the exchange rate established at the beginning of each quarter in the year. Subsequently, at the close of each quarter, they are all treated as a single operation, using the exchange rate in force at the time, and the corresponding difference is recorded in the consolidated income statement.

At year end, the existing balances in foreign currencies are converted at the euro exchange rate prevailing on that date, and all exchange differences are recorded in the consolidated income statement, the only exception being those which are directly allocated to "Currency conversion differences", i.e. those arising from the monetary items that form part of the net investment in a foreign operation and from the non-monetary ones measured at fair value, where changes in value are directly recognized in equity.

5.17 Income tax

Income tax is treated as an expense in the year and is recorded as such in the consolidated income statement, including both the tax charge for the current tax and the effect corresponding to the movement in deferred tax.

The balance method is used to determine this item, according to which the deferred tax assets and liabilities are recorded as necessary to correct the effect of temporary differences, which are the differences between the book value of an asset or liability and its fiscal value. Likewise, long-term deferred assets and liabilities are measured according to the rates that will apply in the financial years when the assets and liabilities are expected to be realized or paid, respectively.

Temporary differences may be either "Taxable temporary differences", which give 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 give rise to a lower amount of taxes payable in the future and, insofar as they may be recoverable, they are recorded as a deferred tax asset.

Meanwhile, income tax related to items where modifications in their value are directly recognized in equity is not allocated to the consolidated income statement but to equity, and the changes in value are recorded net of the tax effect.

.

6. BREAKDOWN OF THE CONSOLIDATED FINANCIAL STATEMENTS

6.1 Intangible assets

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

2014 Financial Year

ITEMS	Opening balance 2014	Adjustments to opening balance	Changes in perimeter	Additions or appropriations	Disposals, cancellations or reductions	Closing balance 2014
GOODWILL						
OTHER INTANGIBLE ASSETS	7,332	-	-	229	-	7,561
Portfolio acquisition expenses				-		
Software	7,332	-	-	229	-	7,561
Other				-		
COST	**7,332**	**-**	**-**	**229**	**-**	**7,561**
ACCUMULATED AMORTIZATION						
OTHER INTANGIBLE ASSETS						
Portfolio acquisition expenses						
Software	(5,326)	-	-	(736)	-	(6,062)
Other						
ACCUMULATED AMORTIZATION	**(5,326)**	**-**	**-**	**(736)**	**-**	**(6,062)**
IMPAIRMENT						
GOODWILL						
OTHER INTANGIBLE ASSETS						
Portfolio acquisition expenses						
Software						
Other						
IMPAIRMENT						
SUBTOTAL NET GOODWILL						
SUBTOTAL OTHER NET INTANGIBLE ASSETS	**2,006**	**-**	**-**	**(507)**	**-**	**1,499**
TOTAL NET INTANGIBLE ASSETS	**2,006**	**-**	**-**	**(507)**	**-**	**1,499**

(Figures in €000)

Year 2013

ITEMS	Opening balance 2013	Adjustments to 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						
Software	6,768	(6)	-	570	-	7,332
Other						
COST	6,768	(6)	-	570	-	7,332
ACCUMULATED AMORTIZATION						
OTHER INTANGIBLE ASSETS						
Portfolio acquisition expenses						
Software	(4,696)	6	-	(636)	-	(5,326)
Other						
ACCUMULATED AMORTIZATION	**(4,696)**	**6**	**-**	**(636)**	**-**	**(5,326)**
IMPAIRMENT						
GOODWILL						
OTHER INTANGIBLE ASSETS						
Portfolio acquisition expenses						
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)

The "Additions" in 2014 mainly correspond to the development of proprietary software ("Business analysis by reinsurer", "Condor BI Capital Model" and "Condor 2013").

The "entries" in 2013 mainly correspond to the development of proprietary software ("Technical study contracts", "Breakdown of Proportional claims" and "Condor 2013").

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

ITEM GROUP	Useful life (years)	Amortization rate (annual)
Software	4	25%

The amortization of intangible assets with a finite useful life has been recorded in the expenses account as "Amortization charges".

Totally amortized elements amount to 4.58 million euros in 2014 and to 3.90 million euros in 2013.

6.2 Property, plant and equipment and real estate investments

PROPERTY, PLANT AND EQUIPMENT

The following tables show the movement under this heading during the last two financial years:

Year 2014

ITEMS	Opening balance2014	Adjustments to opening balance	Changes in perimeter	Additions or appropriations	Disposals, cancellations or reductions	Closing balance 2014	Market value
COST							
PROPERTY FOR OWN USE	10,392	47	-	-	-	10,439	9,963
Land and natural resources	2,550	-	-	-	-	2,550	2,092
Buildings and construction	7,842	47	-	-	-	7,889	7,871
OTHER PROPERTY, PLANT AND EQUIPMENT	7,240	(161)	-	774	(282)	7,571	2,200
Vehicles	887	(6)	-	166	(201)	846	458
Furniture and fixtures	3,312	(144)	-	264	(47)	3,385	1,119
Other property, plant and equipment	3,041	(11)	-	344	(34)	3,340	623
Advances and fixed assets in progress	-	-	-	-	-	-	-
TOTAL COST	**17,632**	**(114)**	**-**	**774**	**(282)**	**18,010**	**12,163**
ACCUMULATED AMORTIZATION							
PROPERTY FOR OWN USE	(1,440)	-	-	(138)	-	(1,578)	
OTHER PROPERTY, PLANT AND EQUIPMENT	(5,027)	16	-	(526)	166	(5,371)	
TOTAL ACCUMULATED AMORTIZATION	**(6,467)**	**16**	**-**	**(664)**	**166**	**(6,949)**	
IMPAIRMENT							
PROPERTY FOR OWN USE	-	-	-	-	-	-	-
Land and natural resources	-	-	-	-	-	-	-
Buildings and constructions	-	-	-	-	-	-	-
OTHER PROPERTY, PLANT AND EQUIPMENT	-	-	-	-	-	-	-
Vehicles	-	-	-	-	-	-	-
Furniture and fixtures	-	-	-	-	-	-	-
Other property, plant and equipment	-	-	-	-	-	-	-
Advances and fixed assets in progress	-	-	-	-	-	-	-
TOTAL IMPAIRMENT	**-**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL PROPERTY FOR OWN USE	**8,952**	**47**	**-**	**(138)**	**-**	**8,861**	**9,963**
TOTAL OTHER PROPERTY, PLANT & EQUIPMENT	**2,213**	**(145)**	**-**	**248**	**(116)**	**2,200**	**2,200**

(Figures in €000)

Year 2013

ITEMS	Opening balance2014	Adjustments to opening balance	Changes in perimeter	Additions or appropriations	Disposals, cancellations or reductions	Closing balance 2014	Market value
COST							
PROPERTY FOR OWN USE	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
Vehicles	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 AMORTIZATION							
PROPERTY FOR OWN USE	(1,353)	29	-	(116)	-	(1,440)	-
OTHER PROPERTY, PLANT AND EQUIPMENT	(4,756)	212	-	(528)	45	(5,027)	-
TOTAL ACCUMULATED AMORTIZATION	**(6,109)**	**241**	**-**	**(643)**	**45**	**(6,467)**	**-**
IMPAIRMENT							
PROPERTY FOR OWN USE	-	-	-	-	-	-	-
Land and natural resources	-	-	-	-	-	-	-
Buildings and other structures	-	-	-	-	-	-	-
OTHER PROPERTY, PLANT AND EQUIPMENT	-	-	-	-	-	-	-
Vehicles	-	-	-	-	-	-	-
Furniture and fixtures	-	-	-	-	-	-	-
Other property, plant and equipment	-	-	-	-	-	-	-
Advances and fixed assets in progress	-	-	-	-	-	-	-
TOTAL IMPAIRMENT	**-**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL PROPERTY FOR OWN USE	**9,412**	**(344)**	**-**	**(116)**	**-**	**8,952**	**10,781**
TOTAL OTHER PROPERTY, PLANT & EQUIPMENT	**2,152**	**251**	**-**	**(163)**	**(27)**	**2,213**	**2,213**

(Figures in €000)

The main "entries" in 2014 correspond to the renewal of vehicles and other equipment in Brazil.

The main "disposals" in 2014 correspond to the renewal of vehicles.

The main "entries and disposals" in 2013 correspond to the renewal of vehicles.

The fully depreciated cost of fixed assets at the close of 2014 and 2013 was 2,369,000 euros and 2,011,000 euros, respectively.

REAL ESTATE INVESTMENTS

The following tables show the movement under this heading during the last two financial years:

Financial Year 2014

ITEMS	Opening balance 2014	Adjustments to opening balance	Changes in perimeter	Additions or appropriations	Disposals, cancellations or reductions	Closing balance 2014	Market value
COST							
INVESTMENT PROPERTY	9,158	(102)	-	-	-	9,056	6,742
Land and natural resources	1,750	(17)	-	-	-	1,733	1,322
Buildings and other structures	7,408	(85)	-	-	-	7,323	5,420
OTHER REAL ESTATE INVESTMENTS	-	-	-	-	-	-	-
TOTAL COST	**9,158**	**(102)**	**-**	**-**	**-**	**9,056**	**6,742**
ACCUMULATED AMORTISATION							
INVESTMENT PROPERTY	(3,466)	1	-	(173)	-	(3,638)	-
OTHER REAL ESTATE INVESTMENTS	-	-	-	-	-	-	-
TOTAL ACCUMULATED AMORTISATION	**(3,466)**	**1**	**-**	**(173)**	**-**	**(3,638)**	**-**
IMPAIRMENT							
INVESTMENT PROPERTY	-	-	-	-	-	-	-
Land and natural resources	-	-	-	-	-	-	-
Buildings and construction	-	-	-	-	-	-	-
OTHER REAL ESTATE INVESTMENTS	-	-	-	-	-	-	-
TOTAL IMPAIRMENT	**-**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL REAL ESTATE INVESTMENTS	**5,692**	**(101)**	**-**	**(173)**	**-**	**5,418**	**6,742**

(Figures in €000)

Financial Year 2013

ITEMS	Opening balance 2014	Adjustments to opening balance	Changes in perimeter	Additions or appropriations	Disposals, cancellations or reductions	Closing balance 2014	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 other structures	7,557	(149)	-	-	-	7,408	5,543
OTHER REAL ESTATE INVESTMENTS	-	-	-	-	-	-	-
TOTAL COST	**9,358**	**(200)**	**-**	**-**	**-**	**9,158**	**7,274**
ACCUMULATED AMORTISATION							
INVESTMENT PROPERTY	(3,269)	13	-	(210)	-	(3,466)	-
OTHER REAL ESTATE INVESTMENTS	-	-	-	-	-	-	-
TOTAL ACCUMULATED AMORTISATION	**(3,269)**	**13**	**-**	**(210)**	**-**	**(3,466)**	**-**
IMPAIRMENT							
INVESTMENT PROPERTY	-	-	-	-	-	-	-
Land and natural resources	-	-	-	-	-	-	-
Buildings and construction	-	-	-	-	-	-	-
OTHER REAL ESTATE INVESTMENTS	-	-	-	-	-	-	-
TOTAL IMPAIRMENT	**-**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL REAL ESTATE INVESTMENTS	**6,089**	**(187)**	**-**	**(210)**	**-**	**5,692**	**7,274**

(Figures in €000)

The market value of the real estate investments and properties for own use basically corresponds to the appraised value determined by an authorized independent appraisal entity based on the variables observed in the market (Level 2). The appraisal methods commonly used are the cost method, the comparison method, the future rental income method, and the abbreviated residual method, depending on the characteristics of the property being appraised.

Most properties are allocated to cover technical provisions and appraisals are conducted on a regular basis in line with the regulations issued by insurance supervisory authorities for appraisal reviews.

The impairment losses occurred in the year are recorded in the “Allowance to the asset impairment provision” account and the reversal under “Reversal of the asset impairment provision” in the consolidated income statement. No amounts were posted to these accounts in 2014 and 2013.

Revenues and expenses arising from real estate investments in the last two financial years are shown in the following table:

ITEM	TYPE OF INVESTMENT					
	OPERATING		EQUITY		TOTAL	
	2014	2013	2014	2013	2014	2013
Revenues from real estate investments						
From rentals	279	289	-	-	279	289
Gains on disposals						
TOTAL REVENUES FROM INVESTMENTS REAL ESTATE	**279**	**289**	**-**	**-**	**279**	**289**
Expenses from real estate investments						
Direct operating expenses	(54)	(51)	-	-	(54)	(51)
Other expenses	(64)	(8)	-	-	(64)	(8)
TOTAL EXPENSES FROM REAL ESTATE INVESTMENTS	**(118)**	**(59)**	**-**	**-**	**(118)**	**(59)**

(Figures in €000)

6.3 Leases

The group has the following items subject to operating lease agreements:

TYPE OF ASSET	NET BOOK VALUE		TERM OF THE AGREEMENT		MAXIMUM YEARS ELAPSED	
	2014	2013	2014	2013	2014	2013
Real estate in Belgium	3,747	3,893	16	17	15	14
Real estate in Chile	1,671	1,799	1	1	Renewable annually	Renewable annually
TOTAL	**5,418**	**5,692**				

(Figures in €000)

At the close of the last two financial years, the minimum future collections to be received from non-cancellable operating leases were as follows:

	Minimum receipts 2014	Minimum receipts 2013
Less than one year	746	785
More than one year but less than five	3,609	3,566
More than five years	3,811	3,837
TOTAL	**8,166**	**8,188**

(Figures in €000)

There are no contingent instalments recorded as income in financial years 2014 and 2013.

As a consequence of the rental contract for the headquarters, payments corresponding to renewable leases amount to 2,588,000 euros in 2014 and 2,601,000 euros in 2013.

The future minimum payments payable on non-cancellable operating leases as at December 31 were as follows:

	Minimum payments 2014	Minimum payments 2013
Less than one year	2,588	2,601
More than one year but less than five	0	2,601
More than five years	0	0
TOTAL	**2,588**	**5,202**

(Figures in €000)

There were no contingent payments recorded as expenses in financial years 2014 and 2013.

6.4 Financial investments

As at December 31, 2014 and 2013, the financial investments breakdown was as follows:

ITEM	BOOK VALUE	
	Year 2014	Year 2013
TOTAL HELD-TO-MATURITY PORTFOLIO	-	-
AVAILABLE-FOR-SALE PORTFOLIO		
Equities	182,046	152,301
Fixed income securities	2,816,614	2,428,794
Mutual funds	99,818	84,041
Other	-	-
TOTAL AVAILABLE-FOR-SALE PORTFOLIO	**3,098,478**	**2,665,136**
TRADING PORTFOLIO		
Other investments		
Equities	86	85
Fixed income securities	-	-
Mutual funds	39,966	39,364
Other	-	-
TOTAL TRADING PORTFOLIO	**40,052**	**39,449**

(Figures in €000)

The fair value measurements of the financial investments included in the available-for-sale portfolio and in the trading portfolio have been classified according to the levels of the variables used to measure them :

— Level 1. Quotation price: Unadjusted price quoted in active markets.

— Level 2. Observable data: Prices quoted in active markets for instruments similar to the one being measured or other measurement techniques in which all the significant variables are based on observable market data. The measurement is performed using a model that discounts future flows using a rate curve with two main components:

> Zero coupon swap curve of the currency of the issue, which is considered to be the best approximation to the interest rate without any risk.

> Differential of the additional risk, which will be the differential added to the zero coupon swap curve that reflects the risks inherent to the issue measured, such as: Credit risk, Liquidity and Optionality.

— Level 3. Other valuations: Variables specific to each case, although the financial assets at this level represent 0.16 percent of the total portfolio measured at fair value. For these purposes, it is possible to distinguish between:

> Variable annuity assets, where in general the realization value is estimated according to the individual characteristics of the asset.

> Fixed-income assets with complex future flow structures (interest rates linked to financial variables, with "caps" and/or "floors") and one or more early amortizations, and in which the issuer has no similar issues on the market or any unquoted issues from an issuer with no similar issues. In these cases, the assets are usually measured by requesting a valuation from a benchmark third party.

Changes in the observable variables used in the aforementioned individual measurements would not significantly alter the fair value obtained.

With regard to the sensitivity of fair value measurements, changes in the non-observable variables used in the aforementioned individual measurements would not significantly alter the fair value obtained.

Quotation values are monitored and verified on a regular basis in order to decide whether any transfers between levels are required:

1. If the quotation source for a particular asset is no longer representative, it is transferred from Level 1 to Level 2.

2. Assets are transferred from Levels 2 and 3 to Level 1 if a reasonable quotation source is verified.

3. Assets are transferred to Level 3 when there are no longer any observable market data.

AVAILABLE-FOR-SALE PORTFOLIO

The investments allocated to the available-for-sale portfolio as at December 31, 2014 and 2013 are shown below:

ITEM	MARKET VALUE						BOOK VALUE		IMPAIRMENT			
	LEVEL 1. QUOTATION PRICE		LEVEL 2. OBSERVABLE DATA		LEVEL 3. OTHER ASSESSMENTS				LOSS RECORDED		REVERSAL GAINS	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Equities	182,046	152,301	-	-	-	-	182,046	152,301	-	-	-	-
Fixed income securities	2,816,614	2,428,794	-	-	-	-	2,816,614	2,428,794	(3)	(57)	-	-
Mutual funds	99,818	84,041	-	-	-	-	99,818	84,041	-	-	-	-
TOTAL AVAILABLE-FOR-SALE PORTFOLIO	**3,098,478**	**2,665,136**	**-**	**-**	**-**	**-**	**3,098,478**	**2,665,136**	**(3)**	**(57)**	**-**	**-**

(Figures in €000)

The impairment loss recorded in 2014 and 2013 refers to available-for-sale investments in Chile.

The variations in valuation adjustments in the portfolio investments amount to 112.5 million and 36.9 million euros as at December 31, 2014 and 2013 respectively, and they have been recorded in equity net of the tax effect.

The transfers to the consolidated income statement of valuation adjustments in the portfolio investments of previous financial years, carried out during years 2014 and 2013, amount to 13.8 and 0.8 million euros net, respectively.

There have been no asset transfers between Levels 1 and 2 (Quotation value to Observable data).

There have been no variations to the measurement techniques used at Levels 2 and 3 of the fair value hierarchy (Observable data and Other valuations).

B) TRADING PORTFOLIO

The following table shows the investments allocated to the trading portfolio as at December 31, 2014 and 2013:

ITEM	MARKET VALUE						BOOK VALUE		GAINS (LOSSES) POSTED TO RESULTS			
	LEVEL 1. QUOTATION PRICE		LEVEL 2. OBSERVABLE DATA		LEVEL 3. OTHER ASSESSMENTS				UNREALIZED		REALIZED	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
OTHER TRADING PORTFOLIO INVESTMENTS												
Equities	86	85	-	-	-	-	86	85	-	-	-	-
Fixed income												
Mutual funds	39,966	39,364	-	-	-	-	39,966	39,364	-	-	-	-
Other												
TOTAL OTHER INVESTMENTS	**40,052**	**39,449**	**-**	**-**	**-**	**-**	**40,052**	**39,449**	**-**	**-**	**-**	**-**
TOTAL TRADING PORTFOLIO	**40,052**	**39,449**	**-**	**-**	**-**	**-**	**40,052**	**39,449**	**-**	**-**	**-**	**-**

(Figures in €000)

Trading portfolio gains and losses are recorded in the income statement, details of which can be found in Note 6.14 "Investment revenues and expenses".

6.5 Credits

The following table shows the different types of credits as at December 31, 2014 and 2013, as well as the impairment losses and gains from reversals of impairment recorded in the last two financial years:

ITEM	GROSS AMOUNT		IMPAIRMENT		NET BALANCE ON BALANCE SHEET		IMPAIRMENT LOSSES RECORDED		IMPAIRMENT REVERSAL GAINS		COLLATERAL HELD	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
I. Credits on reinsurance operations	309,487	259,360	(5,479)	(2,797)	304,008	256,563	(2,682)	-	-	68	-	-
II. Tax credits	15,643	8,460	-	-	15,643	8,460	-	-	-	-	-	-
III. Corporate and other credits	15,340	8,961	-	-	15,340	8,961	-	-	-	-	-	-
TOTAL	**340,470**	**276,781**	**(5,479)**	**(2,797)**	**334,991**	**273,984**	**(2,682)**	**-**	**-**	**68**	**-**	**-**

(Figures in €000)

The balances included under “Credits” do not accrue interest and as a general rule they are settled in the following year.

The "Credits on reinsurance operations" item includes outstanding balances from ceded, retroceded and accepted reinsurance operations.

The breakdown of "Corporate and other credits" at the close the last two financial years is shown below:

CORPORATE AND OTHER CREDITS	AMOUNT 2014	AMOUNT 2013
Credits on claim recovery	84	84
Balances receivable from staff	1,038	920
Other debtors	14,218	7,957
TOTAL	**15,340**	**8,961**

(Figures in €000)

6.6 Asset impairment

The following tables show asset impairment over the last two years:

2014 financial year

IMPAIRMENT IN	OPENING BALANCE	ADJUST-MENTS TO OPENING BALANCE	CHANGES IN PERIMETER	RECORDED IN RESULTS		RECORDED DIRECTLY IN EQUITY		CANCELLATION OF ASSET	CLOSING BALANCE
				Addition	Reduction	Addition	Reduction		
INTANGIBLE ASSETS									
I. Goodwill									
II. Other intangible assets									
PROPERTY, PLANT AND EQUIPMENT									
I. Property for own use									
II. Other property, plant and equipment									
INVESTMENTS	**985**	**(13)**	**-**	**3**	**-**	**-**	**-**	**-**	**975**
I. Real estate investments									
II. Financial investments	57	-	-	3	-	-	-	-	60
Held-to-maturity portfolio									
Available-for-sale portfolio	57	-	-	3	-	-	-	-	60
Trading portfolio	928	(13)	-	-	-	-	-	-	915
III. Investments recorded by applying the equity method									
IV. Deposits established for accepted reinsurance									
V. Other investments									
CREDITS	**2,797**	**-**	**-**	**2,682**	**-**	**-**	**-**	**-**	**5,479**
I. Credits on direct insurance and coinsurance operations									
II. Credits on reinsurance operations	2,797	-	-	2,682	-	-	-	-	5,479
III. Tax credits									
IV. Corporate and other credits									
V. Shareholders, called capital									
OTHER ASSETS									
TOTAL IMPAIRMENT	**3,782**	**(13)**	**-**	**2,685**	**-**	**-**	**-**	**-**	**6,454**

(Figures in €000)

2013 financial year

IMPAIRMENT IN	OPENING BALANCE	ADJUST-MENTS TO OPENING BALANCE	CHANGES IN PERIMETER	RECORDED IN RESULTS		RECORDED DIRECTLY IN EQUITY		CANCELLATION OF ASSET	CLOSING BALANCE
				Addition	Reduction	Addition	Reduction		
INTANGIBLE ASSETS									
I. Goodwill									
II. Other intangible assets									
PROPERTY, PLANT AND EQUIPMENT									
I. Property for own use									
II. Other property, plant and equipment									
INVESTMENTS	**-**	**(91)**	**-**	**1,076**	**-**	**-**	**-**	**-**	**985**
I. Real estate investments									
II. Financial investments	-	-	-	57	-	-	-	-	57
Held-to-maturity portfolio									
Available-for-sale portfolio									
Trading portfolio	-	-	-	57	-	-	-	-	57
III. Investments recorded by applying the equity method	-	(91)	-	1,019	-	-	-	-	928
IV. Deposits established for accepted reinsurance									
V. Other investments									
CREDITS	**2,864**	**1**	**-**	**-**	**(68)**	**-**	**-**	**-**	**2,797**
I. Credits on direct insurance and coinsurance operations									
II. Credits on reinsurance operations	2,864	1	-	-	(68)	-	-	-	2,797
III. Tax credits									
IV. Corporate and other credits									
V. Shareholders, called capital									
OTHER ASSETS									
TOTAL IMPAIRMENT	**2,864**	**(90)**	**-**	**1,076**	**(68)**	**-**	**-**	**-**	**3,782**

(Figures in €000)

6.7 Treasury

There are no significant monetary transactions related to investment and funding activities excluded from the cash flow statements.

The following table shows a breakdown of the cash balance in the last two financial years:

ITEM	2014	2013
Cash	73,586	116,101
Cash equivalents	39,701	45,794
TOTAL	**113,287**	**161,895**

(Figures in €000)

6.8 Equity

SHARE CAPITAL

Share capital is recorded as the face value of shares fully paid-up or the payment of which has been called.

The share capital of the controlling company as at December 31 in the last two financial years is represented as 72,231,068 shares, each with a face value of 3.10 euros, fully subscribed and paid up. All the shares confer the same voting and dividend rights.

In accordance with Article 297.1b) of the Spanish Corporations Act, the company's Board of Directors will propose to the Annual General Meeting that the share capital may be increased once or several times up to a maximum of 111,958,000 euros, equivalent to 50 percent of the current share capital, during the five years following the date of this resolution.

MAPFRE, S.A. held 91.53 % of the share capital as at December 31, 2014 and 2013.

The shares representing the controlling company's share capital are not listed on the stock exchange.

VALUATION CHANGE ADJUSTMENTS:

This includes the equity reserves arising as a consequence of revenues and expenses recognized in each year, which, pursuant to IFRS, must be recorded in the group's equity accounts.

The following table shows the nature of the "Valuation change adjustments" recorded under that Equity heading at the close of the last two financial years:

ITEM	AMOUNT 2014	AMOUNT 2013
Fixed income		
Capital gains	134,745	28,113
Capital losses		
Variable annuity and investment funds		
Capital gains	24,590	18,669
Capital losses		
Shadow accounting		
Other adjustments	1,235	1,235
TOTAL	**160,570**	**48,017**

RESTRICTIONS ON THE AVAILABILITY OF RESERVES

The "Share issue premium and reserves" heading includes the controlling company's legal reserve, amounting to 44.8 million euros in the last two financial years, which may not be distributed to shareholders, except in the event of the controlling company's liquidation, and may only be used to offset potential losses.

The same restriction applies to the legal reserves established by the subsidiaries and recorded in their balance sheets.

There are no other restrictions on the availability of reserves for any significant amount.

CAPITAL MANAGEMENT

MAPFRE has an internal capitalization and dividend policy that is designed to provide the business units with the capital necessary to cover the risks that have been accepted, all in a rational and objective way. Both the estimation of risks and the allocation of capital to the different units are described in Note 7 of the "risk management" report.

Meanwhile, the items forming part of the group's uncommitted equity conform to the requirements of current regulations.

The MAPFRE GROUP's solvency margin in financial years 2014 and 2013 amounts to 10.35 billion and 9.34 billion euros, respectively. These figures exceeded the required minimum (4 billion and 3.79 billion euros, respectively) by 2.59 times in 2014 and by 2.46 times in 2013.

6.9 Technical provisions

1. BREAKDOWN OF THE TECHNICAL PROVISIONS BALANCE

The following table breaks down the balance of each of the technical provisions recorded on the balance sheet in the last two financial years.

ITEM	ACCEPTED REINSURANCE		CEDED AND RETROCEDED REINSURANCE	
	2014	2013	2014	2013
1. Provisions for Non-Life unearned premiums and risks in progress	**1,175,632**	**1,082,076**	**279,755**	**290,325**
1.1 Provision for unearned premiums	1,175,632	1,082,076	279,755	290,325
1.2 Provision for risks in progress	-	-	-	-
2. Provisions for Life insurance	**358,084**	**267,325**	**14,609**	**17,145**
2.1 Provisions for unearned premiums and risks in progress	271,525	201,011	14,609	17,145
2.1.1 Provision for unearned premiums	271,525	201,011	14,609	17,145
2.1.2 Provision for risks in progress	-	-	-	-
2.2 Mathematical reserves	86,559	66,314	-	-
2.3 Provisions for profit sharing	-	-	-	-
3. Provisions for claims	1,823,225	1,714,358	393,477	400,842
3.1 Pending settlement or payment	1,823,225	1,714,358	393,477	400,842
3.2 Claims incurred but unreported (IBNR)	-	-	-	-
3.3 For claim settlement internal expenses	-	-	-	-
4. Other technical provisions	-	-	-	-
4.1 Funeral plan insurance	-	-	-	-
4.2 Others	-	-	-	-
TOTAL	**3,356,941**	**3,063,759**	**687,841**	**708,312**

(Figures in €000)

2. MOVEMENT OF EACH TECHNICAL PROVISION

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

A) Accepted reinsurance

2014 financial year

ITEM	Opening balance	Adjustments to opening balance	Changes in perimeter	Additions	Reversals	Closing balance
I. Provision for Non-Life unearned premiums and risks in progress	1,082,076	393	-	1,175,632	(1,082,469)	1,175,632
1. Provisions for unearned premiums	1,082,076	393	-	1,175,632	(1,082,469)	1,175,632
2. Provisions for risks in progress		-	-			-
II. Provision for Life insurance	267,325	(910)	-	358,084	(266,415)	358,084
1. Provisions for unearned premiums	201,011	30	-	271,525	(201,041)	271,525
2. Provisions for risks in progress	-	-	-	-	-	-
3. Mathematical reserves	66,314	(940)	-	86,559	(65,374)	86,559
4. Provision for profit sharing	-	-	-	-	-	-
III. Provision for claims	1,714,358	992	-	1,823,225	(1,715,350)	1,823,225
Accepted reinsurance	1,714,358	992	-	1,823,225	(1,715,350)	1,823,225
IV. Other technical provisions	-	-	-	-	-	-
TOTAL	**3,063,759**	**475**	**-**	**3,356,941**	**(3,064,234)**	**3,356,941**

(Figures in €000)

2013 financial year

ITEM	Opening balance	Adjustments to opening balance	Changes in perimeter	Additions	Reversals	Closing balance
I. Provision for Non-Life unearned premiums and risks in progress	1,156,306	(8,092)	-	1,082,076	(1,148,214)	1,082,076
1. Provisions for unearned premiums	1,156,306	(8,092)	-	1,082,076	(1,148,214)	1,082,076
2. Provisions for risks in progress	-	-	-	-	-	-
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 risks in progress	-	-	-	-	-	-
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
Accepted 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)

B) Retroceded reinsurance

2014 financial year

ITEM	Opening balance	Adjustments to opening balance	Changes in perimeter	Additions	Reversals	Closing balance
Provision for unearned premiums	290,325	166	-	279,755	(290,492)	279,755
Provision for Life insurance	17,145	6	-	14,609	(17,152)	14,609
Provision for claims	400,842	564	-	393,477	(401,404)	393,477
Other technical provisions	-	-	-	-	-	-
TOTAL	**708,312**	**736**	**-**	**687,841**	**(709,048)**	**687,841**

(Figures in €000)

2013 financial year

ITEM	Opening balance	Adjustments to 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)

2.2 MATHEMATICAL RESERVES

ITEM	ASSUMED (INWARD) REINSURANCE	
	2014	2013
MATHEMATICAL RESERVE AT BEGINNING OF YEAR	**66,314**	**71,864**
Adjustments to opening balance	(940)	(9,380)
Consolidation (balance of reserve on consolidation date)	-	-
Premiums	-	-
Technical interest	-	-
Allocated to profit sharing	-	-
Claim payments/receipts	-	-
Reserve adequacy test	-	-
Shadow accounting adjustments	21,185	3,830
Other		-
Deconsolidation (balance of reserve on deconsolidation date)		-
MATHEMATICAL RESERVE AT CLOSE OF YEAR	**86,559**	**66,314**

(Figures in €000)

3. OTHER INFORMATION

3.1 PROVISION FOR RISKS IN PROGRESS

The provision for risks in progress has been allocated according to the criteria stated in Note 5.9.

3.2 PERFORMANCE OF CLAIMS RATIO BY YEAR OF OCCURRENCE

Details on the performance of the claims ratio per year of occurrence in accepted reinsurance are not provided because, generally, ceding companies follow accounting methods other than year of occurrence.

The 2014 and 2013 figures have been used to carry out a survey on the adequacy of the technical provisions established at the close of these financial years. The survey was performed by a prestigious independent firm specialized in this field and confirmed the adequacy of these provisions.

6.10 Provisions for risks and expenses

The provisions for risks and expenses include the estimated amounts of externalized obligations, employee incentives and others derived from the activities of the group companies, which will be paid in the coming years. The estimated amount allocated and the settlement timeframe for the provisions are conditioned by uncertainties regarding the resolution of filed appeals and the performance of other parameters. In determining the value of the provision, it has not been necessary to make assumptions about future events.

The following tables show the changes in the provisions for risks and expenses in the last two financial years.

2014 financial year

ITEM	OPENING BALANCE	ADJUST-MENTS TO OPENING BALANCE	CHANGES IN PERIMETER	ENTRIES		DISPOSALS		CLOSING BALANCE	AMOUNT REIMBURSE-MENTS RECOGNIZED	MAXIMUM REVERSAL PERIOD
				Provisions allocated	Increased value on discount	Provisions applied	Provisions applied			
Provisions for staff incentives	1,546	-	-	1,692	-	(1,546)	-	1,692	-	-
Other provisions	1,960	-	-	1,613	-	(864)	-	2,709	-	-
TOTAL BOOK VALUE	**3,506**	**-**	**-**	**3,305**	**-**	**(2,410)**	**-**	**4,401**	**-**	**-**

(Figures in €000)

2013 financial year

ITEM	OPENING BALANCE	ADJUST-MENTS TO OPENING BALANCE	CHANGES IN PERIMETER	ENTRIES		DISPOSALS		CLOSING BALANCE	AMOUNT REIMBURSE-MENTS RECOGNIZED	MAXIMUM REVERSAL PERIOD
				Provisions allocated	Increased value on discount	Provisions applied	Provisions applied			
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)

"Other provisions" includes the following items: the defined benefit plans for the years 2014 and 2013 described in Note 6.18-2B of the report, for 434,000 and 449,000 euros respectively; the medium-term incentive plans for the years 2014 and 2013 described in Note 6.18-1 of the report, for 1,261,000 and 612,000 euros respectively; and the long-service bonuses for the years 2014 and 2013, for 872,000 and 782,000 euros, respectively.

6.11 Deposits received on ceded (outward) and retroceded reinsurance

Deposits on ceded and retroceded reinsurance represent guarantees given to reinsurers according to the reinsurance coverage contracts signed, pursuant to usual business practices. These deposits accrue interest of between 1.3 and 2 percent, and as a general rule the average renewal period is annual. This interest is settled quarterly.

6.12 Debts

The balances included under the headings of debts on reinsurance operations, tax debts and other debts do not accrue any interest to be paid and, generally, are settled in the following financial year.

6.13 Guarantees committed to third parties

The controlling company has presented the official authorities with letters of credit guaranteeing reserves for premiums and outstanding claims for 67.61 million and 86.72 million euros in 2014 and 2013, respectively. By virtue of these letters of credit, fixed income securities included in the available-for-sale portfolio for 456.13 million and 463.42 million euros in 2014 and 2013, respectively, were pledged to the ceding companies.

6.14 Investment revenues and expenses

The breakdown of revenues and expenses from investments for financial years 2014 and 2013 is shown below:

Revenues from investments

ITEM	REVENUES FROM INVESTMENTS TYPES				TOTAL	
	OPERATIONS		EQUITY			
	2014	2013	2014	2013	2014	2013
REVENUES FROM INTEREST, DIVIDENDS AND SIMILAR						
Real estate investments:	279	289	-	-	279	289
Rentals	279	289	-	-	279	289
Revenues from held-to-maturity portfolio:						
Fixed income						
Other investments						
Revenues from available-for-sale portfolio	84,986	82,672	8,073	8,432	93,059	91,104
Revenues from trading portfolio	1,111	689	590	1,293	1,701	1,982
Dividends of group companies						
Other financial returns	54,524	40,247	2,417	3,963	56,941	44,210
TOTAL REVENUES	**140,900**	**123,897**	**11,080**	**13,688**	**151,980**	**137,585**
REALIZED AND UNREALIZED GAINS						
Net realized gains:	20,399	27,727	1,282	2,681	21,681	30,408
Real estate investments						
Held-to-maturity portfolio financial investments						
Available-for-sale portfolio financial investments	20,399	27,727	1,275	2,681	21,674	30,408
Trading portfolio financial investments	-	-	7	-	7	-
Other						
Unrealized gains:						
Increase in fair value of trading portfolio						
Other						
TOTAL GAINS	**20,399**	**27,727**	**1,282**	**2,681**	**21,681**	**30,408**
TOTAL REVENUES FROM INVESTMENTS	**161,299**	**151,624**	**12,362**	**16,369**	**173,661**	**167,993**

(Figures in €000)

Investment expenses

ITEM	INVESTMENT EXPENSES TYPES				TOTAL	
	OPERATIONS		EQUITY			
	2014	2013	2014	2013	2014	2013
FINANCIAL EXPENSES						
Real estate investments:	118	59	-		118	59
Direct operating expenses	54	51			54	51
Other expenses	64	8			64	8
Expenses from held-to-maturity portfolio:						
Fixed income						
Other investments						
Expenses from available-for-sale portfolio	18,165	18,884	1,188	1,277	19,353	20,161
Expenses from trading portfolio						
Other financial expenses	2,290	5,567	231	3,649	2,521	9,216
TOTAL EXPENSES	**20,573**	**24,510**	**1,419**	**4,926**	**21,992**	**29,436**
REALIZED AND UNREALIZED LOSSES						
Net realized losses:	1,810	23,471	218	2,302	2,028	25,773
Real estate investments						
Held-to-maturity portfolio financial investments						
Available-for-sale financial investments	1,693	23,148	162	2,302	1,855	25,450
Trading portfolio financial investments	111	323	12		123	323
Other	6		44		50	
Unrealized losses:	-		-		-	
Reduction in fair value of trading portfolio						
Other						
TOTAL LOSSES	**1,810**	**23,471**	**218**	**2,302**	**2,028**	**25,773**
TOTAL INVESTMENT EXPENSES	**22,383**	**47,981**	**1,637**	**7,228**	**24,020**	**55,209**

(Figures in €000)

6.15 Operating expenses

A breakdown of net operating expenses by destination for the last two financial years is shown below.

ITEM	REINSURANCE	
	2014	2013
I. Acquisition expenses	782,664	839,448
II. Administration expenses	10,338	9,900
III. Fees and shares in ceded and retroceded reinsurance	(234,350)	(189,851)
IV. Operating expenses from other activities		
TOTAL NET OPERATING EXPENSES	**558,652**	**659,497**

(Figures in €000)

In accordance with their nature, all staff expenses and provisions for amortization charges in the last two financial years are shown below:

ITEM	AMOUNT	
	2014	2013
Staff expenses	31,712	28,231
Provisions for amortization charges	1,573	1,490
TOTAL	**33,285**	**29,721**

(Figures in €000)

The following table offers a breakdown of amortization charges per activity segment:

ITEM	AMOUNT	
	2014	2013
Reinsurance		
a) Life	247	223
b) Non-Life	1,326	1,267
Other activities	-	-
TOTAL	**1,573**	**1,490**

(Figures in €000)

6.16 Results of ceded and retroceded insurance

The results of ceded and retroceded reinsurance operations in financial years 2014 and 2013 are shown below:

ITEM	NON-LIFE		LIFE		TOTAL	
	2014	2013	2014	2013	2014	2013
Premiums (-)	(1,043,247)	(1,050,347)	(96,643)	(54,827)	(1,139,890)	(1,105,174)
Variation in provision for unearned premiums and risks in progress	(5,806)	(10,034)	(7,695)	(7,132)	(13,501)	(17,166)
Claims paid (+) Variation in provision for claims	453,877	498,880	35,639	36,385	489,516	535,265
Variation in mathematical reserves						
Variation in other technical provisions						
Participation of reinsurance in fees and expenses (+)	199,465	170,499	34,885	19,352	234,350	189,851
Other						
RESULTS OF CEDED AND RETROCEDED INSURANCE	**(395,711)**	**(391,002)**	**(33,814)**	**(6,222)**	**(429,525)**	**(397,224)**

(Figures in €000)

6.17 Fiscal position

A) TAX CONSOLIDATION REGIME

INCOME TAX
Since financial year 2002, MAPFRE RE has been one of the companies included for corporation tax purposes in Fiscal Group 9/85. This group is made up of MAPFRE, S.A. and those of its subsidiaries that are eligible for this tax regime.

Consequently, receivable and payable income tax amounts are recorded under "Corporate and other credits" and "Other debts" in the consolidated balance sheet.

VALUE ADDED TAX
Since financial year 2010, and for the purposes of value added tax, the controlling company has been one of the group companies included in VAT Group 87/10, formed by MAPFRE, S.A. as the controlling company and those of its controlled companies that agreed to join the group when it was created.

B) COMPONENTS OF INCOME TAX EXPENSES AND RECONCILIATION OF THE BOOK RESULT WITH THE TAX COST OF ONGOING OPERATIONS

Shown below for the financial years ending December 31, 2014 and 2013, are the main components of the income tax expenses from ongoing operations and the reconciliation between the income tax expenses and the product of multiplying the book result by the applicable tax rate.

The group has reconciled the amounts by aggregating reconciliations made separately using the national rates of each country.

ITEM	AMOUNT	
	2014 financial year	2013 financial year
Tax expense		
Earnings before taxes from ongoing operations	**200,254**	**155,291**
30% of the earnings before taxes from ongoing operations	(60,076)	(46,587)
Tax incentive for the financial year	5,404	6,370
Tax effect of the permanent differences	(3,924)	(4,918)
Tax effect of tax rates other than 30%	(134)	(1,347)
Total current tax expense originating in the financial year	**(58,730)**	**(46,482)**
Expense from current tax originating in previous years		
Credits from negative tax bases not recognized from previous periods, deductions pending application or temporary differences, use of negative tax bases, deductions pending application or temporary differences		
TOTAL TAX EXPENSE OF ONGOING OPERATIONS	**(58,730)**	**(46,482)**
Payable income tax		
Retentions and interim payments	40,653	36,371
Temporary differences	10,097	(1,292)
Tax credits and incentives applied, recorded in previous years		
Income tax on discontinued operations		
TOTAL (PAYABLE) OR RECEIVABLE	**(7,980)**	**(11,403)**

(Figures in €000)

With regard to Spanish companies, the general tax rate (30%) has been reduced by five percentage points for the next two years under the current regulations. In 2014 this change in taxation affected the measurement of future tax assets and liabilities, which were calculated according to the anticipated tax rates at the time. The deferred taxes recorded in previous years have been recalculated taking into account the new tax rates and recorded in the balance sheet or equity depending on the item from which they derive.

C) DEFERRED TAX ASSETS

The following tables show the movements in deferred tax assets in financial years 2014 and 2013, with a breakdown of the amounts for items directly debited or credited to equity accounts in each financial year.

2014 financial year

ITEM	OPENING BALANCE	ADJUSTMENTS OPENING BALANCE	CHANGES IN PERIMETER	FROM		WRITE-OFFS	CLOSING BALANCE
				Results	Equity		
- Measurement difference in financial investments	3	-	-	-	(1)	-	2
- Embedded derivatives							
- Measurement differences in mathematical reserves Due to adaptation to new tables Due to shadow accounting							
- Measurement differences in provisions for funeral plans							
- Capital increase expenses and other amortization charges							
- Tax credits on negative tax bases							
- Credits on tax incentives							
- Pension complements and other staff related commitments							
- Provisions for uncollected premiums							
- Sales of property developments pending delivery							
- Provisions for liabilities and others							
- Technical provision for claims							
- Other items	20,205	-	-	(2,275)	-	-	17,930
TOTAL DEFERRED TAX ASSETS	**20,208**	**-**	**-**	**(2,275)**	**(1)**	**-**	**17,932**

(Figures in €000)

2013 financial year

ITEM	OPENING BALANCE	ADJUSTMENTS OPENING BALANCE	CHANGES IN PERIMETER	FROM		WRITE-OFFS	CLOSING BALANCE
				Results	Equity		
- Measurement difference in financial investments	4,920	-	-	(7,635)	2,718	-	3
- Embedded derivatives							
- Measurement differences in mathematical reserves Due to adaptation to new tables Due to shadow accounting							
- Measurement differences in provisions for funeral plans							
- Capital increase expenses and other amortization charges							
- Tax credits on negative tax bases							
- Credits on tax incentives							
- Pension complements and other staff related commitments							
- Provisions for uncollected premiums							
- Sales of property developments pending delivery							
- Provisions for liabilities and others							
- Technical provision for claims							
- Other items	6,633	-	-	13,572	-	-	20,205
TOTAL DEFERRED TAX ASSETS	**11,553**	**-**	**-**	**5,937**	**2,718**	**-**	**20,208**

(Figures in €000)

The breakdown of "Other items" for the last two financial years is mainly due to the following reasons:

2014 FINANCIAL YEAR

— Foreign taxes for the sum of 16,278,000 euros.

— Pre-paid tax arising from remuneration commitments for the sum of 339,000 euros.

— Pre-paid taxes arising from pension commitments for the sum of 1,310,000 euros.

2013 FINANCIAL YEAR

— Foreign taxes for the sum of 17,994,000 euros.

— Pre-paid tax arising from impairment of subsidiaries for the sum of 706,000 euros.

— Pre-paid taxes arising from pension commitments for the sum of 1,321,000 euros.

The full amount of the deferred tax assets of fully consolidated companies as a result of the temporary differences accumulated as at December 31, 2014 and 2013 has been recorded in the balance sheets at the said dates.

The company believes future tax benefits are likely to exist against which the deferred tax assets recorded in 2014 and 2013 may be recovered. This consideration is based on the forecasts issued, which in turn are based on historical experience and reasonable assumptions that have been borne out in the past.

D) DEFERRED TAX LIABILITIES

The following tables show the movements in deferred tax liabilities for financial years 2014 and 2013.

2014 financial year

ITEM	OPENING BALANCE	ADJUSTMENTS OPENING BALANCE	CHANGES IN PERIMETER	FROM		WRITE-OFFS	CLOSING BALANCE
				Results	Equity		
Measurement difference in financial investments	20,067	(319)	-	(5,946)	39,443	-	53,245
Embedded derivatives	-	-	-	-	-	-	-
Stabilization and disaster provision	-	-	-	(1,784)	10,702	-	8,918
Portfolio acquisition and other acquisition expenses	-	-	-	-	-	-	-
Other	645	308	-	4,711	125	-	5,789
TOTAL DEFERRED TAX LIABILITIES	**20,712**	**(11)**	**-**	**(3,019)**	**50,270**	**-**	**67,952**

(Figures in €000)

2013 financial year

ITEM	OPENING BALANCE	ADJUSTMENTS OPENING BALANCE	CHANGES IN PERIMETER	FROM		WRITE-OFFS	CLOSING BALANCE
				Results	Equity		
Measurement difference in financial investments	10,599	(41)	-	(8,974)	18,483	-	20,067
Embedded derivatives	-	-	-	-	-	-	-
Stabilization and disaster provision	-	-	-	-	-	-	-
Portfolio acquisition and other acquisition expenses	-	-	-	-	-	-	-
Other	782	-	-	(137)	-	-	645
TOTAL DEFERRED TAX LIABILITIES	**11,381**	**(41)**	**-**	**(9,111)**	**18,483**	**-**	**20,712**

(Figures in €000)

The "Other" balance is mainly due to the following reasons:

2014 FINANCIAL YEAR

— Deferred taxes arising from staff commitments for the sum of 204,000 euros.

— Tax deductible losses for the sum of 5,000 euros.

— Foreign taxes for the sum of 5,434,000 euros.

2013 FINANCIAL YEAR

— Deferred taxes arising from staff commitments for the sum of 232,000 euros.

— Tax deductible losses for the sum of 412,000 euros.

The full amount of the deferred tax liabilities of fully consolidated companies as a result of the temporary differences accumulated as at December 31, 2013 and 2012 has been recorded in the balance sheets at the said dates.

E) TAX INCENTIVES

A breakdown of tax incentives in fully consolidated companies for financial years 2014 and 2013 is shown below.

METHOD	FINANCIAL YEAR	SUM APPLIED IN FINANCIAL YEAR		SUM PENDING APPLICATION		SUM NOT RECORDED		DEADLINE FOR APPLICATION	
		2014	2013	2014	2013	2014	2013	2014	2013
Deduction for investments									
Deduction for double taxation	-	4.919	5.732	-	-	-	-	-	-
Job creation									
Other	-	485	638	-	-	-	-	-	-
TOTAL	**-**	**5.404**	**6.370**	**-**	**-**	**-**	**-**	**-**	**-**

(Figures in €000)

F) VERIFICATION BY TAX AUTHORITIES

Pursuant to current legislation, the tax returns filed for the different taxes cannot be considered definitive until they have been inspected by the tax authorities or until the statute of limitations (four years for Spanish companies) has elapsed.

At December 31, all of the company's taxes relating to years 2010 to 2014 are open to inspection, as is the corporation tax for 2009. In the opinion of the company's advisors, there is only a remote possibility of tax liabilities significantly affecting the company's financial position at December 31, 2013.

6.18 Remuneration to staff and related liabilities

1. STAFF EXPENSES

The following table shows a breakdown of staff expenses in the last two financial years.

ITEM	AMOUNT	
	2014	2013
a) Short-term remuneration	**26,889**	**25,608**
a.1) Wages and salaries	19,869	19,323
a.2) Social security	3,899	3,786
a.3) Other remuneration	3,121	2,499
b) Post-employment benefits	**1,533**	**1,189**
b.1) Defined contribution commitments	1,427	1,092
b.2) Defined benefit commitments	106	97
c) Termination payments	**2,683**	**790**
d) Share-based payments	**(42)**	**32**
e) Other long-term remuneration	**649**	**612**
TOTAL	**31,712**	**28,231**

(Figures in €000)

2. POST-EMPLOYMENT AND OTHER BENEFITS

A) DESCRIPTION OF THE DEFINED BENEFIT PLANS CURRENTLY IN FORCE

The defined benefit plans in force are instrumented through insurance policies, are measured pursuant to the provisions described in the accounting policies, and are those where the benefit is determined according to end salaries, with the benefit paid as a life annuity, subject to review in line with the annual consumer price index (CPI).

They all refer to retired staff.

B) AMOUNTS RECOGNIZED IN THE BALANCE SHEET

Reconciliation with 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	2014	2013
Present value of obligation at 1 January	**449**	**451**
Cost of services in current year		
Interest cost	20	21
Contributions made by plan members		
Actuarial gains and losses	4	3
Modifications due to exchange rate changes		
Benefits paid	(26)	(25)
Cost of past services		
Settlements	(13)	(1)
Other items		
Actual value of obligation at December 31	**434**	**449**

(Figures in €000)

The following table shows the reconciliation of the opening and closing balances of assets allocated to the plan and reimbursement rights in the last two financial years.

ITEM	2014	2013
Value of reimbursement rights and assets allocated to the plan at 1 January	**449**	**451**
Expected return from allocated assets	20	21
Actuarial gains and losses	4	3
Modifications due to exchange rate changes		
Contributions by the employer		
Contributions made by plan members		
Benefits paid	(26)	(25)
Settlements		
Other items	(13)	(1)
Value of reimbursement rights and assets allocated to the plan at December 31	**434**	**449**

(Figures in €000)

C) AMOUNTS RECOGNIZED IN THE CONSOLIDATED INCOME STATEMENT

The following table shows the amounts recognized in the consolidated income statement of financial years 2014 and 2013 for the aforementioned plans.

ITEM	2014	2013
Cost of services in current year		
Interest cost	20	21
Expected return from assets allocated to the plan		
Expected return from any reimbursement right recognized as an asset	(20)	(21)
Actuarial gains and losses		
Cost of past services recognized in the year		
Effect of any reduction or settlement		
Other items		
TOTAL EXPENSE RECOGNIZED IN INCOME STATEMENT	**-**	**-**

(Figures in €000)

D) RETURNS

The expected rate of return is determined according to the guaranteed yield in the allocated insurance policies.

The actual return on the assets allocated to the plan, and on the investments allocated to the cover of mathematical reserves, amounted to 20,000 and 21,000 euros in 2014 and 2013, respectively.

E) ASSUMPTIONS

The main actuarial assumptions used at the closing date of the last two financial years were as follows: mortality tables PERM/F-2000, annual CPI of 3 percent in both financial years, the discount rates and expected return on allocated assets being identical as products with cash flow matching.

F) ESTIMATES

Contributions to the defined benefit plans in financial year 2015 are not envisaged.

3. SHARE-BASED PAYMENTS

The Extraordinary Shareholders Meeting of MAPFRE, S.A. on July 4, 2007 approved the incentive plan linked to the value of the shares for MAPFRE GROUP executives, as described below:

— Formula: Each participant is granted the right to receive in cash an amount of money equivalent to the result of multiplying the number of shares of MAPFRE, S.A. theoretically assigned by the difference between the simple arithmetical mean of the closing quotation prices on the trading sessions of the 30 workdays preceding the notification date of the financial year and the simple arithmetical mean of the closing quotation prices on the trading sessions corresponding to the 30 workdays immediately preceding the date of inclusion in the plan. However, in the initial group of participants this reference was replaced with the closing share price on December 31, 2006, which was 3.42 euros per share.

— Exercise of the right: The right can be exercised up to a maximum of 30 percent during the month of January of the fourth year, up to a maximum of 30 percent during the month of January of the seventh year, and for the remaining amount during the month of January of the tenth year. The deadline for exercising all the rights granted is the last day of the third period mentioned above.

The number of benchmark shares taken into account for the purpose of calculating the remuneration was 219,298 in the last two financial years, with a strike price of the aforementioned 3.42 euros per share.

No participants have left the plan in the last two financial years.

In order to obtain the fair value of the granted options, the measurement model based on binomial trees was applied to the calculation, taking the following parameters into account:

— For the non-risk interest rate, the zero coupon was considered, derived from the Interest Rate Swap of the euro to the maturity of the option.

— For the return on dividends, the one resulting from the dividends paid against the last closed year (2013) and the quotation at the close of 2014 was considered.

— The volatility of the underlying asset was that resulting from the performance of the MAPFRE, S.A. share quotation during 2014.

In line with these parameters, this remuneration system is measured and recognized in the income statement pursuant to the rules explained in Note 5.13 of the annual report. Staff expenses recorded in the income statement for this item amount to (42,000) and 32,000 euros 2014 and 2013, respectively, with a liability being recognized for the same amount.

At the close of 2014 and 2013 the total book value of the liabilities recorded in relation to the share-linked incentive plan was 28,000 and 32,000 euros respectively (with zero embedded value at both dates).

At the close of the year no rights had been exercised, which means that they will all be exercised if applicable in January 2017.

4. NUMBER OF EMPLOYEES

The following table shows the number of employees for the last two financial years, classified by category and gender, and distributed by geographical area.

ITEM	EXECUTIVES		ADMIN		SALES		OTHER		TOTAL	
	2014		2014		2014		2014		2014	
	Hombres	Mujeres	Hombres	Mujeres	Hombres	Mujeres	Hombres	Mujeres	Hombres	Mujeres
SPAIN	23	15	7	23	15	5	40	31	85	73
UNITED STATES OF AMERICA	1	1	-	3	-	-	1	6	2	10
BRAZIL	3	-	-	2	-	-	8	4	11	6
REST OF AMERICA	5	1	9	15	-	-	15	11	29	27
CHILE	1	-	2	4	-	-	8	4	11	8
EUROPE	14	6	1	9	-	-	9	10	24	25
PHILIPPINES	1	1	1	1	-	-	1	3	3	5
TOTAL AVERAGE NUMBER OF EMPLOYEES	**48**	**24**	**20**	**57**	**15**	**5**	**82**	**69**	**165**	**154**

ITEM	EXECUTIVES		ADMIN		SALES		OTHER		TOTAL	
	2013		2013		2013		2013		2013	
	Hombres	Mujeres	Hombres	Mujeres	Hombres	Mujeres	Hombres	Mujeres	Hombres	Mujeres
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**

6.19 Earnings on exchange differences

Exchange gains other than those arising from financial instruments measured at fair value, allocated to the consolidated income statement, amount to 383.7 million and 302.3 million euros in financial years 2014 and 2013, respectively.

Exchange losses other than those arising from financial instruments measured at fair value, allocated to the consolidated income statement, amount to 381.0 million and 284.4 million euros in financial years 2014 and 2013, respectively.

The reconciliation of the exchange differences recognized in equity at the beginning and the end of the year, in 2014 and 2013, is shown below.

DESCRIPTION	AMOUNT	
	2014	2013
Exchange differences at the beginning of the year	**13,029**	**29,655**
Net exchange differences on conversion of financial statements	(478)	(15,239)
Net exchange differences on valuation of non-monetary items	784	(1,387)
Exchange differences at the end of the year	**13,335**	**13,029**

(Figures in €000)

As at December 31, 2014 and 2013, the net exchange differences arising from the conversion into euros of the financial statements of group companies whose functional currency is not the euro are:

FULLY CONSOLIDATED COMPANIES		FULLY CONSOLIDATED COMPANIES					
		TRANSLATION DIFFERENCES					
	GEOGRAPHICAL AREA	POSITIVE		NEGATIVE		NET	
		2014	2013	2014	2013	2014	2013
INVERSIONES IBERICAS	CHILE	-	248	-	-	-	248
MAPFRE CHILE RE	CHILE	1,989	2,192	-	-	1,989	2,192
MAPFRE RE BRASIL	BRAZIL	-	-	(11,240)	(11,527)	(11,240)	(11,527)
RMI	UNITED STATES OF AMERICA	2	-	-	-	2	-
MAPFRE RE	SPAIN	22,584	22,116	-	-	22,584	22,116
TOTAL		**24,575**	**24,556**	**(11,240)**	**(11,527)**	**13,335**	**13,029**

(Figures in €000)

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

COMPANY		EXCHANGE DIFFERENCES RECOGNIZED DIRECTLY IN EQUITY					
		TRANSLATION DIFFERENCES					
	GEOGRAPHICAL AREA	GAINS		LOSSES		NET	
			2013	2014	2013	2014	2013
MAPFRE RE	SPAIN	415	-	-	(87)	415	(87)
TOTAL		**415**	**-**	**-**	**(87)**	**415**	**(87)**

(Figures in €000)

6.20 Contingent assets and liabilities

At the close of the annual accounts there are contingent assets arising from the positive performance of MAPFRE Reinsurance Corporation (M.R.C.), whose financial effect is estimated at $0.59 million. The contract of sale of this company to MAPFRE USA contemplates an adjustment in the price after three years, extended to four years in July 2015, according to the business performance of M.R.C. This adjustment, if applied, will have a ceiling of $3 million.

6.21 Transactions with related parties

All transactions with related parties have been conducted at market conditions.

OPERATIONS WITH GROUP COMPANIES

The operations conducted between group companies, with a null effect on results because they have been eliminated in the consolidation process, are shown below:

ITEM	EXPENSES		INCOME	
	2014	2013	2014	2013
Services received/provided and other expenses/revenues	1,227	1,244	1,227	1,244
Expenses/revenues from real estate investments				
Expenses/revenues from investments and financial accounts				
Dividends paid out	-	-	2,627	1,864
TOTAL	**1,227**	**1,244**	**3,854**	**3,108**

(Figures in €000)

The table below shows the amounts included in the consolidated income statement as a result of transactions conducted during the year with higher consolidated groups:

ITEM	EXPENSES	
	2014	2013
Expenses/revenues from real estate investments	2,588	2,601
Expenses/revenues from investments and financial accounts	2,060	2,088
Services received/provided and other expenses/revenues	3,444	2,424
Dividends paid out		
TOTAL	**8,092**	**7,113**

(Figures in €000)

REINSURANCE OPERATIONS

The reinsurance operations conducted between consolidated group companies and eliminated in the consolidation process are shown below:

ITEM	EXPENSES		INCOME	
	2014	2013	2014	2013
Ceded/accepted premiums	15,473	19,902	(13,304)	(20,359)
Claims	9,198	13,740	(9,144)	(12,859)
Changes in technical provisions	4,234	8,207	(4,165)	(8,596)
Fees	(3,572)	(5,256)	2,965	5,142
Other technical revenues and expenses	-	-	-	-
TOTAL	**25,333**	**36,593**	**(23,648)**	**(36,672)**

(Figures in €000)

The reinsurance operations conducted with the higher consolidated group (MAPFRE, S.A.) are shown below:

ITEM	INCOME/EXPENSES			
	ASSUMED REINSURANCE		CEDED REINSURANCE	
	2014	2013	2014	2013
Premiums	1,488,266	1,420,593	(87,264)	(94,005)
Claims	(719,068)	(819,567)	22,301	25,623
Fees	(337,433)	(294,910)	11,823	9,351
TOTAL	**431,765**	**306,116**	**(53,140)**	**(59,031)**

(Figures in €000)

The following tables show the balances with reinsurers and ceding companies, deposits established and technical provisions on reinsurance operations with consolidated group companies, which have been eliminated in the consolidation process, and with the consolidated company MAPFRE, S.A.:

ITEM	BALANCES ELIMINATED				BALANCES NOT ELIMINATED			
	ASSUMED REINSURANCE		CEDED REINSURANCE		ASSUMED REINSURANCE		CEDED REINSURANCE	
	2014	2013	2014	2013	2014	2013	2014	2013
Credits and debts	300	2,140	-	-	99,303	79,856	(103,416)	(65,042)
Deposits	(461)	(949)	(453)	(942)	74,700	85,383	49	(648)
Technical provisions	(13,718)	17,834	(14,273)	(18,522)	(857,252)	(793,548)	47,730	57,057
TOTAL	**(13,879)**	**19,025**	**(14,726)**	**(19,464)**	**(683,249)**	**(628,309)**	**(55,637)**	**(8,633)**

(Figures in €000)

REMUNERATION OF KEY MANAGERIAL STAFF

The following table shows the remuneration received in the last two financial years by key managerial staff (understood as members of the controlling company's Board of Directors, Management Committee and Steering Committee):

ITEM	AMOUNTS	
	2014	2013
Short-term benefits		
Salaries	726,50	637,36
Fixed allowances	176,26	199,65
Attendance fees	38,88	39,58
Life insurance	26,87	26,77
Other items	7,38	9,55
Post-employment benefits		
Defined contribution	388,61	173,91
Reward for permanence	3,01	2,75
TOTAL	**1,367,51**	**1,089,57**

Figures in €000

External directors' basic remuneration consists of an annual fixed allowance as members of the Board of Directors, which amounted to 29,377 euros in 2014 and 2013.

In addition, they benefit from a Life insurance policy with an insured capital of 150,253 euros in the event of death, and they also enjoy some of the benefits extended to staff, such as medical insurance.

External directors serving on management or steering committees also receive an attendance allowance, which amounted to 3,240 euros in 2014 and 2013.

Executive directors receive the remuneration established in their contracts, including a fixed salary, incentives with varying amounts linked to results, life and disability insurance, and other general benefits established for the entity's staff. They also receive certain pension complements for the event of retirement, externalized through a life insurance policy and materialized in defined contribution plans. All of these payments are pursuant to the remuneration policy established by the group for its top executives, whether or not they are directors. Executive directors do not receive the remuneration established for external directors.

Additionally in 2014 and 2013, in line with the remuneration policy, expenses were accrued for medium-term incentives to the tune of 300,000 euros.

An additional 3,000 euros were recorded as long-service bonuses.

GRANTS

In 2014 and 2013 an official grant was received for preferential contracts (Social Security) and on-the-job training *(Fundación Tripartita)* all posted to the year's results.

ITEM	GRANT	GRANT
	2014	2013
At January 1		
Received during the year	28	15
Transferred to earnings	28	15
At December 31		

(Figures in €000)

There has been no breach of the conditions or contingencies associated with these grants.

7. RISK MANAGEMENT

Risk management objectives, policies, and processes

MAPFRE's Risk Management System (RMS) is based on the integrated management of each and every business process, and on the adaptation of risk levels to the established strategic objectives. The different types of risks have been grouped under four areas, or categories, as shown below:

Operational risk	This covers 23 types of risks grouped into the following areas: actuarial, legal, technology, staff, collaborators, procedures, reporting, fraud, market and tangible assets.
Financial and credit risk	This includes interest rate, liquidity, exchange rate, market and credit risks.
Insurance activity risk	These groups together, separately for Life and Non-Life, premium shortfalls, adequacy of technical provisions, and reinsurance risks.
Strategic and corporate governance risk	This includes business ethics and corporate governance risks as well as those related to the organizational structure, alliances, mergers and acquisitions, and regulatory and competition risks.

Operational risk

Operational and business process risks are identified and assessed using Riskm@p, a proprietary software application developed by MAPFRE which draws up risk maps for entities, analyzing the significance and probability of occurrence of the different risks.

Riskm@p is also the corporate tool used for handling the control activities (process manuals, inventory of controls associated with risks and evaluation of their effectiveness) and the corrective measures established to mitigate or reduce the risks and/or improve the control environment.

The operational risk management model consists of a process-based dynamic analysis of the company, which enables the managers of each area or department to identify and assess the potential risks affecting the following business and support processes: Product Development, Underwriting, Claims / Benefits, Administrative Management, Commercial Activities, Human Resources, Committees, Coinsurance / Reinsurance, Technical Provisions, Investments, IT Systems, and Customer Service.

Financial and credit risk

MAPFRE mitigates its exposure to this type of risk by means of a prudent investment policy, with a high proportion of investment-grade fixed-income securities.

In the management of investment portfolios, a distinction is made between those that seek to match the obligations arising from the insurance contracts and those where active management is conducted. The former minimize exchange rate risks and other price variation risks, while the other type accepts a certain degree of market risk, as follows:

— In the portfolios that do not cover long-term liability commitments, the interest rate risk is managed by modified duration.

— Exposure to exchange rate risk is minimized in the case of insurance liabilities. Exposure to this type of risk may not exceed a fixed percentage of assets qualified for the cover.

— Investments in shares are subject to an investment portfolio ceiling.

— The risk limitations are established in quantitative terms measured against easily-observable variables. However, a probabilistic risk analysis is also conducted based on past volatilities and correlations.

With regard to the credit risk, MAPFRE's policy is based on maintaining a prudent diversified portfolio consisting of securities selected according to issuer solvency. Investments in fixed-income securities and variable annuities are subject to concentration limits per issuer.

Insurance activity risk

MAPFRE, specialized in different types of business, requires a high degree of autonomy in the management of its business, in particular in the underwriting of risks and price fixing, and the indemnities or provision of services in the case of incidents.

Premium adequacy is a particularly important element, and its determination is supported by specific computer applications.

Processing claim-related benefits and the adequacy of provisions are basic principles of insurance activity. Technical provisions are estimated by the actuarial teams of the different companies and in certain cases are also reviewed by independent experts. The preponderance of the personal injuries business at MAPFRE, with fast settlement of claims, as well as the minor significance of insured long-tail risks, such as asbestos or professional liability, are factors that mitigate this kind of risk.

MAPFRE's presence in countries prone to disasters (earthquakes, hurricanes, etc.) demands special treatment of these types of risks. The companies that are exposed to these kinds of risks rely on specialized reports on disaster exposure, usually drawn up by independent experts, which estimate the extent of the losses in the event of a disaster occurring. The underwriting of disaster risks is based on this information and on the economic capital available to the company that underwrites them. Equity exposure to this kind of risk is mitigated by taking out specific reinsurance cover. In this regard, it is important to highlight the contribution of MAPFRE RE, which provides the group with its extensive experience in the disaster risk market. Every year this company determines the global disaster capacity that it assigns to each territory and establishes the maximum underwriting capacities per risk and event. It is also protected by risk retrocession programs to cover deviations or increases in the disaster claims ratio in the different regions.

In relation to reinsurance risk, MAPFRE's policy is to assign business to reinsurers with proven financial capacity (generally with a minimum 'A' credit rating by Standard & Poor's, and exceptionally with other reinsurers following an internal analysis that proves the availability of a solvency margin equivalent to the aforementioned rating or by providing suitable guarantees).

Strategic and corporate governance risk

Ethical principles applied to business management have been a permanent feature at MAPFRE and form part of its bylaws and day-to-day activities. In order to standardize this business culture and fulfill the legal requirements regarding governance and transparency, in 2008 the governing bodies of MAPFRE approved a revised version of the Code of Good Governance, in force since 1999. MAPFRE believes that strict adherence to good corporate governance principles is the most efficient way to mitigate these kinds of risk.

A) INSURANCE RISK

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

This information is shown in the following table, together with the volatility index of this ratio, calculated according to its standard deviation in a five-year time horizon.

ITEM	IMPACT ON RESULTS OF A 1% VARIATION IN THE COMBINED RATIO		VOLATILITY INDEX OF THE COMBINED RATIO	
	2014	2013	2014	2013
Main activity outside Spain				
Reinsurance	12,182	12,840	2.3	2.3

(Figures in €000)

2. CONCENTRATED INSURANCE RISK

MAPFRE has a high degree of insurance risk diversification since it operates in virtually all insurance lines in Spain and has a wide presence in the international markets.

The group has implemented a series of procedures and limits which allows it to control the level of concentrated insurance risk.

Reinsurance contracts are routinely used to mitigate the insurance risk arising from concentrated or accumulated guarantees exceeding the maximum acceptance levels.

2. a) Premium income per risk

The following tables break down the premiums issued for accepted reinsurance classified according to the type of business underwritten in the last two financial years:

2014 financial year

ITEM	ASSUMED (INWARD) REINSURANCE			
	LIFE	NON-LIFE		TOTAL
		Catastrophe Risk	Other Risks	
Written premiums from assumed reinsurance	522,442	501,595	2,319,295	3,343,332

(Figures in €000)

2013 financial year

ITEM	ASSUMED (INWARD) REINSURANCE			
	LIFE	NON-LIFE		TOTAL
		Catastrophe Risk	Other Risks	
Written premiums from assumed reinsurance	425,711	453,646	2,374,348	3,253,705

(Figures in €000)

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

The following tables break down the premiums issued for accepted reinsurance per operating segment and geographical area in the last two years:

2014 financial year

GEOGRAPHICAL AREA	REINSURANCE		TOTAL
	Life	Non-Life	
SPAIN	74,563	608,007	682,570
UNITED STATES OF AMERICA	9,329	261,049	270,378
BRAZIL	12,065	234,179	246,244
MEXICO	18,987	113,360	132,347
VENEZUELA	2,119	55,613	57,732
COLOMBIA	29,782	94,701	124,483
ARGENTINA	11,245	91,297	102,542
TURKEY	394	115,919	116,313
CHILE	7,661	112,123	119,784
OTHER COUNTRIES	356,297	1,134,642	1,490,939
TOTAL	**522,442**	**2,820,890**	**3,343,332**

(Figures in €000)

2013 financial year

GEOGRAPHICAL AREA	REINSURANCE		TOTAL
	Life	Non-Life	
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)

2.c) Premium income by currency

The following table breaks down the written premiums for assumed reinsurance, per currency, in the last two years:

CURRENCY	WRITTEN PREMIUMS	
	2014	2013
Euros	1,365,406	1,259,289
U.S. dollar	834,962	776,680
Mexican peso	86,307	82,933
Brazilian real	214,921	223,939
Turkish lira	111,630	107,850
Chilean peso	88,368	95,317
Venezuelan bolívar	47,580	59,192
Argentine peso	34,095	54,575
Colombian peso	110,810	129,896
Pound sterling	113,161	122,311
Canadian dollar	22,010	16,277
Philippine peso	8,793	9,107
Other currencies	305,289	316,339
TOTAL	**3,343,332**	**3,253,705**

B) CREDIT RISK

1 CREDIT RISK ARISING FROM REINSURANCE CONTRACTS

The following table breaks down credits to reinsurers in the last two years:

ITEM	COMPANIES BOOK VALUE				TOTAL	
	GROUP		NON-GROUP			
	2014	2013	2014	2013	2014	2013
Provision for Life insurance	-	158	14,609	16,988	14,609	17,146
Provision for outstanding claims	44,805	48,248	348,672	352,594	393,477	400,842
Receivables on ceded and retroceded reinsurance operations	7,638	14,888	70,308	36,991	77,946	51,879
Due on ceded and retroceded reinsurance operations	(16,468)	(38,800)	(71,322)	(69,536)	(87,790)	(108,336)
TOTAL NET POSITION	**35,975**	**24,494**	**362,267**	**337,037**	**398,242**	**361,531**

(Figures in €000)

The following table breaks down credits to reinsurers based on their financial solvency margin:

CREDIT CLASSIFICATION OF REINSURERS	COMPANIES BOOK VALUE				TOTAL	
	GROUP		NON-GROUP			
	2014	2013	2014	2013	2014	2013
AAA	-	-	-	16	-	16
AA	-	-	211,589	185,829	211,589	185,829
A	40,272	-	129,926	122,682	170,198	122,682
BBB	(4,297)	24,494	20,266	27,570	15,969	52,064
BB OR LOWER	-	-	889	1,069	889	1,069
NO CREDIT RATING	-	-	(403)	(129)	(403)	(129)
TOTAL	**35,975**	**24,494**	**362,267**	**337,037**	**398,242**	**361,531**

(Figures in €000)

2 CREDIT RISK ARISING FROM OTHER FINANCIAL INSTRUMENTS

A breakdown is shown below of the fixed-income and cash securities portfolio based on the credit rating of fixed-income security issuers and financial institutions during the last two years:

CREDIT RATING OF ISSUERS	BOOK VALUE							
	HELD-TO-MATURITY PORTFOLIO		AVAILABLE-FOR-SALE PORTFOLIO		TRADING PORTFOLIO		LIQUID ASSETS	
	2014	2013	2014	2013	2014	2013	2014	2013
AAA	-	-	640,917	601,678	-	-	6,196	14,045
AA	-	-	929,875	716,750	-	-	1,290	3,351
A	-	-	497,936	389,893	-	9,870	81,770	120,003
BBB	-	-	672,007	656,885	-	-	9,921	11,553
BB or lower	-	-	75,879	63,588	-	9,646	14,110	12,893
No credit rating	-	-	-	-	-	-	-	50
TOTAL	**-**	**-**	**2,816,614**	**2,428,794**	**-**	**19,516**	**113,287**	**161,895**

(Figures in €000)

There were no fixed-income securities in default in 2014 and 2013.

3 CREDITS

The following table shows the different types of credits as at December 31, 2014 and 2013, as well as impairment losses, gains from reversals of impairment, and the guarantees received in the last two years:

ITEM	NET BALANCE ON BALANCE SHEET		IMPAIRMENT				COLLATERAL HELD	
			LOSSES RECORDED		REVERSAL GAINS			
	2014	2013	2014	2013	2014	2013	2014	2013
I. Credits on reinsurance operations	304,008	256,563	(2,682)	-	-	68	-	-
II. Tax credits	15,643	8,460	-	-	-	-	-	-
III. Corporate and other credits	15,340	8,961	-	-	-	-	-	-
TOTAL	**334,991**	**273,984**	**(2,682)**	**-**	**-**	**68**	**-**	**-**

(Figures in €000)

C) LIQUIDITY RISK

With regard to liquidity risk, MAPFRE's policy is based on maintaining cash balances sufficient to comfortably cover the commitments arising from its obligations to insured parties and creditors. Thus, as at December 31, 2014 the cash and other liquid assets balance amounted to 113.3 million euros (161.9 million euros the preceding year), equivalent to 3.48 percent (5.65 percent in 2013) of the total financial investments and cash. For Life and Savings insurance, the investment policy applied consists of matching the maturities of investments with obligations entered into under the terms of insurance contracts in order to mitigate the long-term liquidity risk. In addition, most fixed-income investments are investment grade and are traded in organized markets, thus providing significant scope for action in the event of potential liquidity strains.

Assets with maturities exceeding one year are explained in the "Interest rate risks" section.

1 LIQUIDITY RISK ARISING FROM INSURANCE CONTRACTS

The estimated maturities of liabilities under insurance contracts recorded as at December 31, 2014 and 2013 are shown below (the amounts relating to Life insurance provisions have not been updated):

2014 financial year

ITEM	ESTIMATED CASH OUTFLOWS IN DIFFERENT YEARS							CLOSING BALANCE
	1st year	2nd year	3rd year	4th year	5th year	6th - 10th year	Subsequent years	
Provision for unearned premiums	956,679	117,512	33,019	21,400	15,459	24,372	7,191	1,175,632
Provision for risks in progress	-	-	-	-	-	-	-	-
Provision for Life insurance	193,736	26,570	15,432	12,819	13,706	49,255	46,566	358,084
Provision for claims	990,211	420,925	128,808	53,995	41,267	133,502	54,517	1,823,225
Other technical provisions	-	-	-	-	-	-	-	-
Due on reinsurance operations	290,467	-	-	-	-	-	-	290,467
TOTAL	**2,431,093**	**565,007**	**177,259**	**88,214**	**70,432**	**207,129**	**108,274**	**3,647,408**

(Figures in €000)

2013 financial year

ITEM	ESTIMATED CASH OUTFLOWS IN DIFFERENT YEARS							CLOSING BALANCE
	1st year	2nd year	3rd year	4th year	5th year	6th - 10th year	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 risks in progress								
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								
Due on reinsurance operations	253,842							253,842
TOTAL	**2,202,429**	**511,402**	**161,121**	**78,228**	**65,164**	**192,120**	**107,137**	**3,317,601**

(Figures in €000)

D) MARKET RISK

MAPFRE's Investment Area regularly conducts analyses of the sensitivity of the investment portfolio's value to market risk.

The indicators commonly used include, among others, modified duration for fixed-income securities and VaR, or value at risk, for variable annuities.

1 INTEREST RATE RISK

The table below shows the significant information for the last two years regarding the level of exposure to interest rate risk of the financial assets:

PORTFOLIO	AMOUNT OF ASSET EXPOSED TO INTEREST RATE RISK AT FAIR VALUE							
	FIXED INTEREST RATE		VARIABLE INTEREST RATE		NOT EXPOSED TO RISK		TOTAL	
	2014	2013	2014	2013	2014	2013	2014	2013
Held-to-maturity	-	-	-	-	-	-	-	-
Available-for-sale	2,755,473	2,460,145	160,958	52,690	182,047	152,301	3,098,478	2,665,136
Trading	18,406	-	20,696	19,516	950	19,933	40,052	39,449
Other investments	36,867	70,937	-	-	465	-	37,332	70,937
TOTAL	**2,810,746**	**2,531,082**	**181,654**	**72,206**	**183,462**	**172,234**	**3,175,862**	**2,775,522**

(Figures in €000)

The following tables break down financial investments by maturity, average interest rate and modified duration for the financial years 2014 and 2013:

December 31, 2014

ITEM	CLOSING BALANCE	VENCIMIENTO A: 1 year	2 years	3 years	4 years	5 years	Subsequent years or no fixed maturity	INTEREST RATE %	MODIFIED DURATION %
AVAILABLE-FOR-SALE PORTFOLIO									
Fixed income	2,816,614	256,021	288,061	438,550	318,476	465,050	1,050,456	3,24%	4,52%
Other investments	281,864	-	-	-	-	-	281,864	-	-
TOTAL AVAILABLE-FOR-SALE PORTFOLIO	**3,098,478**	**256,021**	**288,061**	**438,550**	**318,476**	**465,050**	**1,332,320**		
TRADING PORTFOLIO									
Others	40,052	-	-	-	-	-	40,052	6,36%	-
TOTAL TRADING PORTFOLIO	**40,052**	**-**	**-**	**-**	**-**	**-**	**40,052**		

(Figures in €000)

December 31, 2013

ITEM	CLOSING BALANCE	VENCIMIENTO A: 1 year	2 years	3 years	4 years	5 years	Subsequent years or no fixed maturity	INTEREST RATE %	MODIFIED DURATION %
AVAILABLE-FOR-SALE PORTFOLIO									
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 AVAILABLE-FOR-SALE PORTFOLIO	**2,665,136**	**234,233**	**220,147**	**233,880**	**304,817**	**419,076**	**1,252,983**		
TRADING PORTFOLIO									
Others	39,449	-	-	-	-	-	39,449	2,00%	-
TOTAL TRADING PORTFOLIO	**39,449**	**-**	**-**	**-**	**-**	**-**	**39,449**		

(Figures in €000)

The modified duration shows the sensitivity of the value of the assets to interest rate changes and indicates the approximate percentage change in the value of financial assets that would occur for each percentage point (100 bp) change in interest rates.

The balances included under the "Credits" heading of the balance sheet assets and under "Debt" on the balance sheet liabilities do not accrue interest and are usually settled in the following year.

EXCHANGE RATE RISK

The following table provides a breakdown of assets and liabilities according to the currencies in which they are stated at the close of the last two financial years.

CURRENCY	ASSETS		LIABILITIES		NET TOTAL	
	2014	2013	2014	2013	2014	2013
Euro	2,911,460	2,733,429	1,658,365	1,544,767	1,253,095	1,188,662
U.S. dollar	966,195	787,063	693,188	607,144	273,007	179,919
Mexican peso	29,758	29,561	66,859	62,040	(37,101)	(32,479)
Brazilian real	329,555	272,589	315,619	279,432	13,936	(6,843)
Turkish lira	46,924	39,553	85,646	75,305	(38,722)	(35,752)
Chilean peso	172,377	131,957	197,338	165,352	(24,961)	(33,395)
Venezuelan bolívar	30,616	32,758	19,185	24,618	11,431	8,140
Argentine peso	36,838	24,447	30,230	30,266	6,608	(5,819)
Colombian peso	30,628	38,499	120,238	126,250	(89,610)	(87,751)
Pound sterling	112,443	55,993	123,173	40,526	(10,731)	15,467
Canadian dollar	37,613	37,142	17,734	18,351	19,880	18,791
Philippine peso	5,400	5,461	18,117	16,837	(12,717)	(11,376)
Other currencies	307,123	303,847	492,048	491,606	(184,925)	(187,759)
TOTAL	**5,016,930**	**4,492,299**	**3,837,740**	**3,482,494**	**1,179,190**	**1,009,805**

(Figures in €000)

The sensitivity of the Group's equity to changes in euro exchange rates against the different currencies in which assets are stated is determined by the net total amount shown in the previous table, having deducted the amount for the non-monetary items. Similarly, the effect of these exchange rate variations on the group's future results is determined by the volume of earnings obtained in each currency. Appendix 1 provides a breakdown of the result obtained by each group company and the country where its operations are located.

STOCK MARKET RISK

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

PORTFOLIO	BOOK VALUE		VaR	
	2014	2013	2014	2013
Available-for-sale	182,047	152,301	24	33
Trading	19,356	19,933	-	-
TOTAL	**201,403**	**172,234**	**24**	**33**

(Figures in €000)

PROPERTY RISK

In its consolidated group, MAPFRE RE has property assets representing approximately 0.37 percent of total investments and cash, of which approximately 0.23 percent corresponds to its own offices. These assets fulfill a dual purpose in that they provide administrative and sales support as well as generating investment revenues and diversifying investments. Property assets are broken down in the following table:

ITEM	NET BOOK VALUE		MARKET VALUE	
	2014	2013	2014	2013
Real estate investments	5,418	5,692	6,742	7,274
Property for own use	8,861	8,952	9,963	10,781
TOTAL	**14,279**	**14,644**	**16,705**	**18,055**

(Figures in €000)

Unrealized gains would offset a fall in the price of properties equivalent to approximately 17 percent of their market value.

IMPLEMENTATION OF OWN CAPITAL MODELS

In 2005 MAPFRE RE implemented an own capital model which uses a stochastic process to determine the required solvency margin based on the risks accepted by the company.

The own capital model generates stochastic forecasts of the company's P&L account by simulating 10,000 different scenarios based on the particularities of the premium portfolio and the composition of investments and other company assets. Obtained by combining different financial and reinsurance assumptions, these scenarios are used to determine the probable distribution of profits and the economic capital necessary to guarantee the company's solvency with a confidence interval of 99.6 percent in a one-year time horizon. The provisional results obtained corroborate the company's excellent capitalization and are currently being tested against other solvency margin estimation methods.

8. OTHER INFORMATION

At the close of the year there had not been any conflicts of interest, either direct or indirect, between the directors and the controlling company.

8.2 External auditors' fees

The remuneration paid to external auditors in 2014 for auditing the annual accounts amount to 229,113 euros (293,285 euros in 2013). This same year the auditors also received 1,161 euros for services related to the audit of the accounts and 21,482 euros (21,460 euros in 2013) for other complementary services. Neither of these payments is deemed to compromise the independence of the auditors.

8.3 Environmental information

The group entities do not have any environmental-related item in the last two financial years that might be significant or specifically included in these consolidated annual accounts.

8.4 Deferred payments

Details of the payments made by the group's fully consolidated Spanish companies to providers in the last two financial years are shown below:

ITEM	2014		2013	
	Amount	%	Amount	%
Payments made within the statutory minimum term	11,12	100	7,98	100
Other payments	-	-	-	-
Total payments for the financial year	11,12	100	7,98	100
Exceeded weighted average term for payments (days)	-	-	-	-
Deferments that on the closing date had exceeded the maximum statutory term	-	-	-	-

(Figures in €000)

At the close of fiscal years 2014 and 2013 there were no deferred payments to commercial providers that exceeded the statutory term.

In 2014 the average payment period for providers was 20.08 days.

8.5 Other matters

At the end of 2009 the Board of the National Competition Commission sanctioned MAPFRE EMPRESAS (now MAPFRE GLOBAL RISKS) and MAPFRE RE, together with two other insurance companies and three reinsurers, for alleged anti-competitive practices. The sanction consisted in substantial fines, which in the case of the MAPFRE entities represented the combined sum of €21,632,000.

Considering the provenance of the classifications in the resolution to be contrary to the law and, therefore, the sanctions imposed, an administrative appeal was filed with the National Court against the resolution, and following presentation of the corresponding guarantee the payment of the fine was suspended.

In 2013 the National Court ruled in favor of MAPFRE RE and MAPFRE GLOBAL RISKS, and the resolution of the National Competition Commission was declared null and void. However, the state attorney then filed an appeal against the sentence passed. MAPFRE RE and MAPFRE GLOBAL RISKS appeared before the High Court and objected to the appeal filed by the state attorney.

The European Commission also took part in the proceedings in order to guarantee the proper application of community law. The statement of opposition to the appeal was presented for consideration and the presentation of allegations by the European Commission. MAPFRE RE and MAPFRE GLOBAL RISKS presented their written pleadings, stating their opinion regarding the considerations contained in the allegations presented by the European Commission, and they now await the final decision.

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 SUBSIDIARY AND ASSOCIATED COMPANIES 2014 (APPENDIX 1)

NAME	COUNTRY	EFFECTIVE TAX RATE	ACTIVITY
CIAR INVESTMENTS	45, Rue de Trèves Brussels (Belgium)	34%	Real Estate
MAPFRE CHILE REASEGUROS S.A.	Avda Apoquindo 4499-8º Santiago de Chile (Chile)	20%	Holding
F. ALCORTA S.A.	Bouchard 547 piso 14 Buenos Aires (Argentina)	35%	Real Estate (currently 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%	Representational Activities
MAPFRE MANDATOS Y SERVICIOS S.A.	Bouchard 547 piso 14 Buenos Aires (Argentina)	35%	Services
MAPFRE INTERNET S.A. (TECH)	Ctra de Pozuelo a Majadahonda nº 52 Madrid (Spain)	30%	IT
VENEASISTENCIA C.A.	Avda. Libertador Penthouse A y B Caracas (Venezuela)	34%	Travel Assistance
REINSURANCE MANAGEMENT INC.	100 Campus Drive 07932 New Jersey (USA)	35%	Insurance and Reinsurance
ITSEMAP BRASIL SERVICIOS TECNOLÓGICOS MAPFRE LTDA	Rua São Carlos Do Pinhal 696 3º Andar São Paulo (Brazil)	31%	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%	Reinsurance
INMOBILIARIA COSTA DE MONTEMAR, S.A.	Ava. Apoquindo 4499-8º Santiago de Chile (Chile)	20%	Real Estate
INMOBILIARIA TIRILLUCA, S.A.	Ava. Apoquindo 4499-8º Santiago de Chile (Chile)	20%	Real Estate
C R ARGENTINA S.A	Bouchard 547 piso 14 Buenos Aires (Argentina)	35%	Services, Advice

(Figures in €000)

CHART OF SUBSIDIARY AND ASSOCIATED COMPANIES 2013 (APPENDIX 1)

NAME	COUNTRY	EFFECTIVE TAX RATE	ACTIVITY
CIAR INVESTMENTS	45 , Rue de Trèves Bruselas (Belgium)	34%	Real Estate
INVERSIONES IBÉRICAS LTDA	Ava. Apoquindo 4499-8º Santiago de Chile (Chile)	20%	Holding
MAPRE CHILE REASEGUROS S.A.	Avda Apoquindo 4499-8º Santiago de Chile (Chile)	20%	Reaseguros
F. ALCORTA S.A.	Bouchard 547 piso 14 Buenos Aires (Argentina)	35%	Real Estate (currently 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%	Reinsurance
MAPFRE MANDATOS Y SERVICIOS S.A.	Bouchard 547 piso 14 Buenos Aires (Argentina)	35%	Services
MAPFRE INTERNET S.A. (TECH)	Ctra de Pozuelo a Majadahonda nº 52 Madrid (Spain)	30%	IT
VENEASISTENCIA C.A.	Avda. Libertador Penthouse A y B Caracas (Venezuela)	34%	Travel Assistance
REINSURANCE MANAGEMENT INC.	100 Campus Drive Florham Park New Jersey 07932-1006 (USA)	35%	Insurance and Reinsurance
ITSEMAP BRASIL SERVICIOS TECNOLÓGICOS MAPFRE LTDA	Rua São Carlos Do Pinhal 696 3º Andar São Paulo (Brazil)	31%	Consultoría
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%	Reaseguros
MAPFRE CHILE SEGUROS, S.A.	Isidoro Goyenechea nº 3520 - Santiago de Chile (Chile)	0%	Holding
INMOBILIARIA COSTA DE MONTEMAR, S.A.	Ava. Apoquindo 4499-8º Santiago de Chile (Chile)	20%	Real Estate
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, Advice

(Figures in €000)

Method or procedure of consolidation

A. Subsidiary companies consolidated by global integration.
B. Associated participating companies consolidated by the participation method.
C. Participating and associated companies excluded from consolidation.

	SHAREHOLDING %		DATA AT CLOSE OF 2014				
	HOLDER	IN SHARE CAPITAL	ASSETS	EQUITY	REVENUE	RESULT FOR FINANCIAL YEAR	CONSOLIDATION METHOD OR PROCEDURE
	MAPFRE RE MAPFRE INTERNACIONAL	99.9900% 0.0100%	9,713	8,617	493	74	A
	MAPFRE RE	99.9932%	139,877	44,849	21,194	1,191	A
	MAPFRE RE	99.9985%	-	-	-	-	C
	MAPFRE RE	39.9752%	2,200	2,054	2,146	991	B
	MAPFRE RE	99.9999%	202,255	40,997	121,008	6,228	A
	MAPFRE RE	99.9999%	47	47	-	-	B
	MAPFRE RE MAPFRE ARGENTINA	95.0000% 5.0000%	36	36	-	-	B
	MAPFRE RE	1.0000%	68,190	2,266	239,880	-	A
	MAPFRE RE	0.0020%	12,869	3,938	5,676	1,634	A
	MAPFRE RE	100.0000%	888	17	-	-	A
	ITSEMAP S.T.M. MAPFRE RE BRASIL	99.9792% 0.0208%	-	-	923	11	C
	ITSEMAP S.T.M. M. CHILE RE	75.0000% 25.0000%	39	39	1		C
	M. CHILE RE	99.8467%	100,596	13,598	17,896	786	A
	M. CHILE RE	31.4400%	20,043	20,021	88	(835)	B
	M. CHILE RE	43.7500%	-	-	-	-	C
	M. CHILE RE	99.9960%	71	54	-	-	A

	SHAREHOLDING %		DATA AT CLOSE OF 2014				
	HOLDER	IN SHARE CAPITAL	ASSETS	EQUITY	REVENUE	RESULT FOR FINANCIAL YEAR	CONSOLIDATION METHOD OR PROCEDURE
	MAPFRE RE MAPLUX RE	99,9900% 0,0100%	9,952	8,876	797	399	A
	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 MAPFRE ARGENTINA	95,0000% 5,0000%	54	50	-	(4)	C
	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. MAPFRE RE BRASIL	99,9792% 0,0208%	1,260	1,081	1,979	48	C
	ITSEMAP S.T.M. M. CHILE RE	75,0000% 25,0000%	39	39	1		C
	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

MAPFRE | RE

4

Audit report for the Annual Consolidated Financial Statements 2014

EY
Building a better working world

Ernst & Young, S.L.
Torre Picasso
Plaza Pablo Ruiz Picasso, 1
28020 Madrid

Tel.: 902 365 456
Fax: 915 727 300
ey.com

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

INDEPENDENT AUDIT REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

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

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of MAPFRE RE, Compañía de Reaseguros, S.A. (the parent company) and its subsidiaries (the Group), which comprise consolidated balance sheet at December 31, 2014, 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.

Directors' responsibility for the consolidated financial statements

The directors of the parent company are responsible for the preparation of the accompanying consolidated financial statements so that they give a true and fair view of the consolidated equity and consolidated financial position and the consolidated results of MAPFRE RE, Compañía de Reaseguros, S.A. and its subsidiaries, in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union, and other provisions in the regulatory framework applicable to the Group in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the accompanying consolidated financial statements based on our audit. We conducted our audit in accordance with prevailing audit regulations in Spain. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation of consolidated financial statements by the directors of the parent company in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

Domicilio Social: Pl. Pablo Ruiz Picasso, 1. 28020 Madrid - Inscrita en el Registro Mercantil de Madrid al Tomo 12749, Libro 0, Folio 215, Sección 8ª, Hoja M-23123, Inscripción 116. C.I.F. B-78970506.
A member firm of Ernst & Young Global Limited.

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

Opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of the consolidated equity and consolidated financial position of MAPFRE RE, Compañía de Reaseguros, S.A. and its subsidiaries at December 31, 2014, and its consolidated results and consolidated cash flow for the year then ended, in accordance with IFRS, as adopted by the EU, and other provisions in the regulatory framework for financial information applicable in Spain.

Emphasis of Matter

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 2014 and the related balances at year end are described in the aforementioned note. This fact does not change our audit opinion.

Report on other legal and regulatory requirements

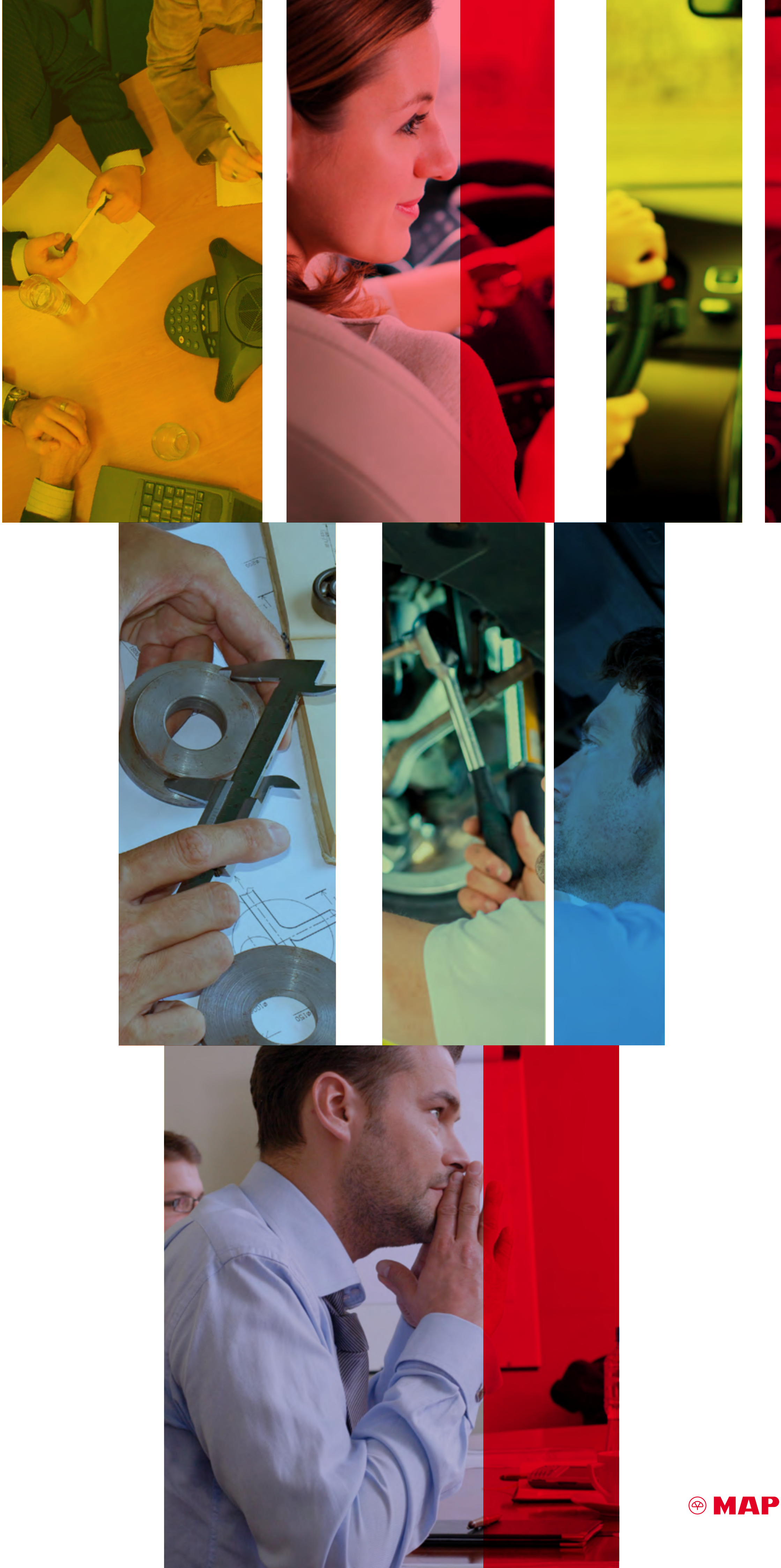
The accompanying consolidated 2014 management report contains such explanations as the directors of the parent company consider appropriate concerning the situation of the Group, the evolution of its business and other matters; however, it is not an integral part of the consolidated financial statements. We have checked that the accounting information included in the aforementioned consolidated management report agrees with the 2014 consolidated financial statements. 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)

Ana Belén Hernández Martínez

March 9, 2015



MAPFRE | RE

5

Individual Management Report 2014

MAPFRE RE achieved a good net result, with significant growth in premiums and an increase in shareholders' equity. Intensive work in a challenging, volatile environment has made this possible.

For the third consecutive year, the reinsurance business delivered positive results and increased equity in a highly competitive environment, where the growth of primary insurance remains weak in the most developed countries as a consequence of the economic crisis.

The absence of any major catastrophes and strong growth in equity encouraged traditional reinsurers to compete on fees and conditions, and insurers to increase their retention rates. This led to low growth in sales and enabled non-traditional reinsurers to take over a portion of the market.

BUSINESS PERFORMANCE

Profit and loss account

— Gross written premiums amounted to EUR 3.251 billion, a 2.3% increase on the previous year. Net written premiums reached EUR 2.136 billion, up 1.9% on the previous year.

— The combined ratio for Life and Non-Life was 97.6%, which includes a loss ratio of 69.3% and charges and other acquisition and management expenses amounting to 28.3%.

— The underwriting result stands at EUR 47 million. Net financial income amounted to EUR 142 million.

— The result of the profit and loss account before tax and minority interests was EUR 191 million, an increase of EUR 151 million on the previous year. Net profit after tax and minority interests amounted to EUR 135 million, surpassing the previous year's figure of EUR 108 million.

Balance sheet

— Shareholders' equity stands at EUR 1.138 billion.

— Net technical provisions reached EUR 2.511 billion, representing 117.5% of retained premiums.

— Financial investments total 3,058 millions of euros, distributed as follows: Financial assets held for trading in the amount of EUR 21 million, Available-for-sale financial assets in the amount of EUR 2.877 billion, Deposits with credit institutions in the amount of EUR 106 million, and Holdings in group companies in the amount of EUR 54 million.

— Shareholders' equity stands at EUR 4.734 billion.

KEY ACTIVITIES

Business activity

Business was increasingly intense over the year in all markets where the company operates. A growing number of contacts and operations were made with clients and brokers both by central services and external offices.

In an effort to bring business management centres closer to clients in strong-growth regions, we initiated the necessary procedures to open two new offices, in Labuan, Malaysia (which was granted authorisation on 31 December), and Singapore. Both offices will begin operations in 2015.

We took part in and delivered a number of training programmes in the life insurance area, including courses on risk selection, tele-underwriting and genetics. These were held in Prague, Brazil, Malta and Colombia. A course on Life and Reinsurance were delivered as part of the FUNDACIÓN MAPFRE training programme. There have also been courses on the Agricultural business at the meetings of the Latin American Association for the Development of Agricultural Insurance (ALASA) in France, and the International Association of Agricultural Production Insurers (AIAG) in Poland. The Fifth International Reinsurance Forum was held with participants from 12 different countries.

Technical management and client services

We increased human resources both in central services and branch offices, taking on highly qualified professionals to ensure we meet clients' needs and growing business complexity. Investment has remained strong in training and professional development of the company's staff.

Internal arrangements have continued to be made successfully for implementation of the Solvency II regulations. Participation in the European Insurance Chief Financial Offices Forum also continued.

IT systems

MAPFRE RE continued to improve its own systems for portfolio analysis and valuation, an enterprise that requires ongoing internal training.

We worked towards achieving greater integration with the Group's central systems by signing up to corporate contracts and making intensive use of processing centres. The IT systems on which the business relies have been updated and improved with new management modules, particularly in the areas of ceded business, Solvency II calculations and automated data entry for business originating within the Group.

SUBSIDIARIES AND AFFILIATES

MAPFRE RE DO BRASIL continues its successful expansion in a highly competitive market. It achieved revenues amounting to EUR 76.7 million and a result before tax of EUR 9.1 million, with shareholders' equity standing at EUR 41.0 million at year end.

INVERSIONES IBÉRICAS and MAPFRE CHILE REASEGUROS achieved revenues of EUR 20.9 million and a result before tax of EUR 1.3 million. Shareholders' equity stood at EUR 44.8 million at year end.

OUTLOOK

In an environment where the central banks are supplying liquidity, interest rates are expected to remain low as a means to stimulate the economy and sustain some recovery in the leading markets.

In a volatile environment producing modest financial results, reinsurers will need to secure positive technical results. This will not be easy, as non-traditional investors are offering reinsurance through a range of instruments – though mainly in modelised areas and catastrophe cover – as a way to increase their returns and diversify their investment portfolios.

Thus, unless a major catastrophe occurs or the financial industry takes a significant turn, the most successful traditional reinsurers will be those holding diversified portfolios which can deliver sufficient, balanced results.

SUBSEQUENT EVENTS

No significant developments have taken place, as of the date of this report, which could potentially affect the outlook and budget for the current year.

No subsequent events have occurred that could potentially affect the financial statements as of 31 December 2014.

ADDITIONAL NOTES

Environmental information

We updated the Group's Corporate Environmental Policy in 2014 taking on new commitments, including climate change management and biodiversity preservation.

Our efforts focused on providing transparent information on material environmental aspects, both internally and to other stakeholders. Continued international expansion of our energy and environmental management strategy model (SIGMAYE), which has resulted in further quality certificates for the Group, has been a part of this pursuit.

Our products are another means by which MAPFRE contributes to protect the environment. Efficient management of environmental risks in underwriting and technical assistance processes, inclusion of environmental criteria in corporate acquisitions, and focus on products that support environmental protection and efficient use of resources, all serve this purpose.

The Group is a signatory to the United Nation's Climate Disclosure Project (CDP) and the Insurance Sustainability Principles, and a member of the Spanish Green Growth Group recently created by the Ministry for Agriculture, Food and the Environment. All of this attests to our commitment to sustainability and environmental protection.

Human resources

At year end, the company staff was distributed into the following professional categories:

Category	2014	2013	2012
Senior managers	47	50	48
Administrative staff	29	29	28
Sales staff		0	0
Other	81	74	70
TOTAL	157	153	146

Investments

MAPFRE RE's policy for mitigating risk exposure in the area of financial investment has been predicated on prudent investment, with fixed-income securities making up the bulk of its portfolio.

With regard to credit risk, our policy has been based on prudence (issuer solvency) and diversification of fixed-income investments. Our bond portfolio mostly includes highly-rated securities.

Bonds and equities investments are diversified by industry, and maximum risk limits are in place for the individual issuers.

6

Individual Annual Accounts 2014

BALANCE SHEET AT DECEMBER 31, 2014 AND 2013

A) ASSETS	Notes in Annual Report	2014	2013
A-1) Cash and cash equivalents	**8**	**105,772**	**137,949**
A-2) Financial assets held for trading	**8**	**21,560**	**20,474**
I. Equity instruments	8	21,560	20,474
II. Debt securities			
III. Derivatives			
IV. Other			
A-3) Other financial assets at fair value with changes in profit and loss	**8**	**86**	**85**
I. Equity instruments	8	86	85
II. Debt securities			
III. Hybrid instruments			
IV. Investments on behalf of Life insurance policyholders bearing the investment risk			
V. Other			
A-4) Financial assets available for sale	**8**	**2,877,757**	**2,476,651**
I. Equity instruments	8	281,864	236,342
II. Debt securities	8	2,595,893	2,240,309
III. Investments on behalf of Life insurance policyholders bearing the investment risk			
IV. Other			
A-5) Loans and receivables	**-**	**842,270**	**681,160**
I. Debt securities			
II. Loans	-	-	35,000
1. Advance payment of policies			
2. Loans to group entities and associated companies	8	-	35,000
3. Loans to other related entities			
III. Deposits in credit institutions	8	28,638	26,378
IV. Deposits established for accepted reinsurance	8	536,412	401,125
V. Receivables from direct insurance operations			
1. Policyholders			
2. Brokers			
VI. Receivables from reinsurance operations	8	260,344	204,632
VII. Receivables from coinsurance operations			
VIII. Called-in payments			
IX. Other receivables	-	16,876	14,025
1. Receivables from Public Administrations	-	9,843	7,531
2. Rest of Receivables	8	7,033	6,494
A-6) Held-to-maturity investments			
A-7) Hedging derivatives			
A-8) Participation of reinsurance in technical provisions	**10**	**649,715**	**662,661**
I. Provision for unearned premiums	-	272,949	281,713
II. Provision for Life insurance	-	14,535	16,591
III. Provision for outstanding claims	-	362,231	364,357
IV. Other technical provisions			
A-9) Property, plant and equipment and real estate investments	**-**	**5,568**	**5,629**
I. Property, plant and equipment	5	5,568	5,629
II. Real estate investments			
A-10) Intangible fixed assets	**-**	**1,499**	**2,006**
I. Goodwill			
II. Dividend rights arising from policy portfolios acquired from brokers			
III. Other intangible assets	6	1,499	2,006
A-11) Shares in group, multi-group and associated entities	**8 & Appendix 1**	**54,200**	**69,039**
I. Shares in associated companies	8	840	840
II. Shares in multi-group companies			
III. Shares in group companies	8	53,360	68,199
A-12) Tax assets	**-**	**17,932**	**20,208**
I. Current tax assets			
II. Deferred tax assets	11	17,932	20,208
A-13) Other assets	**-**	**157,593**	**155,768**
I. Assets and reimbursement rights on long-term remuneration to staff	-	548	496
II. Advance payment of fees and other acquisition costs			
III. Accruals	-	157,037	155,272
IV. Other assets	-	8	-
A-14) Assets held for sale			
TOTAL ASSETS	**-**	**4,733,952**	**4,231,630**

(Figures in €000)

A) LIABILITIES	Notes in Annual Report	2014	2013
A-1) Financial liabilities held for trading			
A-2) Other financial liabilities at fair value with changes in profit and loss			
A-3) Debits and payables	**-**	**315,215**	**290,341**
I. Subordinated liabilities			
II. Deposits received from ceded (outward) reinsurance	8	41,606	55,277
III. Due on insurance operations			
1. Payables to insureds			
2. Payables to brokers			
3. Conditioned payables			
IV. Due on reinsurance operations	8	261,584	215,021
V. Due on coinsurance operations			
VI. Debentures and other marketable securities			
VII. Debts with credit institutions			
VIII. Due on insurance contract preliminary operations			
IX. Other payables:	-	12,025	20,043
1. Payables to Public Authorities	-	3,549	7,139
2. Other payables to group entities and associated companies	8	7,028	10,880
3. All other payables	8	1,448	2,024
A-4) Hedging derivatives			
A-5) Technical provisions	**10 & 20**	**3,160,763**	**2,889,418**
I. Provision for unearned premiums	-	1,142,719	1,050,949
II. Provision for risks in progress			
III. Provision for Life insurance	-	269,457	198,437
1. Provision for unearned premiums	-	269,457	198,437
2. Provision for risks in progress			
3. Mathematical reserves			
4. Provision for Life insurance when the investment risk is borne by the policyholder			
IV. Provision for claims outstanding	-	1,748,587	1,640,032
V. Provision for bonuses and rebates			
VI. Other technical provisions			
A-6) Non-technical provisions	**13**	**4,401**	**3,506**
I. Provisions for taxes and other legal contingencies			
II. Provision for pensions and similar obligations	13	1,809	1,108
III. Provision for payments of liquidation agreements			
IV. Other non-technical provisions	13	2,592	2,398
A-7) Tax liabilities	**-**	**66,350**	**19,813**
I. Current tax liabilities			
II. Deferred tax liabilities	11	66,350	19,813
A-8) Other liabilities	**-**	**49,275**	**54,023**
I. Accruals	-	49,275	54,023
II. Liabilities for accounting asymmetries			
III. Fees and other acquisition costs from ceded reinsurance			
IV. Other liabilities			
A-9) Liabilities linked to assets held for sale			
TOTAL LIABILITIES	**-**	**3,596,004**	**3,257,101**

B) EQUITY	Notes in Annual Report	2014	2013
B-1) Shareholders' equity	**-**	**983,589**	**929,809**
I. Share 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	-	137,251	102,414
1. Legal and statutory	9	44,783	44,783
2. Stabilization reserve	-	34,837	
3. Other reserves	-	57,631	57,631
IV. (Own shares)			
V. Results from previous financial years	-	381,787	360,955
1. Surplus	3	381,787	360,955
2. (Negative results from previous financial years)			
VI. Other contributions from shareholders and members			
VII. Result for the year	3	135,083	107,914
VIII. (Interim dividend and interim equalisation reserve)	3 & 9	(115,013)	(85,955)
IX. Other equity instruments			
B-2) Valuation change adjustments:	**8**	**154,359**	**44,720**
I. Financial assets available for sale	-	153,635	44,196
II. Hedging operations			
III. Currency exchange and translation differences	-	724	524
IV. Correction of accounting asymmetries			
V. Other adjustments			
B-3) Grants, donations and bequests received			
TOTAL EQUITY	**-**	**1,137,948**	**974,529**
TOTAL LIABILITIES AND EQUITY	**-**	**4,733,952**	**4,231,630**

(Figures in €000)

INCOME STATEMENT FOR THE FINANCIAL YEAR

I. NON-LIFE TECHNICAL ACCOUNT	Notes in Annual Report	2014	2013
I.1. Premiums written in the financial year, net of reinsurance	**21**	**1,594,641**	**1,789,248**
a) Earned premiums		2,752,234	2,758,310
a.1) Direct insurance			
a.2) Assumed reinsurance	20 & 21	2,752,234	2,758,310
a.3) Change in impairment adjustement to outstanding premiums (+ or -)			
b) Premiums from ceded reinsurance (-)	21	(1,057,059)	(1,027,598)
c) Change in provision for unearned premiums and risks in progress (+ or -)	21	(91,770)	61,409
c.1) Direct insurance			
c.2) Assumed reinsurance	-	(91,770)	61,409
d) Change in provision for unearned premiums, ceded reinsurance (+ or -)	-	(8,764)	(2,873)
I.2. Income from property, plant and equipment, and investments	**-**	**387,913**	**345,353**
a) Income from real estate investments			
b) Revenues from financial investments	8	370,547	320,882
c) Application of value corrections for impairment of property, plant and equipment and investments			
c.1) Of property, plant and equipment and real estate investments			
c.2) Of financial investments			
d) Earnings realized from property, plant and equipment and investments	-	17,366	24,471
d.1) Of property, plant and equipment and real estate investments			
d.2) Of financial investments	8	17,366	24,471
I.3. Other underwriting income			
I.4. Claims ratio for the year, net of reinsurance	**-**	**1,031,259**	**1,157,913**
a) Claims and expenses paid	-	962,900	1,122,367
a.1) Direct insurance			
a.2) Assumed reinsurance	21	1,426,628	1,758,979
a.3) Ceded reinsurance (-)	21	(463,728)	(636,612)
b) Change in provision for outstanding claims (+ or -)	-	68,273	35,455
b.1) Direct insurance			
b.2) Assumed reinsurance	21	65,974	(114,514)
b.3) Ceded reinsurance (-)	21	2,299	149,969
c) Claims-related expenses	-	86	91
I.5. Change in other technical provisions, net of reinsurance (+ or -)			
I.6. Bonuses and rebates			
a) Claims and expenses related to profit sharing and returned premiums			
b) Change in provision for profit sharing and returned premiums (+ or -)			
I.7. Net operating expenses	**-**	**452,143**	**565,154**
a) Acquisition expenses	21	648,205	726,409
b) Administration expenses	21	6,658	6,152
c) Fees and shares in ceded and retroceded reinsurance	21	(202,720)	(167,407)
I.8. Other underwriting expenses (+ or -)	**-**	**3,258**	**476**
a) Change in impairment from insolvencies (+ or -)	8	2,682	(68)
b) Change in impairment of property, plant and equipment (+ or -)			
c) Change in payments from claim settlement agreements (+ or -)			
d) Other	-	576	544
I.9. Expenses related to property, plant and equipment and investments	**-**	**325,299**	**271,259**
a) Investment management expenses	8	323,714	250,543
a.1) Expenses related to property, plant and equipment and real estate investments			
a.2) Expenses related to investments and financial accounts	8	323,714	250,543
b) Value corrections to property, plant and equipment and investments	-	27	28
b.1) Amortisation of property, plant and equipment and real estate investments	-	27	28
b.2) Impairment of property, plant and equipment and real estate investments			
b.3) Impairment of financial investments			
c) Losses from property, plant and equipment and investments	8	1,558	20,688
c.1) From property, plant and equipment and real estate investments			
c.2) From financial investments	8	1,558	20,688
I.10. SUBTOTAL (RESULT FROM NON-LIFE TECHNICAL ACCOUNT)	**-**	**170,595**	**139,799**

(Figures in €000)

II. LIFE TECHNICAL ACCOUNT	Notes in Annual Report	2014	2013
II.1. Earned premiums for the financial year, net of reinsurance	**21**	**368,063**	**340,598**
a) Earned premiums	-	498,773	419,651
a.1) Direct Insurance			
a.2) Assumed reinsurance	20 & 21	498,773	419,651
a.3) Change in correction for impairment of uncollected premiums (+ or -)			
b) Premiums from ceded reinsurance (-)	21	(57,634)	(53,915)
c) Change in provision for unearned premiums and risks in progress (+ or -)	-	(71,020)	(20,153)
c.1) Direct insurance			
c.2) Assumed reinsurance	21	(71,020)	(20,153)
d) Change in provision for unearned premiums, ceded reinsurance (+ or -)	21	(2,056)	(4,985)
II.2. Income from property, plant and equipment and investments	**-**	**116,027**	**82,593**
a) Income from real estate investments			
b) Income from financial investments	8	112,992	79,338
c) Application of value corrections for impairment of property, plant and equipment and investments			
c.1) Of property, plant and equipment and real estate investments			
c.2) Of financial investments			
d) Earnings realized from property, plant and equipment and investments	-	3,035	3,255
d.1) From property, plant and equipment and real estate investments			
d.2) From financial investments	8	3,035	3,255
II.3. Income from investments allocated to unit-linked insurance policies			
II.4. Other underwriting income			
II.5. Claims ratio for the financial year, net of reinsurance	**-**	**329,856**	**292,922**
a) Claims and expenses paid	-	287,438	254,684
a.1) Direct insurance			
a.2) Assumed reinsurance	21	311,094	287,450
a.3) Ceded reinsurance (-)	21	(23,656)	(32,766)
b) Change in provision for outstanding claims (+ or -)	-	42,405	38,221
b.1) Direct insurance			
b.2) Assumed reinsurance	21	42,580	39,806
b.3) Ceded reinsurance (-)	21	(175)	(1,585)
c) Claims-related expenses	-	13	17
II.6. Change in other technical provisions, net of reinsurance (+ or -)	**-**	**1**	**-**
a) Provisions for Life insurance			
a.1) Direct insurance			
a.2) Assumed reinsurance			
a.3) Ceded reinsurance (-)			
Provisions for Life insurance when investment risk is assumed by policyholders			
b) Other technical provisions	-	1	-
II.7. Bonuses and rebates			
a) Claims and expenses related to bonuses and rebates			
b) Change in provision for participation in bonuses and rebates (+ or -)			
II.8. Net operating expenses	**-**	**92,857**	**81,686**
a) Acquisition expenses	21	121,040	99,181
b) Administration expenses	21	1,032	897
c) Fees and shares in ceded and retroceded reinsurance	21	(29,215)	(18,392)
II.9. Other underwriting expenses	**-**	**72**	**68**
a) Change in impairment from insolvencies (+ or -)			
b) Change in impairment from property, plant and equipment (+ or -)			
c) Other	-	72	68
II.10. Expenses related to property, plant and equipment and investments	**-**	**50,944**	**32,790**
a) Management expenses related to property, plant and equipment and investments	8	50,694	30,003
a.1) Expenses related to property, plant and equipment and real estate investments			
a.2) Expenses related to investments and financial accounts	8	50,694	30,003
b) Value corrections to property, plant and equipment and investments	-	4	4
b.1) Amortisation of property, plant and equipment and real estate investments	-	4	4
b.2) Impairment of property, plant and equipment and real estate investments			
b.3) Impairment of financial investments			
c) Losses from property, plant and equipment and investments	8	246	2,783
c.1) From property, plant and equipment and real estate investments			
c.2) From financial investments	8	246	2,783
II.11. Expenses from investments allocated to unit-linked in insurance policies			
II.12. SUBTOTAL (RESULT OF LIFE TECHNICAL ACCOUNT)	**-**	**10,360**	**15,725**

(Figures in €000)

INCOME STATEMENT FOR THE FINANCIAL YEAR ENDING DECEMBER 31, 2014 AND 2013 (CONTINUED)

III. NON-TECHNICAL ACCOUNT	Notes in Annual Report	2014	2013
III.1. Income from property, plant and equipment and investments	**-**	**20,854**	**14,039**
a) Income from real estate investments			
b) Income from financial investments	8	19,574	11,357
c) Application of value corrections for impairment of property, plant and equipment and investments			
c.1) Of property, plant and equipment and real estate investments			
c.2) Of financial investments			
d) Profit from sale of property, plant and equipment	-	1,280	2,682
d.1) From property, plant and equipment and real estate investments	5	7	1
d.2) From financial investments	8	1,273	2,681
III.2. Expenses related to property, plant and equipment and investments	**-**	**8,366**	**12,508**
a) Investment management expenses	8	8,148	10,185
a.1) Expenses from investments and financial accounts	8	8,148	10,185
a.2) Expenses from tangible investments			
b) Value corrections to property, plant and equipment and investments			
b.1) Amortisation of property, plant and equipment and real estate investments			
b.2) Impairment of property, plant and equipment and real estate investments			
b.3) Impairment of financial investments			
c) Losses from property, plant and equipment and investments	-	218	2,323
c.1) From property, plant and equipment and real estate investments	-	44	21
c.2) From financial investments	8	174	2,302
III.3. Other income	**-**	**1,438**	**1,101**
a) Income from pension fund administration			
b) Rest of income	-	1,438	1,101
III.4. Other expenses	**-**	**4,026**	**6,875**
a) Expenses related to pension fund administration			
b) Other expenses	-	4,026	6,875
III.5. Subtotal (Result of Non-Technical Account)	**-**	**9,900**	**(4,243)**
III.6. Result before taxes (I.10 + II.12 + III.5)	**-**	**190,855**	**151,281**
III.7. Income tax	**11**	**55,772**	**43,367**
III.8. Result from ongoing operations (III.6 + III.7)	**3**	**135,083**	**107,914**
III.9. Result from discontinued operations, net of tax (+ or -)			
III.10. Result of the financial year (III.8 + III.9)	**-**	**135,083**	**107,914**

(Figures in €000)

STATEMENT OF CHANGES IN NET EQUITY FOR THE FINANCIAL YEAR ENDING DECEMBER 31, 2014 AND 2013

A) STATEMENTS OF RECOGNIZED INCOME AND EXPENSES	2014	2013
I. RESULT FOR THE YEAR	**135,083**	**107,914**
II. OTHER RECOGNIZED INCOME AND EXPENSES	**109,639**	**33,128**
II.1. Financial assets available for sale	**142,184**	**47,571**
Valuation gains and losses	162,003	52,526
Amounts transferred to the income statement	(19,819)	(4,955)
Other reclassifications		
II.2. Cash flow hedges		
Valuation gains and losses		
Amounts transferred to the income statement		
Amounts transferred at the initial value of hedged items		
Other reclassifications		
II.3. Hedges of net investments in foreign business		
Valuation gains and losses		
Amounts transferred to the income statements		
Other reclassifications		
II.4. Currency exchange and translation differences	**286**	**(246)**
Valuation gains and losses	286	(246)
Amounts transferred to the income statement		
Other reclassifications		
II.5. Correction of accounting asymmetries		
Valuation gains and losses		
Amounts transferred to the income statement		
Other reclassifications		
II.6. Assets held for sale		
Valuation gains and losses		
Amounts transferred to the income statement		
Other reclassifications		
II.7. Actuarial gains / (losses) for long-term remuneration to staff		
II.8. Other recognized income and expenses		
II.9. Income tax	**(32,831)**	**(14,197)**
III. TOTAL RECOGNIZED REVENUES AND EXPENSES	**244,722**	**141,042**

(Figures in €000)

STATEMENT OF CHANGES IN NET EQUITY

B) FULL STATEMENT OF CHANGES IN EQUITY

ITEM	CAPITAL OR MUTUAL FUND Registered	CAPITAL OR MUTUAL FUND Un-called	Share premium	Reserves	(Shareholders' equity)
A. BALANCE, YEAR-END 2012	**223,916**	**-**	**220,565**	**103,161**	**-**
I. Criteria change adjustments 2012					
II. Correction of errors 2012					
B. RESTATED BALANCE, BEGINNING OF YEAR 2013	**223,916**	**-**	**220,565**	**103,161**	**-**
I. Total recognized revenues and expenses	-	-	-	-	-
II. Operations with shareholders or members	-	-	-	-	-
1. Capital or mutual fund increases					
2. (-) Capital or mutual fund reductions					
3. Conversion of financial liabilities into equity (conversion of obligations, writing-off debts)					
4. (-) Dividend payout or active apportionments (Note 3)	-	-	-	-	-
5. Operations with own shares or interest (net)					
6. Equity increase (reduction) arising from a business combination					
7. Other operations with shareholders or members					
III. Other changes in equity	-	-	-	(747)	-
1. Payments based on equity instruments					
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 Un-called	Share premium	Reserves	(Shareholders' equity)
C. BALANCE, YEAR END 2013	**223,916**	**-**	**220,565**	**102,414**	**-**
I. Criteria change adjustments 2013					
II. Correction of errors 2013					
D. RESTATED BALANCE, BEGINNING OF YEAR 2014	**223,916**	**-**	**220,565**	**102,414**	**-**
I. Total recognized income and expenses	-	-	-	-	-
II. Operations with shareholders or members	-	-	-	-	-
1. Share capital or mutual fund increases					
2. (-) Share capital or mutual fund reductions					
3. Conversion of financial liabilities into equity (conversion of debentures, cancellations of debt)					
4. (-) Dividend payout or active apportionments (Note 3)	-	-	-	-	-
5. Operations with own shares or interests (net)					
6. Equity increase (reduction) arising from a business combination					
7. Other operations with shareholders or members					
III. Other changes in equity	-	-	-	34,837	-
1. Payments based on equity instruments					
2. Transfers between equity items	-	-	-	-	-
3. Other changes (Note 3)	-	-	-	34,837	-
E. BALANCE, YEAR END 2014	**223,916**	**-**	**220,565**	**137,251**	**-**

(Figures in €000)

	Result from previous financial years	Other contributions from partners	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**

	Result from previous financial years	Other contributions from partners	Result for the year	(Interim dividend)	Other equity securities	Adjustments for changes in value	Grants, donations and bequests received	TOTAL
	360,955	**-**	**107,914**	**(85,955)**	**-**	**44,720**	**-**	**974,529**
	360,955	**-**	**107,914**	**(85,955)**	**-**	**44,720**	**-**	**974,529**
	-	-	135,083	-	-	109,639	-	244,722
	-	-	-	(80,176)	-	-	-	(80,176)
	-	-	-	(80,176)	-	-	-	(80,176)
	20,832	-	(107,914)	51,118	-	-	-	(1,127)
	20,832	-	(106,787)	85,955	-	-	-	-
	-	-	(1,127)	(34,837)	-	-	-	(1,127)
	381,787	**-**	**135,083**	**(115,013)**	**-**	**154,359**	**-**	**1,137,948**

CASH FLOW STATEMENT FOR THE FINANCIAL YEAR

CASH FLOW STATEMENT	2014	2013
A) CASH FLOWS FROM OPERATING ACTIVITIES		
A.1.) Insurance activities	**174,036**	**189,597**
1. Direct insurance, coinsurance and assumed reinsurance receipts	553,184	346,392
2. Direct insurance, coinsurance and accepted reinsurance payments	(164,244)	(103,377)
3. Ceded reinsurance receipts	140,611	150,040
4. Ceded reinsurance payments	(284,858)	(144,663)
5. Claim recovery		
6. Remuneration payments to brokers		
7. Other operating receipts		
8. Other operating payments	(70,657)	(58,795)
9. Total cash receipts from insurance activities (1+3+5+7) = I	693,795	496,432
10. Total cash payments related to insurance activities (2+4+6+8) = II	(519,759)	(306,835)
A.2.) Other operating activities	**(45,163)**	**(41,772)**
1. Receipts from pension fund management activities		
2. Payments related to pension fund management activities		
3. Receipts from other activities		
4. Payments related to other activities		
5. Total cash receipts from other operating activities (1+3) = III		
6. Total cash payments related to other operating activities (2+4) = IV		
7. Income tax receipts and payments (V)	(45,163)	(41,772)
A.3.) TOTAL NET CASH FLOWS FROM OPERATING ACTIVITIES (I- II+ III- IV - V)	**128,873**	**147,825**
B) CASH FLOWS FROM INVESTMENT ACTIVITIES		
B.1.) Investment activity receipts	**910,394**	**2,807,695**
1. Property, plant and equipment	281	70
2. Real estate investments		
3. Intangible assets		
4. Financial instruments	799,802	2,768,169
5. Shares in group, multi-group and associated entities	49,596	-
6. Interest collected	54,977	34,724
7. Dividends collected	5,738	4,732
8. Business unit		
9. Other investment activity receipts		
10. Total cash receipts from investment activities (1+2+3+4+5+6+7+8+9) = VI	910,394	2,807,695
B.2.) Investment activity payments	**(990,137)**	**(2,859,340)**
1. Property, plant and equipment	(552)	(486)
2. Real estate investments		
3. Intangible assets	(229)	(570)
4. Financial instruments	(989,356)	(2,858,284)
5. Shares in group, multi-group and associated entities		
6. Business unit		
7. Other payments related to investment activities		
8. Total cash payments related to investment activities (1+2+3+4+5+6+7) = VII	(990,137)	(2,859,340)
B.3.) TOTAL CASH FLOWS FROM INVESTMENT ACTIVITIES (VI + VII)	**(79,743)**	**(51,645)**

CASH FLOW STATEMENT	2014	2013
C) CASH FLOWS FROM FINANCING ACTIVITIES		
C.1) Financing activity receipts		
1. Subordinated liabilities		
2. Income from issue of equity instruments and capital increase		
3. Active apportionments and contributions from 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) Financing activity payments	**(81,303)**	**(87,469)**
1. Dividends paid to shareholders	(80,176)	(85,955)
2. Interest paid		
3. Subordinated liabilities		
4. Payments for return of shareholders' contributions		
5. Active apportionments and return of mutual companies' contributions		
6. Acquisition of own securities		
7. Other payments related to financing activities	(1,127)	(1,514)
8. Total cash payments related to financing activities (1+2+3+4+5+6+7) = IX	(81,303)	(87,469)
C.3) TOTAL NET CASH FLOWS FROM FINANCING ACTIVITIES (VIII + IX)	**(81,303)**	**(87,469)**
Effect of exchange rate fluctuations (X)	(4)	-
TOTAL CASH AND CASH EQUIVALENT INCREASES / REDUCTIONS (A.3 + B.3 + C.3 + - X)	**(32,177)**	**8,711**
Cash and cash equivalents at beginning of period	**137,949**	**129,238**
Cash and cash equivalents at end of period	**105,772**	**137,949**
1. Savings and other banks	67,925	106,263
2. Other financial assets	37,847	31,686
3. Bank overdrafts repayable on demand		
TOTAL	**105,772**	**137,949**

(Figures in €000)

7

Companies making up the reinsurance unit

MAPFRE RE
Paseo de Recoletos 25
28004 MADRID, SPAIN
Tel. 34 91 581 1600
Fax. 34 91 709 7461

MAPFRE RE DO BRASIL
Rua 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
Las Condes – SANTIAGO DE CHILE
CHILE
Tel. 56 2 338 1304
Fax. 56 2 206 4095

8

Offices, geographical distribution and person in charge

BUENOS AIRES
Mr Marcelo H. Fourcade
Torre Bouchard
Bouchard 547 – 14th floor
C1106 ABG BUENOS AIRES
ARGENTINA
Tel. 54 11 4114 0800
Fax. 54 11 4114 0899

LONDON
Mr Javier San Basilio
Alpha House – 4th floor
24a Lime Street
LONDON EC3M 7HS
UNITED KINGDOM
Tel. 44 207 283 7877
Fax. 44 207 283 0901

BOGOTA
Mr Guillermo Espinosa
Calle 72 Nº 10-07 Of. 502
BOGOTA D.C., COLOMBIA
Tel. 57 1 326 4626
Fax. 57 1 326 4616

CARACAS
Ms Mariela Suárez
Centro Comercial San Ignacio
Torre Copérnico – 7th floor Of. 701
Los Chaguaramos
1060 La Castellana
CARACAS, VENEZUELA
Tel. 58 212 266 3777
Fax. 58 212 262 2172

MANILA
Mr Mark D. Sun
11th Floor, 6750 Office Tower
Ayala Avenue
Makati City 1226 – MANILA
PHILIPPINES
Tel. 63 2 815 8286
Fax. 63 2 817 3298

BRUSSELS
Mr Patrick Teles
45 Rue de Trèves – P.O. Box 1
1040 BRUSSELS
BELGIUM
Tel. 32 2 237 1011
Fax. 32 2 230 6785

PARIS
Mr Jean Pierre Aldon
5 Avenue de l'Opera 3eme étage
75001 PARIS
FRANCE
Tel. 33 1 80 48 3011
Fax. 33 1 80 48 3010

LISBON
Ms María Joao Matos
Avda. Liberdade 40 – 7º
1250-145 LISBON
PORTUGAL
Tel. 351 21 342 0498
Fax. 351 21 342 1047

MEXICO
Mr Faustino Pérez
Porfirio Díaz Nº 102 Despacho 201
Col. Nochebuena
03270 MEXICO D.F.
Tel. 52 55 5480 3880
Fax. 52 55 5480 3871

MILAN
Mr Edoardo Radaelli
Via Privata Mangili 2
20121 MILAN
ITALY
Tel. 39 02 655 4412
Fax. 39 02 659 8201

NEW JERSEY
Mr Carlos Sanzo
100 Campus Drive
Florham Park NJ 07932-1006
USA
Tel. 1 973 443 0443
Fax. 1 973 443 0450

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

MUNICH
Mr Mark Meyerhoff
Alter Hof 5
80331 MUNICH
GERMANY
Tel. 49 89 1589222 05
Fax, 49 89 1589222 22

SANTIAGO DE CHILE
Mr Marcelo Ulloa
Avda. Apoquindo 4499 – 8º
Las Condes
SANTIAGO DE CHILE
Tel. 56 2 338 1304
Fax. 56 2 206 4063

TORONTO
Chief Agent:
Ms Laurie La Palme
Cassels Brock & Blackwell LLP
Suite 1200 – 40 King Street West
Toronto ONTARIO M5H 3C2
CANADA
Tel. 1 416 869 5781

BEIJING
MAPFRE S.A., Representative Office
Mr Ignacio Rodríguez
Zhongyu Plaza, Suite 1809, A6 Gongti North Road
Chaoyang District, Beijing 100027
CHINA
Tel. 86 10 5975 2558
Fax. 86 10 5975 2659

LABUAN
Mr Andrés Lorenzana
Level 1 Block F Lot 7,
Commercial Building
Secuking, Patua-Patua
Labuan, MALAYSIA

Design and layout:
TAU Diseño
www.taudesign.com

Printed by:
Monterreina

D.L.: M-7772-2015

MAPFRE | RE

ANNUAL REPORT
2014

www.mapfre.com
www.mapfrere.com