



Annual General Meeting

14/03/14

CHAIRMAN AND CEO'S REPORT

Dear Shareholders,

I would like to first thank all of you for your attendance at, and participation in, this 2014 Annual General Meeting. I would also like to thank various MAPFRE executives for being here with us today, among whom we have a number of Presidents and senior management from MAPFRE companies abroad. My thanks go also to our two Honorary Chairmen, Julio Castelo and José Manuel Martínez, for attending today's assembly.

To begin with, I am going to go over the most relevant figures from our 2013 Group results and the most significant events for the same period. Following that, First Vice Chairman Esteban Tejera will go into further detail on the MAPFRE accounts and other general items of interest. Before concluding this meeting,

and after having presented and, as the case may be, approved the proposals that we shall address today, I will then talk about the most recent organizational changes introduced, and our business perspectives for the future.

Against the difficult backdrop of Spain's current economic situation and at a time of unfavorable exchange rate movements, MAPFRE has achieved two important milestones:

1. We have grown business volume, consolidating our position in the Spanish market, with a share of 12.7%, and in Latin America, where we have underlined our position as the leading non-life insurance group, achieving a market share of 9.5 %; and
2. We have significantly increased earnings and dividends.

The contributing factors to this strong performance have been:

- The growing diversification of our business, thanks to the continuing dynamism of international insurance and reinsurance, which have contributed 72% and 64% respectively of the Group's insurance business earnings.
- Growth in non-life insurance, with an excellent combined ratio that reflects significant cost-saving efforts in Spain.
- Improved technical-financial results for life insurance.
- A significant decrease in non-recurring earnings.

- Balance sheet diversification, offsetting the effects of significant appreciation of the euro.
- Additional reductions in financial debt.

Turning to an analysis of the key data in our accounts for 2013, it should be noted that:

- Premiums have increased by 1.2% to €21,836 million, and consolidated total income has risen by 2.3%, reaching €25,889 million.

Breaking this down by geographical area and business line, we can see that:

- ✓ Insurance premiums in Spain and Portugal have risen to €6,844 million, down 8.8%, with a reduction of 16.9% in life and accident premiums and a drop of 3.2% in non-life insurance premiums.

The variation in premiums in the non-life insurance business reflects deteriorating market conditions, which have been characterized by lower demand for insurance products and an extremely competitive environment with aggressive pricing policies that have consequently led to portfolio volatility.

On the other hand, particularly noteworthy in the life insurance and fund management business are the healthy performance of contributions to mutual funds and the

strong performance of the agency channel for life-risk insurance, which has increased market share.

- ✓ International insurance premiums increased by 5.4% to €11,419 million, on the back of good local-currency growth levels in most countries, as a result of the concerted commercial focus over the year.

Premiums in LATIN AMERICA reached €8,887 million, an increase of 2.7%. BRAZIL grew 6% to €5,036 million, though this growth in local currency would have been 20%.

In the INTERNATIONAL AREA, MAPFRE recorded growth of 16%, reaching €2,532 million in premiums. Written premiums in the USA totaled €1,543 million, which is 5% higher than last year's dollar figures.

Global businesses (Reinsurance, Assistance and Global Risks) recorded premium volume of €5,291 million, representing growth of 12%. MAPFRE RE recorded premium volume of €3,254 million, up 14.4%. MAPFRE GLOBAL RISKS generated €1,119 million, an increase of 0.3%. MAPFRE ASISTENCIA's earnings rose by 22% to €1,142 million.

Lastly:

- Consolidated earnings before taxes and minority interests amounted to €1,564 million, up 14% from 2012; and net

attributable income amounted to €790.5 million, 19% higher than the previous year.

- I believe that our results are excellent despite the complex economic environment in Spain and worldwide: not only has the Spanish recession continued, but growth rates in various Latin American countries have also slowed, and the depreciation in value of Latin American currencies, as well as the dollar and the Turkish lira, against the euro, have also impacted significantly.
- In the corresponding point on the agenda, it is being proposed to this Annual General Meeting to pay out a final dividend against 2013 earnings of €0.08 cents per share, representing an increase of one cent (€0.01) compared with the previous period's equivalent payment.

The Board of Directors has already approved payment of an interim dividend of €0.05 per share. The sum of the interim and final dividends for 2013 would be €0.13 cents per share, two cents (€0.02) per share above the amount paid against the results for the 2012 fiscal period. We believe it to be appropriate to submit a dividend proposal in line with the improvement in 2013 earnings, which, with a total payable dividend in the year of €400.3 million, would increase by 18% and represent a payout of 50.6%, virtually the same as last year, which was our highest ever. The dividend return,

relative to the average quoted price for 2013, would be 4.8%.

During the financial year, the Group implemented a number of initiatives to strengthen its strategic positioning and increase growth opportunities. These included:

- The agreement between MAPFRE and EULER HERMES to jointly operate a credit insurance business in Argentina, Chile, Colombia, Spain and Mexico, which became effective in January 2013.

Under this agreement, each Group holds 50% of the new company, and have agreed to name it SOLUNION.

- The acquisition of a 20% stake in the Indonesian insurance company ABDA was announced on October 16, 2013. With this transaction, MAPFRE became the industrial insurance partner providing the experience needed for development of ABDA's insurance activities in the growing Indonesian insurance market.

Further prominent initiatives likewise included:

- Completion of the review of the Group's financial structure, with agreement on a new €750-million syndicated credit

facility, maturing in June 2018 and replacing the previous facilities, which matured in 2013 and 2014. We have not yet made use of this new credit line.

- MAPFRE has just completed the \$528-million debt buyback program issued by Commerce Insurance. At the time of the acquisition, the total debt was \$300 million, and with the last payment of \$158 million, we have completely cancelled this debt. These amounts should be considered against the backdrop of the significant dividends that MAPFRE USA has paid out since it became part of MAPFRE, which total \$523 million.

Also noteworthy is the significant divestment transaction in MAPFRE S.A. by our shareholder Banco de Servicios Financieros y de Ahorro (BFA), parent of BANKIA. BFA decided to sell 12.01% of its stock in MAPFRE last October 25, using a procedure known as "accelerated placement", targeting qualified and institutional investors, for an amount of €979 million. The sale prompted strong demand and a distribution of significant share packages, which facilitated an enlargement of the base of shareholders of this type, who usually invest for stability and for the medium- and long-term, placing their trust in the sustainable profitability that our entity provides. After this transaction, BFA continues to hold 2.99% of MAPFRE S.A. After this transaction, BFA notified MAPFRE regarding the decision concerning the shareholders' agreement that was valid between both parties and, in keeping with the conditions of

same, two representatives on our Board, José Ignacio Goirigolzarri and Manuel Lagares, immediately stepped down.

On January 31, 2014, after closing the financial year, an agreement was announced that made MAPFRE the exclusive life and non-life insurances provider for BANKIA, thus enabling the distribution of MAPFRE products throughout the entire BANKIA business network. This agreement has also involved the restructuring of the bank insurance business through new distribution agreements for life and non-life insurances with bank insurance operator BANKIA MEDIACIÓN, and the business contributions from ASEVAL and LAIETANA VIDA to the current life insurance endeavor between BANKIA and MAPFRE.

We believe that a redefining of our agreements will have very positive results for both institutions. For MAPFRE in particular, since it allows us exclusive distribution of our insurance products through the country's fourth-largest financial network. In turn, marketing financial products through our network will complete our product portfolio while enabling increased cross-selling to protect clients and enhance loyalty.

As part of the reorganization process initiated in 2011, MAPFRE has approved a new organizational structure to adapt the group to the strategic challenges of its present scale and global presence. I will address this matter in the second part of this Annual General Meeting.

Regarding the Solvency II Directive, which will finally enter into force on January 1, 2016, the European Insurance and Occupational Pensions Authority (EIOPA) has issued (valid as of January 1, 2014) their Guidelines on Governance Systems, Forward Looking Assessment of Own Risks, Submission of Information to National Competent Authorities, and Pre-Application of Internal Models so that insurance companies have sufficient time to prepare for full compliance with the Directive.

As established in this piece of European legislation, the duties of the governing body include approving and revising, at least once annually, the policies concerning risk management, internal control, including development of the compliance function, and internal audits. The Board of Directors of MAPFRE has approved these policies, whose development will enable MAPFRE to fully adhere to the legal requirements during this transitory period.

Likewise prominent in connection with the relevant milestones reached in 2013 was the progress of the stock market, which was conditioned by signs of macroeconomic recovery in Spain and other European Union countries. Within this context, our share price rose in 2013 by 34.5% to €3.11. During this period, Spain's IBEX 35 selective index recorded an increase of 21.4% while the Dow Jones Stoxx Insurance sector index climbed 28.9%.

While only occurring during February 2014, I believe that it is important to mention that the Standard & Poor's ratings agency has upgraded MAPFRE S.A's rating to BBB with outlook stable, meaning we are now the highest rated Spanish group. The agency also revised upwards the ratings for MAPFRE RE and MAPFRE GLOBAL RISKS to A-, with outlook stable. As such, we are among the few business groups across the globe with a rating three notches above sovereign.

Standard & Poor's underscored the competitive position of MAPFRE, buttressed by its diversification in terms of geography and business, which enables the company to mitigate the effects of the economic conditions in Spain.

I wish to now address the changes in the make-up of the Board of Directors of MAPFRE and its governance bodies since the last Annual General Meeting held on March 11, 2013. Following on from a resolution presented at said assembly, on May 8 of last year, Francisco Ruiz Risueño stepped down as Second Vice

Chairman and voting member of the Board of Directors of MAPFRE, having reached the age limit established in our bylaws. The Board unanimously approved the election of Francisco Vallejo Vallejo as a new Second Vice Chairman, who was previously a Director of MAPFRE MUTUALIDAD since 1997 and of MAPFRE S.A. since 2006.

Further, on December 31 last, Filomeno Mira Candel stepped down as Director and voting member of the Audit Committee, five years after his retirement as an executive, in line with the rules established in our Code of Good Governance. Filomeno has been one of the most senior ranking members of the Board, on which he sat for 33 years, and among the most relevant executives at MAPFRE over the last 30 years, and the driving force behind overall insurance development at MAPFRE. He has held many positions, such as President of MAPFRE RE, President of MAPFRE AMERICA VIDA and President of MAPFRE SEGUROS GENERALES on two separate occasions. During his last active professional period, from 2002 to 2008, he was President of the MAPFRE EMPRESAS Unit. Further, Filomeno Mira was also First Vice Chairman of the Board of Directors at MAPFRE MUTUALIDAD until its demutualization, after which he became Vice Chairman of MAPFRE until his retirement in 2009.

The Board of Directors, during its meeting on February 11, also agreed to the naming of our colleague Rafael Márquez Osorio as a new voting member of the Steering Committee. Rafael

Márquez has been a member of the Board since 2006 and, previously, also sat on the Board at MAPFRE MUTUALIDAD since 1992. He is a State Commercial Expert, with a broad knowledge of international commerce and foreign markets. His experience will help us enrich our debates on the international development of our Group.

Additionally, Luis Iturbe Sanz de Madrid was named this past May as Chairman of the MAPFRE Audit Committee to replace Francisco Vallejo, and a member of the Appointments and Remuneration Committee. Luis Iturbe has a successful track record in the finance sector, and has been Board Member at the Madrid Stock Exchange and Chairman of the Institute of Financial Analysts. Proprietary director Andrés Jiménez Herradón has also been named as a voting member of the Audit Committee.

Likewise, during its meeting last October, the Board of Directors, following a proposal from the Appointments and Remuneration Committee, approved the appointment by co-option of Catalina Miñarro Brugarolas as a new member of this Board. She has likewise been elected as a new voting member of the Audit Committee. Ms. Miñarro has been a State lawyer since 1988 and currently provides services for the National Court. She has been President of the State Lawyers' Association for four years, Secretary and Board Member to various Boards of Directors; Legal Affairs Director at SEPI; General Technical

Secretary for the Madrid Community Presidential Bureau and State Lawyer for the Accounts Court and High Court of Justice in Madrid.

Further, MAPFRE and its subsidiaries continued to receive awards and accolades in 2013 for business performance, quality of services provided to clients and responsibility toward employees and society.

Brand Finance Global 500, one of the most prestigious global market research consultancies, ranked MAPFRE at number 24 out of the 118 most important global insurers, for its brand value, an improvement of 56 places on its previous ranking,

According to the IPSOS KAR 2013 report, economic analysts, politicians, academics, company leaders and journalists consider MAPFRE to be a **"strategic" company** for Spain.

Likewise, the INTERBRAND company has recently published its report on the top 30 brands in Spain. MAPFRE climbed in the 2013 ranking to number 12 as the brand that grew the most in the study (+69%). This report highlights the superb financial performance and strength of our brand, both in Spain and in Latin America.

MAPFRE was also recognized in 2013 by the Great Place to Work Institute in Brazil, Paraguay, Panama, El Salvador, Honduras, Nicaragua, Mexico and the Dominican Republic, and

holds the 13th spot among over 2,000 multinationals in Latin America as a "Buen Lugar para Trabajar" (Great Place to Work).

The report also underscored that FUNDACIÓN MAPFRE activity in Spain and Latin America is an excellent tool for communicating not only foundation activities but also the social values and commitments of MAPFRE.

According to the most recent twice-yearly report from the Flashpöler Research Group, MAPFRE RE ranks among the top four reinsurers in Latin America out of a total of forty. The report examines the perception that insurance companies in the region have on its non-life reinsurers.

Continuing with recognitions, MAPFRE ASISTENCIA has received the Best Travel Insurance Company 2013 Award from the International Travel Insurance Journal. The panel conferred the award based on the merits of MAPFRE ASISTENCIA's excellent progress, contribution to the international insurance business and strategy of entering into new markets.

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

(directors, executives, employees, delegates, agents and associates), whose efforts and activities helped us to achieve such excellent results during 2013.

Thank you.

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CHAIRMAN AND CEO'S REPORT (II)

Dear Shareholders

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

In the final part of this Annual General Meeting, I would like to discuss the immediate future. You are already aware of the starting point of this journey: you have been able to see for yourselves that, as a company, we are in magnificent shape and our results are excellent.

But we must continue to look towards the future, to anticipate upcoming realities and above all, further to reinforce and consolidate our leadership in Spain and the excellent process of international diversification. And so, I would first of all like to refer briefly to the economic environment which we shall most likely encounter; secondly, to the development of the new structure approved at the end of last year and which aligns the organization to our new strategic plan; I shall then disclose our development perspectives region by region; and finally, I will present the main strategic objectives for our Group for the next three years.

REGARDING THE ECONOMIC ENVIRONMENT

Throughout 2013 the foundations have been laid for sustainable long-term growth, after more than five years of intense economic problems that have had unequal effects in different parts of the world.

In the USA, after a year of political and monetary difficulties, GDP is growing at a rate of more than 3 percent; a certain consensus has been reached regarding fiscal consolidation policy; the Federal Reserve is gradually pulling back on its quantitative easing program; and the unemployment rate stands clearly below 7 percent, which means that the perspectives for the world's most important economy are positive.

In Europe we are able to observe that market pressure on peripheral countries has decreased significantly; the rescue programs for Ireland and Spain have been completed; and the process of the creation of a genuine single financial market continues, although there is still a certain financial fragmentation and shortage of credit in some countries.

All this has resulted in an improvement in the rate of economic growth in the Euro Zone, which currently stands at around 1 percent, and a more positive economic forecast; although

progress is still required in the shared European project, to reduce fragmentation in the banking system and to improve budgetary equilibrium of the member States.

In the emerging countries forecasts for this year and next have in general, been revised slightly downwards, even though their growth rates are still strong, as GDP increases of 5 percent are envisaged for 2014, slightly more than those registered last year. But the most notable factor of 2013 has been the widespread depreciation of the currencies of these countries, caused by, among other reasons, capital outflows. This situation should lead many countries to adopt structural reforms necessary for sustainable growth in the medium- and long-term.

The Spanish economy is one of those that has experienced the most profound changes during 2013. Because, in spite of a fall in GDP of 1.2 percent over the year, the economic situation has improved progressively and, in the second half of the year, there have been positive quarter-on-quarter growth rates. But we should also emphasize that:

a) **The current account balance** has recorded an extraordinary surplus. The competitiveness of the Spanish economy is breaking records and 2013 has been the first year since 1997 that the Spanish economy has enjoyed a positive sovereign saving.

- b) **The perception of Spain** from abroad has improved noticeably, especially in the second half of the fiscal year, favoring capital inflows and facilitating reductions in the cost of financing public debt, as shown by the drop in the risk premium of more than 175 basic points.
- c) **In the labor market**, the unemployment rate is still above 25%, although in 2014 there will probably be a net creation of jobs, a tendency that can already be appreciated from movements in February's registered unemployed numbers.

Nevertheless, it is still necessary to continue with the reforms to make the Spanish economy more flexible; to continue working to reduce public debt; to restore the credit market so as to accelerate recovery and to reduce the high rate of employment which is so damaging for Spanish society.

NEW ORGANIZATIONAL STRUCTURE

In recent years MAPFRE has undertaken a profound reorganization of its internal structures with a view to simplifying those structures and adapting them to the new challenges currently facing the Group.

Today, MAPFRE is a business group with a presence on all five continents, with operations in 47 countries, and a reputation as the MOST TRUSTED GLOBAL INSURANCE COMPANY.

Progress in globalization commits us to:

- **Developing our presence in more countries and/or geographical zones**, developing in markets such as North America, Europe and Asia are strategic goals for the coming years.
- **Increasing efficiency and productivity** with a continuous adaptation of our structure to the most efficient models and placing a high emphasis on cost containment.
- **Exploiting the leadership developed by MAPFRE** in the markets where we operate in order to strengthen and standardize our management model, based on profitable growth, focusing our offer on auto, property and personal insurance lines; with a clear and defined customer orientation, for both the private and the corporate sectors, and a multichannel focus and unrivaled excellence in service.
- **Diversifying our portfolio of products even more**. We are a company that primarily operates in the Non-Life sector, but we should increase our stakes in the Life, Health and Pensions sectors.
- **Developing a good balance between global corporate management and the development of business plans for each country**. To this end, MAPFRE has reinforced its corporate structure with the object of making much better

use of economies of scale, simplifying and standardizing management at global level, whilst remaining as agile as ever in the local implementation of business plans.

- **Placing the available resources at the disposal of the entire MAPFRE organization**, in order to benefit from the synergies obtained by sharing people, procedures, and tools.

- **Maintaining specialization** as a basic management principle, which enables the acquisition of in-depth business knowledge, the generation of excellent results, making full use of the organization's capacities for achieving a high level of productivity and efficiency.

To be able to accomplish these objectives, MAPFRE has redesigned its internal structure in order to align the organization with this strategy. And so, as and from January 1, MAPFRE is structured as follows:

- Global Corporate Areas.
- Business Units.
- Territorial Areas.
- Regional Areas.
- Local Companies.

The GLOBAL CORPORATE AREAS define, develop and implement the global and standardized corporate policies within our organization.

The business UNITS are:

- Insurance.
- Assistance, Services and Specialty Risks.
- Global Risks.
- Reinsurance.

The Units have been decentralized, transferring to each of the regions in the world the support structure and supervision which enables us, on the one hand, to be nearer to the countries – so as to be better in terms of agility, flexibility and decision-making – and on the other hand, to increase the level of control over our worldwide operations.

The new regional organization is based on three Territorial Areas (IBERIA, LATAM and INTERNATIONAL), at the head of each of which there is a Territorial CEO, and seven regions:

- IBERIA.
- LATAM North.
- LATAM South.
- BRAZIL.
- NORTH AMERICA.
- EMEA (Europe, Middle East and Africa).
- APAC (Asia-Pacific).

Each region is headed up by a REGIONAL CEO with executive responsibility, who in turn has a strong management and support team in the areas of Finance, IT and Processes, Business and Clients, and Operations.

Each region also has a MANAGEMENT COMMITTEE, chaired by the Regional CEO and made up of the senior management figures for each of the countries, and the Business and Clients Manager of same.

Additionally, a Global Business Committee has been set up with a threefold objective: to analyze business development of MAPFRE worldwide, to enable the exploitation of the best practices, and to analyze compliance with the plans of action.

Finally, with a view to coordinating this new structure, the MAPFRE Executive Committee has been set up. This body, reporting to the Board of Directors, exercises direct supervision over the management of the Business Units and coordinates the various Areas and Units within the Group. Furthermore, the Steering Committee will continue exercising all of those supervisory duties it carries out, on a permanent basis, as the delegated body of the Board of Directors.

Let us now examine MAPFRE's opportunities for development in each region in the world:

IBERIA

This region comprises Spain and Portugal.

In Spain, the focus will be more on client retention and customer loyalty, which will oblige us to make an even greater effort in taking care of them and understanding their needs better. Integrated client management will be based on suitable segmentation and development of value propositions, measuring client value and their satisfaction levels, and the promotion of cross-selling.

MAPFRE will lead the recovery of the insurance industry in the coming years, with premium growth above that of the sector in the main lines, and therefore, we will also need to increase our sales in new business. We are well placed to accompany the exit from the economic crisis, which will generate an increase in entrepreneurial and business needs for insurance.

As an aside, I would like to briefly defend the role of private insurance companies as a decisive hub for sustaining the Welfare State in the fields of retirement and health. The public pensions system is one of the great conquests of the 20th century, but it is under severe pressure that is threatening its financial health in the short-term. With the increase in life expectancy rates and improvements in benefits, the bill for the system has almost doubled in just 10 years. Structural reforms have been started but, even though appropriate - an increase in the retirement age or the introduction of the sustainability

factor - they will not be sufficient to deal with the ever-increasing imbalance in our country between those at work and those who do not work. Apart from all of us cooperating for a better understanding of basic financial concepts on the part of all workers, which will enable them to understand how they can improve their future living standards, we should also request, and support, greater commitment from our public administrations for the development of private insurance systems, which will always continue to be complementary to public systems, but which will inevitably be indispensable for all those who, in the future, wish to guarantee sufficient income for themselves on retirement.

In Portugal we will increase our market share significantly over the next five years supported by the recently introduced Business Plan.

LATIN AMERICA.

Latin America presents very different economic and social realities, different political situations and different operating environments for finance businesses and institutions.

Before entering into the details for each of the regions, I would like to point out three characteristics which most countries have in common and which are indicators of great capacity for growth in the insurance industry.

- The first is the presence of a growing and thriving middle class on the continent, with a higher standard of living and therefore with new and more demanding insurance requirements.
- The rate of penetration of insurance is low in most of these countries, so the development of the insurance sector has a long way to go.
- The third is that, traditionally, insurance grows faster than inflation, and even the GDP of many countries.

BRAZIL

We are sure that MAPFRE will continue to grow significantly in Brazil, because in addition to the reasons I have just given, there are other conditions present in this country which are very positive for MAPFRE:

- Strong development of the banking channel, which is reaching more and more levels of society.
- The population of working age continues growing and is now greater than that of minors and pensioners.
- Increases in private initiatives (micro and small businesses represent 99 per cent of the total).
- The development of new consumer segments: women, retired citizens, digital natives, etc.

In addition the current regulatory framework and new solvency requirements will benefit the big operators, such as MAPFRE, by favoring greater market concentration.

Finally, our multichannel proposal in Brazil will enable us to maintain significant organic growth levels over the coming years, based on:

- The Banco do Brasil alliance, which, through its ambitious branch growth plan, will facilitate the marketing of more MAPFRE products.
- Our substantial territorial presence, through both our own offices and well-connected brokers.

LATAM NORTH - NORTHERN LATIN AMERICA

Headquartered in Mexico, this region also takes in the Dominican Republic, Panama, El Salvador, Nicaragua, Costa Rica, Honduras and Guatemala.

In this region we should highlight the strategic importance of Mexico, which represents 69 percent of the population and 82 percent of GDP. Furthermore, it is the growth engine for the area, not only because of its size but also because of the structural reforms it is undertaking: I am referring to reforms in education, in the labor market, in energy supply, in telecommunications, in the finance sector and the reform of the tax system. For all these reasons, the prospects for Mexico are very positive, above all in the long-term.

There is no doubt that Mexico is one of our strategic markets, where we should step up our efforts to increase multichannel distribution and be on full alert for future non-organic growth opportunities.

Our strong presence in all the countries of this area of Central America gives us an extraordinary competitive advantage for offering unique and differentiated services to clients.

LATAM SOUTH - SOUTHERN LATIN AMERICA

Headquartered in Colombia, this region also takes in Venezuela, Ecuador, Peru, Chile, Argentina, Uruguay and Paraguay.

Our presence in this region is also very notable with significant market shares in nearly all countries, although there are two different situations in the region that condition growth: there are countries with sustainable economic growth and political stability, and others, which are currently subjected to certain political and economic risks that hamper growth.

Our objectives in this area are:

- Consolidating leadership in the region, going for organic growth and increasing market share in all countries.
- Developing private sector insurance more actively.
- Strengthening our proprietary distribution networks.
- And finally, making better use of the synergies between Insurance and Assistance, so as to increase efficiency and jointly develop new products and services.

NORTH AMERICA

Headquartered in the United States, this region also takes in Puerto Rico and Canada.

The new Strategic Plan for the United States is based on:

- Improving the efficiency and profitability of operations.
- Expanding into new states. We are already developing our commercial and service network in Pennsylvania and, in the near future, we will begin operations in three more states: Illinois in 2015, and in Virginia and Wisconsin in 2016, adding to the 17 states where we already do business.
- An active search for new distribution networks, including the opening of new branch and the development of suitably connected agents.
- Developing an online platform for direct insurance sales by 2015.
- Launching a new life insurance subsidiary over the next few months of this year.
- Developing travel insurance, via MAPFRE ASSISTANCE, and marketing corporate insurance solutions in new states.
- Boosting the Assistance Unit, especially relevant in this region, which will continue growing significantly, benefiting from synergies with the Insurance Unit, and especially in

roadside assistance, travel insurance and automobile warranty.

- In Puerto Rico, we will continue working to maintain our leadership in non-life insurance and to improve the efficiency of our operations.

EMEA - EUROPE, MIDDLE EAST AND AFRICA

This region combines operations in Europe, the Middle East and Africa.

MAPFRE has a direct presence in 19 countries in this region: 13 in Europe, three in the Middle East and three in Africa. In Europe, the economic recovery allows us to forecast modest growth in Life and Non-Life premiums for 2014. The continent is in a process of adapting to Solvency II, which will make it possible to harmonize insurance activity in all countries and to establish a new risk management model that will bring advantages to the more efficient insurance companies. And finally, accelerating consumer digitalization means people are integrating the Internet more and more into their purchasing decisions.

MAPFRE wants to take a significant step forward in **Europe, doubling its volume of business in the next five years.**

We have a highly trained and experienced team to develop and make the most of growth opportunities, especially in Central and Eastern Europe countries and in the Mediterranean basin. We should also point out that Assistance also has big plans for growth in France, Italy, and Germany, whilst maintaining its leadership in travel insurance in the United Kingdom with INSUREANDGO.

In Turkey, MAPFRE is now fifth largest Non-Life operator in the country, and we have doubled in size over the six years we have been operating there. We shall continue with our ambitious plans for growth and the development of our office network.

The Global Risks Unit, from its regional headquarters in London, will continue expanding its business in Continental Europe by making more effective approaches to large European industrial companies.

In the Middle East and Africa, with very different challenges mainly related to political stability, there are markets with great development potential that will present some opportunities. And so we will continue concentrating on assistance activities, which will be very useful in terms of broadening our knowledge of the countries with the best expectations.

APAC - ASIA, PACIFIC

With its headquarters in China, this region also includes the Philippines, Indonesia, Japan, Hong Kong, India, Australia and Taiwan.

Our presence in the region is modest in terms of revenue, but significant in terms of geographic presence and activity. In insurance, with the Philippines and more recently with our investment in the Indonesian company ABDA, our intention is to broaden our knowledge of the region and to analyze the possibilities for strengthening our presence non-organically.

Asia presents the brightest opportunities for the insurance business, since more than 50 per cent of the world's population live in this area. Furthermore, it is enjoying a huge expansion of its middle class, who in turn, will require more insurance and insurance solutions, both for individuals, automobile, home and health, as well as for small and medium-sized businesses.

We will continue to grow in Reinsurance and can expect strong development in Assistance over the next three years in the region, with the emphasis more and more on China.

It is precisely in this country that MAPFRE and the largest Chinese insurer, the People's Insurance Company (Group) of China, (PICC), have reached agreement on the distribution of

Life, Accident, Health and Travel insurance, which envisages the joint creation of an insurance broker, the use of our technological platform and the ceding of 80 per cent of premiums to MAPFRE via reinsurance.

With this alliance, we are reinforcing our relationship with China's largest insurance company, which is already a client of ours in roadside insurance, and with which we cooperate in some automobile warranty programs. PICC is the oldest State-owned insurance company in China, with the best reputation and brand awareness in the market. We should also point out that the Chinese already lead the world rankings with 100 million international travelers in 2012, and a forecast for 150 million by 2015. Furthermore, it is obligatory to take out travel insurance in order to obtain an entry visa for a large number of countries, which leads us to believe that this operation with PICC China Group is an important step forward in MAPFRE's development in this market with such enormous potential.

To come to a close, I shall refer briefly to the MAIN STRATEGIC OBJECTIVES FOR THE NEXT THREE YEARS-

1. **The creation of sustainable value for the shareholder**, searching for profitable growth, appropriate balance sheet management, and more development of strategic businesses. We will focus our management efforts on generating results over and above the cost of the capital, and commensurate to the risk accepted.

Under these premises, our objectives for the next three years are:

- a. To produce revenue of more than **€30,000 million**
 - b. To maintain the combined ratio of the Group at **96 per cent**.
 - c. To maintain a policy of growing dividends at the current levels of profitability.
2. **To reduce operating costs**, benefiting from the synergies that exist between the different Units and the advantages provided by the corporate structure. We are implementing a cost containment plan that will facilitate the reduction of total internal costs by **one point over premiums** by the end of this period.
3. **A more simplified and efficient corporate structure** that optimizes capital consumption. Over the next few months we will complete a study that will enable us to take the appropriate decisions on this.
4. **Improvements in corporate governance** that will enable a more complete and ongoing follow-up by the supervisory bodies and by management, whilst at the same time protecting the interests of all shareholders.

5. **The progressive development in all countries of the multichannel model**, through our own offices, connected agents, brokers and bank branches. We will focus our attention especially on online distribution in the United States and in Europe. Furthermore we will reinforce online sales with the MAPFRE brand in a number of Latin American countries. And we will gradually develop compulsory automobile insurance in China.

6. **More global and innovative development of differentiated and high quality products and services.** Over the next few months we will simultaneously launch in a number of countries the first insurance solutions specifically targeted at expatriates. And we will continue working on the development of a global Innovation platform. Furthermore, we are carrying out a sophisticated client segmentation program, jointly in Spain, the United States, Brazil and Mexico, which will enable us to improve how we approach potential segments and to design processes more focused on same.

As we indicated last year at this very same Meeting, our aim is to work towards the development of a long-term relationship with all stakeholders in our Company.

With you, the shareholders, corporate government practices that produce mutual trust. We are committed to maintaining

together with your business policies governed by the highest ethical standards, and which at the same time, guarantee you an appropriate and sustainable reward over the long term.

The 35,000 employees and more than 200,000 collaborators tied to MAPFRE around the globe are working towards this day in and day out.

Thank you very much for your attention and I wish you a very good afternoon.